June 17, 2009

The Honorable Barbara Buono, Chair
Senate Budget and Appropriations Committee
State House Annex
PO Box 068
Trenton, New Jersey 08625-0068

Dear Senator Buono:

I am pleased to provide the following information in response to questions raised by members of your committee during the Department of Education hearing on April 29, 2009.

Senator Ruiz:

- What is the estimated cost of providing additional State aid to charter schools to ensure that total revenue per pupil in the 2009-2010 school year is no less than the amount of total revenue per pupil received by each charter school in the 2008-2009 school year?

Response:
For a per pupil hold harmless, we would need an additional $2,738,435 if 07-08 is the base, or an additional $9,343,927 if 08-09 is the base. These amounts would be in addition to the $2,826,014 that we are currently providing for revenue hold harmless with fiscal 07-08 as the base.

These numbers will change when we get the actual data in October 09 along with demographic data for incoming classes.
Senator Bucco:

Please provide detailed information regarding recent salary increases that have been given to department personnel other than any contractual salary increase. Specifically, please identify the number of personnel who received increases, the percent increase in salaries, and any additional job responsibilities that warranted the salary increase.

Response:

Since the beginning of this administration, there has been a 16% decrease in overall staffing at the Department. As a result, remaining staff have taken on more responsibility in order to carry out the Department’s mission and ensure the successful implementation of major initiatives.

Management Salary Program

January 2008-Present

The Governor implemented a Management Salary Program during Fiscal Year 2008. Prior to this program management had not received a merit-based increase in seven years. The purpose of the Management Salary Program was to not only provide merit-based increases, but also address compression issues throughout the Department. Below is a list of the number of current staff that received a Management Salary Program increase after January 2008:

<table>
<thead>
<tr>
<th>% Increase</th>
<th># of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>3%</td>
<td>11</td>
</tr>
<tr>
<td>6%</td>
<td>1</td>
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Internal Appointments

January 2008–Present

Internal appointments are especially important in a hiring freeze to ensure that the Department is still able to operate without a reduction in service to our constituents. Internal appointments also result in a significant cost-savings over backfilling positions.

Due to the decrease in staffing over the past several years, the hiring freeze, and the inability to backfill key positions, internal staff have been appointed to positions that will allow them to take on increased responsibilities and work. When staff take on additional duties such as supervising staff and overseeing units, they are given increases all of which are in-line with Civil Service Commission regulations and approvals.

There were 11 total appointments from January 2008 to the present. These appointments included statutorily mandated positions such as the Executive County Superintendents, whose salary is pre-established by statute, and Executive County Business Officials all of whom are responsible for carrying out CORE and QSAC. Other similar titles throughout the Department were also given a salary increase in order to be commensurate with their
responsibilities and keep pace with current market conditions. Based on our analysis, no staff member has received a salary increase since August 2008.

EXECUTIVE COUNTY BUSINESS ADMINISTRATORS
JANUARY 2008-PRESENT
With the passage of CORE, the expanded responsibilities of the Executive County School Business Administrators include the coordination of educational and fiscal planning, review and approval of districts' budgets and federal grant applications, review of district fiscal operations, promotion of shared district services, review of District Performance Reviews, and ensuring that all districts are trained appropriately to accomplish NJQSAC goals and objectives. DOE determined that the Executive County Business Administrators' salaries should be commensurate with these significantly expanded responsibilities. According to our analysis the average salary for this title in districts is $115,271. Because the Department was competing with this high salary, the Department had difficulty finding qualified candidates willing to take the position at a salary that was substantially lower. As a result, five staff who were appointed after January 2008 received an increase making the average salary of the Executive County Business Administrators $95,339.15. This average salary, while still below that of district business administrators, will at least allow the staff to keep pace with current market conditions.

All Executive County Business Administrators who received the below increases now make the same salary. The amount of increase is dependent upon the person's original salary.

<table>
<thead>
<tr>
<th>% Increase</th>
<th># of Staff</th>
</tr>
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<tbody>
<tr>
<td>14%</td>
<td>1</td>
</tr>
<tr>
<td>15%</td>
<td>3</td>
</tr>
<tr>
<td>18%</td>
<td>1</td>
</tr>
</tbody>
</table>

EXECUTIVE COUNTY SUPERINTENDENT
JANUARY 2008-PRESENT
Similar to the Executive County School Business Administrators, the Executive County Superintendents responsibilities have greatly expanded pursuant to CORE and QSAC. They are charged with overseeing consolidation efforts; providing educational leadership to local school districts; assisting districts in program development and improvement. They also coordinate, review and approve the fiscal, educational, facility, certification, special education and transportation services within the county and ensure districts comply with NJQSAC, CORE and other mandates. The salary for the Executive County Superintendents has been pre-established by statute. In addition to increased work, all the increases were made to ensure compliance with the statutorily mandated salary. All the below salary increase percentages were dependent upon the person's original salary.

