

---

---

# *Committee Meeting*

of

JOINT COMMITTEE ON THE PUBLIC SCHOOLS

SUBCOMMITTEE ON SCHOOL FACILITIES AND CONSTRUCTION

*"Marc Larkins, Chief Executive Officer of the Schools Development Authority,  
will be making a presentation regarding the Authority's Biannual Report"*

---

---

**LOCATION:** Mary Ethel Costello School  
Gloucester City, New Jersey

**DATE:** September 21, 2010  
1:30 p.m.

**MEMBERS OF SUBCOMMITTEE PRESENT:**

Senator Donald Norcross, Chair  
Senator Ronald L. Rice  
Assemblyman Angel Fuentes  
Assemblywoman Mila M. Jasey  
Assemblyman Gilbert L. "Whip" Wilson



**ALSO PRESENT:**

Melanie M. Schulz  
*Executive Director*

Sharon M. Benesta  
*Chief of Staff*

*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>
Paul A. Spaventa Superintendent of Schools Gloucester City Public Schools	2
Louisa Llewellyn President Board of Education Gloucester City Public Schools	10
William P. James Mayor Gloucester City	23
Marc D. Larkins Chief Executive Officer Schools Development Authority	28
Susan Dunbar-Bey President Board of Education Camden City Public Schools	67
Wendy S. Kunz Director Department of Abbott Facilities Construction Camden City Public Schools	67
David G. Sciarra, Esq. Executive Director Education Law Center	78
AJ Sabath Representing New Jersey State Building and Construction Trades Council	88
Irene Sterling President Paterson Education Fund	93

## TABLE OF CONTENTS (continued)

	<u>Page</u>
Dennis Brunn Executive Director Statewide Education Organizing Committee	103
<b>APPENDIX:</b>	
Testimony, plus attachments submitted by Paul A. Spaventa	1x
Biannual Report on the School Facilities Construction Program submitted by Marc D. Larkins	15x
Letter addressed to Joint Committee on the Public Schools from William T. Mullen submitted by AJ Sabath	67x
Testimony, plus attachments submitted by Irene Sterling	69x
Statement, plus attachment submitted by Dennis Brunn	74x
rs: 1-108	

**SENATOR DONALD NORCROSS (Chair):** We'll bring this meeting to order.

If we could all rise, we're going to start with the Pledge of Allegiance. (audience recites Pledge of Allegiance)

Thank you.

In fact, it's probably in a room not unlike this that most of us remember our first time we learned to say the Pledge of Allegiance. It certainly brings back memories of when we went to school.

I'd like to welcome everybody to the Subcommittee on School Facilities and Construction. We have a rather full agenda today, so let me get right into things.

The new Administration has been in office -- or as I like to remember it, two hours longer than I was sworn into the Senate -- roughly nine months ago. And in that time, from where we were over the last few years, the Schools Construction Corporation is now SDA; and we're looking at a very different world in terms of not only what our economy is doing, but what we're doing from the State's perspective in building some new schools.

We're going to have some time to hear some testimony from those who are directly involved and responsible for building new schools and maintaining them. And then certainly we'll hear from others in the audience, and certainly hear from our members up here on stage.

But first, what I want to do is thank Gloucester City for their hospitality in hosting this event. It's no secret that we held it here for a very specific reason. This is just a microcosm of what is going on across our state in our urban centers and our Abbott districts -- that schools very much

like the one we're in today -- could be in Newark, could be in Paterson, any of the other districts -- are facing major challenges. We're not talking about paint and wallpaper. We're talking about school structural issues, mechanical issues, and the ability for our children to come into a safe environment and learn in each day.

But I want to just, again, thank Gloucester City for -- Board of Education, and I see the Mayor there.

Mayor, it's good to have you here.

And I want to welcome Paul Spaventa, who is the Superintendent, who has been a great help to me in addressing many of the questions I've had.

Paul.

**SUPERINTENDENT PAUL A. SPAVENTA:** Thank you, Senator, and thank you to this distinguished Committee for allowing us to host this important meeting.

I'd also like to invite our Board President up -- she will also say a few words -- and introduce some of the members in the audience. Ms. Louisa Llewellyn is our Board President. If you would come up please.

Ms. Linda Bittmann is another School Board member, and Bruce Marks, and Patrick Hagan.

If I may, I thank you again for giving me a few moments to highlight some of the issues that are, I'm sure, common in many schools but that we feel are very important to our community in Gloucester City.

One of the major points that started the new school development was the acquisition of 70 occupied homes and businesses not three blocks from here. And that lot has been empty for a number of years.

Each of you have a packet at your station, and I will be referring to this packet in a few of my remarks. I won't be too lengthy, because I'm sure that you've reviewed this case many, many times and have received letters from myself and the City officials, as well as many people who have written you directly.

So we've had a tour today, and I just want to highlight a few things. The 70 homes and businesses were, obviously, a sore spot at one time and still continue to be. It's a very close and proud community, and many relatives and business owners actually lived in this city and were part of the economy here, as well as the school systems, and were very disappointed to have to leave their town that they had lived in and that many of their relatives still continue to live in.

I wanted to just highlight a few of the points that I want to talk to the Committee about. A little history of the project: On July 2, 2002, the Superintendent of Schools of Gloucester City received a letter stating that the Department of Education accepted the District's feasibility study. And that indicated that, for efficiency, it would be more feasible to replace rather than renovate the very building we're in, Mary Ethel Costello, as an elementary and middle school.

The existing Mary Ethel is the appropriate site to house the alternative and transitional high school programs. We have an adult night school as well as our Program for Success, which is an alternate high school for students who are in need of special care.

The initiation of the project in 2004 was a land acquisition of over 70 homes and businesses through eminent domain. And if you look on the very first page, you will see the cost outline of what has been spent

on this project so far, with City site remediation, predevelopment activities, design fees, and so forth. The total expenditures come to over \$37 million, and there's not a shovel in the ground as of yet.

In the summer of 2008, we were very fortunate to have the Schools Development Authority present a new funding allocation and a capital plan for the SDA districts, of which we were one.

So we thank you for that, Mr. Larkins.

Okay. A few things on the next page, on the back half -- saving paper -- Mary Ethel Costello is over 100 years old. In its current state, the annual cost to maintain the building is approximately \$500,000. That includes the heating, and just the repairs and so forth. Ridgeway side roof -- which is on the far end of the building during the tour -- which is approximately 30 years old, was recently replaced with a new roof, which was needed for many, many years. And the front half of this building has roof repairs. If you-- Later, when we get to the pictures, you will see -- and those who were on the tour -- you'll see some PVC pipe that comes down outside the building, which is drainage from the roof. Rather than go through the walls of the building -- because we weren't sure what was there. And that would have been an added cost.

I do want to state that all of the -- the School Board, the City, the Facilities Director -- we've tried to patch things together. Coats of paint and polish really look nice for our students and for the community. And we wanted to make sure that the school looked great. But the infrastructure and the amount of money that's being spent, I feel, is wasteful for the State to keep investing money in. And it may not be as apparent today, or even two or three years down the road, but what about 5 or 10 years? The

school will be ancient by then, and these costs just continue to arise. And there are many hidden costs when you start to do a project. And that's how you get the change orders in. And the gymnasium -- the roof over the gymnasium hallway that leads where the students go -- there's no footings, and so we're waiting for a change order to get footings there. Now, that was an unanticipated problem, but these are the kinds of things you run into when you replace boilers, and when you replace roofs, and when you replace walls, and plumbing, and so forth. You run into a lot of added expense.

The building has also been cited by our fire department and mandated that a sprinkler system be installed in the basement. We were cleared without a sprinkler system, but the fire company, according to their codes, is now in the process -- we are in the process of applying for another emergent project to get a sprinkler system in the basement. So that's more money -- a few hundred thousand dollars -- that we would be investing into this school to keep it up to code. As you know, codes change and things happen, and we constantly need to upgrade. And to invest all this money in a school that is questionable as far as space, and size, and safety is wasteful.

Our safety concerns: We have elevator lifts. We don't have elevators. The elevator in the front of the building takes approximately 6 minutes to go from the ground floor up to the third floor, and that would be unsafe for our students. We have fire escapes on the outside of the building for our students to exit. We have the condemned hallway leading to the gymnasium that forces students to go through the cafeteria to get into the gymnasium. The cafeteria used to be the gymnasium a long time ago. It's not ventilated. It's about a million degrees in there. And although

our cafeteria staff are very happy and have a good sense of humor about it, it still is quite difficult for them to work in the high temperatures. We have to have a number of lunches because we can't fit the students in there. So that interrupts some of the educational procedures as well.

A low electrical amp service -- window air conditioners we have to put into the classrooms for medically fragile students. We have diabetics, we have a number of students who have medical issues. We have to move portable air conditioners and/or try-- To get the amp service to come up would be another additional cost. We cannot put central air conditioning in a building that's over 100 years old. So therefore, we have to rearrange classrooms -- grade levels -- and move a lot of people around, because we have medically fragile students, as well as, at times, we have medically fragile staff members who may need air conditioning for whatever medical condition they may encounter.

There's no public address system available from any room other than the front office. We have a little microphone that you can reach all the classrooms on from the main office. But if there were a crisis or a lock-down situation, we would not be able to reach all of the classrooms from any one classroom or any other part of the building other than the front office. And as you know, that's a safety and security issue.

Remediation of the current school: If we were to do that, it would be extremely costly as well as -- there are probably a lot of hidden things that we don't want to mention here, such as asbestos -- that when you pull up the floor, the glue behind the blackboards-- And I'm not going to go any further than that, because I don't want anybody to say that we have asbestos. We do not have asbestos. I want to make that clear. But if

you're remediating a building, as you know, you're not sure what you're going to run into.

Mary Ethel Costello educational concerns: We have crowded classrooms. The square footage per student, as you know, may be compromised because our classrooms are from an old set of educational specifications.

We have permit parking on Cumberland Street. You were able to park in the side parking lot, at a cost to our teachers who had to park anywhere that they can find. We do have permit parking on Cumberland Avenue, which does not allow us to park there as a staff, because you have to be a resident, and that's fine -- except that everybody has to park anywhere. The playground we have designated as -- half of the playground -- for staff parking. Because we have businesses that have to use the parking for their businesses. So we had to designate half of our playground to parking so that the teachers would have a place to park. Because we have St. Mary's down the street and Gloucester Catholic as well. That inhibits some of the educational programs for our students with regard to gymnasium, recess, just getting out and running around a little bit on a nice day. It's very limited in what we can do.

We have poor lighting, ventilation, air conditioning, inability to run cable for proper schoolwide programming and complete internet. And that goes without saying -- technological advances and educational specifications for our internet and our usage for software -- it is inhibited by the lack of the ability to run the proper wires. Our library and computer center are extremely small. We didn't get a chance to do the entire tour. We just stayed on this floor. But you would see that that was the case.

The cafeteria has four lunches, and that cuts into instructional time. The cafeteria is hot and crowded. No science labs have running water or gas. Speech and occupational therapy, which are IEP mandates, share limited space.

Also, remember that if the new school is built -- when the new school is built, pardon me, Senator -- we will be bringing over our seventh and eighth grade, which is currently housed at the junior/senior high, which has been found to be educationally not sound for us to keep that amount of students over in that building. So the new school would be fourth, fifth, sixth, seventh, and eighth. And that would allow us to move the students who are currently at the junior/senior high over to the new middle school/elementary school. And that would then allow us to do more of the programs that are necessary at the high school. Right now we have them in some classrooms that were not originally designated as classroom space.

The new middle school status: The City has been extremely cooperative with the School District. They have vacated Powell, Hunter, and Division streets, which are the perpendicular streets to 5th and 6th avenues. The SDA and Gloucester City have started utility relocation plans, property deeds are ready for the transfer, educational specifications have been completed and approved, and the City approvals are all in place.

We are ready to go, ladies and gentlemen. The Gloucester City School District and the Gloucester City government have been cooperating fully to ensure the smooth completion of the necessary preliminary steps to move the project forward. The City has dedicated the entire brownsfield grant moneys to the site remediation, maintains security of the site, mows the grass, removes the snow, patches the cross streets involved, and has

consulted with the SDA in a number of areas including the transfer of deeds to the School District. There have been countless meetings with Camden County Roads, Sewer, and Transportation departments; PSEG has been involved; the Gloucester City Police and Fire departments have been consulted to determine egress and safety issues.

These meetings have been conducted with an enthusiastic approach and a determination that all entities would do whatever was necessary to complete this dream. This dream is not only for a new school, but the revitalization of a section of the city. We continue to work toward that end. The site remediation is complete, the educational specifications are complete, and we await the word that the SDA can proceed with the hiring of an architect.

I sincerely appreciate your consideration in this matter, and would hope to meet with you in the near future to discuss the progress of our school.

Thank you very much.

And as you can see, there are a number of pictures referring to the things that I have spoken to. There are pictures of the site. And on your way out, there's a one-way street that will run right into the site. You will see that it's three square blocks and it reaches all the way out to New Jersey Avenue.

So thank you very much for your time.

SENATOR NORCROSS: Absolutely.

The 70 homes and businesses: were they all occupied?

SUPERINTENDENT SPAVENTA: Yes, they were.

SENATOR NORCROSS: Questions?

Senator Rice.

SENATOR RICE: It really goes to SDA. I need to get a disposition on the hiring of the architect. But we will wait for the SDA to respond.

SENATOR NORCROSS: Thank you.

LOUISA LLEWELLYN: I wasn't sure, because I had a call that I was placed on the agenda. So I wasn't sure I should be here or wait for you to say, "Come on up, Louisa."

SENATOR NORCROSS: He didn't take your time. You're good.

MS. LLEWELLYN: Oh, okay. He better not. He'll hear it from me. (laughter)

First, I want to thank everybody -- not just for this, but for listening to us in the past. We met with the two people from the SDA, and we had a great day. I think they learned as much from us as we learned from them. It was a wonderful experience. And I want to say thank you for that.

But I would like to speak on behalf of the City. I'm a fourth generation, and that's not much in this town. But I'm a fourth generation Gloucesterite. Sixty years ago I graduated from this auditorium when this was the high school. Yes, that tells a little bit about my age. I'm 77, I'll be 78 next month. Excuse me, November -- it's more than next month. And I'm still in love with my community. And I think the community itself -- which has always been a community that cares for its own -- deserves a new school, as well as the children.

The people in this community were always a working-class people. And when the factories in Camden, such as Campbell Soup, and all those lovely jobs they had up there -- New York Shipyard -- that's where my dad worked -- and those factories that we had here in Gloucester City were operating -- yes, we could take care of ourselves. But all those are gone, and the City's had to do a lot of work, as well as school districts, and private businesses, and so on, to remediate properties that were left behind. Just talk to the Federal government -- how much money has been invested in that sort of thing?

But these people are still a working-class community. We don't have the wealth, we don't have the expensive homes that a lot of communities have. And that's, of course, why we were declared an Abbott district, which they say no longer exists -- maybe on paper. But we're still there.

And with my loyalty to the School District and to the community, I feel that these people deserve a break. Now, we have gotten one in the past when we got the addition to Cold Springs School. But on the whole, we have built our own schools, maintained our own schools, and the taxpayers have supported us. Our budgets pass because they know we are very careful with how we use our money. We don't squander it on frivolous things, and the community appreciates that.

And we, in turn, support them. We have communitywide classes, as well as what was mentioned here, where they can come and learn to use a computer. They can come and learn how to dance if they want that too. So we have our lighter sides as well as our serious sides.

But on behalf of the community of Gloucester City, I would hope that this program would get wide open and start moving along. I know that the money has been appropriated. I read the papers. And it is just a matter of checking out to make sure that the people who were listed are really those who are in need. And we've been checked out, and we are in need.

So I hope that this little view here, our conversations, and our meeting with the SDA people who came down to visit us -- and they enjoyed us so much, they came back early today to have lunch. So we really care. We really care about others, we really care about our neighbors, and we take care of our own. But we need your help when it comes to the buildings so that we can take care of our own children.

Thank you.

SENATOR NORCROSS: Thank you.

SUPERINTENDENT SPAVENTA: Senator, may I? (affirmative response) I would be remiss in not introducing the Mayor, Mr. Bill James.

SENATOR NORCROSS: We were going to absolutely get to him. (laughter)

SUPERINTENDENT SPAVENTA: Okay, great. I just want to make sure that it's noted that he's here, because he's a large supporter of our schools.

SENATOR NORCROSS: Questions?

Assemblywoman.

ASSEMBLYWOMAN JASEY: Hi. Good afternoon.

SUPERINTENDENT SPAVENTA: Good afternoon.

ASSEMBLYWOMAN JASEY: I'm sorry I was a little late. I didn't leave enough time to get here from Essex County. So I missed the tour.

