
Committee Meeting

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

“Presentations by Commissioner Librera and John Spencer of the New Jersey Schools Construction Corporation”

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

DATE: March 22, 2004
9:30 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Ronald L. Rice, Chair
Assemblyman Craig A. Stanley, Vice Chair
Senator Martha W. Bark
Senator Robert J. Martin
Assemblyman Joseph Vas
Assemblyman William Baroni
Assemblyman David W. Wolfe



ALSO PRESENT:

Melanie M. Schulz
Joint Committee on the Public Schools
Executive Director

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

TABLE OF CONTENTS

	<u>Page</u>
John F. Spencer Chief Executive Officer New Jersey Schools Construction Corporation	1
William L. Librera Commissioner New Jersey Department of Education	30
Gordon A. MacInnes Assistant Commissioner Division of Abbott Implementation New Jersey Department of Education	40
APPENDIX:	
Legislative Summary submitted by William L. Librera	1x
Attachments submitted by John F. Spencer	2x
lmb: 1-62	

SENATOR RONALD L. RICE (Chair): Good morning.

Let me apologize for the lateness of the commencement of this meeting. I'm going to have the members, who are here, introduce themselves. We do have one new member here, and they'll be others coming in. Actually, two new members. Okay. We're going to start the hearing, and the reorganization of the Committee would take place as we get another member or two in. But I think it is important for those who are here to listen to the updates from both the Commissioner of the Department of Education, as well as the CEO of School Construction, so we'll have an idea of what we're working with as we go through this session.

So with that, why don't we ask the Commissioner to come up first to address-- Is the Commissioner outside?

UNIDENTIFIED SPEAKER FROM AUDIENCE: He'll be here shortly.

SENATOR RICE: Well, fine. Why don't we ask Mr. Spencer-- Mr. Spencer, are you ready to go first?

JOHN F. SPENCER: Yes, sir.

SENATOR RICE: Come on up. And you can bring up whoever you need to come up. In fact, I think you have a presentation. Is that correct?

MR. SPENCER: I have a presentation this morning.

SENATOR RICE: Very good.

While we're doing that, can we at least have the members who are here -- and we'll go through this again -- just starting with Assemblyman Wolfe, just identify yourselves for those who may not be able to read your signs or pronounce the names correctly.

ASSEMBLYMAN WOLFE: Thank you, Mr. Chairman.

I'm Dave Wolfe, from the 10th Legislative District in Ocean and Monmouth County. It's a pleasure to see you all. We should have a good meeting.

ASSEMBLYMAN BARONI: Thank you, Mr. Chairman.

I'm Bill Baroni, representing seven towns in Mercer and Middlesex County.

ASSEMBLYMAN VAS: Mr. Chairman, Joe Vas from the 19th District, representing five towns from Middlesex County.

ASSEMBLYMAN STANLEY: Assemblyman Craig Stanley, Chairman of the Assembly Education Committee and representing the 28th District, along with you, Senator.

SENATOR RICE: And I'm Senator Ron Rice, representing the 28th Legislative District. I'm presently Chairman of this Committee.

SENATOR BARK: I'm Martha Bark, and I am the Senator for the 8th District. I represent 14 towns in the eastern part of Burlington County.

SENATOR RICE: Okay.

It's your show there.

MR. SPENCER: Good morning.

SENATOR RICE: Good morning.

MR. SPENCER: Thank you, Mr. Chairman.

I'm Jack Spencer, the Chief Executive Officer of the New Jersey Schools Construction Corporation. I'd like to thank you and the members of the Joint Committee on the Public Schools for giving me the opportunity today to talk to you about our efforts to build a better New Jersey. I also want to

thank each of you for your commitment and your dedication to the children of Jersey. I look forward to continuing to work with you on the important task of improving and building new schools throughout the state.

Let me start by saying that I think educating our children is one of the highest priorities in the State of New Jersey, as well as the nation. Our mission in the SCC is very simple. We're building 21st century schools for 21st leaders. At the SCC, we understand that clearly, and we take our responsibility very seriously.

Governor McGreevey knows that good schools are critical to educating our children so they can compete for the best jobs. The Governor's leadership -- we are working harder than ever to ensure that every child and every teacher has a safe, healthy, and environmental facility in which they can learn and thrive. Along with our partners across the State, elected officials, school districts, community leaders, contractors, consultants, we are making tremendous progress. But we're not satisfied. We know we still have a lot to do.

I'd now like to give you a short presentation to take you through some of the efforts that we've accomplished to date, our record of progress and the steps, and what lies ahead of us.

(begins presentation)

A quick overview of how the SCC came into existence. The Educational Facilities Construction and Financing Act was passed in July of the year 2000. That committed \$8.6 billion in funding for school construction throughout the state, broken down into three buckets: \$6 billion for work in 30 Abbott districts, 2.5 billion for non-Abbott districts, and \$100 million for

county/vocational schools. Governor McGreevey's Executive Order created the School Construction Corporation in July of 2002.

In the Abbott districts, the SCC is responsible for managing the work in those 30 districts, as well as the 19 districts receiving over 55 percent of State aid. Our tasks include land acquisition, procurement of the consultants and design professionals required to advance the work, procurement of the construction contractors, as well as day-to-day construction management of the work, plus providing the furniture, equipment, and computers that are necessary to run the schools.

In the non-Abbott districts, there are approximately 550 school districts. The SCC is responsible for funding the work in these districts all over the state. SCC reimburses the districts at approximately a minimum of 40 percent of the final eligible cost of the projects, if they advance. We also ensure compliance with contracting laws and payments to those districts on milestones reached -- milestones, typically, when a construction contract reaches 35 percent, 65 percent. And on substantial completion, the rest of the grant is paid out.

Briefly, what we've accomplished to date -- we've procured almost 300 design awards for 513 schools. These are renovation and new construction projects worth approximately \$2.8 billion in construction. Sixty-three of those design awards were for new schools, valued at approximately 1.4 billion. Actual construction contracts -- 385 have been awarded for \$1.6 billion. We've also completed 660 million of vital health and safety projects at 344 schools.

Moving on, we've provided temporary classroom space for 4,185 early childhood students. Additionally, almost 10,000 childhood spaces are

either in the design-and-construction process and will be made available over the next couple of years. We've acquired 22 sites for schools, valued at approximately \$113 million.

In the non-Abbott districts, we've executed 1,341 grants, with 385 districts, in all 21 counties. The State share of that alone is worth \$1.6 billion. The value of those projects are worth over \$5 billion.

Finally, the SCC has fulfilled Governor McGreevey's vision of creating 21st century schools, through a partnership with the New Jersey Institute of Technology. Beyond leads (?), we define a school of the 21st century as healthy and productive, cost-efficient, educationally efficient, sustainable, and community centered. Also, our work involves leveraging our investment in the surrounding neighborhoods to build stronger communities. We're designing schools to be open beyond 10 hours a day and open 12 months a year. The schools will provide vital services, such as health clinics, art venues, fitness centers. We're seeking community input in the design of these new schools as part of the design process. We're designing schools to allow these facilities to be used in the event of disasters. We're oversizing the emergency generators. And finally, these schools will be anchor stores, in which neighborhood revitalization/stabilization efforts will occur.

Very important to the SCC and to myself is our commitment to small business enterprise as part of this program. We have provided numerous tools for small businesses to maximize their opportunities to participate in the program. We've implemented minority and women business enterprise contractor training programs. These programs are throughout the entire state. The first set of contractors will provide four sessions, four programs, eight

sessions each. These programs deal with things such as estimating, scheduling, how to get financing, etc., for these contractors to learn and to thrive.

We've created a bonding and working capital program. One of the impediments to small firms doing work is their inability to get working capital and bonding. This program -- the SCC acts as a facilitator for those small businesses to connect directly with private sector firms to be able to provide the necessary capital they need to become involved with our program, and if bonding is not available, actually, to make the marriage and get bonding for them. We've had some early success, where we've made \$8 million worth of underwriting available to MWBE programs just within the first three months of this program.

We also have developed an extremely aggressive SBE program, for the SCC. Twenty-five percent of every contract the SCC puts out -- be it a construction contract, a design contract, or a goods and service contract -- will require participation by small business enterprises.

In addition, we have identified numerous set-aside contracts to be bid, specifically, for SBEs. These will be not only construction contracts, it could be a \$50,000 site prep work to a \$20 million elementary school. We've also earmarked 22 consulting contracts to go, specifically, to be bid as prime SBEs -- anywhere from a \$3 million board of education project to a \$28 million high school design.

On the workforce side, we've established a SCC monitoring program where we will be doing weekly monitoring of construction sites to enforce affirmative workforce requirements. As an example, in Newark, minority participation in the workforce needs to be at 42 percent. Throughout

the state, women need to be at 7 percent. We've also initiated statewide marketing and outreach campaigns to minority business enterprise firms to seek their participation in the program. We're also reaching out to minority communities for them to participate in the planning process of these new schools. We've set up construction trades training programs for minorities and women. This is being done in correlation with the Department of Labor. They are administering the program. The first programs have been in Trenton, in Camden, and Newark -- the Newark one being the most successful to date.

We've also implemented an owner-controlled insurance program. This is another area that will eliminate an impediment to small businesses becoming involved in our program. A lot of times firms are not able to get the necessary insurance. By providing an owner-controlled insurance program, the SCC will provide builders risk, worker's comp, and general liability insurance to these firms, as well as to subcontractors working on our projects. In addition, we estimate that by self-insuring we'll save \$80 million over the next three years for this undertaking.

Finally, we've put a safety program into place. This is belt and suspenders. Construction site safety is the responsibility of the contractor. Nothing, though, is more important or paramount than site safety, not only for the children on these sites, but also the teachers. We have brought on a number of firms throughout the state to provide on-site inspections. As I said, they will be belt and suspenders to the contractors responsibility to be responsible for site safety.

