Discussion Points

1. Pursuant to the provisions of N.J.S.A.18A:39-1, school districts are required to provide transportation services to a public school student who lives remote from school, more than two miles for a student in grades kindergarten through eight, and more than 2.5 miles for high school students. A school district that provides such transportation to public school students is also required to provide transportation to nonpublic school students who live remote, but generally not more than 20 miles, from the nonpublic school that the students attend. If the school district is not able to provide the transportation services to nonpublic school students at a per pupil cost within the established limit - $1,000 in the 2017-2018 and 2018-2019 school years – then the district pays that amount to the parent as aid-in-lieu-of transportation. A district may elect to provide non-mandated transportation services, commonly known as courtesy busing, at its own expense.

P.L.2016, c.22 (C.18A:39-1d) established a three-year pilot program in the Lakewood School District. Under the pilot program, a consortium of nonpublic schools that enroll students who reside in Lakewood and receive mandated transportation services would assume the responsibility of providing transportation for these students. In turn, the school district would pay to the consortium an amount equal to the maximum per pupil cost for nonpublic student transportation for each of these students. If funds remain unspent after providing the mandated transportation, the consortium would have the option of providing courtesy busing to nonpublic school students who reside in Lakewood. Any funds that remain unspent at the end of the school year must be returned to the district.

The independent audit conducted on the second year of the pilot program, the 2017-2018 school year, found that the consortium, which is referred to as the Lakewood Student Transportation Authority operated at a deficit for the second straight year. The audit found that the consortium operated at a $1,021,388 deficit in the 2017-2018 school year for a cumulative deficit of $2,931,003 as of June 30, 2018. The audit indicates that the consortium provided courtesy busing in the 2017-2018 school year while operating at a deficit and continues to provide courtesy busing for the 2018-2019 school year. The audit also indicates that the department has determined that the consortium has no authority to charge a fee (“courtesy fees”) to students who receive courtesy busing.

Question: In light of the fact that the consortium is only authorized to provide courtesy busing services if there are funds that remain unspent after providing mandated transportation, why is the consortium continuing to provide courtesy busing that is prohibited under P.L.2016, c.22 (C.18A:39-1d)? How many students are provided courtesy busing by the consortium? What is the cost of providing the courtesy busing services as compared to the cost of providing the mandatory busing? What steps has the department taken to make the consortium provide transportation in accordance with the law?

The consortium, Lakewood school district, and Lakewood Township have expressed concern for the safety of all students traveling to school regardless of distance based on the total number of students transported, the number of schools in Lakewood, and hazardous traffic safety in the district as its reasoning for providing courtesy busing notwithstanding its obligations under the law. The consortium and the Mayor of Lakewood Township indicate that both are willing to find a solution to ensure both the safety of all pupils traveling to school in Lakewood and that the consortium lives within its means. Towards that end, the consortium has charged courtesy students a fee for
subscription busing and the Township has committed to providing ongoing funds to the consortium to support this safety program.

The consortium reports that it is transporting approximately 32,500 nonpublic students in Lakewood. Of the total 32,500 students, the district reports that it paid aid-in-lieu of transportation to the consortium for 21,125 students as nonpublic mandated to be bused. There are approximately 11,300 nonpublic students transported by the consortium as courtesy.

Since it is more economical to include both mandated and courtesy bused students on the same routes, the consortium combined the bids for mandated and courtesy nonpublic students. Because they are combined, it is not possible to determine the relative cost for each type of student.

As a result of the positive collaboration between the New Jersey Department of Education (Department), the consortium, the district, and the township, as set forth in the audit, the consortium has made improvement in its operations and compliance from the first year (FY2017) to the second year (FY2018). The consortium is in the process of developing a Corrective Action Plan (CAP) that will address all findings in the FY2018 audit, including compliance with the law, and the consortium board has already adopted new policies to address some of the findings. The Oversight Committee and the State Monitor will continue to work with the Lakewood Student Transportation Authority (LSTA) to ensure that the CAP is fully implemented by the consortium over the next year.

• **Question:** The audit indicates that the consortium received $730,108 from courtesy busing fees in the 2016-2017 school year and $1,238,942 from courtesy busing fees in the 2017-2018 school year. Given the department’s position that the consortium is not authorized to charge these fees, how will the consortium address its deficit moving forward?

The Department is committed to reevaluating its policies for the consortium following the close of FY2019 and the implementation of the consortium’s CAP. The continuation of the program may require the financial support of the nonpublic schools that form the consortium and the families benefitting from courtesy transportation. Regardless of the collection of subscription fees, the Township has committed to continue to financially support the consortium’s provision of courtesy busing to nonpublic students in the district.

• **Question:** What actions has the oversight committee taken to ensure the pilot program is operated in accordance with the statute that established the program? Did the oversight committee take any action to end the provision of unauthorized courtesy busing? If not, why?

The oversight committee has received regular updates of the financial condition of the consortium during FY2018, an improvement in compliance from FY2017. On December 11, 2018, the Auditor, LSTA Attorney, Oversight Committee, LSTA Board Members and LSTA
Discussion Points (Cont'd)

Director met to discuss this finding, and it is expected that the consortium’s corrective action plan will also address this compliance issue.