But I'm just curious. Could you just give me a couple of facts in terms of-- What's the population of the District?

SUPERINTENDENT SPAVENTA: Between 2,200 and 2,400.

ASSEMBLYWOMAN JASEY: Okay. And the number of students in this building?

SUPERINTENDENT SPAVENTA: I believe we have 460-some students.

ASSEMBLYWOMAN JASEY: Okay. All right. That gives me a little bit of a picture.

What's your free and reduced lunch status?

SUPERINTENDENT SPAVENTA: We are over 50 percent.

ASSEMBLYWOMAN JASEY: Over 50 percent.

SUPERINTENDENT SPAVENTA: We're working on that to the October 15 (indiscernible), as you know. So we're--

ASSEMBLYWOMAN JASEY: I know. I know it's sometimes hard to collect that information.

MS. LLEWELLYN: And we have had a great increase in the use of our Food Pantry. We operate our own Food Pantry through the Ministerium group, and we've seen a tremendous increase in the past two months of people coming in for assistance.

ASSEMBLYWOMAN JASEY: Thank you. I appreciate that.

SUPERINTENDENT SPAVENTA: You're welcome.

SENATOR RICE: Mr. Chairman.

SENATOR NORCROSS: Senator.

SENATOR RICE: Let me say to you, Ms. Llewellyn -- we go back a few years here.

MS. LLEWELLYN: Yes, we do.

SENATOR RICE: First of all, you mentioned Food Pantry. That tells me something about the District, economically. Okay? And we know the period of time we're in with the recession -- they call it something else, but we know it's real. But let me assure you, even with the change in government, the conversation I had with Governor Christie--

I'm also Chairman of what's known as the Legislative Black Caucus. There are 15 African-American members in the Legislature. And my group met with the Governor before he even got elected. Some of the problems that we've had -- and I have to be honest about it -- is attributed to the former Governor.

MS. LLEWELLYN: Oh, yes.

SENATOR RICE: Because during that period of time when we met, we had suggested, and we passed legislation, for the Governor to go out for bonding to get these dollars in place to do these groups.

As a result of that, it was the one thing in the transition that Governor Christie agreed to. And he asked the former Governor to go out. They never did. And we didn't know that until I left the office, and I went straight to the State House and raised sand. The Treasurer was packed up, ready to go. He said, "The problem is, if we put it on the agenda that was coming up," -- that's what was asked -- "there's not enough time to approve it." The Governor did assure us at that meeting that he understands the importance of putting that funding in place for these projects that are

already ready to go. And if the other Governor did not do it, he's committed to getting it done. Even if he didn't like the projects, he was smart enough to know they had to be done.

Since that time, we have moved in that direction. Now, I think what's slowing us up is the whole notion of taking a look at the projects and reprioritizing them based on the dollars we have.

As Chairman -- Co-Chair of the Joint Committee on the Public Schools, I will work with the Chair of this Subcommittee to make sure that this remains a priority. And I'm saying that on the record while the SDA's CEO is here. Because I do know from my experience with him -- and we've been moving throughout the state together -- coming from his background, and coming from the older cities with older schools -- SDA districts -- he understands the need. And I'm sure that goes back to the Governor. The question is whether or not the Governor is going to maintain the commitments on these priorities once we bring them to his attention.

What I can see thus far -- and I'm glad I'm here, it's been a long time since I've actually been in Gloucester -- is that this is something that has to be done, like, yesterday. And I'm looking at these numbers -- \$37 million plus, and they're still growing every day; and other needs are coming. We could have had at least half the school up with those numbers. I'm being honest, etc.

But I do have a question: How many schools do we have-- In other words, you have a population of 2,200 to 2,400 students. How many physical facilities do you have for these students?

MS. LLEWELLYN: Four.

SUPERINTENDENT SPAVENTA: We have four.

SENATOR RICE: What do you have, grammar schools?

SUPERINTENDENT SPAVENTA: Yes, we have the junior/senior high school, which is 7-12. We have Mary Ethel Costello, which is this building, 4-6. We have the Cold Springs School, which has a 3-year-old program in the early childhood wing, and a 4-year-old pre-K. We have a Kindergarten, first, second, and third grade. That's at Cold Springs. We also have an adult night school for high school diplomas and high school education, as well as an alternate high school program for students who have special -- not special education, but special needs: disaffected-type students who we give counseling to. And they work their way through the high school program.

SENATOR RICE: What is the enrollment in the adult education program?

MS. LLEWELLYN: May I just add something to that?

SENATOR RICE: Sure.

MS. LLEWELLYN: When he said to another school, that's a fourth school. That is a school that was built by Centre Township. It's that old and will be, naturally, vacated once we get--

SENATOR RICE: Built by Centre Township?

MS. LLEWELLYN: Yes, Centre Township, which included Brooklawn, parts of Westville -- that was Centre Township -- and a portion of Gloucester City. And they built that school. But we've been using it all these years. So it goes back a long way.

SENATOR RICE: Are you dealing-- Could you give me some information on the enrollment in the adult and night school, as well as your dropout rate in terms of your overall school?

SUPERINTENDENT SPAVENTA: Our dropout rate has been greatly diminished due to this alternative high school program. I believe we're at a 1 to 2 percent dropout.

SENATOR RICE: Okay.

SUPERINTENDENT SPAVENTA: The Highland Park School -- there's a picture on the very back.

MS. LLEWELLYN: That's the school I'm talking about.

SUPERINTENDENT SPAVENTA: That will be taken offline with the new school being built. We'll move the adult night school over here, as well as the alternative programs for the high school students. It's on the last page.

SENATOR RICE: Is the adult night school pretty much GED, or is it trades, opportunities, job training?

MS. LLEWELLYN: All high school.

SUPERINTENDENT SPAVENTA: We have about 125 students registered in the adult night school for their high school diploma.

MS. LLEWELLYN: Regular diploma.

SUPERINTENDENT SPAVENTA: Those are courses. They're not a GED prep course. They actually take courses with instructors. And we offer the program in the morning and also at night. Last year we had 35 graduates.

Our success rate in the alternate (*sic*) high school-- They do very well on the HESPA, and they graduate on time. We provide childcare, we provide counseling, we provide some economic and-- It's a family, basically. We take care of all the families. We provide transportation to that school. The hours are alternate, so that allows them to take care of

their children, should they have them, or work. And so the hours are 1:00 to 5:00 for the alternate high school. In the morning we have the adult school for high school, and in the evening from 5:00 to 8:00 we have it as well. So that fits a lot of people's schedules. Last year we had 35 graduates in the adult night school. They received their high school diploma by completing courses and the HESPA test -- the adults. And the students are actually high school students during the Program for Success -- we call it. And they do very well in the high school rigor and academics. They've just run into situations where they need a little extra--

MS. LLEWELLYN: They like to sleep late sometimes.  
(laughter)

SENATOR RICE: Thank you.

ASSEMBLYMAN FUENTES: Mr. Chair? (affirmative response)

Good afternoon.

Mr. Chair, let me, first and foremost, thank you for your leadership, especially undertaking this Joint Subcommittee on School Facilities and Construction. I think it's very appropriate for us to listen to the superintendents, even board members. And I'm glad the CEO, Mr. Larkins, is here so we can also listen to him.

It's easy for us just to watch NJN and listen to a perspective, coming from the Governor's point of view. But I think this is really more appropriate, at least for me, to know what's going on in respect to school construction.

Let me also take this opportunity to thank William James, the Mayor of Gloucester City. It's great when you know your Mayor's also involved and collaborating with the school district.

Superintendent, just a couple of questions.

And I'd like to go back to the President of the Board in respect to the Food Pantry. But before I do--

I mean, in spite of the financial hardship that Gloucester City, and particularly the school district, is experiencing-- Just to listen to those numbers with respect to the dropouts that my good friend Senator Rice just talked about-- It's rewarding, and it's good to hear that.

So in respect to the financial hardship, have you -- and I don't want to get out of perspective here, because we're really going to get to the essence with respect to facilities and construction. But did you have to lay off any of the teachers, or staff, or administrators? Just very quickly. I don't want to take too much--

SUPERINTENDENT SPAVENTA: Well, I'm glad that you asked that. I have not hired, the District has not hired a new position in about two-and-a-half years, anticipating that things may get a little dicey, for lack of better terminology.

We were able to-- What we did was, we shifted a lot of the cost that we had from our long-range facility plans. We tried to chop that as much as we possibly could. Our supplies we chopped. We had 13 people retire and we had three nonrenewals. We did not replace them. Our speech teachers went from five to two. So when people left, through attrition, we saved that money and didn't rehire. So we didn't really have large cases of layoffs because of our retirements, the nonrenewals, the fact

that we took the money from the long-range facility plan, which we felt-- The Board of Education really gave a directive to save as many jobs, and we concur with that -- that people need to be working in order to contribute, and pay taxes, and so forth. Our students need to be educated. And to have larger classrooms -- larger classroom numbers -- if we could avoid that, we felt that was much better. So we chopped, and diced, and did everything that we possibly could do save as many jobs as we could.

ASSEMBLYMAN FUENTES: I just wanted to have that, because I think it's very critical for us to hear that from you, knowing that -- understanding the huge impact that's happening at the State level to all these local school districts. And here I'm just talking about Gloucester City and how you're really using some of those dollars -- which is not much -- to assist with facilities. That is where I was trying to go with this question. I'm glad you really hit the nail -- that we really need to address. And it's really a hardship not only on your school district but throughout the State of New Jersey.

If I could, to the President of the Board--

MS. LLEWELLYN: Yes.

ASSEMBLYMAN FUENTES: Four generations. I have to commend you. And for someone of your integrity to say how much you appreciate-- I mean, it's a testament to where you are as President of the Board. And I think a lot has to -- contributed because of not only your Board members, but who you serve. And that speaks loud and clear of your public service. And I just want to say thank you.

To the question of the Food Pantry: You said there was an increase.

MS. LLEWELLYN: Oh, yes.

ASSEMBLYMAN FUENTES: Now, was that because of job loss, there's a demand for students; or do you see an increase, an influx of students coming to your school district?

MS. LLEWELLYN: I think we've had an increase in students, but I don't think that has anything special to do with the increase in our Food Pantry. I think the increase in the Food Pantry is partly because a lot of people have had their unemployment run out. We don't ask a lot of questions.

ASSEMBLYMAN FUENTES: I understand.

MS. LLEWELLYN: Basically we just want to know that they are residents of Gloucester City, because that Food Pantry is fully taken care of by Gloucester City. We don't belong to one of these big food banks, and that sort of thing. So it's contributions. Money comes from the Lions Club, from the churches. Food drives are done in the schools, in the churches -- the Boy Scouts, the postal workers. So it's all locally gathered and locally distributed.

ASSEMBLYMAN FUENTES: Thank you.

Thank you, Mr. Chair.

SENATOR NORCROSS: Thank you. We appreciate it.

SUPERINTENDENT SPAVENTA: I just want to add one thing. Our enrollment will be rising. We have seen an influx of people who have moved in with relatives who have lost their jobs, their homes. We have a number of people who are homeless who we are taking into our schools.

I will also say that if you were to investigate the charitable notions and organizations in this city, just through the school districts at Christmas time, we serve well over 600 families. And the kids get involved and deliver the things. It's really incredible. The swim club is filled with stuff. It's an amazing place to be. And everybody kind of sticks together here.

Just so you know, our enrollment will be going up. And it is affected by the economy, because people are moving back home. There's no question.

Thank you.

SENATOR NORCROSS: Paul, Ms. Llewellyn, I want to thank you very much for your testimony here today. We certainly appreciate it, and we'll certainly be in touch.

SUPERINTENDENT SPAVENTA: Thank you for the opportunity.

MS. LLEWELLYN: If not, we will be. (laughter)

SENATOR NORCROSS: You certainly have been, so we appreciate that.

MS. LLEWELLYN: Thank you.

SUPERINTENDENT SPAVENTA: Thank you.

SENATOR NORCROSS: This is an opportunity to introduce to you -- because a school does not operate in a vacuum, it operates in the community, in the city, in the town that it's in. And in this city, it's our Mayor James, who certainly has been a force behind not only the building of schools, but economic development which will drive the revenues up for taxes.

Mayor, would you--

Mayor James.

**MAYOR WILLIAM P. JAMES:** Thanks.

Thanks for coming out today to Gloucester City.

**SENATOR NORCROSS:** Mayor James.

**MAYOR JAMES:** I just want to thank you for coming out today, and coming to Gloucester City, and realizing our concerns. We've worked hard, we've been diligent in everything we were required to do, and we will continue to do so.

I didn't want to speak on the school, only because-- It's been 8 to 10 years since we've been crippled, losing 70 ratables, and all the families, and all the people who we knew forever who disappeared, including some family members.

So much money has been spent on this project you can't just let it fall off the table. I am just totally angry about what went on with the SCC. We can't let it happen again. I just couldn't believe that nobody went to jail over it, because we were really, really, really crippled by this whole thing, and we continue to be.

So I ask you, as a Committee, respectfully, to remain diligent in your efforts; as diligent as we are in ours.

Thank you very much.

**SENATOR NORCROSS:** Thank you, Mayor.

**SENATOR RICE:** Mayor, can I ask a question?

**MAYOR JAMES:** Yes, you may.

SENATOR RICE: Do you, off the top of your head, have any idea of what the ratables would have been to the township prior to the loss of the businesses and homes?

MAYOR JAMES: I think it's been identified as \$3 million-some.

SENATOR RICE: With the ratables?

MAYOR JAMES: Yes, and that's not including the lack of business, the lack of everything else that went along with it.

SENATOR RICE: That generates from that.

Have you been receiving any State help -- Extraordinary Aid -- there's no more Distressed City -- but Distressed Cities-- Were you getting any help at all to offset that \$3 million?

MAYOR JAMES: No.

SENATOR RICE: So you don't have a school, and you don't have \$3 million; the Food Pantry is increasing in population, and you're expecting enrollments to go; and we're still spending money on emergents. That's where we are.

MAYOR JAMES: Yes. And one of our major concerns is, in fact, the housing issue in town. We have 400 possible residential situations -- or 4,000 possible residential situations here in town, and we have somewhat like 1,400 rental properties. We are increasing our efforts to enforce our ordinances. But we're finding, just as the Board President Louisa Llewellyn said-- We're finding that families are moving in with families, and we're having two and three families living in rental apartments. Obviously, we realize that times are bad. However, the financial impact on this community is becoming overwhelming, and our

efforts to address that is also becoming financially draining upon the City's coffers.

SENATOR RICE: Do you have a UEZ zone destination?

MAYOR JAMES: Yes.

SENATOR RICE: You lost money, right?

MAYOR JAMES: Yes, we lost \$1.75 million.

ASSEMBLYWOMAN JASEY: When you lost the UEZ.

MAYOR JAMES: We didn't lose the UEZ, they just took the money.

SENATOR RICE: There's no money. We didn't fund it.

ASSEMBLYWOMAN JASEY: They took the money. Right. That's what I meant.

MAYOR JAMES: Our community, through that program -- a great program, an economic development program that brings businesses into your community and assists businesses in providing services to your community -- is totally crippled. Along with that \$1.75 million that they've taken, they've also cut our administrative budget which is, again, crippling, because now we have to support that. Obviously, we have a business community that is deeply involved in the UEZ. And without the City's support -- realizing they're taxpayers as well -- without the City's support, that program is going to disappear. I mean, \$1.75 million, and then cutting our administrative budget. It's just becoming unbearable.

SENATOR RICE: What's your tax rate?

MAYOR JAMES: Off hand-- I wish I had my City Administrator here.

SENATOR NORCROSS: He had to go back to work.

SENATOR RICE: That's all right. We'll get it.

I just wanted to end on that.

And for the audience, all these questions are relevant. They may not appear to be to you because we're talking about school facilities. But understand what it means when we're spending money on emergent projects and the revenues are down. If, in fact, we don't approve the change orders for the differences, you still have to fix the schools. If you have to fix the schools, it translates into an increased tax rate.

That's why I asked you the rate, because you're losing population, and you're getting income levels that are not going to be able to help you. People on Welfare or unemployed can't help the tax rate. That's why I have to get these questions in perspective, because you have here, in the district, very aggressive -- sometimes passive, but aggressive -- elected officials sitting here -- your Senator and Assemblypersons. We have to go back and find a way to explain to the Governor -- and if not, convince the Governor -- that this is a real priority and need. We have to back up SDA, if SDA sees it from the objective view as we do, that this need has a priority. And that's why I'm raising these kinds of questions so we don't confuse anybody out there.

SENATOR NORCROSS: Thank you.

Assemblyman Wilson, did you--

ASSEMBLYMAN WILSON: First of all, I just want to say it's good to be back home here in Gloucester again. I'm a friend of Mayor James -- coming to his town. Sometimes he doesn't even know I'm here when I come in from out-of-town. I attend your City Council meetings. I'm here a whole lot. So this is like home to me in a way, because the

problems we have next door are the same things that are happening here, (indiscernible) to our schools.