Overall capital expenditures to date -- in 2003, we've reached a milestone -- \$1.1 billion in capital expenditures were paid out: \$550 million for

construction; \$300 million in grants; \$70 million in project management fees; \$16 million for architectural fees to design those schools; and land acquisition costs at \$110 million. This year we looked to increase that level of spending to 1.6 billion. In the year 2005, we'll hit \$2 billion in spending. What does that all translate into? What that translates into is the opening of new schools. Last year, we opened five schools. This year, we intend to open 27 schools. That escalates to 41 schools in the year 2005. In 2004, we'll have openings all over the state -- Union City, West New York, Orange, Paterson, Perth Amboy, just to name a few.

New design contracts, 2003 -- 135 design awards. That's the top draft. That equated to projected payments to those consultants, valued at \$203 million. More important, though, is that the value of that work, when it goes to construction, will be worth \$1.9 billion. This year, we intend to award 98 design agreements, architectural agreements for new construction, valued at \$146 million. We're not going down. The 135 million included numerous jobs to health and safety work last year. The 98 is a new record in new awards for new major additions, renovations, and new schools.

Our program now is really focused on that type of construction, as opposed to the triage health and safety work that was accomplished in 2003. The designs, ultimately, lead to construction contracts. All our construction contracts are publicly advertised, publicly procured, lowest qualified bidder. In 2003, we had 67 construction awards for major renovations, additions, or new construction, valued at \$664 million. That's a commitment, not paid out. That will be paid out in 2003 and 2004. This year we're looking at 88 awards,

valued at over 1.2 billion. The year 2005, we're looking at 132 awards, valued at \$2 billion in new construction.

Land acquisition -- a major challenge. Just a note on the way the process works here. The SCC does not pick the sites for the new schools. They are picked by the local districts, and they are advanced to us through the Department of Education. It's not for the folks in Trenton to dictate to local communities where their school sites have to be. It shouldn't work that way, and it doesn't.

Last year, we acquired 40 properties. This year, we're looking at acquiring 378 properties. Not only is the SCC responsible for acquiring the properties, we're also responsible for relocating the businesses or the people that are on those facilities. This year, we're looking at over 200 residential relocations, as well as 40 commercial relocations.

All of this is done with an eye towards minimizing the impact on rateables and the disruption to the communities. We are looking at every possibility so as to minimize, as I said, the disruption on the communities who are building these schools. We're taking creative steps, like looking at hospital sites -- on the performing hospital sites where we could take those hospital sites over, purchase them, and build schools.

We had a major success this year by purchasing the Passaic Beth Israel Hospital site upon which a 12-acre site we'll be able to put three schools and possibly a board of education facilities for Passaic. We're also looking at parochial schools. This helps us greatly to provide swing space. Swing space is the space that we need to put the students in, when we go in to either renovate their school or take their school down and build a new school on that site.

We've rented swing space in Newark, as well as East Orange and other districts.

We're also looking at Department of Transportation excess property sites. A lot of times these sites are not good, because they're too close to major highways and transportation. We're looking at vacant sites, and we're looking at State surplus lists. No rock is being unturned as to our ability to look at sites for potential schools.

On the non-Abbott side of the house, in 2003, we entered into 675 grants. Currently, there are over 1,600 active agreements with non-Abbott districts. This year we're looking at that grant execution rate to be around 600, the year after, at 450. These numbers come from the districts. They're not under our control. At this point, they're our best estimate of the flow of new grants, as the year goes on.

If you remember, when the Act was passed, the Act provided for retroactivity for the non-Abbott districts back to September of '98. They had, really, them all teed up and are able to advance a lot of projects quicker than the Abbott districts. At this point in time, for the non-Abbotts, we've paid out, last year, \$291 million. That's the State's share of those grants. We're looking at almost \$400 million this year, and that will escalate to a little above 400 next year.

What does this all equate to? An awful lot of numbers. All over this state, work is progressing. I've got a couple of slides here to shows you some actual construction that's going on there (indicating). This is the first school that we opened up. This was back in February of last year. It was Burlington City's Samuel Smith Early Childhood Learning Center. Another big

milestone this reach was in October of 2003 -- Governor McGreevey announced the designation of six demonstration projects throughout the state. These projects are in Camden, New Brunswick, Vineland, Trenton, Union City, and East Orange. These demonstration projects involve integrating community school facilities with local economic development. What's different on these projects is that the SCC does the funding. A local development agency and entity does the actual construction work.

One thing that didn't get a lot of press this year was the SCC's accomplishment of \$660 million worth of health and safety work that was needed in our schools. Three hundred and forty-four schools were impacted. These were new roofs; there were boilers; there were windows that leaked; there were parapets that were falling down. This was a monumental effort that we are extremely proud of, and especially that not one child missed a day of school. Everything that was supposed to opened up on September.

As we speak, work goes on. Back in January of '04, we demolished an outdated early childhood center in Camden. And I would have to say the great home run this year was in Paterson, where we're renovating and adding on to an old Pep Boy school, across from the Passaic County Community College. The sites you see up here (indicating) is the planetarium being topped off for a new high-tech high school. It's called the P.A.N.T.H.E.R. Academy. It's Paterson and Nassau Together for Higher Expectation Results. Nassau payed for the planetarium. SCC is paying for the rest of the school. The school should open in the fall of this year.

One way we accomplished this work and something that was very significant this year is, we created regional offices throughout the state. As you

can see, most of the work in the Abbott districts is up north. As opposed to having staff spend a lot of time driving on the Turnpike from Trenton up to Elizabeth, up to Newark, out to Plainfield, we decided to put offices where the work actually will take place. This way staff has the ability to interact with the districts, to understand their requirements, to be out there, work with the contractors who are actually doing the work, to better to monitor it, to be there to answer questions to move these projects to completion.

We have an office up in Hudson County, in Jersey City. This is on Washington Street, right opposite the Washington Street Power Station. This takes care of Abbott districts such as Jersey City, Union City. In the Newark area, we have an office right north of Newark Airport. The two biggest districts served out of this office are Newark and Elizabeth. In the north, we have an office on Route 80, on Squirrel Wood Road, Exit 56, in Paterson. This takes care of the *P*'s, as I call it -- Passaic, Perth Amboy, Paterson, Phillipsburg. The south and the west, geographically the largest areas, are centered down here in Trenton, right on the West Street Home Office of the SCC.

(end presentation)

I know I threw a lot of numbers out, but I'll end by restating that the School Construction Corporation is committed to building schools for the 21st century leaders, building stronger communities, and building a robust economy. I want to thank you for your attention.

SENATOR RICE: Thank you very much.

Any questions from the Committee members?

Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes. That was a very impressive presentation and very easy to understand. As a representative of a non-Abbott districts, I was concerned about your indication that-- Wasn't \$15 billion originally allocated for this program?

MR. SPENCER: My understanding, Assemblyman, is that \$8.6 billion was the funding that was allocated in the Act.

ASSEMBLYMAN WOLFE: Because -- is that right? Okay.

You said two-and-a-half billion is allocated for the non-Abbott districts. And with all the figures you gave, you indicated, I believe, that 1.8 billion had already been committed? Is that correct?

MR. SPENCER: One-point-eight billion has been committed; around \$500 million has been paid out.

ASSEMBLYMAN WOLFE: All right. Now, what's going to happen with that remaining money? Does that mean that the 550 districts will have to fight for that remaining money? Will that be refunded for the allocation increase?

MR. SPENCER: No. That \$2.5 billion, Senator (*sic*), is an allocation. And as projects are continually identified--

ASSEMBLYMAN WOLFE: Right.

MR. SPENCER: --they are credited against that 2.5 billion. We execute an agreement, and the commitment is made against the remaining money in the pot.

ASSEMBLYMAN WOLFE: So, in other words, we may be looking at the end of the money for the non-Abbott districts?

MR. SPENCER: I don't believe so. Where we are right now is-- All of these projects are advanced to us through the long-range facility plans that are developed by the district. As we speak, those plans were last developed back in 1998, and that was when the act was originally based on. Those plans are being relooked at right now by the districts, and they are required to submit updated plans in June of next year. At that time, after the board of education has the ability to review the plans and turn them over to me, I will have the ability to look at them and make a judgment as to the impact on the \$8.6 billion, and if, in fact, is the \$8.6 billion enough money to fulfill everything that's in the long-range facility plan. At this point in time, the money is in the plan.

ASSEMBLYMAN WOLFE: I just had one more question. I recognize we have different communities, but what would be the average cost of a high school in an Abbott district, to build a new high school?

MR. SPENCER: Right now, looking at into-- I just had this question. To keep it simple, I took out renovation projects and just looked at brand new construction projects. Throughout the state on a relatively small sampling, we have 13 or 14 projects awarded. I'm proud to say that those projects are coming in at around \$195 per square foot, on the average, to build a school throughout the state. That's an average that we'd look for early childhood centers, middle schools, elementary schools, and high schools. I would say we're being very fiscally prudent with the money to be able to buy and build schools for \$195 a square foot.

It's going to be a lot of pressure to maintain that. You read in the paper every day where the price of steel is going through the roof, because of the

demand in China and is so energy dependent. But we are doing the best to work within the guidelines and maintain fiscal responsibility when we work with these districts, that we want to give them a high-quality educational facility, but we need to do that to a baseline that's fiscally responsible.

ASSEMBLYMAN WOLFE: But for \$195 per square foot, how does that equate to an average cost of a high school in an Abbott district, total?

MR. SPENCER: Well, it depends on the size of the high school. Major high schools in Newark -- we just recently awarded two of those, and we recently awarded a major high school in Long Branch. All of those three high schools were in the range of \$65 million.

ASSEMBLYMAN WOLFE: So \$100,000 would be rather high, per school?

MR. SPENCER: A \$100,000 is high, but depending on--

ASSEMBLYMAN WOLFE: I mean 100 million.