**Question:** What is the timetable for the submission of the commissioner’s report to the Governor and the Legislature on the first two years of the pilot program and the recommendation for its continuation?

The report is under review and will be provided to the Legislature as soon as practicable.

**Question:** The authorizing statute for the pilot program makes no provisions for what will happen with any deficit accumulated by the consortium at the end of the three year pilot program. How will the department address any accumulated deficit? Who will be responsible for any repayments?

Lakewood Township will support the consortium financially as long as it is fiscally prudent and reasonable to do so. Additionally, the township plans to institute infrastructure improvements to sidewalks, traffic control devices, and roads that will help support the transportation needs of Lakewood Township. The consortium will continue to explore combining routes and consolidating stops to lower the cost of transportation for all students served by the consortium. Ultimately, since the consortium was organized as an independent entity, neither the State nor the district is responsible for payments beyond what is required by the statute.

2. The Lakewood School District has received advanced State aid payments, pursuant to the “School District Fiscal Accountability Act,” P.L.2006, c.15 (C.18A:7A-54 et al.), that have totaled approximately $45 million since FY 2015. The advanced State aid payments are to be repaid by the school district through automatic reductions in the State aid provided to the district in subsequent years. The annual payments on these loans are estimated to be approximately $5.8 million, although they may be deferred at the discretion of the State Treasurer.

According to the State school aid notices for FY2020 released by the department, the Lakewood School District will receive an additional $15 million in transportation and special education categorical aid than would be anticipated under the provisions of P.L.2018, c.67 (C.18A:7F-67 et al.). Additionally, press reports indicate that the Lakewood School District is anticipating approximately $15 million in additional discretionary aid (“provisional stabilization aid”) that would help it avoid requesting an additional $16.9 million in advance State school aid payments.

**Question:** Please detail the structural deficits within the Lakewood School District budget that have led to the need for advanced State school aid payments for the past four years. What are the steps the department is taking to ensure the district is able to consistently balance its budget?

The recurring structural deficit in the district is a result of prior misuse of state and federal funds, prior provision of non-mandated courtesy busing for nonpublic students, and the cost of providing required services to a large nonpublic student population. The district
has attempted to raise the funds necessary to cover the deficit by submitting referendums for voter approval, all of which have been defeated. Through the appointment of a State monitor, the Department and district have collaborated to make significant reductions to the public school budget (including the removal of courtesy busing), but the increasing cost of the district’s obligations to public and nonpublic school students have outpaced any savings. The opening of a charter school, repayments for prior audit findings and state aid advances, and normal cost drivers like salary increments have further impacted the district’s fiscal condition. Over the past several years, the Department has provided increasing amounts of State aid advances to balance the district’s budget and meet student needs.

In the Governor’s proposed budget, Lakewood met certain requirements based on the large nonpublic student population in the community, which made the district eligible for additional funding. There are more than 32,000 nonpublic students in the district, as compared to approximately 6,000 public school students. Specifically, Lakewood is set to receive about $6.1 million in additional transportation aid and an additional $8.9 million in special education categorical aid. In both cases the additional funding supports the district’s responsibilities due to the large nonpublic student population in the community.

Lakewood is also eligible for an additional $15 million in a separate category, called “Provisional Stabilization Aid.” With the limitations of the 2% levy growth cap, the district is unable to increase its local levy to sufficiently cover its structural deficit without temporary assistance from the state and the fiscal oversight provided by the state monitor. Although these circumstances relate specifically to Lakewood, the Department is committed to assisting all districts to meet the needs of their students as they work to craft their budgets for the upcoming school year.

- Question: Does the department anticipate deferring the repayment of the advanced State school aid payments that would be due in FY 2019 or FY 2020? When does the department anticipate repayments to begin by the district?

The district is currently in repayment on all outstanding loan balances. Right now the district’s ability to raise revenue to repay state aid advances is limited by the 2% levy growth cap, and all options will be examined as the district assembles its budget.

- Question: How much of the increase in State aid will be allocated to eliminating the accumulated deficit of the Lakewood Student Transportation Authority?

None. The district will not provide additional funding to the LSTA beyond what is mandated and since the consortium was organized as an independent entity, neither the State nor the district is responsible for payments beyond what is required by the statute.

3. On December 31, 2018, the Appellate Division of the Superior Court ruled State Board of Education regulations requiring students to pass multiple “PARCC assessments” for high school graduation violated P.L.1979, c.241(C.18A:7C-1 et al.), which requires students to pass only one 11th
Discussion Points (cont’d)

grade assessment to graduate. The State filed a motion for partial reconsideration requesting the court to clarify that its judgment would not adversely impact students who had already satisfied graduation assessment requirements under the regulation.

On February 20, 2019 the court approved an agreement between the parties that would permit students graduating in 2019 and 2020 to meet the graduation assessment requirements through the pathways and standards delineated in the rules in effect on December 31, 2018. Beginning with students graduating in 2021, the State will be required to set graduation standards that meet the statutory requirements in P.L.1979, c.241 (C.18A:7C-1 et al.).

- Question: Please detail the timeline under which the department anticipates developing and selecting a new assessment and the steps it anticipates will be required to come into compliance with the court’s decision.