And also understand this too, Mayor. We had this same issue in Camden as far as projects being stopped that were approved. So when I say I feel your pain, I do. And understand, you have people up here who want to take this all the way where it has to go, to get this thing done here in your City. Because what's good for Gloucester is good for Camden, and vice versa. So I just wanted to say that to you, Mayor.

MAYOR JAMES: Thank you.

SENATOR NORCROSS: Thank you very much, Mayor. It's good to have you here. And you know where our advocacy is.

MAYOR JAMES: Thank you, Senator.

Thank you, all.

SENATOR NORCROSS: This leads us to somebody who has, I believe, all the answers -- or at least access to all the answers.

But before I do that, I would be remiss in not introducing who we have on the dais up here. First, along my right, your left, is Assemblyman "Whip" Wilson, from Camden City; to his left is Assemblyman Angel Fuentes, from the City; you've certainly heard from Senator Rice, from Newark; and Assemblywoman Jasey of South Orange. Our right hand, Melanie has been absolutely a staunch advocate of this program since I've been involved for the last 9 or 10 months -- has been a great help.

We appreciate you putting this together for us.

SENATOR RICE: Mr. Chairman, Sharon--

ASSEMBLYWOMAN JASEY: She just went behind--

SENATOR NORCROSS: Do not pay attention to that person behind the curtain. (laughter)

SENATOR RICE: Sharon.

ASSEMBLYWOMAN JASEY: You missed your shout-out.

SENATOR NORCROSS: At this time I'd like to call, to give testimony, the CEO of the Schools Development Authority; somebody who has been down here a number of times to address issues in all our Abbott districts.

Please welcome Marc Larkins.

Marc, it's good to have you here.

**MARC D. LARKINS:** Thank you, Senator.

SENATOR NORCROSS: And if you want to make some announcements here -- not to put you on the spot (laughter) -- but the Mayor is still in the room.

MR. LARKINS: Let's see where we go.

SENATOR NORCROSS: Okay.

MR. LARKINS: Thank you, Mr. Chairman.

SENATOR RICE: You know, before you speak, I have to say, the only two people I know who smile all the time with problems are Senator Norcross and Marc. They're always smiling. (laughter)

ASSEMBLYMAN FUENTES: I think they have some good news.

SENATOR NORCROSS: They have good news. That's right. (laughter)

MR. LARKINS: Thanks again, and good afternoon, Mr. Chairman.

I also want to say good afternoon to Senator Rice, Co-Chair of the Joint Committee on the Public Schools.

I also want to say hello to all the other members of the State Legislature; Ms. Schulz, Executive Director.

I obviously want to thank and recognize Mayor James for hosting this and having us here this afternoon. I'd also like to acknowledge Superintendent Spaventa, who was kind enough to have us down for a tour in late July. He showed us around to not only the schools, but also introduced us to a good restaurant. And I think he referenced earlier that it was so good we came back early today just so we could have lunch there. (laughter)

And I obviously have to say hello and good afternoon to the Board President, Ms. Llewellyn. She was gracious enough to accompany us when we were here in July for the tour, and really taught us not only a lot about the history of this City, but the history of New Jersey. So it was an amazing visit.

This afternoon I want to talk a little bit about the Biannual Report. We released our Biannual Report around July 15 of this year. And as you all know, that Biannual Report is a statutory obligation placed upon the Authority to report, each half-year, the work of the Authority. That Biannual Report, while released in July, actually covered the timeframe from October 1 of 2009 through the end of March of this year. The data that was reported, or contained therein, reflected the work during that time period.

However, what I wanted to do was to include a CEO message that was a little bit more current at the time. So what I attempted to focus

on in the CEO message, which was a part of that report, was the work that we had undertaken since my time with the Authority. And I joined the Authority in mid-March of this year.

I should also introduce who have I here with me: Jason Ballard, who is Chief of Staff at the SDA. Jason joined the Authority shortly after me. And we also have Kristin MacLean here, among others. She's our Director of Communications, seated right behind me to my left.

But the message attempted to focus on our work since joining the Authority. And it really pointed out what we consider three major accomplishments in our time there and one major undertaking. The three accomplishments were the receipt, in coordination with Governor Christie and his Administration, of \$500 million in much-needed funding for the Authority. When we arrived at the Authority, there was a school of thought and concern -- some of it generated by transition reports -- that the Authority was going to be shut down. I think that those may have been overstated a little. I think we all recognize that the Supreme Court has mandated that the State undertake this program in some form -- not necessarily through the SDA -- but that there is some obligation to have it done. But there was major concern about the availability of funding. We were successful in working with Governor Christie to obtain \$500 (*sic*) in much-needed funding.

We also reviewed and were able to reinstate the grant program. As you all know, the grant program provides State aid to our regular operating districts. And when we refer to those, those are in contrast to the SDA or former (*sic*) districts in the state. There are 31 what we now call SDA districts. All the other school districts are considered regular operating

districts. And we were successful in getting that grant program back up and running.

The third success that we identified in the CEO message was the internal reorganization or reworking of the Authority. We consider that very much a success because of our hope and expectation that that will allow us to be not only more responsive, certainly more proactive, but also to achieve certain efficiencies for the Authority and for the State.

Now, the one major undertaking which I think has been debated back and forth a bit, and really is the crux of many of the issues concerning the future of our program right now, is the initiation of a capital plan review. And to put that in some context, we've talked a little bit about it today. I believe Superintendent Spaventa mentioned it. In 2008, the SDA undertook a review of all projects and compared that to the amount of funding that was remaining at the time for the program. And that funding, obviously, was what was left from the \$12.5 billion that the Legislature had afforded the program.

Essentially based on that review, and the other needs of the program, the Authority determined that there were 52 new or major school projects that could be completed in the 31 SDA districts with the remaining funding.

Since my time -- in my short time at the Authority, that 2008 capital plan -- that was the result of it, which included these 52 projects -- has been the subject of some criticism. The criticism came in the form of a report issued by the State Auditor, which basically criticized the methodology used to arrive at the identification of those 52 projects. The real question was: Were those 52 projects the most critical projects they

wanted? Based on requests from districts for changes or alterations to the projects that were planned for those districts, Governor Christie and the Administration asked us initially to review that capital plan. That's what we've been in the process of doing over the past few months.

What we anticipate right now is that we will have a review done internally. And when I say *internally*, what we've done is, we've formed a working group with the Department of Education. We have representation. And we believe that that working group will complete its review in mid- to late October. What has to happen after that, however, is we have to have conversations with the Administration about methods of delivery and the actual projects in the plan. Part of that certainly is the requirement in terms of seeking additional funding, so that everyone is fully informed of what we intend to do. And another portion of that process is, our Board has to vote and approve the plan. We're hopeful, right now, that we will be able to have something public toward the latter part of 2010 or early 2011.

What I want to do a little quickly -- and I know there are a lot of questions about that. But before we do that, I want to talk a little bit about the state of affairs at the SDA from July of this year, when the Biannual was issued, to now. I think that information might be helpful. It's certainly more relevant and more current.

Presently, we're managing approximately 48 projects statewide. And when I say we're *managing*, it's a project that's being operated and run by the SDA. Those projects, statewide, are worth approximately \$405 million. When I say *statewide*, I'm talking right now about the 31 SDA districts.

Just to give you a quick breakdown, there are seven SDA capital projects. Those are new schools, significant additions, renovations. We actually have two projects that are holdovers. In the history of the program, we used to offer that the SDA would manage projects in districts that -- what we called *over 55 percent districts*. We no longer do that, but we have two holdovers that we're working to complete. And then we have 37 emergent projects. Those are the health and safety-type projects that Senator Rice referred to earlier. And we're actively managing those right now.

In addition to those projects in our regular operating districts, we're overseeing more than a thousand grants statewide. Since May of this year, we've executed 358 new grant projects -- new grants. And those are worth about \$271 million. DOE also recently approved the advancement of 25 grants for vocational districts. Those haven't been executed as of yet because the districts have an obligation to secure their share of the funding. But that gives you a sense of the actual work that we're presently responsible for.

SENATOR RICE: Marc, to keep this in perspective, we're talking about grants -- construction grants. Is that correct?

MR. LARKINS: Correct.

This September-- I just want to announce that we had a number of school openings in our SDA districts. I think to date we've had three or four. We also have one planned for this Saturday. There's a new Cedar Creek High School in the Greater Egg Harbor Regional District.

One other highlight that I want to mention in our time there -- and this goes to what Mayor James referenced briefly -- in terms of the

history of our program. I mean, the criticisms were well-publicized. One success recently is that we were able to recover \$6.5 million for the cost of environmental remediation at one of our school projects in Camden. That was the Catto School project. And we were very excited about that. It's one of the largest recoveries in the history of the SDA. And that's something that's certainly very important to the Governor, to his Administration, and to us. Part of our internal reorganization of the Authority was the creation of a group that focused on cost-recovery efforts. And that is to seek money back from entities that we believe owe the State, whether it's because of environmental contamination and the State had to foot the bill for the costs of cleanup; or whether it's a vendor that performed poorly; or there were other issues on jobs. So we've created a group to focus on that. And I just wanted to highlight that.

I want to talk briefly about funding, and then certainly be available for any questions that--

SENATOR RICE: Excuse me, Mr. Chairman, through you.

Before you move on, that's a good recovery. Are we still looking to recover some dollars to go back into the pool? (affirmative response) We are. Okay.

MR. LARKINS: Senator, your reference is overall across the--

SENATOR RICE: Yes. In other words, does this-- We picked a target, which the Governor is good at. We went after that \$6.5 million.

MR. LARKINS: Sure.

SENATOR RICE: Does he have any more targets or ducks lined up to shoot off that will bring us some bucks? (laughter)

MR. LARKINS: I believe the Authority is target-rich. (laughter) The question is our success rate. And I think, so far, we've proven, in our short time, that we are taking this seriously and that we're going to be aggressive about it. We're certainly hopeful that we will recover -- there will be many more recoveries, and this won't be the last.

SENATOR RICE: Okay.

MR. LARKINS: In terms of the state of funding for the SDA -- because that really is -- what I think it boils down to is a question of economics. To date, there is approximately \$3.9 billion of the \$12.5 billion allocation that has not been bonded for. So that's the number that remains on the table for the Administration, based on what the Legislature has afforded to date.

We have approximately \$650 million on hand, with approximately \$860 million in obligations. So we're in a bit of a deficit. Now, that is not that alarming for us. The way our program operates is, we typically operate at a bit of a deficit. Our obligations, while we are committed to them, come due in time. So all of that \$860 million is not due today. We fully expect that we'll have continued funding to meet those obligations. But just to give the members an idea of how we operate the program.

To date, we spent about \$8 billion. What has that \$8 billion brought the program, or the State of New Jersey, the taxpayers? Approximately 623 projects in our SDA districts. Of those 623 projects, you're talking about approximately 100 new schools or significant additions, renovations. In addition to the work in the SDA projects -- districts, that \$8 billion has also brought approximately 3,200 grants.

That's in the form of State aid to our regular operating districts. So that gives you a sense of where the money has gone, so to speak. But that also, I think, gives an indication of -- with what's remaining on the table, what projects we'll potentially be able to address.

Now, I say that to say this: Part of our review certainly is an undertaking of how much money is left and how many SDA projects can we handle. Because we still have to deal with the ROD grants. There is a certain amount of money that the Legislature statutorily allocated to the regular operating districts.

SENATOR RICE: So what you've given us, through the Chair-- What you've given us, in terms of the approximately 623 projects -- 100-plus schools and renovations -- that's strictly SDA. That's not ROD.

MR. LARKINS: Correct.

SENATOR NORCROSS: Abbotts, as we know them.

MR. LARKINS: Yes.

SENATOR NORCROSS: To help the people in the audience: They used to be called *Abbotts*.

MR. LARKINS: Sure.

But to overlay on that, there is also this question of how you apportion that money. Part of the basis for the undertaking of a review of the 2008 capital plan is, quite frankly, we were not going to have enough money to complete those 52 projects. And the way the SDA operated was that for every project that was in the capital plan -- all 52 -- each of them was moving along at -- in its own lifecycle, at its own pace. So money was essentially being thrown at all 52 at the same time. The fear was that if the money was exhausted, there was a potential that none of the 52 would get

to completion. Maybe five would. Others would get stopped in some earlier stage short of full completion and delivery. So what we're trying to do is take a look at the money that's left, present a plan that makes sense in terms of not only which projects, but how we go about accomplishing the work of the Authority. And also to overlay on that is, we also have to deal with this emergent problem.

I want to identify one problem for the members. Our emergent pot is close to running dry. We have approximately \$10 million left on the table for emergent work. And that money is money that we apportioned or afforded to emergents. It's not statutorily required. But what the Authority did in 2008 was: As a part of the capital plan creation, they also set aside a pot of money for emergent work. We've essentially gone through that money. We have about \$10 million left. So what we have to figure out as an organization is, with the money that's remaining for our SDA districts, what amount of money do we want to pull from the capital plan? Because that's the only place for us to pull money right now -- from the capital plan side of the house to back up our emergent projects. Because the emergents -- while some of them certainly would be rendered unnecessary if we advance the capital plan and actually built new schools, some of them actually are necessary because some of them-- Quite frankly, there are no new schools scheduled for those buildings. So you're talking about leaky roofs, you're talking about boilers, you're talking about window replacements, you're talking about any repair needed that affects the health and safety of the building -- or the students, I should say.

So what we're trying to do is come up with a plan that really makes sense. Quite frankly, we've tried, in our short time with the

Authority -- Mr. Ballard and I -- to start getting out to all of our SDA district partners. I think, to date, we've visited about 10, maybe 12. And as Senator Rice mentioned earlier, putting aside my background, my experience in my time with the Authority, I have visited these districts and the need is clear. There's no question. I don't think anyone could come forward and question whether or not there is a need for more modern, more state-of-the-art, improved facilities.

I think at the end of the day it's going to be an economics question. It's going to be: How can we deliver a program, first of all, with the money that we have left in a way to reach as many students and as many facilities as we can? And unfortunately that takes a little bit of time. But secondarily: How can we get the program in shape to come back to the Legislature and say, "The need hasn't gone away. Just because we spent \$4 billion on" -- let's say it's 50 new schools. It sounds like a big number that's not even completing the 52 that was in the '08 plan. How do we then present the program to not only the members, but to the public and request additional funds for us to continue it? The way it's operated today, I have to be frank, I'm not sure I would be in a position to do that. But with some of the changes that we've implemented in the six months that we've been there, and some of the changes that we think we'll be able to put in place going forward, we're hopeful that we will be there.

While I know that this review takes time, what we've asked for is patience. I must commend all of our district partners, in terms of the superintendents, the local officials. They've all been very patient with us. We've been working with them. Our capital plan review is moving forward.

We've met with all 31 of our SDA partner districts to date as a part of this review.

What I will say, however, is that the need has been continuously expressed. And, again, I think that's a reflection of the state of affairs. So what our plan is, is to complete this review, continue with the ROD program, but hopefully, in short order, get back to work on the SDA capital side of the house.

But I want to be clear of what that means. As we visit districts, a lot of representatives indicate that they believe their projects are shovel-ready or ready to go. And for a few of them, that is accurate. There are designs that are through the construction document phase and ready to be bid. There's no question about that for a few, a small few. Many of them are either in an earlier stage of design or in a stage of predevelopment, short of any actual design other than maybe renderings.

But for us to, I think, effectively run this program, we have to revisit what we're building. To give you an example, to bring it home to Gloucester, the middle school project in Gloucester has an anticipated budget of about \$67 million. Now, it's going to be a fabulous school, there's no question about it. But the question at the end of the day is: How many \$60 million or \$70 million elementary schools can the State afford to build? Again, it comes down to economics.

Some of our high school projects-- Let's take our six demonstration projects that all have been completed. You're talking about New Brunswick High School, you're talking about the school in East Orange, you're talking about Union City. The budget on those six schools alone approximated about a billion dollars.

So when we talk about getting the capital plan back up and running, and we say early January for an announcement of the plan, I want to at least manage expectations a bit in that that doesn't mean that shovels will hit the ground, and bricks and mortar will start going up. What that ultimately means is that we're going to get back to what makes sense. So for those schools that are designed, and it makes sense to go with those designs and go straight to building, we hope to be able to do that. For some of those schools though, it might ultimately mean redesign, and that takes a period of time. But I want everyone to understand where we're headed. The flip side of this -- of that option is to push forward with what we have. I think that history shows what happens when we just do that.

So I think that's all I have in terms of an opening. I certainly am open, and ready, and willing to answer any questions as best I can for the members and for the representatives -- people from the public.

