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ASSEMBLY BUDGET COMMITTEE TESTIMONY

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Commissioner William L. Librera

Good Afternoon Chairman Greenwald, and members of the committee. It is a pleasure to be here with you this afternoon to discuss the Department of Education's budget for fiscal year 2003.

State aid for local school districts is the single largest item in the state budget. In recognition of the very high priority given to education by Governor McGreevey, in the FY 2003 budget, we are including \$6.6 billion in direct aid to the state's schools. State aid for local school districts represents one-third of the state's budget, but in finding solutions to the \$5.3 billion deficit, the Governor refused to cut a single cent to the districts, holding the line on our children's education. As he has stated many times before, education is the cornerstone of this Administration, and this budget is a clear reflection of that commitment.

In addition, this budget also provides nearly \$1 billion to all the districts in the state for teacher's retirement benefits and the employer's share of Social Security payments. While under the current fiscal crisis, we were unable to increase direct school aid, this amount represents an increase in local aid of \$71.9 million above FY 2002 and shields local property taxpayers from shouldering these costs.

The Governor's spending plan also provides \$100 million for school construction and renovation costs associated with the Educational Facilities Construction and Financing Act. This includes state debt service and increased aid for recently issued local debt for school construction.

Court-mandated funding under the Abbott v. Burke parity remedy is \$512.7 million. In looking at overall funding for the Abbott districts, total state aid for FY 2003, including the court-ordered aid, is \$3.39 billion, which is 53.6% of all public school aid provided by the state.

The combination of the budget items I have mentioned represents a responsible and effective aid budget which we believe will enable our schools to continue to provide excellent services while we weather this financial crisis together.

Governor McGreevey has made education the cornerstone of his administration. This budget reflects that commitment by providing the funding necessary to ensure that the children of this state are receiving an education that prepares them for a successful future. By leveraging

existing resources to develop innovative solutions, this budget will enable schools to live within their means. But one of our greatest tasks will be to ensure greater accountability for our educational system at all levels.

This Administration is committed to ensuring that every dollar of this budget is being spent ethically and effectively. To meet that goal, we have created Fiscal Improvement Teams to be sent into districts with documented evidence of financial inefficiencies. These teams will spend 30 days evaluating and analyzing fiscal practices in the districts, and at the end of that time will issue a formal report and a timetable for making the mandated improvements.

To ensure the Department of Education is functioning most effectively, we will be completely reorganized to be of more assistance to local districts and to better balance our role of oversight with our role of providing support to the districts. By making the department a more valuable resource, we can help local districts stretch dollars in this difficult year. Our focus will be on teaching and learning and on providing the technical assistance to districts to help them improve both parts of the education process.

One major change in the organizational structure will be to decentralize many of the support functions of the department into three regional offices to enable us to deliver services all over the state. Put simply, we will bring "Trenton" to the school districts where we can be more helpful. By bringing the Trenton decision-makers closer to the districts, we will enable our county superintendents to provide direct answers to their districts' questions.

Another major benefit of reorganization will be the aggregation of all functions that are part of Whole School Reform in the Abbott districts into one division under Assistant Commissioner Gordon MacInnes. To make progress with the 30 Abbott districts, we must be better at coordinating this complex mandate. Gordon's division will integrate preschool programs, all aspects of whole school reform, and facilities for the Abbott districts.

One measure we have already taken to assess where we stand in all of these areas, is to petition the New Jersey Supreme Court for a one-year "time-out" on implementation of Whole School Reform programs and a waiver to hold state aid the same as last year in the Abbott districts as we must do in all of the other districts. This year will provide us with an opportunity to study existing Abbott regulations and programs to determine what is working and what changes need to be made. In a new and historic show of cooperation, we are working closely with the Education Law Center and the Abbott districts on all these initiatives, with the shared goal of providing an excellent education to the children in these 30 districts.

The complex integration that we must have in implementing Whole School Reform will be provided by the Abbott Implementation and Compliance Coordinating Council to ensure compliance with all seven rulings of the Supreme Court in the Abbott case. The Abbott Council will examine the programs, assess the progress, and resolve disputes and issues. Gordon MacInnes, David Sciarra and I are three of the seven members.