At this time, the New Jersey Department is working with the State Board of Education to develop new graduation assessment regulations to replace the regulations in N.J.A.C. 6A:8 that were determined by the court to be inconsistent with the applicable statute. In the spring or summer of 2019, these regulations will go before the State Board of Education as a Notice of Substantial Change (Notice) to the proposed amendments to N.J.A.C. 6A:8 that had been moved to Proposal Level by the State Board in October 2018. Pursuant to the Administrative Procedure Act (N.J.S.A. 52:14B-1 et seq.), after the Notice the regulations must again go through the proposal, 60-day comment period, and adoption process to become part of administrative code.

The amended graduation assessment regulations would apply to the classes of 2021 and beyond. The Department is in the process of developing or identifying a comprehensive assessment to comply with the law. The Department is committed to working with the State Board of Education to ensure all students have a clear understanding of their graduation assessment requirements moving forward and is working in collaboration with stakeholders to develop a comprehensive assessment system that maximizes student opportunities for growth and success.

4. In FY 2018, approximately $21 million was disbursed in Emergency Fund Aid, and in the current fiscal year approximately $6.8 million in Emergency Fund Aid has been approved for 13 school districts. The Governor’s proposed budget does not anticipate any additional Emergency Aid to be approved by the end of FY 2019, which will result in $15.2 million less Emergency Aid than was disbursed in FY 2018.

- Question: What are the factors that resulted in the decrease in Emergency Aid approvals in FY 2019? What criteria or data are evaluated in approving Emergency Aid requests submitted by school districts?

Emergency Aid was provided in FY2019 for districts experiencing fiscal distress as a direct result of the reduction in State aid. Districts were evaluated to determine whether the district had the capacity to meet budgetary obligations with the revenue sources available to them, including surpluses and other funds, based on a thorough analysis of districts’ applications, comprehensive annual financial reports, and 2018-2019 original budgets.
Discussion Points (Cont'd)

certified for taxes. Districts that did not have capacity to adequately adjust their budgets were provided with emergency aid to help them meet their obligations. The reasoning for each decision was detailed in a letter sent to district administration, and all districts were offered the assistance of the county office to implement plans to address changes to State aid in FY 2019 and in future years.

• Question: Since there are approximately 200 school districts that will lose State school aid under the Governor’s proposed FY 2020 budget due to the provisions of P.L. 2018, C.67 (C.18A:7F-67 et al.), is the department anticipating an increases in applications and approvals for Emergency Aid in FY 2020? How will the department determine what repayment terms, if any, will be required? Please specify what, if any, will be the unique considerations given to school districts who received a reduction in aid under the Governor’s proposed FY 2020 budget and who submit an application for Emergency Aid in FY 2020.

The March 7 state aid notices for FY 2020 reflect the changes made by the SFRA amendments passed in P.L. 2018, Chapter 67. Providing districts with state aid notices in this early state of budget development enables districts to make decisions about how to craft their budgets and determine whether additional local revenues are needed. Moreover, many districts anticipated their state funding level based on these changes to the SFRA.

All applications for emergency aid will be reviewed according to the individual circumstances that are specific to each district including repayment terms.

5. The State Auditor released its audit of the Camden City School District for the period of July 1, 2015 to February 28, 2018 on January 15, 2019. The audit found that the lack of continuity within and oversight of the district’s business office functions resulted in a lack of control and accountability of the district’s finances. The lack of stability in administrative positions inhibited the development of long-term goals and the ability to establish and enforce internal controls to ensure district resources were expended in an efficient and effective manner and assets were properly safeguarded. Camden City School District presented a Corrective Action Plan to the State Board of Education in December, 2018. This plan detailed the steps the district would take in addressing the issues raised by the audit. A major component of the plan was the hiring of two key staff positions: a Senior Director of Grants and a Senior Manager of Procurement and Payables. Also, the school district indicated that it was undertaking a review of its current enterprise resource planning software to better, and more accurately, provide data for audits and payroll reporting.

• Question: What is the current status of hiring for these two positions? What is the timeline for their hiring if that has not yet occurred? What will be the specific duties assigned to these positions that will ensure compliance with the audit’s recommendations?
Discussion Points (cont'd)

The District has filled both positions. The Department's understanding is that the Senior Director of Grants oversees all grant awards and is tasked with maximizing the utilization of all grant opportunities and monies. The Department's understanding is that the Senior Manager of Procurement and Payables oversees procurement and accounts payable for the district.

- **Question:** Please detail the current status of the review of enterprise resource planning software and the timeline for full implementation of any new software.

The Department's understanding is that the Acting State Superintendent determined that the existing resource planning software was unable to meet the district's needs. Camden has procured a new resource planning software that the district is in the process of integrating and will become fully operational beginning July 1, 2019.

- **Question:** Will the department require additional resources for its oversight activities to ensure that the Camden City School District will remedy current noncompliance issues and to monitor ongoing compliance?

The Department is committed to working with the Acting State Superintendent and her staff to rectify the issues of non-compliance identified in the audit. The Executive County Superintendent and her staff have provided additional support and training to the district and will continue to do so. The Department is prepared to provide any additional support or training the district requires.