MR. SPENCER: One hundred million dollars. Depending on the number of students it would have to accommodate, it could be larger than the schools in Long Branch and Newark.

ASSEMBLYMAN WOLFE: Okay.

Thank you.

MR. SPENCER: You're welcome.

SENATOR RICE: Any other questions from the other members?
Senator.

SENATOR BARK: Thank you, Mr. Chairman.

This is something that I have a concern about and have had a concern about. I think it is wonderful that we're building new schools, and I

certainly thank you for your presentation. But I'm also concerned about old schools. And the reason why I'm concerned about old schools is that I think we have a responsibility not to leave an empty building in some of these neighborhoods. What are we doing about empty buildings that we decide are no longer good for a school?

MR. SPENCER: I also share your concern about leaving empty buildings and what that empty building could be used for. In those situations where we have empty buildings, one of the first things we do is, we are committed to demolish those buildings and just to leave the site fallow, if you will.

SENATOR BARK: Well, that's better than leaving an empty building. I would hope that some of them could be utilized.

The other concern that I have, because I saw that you had demolished an early childhood facility in Camden. But in some of our areas, we have established and have utilized, for a long time, a very viable Head Start Program. And I know that in Trenton they have a new facility. I know in my area we have a facility that's probably two or three years old. I would hope that we could utilize these somehow in our preschool program, rather than say, "Oh, no, you're no longer worthwhile looking at."

MR. SPENCER: I agree with you. In fact, in Trenton, we've had a recent success in that we will be building a new early childhood center for the district in Trenton, and Head Start will actually be the provider of that program within that new facility. So I agree with you that they provide a wonderful service, and that they need to be part of the program.

SENATOR BARK: Thank you.

Thank you, Mr. Chairman.

SENATOR RICE: Sure.

Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Chair, thank you. Thank you, Chairman Rice.

There's just a couple of things that I wanted to mention. First of all, welcome. It seemed like just, maybe, a year-and-a-half ago we were saying welcome to your predecessor. Unfortunately, we've done away with the honeymoon periods, because they don't stay long enough to-- And you give them a honeymoon period, we won't get anything done. But actually, I should take that back, because I think that we did accomplish substantial building. A lot of work was done on health and safety. And I think that the SCC was the way to go, and I think it's been a very positive -- or had a positive impact on the building process.

I just wanted to ask with respect to projects that have been completed -- I guess schools completed -- Abbott to non-Abbott. I'm just-- One of the things that I say wherever I go is that Abbott has been the non-Abbott district's best friend. Because as a result of the Abbott decision, we've been able to do some very innovative things in the State of New Jersey that have not just benefited the Abbott districts, but the non-Abbott districts alike. I think that's a good thing. I think that laudable. But I just want to make sure that we address the needs of those in the Abbott districts, as well as the non-Abbotts, because sometimes, and for a long period of time, we had been in a situation where non-Abbott districts' projects were moving along at a much rapid rate than Abbott districts, and that seemed almost contradictory to what our initial

mission was dictated by the initial mandate of the court. But again, as I say, I think it's very positive that it has had that effect. We knew it would, and we expect it to continue.

However, I would like to get the data on the completed schools with respect to Abbotts versus non-Abbotts. Do you have that?

MR. SPENCER: I have that data. We can make that available, Assemblyman Stanley.

ASSEMBLYMAN STANLEY: You don't have it available right now?

MR. SPENCER: Right now, I can tell you that on the non-Abbott districts, 1,243 schools, I believe, are part of those grants. So work is progressing on 1,243 schools. That's well over 50 percent of the schools throughout the state. In the Abbott districts, I think we have designs and/or construction out there with over 500 schools. I can get you the specifics, though, Assemblyman.

ASSEMBLYMAN STANLEY: Okay. Thank you.

Another issue that I just wanted to ask about-- One of the things that I know Senator Rice, myself, Wayne Bryant, a number of folks, thought that-- And I have to commend you on your presentation, because many of us have felt that this was a great building program. I mean, certainly the greatest in the nation. And a lot of times I go on-- I'm a member of NCSL, the National Conference of State Legislators, and also the National Black Caucus of State Legislators. And wherever I go, people are commending New Jersey for its undertakings with respect to preschool, with respect to -- with school construction. Some of the things we're doing is certainly head and shoulders

above anything that's being done anywhere else in the country, including the Federal Government.

However, one of the things that we said was a very important aspect of the building program -- was that it not just be building of schools, but that the people within those districts, those communities, benefit from that, other than just a school building. We wanted to make sure that if there was this kind of investment being made in facilities that we have minority business people contributing to that process. That we were growing economies in those communities which have more than just school facilities problems, but economic development problems as well. I know you touched on that. Can you-- I've heard the number of 25 percent being given from time to time about the number of minority -- either contracts or dollars that had been involved with this school construction project -- 25 percent of all the dollars going to minority businesses. Is that correct and is-- And I note in the current day environment, we can't have minority programs, because we've kind of disbanded that process. But I know in terms of small businesses that we have an opportunity to do work with minorities, as well other small business and women-owned businesses that fit in that category.

First of all, the 25 percent. Is that a true number? Can you make available the list of contractors that received contracts under that? And also, where are we now with -- not minority and women business enterprises, but with small business enterprises?

MR. SPENCER: We can make the information available to you. I'm proud to say that prior to June of '03, when we were tracking minority and women enterprise participation on our construction contracts, we had an

unprecedented 25 percent actual compliance; 19 percent on minority participation; 6 percent on women participation. As we move forward, the focus has now shifted to small business enterprises. I will assure you that the SCC is dedicated that 25 percent of every construction contract or design contract will go to small business enterprises, and I'm looking for diversity within that small business enterprise community. Not all small business enterprises are created equal, but the commitment is there. In the past, we have made the 25 percent, and we will make the 25 percent as we move forward.

ASSEMBLYMAN STANLEY: Thank you.

SENATOR RICE: Just a question or two. The concern I've always raised and oftentimes when it's raised, Trenton looked at it as though we're drawing ethnic lines, which simply isn't true. No one apologized for the work of the good Lord who we are, our culture differences, and backgrounds. But the reality is that it's one New Jersey, and we respect that. And the reality is that New Jersey is the wealthiest state in the country per capita. And I've always argued that if you don't blame the Reagans and the Bushs for housing the poor cities in the country and having some of the release of opportunities, there's clearly have to be a problem in New Jersey with the way we do business in Trenton if, in fact, we're the wealthiest per capita.

With that said, I've always been, as best I could be, pro union, pro labor, primarily because of benefits. Not so much because of leadership, because some leadership to me don't care about the membership, they just like leading in their capacity. But when you look at the Newarks and the Trentons and the Jersey Cities and the Patersons and the Camdens, etc., regardless of why it is -- we won't debate those issues -- the ethnic makeup is a little different.

And unfortunately, the characteristics of the persons living there, backgrounds, are a little different for a lot of different reasons. We won't debate that. But those individuals who have been incarcerated, who happen to be African-American and Latinos, and culture-disadvantaged Whites in those cities, still deserve an opportunity not to go back to jail, not to be on Welfare -- which you are cutting anyway -- and to get them off the street corners.

The problem we're having in the cities is that when you talk to the craft unions, they tell you that the numbers of minority participation is very low. They know that. They won't give you a real number. That's how low it is. They're ashamed of it. And their project labor agreement, in fact, is going to help, which I disagree with. It may help some, but it won't help the majority of the folks we hang out on the street corners that I deal with every day, who are saying, "All this money is coming to our towns." And everybody is saying not to be a recidivist and everyone is telling us what we don't want to do and we won't work, and it's not true, but we can't get those jobs. Because the unions have said that the folks in your town, they don't read and write well enough to pass our tests. They have criminal backgrounds. Well, so do some non-minorities in the unions.

But the reality is that I can't make a person at a certain age read any better. But some of those people probably paint better than all the members in the painting union. But because we can't meet the union criteria, which is just their criteria -- it surely, hell, is not mine. If I want this room painted white, I want a good painter. I don't need to give him a test, not that kind of test they're talking about. How do we make right that injustice that is taking place. Because if we don't make it right, we're going to spending a lot of

dollars, by law, doing the right things to get schools up and make sure that these young people have a quality education and a safe and healthy environment, but in the meanwhile, we're going still have folks standing outside who's not even benefiting from what's taking place in their own towns. So how do we write that? Because when I put legislation in that says our priority will go where feasible -- meaning if it can't be done, it just can't be done -- to locals first. My colleagues in both Houses debate that. They say it's unconstitutional. I disagree, because HUD does it every day, as you know, under Section 3 clause of the HUD legislation. But how do we make right that wrong, and how do we make sure that there's more participation? Now, if you note, I didn't say small business. I didn't say minority business. I'm talking about an unskilled and/or a skilled workforce that exists in those towns.

MR. SPENCER: Right now, the SCC is committed to the PLA, which states that any contract or project over \$5 million requires a PLA. That PLA requires an apprenticeship to journeyman ratio of 1 to 4. Of those apprenticeships, 50 percent of them will be first-year apprentices. And one of our programs is that we have training programs out there to get people within those communities ready to enter the apprenticeship programs. We are also sensitive to that group of people that may not be appropriate or be skilled for the apprenticeship program, or maybe overskilled. As you say, may be a great painter and could paint better than any other union person. We are looking at, potentially, a program where we could introduce those people onto those construction projects with a prototype project up in Newark, on the two new major high schools that we've just awarded in that city. And if that works, that will be the first step.

SENATOR RICE: Thank you.

And would you keep me posted with that, because I'm very interested and coming from the area. Because -- and I don't want to fight labor or anyone else, but we can fight. That's a poor project labor agreement. I know the difference. I don't care what any politicians say or what the unions say. I live there 24 hours, and it reflects many, many other cities that we are spending dollars. I'm very interested in that project, because I also know that within that prototype, we as representatives and as residents, have the whole "that group" of individuals responsible also to get the work and do that job. That will work with the responsibility, but I need a type. And I want to see if the union is going to really buy into a type, where they don't just control everything and take over peoples' lives for their own benefits.

