Good afternoon Chairman Greenwald and members of the Assembly Budget Committee. It is a pleasure to be here with you this afternoon to discuss the Department of Education’s budget for fiscal year 2006.

The fiscal 2006 budget for the Department of Education totals $9.4 billion, an increase of $306 million, or 3.4 percent, over the fiscal 2005 adjusted appropriation of $9.1 billion. The increase includes $7 million to expand the testing program to grades 5, 6 and 7 as required by federal law; otherwise, our direct services budget is level.

In light of the size of this budget, I would like to highlight some of the efficiencies we have achieved.

- Distribution of two major accountability reports – the annual School Report Card and Comparative Spending Guide – almost exclusively via the Web site, saving printing costs while making the information more user-friendly and accessible to everyone;
- Fully producing the School Report Card in house with existing staff after phasing out a vendor that had added hundreds of thousands of dollars to the production costs;
- Moved the teacher licensing process online, enabling applicants to apply, pay the fees, and check the status of their applications online, which allows examiners to more efficiently help those who have problems;
- Made the applications for federal NCLB and special education funding an electronic process which streamlines the work of local districts and eliminates errors;
- Consolidated program and administrative functions, enabling the department to avoid backfilling the positions of retirees and reducing management staff; and
- Reduced staff, excluding Katzenbach and the Governor’s Literacy Program, since January 2002.

At this time, I would like to point out some of our major accomplishments during the past four years.

- We reorganized the Department of Education based on the following mission: “The New Jersey State Department of Education will provide leadership for a superior education by utilizing multiple and diverse paths to success for all children in New Jersey.”
- We have directed our efforts to carry out this mission in five major areas: teacher and administrator quality; raising student achievement; diverse and multiple paths for
student success; innovative and outstanding practices and programs; and public communication engagement and accountability.

- **To improve teacher quality**, we raised the grade point average needed for certification from 2.5 to 2.75. We also raised the passing scores on the Praxis tests that prospective teachers must pass to obtain certification. In addition, we met an important requirement in the federal *No Child Left Behind Act* by establishing a new endorsement and new tests for middle school teachers to ensure that they are highly qualified in every subject they teach. Another major accomplishment was the implementation of two sizable national grant awards from the Wallace Foundation to develop national standards for school leaders in conjunction with the State Action for Educational Leadership Project.

- **In raising student achievement**, our efforts to expand and improve teaching and learning for our youngest children continue to bring us closer to our goal of having all children read at or above grade level by the end of third grade. Since the 2002 Task Force on Early Literacy Education identified best practices and approaches in early literacy, the Department of Education has shared the best practices with an emphasis on literacy in the Abbott school districts. Our Abbott preschool enrollment is expected to top 43,000 this school year.

- The department offers assistance in early literacy to all 31 Abbott districts that contain more than 300 schools and more than 150,000 students. Literacy assessment teams are responding to the needs of the 12 Abbott districts that contain the 42 lowest performing schools by helping them adopt or adapt educational practices and strategies that work.

- Additional support for the early literacy initiative comes from our six-year Reading First grant that helps to improve language proficiency for students in grades K-3 from 62 schools in 22 school districts.

- Another successful initiative made possible by your support in the Legislature is the reading coach program. Created in 2002, the program involves training and assigning reading coaches to low-performing schools, where they help teachers find the most effective ways to reach at-risk readers. Since 2002, the Department of Education has partnered with school districts throughout New Jersey to employ 150 reading coaches who have serviced approximately 300 schools, 240 school districts, 4,400 teachers, and 110,000 students in kindergarten through grade 3.

- I am happy to say that we are reaching out beyond the early grades by asking two separate task forces to delve into the needs of middle school students, and to study ways to improve the quality of mathematics instruction at all grade levels.

- Our initiatives have expanded upward into high school, as well. New high school graduation requirements adopted by the State Board of Education are in effect for this year’s high school freshmen. The requirements help create **diverse and multiple paths for student achievement** by permitting greater flexibility in teaching and learning the skills and knowledge required for high school graduation. They represent a shift away from seat-time course requirements in favor of optional ways for students to
demonstrate proficiency in required subject matter. In conjunction with the new rules is a pilot project to encourage high school seniors who have finished all graduation requirements to participate in a variety of out-of-school options to finish out their high school requirements, such as internships, community service, and college or online courses.