6. The State Auditor released its audit findings on renaissance school projects for the period of July 1, 2015 to October 2, 2018 on January 29, 2019. Renaissance schools were created pursuant to the "Urban Hope Act," P.L.2011, c.176 (C.18A:36C-1 et al.), to allow a small number of school districts with high concentrations of at-risk students to, on a limited pilot program basis, partner with one or more nonprofit entities, on renaissance school projects, to create renaissance schools. The Camden City School District is the only district participating in the program.

The audit concluded that department oversight of the program was inadequate to identify noncompliance by renaissance schools with statutory and regulatory requirements. The audit found noncompliance by the renaissance schools with regard to criminal history background checks, employee certifications, student enrollment, and website posting of board meeting information. The department responded and presented a number of steps it would take to ensure that renaissance schools would remain in compliance with statutory and regulatory requirements. The department's response to the audit states that the commissioner will require each renaissance school project to submit a remedial plan to the department and Camden City School District to address specific areas of noncompliance.

- **Question:** When does the department anticipate receiving these remedial plans? How does the department anticipate ensuring ongoing compliance by the renaissance schools? What corrective action will be taken if the schools continue to be noncompliant?
Discussion Points (cont'd)

The Department has received remedial plans from all three renaissance school projects. As part of the remedial plans, the renaissance school projects provided specific action steps to both cure the deficiencies and ensure future compliance with applicable statutes and regulations. In addition to the receipt of remedial plans, Department staff will meet with each renaissance school project to discuss the implementation of and necessary modifications to the remedial plans and will follow up with site visits to each renaissance school facility; the remedial plan conferences and site visits are underway. Additionally, the Department is committed to the overall monitoring and oversight of the renaissance school projects outside of the remedial plan discussions. In the event that any renaissance school project fails to adequately remediate the deficiencies found in the audit or is found to be noncompliant with other applicable statutes or regulations, the Commissioner may exercise his authority under N.J.A.C. 6A:31-5.3(d) to close the renaissance school project.

- **Question:** What are the specific steps the department will take to remedy the issue noted in the audit that the Camden City School District’s universal enrollment system does not comply with the provision of the “Urban Hope Act,” regarding the automatic enrollment of students residing in the attendance area of the renaissance school project? What is the timeline to bring the system into compliance with relevant statutes and regulations?

   Camden’s universal enrollment system is operated by a third-party vendor as part of a contract with the Camden City School District. Participation in the enrollment system is voluntary and current participants include the Camden City School District, the renaissance school projects (Mastery Schools of Camden, Camden Prep, and KIPP: Cooper Norcross Academy), and some Camden charter schools. The responsibility to ensure that participation in the universal enrollment does not violate any applicable statutes or regulations rests primarily with the participants. The Department does not have the authority to require changes to the universal enrollment system. However, as part of the remedial plan discussions, the Department has notified the renaissance school projects that their participation in universal enrollment cannot erode their obligation to automatically enroll students in the attendance area per the Urban Hope Act. The Department will remain engaged in the oversight of the enrollment procedures of the renaissance school projects to ensure compliance with the remedial plans and the Urban Hope Act.

- **Question:** Will the department require additional resources for its oversight activities to ensure that the renaissance schools will remedy current noncompliance issues and to monitor ongoing compliance?

   The Department is committed to thoroughly monitoring and supporting the renaissance school projects.

7. The department’s website displays an organization chart as approved by the State Board of Education on September 12, 2018, with personnel specifics as of March 6, 2019. In
Discussion Points (Cont’d)

addition to the Commissioner and the Office of the State Board of Education, the chart contains 55 discrete organizational units. The chief of staff, two deputy chiefs of staff and one special assistant to the commissioner comprise five of the units. The chart also reflects four assistant commissioners and six deputy assistant commissioners. Forty-one of the units are denoted as an office, for example, Office of School Ethics and Compliance, Office of Innovation. Sixteen of these offices are reported to be “Vacant”, while the others show an incumbent head of the office. Payroll information indicates that the paid full-time employee count for the department for Pay period 5 of 2019, ending March 1, 2019 was 637. Budget evaluation data indicate that the department’s FY 2020 budget will support a total FTE of 670, providing sufficient resources to allow vacancies to be filled.

• Question: What were the goals of the September 2018 reorganization of the department? Compared to the previous organization chart approved by the State Board, what was the number of deputy chiefs of staff, assistant commissioners and deputy assistant commissioners, respectively? Which of the offices displayed in the organization chart were added in the reorganization? Please also specify any offices or other units that were dissolved in the reorganization. For each office that was present before the reorganization and marked “Vacant” as of March 6, 2019, please indicate whether the vacancy commenced during the present commissioner’s tenure, and identify which vacancy resulted from involuntary separation, retirement, voluntary separation, transfer/reassignment or other reason. Which of the listed vacancies are now filled?