So it's good to hear that it is going to happen, and the sooner to me the better. I mean, keep in mind, when you're talking Newark -- since I am speaking on the subject -- right next door, I don't see them as two separate communities. I have Irvington as well. I see it as one community in East Orange.

So, thank you very much.

Any other questions from Committee members at all? (no response)

I know Assemblyman Wolfe had another question.

Are you going to be around a few moments, CEO?

MR. SPENCER: I'll be around, Senator.

SENATOR RICE: Okay. I may call you back when the Assemblyman comes in. Okay.

Thank you very much.

MR. SPENCER: Thank you.

SENATOR RICE: While we're doing that, I just want to acknowledge that, for those who are here, that Senator Martha Bark is joining us. Also, Senator Bob Martin, who has stepped out here; he'll be back shortly.

Commissioner, good to see you. Just hang on a moment.

We're doing a little huddling up here.

What we're going to do, Senators and Assemblypersons, Senator Martin is going to come back in. Excuse me, Assemblyman Wolfe is going to coming in.

What we're going to do before you get started, Commissioner, we're going to take care of a little administrative business. We need to reorganize today, and there are several members who are not here. But a quorum has been established, so we're going to move through to just elect officers and establish committee structure, which we already have, basically.

So with that, Melanie.

MS. SCHULZ (Executive Director): I'd like to call for a nomination for Chair?

ASSEMBLYMAN STANLEY: I'd like to nominate Senator Ron Rice, Chair of the Joint Committee on the Public Schools.

MS. SCHULZ: May I have a second on that?

ASSEMBLYMAN VAS: I second that.

MS. SCHULZ: Call the roll--

ASSEMBLYMAN WOLFE: Before we vote, I have a question.

Anyway, I assume -- don't we rotate the chairmanship from Assembly to Senate from year to year?

SENATOR RICE: Not necessarily under the statute. We did that once, but we also had calls. And we went to the position where we established that the Assembly be Vice Chair as Education and Chairperson. And so, we are going that route. That's pretty much where it initially started off and on, and then you and Senator Martin started to rotate one year, until we came back with co. So I guess there's a lot of options there.

ASSEMBLYMAN WOLFE: Well, I was going to nominate Assemblyman Stanley, and we got four Assembly members here and two senators. (laughter)

ASSEMBLYMAN BARONI: I'd second that.

ASSEMBLYMAN WOLFE: I mean, I understand that, but since I've been on the Committee, I thought that had been the tradition.

ASSEMBLYMAN STANLEY: If I may, Madam Chair, and all due respect, I do appreciate the nomination, and I appreciate the support of my Assembly colleagues. But I think that Senator Rice has done an extraordinary job on the Joint Committee on the Public Schools. I think that the kind of co-chairmanship last year in the Senate -- it may have, sort of, disrupted this kind of policy of swinging back and forth a little bit. So I have no problem with deferring to Senator Rice as Chairman of the Joint Committee on the Public Schools, if my colleagues have no problem with that.

Thank you, Mr. Chairman.

MS. SCHULZ: Senator Bark.

SENATOR BARK: Yes.

MS. SCHULZ: Senator Martin had indicated that he would like to vote for Senator Rice.

Senator Rice.

SENATOR RICE: Yes.

MS. SCHULZ: Assemblyman Stanley.

ASSEMBLYMAN STANLEY: Yes.

MS. SCHULZ: Assemblyman Vas.

ASSEMBLYMAN VAS: Yes.

MS. SCHULZ: Assemblyman Baroni.

ASSEMBLYMAN BARONI: Yes.

MS. SCHULZ: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MS. SCHULZ: I will turn the meeting over to Chairman Rice.

SENATOR RICE: Thank you very much.

Let me thank my colleagues, and let me thank Assemblyman Craig Stanley too. And I do understand the position that Assemblyman Wolfe was espousing there. I think that the Committee would--

Anyway, why don't we move forward. We have to, now, select a Vice Chair of this Committee.

And I'd like to nominate Assemblyman Craig Stanley for Vice Chair.

ASSEMBLYMAN VAS: Second.

SENATOR RICE: Are there any other nominations? (no response)

Roll call.

MS. SCHULZ: Senator Bark.

SENATOR BARK: Yes.

MS. SCHULZ: Senator Martin indicated that he would like to vote for Assemblyman Stanley.

Senator Rice.

SENATOR RICE: Yes.

MS. SCHULZ: Assemblyman Vas.

ASSEMBLYMAN VAS: Yes.

MS. SCHULZ: Assemblyman Baroni.

ASSEMBLYMAN BARONI: Yes.

MS. SCHULZ: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

MS. SCHULZ: It's unanimous.

SENATOR RICE: Thank you very much.

While there are members here, I need to indicate that we're going to proceed with what was established some years ago, under Senator Martin, and Assemblyman Wolfe. One time I had asked them, when they were in the majority, to consider having co-chairs for these subcommittees that were established throughout the committee. I thought they would say, "No," but being good Republicans and they believe in fairness, they said, "Yes." And so, each year thereafter, we have had -- particularly under Assemblyman Wolfe's leadership -- co-chairs, one Republican and one Democrat, on subcommittees.

The subcommittees that we have established have not changed that much, maybe some names. We have the Abbott Subcommittee, and we have -- which I'm asking Assemblyman Vas to co-chair with Assemblyman Malone, who is not here today. He had called and said he would not be here.

We also have the Charter Schools, which is going to be changed to Innovative Project and School Choice. Senator Martin and Senator Baer were on that before and Assemblyman Doria. Assemblyman Doria -- he is no longer here, but I've asked Senator Martin, and he said he would like to remain there. And so, of course, Senator Baer--

We also have what is now -- it used to be Takeover. We never liked that name in the first place. But the State intervention -- because I really believe that the Paterson and the Jersey City and the Newark district will be going back. I think we'll spend a lot of time there, a lot of work there. But I do believe from my understanding in reading and listening and talking to constituents and other people, that there may be some need to do some intervention of the districts. And they're all not poor districts, by the way. So we're going to be mindful of the State intervention, and we'll ask Assemblyman Diegnan and Senator Bryant to continue to co-chair that. If there's a change, then we'll let people know.

Also, in Facilities, Assemblyman Craig Stanley wanted to remain co-chair of that. And we have asked Senator Bark to, also, co-chair that position along with him. And then we have actually added those members. I know that Assemblyman Wolfe said that he wanted to remain with the Charter Schools -- well, actually, the Innovative Project and School Choice Initiative for now. And Senator Martin indicated that he would like to remain there, as well. And any other committees you want to be on, subcommittees, just let me know. We'll make sure of those arrangements.

Also, I'm asking -- first time working with him -- Senator Baroni, if he would consider being a member of the State Intervention Committee, and

if he could do that, we would appreciate it. And any other committee you think you may want to be on, just let me know, once she gets the list typed.

ASSEMBLYMAN BARONI: Thank you, Chair.

SENATOR RICE: Any questions on that? (no response)

Okay. All right. Let's go back and once again, thank the members for their confidence and hope we're have a good working session.

With that, why don't we move on and say good morning to the Commissioner. Commissioner, I know that some members may have to go in and out, others may come, but it's important that you, kind of, bring us up to date. I have to tell you that, fortunately, I was out of town for about 11 days. And the reason I said fortunate, because I happen to be in Brazil. And it was warm. But when I came back, I did catch up with the news, and it seems to me that there are some things that are being looked at -- some within my school districts -- there are some within my member's school districts, and that's well and good. But overall, I think that we're in good stead(?) of what I've been reading.

But would you bring us up to date, because so much has been happening. And hopefully, we don't want to go back to court. I'm so tired of court. I understand the money problem. I think Republicans and Democrats understand that. We understand the property tax problems. But we also understand the court mandate, and all this misinterpretation and misunderstanding by the administration, what the courts are actually saying, only to have the school districts to go back and win and win and win and win. We just can't keep doing that, because it sends a bad impression. It confused the taxpayers and voters, whether they support this program or not. It makes

many of us think that the administration is anti-doing the right kind of thing, and I know it's not you. I say that publicly. I've said it over and over. You're a good soldier in someone else's army. Now, I respect that.

But the Governor needs to get his act together on this thing. Let's move education forward. There's oversight that's taking place in Abbott districts. Let us work with you on that. Let us manage. Let us raise questions. Let's be critical, but let's start to do what should be done now. Okay?

So, it's like touche and a little flag raising for the administration. Not for you.

Okay, Commissioner.

WILLIAM L. LIBRERA: Good morning, Chairman Rice and members of the Committee.

SENATOR RICE: Good morning.

COMMISSIONER LIBRERA: It's good to be here.

Congratulations, Chairperson Rice. The confidence expressed in you, well-founded.

And what I would like to do is just give you a quick summary of the things that I think are important issues that we are addressing and preparing to move forward. And I'll give you a short summary of a few of them. But there are many issues that are important right now that the Department is facing and that, if at the end of my summary of those things -- I've not included, all the things that you would like to ask questions -- please ask me questions. I'll be glad to answer them.

The first is-- I've distributed a two-page summary of very important legislation. Members of the Assembly Education Committee have seen this

already. Members of the Assembly Committee have heard me talk about this already.

And Senator Rice, you and I have had extensive conversations about this New Jersey QSAC, Quality Single Accountability Continuum.

Two parts to this: There's a legislative part, and that has to deal with State intervention and changes in State intervention. And we have a State Takeover Law that was enacted in 1987; the first such law in the country. We're the first State to takeover a district in Jersey City. That was designed to be temporary. It is now 16 years later in Jersey City, 11 in Paterson, and eight in Newark. And if we don't make changes in that intervention, we'll still be there for many more years than is necessary.