Thank you, all.

SENATOR NORCROSS: Marc, thank you very much for your testimony. All of us, I'm sure, have had a few opportunities to review the budget.

The Governor was sworn in, in January. You came on board in what, February?

MR. LARKINS: March 15.

SENATOR NORCROSS: March. And here we are mid-September.

What information is it that you're gathering for reevaluation of capital projects of the 31 districts that you didn't already have, other than

some cursory updates from the districts? What new information are you gathering from them?

MR. LARKINS: Sure. The new information will fall closer to the category of what you, I suspect, consider cursory updates. But the cursory updates, in certain instances, were major shifts.

Just to give an example--

SENATOR NORCROSS: It's raw data, correct?

MR. LARKINS: It is. There's no question about it. But some of it is based on certain assumptions. I think the Superintendent talked about increases in population.

To give you an example: In Paterson, there were two projects planned for their -- I believe the southern portion of the District. They contacted us months before my arrival and asked for changes because of shifting population and demographics, and requested new facilities in the northern portion of the city.

So it's absolutely raw data. Some of it's projections. And for that, we work with DOE. The other small piece of it, obviously, is any educational programming changes. So if DOE had shifted, or there were changes in terms of curriculum and other things, that's something, obviously, that we would consider.

SENATOR NORCROSS: When did you make the announcement that you were going to reevaluate the capital program, ballpark?

MR. LARKINS: I believe the letter may have gone out in June, but I think we were talking about it a little bit earlier.

SENATOR NORCROSS: Before, sure.

So the point I'm asking-- I'm sure you sent out a nice packet of information to all 31 districts saying, "Please get me this information." How long did it take to get that back?

MR. LARKINS: Well, the process worked a little differently. We didn't actually-- In that initial letter, we didn't request information back. It was more of a notice that we would be reaching out to them. I believe in early to late -- early July, mid-June we reached out to the districts. And we wanted to have an interview, a conversation with each district. So certainly that took some time to schedule. But in terms of information-gathering, I think we're close to having all the information that we need right now.

SENATOR NORCROSS: Is there a district that is not responding to you?

MR. LARKINS: There were some districts that took some time to schedule the meetings and to get the information that we requested.

SENATOR NORCROSS: The reason I'm getting at this is, every day that this goes by-- And I understand you mentioned, several times, it's about economics.

MR. LARKINS: Sure.

SENATOR NORCROSS: No, it's about education. It's about providing a safe learning environment for our children, whether it's this school or any other. So I just-- You know, the bureaucracy of government we're all familiar with. But if it was your child waiting to go to school, I don't know. I think somebody would go a little quicker and identify those districts that aren't cooperating. Because if they're not, that's the decision that their voters are going to have to face.

You have pretty much all the information. You say by October you will have it. Are you not sharing any information with the front office now? Because you said after October you have to go over and talk to the Administration. I'm a little confused on that issue. Walk me through that process.

MR. LARKINS: Sure. We don't have a plan in place yet. The information needs to be vetted, and reviewed, and a plan put in place. So just to give you an idea, it's not one district's needs, it's statewide. So it's 31 districts.

The 2008 capital plan -- just to give you a sense of timing. For that review, I believe that started in '07 some time. It was longer than a year. We thought that the schedule we laid out was pretty ambitious, actually. I know, again, it's -- without knowing all the full details -- our four-month schedule, we thought, was pretty ambitious considering how long it took the organization to do it in 2008.

SENATOR NORCROSS: They were still breaking ground on the new schools.

MR. LARKINS: I can't speak to that.

SENATOR NORCROSS: Well, I share that. So have you broken ground on any new schools?

MR. LARKINS: What I can say is that in 2008, my recollection is that there was no funding for the program. And there actually was a two-year stall. And, again, this is just history. It precedes me. But this is just my understanding. There was actually a two-year stall because of funding issues. And that's when the Legislature went back and reallocated, I believe, it was \$3.9 billion.

SENATOR NORCROSS: Which would take care of it again, right? So we're back there.

MR. LARKINS: I'm sorry, Senator, you asked about presenting to the Administration. What we plan to present to the Administration is certainly the plan, with the underlying data to the extent that they request it. It's much like what we plan to present to the Board and the members of the public. So what we do have on hand is certainly the data. There's no question about that. There may be a few small things that we need to fill in gaps. But in terms of what we plan to present, it's not actually the raw data, it's more the actual plan that is the result of the analysis of the data.

SENATOR NORCROSS: So you have some information, and you're working with them. I would encourage you to deal with the Administration as you're going down this road so they don't come back to you and say, "Go back and change it," and we're another three, four, five, six months down the road. Because in the meantime, the schools aren't being built.

Well, let me ask you: Have you broken ground on any new schools since you've been in place?

MR. LARKINS: We have not, no.

SENATOR NORCROSS: Okay. You made mention on several occasions the dollars that are allocated for existing projects and new ones that are coming. Do you see the number of projects going down for new schools, given the financial condition you shared with us?

MR. LARKINS: No. The expectation -- and what we're working off right now is the full expectation that we will see the remaining funding, which is that approximately \$3.9 billion that is still on the table.

And our hope, through our review, is that we'll be able to actually touch more schools so that our capital plan of 52 could become 70, 75, 80. But that is about achieving cost-efficiencies and the method of delivery. And there are certainly many, many opportunities that we're presently considering, including the idea of trying to enter into some public-private partnerships. And that's-- I mean, those take many different forms. But we're trying to figure out not only how to best use the money we have, but actually how to leverage that money, if there's a way to do that, to reach more projects.

SENATOR NORCROSS: So from what you just laid out to us, do you see coming back to the Legislature asking for more capital dollars?

MR. LARKINS: I suspect that the State's school construction program will absolutely need more money in some form or fashion, whether it's through the SDA, some other entity, or directly to the school districts. Because there's no way, based on what we've seen thus far, the \$3.9 billion that's up on the table is going to address the statewide need. It's not even a question, absolutely, going forward.

But, again, this is-- We're talking about a statewide program. We had the opportunity to go to New York and meet with representatives from the New York School Construction Authority. And they're doing New York City. Now, granted, the population is close to the state. But in terms of their program-- This program has been in existence for about 20 years. And they continuously need more money. And I think that this process will likely be a continuous one up to a point where you really achieve a fair amount of ground. And then you're talking about maintenance. But there's no question that 3.9 will not get it done.

SENATOR NORCROSS: Okay. I just have a few more, and then I certainly want to open it up to the panel here.

So you have finished, I guess -- or as you suggested, you opened so many schools. And so you're not rolling out any new projects. I assume that you're not hiring any new project construction managers or project managers. Where is the personnel at your office? Are we at the same as last year? Are we the same this year? Do you anticipate the same amount of folks working for you, layoffs? Where do you see this going?

MR. LARKINS: Sure. Right now, our head count is trending down, mainly, right now, through attrition. We had a satellite office in Newark, which was essentially three parts. There were two separate leases, one of which expired. We ended up not renewing the lease. We're absorbing all of our staff in Trenton, and some people have resigned based on that. So there is some attrition there.

Between retirements and other departures, we're trending down. I suspect that that trend will continue because there's no question that, right now, based on the volume of work, we're probably a little heavy. Our hope is that, obviously, we're going to get work rolling -- back rolling out. So I don't see mass layoffs. But we're trending down, and I think that will probably continue to be the trend. I think right now we're probably down somewhere around 7 percent or 8 percent. From the time that I started, I think our head count was about 340 or so, and now we're down around 315. So I think that we're going to continue to see a bit of a slide, but I don't see massive layoffs.

In terms of our hiring-- The only real jobs that we've been putting on the street are the emergents work. There's no question that the

emergents were a priority not only for us at the SDA, but certainly for the Administration. And they quickly approved us continuing the emergent program. They're very much in support of that. So over the summer we announced many emergent projects. And that really is, to your point, the only real contracting that we've been doing.

So our hope really is to try to get back to business as soon as possible. As you talked about, it's certainly about education.

SENATOR NORCROSS: I have one last question, and then I want to open it up.

The Chairman: Is there something going on with the Chairman that we might want to know about?

MR. LARKINS: With?

SENATOR NORCROSS: Your Chairman.

MR. LARKINS: Ah, I'm sorry. I apologize. Our Chairman actually resigned.

SENATOR NORCROSS: When did that occur?

MR. LARKINS: That occurred right before the August meeting. I believe it was August 1, August 2. The Chairman was Barry Zubrow -- Chairman of the Board. He submitted his resignation on August 2, I think it was -- right before the August Board meeting.

SENATOR NORCROSS: Needless to say, when somebody asked me about his resignation, I didn't know about it.

SENATOR RICE: I didn't know, and I'm Chair.

MR. LARKINS: That's my fault. I apologize. We'll certainly keep the members informed of that.

SENATOR RICE: Can't blame you. You're the CEO, you're not the Board Chair. You report to the Board. So that's not on you, that's on the Board. I just want to make sure that we address that later -- that, in fact, through legislation, they have to let us-- They have to let this Committee, the Joint Committee on the Public Schools, know not just what's happening inside the Administration of SDA, but we're supposed to know what's happening with the Board.

SENATOR NORCROSS: So who is--

MR. LARKINS: Caren Franzini, from the EDA, is the Acting Chair. She is currently the Vice Chairwoman of the Board. And she's the Acting Chair.

SENATOR NORCROSS: Okay. I have some others, but I want to open it up.

I know, Assemblyman Wilson, you have to get going. Do you have--

SENATOR RICE: I have some after he finishes.

ASSEMBLYMAN WILSON: I have a question, sir.

MR. LARKINS: Yes.

ASSEMBLYMAN WILSON: Of the projects that are on line right now, do you need extra funding to get it done? If the funding is not available, I guess you have to make a list of what you can do. What will be that criteria for getting projects done? You have 52 on line now? You say you only have money for 48. What kind of criteria will there be to decide what the 48 will be?

MR. LARKINS: Sure. There are a number of different components that factor into that. The ultimate goal is to try to determine

the most critical and neediest. Now, when you talk about criteria, our DOE regs and our regs have set criteria. The question is: How is it scored? So there's an analysis.

So, for instance, the need for early childhood classroom space, overcrowding, age of the facility, programming appropriateness. So those are broad-based. Underneath -- beneath each of those sort of broad areas there are more detailed factors. But that just gives you a sense of the type of information that--

ASSEMBLYMAN WILSON: That's in place now though, right? That's in place now?

MR. LARKINS: The criteria?

ASSEMBLYMAN WILSON: Yes, sir.

MR. LARKINS: Yes. And through the Chair, certainly we can make available to the Subcommittee, and any members who are interested, our capital plan review scope of work, for lack of a better term. And that actually reflects the process and some of the criteria that the members ask.

SENATOR NORCROSS: That's incredibly important, because as we look at the 52, as you suggest -- the design of 27 -- which is, I guess, step one or phase one of what you're doing -- 27 and 1 -- 2 below the Mason-Dixon line called 195. (laughter) I find it very hard to believe that only 2 out of 27 rise to the level of need in the southern half of the state. I know where the bulk of the population is, and I understand that. But I don't think it's 27 to 2.

So that criteria, the way it's set up, can tell you a lot of things. And we certainly would like to see how that is going before it comes out again. Because on the second phase, many of those South Jersey projects

come out. But I'm certain that many of the legislators down here would not be happy to see the way it sits now as a way of continuing. So at a later date, we'd certainly like to sit down with you to make sure that some geographical diversity and population issues are also involved.

MR. LARKINS: Mr. Chairman, on that note I just want to point out one thing. And it actually is interesting. One of the criticisms of the 2008 plan by the State Auditor was that there was -- part of the methodology was a requirement that each district -- other than Neptune, because I believe Neptune got all its needs met -- each district had to have one project. And the State Auditor criticized that and found that that was a flaw in the methodology. Now, I don't know exactly where that derived from. At the end of the day, it would certainly attribute--

SENATOR NORCROSS: They were trying to get something passed, I would guess. (laughter)

MR. LARKINS: But we will certainly engage--

SENATOR NORCROSS: And that's why I didn't say *district*; regional geographic issues being taken into account.

Senator.

SENATOR RICE: Yes, thank you very much, Mr. Chairman.

Marc, first of all, let me just say I'm very much impressed with your leadership in the short period you've been there. Number one, you seem to be energetic; but you certainly have taken zero knowledge of this whole school construction project and the initiatives, and done your homework, and become real familiar with information and decisions that were not yours or made by you. But you kind of know where they come from. You're starting to use your intellect to decipher through this stuff

and determine what makes sense, what didn't, with the support systems around you. And that's a good thing.

Because my greatest concern was that someone would come in and it would take us a couple of years to get them acclimated, and then we'd be in trouble. But you seem to be right in the timeframe of the Governor, because the Governor slowed everything. And his slowness gave you a chance to learn.

There are some concerns I have and some questions. But I think the concern may be addressed. But I want to be on the record that the \$3.9 billion -- that was my legislation. The intent of that -- which even Jon Corzine, he's on the horn about -- was to address those projects that, prior to Governor Christie coming in -- that have been hung out there for two-plus years that were ready to go into the ground. We wanted to do more, but the best we could do is at least get those 50-some projects moving.

Correct me if I'm wrong. I believe that Gloucester was in that mix.

MR. LARKINS: That's correct, Senator.

SENATOR RICE: Okay. We knew there were other projects (indiscernible) this year that were planned into the future, but were not at the level of the process where the funding would have been spent even if it was there. I think we're still kind of in those brackets. But I think some of those projects have since moved up but are not a part of this \$3.9 billion.

I was also told that projects where dollars were allocated at one time -- because I'm trying to give the public here information. At one time you may have had \$100 for my school set aside, but my school has done

nothing yet but say, "We need money." And then say the Senator's school needs \$100, and they're ready to go with it. But that money was allocated to me, never got spent, and it was not allocated. Now I understand that this review process is going to be about who is ready to go, etc., so that we can manage the dollars a little differently.

With that being said, I am concerned. Because as I indicated -- and I prefaced my remarks before -- when the Governor met with myself and the members of the New Jersey Legislative Black Caucus, and we raised this issue, he was concerned that that bond take place. We got the bonding. If I'm hearing you correctly, we passed the bill and signed a law for the \$3.9 billion, but we still have not gone out to bonding yet.

I get concerned about rates. And I thought that Governor Christie was going to go out for the bonding given the rates at the time -- or where we are with rates. Because you don't have to spend what you bring in. You just get it set up. So if that didn't happen, I'm getting a little nervous, because we're running out of money.

MR. LARKINS: Sure.

SENATOR RICE: And so I guess I can't give you a question on that. I can give you a directive or suggestion. The Governor said we can't tell people what to do. Would you bring that to his attention -- that if we can just, from a comfort-level perspective, at least go out? Unless he intends to bond for more. Now, that may be a whole different scenario. He may be waiting for the report to come in and say, "We're not doing \$3.9 billion. We're going to ask the Legislature to increase this." That would be wonderful. But I know it's not going to be anything less. And if there's not going to be any addition, we should be mindful of these rates right now and

to find out if we're in the best scenario right now, or if there's something we don't know about in the future -- the near future.

The question that I have is: Do you have any idea -- or does anyone here have any idea-- When we did the long-range plan for Gloucester City -- and they were approved in terms of projects, needs, etc. -- what the cost of the project was for this new school?

MR. LARKINS: Yes, Senator. The budget for the new middle school was approximately \$67 million.

SENATOR RICE: Okay. Did that include-- Was that construction, or was that acquisition, prep, and everything else -- permitting?

MR. LARKINS: Senator, that was all-in. That was land acquisition, relocation, predevelopment, preconstruction, design, construction, and ultimately close out. The one factor on this note -- that I will throw out and which, sometimes, I don't think gets publicized enough about our work -- is the cost of environmental remediation.

SENATOR RICE: Yes.

MR. LARKINS: Now, in terms of Gloucester, the City and the Federal government stepped in and pretty much carried that for us. But on many other projects, it's tremendously expensive.

Just as a quick example -- I know this is off-topic, but just as a quick example: There is an elementary school planned in Trenton at the old Roebling Steel Mill across from Roebling Market. We've acquired the site; we've demoed some of the building; and we're approximately \$30 million in, the biggest portion of that being environmental remediation, and we're not complete on the site. So part of the history of this program was

that we were spending, unfortunately, a lot of money on environment cleanup. And that's why I wanted to focus earlier on that \$6.5 million recovery on the project in Camden. But ultimately that's a number that we usually will put into the budget, but sometimes that number really exceeds our budget.

SENATOR RICE: Okay. With that being said, presently, what is your anticipated cost of the school if we start to move forward with the--

SENATOR NORCROSS: For the construction.

SENATOR RICE: --with the architects, and construction, and everything else?