Upon arriving at the Department, the Commissioner was tasked with cross-walking the Governor’s agenda and Department responsibilities. Part of this effort included making necessary adjustments to the Department’s organizational chart. In March 2018, the Commissioner implemented the Assess, Create, and Execute (ACE) process, an iterative and inclusive process of evaluation, strategic planning, implementation, and reflection that systematically delineated the role and import of each office in advancing the Administration’s education initiatives. To that end, it was necessary to change the organizational structure of the Department to become a model organization that strengthens teaching, leading, and learning in order to increase educational equity for all students. The Department’s current organizational structure leverages opportunities identified by ACE for greater alignment and collaboration between program staff of diverse perspectives. The Department’s reorganization included the addition and rearrangement of more than 15 offices, as well as the hiring of 109 new employees. Additionally, the Department took this opportunity to reorganize in a way that reflects the gender and racial diversity of New Jersey students.
Discussion Points (Cont'd)

Please find additional data below:

<table>
<thead>
<tr>
<th>Count of Select Titles in Select NJDOE Organization Charts*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
</tr>
<tr>
<td>Deputy Chief of Staff</td>
</tr>
<tr>
<td>Assistant Commissioner</td>
</tr>
<tr>
<td>Deputy Assistant Commissioner</td>
</tr>
</tbody>
</table>

*As requested, this table compares select title counts between the September 2018 organization chart referenced in the prompt and the immediately preceding June 2018 chart. Note that the June 2018 chart does reflect implementation of substantive provisions of the Department's 2018 reorganization. For informational purposes, we have also provided those title counts included in the 09/13/2017 chart.

Additions and Dissolutions During Reorganization:

The Department's 2018 reorganization went into effect 07/02/18 as reflected in the organization charts approved by the State Board 06/06/2018 and 09/12/2018.

The following lists were derived by comparing the 9/12/2018 organization chart (personnel update 3/6/2019) with the 9/13/2017 chart.

Additions:
1. Special Assistant to the Commissioner
2. Executive Legal Affairs Officer
3. Deputy Chief of Staff, Administrative Services
4. Deputy Assistant Commissioner, Field Services
5. Deputy Assistant Commissioner, Finance
6. Deputy Assistant Commissioner, Academics
7. Office of Constituent Relations
9. Office of Civic & Social Engagement
10. Office of STEM
11. Office of Fiscal and Data Services
12. Office of Strategic Operations

Dissolutions:
1. Chief Administrative Officer
2. Deputy Commissioner
3. Chief Talent Officer
4. Chief Performance Officer
5. Chief Strategic Alignment Officer
6. Chief Innovation Officer
7. Acting Deputy Chief Academic Officer
8. Office of Project Management
9. Regionalization Consolidation and Shared Services
10. Office of TEACHNJ Arbitration

Renaming/Reorganization:
Discussion Points (cont’d)

1. Division of Legal & External Affairs and the Deputy Chief Legal Officer position were absorbed by the Division of Executive Services. Currently, the functions performed by that division and position are overseen by the Executive Legal Affairs Officer and the Special Assistant to the Commissioner.


3. Office of Academics was renamed the Office of Standards.

4. Director of Government Affairs and Office of Legislative & External Affairs were combined into the Office of Legislative Affairs/Policy Development.

5. Division of Early Childhood Education & Family Engagement separated its work stream into three distinct offices: Office of Preschool Education, Office of Interagency Early Childhood Programs, and Office of K3 Education

Select Vacancies as of 03/06/2019
The following organizational units were present on the 9/13/2017 chart and are marked vacant on the 9/12/2018 chart (personnel update 3/6/2019).

<table>
<thead>
<tr>
<th>Organizational Unit</th>
<th>Vacancy Commencement Date Relative to Commissioner Repollet’s Tenure</th>
<th>Reason for Vacancy</th>
<th>Status as of 04/01/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Legislative Affairs / Policy Development</td>
<td>Before</td>
<td>Reassignment</td>
<td>Vacant</td>
</tr>
<tr>
<td>Office of Innovation</td>
<td>Before</td>
<td>Reassignment</td>
<td>Filled</td>
</tr>
<tr>
<td>Office of Charter &amp; Renaissance Schools</td>
<td>After</td>
<td>Reassignment</td>
<td>Vacant</td>
</tr>
<tr>
<td>Office of State Monitors</td>
<td>After</td>
<td>Reassignment</td>
<td>Vacant</td>
</tr>
<tr>
<td>Office of Grants Management</td>
<td>After</td>
<td>Retirement</td>
<td>Vacant</td>
</tr>
<tr>
<td>Office of Information Technology</td>
<td>After</td>
<td>Resignation</td>
<td>Offer of employment made and accepted. Anticipated start date May 2019</td>
</tr>
<tr>
<td>Office of Special Education</td>
<td>After</td>
<td>Retirement</td>
<td>Offer of employment made and accepted. Anticipated start date May 2019</td>
</tr>
<tr>
<td>Office of Supplemental Educational Services</td>
<td>After</td>
<td>Reassignment</td>
<td>Vacant</td>
</tr>
<tr>
<td>Office of Fiscal Accountability &amp; Compliance</td>
<td>After</td>
<td>Termination</td>
<td>Filled</td>
</tr>
<tr>
<td>Office of School Finance</td>
<td>After</td>
<td>Retirement</td>
<td>Job Posting 3/6/19</td>
</tr>
</tbody>
</table>

Please find the various organization charts referenced in this response – 09/13/17; 06/06/2018; and 09/12/2018 (personnel update 03/06/2019) – attached as Appendix A.
Discussion Points (cont’d)

8. P.L.2019, c.32 established several multiyear schedules for gradually raising the State minimum wage from currently $8.85 per hour to not less than $15.00 per hour. The increase may affect department staff, third parties that provide services to or on behalf of the department, and programs with means-tested eligibility criteria.