<table>
<thead>
<tr>
<th>% Increase</th>
<th># of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>1</td>
</tr>
<tr>
<td>6%</td>
<td>4</td>
</tr>
</tbody>
</table>
OTHER TITLES
JANUARY 2008-PRESENT

In addition to the above staff, one former County Superintendent was promoted to Assistant Commissioner and the salary increase was in line with other Assistant Commissioners within the Department.

<table>
<thead>
<tr>
<th>% Increase</th>
<th># of Staff</th>
</tr>
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<tbody>
<tr>
<td>2%</td>
<td>1</td>
</tr>
</tbody>
</table>

Senator Turner:

- Please provide additional information regarding proposed staffing reductions in the Trenton School District. Specifically, how many staffing positions will be eliminated? Of the total number of positions that will be eliminated, how many are currently vacant? Additionally, what percent of the currently filled positions that will be eliminated are teaching, paraprofessional, administrative support, and administrative?

Response:

Trenton proposed the following staffing reductions. Staffing reductions include the elimination of 410 positions, none of which are vacant.

Of the 410, 119 or 29% of the positions eliminated are teaching positions. This represents 10.1% of the currently filled teaching positions in the district.

Of the 410, 51 or 12% of the positions eliminated are paraprofessional positions. This represents 25% of the currently filled paraprofessional positions in the district.

Of the 410, 25 or 6% of the positions eliminated are administrative support positions. This represents 22.7% of the currently filled administrative support positions in the district.

Of the 410, 2 or 0.5% of the positions eliminated are administrative positions. This represents 2.2% of the currently filled administrative positions in the district.
Senator Haines:

- Please submit information that the department has regarding the potential cost savings that might be achieved through the regionalization of school districts. Additionally, please provide any information the department has regarding how the dissolution of the Lower Camden County Regional School District impacted taxes and expenditures in the affected communities.

Response:
The department recently developed and disseminated a scope of work to higher education institutions throughout the state to solicit proposals for regionalization feasibility studies. The completion of these feasibility studies is the first step in determining the potential cost savings of regionalization. They will inform the Executive County Superintendents’ recommendations to the Commissioner on a school district consolidation plan to eliminate all districts (other than county-based and preschool or kindergarten through grade 12 districts in the county) through the enlargement of regional school districts in accordance with NJSA 18A:7-8(h).

Given the numerous possibilities for school district consolidation and shared service options, it is generally recognized that cost savings will result with the reduction or elimination of administrators, sharing of administrative services, merging of transportation and food services operations, cooperative purchasing of goods and services, e.g. textbooks, technology, health and property insurance.

Lower Camden County Regional

Below is a brief analysis of the costs and levies for the Lower Camden County Regional (LCCR) school district’s constituent municipalities both before and after the dissolution of LCCR (2001). The analysis considers aggregate expenditures, levies, and enrollments in three years: fiscal year 2001 (the last year of the Regional district), fiscal year 2002 (the first year of the dissolution), and fiscal year 2009 (the latest date for which data are available).

The data show that there was a slight decrease in both the total and per pupil expenditures in year 1, but these expenditures substantially increased over time. Although total expenditures show a decline in year 1, there was an increase in the aggregate levy the same year. In fiscal year 2009, the aggregate expenditures for the constituent districts are about 18% higher than in 2001 under the regional, and the levies are about 74% higher than in 2001. These increases occurred despite the fact that the aggregate enrollment declined by almost 2% since 2001.
The data are shown below.

<table>
<thead>
<tr>
<th></th>
<th>Last Year of LCCR</th>
<th>Year 1 Dissolution</th>
<th>Latest Year (FY09)</th>
<th>Increase FY01 – FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures</td>
<td>188,541,456</td>
<td>168,131,427</td>
<td>218,535,706</td>
<td>15.91%</td>
</tr>
<tr>
<td>Total Levies</td>
<td>48,715,965</td>
<td>56,634,931</td>
<td>83,617,499</td>
<td>71.64%</td>
</tr>
<tr>
<td>Total Enrollment</td>
<td>13,555</td>
<td>13,568</td>
<td>13,340</td>
<td>-1.59%</td>
</tr>
<tr>
<td>Total Expend Per Pupil</td>
<td>13,909</td>
<td>12,392</td>
<td>16,382</td>
<td>17.78%</td>
</tr>
<tr>
<td>Total Levy Per Pupil</td>
<td>3,594</td>
<td>4,174</td>
<td>6,268</td>
<td>74.41%</td>
</tr>
</tbody>
</table>

Several caveats are warranted. First, the CEIFA formula contained a provision for stabilizing aid to districts in order to mitigate annual increases or decreases. The impact on the aid to the constituent districts in the first year of dissolution is unclear. Second, CEIFA was flat-funded beginning in 2003, and through 2008. Finally, the SFRA was enacted in fiscal year 2009, changing the way aid was distributed to all districts.

**Senator Karrow:**

- Please provide any available information regarding the actions taken by the State monitor assigned to the Asbury Park School District to eliminate inefficiencies and reduce district expenditures.