MR. LARKINS: Sure. I believe, right now, our construction costs will probably be -- anticipate about \$50 million. The one thing I will note is that this is a good time, actually. (laughter)

SENATOR NORCROSS: Unfortunately.

MR. LARKINS: Yes, unfortunately, because of the economy and the market. Even on our emergent projects, we've been getting bids lower than our estimated costs.

Having said that, historically on SDA projects we've overrun the bid number. So our \$50 million is our projected. Let's say that's our projected construction cost. If it were bid in this economy, we might get something -- \$45 million, maybe lower. But the history of the way our projects were managed, we probably ultimately will still come in over \$50 million. Unfortunately, that's the reality of it for us.

SENATOR NORCROSS: Let me follow that up.

SENATOR RICE: Go ahead.

SENATOR NORCROSS: Are you suggesting that it was the way you managed -- was the cost overrun, or was it because the climate was the hottest construction market when you were in there?

MR. LARKINS: I think it was a little bit of both, Mr. Chairman.

SENATOR RICE: It's a combination.

MR. LARKINS: I think that our process, but also the climate. There's no question about that. Historically, we were getting-- When the economy was better, we were getting bids that much more closely approximated our estimated costs. But we still run about-- I don't want to throw out a number. Some are much higher, some are much lower. But let's say on average we ran 10 percent and change -- 13 percent -- that is above and beyond, in certain instances, what we had set aside as a contingency. But that's getting more into--

SENATOR RICE: But we had problems, initially, because a lot of things in the economy just went backwards. I mean, our construction people were looking for materials, and everything was going to China, (indiscernible) steel and stuff like that.

But here is what I'm getting at, and this is what has to be conveyed back to the Administration. And I'm sure you're going to do that, because I think you've reached the point where we're reaching. We're talking about a long-range plan -- almost 10 years ago. That's really where we are. And I told them this was going to happen -- the costs would go up. Even in a bad market, the cost is up on this project, if you really look at it.

We're talking about a \$67 million project, so let's just say \$70 million, because you overrun, and games being played.

MR. LARKINS: Sure.

SENATOR RICE: But we've spent \$37 million already, and we're still looking at \$50 million-plus. Do you understand why we have to get in the ground on this particular project? Because economically that doesn't make any sense. Then they come back, and the newspapers say, "Well, the CEO of the SDA and the Administration don't know what the heck they're doing. They're just like the other Administration." That's why we need to get that \$3.9 billion. And I'm hopeful that someone is going to come back real soon -- and I'm not so sure if a review process is necessary; I really believe some of these projects can be looked at subjectively right now, including this one, to say, "We think that this is going to be in the mix. So therefore, we're sending you the go on your architect, and start to move forward." Because that becomes important for this particular district.

If you talk about Phillipsburg, we ran into the same problem. You had to change locations, you had to make a bigger school. And I think it's costing us \$50 million-plus more up in Phillipsburg. And I was up there. I go all over the state. People know that. So that becomes important.

In terms of the emergent, the question is-- I'm real concerned about that, because I think the SDA was right and had no choice but to set aside -- even though we didn't -- a pot for emergent. And you're saying you're running out. What do you estimate you would need, regardless of where it comes from, in that emergent pot?

MR. LARKINS: Sure. Just, again, based on trends-- And when I say we're running out, the process -- talk about a bureaucracy -- it

runs-- The emergents go to DOE first for approval. And once they're approved and advanced, they're sent to us for actual execution.

SENATOR RICE: I thought we changed that.

MR. LARKINS: We're working on that.

SENATOR RICE: We need to change that.

Mr. Chairman, through you -- to you and through you -- one of the problems we've had is-- We recognize that SDA manages construction. DOE can't manage construction; they manage education. They don't even do that good at times. But the point is that they have the ability to determine what's emergent in construction, not in education, etc.

And my attitude is like, "Wait a minute. You're the contractor. I'm holding your company responsible. I don't know anything about it. If you're telling me the light bulb is falling, if it doesn't I'm holding you accountable." It's the opposite. I'm being held accountable to determine whether or not that's a problem.

If that's not fixed real soon in conversation-- And the Governor needs to go in -- and I'm going to say this for the record. I get along with the Governor okay. We don't see each other that much, but I don't have any problem. I've been kind and gentle -- whatever the Republicans say these days. But I'm getting up to here. If he can tell Schundler, "I'm the boss," in the newspaper, he can go in and tell DOE, "I'm the boss, and this isn't going to work anymore," through the Administration. And then come to us and say, "You know what? I took care of it. But just to make sure, in case something happens to me, give me legislation that says, 'That's your decision on emergent, and you're going to be held accountable for it.'"

I want to raise that. But tell me what you think we may need in terms of dollars.

MR. LARKINS: Yes, sir. We have approximately \$10 million left. DOE has, under review, 12 emergent requests. And our projection is that that will exhaust the remaining emergent pot. The \$100 million was set aside in 2008. So based on that trend, if that holds true, we're spending close to \$45 million a year on emergent projects. So it all depends on how long out we forecast. I suspect that, right now, that is an approximate of how much money we are looking to pull aside.

Now, we may pull aside a larger pot. But the problem we're in now is, every dollar that we pull aside comes from the capital plan. So for all of those 52 projects that were identified in 2008, they were given a budget. Now those budgets are going to be drawn down from in order to replenish the emergent pot. The question is: How much do we pull from the capital side? We can-- In theory, we can try to pull as much as we think we need. But that would only hurt the capital side of the house.

So I think we're going to try to find a reasonable number. As I sit here, I hesitate to throw out a number. But I suspect that if we said only \$100 million more, it might only last us two or three years. And the emergents are only rolling in even quicker in our time here. I think the pace has even picked up a little bit because we aren't doing as many new facilities, and because of the age of facilities, etc., etc. And when you cut the school district's budget-- For instance, Superintendent Spaventa no longer has as much money in his maintenance budget to do maintenance repairs. So if he has to lay off maintenance people and doesn't have the money to do repairs, then the conditions worsen. So now the emergents

grow. So I think if it continues to trend that way, our emergents are only going to go up, which means we're going to be pulling more money from the capital side. But then that leads to people saying, "Well, you said you had money for our school. What happened to that money?" No one wants to hear -- to Senator Norcross -- no one wants to hear, "My kid is going to have to stay in this school because you had to pull money away from our budget." But that's the reality that we face.

The way we hope to address that is to really critically look at how we deliver our projects. So, for instance, the Gloucester Middle School -- that was \$67 million. If we could get a Gloucester Middle School to \$60 million, and that \$7 million can come -- and you can do that across the board -- you're saving 10 percent a project -- that's more money to go to the emergent pot. But we have to figure out what makes sense. So that's what we're trying to do now and do it in a way that, when we announce it-- We're going to be criticized, we realize that. But how we can temper it and explain the process, and what we ultimately decided--

SENATOR RICE: Mr. Chairman, I'm going to take the liberty as Chair of the full Committee to ask staff -- Melanie, you and Sharon. I need to go back, work with OLS, prepare legislation that any SDA districts on at least school construction-- The authority for determining emergent and overseeing that, and determining how they're going to treat it is with SDA, not DOE -- SDA and the Governor. Okay?

I'd rather beat up on the Governor when he says something is not going to happen -- emergent -- knowing that the construction people understand construction. I mean, we've had schools built where contractors have come to me and said, "Look, I love to make money. There isn't any

use in my lying to you. But you all are putting in stuff you don't need, and it's costing you a lot of money." I pay taxes too. But I've also had contractors come to me and say, "If you don't do *A, B, C*, and you have an emergency--" There's no support system, and DOE is making that decision, not people who understand and are working with the people who are in construction.

The criteria: Now, are they going to be changed, basically? Are we looking for a change of criteria -- and I think the Senator kind of alluded to this before -- when the review is completed, or are we just looking at a change of priority? There's a difference in criteria versus priority.

MR. LARKINS: Sure. Senator, I hesitate to offer an opinion, but this is what it's going to be. I suspect that a lot of this will come down to -- certainly, on certain portions of it -- political ideology. So, for instance, my impression is that in the history of this program, under prior Administrations, there was a heavy, heavy emphasis placed on early childhood classrooms. I'm not sure how that's going to play out in this Administration. So I suspect that there certainly will be a review by the Administration of not only the prioritization, but certainly the criteria.

So, for instance, under the scoring system in 2008 that was used to do the prioritization for the 2008 capital plan, certain criteria received a certain score. And early childhood received a high score. It may be, ultimately, that under this Administration early childhood receives a lower score. The reason why I point that out is because I recognize that that was a hot-button issue.

So I don't know what's going to happen. It may not change. What we're doing is looking at the criteria, presenting a plan that makes

sense with recommendations. But ultimately, at the end of the day, it won't be our decision to say, "Yes, this criteria; no, this criteria," particularly because we have to partner with DOE as well. So DOE gets involved in a lot of this too. So the scoring, the formula, a lot of that is heavily -- a lot of the input is heavily from DOE.

And as I understand it, Commissioner Schundler had weighed in to a certain extent. But I actually have not sat down and had this same conversation with Commissioner Hendricks -- Acting Commissioner Hendricks.

SENATOR RICE: Finally-- And I want to thank you for your patience, and the Chair as well.

Let me say a couple of things first. Number one, for the public, the concern you have-- You need to keep in mind that there are a lot of schools under the original Abbott decision that are being built or plan to be built in New Jersey. What we are talking about with the \$3.9 billion being the 52 -- those (indiscernible) no other schools. There are other rounds that have to come. But it's being indicated there are no dollars for those future "schools" yet to come.

Keep in mind, the Supreme Court is very clear that they will come. In some kind of way, we're going to have to find money. And I can tell you, when David speaks, they're being quoted on that on a regular basis. And so we don't want to mix the two right now. We want to get passed what we -- the problems we have right here, in this particular district and districts like it, where we can get in the ground; and make sure that SDA, and the Governor, and anybody else -- DOE -- are staying focused on these priorities.

They're going to change. There's no way I can see the middle school here going from number one, two, three to the bottom of the list. It just can't happen, particularly with beams and things like that -- the kinds of structural problems you have. And I'm not sure, from a construction perspective, if we were to really start to dig into the ground, take a real good look at the foundation, what shape this building is really in. There isn't any use in me lying about that. I don't know if it's causing all kinds of undermining problems on the other side. I just don't know. It's an older city, and it's an older school.

With that said, Marc, you mentioned something earlier that concerns me as Chair of the Joint Committee -- Co-Chair of the Joint Committee on the Public Schools. Because I've spent too many years fighting and trying to keep things focused -- fighting governors in both parties, legislators -- about what the Supreme Court mandated and what is needed, and that's these schools and quality education parity.

But when you tell me that you have districts that are really not cooperating or getting you what you need in a timely fashion, they need to be sent a notice. And you can say it's coming from me. And I think my members -- someone will support it. If not, it's coming from me, the Senator -- that they're not going to be given attention, review, or dollars in the process until we get through this other stuff. Because we're not going to hold a review, waiting on what's going to happen with this school -- I'll use it as an example; there are others like it -- because she didn't send her information, and we haven't viewed it yet. That just can't happen. So they need to understand there are penalties for not doing what you're doing.

And to us, it's a lack of professionalism. So maybe they shouldn't be running a school district in the first place.

So with that, Mr. Chairman, thank you for the opportunity. Those are all the questions I have based on what was said.

SENATOR NORCROSS: Thank you, Senator.

Assemblywoman.

ASSEMBLYWOMAN JASEY: I'll be brief. I know that it's been a long afternoon already, and we have a number of people that we want to hear from, and because the Senator managed to touch on a number of things that I was interested in.

But there are a couple of -- just really two points I want to make. The first is: I thank you for that alert on early childhood possibly losing priority status. And I think we need -- we, as legislators and members of this Committee -- really need to keep an eye on that. And I hope that you will keep us informed on that issue. Because we know that's where we get the most bang for our buck. We know that. New Jersey has been recognized nationally for the strides we've made through our early childhood programs. And it was a great disappointment to me that we were not able to continue extending funding and the work that's been done to the districts that don't yet have preschool programs. So I want to say that for the record.

The other thing I want to mention is that those projects that are ready to go -- for example the project here. And I know in my district, in Orange, the Cleveland Street School -- also a school that's over 100 years old. Walking in the door, I felt like I was back in my district. Because I happen to represent an interesting district that has some of the wealthiest

communities in the state and some of the most beautiful facilities -- I was in Livingston last night, beautiful facilities -- and some of the worst. And I'm constantly reminded of that.

And I think one of the things that we have to do -- and perhaps through meetings like this we can accomplish it -- is to remind all of our citizens that throughout the State of New Jersey there is need. And it doesn't have a color, and it doesn't have a zip code, necessarily -- or just one zip code. We need to recognize that if we don't invest in our kids, the future of our state is in peril. And that's what gets me up in the morning and coming over two hours to a meeting like this. Because it's really, really important. And if we, as the adults, don't pay attention to what our kids need, then we might as well just pack up and go home. So I would hope that those two projects -- and I'm sure there are others that are well on their way to being shovel-ready -- will receive priority status.

The other comment I would make -- and I really don't have any specific information on this, but it's something that I hear from some of my constituents -- is we don't have to build palaces. We need to build schools that are prepared -- that are good places for children to go, good places for staff to work in, places that have a seamless connection to the community so that every time we build or renovate a school, we're thinking about: How does the surrounding community use that space as well? I saw that when I went to Lincoln Avenue -- the opening -- the ribbon-cutting last week of the addition that was built there to a school that's over 100 years old. It's not beautiful -- it really isn't -- from the outside. But inside what a magnificent space. Lots of space, lots of light. It's a happy place. The kids-- There's a different sense of how children feel about themselves when

they're in a beautiful space. There's a different sense that you get from the staff. It's amazing. I ended up spending two hours there last week, because it was just exciting. And we were -- we spent the time with the students -- fifth and seventh graders who took us from room-- They were so excited about having a library finally, having a real cafeteria with a kitchen. So, I mean, you don't have to build the Taj Mahal, but we need to be building really solid, efficient places for our kids to go. And that would be my kind of public service spot, if you will. Because I think we could probably figure out a way to build more facilities, renovate more facilities, and spend less money. But we need to get at it as soon as possible while people -- given the economy and the fact that people need jobs and people need work. Now is a great time to do it. It's not going to get cheaper, that's for sure.

So that's where I'm coming from. Anything that we can do to support you in that, I'm certainly going to be there. And with the Senators and Assembly members of this Committee, I look forward to hearing when you give your report in late October, early November. I would hope that we're able to do more with the money that we do have allocated. And I thank the Senator for reminding us that we did talk to the Governor-elect at the time about bonding that \$3.9 billion. And the fact that it hasn't happened yet is very disturbing. So that needs to happen ASAP.

And I thank you for coming today.

MR. LARKINS: Thank you.

Mr. Chairman, if I could just respond. (affirmative response)

I just want to make sure the record is clear in terms of the \$3.9 billion. The way the program has operated is, the bonding has been on the schedule. And the State certainly has not gone out to bond the entire

allocation at one time. Historically, it's been in tranches, and it's been based on programmatic need.

What I will say about Governor Christie and the Administration is that they bonded for \$500 million, and this was in approximately April of this year. And I think that that was a tremendous show of support for the program. My expectation is that they will continue to bond as needed. I hesitate to offer an opinion. I'm not a bond expert, so I don't know if it's more advantageous to do it all at once, or if it actually makes sense for the State to do it this way. But what I will say is, that one thing that's under consideration -- to your point, Senator Rice -- is they're exploring cost-effective ways to borrow this money. And one thing I know they're considering right now is an opportunity to use some of the Federal Build America bonds as part of the program. So they are exploring it. My expectation is that we will continue to see the bond issuances coming in. But I just didn't want to leave the record as if they hadn't done anything. Because they actually have done a lot in terms of supporting the program and making sure that we have money to continue.

SENATOR RICE: You don't have to be an expert on bonds. But let me give you 101: 101 is, when the rates are low, borrow. (laughter) Lock them in. You don't know what the future is going to be.

SENATOR NORCROSS: I concur. Buy low, sell high.

Marc, we certainly appreciate you coming by. We literally could spend hours with you. So what I'd like to do is just thank you for now. And we're going to, I guess, within the next couple of months-- I will make you a deal. You come back, and I will come to Trenton with our Committee. How about that?

MR. LARKINS: I will come anywhere, Mr. Chairman. Thank you so much for having us.

SENATOR NORCROSS: Absolutely. And we would appreciate, if your schedule permits, to hang around a little bit and listen to some of the testimony so that you can hear some of the input from folks.

MR. LARKINS: Yes. Thank you.

SENATOR NORCROSS: At this time, I want to call up President of the Camden City School Board, our town immediately north of here, Susan Dunbar-Bey.

**S U S A N D U N B A R - B E Y:** Good afternoon.

SENATOR NORCROSS: Good morning -- good afternoon. We're way past morning.