- In addition, we are thinking "outside the box" of the traditional high school structure, along with the education community, at special events such as last September's three-day summit, "Re-inventing New Jersey's High Schools," and "Generation Next," a statewide conference that addresses cutting-edge issues affecting career preparation and workforce training.

- Another important role we serve at the state level is to identify and encourage innovative and outstanding practices and programs. We have accomplished this over the last several years by continuing the annual Best Practices/Star Schools program and by launching some new programs. For example, during the past two years, we have awarded grants totaling almost $1 million to help start 12 projects in the P-12 Higher Education/Public School Education partnership grant program, in which institutions of higher education have joined with New Jersey public school districts in developing important innovations.

- We have showcased model programs in our charter schools and have identified 13 local programs designed to serve the needs of students for whom English is a second language or who are learning world languages. Finally, we have played a role in the development of new schools through demonstration projects and Renaissance Schools that will be built with the intent of serving as the hub for the development or redevelopment of neighborhoods and entire communities.

- Our most recent highlight in public communication, engagement and accountability comes from development of the New Jersey Quality Single Accountability Continuum (NJQSAC), which, when approved by this Legislature, will become the Department of Education's new school evaluation system, designed to assess overall district effectiveness and performance as related to student achievement.

Finally, I'd like to bring you up to date on some critical issues for the 2005-2006 school year. They are: teacher certification, Abbott district oversight and funding, further implementation of the No Child Left Behind Act, and flat-funding of schools.

- Our new, automated system of processing requests for teacher certification is helping to fix an outdated, broken system that had been the source of frustration and delay. An intensive review of a backlog of more than 11,000 unreviewed applications received prior to December 6, 2004 was completed by April 11, 2005, reducing the review time of the backlog cases from 12 months to four months. More than 4,200 new applications received between December 7, 2004 and April 11, 2005 will be reviewed by June 15, 2005—reducing the review time of new applications received from approximately four months to two months.

- In addition, administrative procedures have been put in place to ensure that all mail received is opened promptly and that fees are deposited within 48 hours. Future growth
of applications should be reduced through the release of an online application, which contains questions to help the applicant know whether he or she is eligible before an application is filed, and through an updated Licensing Web site, which will include clear descriptions of requirements for the full range of teaching certifications. By creating new systems and approaches to application processes, we can ensure that we will not repeat the problem.

- In regard to **Abbott district oversight and funding**, Abbott school districts are required to meet the same cost-of-living targets as those set for non-Abbots in S-1701.

- Despite a difficult fiscal situation, the Acting Governor's budget recommends adding $49 million for the Abbott districts. An additional $10 million will cover increased enrollments and costs in the Abbott preschool program.

- Two months ago, Assistant Commissioner Gordon MacInnes stood here before the Senate Education Committee to report on gains made by students in the Abbott districts. He attributed these gains to the implementation of policies to ensure that our least affluent districts have access to first-class resources, including well-trained teachers, public preschool for three- and four-year-old students, and a level of funding that ensures that our economically disadvantaged school districts can spend, on average, at a rate higher than the average in our most affluent districts. In addition, the Department of Education announced in November 2004 revised regulations designed to oversee the Abbott districts in a more effective and efficient way.

- To meet new **requirements under NCLB**, the budget includes a $7 million increase that will pay for the development of state tests for students in grades 5, 6, and 7. *NCLB* requires all states to test all students in grades 3-8 inclusive, plus an additional test for high school students. The tests must be aligned with the state’s Core Curriculum Content Standards. We must complete this testing requirement this year or risk losing the administrative portion of federal funds we receive under Title I. If we don't complete the full array of testing as required, it effectively wipes out our ability to administer *NCLB*.

- The new budget, as proposed, will result again in the **same level of funding** to non-Abbott districts that was provided for the current year.

- That concludes my presentation. My staff and I look forward to working with the Legislature on our mutual concerns in this budget. I am now ready to answer your questions.