But when we started to make the changes and looked at the changes and intervention, we understood that there were other issues connected with it, so we decided to include this all into one package -- a single system -- the same set of standards for every school district in the State of New Jersey. Their relationship to us has to do with how well they demonstrate that they're addressing those. It revolves around five basic areas of every school's effectiveness and what is proposed in this legislation -- and this will involve legislation -- is that when school districts give evidence that they have performed at a satisfactory level and continue to show progress, they'll have a return to local control in those areas.

So, in the five areas, I would be very surprised, when this legislation is eventually adopted -- assuming that it will be very close in broad form to what it is that I'm describing -- I would be very surprised if the three State takeover districts, presently, don't have a return at least in one, two, three, and maybe in

as many as four out of the five areas. I don't think that it's likely in the very near future that all five areas will be satisfied, because we still have a number of matters having to do with student achievement that are below State standards. But I think it's important for everybody to know, we've made progress in our three State takeover districts. We've made considerable progress. I think it's time for us to make adjustments in our State intervention to reflect that.

Conversely, there are also places that are having problems that we really need to intervene as soon as possible. The idea of intervention ought to be quick, and it ought to be temporary, and it ought to be in those areas where the intervention is necessary. And if it happens quickly and it is addressed and the Department, through other people assisting us, help districts resolve their problems, it won't spread to the other areas. It's as simple as that. Now, that's the legislative part.

The other part is regulatory, and that will involve the State Board, and that's the normal public process. But what we've done is integrate all of the issues of our own Code, of No Child Left Behind, of the State Takeover legislation, and the Abbott legislation so we have a single system. Standards are the same for everyone. The responses will be different depending on the status of those districts.

That's basically it. We have had many conversations. We think that integrating all this into one system makes sense, rather than have different rules for No Child Left Behind, different rules for Abbott, different rules for State Takeover, different rules for monitor.

Districts that perform very well will see very little of us, and they should. Districts that are having significant problems, we need to intervene, and

we need to do that quickly. That's basically the whole idea of the New Jersey Quality Single Accountability System. We've told all of the people who have seen this, who are legislators. There's a small piece of this called legislation, but we think you need to know the context that around this. Conversely, we think that the State Board and all the people involved in the associations, who have reviewed this with us, need to know the legislative part, so that everybody understands the context.

We're very enthusiastic about this. We want to get this passed as quickly as possible, because there are many things that need to happen as soon as possible.

Chairperson Rice said that the intervention doesn't just happen in urban areas, and it's absolutely true. Problems are not the sole problems of urban areas, and neither is success the sole problem of suburban areas. We need to make sure we respond to this as quickly as possible. We are working, also, with a direction provided by the Governor, in terms of issues of administrative limits and noninstructional costs. And we are working on that. I've submitted a plan to the Governor's Office about nonoperated districts. The overriding issue with respect to what we're doing to stabilize property taxes and promote better schooling is to promote those standards which result in effective and efficient schools, regardless of the size. And that's how we're proceeding. That's how we're reviewing budgets. That's how we will go forward.

We've also recently received some accolades of which we are very proud. One of them is that an independent assessment done -- financed by Pew Charitable Trusts have the State of New Jersey as the top State in the country providing access and quality of early childhood education. As you know, that

presently is a combination of both district and community providers. Community providers provide approximately 70 percent of the early childhood education experience for kids. Recently, we have engaged in our own independent audit, because we want to make sure that those dollars are spent in the most effective and the most efficient manner, and that we have found, in some cases, they weren't. In each of those cases, we are taking the necessary action.

It's important for people to understand that that list of people and agencies who were not responding to the resources, as they were required to, represent, first, a small percentage of the population. Second, in most of the areas, these are areas that can be corrected, we think, fairly quickly. In the areas where that's not the case, those people will no longer be providers.

We think that as we have increased the number of children who are involved in early childhood education from 55 percent to 80 percent of age-eligible children in a two-year period, that that represents enormous progress. By the same token, we have to be vigilant of how those resources are spent.

Finally, I just would like to summarize that our continued court appearances over the Abbott decision and what is required are things that neither we would like to continue, nor would those who are advocates of the decision would like to continue. We are in a terrible timeframe of having to make decisions in March of the school year. And this -- and I think we all agree needs to change. What need to also understand, however, is that this is a disagreement over 1 percent of these budgets. Ninety-nine percent of the budgets, we agree. We also see that we are making significant progress in our

Abbott schools, and we wish that we were spending more time doing that. On the other hand, this is enormously complex legislation, and it's going to take a while for us to clearly understand how it is that we have to proceed. Those questions, unfortunately, need to be answered. But the glass is more than half full, here, when we're talking about 99 percent agreement and 1 percent disagreement.

Resolving these things in March is a terrible outcome. And the Supreme Court knows that, as do all of us. We're committed to making changes in that. So that's a summary on the important issues that, I think, would be important to this Committee.

I would be glad to answer questions, listen to your comments about any of the summary items, or respond to any of the other areas you may wish to pose a question.

SENATOR RICE: Yes. Thank you very much.

Senator Bark.

SENATOR BARK: Thank you.

I'm very sorry I have to leave, because I'm sure that the questions and the answers would be most informative. I do want to say that I did manage to catch you on *On the Record*, and I enjoyed very much your presentation at that time. I'm very sorry I have to leave, but I know that I will hear from other members of the Committee on the questions and answers.

Thank you.

COMMISSIONER LIBRERA: I look forward to continuing to work with you, Senator Bark.

Thank you.

SENATOR BARK: Thank you.

SENATOR RICE: Assemblyman Stanley, Assemblyman Wolfe, Assemblyman Baroni.

ASSEMBLYMAN STANLEY: Thank you, Chairman.

First of all, welcome Commissioner. It's always good to see you. I certainly appreciate your efforts on behalf of all the children in the State of New Jersey. I, too, would like to just echo Senator Rice's concern with respect to the administration and the way that we see ourselves in court a lot more than we would like to. We were expected to spend more time in the classroom than the courtroom. It doesn't seem like it's worked out that way. I know that's not your fault. But it is incredible, and it is very disconcerting that we have pursued that line. And I would hope and pray that we do not have to -- or we don't pursue that line in the future. It's very unfair to children for us to have these kinds of disruptions in the budgeting and the schooling, the education process. I just hope and pray that we won't end up there again. I think Senator Rice probably said it a little more clear than I did, in terms of, maybe, some of the consequences of doing that.

The time schedule-- Well, let me go back. QSAC -- it's been introduced in the Assembly. I should explain that it's a two introduction in the Legislature -- it's a two-step process. It's been submitted. It's on the proposed list. There is a bill number. In our next quorum, it will be officially introduced. I just want to make that clear, because sometimes we say, "Well, it's been introduced," and then you look on the record, and you don't see that it's been introduced. But it has been submitted. It's on the proposed list, if you can get a hold of that. But I will also give you a copy. Well, you actually have a copy,

but I will give you an official copy of the proposed introduction and the bill number. And that will be provided for the Senate side, as well.

And let me also say something of this magnitude-- And let me tell you, I'm the first one who is aware of time constraints and the need to get things done, as quickly as possible, but it is something that will change the way-- I think it will improve the way that we assess districts and move to correct districts. But it is something that's comprehensive and that we need to certainly include all the stakeholders in that process.

I had mentioned to you that we would, hopefully, Senator, have hearings. I think the Joint Committee on the Public Schools would be the venue for such hearings. I would like to do them in conjunction with the Assembly Education Committee and certainly the Senate Ed, if that's at all possible.

The question that I have with respect to, I guess, some of the appeals process with respect to supplemental funding. Is there a timeframe that we can, maybe, even make statutory with respect to the submission of requests for supplemental aid, so that -- and this only affects Abbotts, I imagine -- and so that this can all be done before the budget is concluded, so that we don't have the kinds of problems-- Because I imagine that you have to come back to the Legislature for a supplemental appropriation on last year's supplemental funding piece. And then this year's number is probably out of whack, because last year's number was out of whack. I don't know whether we're going to get into this process again, but-- And I imagine there has to be some type of negotiation and then there has to be an agreement from the Commissioner, from you, with respect to whether districts' proposals are going to be accepted. But is there a way -- is there a timeframe that we can initiate?

I'm looking at introducing some kind of legislation that would make those timeframes statutory, so that, at least, in the beginning phases we'll be on track, even if, maybe, by the time -- if we have to go back to court -- which I don't expect we would have to do with this administration, maybe in future administrations perhaps -- but if we do, that at least we'll be further down the road. Do you have any response to that, or any advice on how we could move?

COMMISSIONER LIBRERA: Well, first, I think that it's important for us to all understand that the Abbott decisions are enormously complex. We want to work with all parties to get out of this miserable time table in which we find ourselves. Now, at times, it has been suggested that the Department is the one that has precipitated this timeframe. And that really is not the case. We have worked as diligently as possible to try and proceed so that we're not, in March, resolving basic problems that are now seven and eight months into the school year.

In the area of the supplemental funding, I said some eight months ago what I thought the number was going to be. And we're probably within \$20 million of that number, as I talk today. I don't know whether this can be addressed exclusively by the Legislature, through statute, or whether it is the court, or just who needs to do it. But no one can defend this time table that in which we find ourselves.

I also think that it's important to remember that this legislation, because it is so complex, is going to continue to need some kind of clarification as to what is necessary, what is meant by. We think that we have made a lot of progress with our emphasis on focusing on classroom, not courtroom.

Unfortunately, there's the courtroom side of it that still is a necessary reality here. I think that perhaps the way to answer that question is for legislators, DOE representatives, advocates, members of -- some representatives of the legal group, of everyone, to sit and say, "Here's how we need to do this," because we are nursing, right now, a broken system to implement what we all know should be implemented. That's really the bottom line in this.

More the same of these kinds of rules will find us in the same kind of dilemma over and over again. There's a broken system to implement an otherwise and very important court mandate.