See what happens? (laughter)

MS. DUNBAR-BEY: We're glad to be here today.

With me, I have Ms. Wendy Kunz. She's our Director of Construction and has our history of what has happened in Camden City. And I'm going to let her give you some information for us.

SENATOR NORCROSS: Thank you.

**W E N D Y S. K U N Z:** Good afternoon, Senators Norcross and Rice, Mr. Wilson, Ms. Jasey.

I want to talk about two particular schools: Lanning Square and Camden High School. But first I want to establish some of the credentials that I come with so you don't think I'm just an employee that the District picked up.

I am a registered architect. I'm a recognized educational facility planner, nationwide. I come from being a Vice President of a 135-person

firm in Baltimore. I have over 100 school projects that I have studied, designed, overseen construction on, or tore down. In fact, I leave tomorrow for San Jose, for a convention where I'm going to be an international judge, chairperson of the jury, where we judge schools submitted from all around the world. And we pick a select few that represent educational facilities: the best of the planning, the best of construction.

I can tell you also that in this position for the last six years, seven years, only one school from New Jersey has ever been submitted. Of all the projects that have been submitted, the projects generally -- on the average -- cost less than half than they do here in New Jersey, and they are built in less than half the time.

Now, with that said, I would love to talk about Lanning Square Elementary School. This particular school was for 600 students -- the old school. It was vacated in 2003 under emergency conditions. All 600 students were relocated over one weekend into an existing school and two schools that were about to be -- one was closed, and one was about to be closed. That's the Fetters -- what was called the Alternative School -- and the Broadway Elementary School.

Those buildings had to have work -- because they were structurally deficient -- just in order to put the students in. One had extensive work to stabilize the masonry so it could handle a larger student body safety. The other has required major structural repairs, including two projects on masonry just to hold the walls together. We have other buildings in the district, again, where walls are separating -- we have identified more than two years ago. The SDA has yet to operate or act on these schools.

Lanning Square School has had a design prepared twice. It was put off in 2007 under the moratorium established by the Inspector General. It started back up. It was put back under moratorium last year about this time when they started looking at the election coming up. They said, "Well, we're going to hold off on everything until after we know who is going to be elected." Once they found out that Governor Christie was going to be elected, they further held off because they wanted the new leader to come in. The new leader was interim -- or acting. They held off again, because they wanted to get the current leader in place. Now we're told that they're holding off again because they're going to restudy a capital plan that's been studied several times over.

When we relocated those students, they were put -- half -- a third of the student body was put into a building that's over 100 years old. One was put into -- one-third was put into a building that is approximately 140 years old. And the remainder of the student body was put into an existing school building in which the EPA -- DEP, I'm sorry -- in which the DEP has closed the site. The kids are not allowed outside because the ground is contaminated. The school building built in 1951 is on top of that contaminated ground.

SENATOR NORCROSS: Which school is that?

MS. KUNZ: Pyne Poynt Middle School.

SENATOR NORCROSS: Okay.

MS. KUNZ: It's entirely on a filled site. They have done studies in order to put temporary classroom units on it. They had to put two feet of compacted fill over top to put a cap on it. A majority of the site

is a playground which is fenced off and overgrown because we cannot access it.

So that is Lanning Square.

Now I'd like to speak about Camden High School. Camden High School is also over almost 100 years old. It was built in 1916. It required \$3 million in structural repairs because masonry was falling off over the top of the front door. Now, we held up the project where they were going to spend \$15 million to fix the masonry and not touch the educational space inside. It seemed rather stupid to me to waste that much money when we didn't know whether it was going to go ahead as a renovation or a new construction project in the future. It had been approved for a renovation project. We had designs prepared. And again, that got held up in the original moratorium.

The science labs were last renovated about 60 years ago. In many of the science labs, the only source of water is a slop sink in the back. How many of you would like to have your students go to a facility learning state-of-the-art science -- and they have to get up and go to a janitor's sink in the back of the room just to get water for the experiments?

There are no outdoor fields at Camden High School. Students leave the school for phys ed. They have to walk four blocks to use the stadium, football field, play fields, tennis courts that are on the other side of the City park. So that takes a big chunk out of each physical education period. Most of the time is spent walking back and forth.

The District is moving ahead with the preliminary designs for the eventual construction of Camden High School. We have prepared -- and it's been to the DOE -- an academic plan. DOE has approved it. They

have said it's one of the best they've ever seen. This academic plan is in preparation of work going ahead. It's required by DOE. We are doing it -- we have done it instead of the SDA. Because if we waited, it would not get done. We are-- We have prepared a plan to house all the students while this project is under construction, whatever form it would take. We have it planned out so that if we redistrict and relocate students until the school is finished, they will be still associated with Camden High School -- but they're in different locations, which is unfortunate. But, again, it's a cost-saving move that we recognize. If we do this -- if we already had the plan, if we recognize that cost is critical, then the SDA should look at it also with that in mind.

We continue to prepare educational specifications -- another chore that is typically left to the SDA. They will have to be approved by DOE. Again, we are doing it in order to save time when a project is approved, if it is approved; and to save money on the SDA's part. We are doing what we can to decrease the cost to SDA, decrease the cost for consultants, and to make decisions that will make this project move faster, even through construction.

We have to continue to get waivers from our fire department for an incomplete and obsolete fire alarm system. In June the building was struck by lightning and took out another major portion of the fire alarm. We had that repaired on our own within three weeks. We have projects with the SDA that have taken two years, and they haven't been acted on yet. These are emergent projects -- ones that--

At Feters School, we have a wall collapsing. It's right over top of an entrance to the building. That was identified two years ago. The wall

continued to move. They finally repaired it this week -- stabilized it. Again, we could have had it fixed within one month with a grant.

The District now has 35 schools. The average age of the schools are about 70 years old. That's average. That counts the four new schools that we just opened up. One of our schools is 150 years old. It dates prior to the Civil War, and it looks it.

We have approximately 13,000 students in our District. We have small schools with small classrooms, and bathrooms, and other facilities -- doors that don't operate. Doors have been fixed before under SDA health and safety projects that, again, right now don't operate correctly. Fire doors don't close. You name it. Fire alarms don't work, emergency lights don't work within the building, science labs are falling apart, electrical systems-- I walked into Camden High School, and there was an electrical outlet protruding through the floor. I touched it with my foot and it sparked. We don't want our students to be exposed to those dangers.

By one report, we are one of the poorest, least wealthy districts in the country in urban areas. The City has not much of a tax base. We know that. However, around 2004 there was a report done by KnowledgeWorks out of Ohio -- Dr. Williams -- and I can't think of his name right now. But I've distributed this report to a number of people in City government and the Board. The report unequivocally states, by research: New schools, renovated schools within a neighborhood work to stabilize the neighborhood and to spur redevelopment in that neighborhood. God knows Camden needs it.

When Mr. Larkins talked about leveraging money-- I think we have shown that with Camden High School. We're doing work that a consultant would normally be hired to do. We're doing it in much less time, and we hope to use that effort on our part to leverage the investment that the State will be making, we hope, in our school.

And with that--

MS. DUNBAR-BEY: I would like to say I'm fairly new to the Board, but I'm not new to the problem. I'm the Facilities Chair and have worked for the last four years, diligently, with the staff to find out what the major concerns are. And we have worked really hard, doing a whole lot. We know we have to do a lot with less and tighten up. But I think our children deserve a lot better than what we have now. And in the neighborhood where I live-- I live in Morgan Village. We are very excited. We just opened up a new school last year, and the children thought they were going to college. They were so excited. They came out of a 100-year-old building into a brand new, modern, state-of-the-art-- It's not fancy. But compared to where they came-- And it's wonderful for our neighborhood.

Fortunately, we have the Morgan Village Middle School coming up, and we have Catto, and Dudley. And Lanning Square -- those students are split-- We split up families and everything else when we had to get those students out of that school that's falling apart. But we have done our due diligence, and I'm hoping that you will do everything that you can to help us get at least those three schools that we had at the top. We had Lanning Square, Camden High School, and Pyne Poynt. I mean, the students can't even go outside. It's a disgrace.

So whatever can be done I'm hoping will be done. Because our students -- they just want to learn. And we're working in conjunction with Mayor Dana Redd to pull our city together and work as a collaborative team. And I'm hoping that we will at least be able to continue those projects.

Thank you.

SENATOR NORCROSS: Thank you.

I just want to make a couple of comments. Whether we're here in Gloucester City or just to the north of us in Camden City-- If the conditions that were talked about -- with the schools that you had or we heard from the folks here in Gloucester City -- were to happen to some of our affluent neighborhoods, do you think for a day they would put up with their children not being able to go out at school? Think about that folks. It's incredible.

So I understand we have to build things correctly, we have to make sure that the tax dollars are spent correctly. But if we wait until everything is absolutely perfect, we'll never get there because there will never be a perfect system. We certainly can make sure that dollars are spent well, that children can go to school and not get electrocuted, not get shocked, can go outside and play. And I just want to thank you, once again, for bringing that story to light.

MS. DUNBAR-BEY: Let me just tell you one more thing. We need Lanning Square, we need Camden High School. We are trying to turn things around for our young people in Camden. We have a school that has 56 doors that you can enter into that school. You can't even secure it. I mean, it's just outrageous. We need that school for our students, and we

need it to be secure, because then we won't have to worry about people wanting to send their children elsewhere when we are really working hard to build a quality education right in Camden City. And a lot of the parents who are thinking of other options really can't afford it anyway. And if we could do for them right there, that would solve the problem.

Thank you.

SENATOR NORCROSS: Assemblywoman.

ASSEMBLYWOMAN JASEY: I just want to thank you for coming, and painting the picture, and reminding us of how much work we have to do all around the state.

Thanks.

MS. DUNBAR-BEY: Thank you.

ASSEMBLYWOMAN JASEY: And I would be curious -- not today -- but I would really like to hear more about how other states are building schools for so much less money and much faster. Because it's always frustrated me that it seems to take forever to get something done. I served on a board of education, and it was very frustrating to go through the convoluted process of getting approvals. And it seemed like there were so many layers of requirements that just cost more and more money to get things done. There has to be a better way to do it.

MS. KUNZ: Senator Norcross has my contact information. I'd be glad to meet with any of you, together or individually.

ASSEMBLYWOMAN JASEY: Thank you.

SENATOR NORCROSS: We'll make sure we get that out.

ASSEMBLYMAN WILSON: Chairman, thank you also for the information you gave us today. And the schools they mentioned -- I

attended like three of them. (laughter) (indiscernible) School, Pyne Poynt, and of course the Castle on the Hill.

SENATOR NORCROSS: Did you break those doors?

ASSEMBLYMAN WILSON: That's my fault. (laughter)

You know I'll be fighting for you all to get that stuff done that should be done in Camden.

Thank you. Your testimony was very enlightening for people who are not aware of this situation. But it's also -- I'm very proud to say -- what you've done on your own and not waiting for funding. (indiscernible) So I'm very proud of what you guys have done.

Thank you so very much for (indiscernible)

MS. DUNBAR-BEY: Thank you.

SENATOR RICE: Excuse me, through the Chair, we're coming to Camden in October. We've been there before with Senator Redd. I thought we made some progress since I hadn't heard. The Senator is not there. We have a new Senator who is doing a good job, we have new Assemblypersons doing a good job. We have to play catch-up.

Mr. Larkins, we're going to be going into Camden in October. I know we have a State House Joint Committee meeting, I think on the fifth, where we have to deal with a couple of things -- the Chairman of the Board situation and takeover districts. But I'm going to ask the Subcommittee Chair to identify a date other than a Monday or Thursday -- hopefully another Tuesday -- that we can go into Camden. And we're going to need you there. We'll notify you.

And the reason I'm giving you an early notice is so you can update yourself as much as you can on Camden. I mean, based on what

you know now-- Hopefully by then you can find a way to be able to bring them some better news. Because we can't wait until the report comes out in October. I don't want the report getting hung up in the politics of November, with the congressional races and this other stuff. We want to be objective when we come in here. So just be prepared to address that.

And, Chairman, I'm asking you -- and I'm sure that our Co-Chair Joan Voss would agree -- to identify a date when we can take your Committee in there and invite all the members -- but your Committee -- to talk about these facilities. And maybe give us enough time to tour them again. I want to go back to where we started and take a look up and see if that stuff is still falling. (laughter)

SENATOR NORCROSS: Thank you very much for your testimony.

MS. DUNBAR-BEY: Thank you.

SENATOR NORCROSS: While we're waiting for our next one--

Maybe I misunderstood. Is the report being released in October, or it's going to the Administration? Anticipated, of course.

MR. LARKINS: Sure. Mr. Chairman, we anticipate that our work -- our internal working group will finish and compile their proposals in mid- to late October. That will ultimately go to the Administration. I don't foresee us releasing that report in October.

SENATOR NORCROSS: Okay. That's why I said that. Thank you for the clarification.

At this point I'd like to bring up David Sciarra, Education Law Center.

I'm an electrician. What do you expect?

**D A V I D G. S C I A R R A, ESQ.:** Good afternoon, Senator Norcross.

That's all right. It's Sciarra. (indicating pronunciation) It's close.

Senator Norcross, it's a pleasure to meet you.

Assemblywoman Jasey, Senator Rice, and Assemblyman Wilson, it's good to see you again.

Thank you for the opportunity to be before the Committee again to discuss the status of our school construction program; and really to ask, as the prior speaker did, for your immediate assistance to ensure our students attend schools that are safe and adequate.

We have worked tirelessly, as I think many of you know, over the last decade to get the school construction program established and get the legislation passed in 2000. And we've worked, since then, hard with this Committee and others to ensure the timely, effective, and efficient implementation of the school facilities projects, particularly in our poorest communities now called the SDA districts.

Through 2009, as has been mentioned, with the support of the Legislature, we have built over 100 new and renovated schools in the SDA districts, and provided grants to hundreds of needed projects in school districts across the state, including the most affluent.

Let me just say that it's no secret that since Governor Christie took office, the school construction program has -- is now in a state of complete atrophy. It's the only way I can describe it. The Governor ordered a halt to work on all projects in the Schools Development

Authority's 2005 and 2008 capital plans. The 2008 capital plan, for those of you who were around -- which was the run-up to the passage of the additional bonding authority that Senator Rice talked about -- was exhaustively done and vetted, and formed the basis of the Legislature's action to approve more bonding authority for the agency; because the Legislature insisted, at that time, that before additional funding was appropriated, a capital plan with the most emergent projects be presented. And that capital plan, I have to say, was well-received by the Legislature, by the communities, and by others. That capital plan with those 50 projects is now on hold, and tragically, for thousands of children trapped in outmoded, overcrowded, and inadequate schools today as we sit here.

There really is no plan to restart these projects. In other words-- And I listened to Mr. Larkins very carefully, and I didn't hear any timetable or any concrete plan for moving these projects forward. For these children trapped in these schools, there is no relief in sight, just more, frankly, inexcusable delay.

I want to make three points today to you. First, because of the Governor's decision to stop the program, the SDA's construction portfolio has now dwindled to seven projects in SDA districts, and two -- construction portfolio -- and two in regular operating districts. Yet, at the same time, the agency has put on hold -- on indefinite hold -- 50 or more projects in the predevelopment phase, many of which are shovel-ready or close to it, as has been talked about previously, when they were abruptly halted. The last available SDA data on these projects, which goes back to around 2009, indicates that over 50 projects have been stopped in 30 SDA districts, some districts with multiple projects now on hold.

Even more troubling is that the SDA has already invested, at last estimate, over \$236 million to cover an estimated \$345 million in predevelopment costs for these projects. I'm talking about site acquisition, demolition, and design work. In other words, taxpayers of New Jersey have invested almost two-thirds of the planning, design, and other upfront activities to position these projects for actual construction.

Consider the situation in Newark. The District has four projects in the 2008 capital plan stalled by the SDA's shutdown: Gladys Hillman-Jones, Oliver Street, South Street, and West Side High School. The SDA has spent almost \$80 million in site acquisition and design for these new projects, all of which are desperately needed to relieve overcrowding and meet the educational adequacy standards, and provide a safe and healthy learning environment for Newark school children.

Frankly, there's simply no justification for even a new Administration to stop ready projects or near-ready projects and to keep them on hold for 10 months or more -- and who knows how long from this point. It would be a travesty, not to mention a complete waste of millions of taxpayer dollars, to now scrap these projects given the level of State investment already made. In addition, we all know -- who worked on this project -- time is money when it comes to construction. Every week of delay just adds to the overall cost.