**Response:**

With direction from the State Fiscal Monitor in Asbury Park and in collaboration with the Executive County Superintendent and executive school business administrator, Asbury Park has eliminated 62 positions in its 2009-10 budget, which equates to a reduction of $2,553,000 in salary expenditures. Out of this amount, $639,878 is due to the privatization of the district’s food service program. The positions eliminated include: 25 teaching positions; 1 secretary; 2 administrators; 1 security guard; 3 custodians; 6 parent liaisons; and 24 cafeteria workers. The district has also eliminated its evening school program due to declining enrollment, which will save the district $162,000.

**Other efficiencies that the district has implemented include:**

**Summer School:** The district will save $138,000 by administrating its own summer school this year instead of contracting out.

**Eliminating Rented Water Coolers** will save the district $6,000/year.

**Copiers:** The Business Office will be using a different copier company that will allow them to eliminate some copiers and upgrade the technology in order to save $15,000/year.
Retiring of district owned vehicles: The district is removing trucks from its inventory in order to save on insurance and maintenance costs.

District Property Insurance: The district will be receiving a reduction in its insurance premium for building content. The total reduction is not yet known.

On Line Requisitioning: For the 09-10 school year, the Business Office will be implementing a software program for on-line requisitions. This program will make the Business Office more efficient by making the process of ordering supplies faster and more accurate and will save the district money on paper and printing costs.

Centralized Mail: The district is in the process of eliminating all mail machines in the schools and placing a larger machine in the central office. The current mail carrier will assume the responsibility of processing the mail. This will save on lease costs for all the machines now in the district and will reduce the cost per letter because of the volume. It is estimated the district will save about $10,000/year.

Workers Compensation: The district has implemented a new worker compensation policy and developed new procedures for the administration of claims resulting in a reduction in the number of lost days due to work-related accidents.

- Please detail how the department has calculated high school graduation rates in the past, how the rate is currently calculated in the School Report Card, and how the figure will be calculated using the NJ SMART database for the graduating class of 2011.

Response:
DOE currently calculates high school graduation rates as reported in the School Report Card using a formula established by the National Council on Education Statistics. This formula divides the number of graduates in a given year by that number plus the reported dropouts for each of the prior four years starting from when that graduating class would have started 9th grade. This formula does not account for those students who transfer or leave the state.

The new NCLB/NGA formula will allow us to use NJSMART to calculate a graduation rate that begins when students enter the ninth grade and tracks them across four years as a cohort, accounting for transfers and dropouts. The Department will need four years of data in order to implement this formula and is on track to use it for the 2010-2011 graduating class.
Senator Sweeney:

- How many nonpublic school students will be affected by the proposed footnote language included on page D-108 of the budget that would limit nonpublic student transportation in all counties to 20 miles. In your response, please provide separate counts for nonpublic students who: 1) were transported to a nonpublic school more than 20 miles, but no more than 30 miles, pursuant to footnote language on page B-52 of the FY 2009 Appropriations Handbook, 2) the number of students who were transported to a nonpublic school outside the State pursuant to the provisions of N.J.S. 18A:39-1, and 3) the number of students who received transportation services or aid-in-lieu-of payments pursuant to the provisions of N.J.S. 18A:39-1.6.

Response:
Statewide there are 975 nonpublic students that live more than 20 miles from their school and receive aid or transportation that will be affected by the proposed footnote language.

1) Of the 975 students, 676 are transported to a nonpublic school between 20 and 30 miles away, pursuant to footnote language on page B-52 of the FY 2009 Appropriations Handbook.

2) There are 49 nonpublic students attending school outside the state receiving transportation. Additionally 144 receive aid-in-lieu for transportation. Out of these 193, students, nine of them are included in the 975 affected by the budget language change.

3) Of the 975 students, 299 are currently receiving transportation or aid-in-lieu under this statute. These are students who live more than 20 miles from their nonpublic school and in the same municipality, or two-municipality regional, as other students attending the same school residing 20 miles or less from that same school.

Senator Oroho:

- Please provide a brief analysis of the correlation between student performance and education spending across states. Specifically, please address the question of whether or not the difference in New Jersey’s student achievement, as measured by proficiency rates on the National Assessment of Education Progress, are consistent with the observed difference in average spending per pupil. If possible, please adjust the average spending per pupil figures using an appropriate education cost adjustment index to eliminate variations in education expenditures that are due to cost of living difference across states.
Response:
While National Assessment of Education Progress (NAEP) does select a few urban districts throughout the country to volunteer to be more widely assessed in order to compare the performance of students in these districts to that of public school students in the nation, the overall NAEP results and data are not provided to the Department on a district-by-district basis. Therefore, we cannot provide the analysis requested.

I hope that you and the members of the committee will find these responses useful during your continued deliberations. If you need additional information, please do not hesitate to contact me.

Sincerely,

[Signature]

Lucille E. Davy
Commissioner

LED/BS:buonolettermay21
c:  David J. Rosen, Legislative Budget and Finance Office
    R. David Rousseau, Treasury
    Charlene Holzbaur, Office of Management and Budget
    Patrick O’Connor, Treasury
    George LeBlanc, Senate Democratic Office
    Rosemary Pramuk, Senate Republican Office
    Allen T. Dupree, Office of Legislative Services