ASSEMBLYMAN STANLEY: Commissioner, I would be more than happy and willing to work with you in terms of sitting down with other parties, legal people, attorney general, whomever--

COMMISSIONER LIBRERA: Yes.

ASSEMBLYMAN STANLEY: --to help to resolve this issue, because it's something that we need to fix.

COMMISSIONER LIBRERA: Sure. And Gordon has a few other comments that he would like to make, if it's the pleasure of the Committee to receive them.

G O R D O N A. M a c I N N E S: If I could, Mr. Chairman, just to make it complete and accurate. Last spring, as a part of the mediation that was ordered by the Supreme Court, we agreed to a schedule that was a part of the mediation agreement that is incorporated--

ASSEMBLYMAN STANLEY: Yes. I mean, I think we understand that. But the problem is, is where we are now. And we've got to try to work

together to resolve it, so that we're not here again under that same schedule. But I certainly appreciate what you're saying.

ASSISTANT COMMISSIONER MacINNES: No. The schedule that we agreed to and that the Court adopted when it put us on a different schedule for this year and which it reaffirmed in its decision last Monday, is that the Abbott districts submit by the statutory schedule -- March 11 this year -- their budgets. The Department must issue an answer in terms of a specific number not later than May 28 this year. And then it starts an accelerated appeals process, if anybody wants to challenge that.

Our hope is the same as yours, that we can work this out so we're not beset with appeals that drag on into the school year. We want to have all of this resolved before the start of the next year.

SENATOR RICE: Thank you.

Assemblyman Wolfe.

I'm sorry, Assemblyman. Are you finished?

ASSEMBLYMAN STANLEY: Well, because I don't want Gordon to run out. He may have to go somewhere. But I just want to make it clear. You're saying that under the current schedule that we shouldn't see ourselves again here this time next year?

ASSISTANT COMMISSIONER MacINNES: No, we shouldn't. And as I said, the Court reaffirmed that schedule in Monday's decision. And that calls for the Department to have all decisions made by May 28 of this year.

COMMISSIONER LIBRERA: Let me also say that though we've made some progress in terms of schedule, there still are many other issues that

I do think we need to have a dialogue and talk about what this means. Because we can correct the schedule, but it's bigger than the schedule. If we're not here in March, we've made progress. But we got a lot of more work we still have to do.

SENATOR RICE: Let me say this to the Assemblyman, to the Committee, and to the Commissioner and his offices that one of the responsibilities of this Committee is to oversight all of that. And so, we -- between this Committee, as a whole, and the subcommittees, we'll be monitoring that. And if we're not satisfied of these Court mandates, then we have an opportunity to participate.

And in your case, Assemblyman, you get two whacks at it, because we can oversight it here, and then you can call it before the Education Committee there, and we'll get backup on the Senate side.

With that, Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes. Commissioner, again, I'd like to thank you for the report and just indicate to my colleagues I think the cycle that the Commissioner is talking about, and Assemblyman Stanley, is not new. I know when I was Chairman of the Education Committee, years ago, under the former administration, we had the same problems. But those problems probably had to do with supplemental moneys, not so much with Court issue moneys. But I think in working out an agreeable plan so we're not two or three budget cycles behind, I think is very, very important.

And just lastly, I'd like to say, publicly, Commissioner, something I said privately several times. That is, I think regardless of the issue of the Abbott districts, I think that the work you've done -- especially former Senator

Gordon MacInnes has done an exemplary job in the past years or so, since he's been associated with your office. I would just really like to commend him, and also you, for having the great wisdom and the foresight to hire him. And hopefully, you're paying him enough money so he will not leave.

ASSEMBLYMAN VAS: Who, Gordon? (laughter)

ASSEMBLYMAN WOLFE: Gordon has an excellent reputation, and he certainly, I think, fulfilled that many times over.

COMMISSIONER LIBRERA: Thank you, and I agree with you, Assemblyman. Thank you very much.

ASSEMBLYMAN VAS: Mr. Chairman, through you, if I may?

SENATOR RICE: Well, no. Hang on a moment.

You want to yield? Okay.

ASSEMBLYMAN BARONI: I think he's got a follow up. I have a different topic, so okay.

SENATOR RICE: Okay.

Go ahead, Assemblyman Vas.

ASSEMBLYMAN VAS: Mr. Chairman, through you and to the Commissioner and to the Assistant Commissioner -- the Assistant Commissioner and I had the occasion to meet and speak about some of these topics a few days ago. I still have a concern about the schedule, and the schedule for submission, I think, in connection with that, the Department's approval of supplemental funding for the Abbott school districts, and even the appeal process it takes -- the appeal process through the summer, to the administrative office of the courts, and then subsequently beyond that. I would like to suggest that, perhaps, in an effort to try to mitigate this funding demand that's caused, I

guess, some tension between the Department and the Abbott school districts, and really, as a whole, created a wedge issue out of Abbott that the appeal process -- or actually the approval process be moved a little bit more expeditiously so that the Budget Committee that hears the Department budgets in May would have an opportunity to know what the request for supplemental aid is and whether it's been approved before the Assembly Budget Committee hears it.

I think we need some more transparency between these request forms and the Department's decision before the Budget Committee makes its final decision, and in effect, really, if there is a way to have the Department and the school districts really find some compromise on these funding requests. And if not, that there be some reserve mechanism established within the Department to reserve the amount that's under appeal so that we're not forced into supplemental appropriations nine months into the budget cycle, which I think is a disservice to everyone -- Abbott, non-Abbott, all the taxpayers of the State -- not to know nine months or seven months into the cycle how much money is going to be spent on education. We already have \$8.6 billion of this spending plan -- the \$26.2 billion spending plan -- earmarked for education in New Jersey, just for primary education. And so, I just don't understand how \$100 million, or so -- which again, is a lot of money -- but in the context of \$8.6 billion, can't be worked out between the school districts and the Department of Education, so that we're not in this situation in the future.

SENATOR RICE: Well, I concur with that.

Are you going to respond to that?

COMMISSIONER LIBRERA: Yes, I will.

The first part about it is, we have a different schedule this time than we had last year. And I think that's been set by the Court. I think the thing for us to do is to keep in mind the suggestion that you've made, implement the new schedule that we have, and then ask questions about-- And how much better was it and how do we know and how can we still improve that? The Court is probably not likely to want to amend its new schedule until we go through it one time. This will give us, if all happens as this schedule provides -- like a May 28 decision -- gives us a lot more to do in a short period of time. But it certainly doesn't put us in March. Because even appeals that start in May 28 or June 1 shouldn't take until March to resolve. And we think that it will be an improvement.

We still think more needs to be done. But we think that this schedule ought to be implemented as its provided, while we carefully review what problems it presents. Because as good as it will be and as much better as it will be, is not going to be problem free. We know that.

ASSEMBLYMAN VAS: My point, through you, Mr. Chairman, is that at the municipal level when there are tax appeals, our budget requires that we reserve an amount for delinquent taxes. What I'm suggesting to the Department is that their budget should reflect a reserve amount for those supplemental funding requests that are under appeal so that we don't find ourselves, as a Legislature, having to appropriate additional appropriations half way through the next budget cycle.

SENATOR RICE: Commissioner, why can't-- I mean, we have to appropriate the dollars, but why can't your budget show that reserve. It makes good sense.

COMMISSIONER LIBRERA: It does make good sense.

SENATOR RICE: We can talk about the deficit and all the money the government needs, but we also can talk about what the Court has said. So why can't we just put it in reserve?

COMMISSIONER LIBRERA: That makes very good sense. It is not entirely, as I understand it, our decision, because the budget that we propose is only a budget that becomes a reality when the Legislature approves it. And you only approve that which is presented. So I think this question is a question not only for the Department. It's a question for the Legislature. It's a question for the Treasurer. It's the whole budget process. It makes very good sense in terms of how this works. Because when I said seven months ago that we were talking about a number -- and the number that I used then was \$100 million -- we're not that far off that, and we knew that number seven months ago, or in a ballpark figure, as did the Governor's Office. I do need to say that the Governor's Office was very supportive of that. They just said, "We need to know definitively what this is." And so, on this work, we are not hearing from anybody, "Do not support these programs to the degree that is necessary."

Your suggestion, Assemblyman Vas, is I think, Chairman Rice, something for us to consider between the Department, the Legislature, and the Treasurer, and the Governor's Office. I think it's a very good idea.

SENATOR RICE: Mr. Commissioner, let me help you out. Why don't you go back and make sure that your Department makes that recommendation. Why don't I have staff prepare a letter from me, on behalf of this Committee, with the suggestion that it needs to be considered to the President and the Speaker and to the Chairs of Appropriations -- and I'll speak

to them -- so that we can be on the same page. And also, prepare a letter from me to the Governor. But what you want to do is, maybe, speak with Assemblyman Vas and other Committee members to make sure that exactly what is intended in terms of consideration is what was suggested here.

ASSEMBLYMAN VAS: Mr. Chairman, through my point here is, that we should try to suggest to the Executive Branch of government and each one of the departments that they manage their individual budgets once they're ratified by the Legislature. Because once we've approved the budget, it's up to the individual departments to manage those resources. And, indeed, if there is an appeal of a certain number of dollars, that they try to find a way to arrive at a consensus, otherwise what we're asked to do, we should ask them to do. That is, if they submit a plan to us -- that, if the Executive Branch submits a plan to us, and they say, "If you want to increase a line in that budget, you have to cut another line in some other part of the budget, so that we have a balanced budget of \$26.2 billion." We have to ask each department of the State to do that, as well. If there, in fact, are outstanding obligations, such as appeals, there should be a reserve amount in it. And then if that amount is reserved in that budget, that department has to make a cut within that department in order to have that reserve exist in the budget. If not, they should arrive at some consensus with these school districts as to how much money is going there, prior to the budget being ratified.

SENATOR RICE: I think we all concur. We understand that, and I want to make sure it's in black and white -- at least coming from here -- that it is a concern of yourself and probably the majority of this Committee, if not the whole Committee. Okay.