In FY 2020, the general State minimum wage will rise as follows: 1) on July 1, 2019 to $10.00 per hour; and 2) on January 1, 2020, to not less than $11.00 per hour. The general minimum wage schedule will increase to at least $12 per hour on January 1, 2021; $13 per hour on January 1, 2022; $14 per hour on January 1, 2023; and $15 per hour on January 1, 2024.

• **Question:** Please quantify the fiscal impact to the department in FY 2020 of the increases in the minimum wage of department employees from $8.85 to $10 per hour on July 1, 2019 and from $10 to $11 per hour on January 1, 2020, and the number of employees who will be impacted by each increase. Relative to current compensation levels, please provide the same information assuming an hourly minimum wage of $12, $13, $14, and $15.

Currently, there are no employees at the Department whose salaries will be impacted by the minimum wage increase schedule outlined in P.L.2019, c.32.

• **Question:** Please quantify the fiscal impact to the department in FY 2020 of the increases in the minimum wage of employees of third parties that provide services either to the department, including temporary employment services, or on behalf of the department according to contractual agreements. Relative to current compensation levels, please provide the same information assuming an hourly minimum wage of $12, $13, $14, and $15.

Through a contracted vendor, 22nd Century Staffing Inc., the Department utilizes temporary employees to work on various short-term projects in accordance with the terms of the state contract. Due to the nature of these short-term assignments, the Department is unable to determine the fiscal impact at this time. It is anticipated that the minimum wage increase will have a minimal impact on the Department of Education.

• **Question:** Please quantify the fiscal impact to the department in FY 2020 of the increases in the minimum wage of enrollees in programs run by the department that have means-tested eligibility criteria. Relative to current compensation levels, please provide the same information assuming an hourly minimum wage of $12, $13, $14, and $15. Please list the programs with income-based eligibility criteria that will be affected by P.L.2019, c.32 and for each such program specify the law’s projected effects on enrollment, the benefits provided to enrollees, and the projected cost savings to the department.

There are no means-tested eligibility programs at the NJDOE.

9. On November 6, 2018, voters approved a public question that authorized the issuance of $500 million in general obligation bonds in accordance with the provisions of the “Securing Our Children’s Future Bond Act,” P.L.2018, c.119, approved by the Governor on August 27, 2018. Under
Discussion Points (Cont’d)

that act, the proceeds of the bonds are to be allocated as capital project grants as follows: $350 million for county vocational school district career and technical education grants and for kindergarten through grade 12 school security project grants; $50 million for county college career and technical education grants; and $100 million for school district water infrastructure improvement grants.

Procedures for the review and approval of, and eligibility criteria for, capital project grants are to be established by: the commissioner, in consultation with the Commissioner of Labor and Workforce Development, in the case of county vocational school district career and technical education grants; by the commissioner, in consultation with the New Jersey Schools Development Authority, in the case of school security project grants; and by the commissioner, in consultation with the Commissioner of Environmental Protection, in the case of school district water infrastructure improvement grants.

The Governor also approved “Alyssa’s Law”, P.L. 2019, c.33, effective in the Fall of 2019, which requires public elementary and secondary school buildings to be equipped with a panic alarm or an alternative emergency mechanism. Bond funds for school security project grants are the source for the full cost of panic alarms or alternative mechanisms, including reimbursement for devices installed prior to Alyssa’s Law taking effect. The New Jersey Schools Development Authority (SDA) is to adopt rules and regulations to implement Alyssa’s Law.

- Question: Please provide details on the timetable for the issuance of information by the commissioner on the application process and selection criteria for the capital project grants authorized under the bond act. Will details on the evaluation process for selecting the projects to be awarded grants, including the specific evaluation criteria, and the scoring based on those criteria for each project for which funding is sought, be made publicly available? If not, will this information be made available to the Legislature at the time that the list of approved projects is submitted for its approval?

The timeline for release of application materials and selection criteria has not yet been finalized, meanwhile comprehensive applications, instructions, and detailed criteria for awarding these grants are being developed. When complete, these documents will be released to school districts and be made available publicly. It is anticipated that additional information will be released soon.

- Question: Has a decision been made as to the portion of $350 million that will be allocated to county vocational school district education grants and school security project grants, respectively? If not, will that decision be made prior to accepting applications for funding or will it be based on receipt and evaluation of applications after they are received?

The final amount of the bond proceeds available for each of the county vocational school district education grants and school security project grants has not yet been determined. Districts will be notified of the funding available for these projects at the time application materials are released.
Discussion Points (cont’d)

- **Question:** Will school security capital project grants be made available to nonpublic schools? How will the department ensure that adequate funding is reserved to implement Alyssa’s Law while advancing other school security project grants? Will the department involve the Schools Development Authority in the administration of school security projects grants?