The second point I want to make is, while the SDA has stopped designing and building schools, it continues to maintain a full scale bureaucracy at the pre-shutdown levels. According to the SDA's July 2010 financial report, the agency spent nearly \$21 million on employees' salaries and benefits, and another \$5 million in administrative overhead during the

first six months of this year. Think of that: \$21 million -- almost \$26 million in staff and overhead to manage a school -- a paltry \$149 million in school facilities projects. That doesn't include the grants, but the grants are pretty easy to manage, because those come in from the districts and simply have to be reviewed. Essentially it's a review and check-writing process. So we have \$26 million in six months of overhead and salary costs to manage seven projects in construction.

Frankly, that's a total administrative cost that can only be considered astronomical. We're on course to spend over \$50 million in salaries and administrative overhead while we sit and wait, frankly. Frankly, I don't know what all those people are doing in that office. We should find out.

The third point I want to make has been raised here, about districts managing their own projects. This has come up--

Assemblywoman Jasey, you just mentioned it -- other ways of doing this. This has been a topic of discussion we've had for quite some time. And in 2007, in response to the problems at the SDA -- when the Legislature passed governance changes and other changes to improve the operations of the SDA -- one of the pieces of that legislation was to give qualified SDA districts the authority not just to do projects up to a \$500,000 limit -- which was the prior limit -- but to do projects completely from the design and planning phase, all the way through to the construction.

Now, there were rules that were supposed to be promulgated one year after that law was passed -- by August 2008 -- that was to set up the process by which districts such as Camden, or East Orange, or Orange

could say, "Look, we would rather do the projects in-house. We think we can do it cheaper, we think we can do it better, we think we can engage the local community more in the process." Deal with some of the issues you talked about, Assemblywoman, about how you design schools that are parts of neighborhoods -- move the whole process away from Trenton down to the local level, clearly under the strict supervision of the SDA. Those rules still have not been promulgated. Here we are over two years after the legislative deadline mandated by the Legislature, and the rules still have not been promulgated.

Now, we went to court a couple of months ago to force the SDA and the DOE to promulgate these rules. The SDA has put the rules -- has approved rules to go to publication. The DOE hasn't yet. And even those rules from the SDA are problematic because they would only allow the districts to do construction and demolition activities, not planning and design, which is a clear violation of the amendment that was passed in 2007.

The point I want to make here is: There already are alternatives that this Legislature -- that the Legislature has approved that should have been implemented two years ago to try to do it a different way. That's not to say every district would qualify. But if a district wanted to, they had the ability to come forward and say, "Look" -- as you heard from Ms. Kunz -- "we think we can do it better and cheaper. We think we're qualified to do it. Give us the ability to do it. Give us the ability to do emergency projects even over \$500,000," as Senator Rice was talking about. And there's a lot of flexibility built into that to allow the SDA and DOE to say to a district, "Look, we'll let you do the emergency projects now -- give

you some time to build up your capacity. And then maybe move on to do design and construction.”

So this has been a long-overdue problem that really, I think, we need to get our minds around. We have a legislative mandate that, frankly, is -- not just this Administration, but the prior Administration didn't act upon. It needs to be acted upon right away.

The bottom line I want to make -- point I'm going to make here today is that the SDA has retreated to its Trenton offices, not only to sit idly by while long-overdue projects languish, but it's taken no steps really to do serious engagement of the districts, as the law requires, to once and for all become full partners in the construction process from start to finish.

The other point I want to make is that, unlike the past-- When we had this situation with project slow-downs before, it was because there was a financial problem. We had money authorized, but it wasn't enough to cover the projects that were in the cue. And that led to the whole debate. It took two years, as you know, to get the additional bonding authority passed in 2008. There is no financial impediment, frankly, that warrants the shutdown that we have today. The money is there, as you heard. This Legislature, in 2008, took the courageous effort of approving that additional funding. All of that money is sitting there ready to be bonded. We've got to issue the bonds and bring the money in. So there's no financial problem like we had in the past that warrants this shutdown.

And I want to remind the Committee that the court's mandates for school construction remain in full force and effect. So this isn't a situation-- Unlike the school funding issues, where the new formula has removed some of those mandates, this is a situation where those mandates

that go back to 1998 for remediation of the school facilities problem in the urban districts remains in full force and effect.

I just want to make a point about priorities, since you raised it, Assemblywoman. Frankly, the priority for early childhood education is in the statute. If you read the facilities law, the facilities law has tiers -- priority tier. And the first tier is early childhood education. So I would argue that unless and until you decide to amend that statute and create a different set of priorities, those are the priorities. The Administration -- the Executive Branch doesn't have the ability to simply say, "Well, we don't like early education. We don't think it's that important. We would rather do something else." The priorities are set in the statute. And I think we all have to expect that the SDA is going to follow those priorities in its review of the capital plan.

And the other thing I want to say about the review process of the capital plan is, there is just -- is to emphasize the point: there's no reason why those -- it's been made here before. We have projects that are shovel-ready. In Paterson there's a project that Ms. Sterling is going to talk about where the foundation is in the ground, but they've been stopped. That's a waste of taxpayers' dollars -- not to move at least those shovel-ready projects forward.

And frankly, what we need from the SDA right now -- and we still don't have it, we didn't get it today -- is a complete listing of the status of those projects in the capital plan that are now on hold, the precise point at which it is in the development process, and how much has been spent on each project to date and for what. I think this Committee should demand that. We can't get it off the-- You can't get it off the SDA web site.

There's a list of the projects. That's fine. But what we need is more detail. We need to know where the project is, how far it's gone along in the process, how much we all have invested as taxpayers in these projects, which ones -- so we can really look at which ones are shovel-ready or close to shovel-ready. And frankly, given the amount of investment in a lot of these projects, the review isn't going to change that. If they need to go back and look at the design and tweak it or try to make it a little bit better, let's get on with it. We're not going to abandon a project where we've already put in \$20 million or \$30 million to buy land, remediate land, do designs. Let's go.

So I understand the need for review. But I also think that needs to be balanced by the investments we've already made, and the dire and urgent needs that students have for each of these projects that are ready to go. So I'm sensitive to the point that you want to review. But I don't think that's necessary. They have the staff, that's for sure. Those people are there and can do this.

So with that, I'll stop, and I'll take any questions that you might have.

SENATOR NORCROSS: Thank you.

Senator.

SENATOR RICE: I'm not here to defend the Governor, and I'm not here-- But being a part of the process, under the Democrat -- and you know this -- I'm real angry about how we got to where we are. I thought there was better oversight, and we raised those issues during my leadership with this Committee. And we were getting maybe not all the right information.

If I was new to something, as much as I would hate to do it-- I wouldn't drag my feet, but I certainly -- and this is just my military training, my common sense, my street stuff -- before I step off point *A* to go to *B*-- Because I've been shot at in Vietnam. I'm not stepping on any land mines. So I want to take a look too.

But I think, as you said-- I understand that the review comes in June -- roughly when they got started talking about it. And there's going to be some stuff, etc. All right, fine. But I'm like you. After that, we can't roll into next year and the next construction season without moving. So hopefully that review is completed.

I also believe -- and this is something, Mr. Chair, that this Committee can drive home to Marc.

Marc, we need to pay attention to what is being said here as it relates to us being able to identify exactly where these projects are. In other words, if a foundation is in the ground, it shouldn't be sucking up water as just a big suck hole, turning to mud and things like that -- even if it's a situation where, ultimately, the foundation has to be re-layed, depending on how far it's in the ground -- the concrete and stuff like that. We need to know that, because those things have to continue to move forward. As you say, you may tweak them going along, but-- And I think it's easier to get agreement from the community and the boards of education -- even if they fight. It's a lot easier for those of us in the Legislature to say, "Look, we can fight, but this thing is going forward. We're too far into it with your tax dollars for it not to happen. So, yes, we're going to tweak this. So if you have a special interest that we shouldn't tweak this, it's getting tweaked,

period.” I mean, we’re going to have to be somewhat adamant about where we are as legislators too, representing these districts.

So if you could pay attention. The Chief of Staff is here. I think he may have heard it a lot clearer than you maybe in the back. I know you have good ears, because you’re a former investigator.

Do you understand what I’m saying? We’d like to know.

So I hear you loud and clear.

And I can say this while I’m on the record: We’re going to hold a hearing subsequent to a couple of these hearings, and we’re going to have discussions that Assemblywoman Jasey was raising about how we expedite projects. I would like to think, Marc, that your office -- there’s been discussion prior to you getting there -- without putting up these little cookie cutters, you know-- How do we expedite projects that are cost-efficient -- I won’t say less costly, but one that’s cost-efficient -- without taking away the necessities of a school?

So we’ll have a whole discussion on that with the full Committee, and we’ll bring in people like the speaker who was here; people like you, David -- which you have researched this -- and others from maybe the industry. Even outside, if we have to bring somebody from outside to have that discussion.

Thank you.

SENATOR NORCROSS: Do you--

ASSEMBLYWOMAN JASEY: No, I’m good.

SENATOR NORCROSS: I want to thank you for your testimony.

MR. SCIARRA: Thank you very much.

SENATOR NORCROSS: We appreciate the insight.

MR. SCIARRA: You're welcome.

SENATOR NORCROSS: And speaking of the industry, I think it's appropriate at this time we call up AJ Sabath, who is a representative of the New Jersey State Building and Construction Trades Council.

SENATOR RICE: And it's my understanding that he's a newlywed. I mean, is he up to this? (laughter)

AJ, are you back?

SENATOR NORCROSS: I'm not going there.

**A J S A B A T H:** Well, now I have one boss. (laughter)

Good afternoon, everybody. It's a pleasure to be here.

Chairman Norcross, Senator Rice, Assemblyman Wilson, and Assemblywoman Jasey, it's nice to be close to home and be at a legislative event. But I was in Newark this morning, so I do empathize with you on your commute back.

My name is AJ Sabath, and I'm here on behalf of President William Mullen, who is the President of the New Jersey Building and Construction Trades Council. Our Council coordinates activities for 15 affiliated trade unions in the construction industry. We represent 13 building trades councils, more than 100 local unions, and over 150,000 rank and file members.

For many years our members have dedicated blood, sweat, and tears to the New Jersey schools facilities program. We built and renovated quality K-12 schools throughout the Garden State. In fact, it's safe to say that the New Jersey schools facilities program has been a very dedicated

source of lifeblood that has kept the men and women of the building trades working for the past decade.

New Jersey's slowing economy and the current dismal financial outlook has caused a tremendous financial strain for working men in the State of New Jersey -- working men and women in the State of New Jersey.

Assemblywoman Jasey was ready to jump over the table and knock me over the head.

ASSEMBLYWOMAN JASEY: It's okay, AJ.

MR. SABATH: Thanks.

Our state's unemployment rate recently climbed to an all-time 33-year high. All the while, the average-- The state unemployment rate was hovering above 10 percent, and is now pretty close to that. It's still greater than the national average. However, the unemployment rate among the building and construction trades ranges from 30 to 50 percent, and it's not getting any better. In fact, there is a lot of concern about our unions being able to make payments to its pension fund, because there is not enough work out there to sustain it. They're making cutbacks to their health insurance programs, cancelling coverage, increasing premiums and co-pays.

But we commend the work of this panel, under the banner of the Joint Committee on the Public Schools Subcommittee on Schools Facilities and Construction, as well as CEO Larkins for being here and helping us take a closer look at the school construction program.

We understand the Authority wasn't created in a day, and we know many of the problems that exist there didn't appear overnight. However, it's our sincerest hope that an immediate byproduct of this Committee's work will be to provide an opportunity for the building trades

to get back to work. We've supported the schools facilities program and the subsequent bonding of funds that have paid for New Jersey schools. We appreciated the recent \$500 million draw down of funds by Governor Christie.

But now that funding in the Authority has dried up even further, and its future is seemingly uncertain, those facts cause the building trades concern. We know that investing in public schools will create jobs, and we're confident that a robust schools facilities program in New Jersey will provide a much-needed boost to New Jersey's distressed construction industry; as well as provide safe, healthy, and decent environments for our children to learn. And that's the most important thing that we all can't lose sight of.

I have nothing more to offer other than the fact that in times of economic crisis, usually all types of private construction nearly ceases. And one of the only things that will drive people who build things, or take things down, or clear the way so things can drive through them is public works projects. Our Federal government, over the years, has invested in our state's infrastructure. Our State has done that as well. And we're seeing an increasing amount of reduction in the types of public works projects that traditionally would help stem the tide to those terrible times.

What makes this situation extremely worse among the entire spectrum of the building trades is you have an ARC Tunnel project which is in jeopardy and is probably not going to happen. You have a Transportation Trust Fund that is uncertain of how it's going to be funded. You have a bridge up in Bayonne that there is still some uncertainty of how it's going to be corrected. Down here in South Jersey -- Atlantic City

traditionally was a great source of private sector and public-private partnership work for construction, and that's all but subsided. So it makes these opportunities that can be provided by the schools construction corporation -- Schools Development corporation (*sic*) that much more important.

SENATOR NORCROSS: AJ, we appreciate the testimony. And we certainly take note that in troubling times, it is, unfortunately, government that has driven the process. But that's a byproduct of what we're dealing with here. The main thrust of this is to create institutions where our children can go to in a safe, healthy learning environment.

At the same time, we've had testimony here today from the CEO of the SDA who says there's no doubt that these have to be done. The need is there. So I just want to echo your statements. There is not a better time for pricing, there is not a better time for the available manpower. It was literally five years ago that they were scrambling for contractors and for manpower. Where there were three GC bids there are now 17. This is the optimal time to go out to bid these projects and get New Jersey back to work.

I want to thank you for your testimony, and open up the floor.

ASSEMBLYWOMAN JASEY: I would simply reiterate what Senator Norcross said. Nothing would make me happier than to see the projects that are already planned to get underway and to put your members back to work. It would start a wonderful process in terms of putting people back to work, paying taxes, spending money, the whole bit. It gets everybody moving in the right direction, and it benefits our children. And that has to be the focus.

Thanks, and congratulations.

MR. SABATH: Thank you.

SENATOR RICE: I just want to say that there was a time -- and the Senator mentioned this -- and this is true on the record -- where the SCC CEO said that they had great concern that we were going to be so busy. Because I questioned women and minority participation in these contracts, and they said there would be participation because we're going to be so busy that if we didn't have enough contractors, we'd have to go out of the state to New York and every place else.

Now, I'm like you. Now we don't need to go any place. So it is a good time. You can let Mr. Mullen know that, certainly, we stand behind his efforts over the years. He's a good man, by the way. He's a good leader, too, for the trades. And we're going to do all we can to get the schools going. If we get the schools going, then automatically, in most cases, it trickles down to jobs and opportunities.

I'm going to keep reminding the Governor that he continues to articulate that we have to spark the economy. And he talks about businesses and incentives for businesses so they can hire people. Well, this whole school construction stuff -- we don't have a Commissioner, he's not called a *superintendent*. He's called a *CEO* for a reason: because it's a business. It's a business of building schools for these kids, which is most important. At the same time, even though it's a nonprofit business, it creates opportunities for the unions and other contractors out there who need some work.

SENATOR NORCROSS: Anyone else? (no response)

If not, thank you.

MR. SABATH: Thank you very much.

SENATOR NORCROSS: We have the facility, thanks to the Gloucester City Board of Education, until 5:00. So I apologize, once again, because of the lateness.

At this time, I want to bring up Irene Sterling, the Executive Director of Paterson Education Fund.

I R E N E S T E R L I N G: Because I'm a visual learner, I brought a chart. (laughter)

SENATOR NORCROSS: Good.

MS. STERLING: Good afternoon.

Thank you so much for the opportunity to talk with you about my passion, which is educating the children of Paterson.

I also want to expand on Senator Norcross' remarks, because it isn't just economics. You're absolutely right. It is about education. But it is also the fact that education is economics, and we have lots of studies that show us that educating our students produces economic gain for our communities.

Every child that we do not graduate from high school costs us a negative \$30,000 over their lifetime in social service costs, over what they contribute. Let me say that again: A child who doesn't graduate from high school may get a job, but their lack of capacity will cost us, as a community, \$30,000 over their lifetime in social services. So it's incumbent upon us to get to the point where we're educating all of our children.

Paterson is unique in a particular way amongst the urban districts in New Jersey, because we are a growing school system. We don't know yet exactly what the growth is this year, but we are looking at --

projecting at something like 1,000 new students because of the closing of schools, because of communities moving in together. We are scrambling for seats for our kids. We've got them tucked in buildings that are not schools in order to provide seats for them.

So it's with particular concern-- And I want to take you to my little color chart here of Paterson's school construction plans, as laid out in our approved long-range facility plan. International High School, which was started in 2006, and which we opened with the temporary CO in 2009, still does not have a final, complete certificate of occupancy. Hazel Marshall--

SENATOR NORCROSS: How are you in the school without a CO?

MS. STERLING: We have a temporary CO, and we have fire marshals in -- are being paid for by the citizens of the State of New Jersey while the building is brought up to code.