I believe Assemblyman Baroni wanted to comment.

ASSEMBLYMAN BARONI: Thank you, Mr. Chairman.

And thank you, Commissioner, for your time.

And as someone who has studied the *Robinson* becomes *Abbott* series of cases, I understand the-- It's sort of an ongoing litigation that doesn't seem to end, and it's probably not going to end, at some point. I give you -- you, personally, and Senator MacInnes, as well -- a lot of credit for continuing the commitment of our State to urban education.

On that note, however, I have some concern, and I'm going to refer to an article in this morning's *Jersey Journal*, and I imagine it appears elsewhere. And you, sort of, touched on it in your comments. I will not read the article. For the audience's benefit, I'll read a couple of lines from it. It has caused me some concern. There is a recent State audit of preschools dealing with some of the preschools here in New Jersey -- Abbott preschools. And one of the concerns that I have is some of the things that the audit turned up. I'll read a couple of things. The auditors turned up receipts for "Purchases of home furniture, adult clothing, prime cuts of beef and fish, denture cleaner, laxatives, cat litter, coffee, a Volvo car lease, cell phone plan."

Obviously, the point is that the audit found it. So, I guess, that's a good thing. How broad was the audit? Did we look at every preschool program? Did we look at some? And how were the criteria established to find out which ones we would audit?

COMMISSIONER LIBRERA: Assemblyman, I will ask Assistant Commissioner MacInnes to speak to the specifics--

ASSEMBLYMAN BARONI: Thank you.

COMMISSIONER LIBRERA: --of this, but I'd like to begin by saying this was our audit. This is another one of the audits that we feel is necessary to provide the kind of scrutiny in areas to see that all resources are used well. And though no one, and certainly neither Assistant Commissioner MacInnes nor I, are going to defend, in any way, any of the things that we found in the exceptions. It still is important for us to understand we're talking about exceptions rather than the rule.

Assistant Commissioner MacInnes, please.

ASSISTANT COMMISSIONER MacINNES: Thank you.

Assemblyman, there are actually, at least in the news stories that I saw, three different audits that are cited. That is, there are audits that were conducted by OLS. That is on their program, their plan, we have nothing to do with that. And they did audit, I think, three Abbott districts last year and came up with findings.

The second audits are all generated by the Department. And when I arrived two years ago this March -- yes, two years ago this month -- one of the first steps I took was to change the priorities for the internal audit program -- and this will start getting confusing -- that is operated just in the three districts that the State is responsible for -- Jersey City, Paterson, and Newark. And what I did was to -- having a sense that there were problems-- And there would be problems when you take, by court mandate, as many as 450 providers, some of whom are profit proprietaries and most of which are community nonprofits and, by mandate, introduce them into a brand new program with new standards and new funding levels, that you're likely to come across problems. That's why we made it the top priority for the internal audit program.

And some of those examples that you cited from the news stories were uncovered as a result of those audits, which are continuing. There was a story Friday about an audit that was just completed on 11 centers in Newark. The second source of Department-initiated audits comes through the Office of Compliance. When the Office of Early Childhood has a request from the district for an audit because of a questionable finding of some kind, that's done by the Department through its Office of Compliance.

Here are the triggers we use, and this is how we arrived at the list of those centers in the three State-operated districts that would be audited. If a center makes a request for a cash advance against a normal payment schedule, it suggests to us that they may be spending outside the budget. If we get a report from a parent, an employee, a vendor, that there's a slow pay or no pay or a check has bounced, that will elevate a center on our list. So there are a number of indicators that we have asked the districts, and this is collaborative with the Newark, Paterson, and Jersey City districts, where we have asked them to identify for us those providers that trigger one or more of these indicators, and that's where we move. The more indicators, the higher you go on the list.

COMMISSIONER LIBRERA: The other thing that we've done consistently, over a two-year period, was tighten all the budget review processes and procedures to see that the questions are asked before there is an implementation of problems. So, as Assistant Commissioner MacInnes has talked about, when there are other indicators or triggers, that's when we respond. And we are, also, working to be sure that our own internal audits are as diligent as possible to be sure that every intended outcome is, in fact, budgeted, and we correct the errors as quickly as we can. This is all against the backdrop of --

we've gone from 55 to 80 percent. This is 70 percent of the folks are outside of the direct involvement of the Department, but not outside of the standards. And we have to see that the standards are upheld.

ASSEMBLYMAN BARONI: It sounds to me -- this is to Assistant Commissioner MacInnes -- that the auditing process is very reactive.

ASSISTANT COMMISSIONER MacINNES: No.

ASSEMBLYMAN BARONI: In a sense, that you said, that sort of criteria where a report from a parent or a vendor, a phone call for a cash advance. So there's something that-- Is there any proactive, untriggered audit mechanism for these?

ASSISTANT COMMISSIONER MacINNES: Only that operated by the Office of Legislative Services, which is not in response to -- as far as I know, in response to anything. We have a limited number of people who can conduct these audits, and they're fully occupied now, and there have been some other problems that have also received their attention. But I think that in terms of the -- and by the way, I will say that even when these indicators are the source of the audit taking place, we have found, in a couple of cases, that the center being audited is being operated in a prudent and well-managed way.

We've also found that there are centers, that if they would receive assistance in accounting-- Because you're talking about, sometimes, very small scale operations -- Mom and Pop operations -- and they've been operating out of a shoebox. And that won't work. You know, you get your bills in, you put them in the shoebox. You pay them. After you pay them, you put the receipts in another shoebox. That won't work anymore. So we've supplied in the budget of each district at least one fiscal specialist where they have a fair

number of these providers to help them with problems of budgeting and accounting and of financial management.

The other thing we do is that if that level of assistance doesn't work, we work with the district to end the contract with the provider. In several cases, we have taken the results of these internal audits and we have forwarded them to the Division of Criminal Justice, because we think they rise to that.

ASSEMBLYMAN BARONI: A couple of further questions. As a former Chairman of a community college, has there been any thought given to asking someone of each of the facilities to take an introductory accounting course at their local community college?

ASSISTANT COMMISSIONER MacINNES: That's a very good suggestion. We have not made any mandate that people-- Because in fact, we have a very large number of these providers, who have been engaged in the community for many years, are very well financially managed. And were the suggestion that they need a brush-up on accounting might not be received well. Actually, it is not appropriate, I don't think. However, you're right that there are certainly places where they could benefit from such a course, and that's a good idea that we will pass along.

ASSEMBLYMAN BARONI: Have there been any internal audits in the Department, as opposed to the Office of Legislative Services, in any of the other 27 Abbott districts?

ASSISTANT COMMISSIONER MacINNES: Yes, there have been.

ASSEMBLYMAN BARONI: There have?

ASSISTANT COMMISSIONER MacINNES: And they are-- Well, in fact, the stories that you were reading are reporting on internal audits that were conducted in New Brunswick, that were conducted in-- I'm not sure. There are a number of--

SENATOR RICE: Pleasantville and others.

ASSISTANT COMMISSIONER MacINNES: Pardon me?

SENATOR RICE: Pleasantville and a few others.

ASSISTANT COMMISSIONER MacINNES: Yes.

COMMISSIONER LIBRERA: Yes. And Vineland, as well.

ASSISTANT COMMISSIONER MacINNES: That was OLS.

ASSEMBLYMAN BARONI: You made a reference before, and I don't know the law, Mr. Chairman, but please correct me. There was another example cited where the audit showed that a facility had 237,000 in Abbott funds transferred to non-Abbott programs, including more than \$96,000 to a regular day-care program. Do you find that to be criminal in nature?

COMMISSIONER LIBRERA: No. What we have are institutions of some of these community partners that are not exclusively prekindergarten programs or early childhood programs. They have community-based programs. And us trying to differentiate that portion of their budgets that ought to be early childhood versus the others is not an easy distinction, not criminal in nature. Anything that we believe rises to something that could be criminal in nature we send to the Attorney General's Office immediately, not this one as you raise that question.

ASSEMBLYMAN BARONI: And I do have two final questions, and I promise, Mr. Chairman, is two final questions. There's a line in the story,

and it's -- again, forgive me for reading the stories, therefore it could possibly be incorrect -- that the audit was completed in December. The findings were not made public until an internal report from the Department was obtained by the media. The implication I read into that is that somehow the media got it, as opposed to it being released. Are these not released to the public?

ASSISTANT COMMISSIONER MacINNES: They're not released routinely. They are public information. And this was -- in fact, the audit was completed in December in a draft form. It was not finished, that is, until it was reviewed by everybody who has to review it, and signed off on, until sometime in mid-January, as I remember. And those audits are not released in the form of a press release. They are available to anybody who asks for them.

ASSEMBLYMAN BARONI: Do you send them to the Education Committees of the Legislature?

ASSISTANT COMMISSIONER MacINNES: I don't know.

ASSEMBLYMAN BARONI: It would be helpful. I certainly, as a member of the Committee, would be interested in that. And the only issue I raise the issue is this: I represent a district that has no Abbott districts. But I represent a district where people in my district really do care about urban education. But at the same time, they're worried about their kid's preschool and having to do it. But they believe and I certainly believe that we need to support urban education, if we're going to make our state a better place. But when people read stories like cat litter and laxatives being paid for, it tends to dull that support.

We've got to do more. And maybe that's getting more auditors for your Department. Maybe that's a commitment the Legislature needs to make

to your Department to get more auditors. Because if we lose the support of people to support urban education and the preschool program, it's helping neither the people who live in the Abbott districts and the people who don't. And I want to make sure that every penny we're spending are actually going to children and going to make their preschool and regular education as best as possible.

These stories -- and I give you credit for the audits that discover them -- I know puts you in a box, because you're being questioned about something that you affirmatively did. We've got to do better than this.