The provisions of the “Securing Our Children’s Future Bond Act,” P.L.2018, c.119 detail the types of public school districts that are eligible for grant funding and does not include nonpublic schools. However, with the passage of P.L.2018, c.168, state funding for nonpublic school security was doubled from $75 per pupil to $150 per pupil. The Governor’s proposed FY2020 budget continues this expanded funding to provide $150 per nonpublic student which can be used for security improvements in nonpublic schools, including systems that align with Alyssa’s Law. The Department has been working in close collaboration with the Schools Development Authority (SDA) on the implementation of Alyssa’s Law which is to be funded through the bond proceeds of the Securing Our Children’s Future Bond Act. Through this collaboration, the Department and the SDA will assess the needs of school districts and use information gathered from other states that have implemented similar laws to ensure sufficient funding for these projects.

- **Question:** Does the department expect that the issue of elevated levels of lead in school district drinking water will be a significant focus in the award of water infrastructure improvement capital project grants? Has the department confirmed an agreement with SDA to coordinate school district water infrastructure improvement grants with facility projects under SDA management?

Addressing elevated levels of lead in school districts will be the primary focus of the water infrastructure improvement capital project grants. The Department has adopted regulations that require testing of drinking water in public school facilities and has recently concluded statewide testing in all school districts. The Department has worked closely with the Department of Environmental Protection (DEP) on this testing program and this collaboration continues in the development of applications and other relevant materials for the water infrastructure grants. Throughout the implementation of the water infrastructure improvement grants there will be joint coordination with the Department and the DEP. The Department will continue to partner with the SDA on water infrastructure projects.

10. The Legislature has increased its focus on the matter of the diversity of the State’s teacher workforce, and how the percentage of minority public school teachers can be increased. During recent legislative committee hearings on the subject (February 2019), the department’s Assistant Commissioner of Academics and Performance stated that the State has set a goal that novice teachers – teachers with four of fewer years of teaching – reflect the diversity of public school students by 2025. It has been reported that proportions of nonwhite students, teachers and novice teachers are 56%, 16% and 22%, respectively.

The department awarded FY 2019 “Diversifying the Teaching Pipeline” grants of $375,000 each to Rutgers University and Montclair University to advance its initiative. The FY 2020 budget recommends that the same total, $750,000, be appropriated (the budget appropriation is “High Poverty School District Minority Teacher Recruitment Program”, budget page D-103).
Discussion Points (cont'd)

- **Question:** Will FY 2020 funding for the High Poverty School District Minority Teacher Recruitment Program also be allocated to Rutgers and Montclair, or will new grantees be selected? What other initiatives and programs are underway or planned in pursuit of the goal for novice teacher diversity? What State funding other than the High Poverty School District Minority Teacher Recruitment Program appropriation is provided? Will an increase in State funding above the current level be required in future fiscal years in order to attain the stated goal?

**FY2019 Program**
The FY2019 High Poverty School District Minority Teacher Recruitment Program is supporting projects at Rutgers University (Rutgers) and Montclair State University (Montclair) with a project period of December 1, 2018-June 30, 2020. Neither Rutgers nor Montclair are guaranteed additional program funding subsequent to that project period. Pending approval in the FY2020 Appropriations Act, the Department will administer the High Poverty School District Minority Teacher Recruitment Program in accordance with any applicable language provisions.

**Other Initiatives**
To expand novice teacher diversity, the Department continues to research best practices including: "Grown Your Own" teacher academies, paid residencies for teacher candidates of color, and marketing information geared towards recruiting teachers of color. The Department is also engaging stakeholders to identify effective practices and determine ways to best support and scale these efforts. The Department plans to allocate federal funding towards scaling opportunities that may include working with an entity that has proven effective in increasing teacher diversity and supporting their partnerships with multiple school districts. The Department is also working on positive messaging campaigns to recruit more teachers of color to the profession. Additionally, the Department continues to explore ways in which other organizations, both in New Jersey and nationally, are building robust and diverse pools of teacher candidates.

11. The FY 2020 **Budget in Brief** indicates that the department is to implement a Special Education Independent Hearing Officer Pilot Program, so that special education due process hearings are conducted within 45 days in compliance with federal requirements. There is no State funding in the FY 2020 budget explicitly identified with this pilot program.

- **Question:** When does the department expect the pilot program to commence? How long will the pilot program be in effect? How many due process hearings conducted in the past 18 months were not concluded within 45 days? What percentage of total hearings did that number comprise? How will the department identify and secure the services of qualified independent hearing officers? What is the estimated cost of the pilot program in FY 2020 and, if applicable FY 2021? What is the source of funding for the program?

**Program Overview:**
The Department expects the pilot program to be in effect from Fall 2019 through June 30, 2020, financed by an anticipated $200,000 set-aside in State-level activities funds authorized by the federal Individuals with Disabilities Education Act (IDEA) and its
implementing regulations. The allocation of IDEA State-level activities funds, in and of itself, will not have any impact on the amount of IDEA funds awarded to school districts for use on programs and services delivered to students with disabilities. To identify and secure the services of qualified Independent Hearing Officers (IHOs), the Department will issue a Request for Qualifications (RFQ) seeking qualified individuals with experience in special education, law, and/or conflict resolution. Following issuance of the RFQ, the Department will contract with selected individuals in accordance with State procurement laws.