SENATOR NORCROSS: And how long has that been?

MS. STERLING: Two years.

Please come.

ASSEMBLYWOMAN JASEY: We've been there.

SENATOR RICE: Excuse me, is that the school that we visited?

ASSEMBLYWOMAN JASEY: Yes.

SENATOR RICE: Is that the one we visited?

MS. STERLING: Yes.

SENATOR RICE: I have concerns about that, and we may have to go back and revisit it.

But, Senator, from a construction perspective, we walked in and walked out. I said, "Wait a minute, all the concrete is broken up?" Believe it or not, I thought it was a nonunion job, because the unions usually do a much better job. But they said they were union workers. I don't know who supervised it, but that's another story. Because I need to raise an issue about that.

I thought that was done. It looked like it was going to be a nice school. I just don't know what happened there. We need to look into that.

MS. STERLING: We've got that school. It's one of the two schools in this whole construction project that we've got as brand new construction. There are lots of other conversions and additions.

So I want you to look at -- this is why I feel so urgent -- at the rest of this plan, as we laid it out here -- Hazel Marshall was supposed to have begun in 2009. It stopped with partial foundations in place. Right now there are some construction vehicles on the site, some materials on the site; but nothing is going on, on that site, and hasn't since February, I believe. That school was supposed to have been completed by 2012. I don't know what's going to happen.

Why is Hazel Marshall so important? Originally, Hazel Marshall was put into this plan because School 9, School 25, and School 3 -- or School 8, which surround it, are all overcrowded. In fact, School 9 -- one of our largest elementary schools -- had more than 32 kids in a classroom, against our regulation, last year. And when the dust settles in October, we're probably looking at 36 or 37 kids per classroom, because this building is not complete.

School 3 and School 16 are stalled. Again, they were supposed to have begun next year -- we're not sure if they're going to -- with a 2014 construction period. And then if we say we're going to build two a year, you see that it takes us until the year 2026 to build all the schools that everyone who has looked at the plans agree we need now. And that's without the extraordinary influx of students who have come to this district because of the economic crisis both in their homelands -- because some of these are immigrants -- and in other communities where they have come from and consolidated. To put this another way: If you have a child who starts Kindergarten this year, they will graduate in the year 2022, and Paterson will still not have all of the schools that it needs.

Now, there's no question that we have to solve the economic problem, but I will go back and say economics is education, education is economics. And the benefit of moving this forward and giving the kids of Paterson and other communities in a similar position -- because we're not alone with this kind of timeline -- will make sense and contribute to our future.

The other thing that we want to talk with you about and make sure gets heard is this whole notion of mixed-use school construction. Paterson is one of the most densely populated cities not only in the State of New Jersey, but in the country. We're eight-and-a-half square miles with 160,000 people in it; 29,000 kids in our school system right now. We cannot build suburban-style schools. We need to work with developers who want to come into Paterson and build -- and there are some -- with a way for them to build schools for us in their projects. We currently can't get it done because there isn't enabling legislation. And we believe that it gives

Paterson the very best hope of having some of these projects done. Because we could have schools on the first floor -- retail or commercial on the first floor, we could have schools on the second and third floor, we could have housing -- which we also need desperately -- on a fourth and fifth floor; and we could have a project that generated income and supported that school, and we could have it a whole lot faster than 2026.

So I urge you to look hard at the alternatives that are available to us, and certainly please come to Paterson. I would dearly love to show you some of the options that we could do if we had your support.

Thank you.

SENATOR NORCROSS: Thank you for your testimony.

Senator, any questions?

SENATOR RICE: Just a quick one.

Marc, I know Assemblywoman Jasey and I -- and I'm sure the rest of the Committee who were on board at the time-- That's the International School -- very diverse population, big school. And when I went in there, I knew there was a problem when I started to shake the rails and stuff. I saw concrete that was cracking up. I knew right there we had a contractor problem. And that's why I thought it was nonunion. But it was a union job. You had a contractor problem. Unions just work for people. Do you know what I'm saying?

Is that one of the schools that's being reviewed under those-- We got \$6.5 million back from somebody. And I asked you if we were going to stop there. Is this under review for the potential violation, or breach of contract, or something to your knowledge? You may not know, because you have to read the record.

MR. LARKINS: Senator, I am familiar with that project, and we are having issues with the contractor on that project. There are issues with regard to the workmanship that we're trying to work through with the contractor. It's not one that we pursued litigation just yet. Some of the issues you identified -- I believe the concrete on the exterior, etc., etc. -- have actually been repaired. We visited that school, I think, a month or two ago.

The main issue with the TCO on that school has to do with the atrium. The atrium was reviewed and approved by DCA. Once constructed, DCA, during that time period, revisited the code and came out with a different interpretation of the fire systems. So they want us to go back and tear out some of the construction and fix that. The process to redesign that atrium has taken a period of time, first of all, in design, and then back and forth with DCA. So that is the issue with the TCO and the fire watch that I think was indicated. I think if we could resolve that, we'd be closer to a CO. Ultimately, I'm not sure that the other issues are what's holding up the CO, but there are problems up there.

SENATOR RICE: Well, would you keep us informed -- the whole Committee, not just the Facilities -- where we are with that, because we may revisit that after we get out of Camden with Assemblywoman Evans and them.

Once again, I've been up and down this state. So has Assemblywoman Jasey. She's like my riding partner. There are too many districts in place that we have to visit as Committee members; to look, and thinking that whatever we discuss here -- that's being worked on, because everybody is aware. If you don't know about something it's one thing. You

may win your negligence case. You're a lawyer. You didn't think I knew that, right? But it's what you know that gets you in trouble. It was brought to the attention-- And that's concerning me. We brought this to the attention of the previous Administration. I'm glad you're on top of it. That's why I said I'm impressed with your nine months of knowledge. But this we need to look at, and that's the problem.

You also need to give me an update on Phillipsburg, because there is no doubt in my mind Assemblywoman (*sic*) Beck or somebody -- I forgot who represents that area -- is going to be raising that issue to us if -- to find out where we're going up there.

So I just wanted to say, Mr. Chairman, that this we need to take a look at. If it's a contractor issue, hold them accountable. There isn't any use in me lying. Get the money back. Because the workers can only do what they're told to do. And the question is-- If need be, take a look at who has been inspecting that project -- in-house and out-of-house. Because if concrete is breaking up-- Somebody needs to be testing that concrete wall and stuff like that. You didn't think I knew that, right? (laughter)

So that's the kind of stuff that needs to be done. If not, somebody has to be held accountable for that as well.

MR. LARKINS: Mr. Chairman, if I could just have two minutes, I would just like to clarify the record.

SENATOR NORCROSS: Why don't we-- Can we wait for Irene to finish, and then we'll invite you back; or is it in regard to her testimony?

MR. LARKINS: It's with regard to the testimony.  
Just quickly--

SENATOR NORCROSS: Please, sit down.

MR. LARKINS: I just want to clarify the record with regard to the Hazel Street project.

One thing that Governor Christie and the Administration committed to doing upon entering office is completing projects where construction has started. Hazel Street was one of those. The hold is with regard to projects that had not actually broken ground and started construction. The issue with Hazel -- what we call Marshall Street -- is an issue with the vendors in that job. I actually requested the stop on that job because there was work being done on site that wasn't approved through the contractual process. So that is a separate issue. I believe Ms. Sterling appeared at our last Board meeting. I tried my best to explain that issue. While it is a problem, that is a problem separate and apart from the capital plan review. That is a project-specific issue with our contractors on that job.

Thank you, Chairman.

MS. STERLING: I believe that when I asked you questions at the September meeting, you indicated that, in fact, it was under review and that it might not go forward. You said that this project at Hazel Marshall would be in that review that was done by the workgroup on October 15, to be given to the Board's subcommittee that the SDA would then act on, then go to the Governor, and that we wouldn't see any action on Hazel Marshall until probably June 2011.

Now, if what you just told this Committee is the case, why would we wait until 2011 to move this project forward? It's not what you told me at the beginning of this month, sir.

MR. LARKINS: If you'd like me to respond, Chairman, I can.

SENATOR NORCROSS: I won't address the issue. We're going off on a tangent of this, which is obviously very important.

Why don't you address this, and then what we'll do, if we're not getting together, we'll call a meeting with the three of us together.

And, obviously, Chairman Rice, if you'd like to be in it and address those issues to your satisfaction--

MR. LARKINS: My response is, briefly: What you said is 100 percent accurate. If ultimately we decide, because of the problems on that job, that we cannot continue it in its present state, it will ultimately fall into the capital plan review. There's no question about that. We are gathering information. We are presently including it in that, but we have not decided whether to go ahead and continue because we can resolve the issues; or whether or not we can't. Because if we can't resolve the issues with those contractors, we'll have to rebid. And ultimately that will be a restart to the project.

So what you said was 100 percent accurate. I just wanted to clarify why it could ultimately end up back into the cap plan review.

MS. STERLING: Thank you.

SENATOR NORCROSS: Thank you.

And if you have any questions, we'd be happy to call that together.

Thank you for your testimony.

MS. STERLING: Thank you, Senator.

SENATOR NORCROSS: All information -- that's a good point. Melanie Schulz--

Is your information out there? (affirmative response) 135 West Hanover Street, P.O. Box 70 -- or is it 070--

MS. SCHULZ (Executive Director): It's 070.

SENATOR NORCROSS: --070 -- God bless the Post Office -- Trenton, New Jersey 08625-0070. So make sure all that information -- and she'll disseminate it to the Committee members.

It's 070, huh? Oh boy. I love my Post Office.

We have 20 minutes.

Dr. Jonathan Hodges, Paterson Board of Education, are you here?

MS. STERLING: No, he's not here.

SENATOR NORCROSS: He's not here.

Bob, are you going to give testimony today, or are you just attending?

UNIDENTIFIED SPEAKER FROM AUDIENCE: I'm just attending.

SENATOR NORCROSS: Okay. Then we are down to Dennis Brunn, Executive Director of the New Jersey Statewide Education Organizing Committee.

While we're waiting for Dennis to sit down, one issue that will be addressed -- and we talked about it-- You got your approvals from DCA. We now have something we've passed called Time of Decision. So once the plans are approved, they don't get to change it in the middle of the game. I have to tell you what that's worth right now. That's some of the commonsense things we're doing.

Thank you, Dennis.

**DENNIS BRUNN:** Thank you, members of the Joint Committee.

My name is Dennis Brunn. I direct a nonprofit organization called the Statewide Education Organizing Committee. We have parent committees in five of the largest districts and also in Asbury Park.

I won't read my whole statement because of the time. And really, many of the points I was going to make have been covered, where the constituency that I work with is both very, very upset, but also-- I think it has been -- expectations have been lowered over the last several years. So you don't see this room full of parents and residents from this area.

There is a history, that many of you know, of a lot of community involvement when the program began, when there was a chance for parents, and residents, and teachers to gather to positively influence the design. There were some wonderful programs. DCA had a program where you could actually get a grant. The community could work together with the architects. The school in Camden that hasn't been built yet -- the Washington School -- I was directly involved in that.

The program has been stalled. And you know much better than I all the reasons why, and I'm learning more of why.

So I just have a few things. One is, the second document aside from my testimony I distributed-- We worked together with a partnership with the Paterson Education Fund, the Ed Law Center, and the Abbott Leadership Institute -- called the Education Organizing Collaborative. Our main theme has been: How can we push and advocate for adequate resources to back up the students and teachers in our high schools so that the new higher education requirements -- graduation requirements -- won't be just another push-out, another ingredient in failure?

As a part of that, we did an informal survey of 17 high schools in four cities. And part of the survey was to meet with the principal and say, “Do you think your facility has the science labs, and equipment, and the other support -- the technology, the internet, and so forth -- that is adequate, so that now new numbers of students aren’t going to take just biology, they’re going to take chemistry, they’re going to take physics, etc., etc.?” And 13 out of the 17 of these were in our urban districts -- said, “No, we don’t really think we’re ready.” So that’s just another piece of the puzzle.

You heard very important case studies here in Gloucester and Camden High, so that’s not new to you. But I just want to say it is something we felt, on an informal survey, was very striking.

We are turning to you, as I know other citizens are, asking you in your oversight role to do a few things. One is -- and you’ve already begun to do this -- is basically ask the SDA and the Administration why the program has been allowed to come to a halt. Is there intent? Or put it the other way: Is there an awareness that, as you have said, Supreme Court mandates are still very clear? They haven’t gone away around school construction.

The second point has been raised by others: How can we sit by and let -- it turns out to be -- \$340 million or more in investment leading up to construction just go away in these projects? How can we call that cost-efficient and say back to the public we’re doing the right job?

Our third point is that we would hope that you would put some heat and energy around what my friend Irene Sterling mentioned, again, which is: What can be done to make joint private-public partnerships and

joint development and multi-use buildings possible? This has been-- This goes back several years. The Law Center, the Housing Development Network -- many have come forth with the ideas, but they have not been taken up. And perhaps your Committee could show some leadership there and get SDA working together with you on that.

The fourth point has been raised by others. Here we are in the worst recession since the Great Depression. How is it that we aren't using this as a job stimulus and training program? When this program started out -- and you may correct me -- there was significant set-aside in the whole school construction program for job training and placement focused in on the low income communities themselves. There was an extensive program in Newark, there was a smaller program in Camden. Why aren't we revving those programs up right now?

Finally, I would urge that-- It sounds like your planning another hearing on this -- a follow-up hearing -- that you do seriously consider a matching hearing in the northern area. And our organization and others will work to make sure there is a good turnout of people who are very, very concerned about this problem.

Thank you.

SENATOR NORCROSS: Thank you.

Is there--

ASSEMBLYWOMAN JASEY: Just a quick comment.

SENATOR RICE: I'm sorry, go ahead Assemblywoman.

ASSEMBLYWOMAN JASEY: I was just going to thank you for bringing up the issue of capacity, because it's increasingly frustrating to me that we pass standards, such as increasing the science lab requirement to

three years for graduation, when we know that we don't have qualified teachers and facilities that can support those requirements. So I appreciate you bringing it up. We are well-aware of that. And it certainly is something that I hope we can do something about.

And the other thing is, I'm really interested in pursuing this idea of legislation that would allow for building schools in nontraditional settings. I think that's something that we need to look at.

Thank you.

MR. BRUNN: Thank you.

SENATOR RICE: We've had the conversations about that before, so maybe what we will do is -- those of us on this Committee -- maybe we'll take a look at-- I'll work with the Senator, who comes from a construction background, and we'll talk to the State. And maybe we will have a meeting with some of the players or actors, if you will, and talk about what that should look like. And then maybe we'll do some legislation that would enable it to be done as options without mandates, etc.

I also want to say that we'll be looking to do some Committee-- Whether it's this Committee -- whether it's the Subcommittee or the Committee as a whole -- we'll be coming back to that end of the state, whether it's Englewood or Paterson, some place in that area. Because we're back on the move. We really just got back in session. We kind of were in session, but it was like summer session with everybody talking about everybody, nothing substantive. But we respect the fact that we have to get back into the substantive work now. This is a Committee that does move around. That's been our history, and we'll continue to do that. So we'll be back up there.

I don't have any other issues or questions for you. Thanks for coming.

MR. BRUNN: Thank you.

SENATOR NORCROSS: As you might remember, we had, I believe it's statewide, four demonstration projects which were design-build--

UNIDENTIFIED MEMBER OF COMMITTEE: Six.

SENATOR NORCROSS: Okay, six varying levels of success -- the fact they got built. But certainly right across the river it's design, build, and finance the whole thing. And I know there are some pension moneys out there -- that folks are very interested in doing that. So thinking outside the box is certainly something we're interested in.

And, Dennis, we appreciate that.

Is there anybody else wishing to give testimony? (no response)

Any comments from the board?

ASSEMBLYWOMAN JASEY: I just think this is a really good start to the year. I think there is a lot of work to be done. And I hope that the next time we talk about facilities, we can talk about projects that are underway or are being completed.

And I love the idea of recovering money from sites -- different sites and from vendors so that that money can be better spent in serving our kids.

So I appreciate everybody's attendance. I recognize it's been a long afternoon. But I thank the Chairman, Senator, of this Subcommittee. And I look forward to a lot more work.

SENATOR NORCROSS: For those of you who traveled long distances, I particularly appreciate it. And we will have geographic-- We

will be all over the state. (laughter) Diversity, in geographic terms, is something we believe in.

Mr. Larkins, we absolutely appreciate you hanging out with us this entire day. How many times have they -- the top guy comes in and, gee, he has to sneak away? You didn't do that, and I certainly appreciate it. Because we have a lot of things on our plate here.

And last, but not least, those who put this all together: Melanie, and certainly Sharon, we appreciate all your help.

Thank you, folks. We are adjourned.

**(MEETING CONCLUDED)**