COMMISSIONER LIBRERA: We agree. And we think the audits are a huge step in that direction. I don't know whether it is more auditors or a different approach to auditing, but clearly, the way you root out problems is by this kind of work. And though you would hope that you do these audits and you don't find things like this, you know that you probably will and that the issue in this is how comprehensive and how aggressive are we. Because we cannot afford the kind of cynicism and skepticism around these expenditures, for the very reasons that you have described. We agree.

ASSEMBLYMAN BARONI: Thank you, Chairman.

SENATOR RICE: Sure.

Let me, for the record, indicate that I concur with Assemblyman Baroni. But I've also had this discussion with you before. Reaction is what we have to do sometime. But I really prefer proactiveness, because as much as-- I've been here a long time. And I always remind people about the six (indiscernible) in the State, in the House, and I'm telling you they're middle class wealthy districts that need to be audited. There are things that I

understand are taking place, but because the districts are so well together and working classed and the grass is green, everything that comes to the surface will be okay. And even people who represent those districts don't know that there are problems there. I would like to see, not Abbott districts-- The Abbott districts became the target of the Legislature and government in general, and the media, because going back to *Robinson*-- It's almost like fighting for (indiscernible) rights come out of slavery. As you fight for rights and balance, the press pays more attention. Then when you look at where you're fighting, they pay attention to either what you look like, who you are, and where you live. And they just compounds themselves.

So Abbotts became in peoples' mind pretty much minority neighborhoods, minority districts, urban centers, and things like that. As a result of that, we forget about the Jamesburg(?) kinds of scenarios that take place, when it's so obvious to think -- the (Manville, man bill(?)) type. I mean, things that are so obvious to say right here, because we're so focused. If we're going to audit the New Jersey education system, it's not just Abbott money. You can move Abbott money from the system, we'll still (indiscernible) education in these urban centers and elsewhere. We need to audit all of them. And if that means additional auditors or process, I don't care how it is done. But the one thing I hate to find is that someone in the urban district, an Abbott district, used dollars to buy toothpaste, whether they did that intentionally and was aware it was wrong, or did it unintentionally and thought it was okay, that's not my issue. But to tell me that someplace else in New Jersey, someone did not use the Jersey fund to buy toothpaste or take a trip, whether intentional or not,

that may have not been the guideline, I'm telling you, as a former investigator, you are wrong.

So my point is that we concentrate on one piece of it and give persons and communities I represent -- that the rest of New Jersey has had and everything is okay, then we're doing a disservice to the taxpayers and the voters. People have to understand that where their unintentional, misguided management, if you will -- that can occur across the spectrum, regardless of how wealthy you are, how poor you are, what your setting look like. Criminal activity can take place in all environments. And we know in New Jersey it has, in the past. We can document it.

And so I just don't want us caught up every time the media says, "Oh, they spent all this money on toothpaste." Well, Mr. Media, you're right. But, Mr. Media, maybe you should get some more investigative reporters and go in some other districts and start looking there, too. I just want to keep fairness in what's right or wrong. I want people held accountable. I don't want any criminal activities. But I also want accountability in terms of peoples' knowledge. Because all of us have done something in life that we didn't assume would be criminal, but we thought we were doing the right thing -- only to be corrected.

So once an audit is done, I'd like to think there's opportunity for corrective activities. State takeover, for those who don't know it, only occurred because when-- In my district, it occurred because we were not at takeover level -- with a Level 2. The State plan was approved by the county. At least the school plan was approved by the Board of Education in Newark, as well as the county. It's just that there were some things that needed to be corrected that for

some reason, at that time, never got corrected. What was it? Someone being adamant about the process or politically. I don't know. Do we want the Level 3? In the meanwhile, if you really look at that process, because I want this history to state on record. I'm never going to let it go until the day I die, until we correct it. Look at the process -- the Newark people were accused of everything -- corruption, mismanagement. You name it. If there was an adjective to go with it, they got accused of it. Yet, the State walked in, "took over" the district, the State superintendent mismanaged over \$70 million. It was the State.

Recently, I thought that was behind us -- \$20 million that we can identify so far in Paterson. So there's clearly a problem. Did that mean that the State was criminal in their doings when they mismanaged 70 million? Maybe not. They should have been flagged though, and at the same token, corrected. So when you hear Newark, I want to remind this Committee, if no one else in New Jersey is aware of this -- as this Committee that has the responsibility of oversight -- always remember, regardless of how bad you may think Newark is or how good you think it is, the superintendent we presently have, as State superintendent, walked in with the \$70 million misappropriation by the State. That never came up to parity. I don't care what Gordon would say. It's probably more than that. And that's why we disagree with the fights, particularly in the three districts, that the State's supposed to be running. And that's the problem I'm having.

So I think we're on the same page. I think this was good. I'm going to -- unless there's any other questions, I need to adjourn this meeting.

COMMISSIONER LIBRERA: Excuse me.

Thank you, Assemblyman Baroni.

I appreciate that.

Chairman Rice, if I could just comment very briefly on what you just said. That brings us all the way back to the New Jersey QSAC, which is the same standards for everybody. Because the Chair is right. That the urban areas have more monopoly on this. The issue in terms of Paterson and the \$20 million, again, is our audit. We're talking about, and I started with -- we have to have a simple system that enables us to implement it well and make sure that we are vigilant, because it is not just in urban areas where we are having these problems. We agree.

SENATOR RICE: Assemblyman Wolfe.

ASSEMBLYMAN WOLFE: Yes.

Again, Commissioner, due to our recent discussion that we're talking about here, not being an attorney, but what is the procedure that would be followed to recover those -- I don't know the legal term -- misappropriated or mistakenly moved line items?

COMMISSIONER LIBRERA: Are you talking about the most recent audit?

ASSEMBLYMAN WOLFE: Yes.

COMMISSIONER LIBRERA: Well, I think that that gets handled on a case-by-case basis, and we see what recourse is available to us, including canceling contracts of people who cannot provide. There we rely on the advice of our attorneys as to what we can do and what we can't do.

ASSEMBLYMAN WOLFE: Thank you.

ASSEMBLYMAN STANLEY: Mr. Chair.

SENATOR RICE: Yes, Assemblyman.

ASSEMBLYMAN STANLEY: Thank you.

SENATOR RICE: Any other members after Assemblyman Stanley?

(no response)

These will be the last comments.

ASSEMBLYMAN STANLEY: Okay, thank you.

Thank you, Mr. Commissioner.

I just wanted to add that, first of all, there-- And I say this in my district all the time and many of the superintendents I talk to. A \$5 indiscretion can cost you \$500,000 or a million dollars in terms of good will, in terms of political capital. Because a lot of times we hear these things. It may be as innocent as an accounting error in terms of what line you put a particular amount of money under, as opposed to putting the money that came from, maybe Title 1 -- you put Abbott money over there instead. That might have been an innocent accounting error, kind of, mistake. But these are the kinds of things that people use when they want to either discredit a program, make something look onerous.

And so I urge all of my district superintendents, my early childhood providers, to make sure that you watch what you're doing. Because people will take something that's very innocent, and they'll turn it around and make it a campaign against appropriation for some of the neediest kids in the state.

There are just two more things I just want to ask you about. One is the long-range plans. And is there a way-- The new set of long-range plans that the districts have to prepare now. And are there some things we can do to make those plans a little less onerous, a little more streamline, save districts

money, because a lot of districts say that-- Well, let me get specific. There's a specific issue with respect to-- And believe me, I'm just going from a conversation I had with respect to, perhaps, facility heating and cooling -- could it possibly be -- and it requires an engineer to actually go through and do a full-blown assessment on, I guess, the environment of the school with respect to heating and cooling and that the efficiency or whatever. I don't know whether you're familiar with it. I don't know whether if anybody in your staff is familiar with it. But can you just look at the requirement and see if there is some way that that can be -- maybe that could be either ratcheted down a little bit to the point where it's not as costly as it is? Because from what I understand, it's a very costly undertaking. And I can go back and do a little bit more research on that.

COMMISSIONER LIBRERA: We will do that. That kind of dialogue will be between us and the districts and the SCC, so that there's a relationship, because you're talking about long-range facilities planning now.

ASSEMBLYMAN STANLEY: Right.

COMMISSIONER LIBRERA: Yes.

ASSEMBLYMAN STANLEY: Right. And from what I understand, each one of their current facilities has to undergo this assessment, even if it's something that's not -- that's currently built and currently in service, it still has to be assessed in this manner.

COMMISSIONER LIBRERA: I'll raise the question.

ASSEMBLYMAN STANLEY: The other thing is with respect to early childhood providers and programs -- the issue with respect to the wrap-around service of the early childhood program. I think we have to be very,

very careful with that kind of an initiative. It may save the State some dollars. It may, in effect, be costly with respect to participation, as well as the problem with the early childhood providers now becoming collection agencies and not receiving the full funding from the State. So I just think we have to really be careful with initiatives like that, to make sure that we don't have unintended consequences. I'm not sure that even our supplementary programs may not qualify for that wrap-around service, because it's something that the districts need, the people in the districts need, and maybe we would be better served not to push in that direction right now.

We currently have -- I know we have -- funding issues. I understand there's going to be a sliding scale with respect to that. But I'm just a little bit concerned about, maybe, some of the unintended consequences of implementing that.

COMMISSIONER LIBRERA: We are, too. And I know that you're aware of this -- that that proposal originated with the Department of Human Services. And in the transfer of that responsibility, and as far as I know, those things are still under consideration around a lot of those issues. This was something that originated in terms of them on a policy level. We've been in discussion. And we've raised many of the questions of that you've raised.

ASSEMBLYMAN STANLEY: Thank you very much, Commissioner. I appreciate your time, appreciate you coming.

COMMISSIONER LIBRERA: Thank you very much. It's always a pleasure to come before the Committee.

SENATOR RICE: Let me thank you, also, on behalf of the Committee.

And also, the Committee members, and once again, thanks for your votes.

This meeting is adjourned.

(MEETING CONCLUDED)