Due Process Hearings: 18-Month Lookback
During the last 18 months per data requested from the Office of Administrative Law (OAL) (9/1/2017 – 3/31/2019), 720 of 1389 special education due process hearings (52%) were not resolved within 45 calendar days.

New Jersey Schools Development Authority

12. The New Jersey Schools Development Authority (SDA) was established on August 6, 2007 to replace the New Jersey Schools Construction Corporation (SCC) pursuant to reform legislation (P.L.2007, c.137). Following enactment of that law, the SCC was dissolved and all its functions, powers, duties and employees were transferred to the SDA. The SDA’s mission is to undertake school facilities projects pursuant to the “Educational Facilities Construction and Financing Act”, P.L.2000, c.72 (EFCFA). The EFCFA, as amended by P.L.2008, c.39, provides an aggregate $12.5 billion principal amount of bond proceeds, to be issued by the New Jersey Economic Development Authority, the financing agent for the school construction program, and transferred to the SDA. Of this amount, $8.9 billion is allocated to the 31 urban school districts referred to as the “SDA Districts” (former Abbott Districts), $3.45 billion is allocated for non-SDA districts (“Regular Operating Districts”) and $150 million is reserved for vocational schools districts. According to the SDA’s latest annual financial statement, through December 31, 2017 the SDA has received $10.4 billion of the total $12.66 billion in authorized program funding, the sources of which are proceeds of past and future bond issuances, plus investment income and miscellaneous revenue earned through December 31, 2017.

SDA operating costs, e.g., salaries, office expenses, professional services, are funded by the income sources noted above; no operating support is provided from State appropriations. Operating costs are considered to be partly project costs and partly administrative and general costs, but ultimately all are funded from proceeds of bonds, interest or other miscellaneous income. In short, its operating costs reduce the amount that is available to finance school facilities projects.

The 2019 operating budget adopted by the SDA Board of Directors on January 2, 2019 increases operating expenses, net of salaries and benefits considered facilities project costs, by $2.65 million (16%) above the reforecast 2018 budget. The memorandum to the board in justification of the proposed budget from the CEO and CFO advises the board that in 2019 capital spending will be accounted for on a separate schedule, and board approval will be sought for a total budgeted amount across multiple years where applicable. The memorandum also states that in the final quarter of 2018 operations were restructured to increase interdepartmental
efficiencies, and to place greater emphasis on teamwork, communications and legislative and community outreach, in order to marshal support for the next round of funding for capital projects. The budget provides for total 2019 salaries and fringe benefits of $29.2 million, $3 million (11%) above the reforecast 2018 total, and increases the amount not charged to projects by $2.37 million (21%) above the reforecast 2018 total. The 2019 budget funds 257 FTE, the same as the original 2018 budget but an increase of 34 (15%) above the reforecast 2018 level. Compared to the reforecast 2018 budget, the 2019 budget reduces information systems funding by $197,400 (13%), while increasing funding for professional and other contracted services (+$136,550, +30%), automobiles (+$105,000, +167%), and communications and outreach, which is budgeted at $100,000, up from $1,800 in 2018.

The CEO/CFO memorandum to the board attributes salary cost increases to filling and retitling positions, some at higher salaries than previously, in the context of an agency reorganization; promotional increases; and equity adjustments for existing staff. Information systems expenses, while declining from the reforecast level, increase above the original budget level due to higher internet provider costs, higher hardware and maintenance costs, and technology projects. No discussion is included as to why information systems costs in 2018 were reforecast upward by $367,000 (32%). The budgeted increase for Communication and Outreach is due to “a more robust and necessary proactive approach to sharing information and educating the relevant community about the important work of the NJSDA.” The memorandum also notes an expansion of Newark office space to accommodate 30 staff.

Question: What number of school facilities projects will be under active management in 2019? How does this compare to 2017 and 2018, respectively? What is the projected amount of project expenditures for 2019, and how does that compare to 2017 and 2018, respectively? What aspect of the reorganization focuses on maximizing efficiency in completing these and future projects approved for SDA financing?

Question: Please provide an organizational chart for the SDA as it existed in 2017, including the number of filled and funded positions per SDA unit and an allocation of the filled and funded positions by title and salary. Please provide the same information for 2018 and 2019. For 2018 and 2019, how many employees left the SDA? How many of the employees who left the SDA in 2018 and 2019 retired, voluntarily resigned to pursue other employment opportunities, and were laid off or fired due to performance reasons and the organizational restructuring? For 2018 and 2019, how many employees were newly hired by the SDA? Please provide a list of the newly hired employees by title and salary. Please identify the specific positions that were retitled; received promotional increases; and received equity adjustments, and explain the reason for each action.

Question: Why was the information system budget adjusted upward by nearly one-third in 2018? Why should the SDA increase its focus and spending on communications and outreach efforts if virtually all of its project funding is already allocated to specific projects, indicating “relevant community” support for those projects? Is the initiative to marshal support for the next round of funding for capital projects and take a proactive approach to sharing information and educating the relevant community about the important work of the NJSDA weighted toward self-promotion and bureaucratic perpetuation? Did the CEO and the board have a clear signal from the Governor’s Office
that the Governor intends to pursue new State funding for local school facilities projects and maintain the SDA's current role in school facilities project construction?
Appendix A