One of the central initiatives of the McGreevey Administration is the

early literacy program. Research is clear that children who read at or above grade level by the third grade are going to have much greater success in the rest of their school years than those who cannot read by grade three. We have proposed an appropriation of \$10 million as the first installment of a four-year, \$40 million commitment to this very important component of our education program. If we are ever to eliminate the achievement gap, children must be able to read well at early ages. State resources will be supplemented by \$18.4 million in aid for a new federal program with the same goal called "Reading First."

As support for this expenditure on early literacy, I am currently guiding a Literacy Task Force that has been directed to develop frameworks, activities, good practices, and literacy standards for teachers from pre-K to fourth grade by September 1 this year. We want every dollar of this appropriation to be utilized as effectively as possible to help schools raise reading levels for their young students.

This year within the \$10 million budget appropriation, the department will begin training teachers to be reading coaches to help students, teachers, and administrators in the next school year. Our literacy summit on May 3 was a great help in getting the word out to the districts about the program and how we can work together. Starting this September, the Governor's reading club will underscore the importance of this literacy initiative and keep it in the spotlight.

Another important program in helping children to have early success is the Abbott preschool program. This program can be of critical importance to a child, especially one who is from an environment that puts him or her at risk of failure. Our preschool programs integrate educational, social, and family programs so that the child and the family can help develop the skills and self-esteem that children need in order to be successful in school and life beyond school.

The FY 2003 budget provides a total increase of \$162.4 million for preschool programs in both the Department of Education (DOE) and the Department of Human Services (DHS) -- \$142.4 million for the DOE and \$20 million for DHS. The \$142.4 million in Abbott Preschool Expansion Aid will fund the increase in costs between FY 02 and FY 03 for the approved preschool programs for three- and four-year-olds in Abbott districts.

Abbott district enrollment for preschoolers is projected to grow to over 39,000 children in FY 2003, an increase of 32 percent over enrollment levels in 2001. The budget also recommends \$126 million in the Department of Human Services for programs to be held after school and in the summer for the Abbott preschool children - an increase of \$20 million from FY 2002. These wrap-around programs are very important in providing a total environment that is conducive to learning and literacy for young children.

Federal mandates and revenues are very important considerations in leveraging resources for teaching and learning. We have been examining the information about the federal "No Child Left Behind Act" that is in effect. The FY 2003 budget includes a \$131.4 million, or a 19.4% increase in federal grants from the prior year due to the passage of this act. Programs with significant increases include Title I grants of \$41.9 million - an increase of 19.5% -- and special education grants of \$37.2 million, or an increase of 16.1%. The Class Size Reduction funds and the Eisenhower Professional Development funds were combined

into the Improving Teacher Quality program generating \$17.6 million in new funding for the state. We will also receive \$8.9 million for the development and implementation of the new testing requirements that will be used as a measure of accountability for the increased federal support.

I am also pleased to inform you we are well ahead of the Federal mandates for assessments as outlined in the "No Child Left Behind Act." In accordance with the federal requirements, statewide testing in reading and mathematics in grades 3-8 must be in place by 2005-06 and requires expansion of the Alternate Proficiency Assessment (APA) for students with disabilities, consistent with the expansion of statewide testing. We are creating a new test for grade three in language arts and math in response to the Governor's Early Literacy priority. We must also factor in costs to produce Braille, large-print, and translated versions of the assessments. This mandate will place an administrative burden on the state since the federal appropriation is approximately one half of the current state appropriation for the statewide assessment program. There will also be a significant impact on local districts.

We will comply with the federal mandate in a way that fits with our own state vision of a statewide accountability system that provides a meaningful look at student programs and includes the best of the state and the best of the local districts' expertise in assessing how our students are doing.

Another important factor that will be incorporated into the new assessment program will be the revised Core Curriculum Content Standards. The standards are undergoing their first mandated five-year review. The State Board of Education has received proposed revisions recommended by broad-based advisory committees in each of the content areas. After the input process, the State Board will adopt the revised standards and the assessments will be aligned with the new provisions.

Another priority of this administration is to make quality professional development opportunities available to teachers. Because teachers are the front line of educational delivery, we must provide resources to enhance the districts' efforts. This budget includes \$6.5 million for teacher mentoring aid. Mentoring has been shown through research to be a very successful strategy in developing and keeping good teachers in the classroom. According to national statistics, approximately 40 percent of teachers leave teaching within the first five years. This attrition is unacceptably high.

The teacher shortage is an issue that we take seriously and we will continue to help districts through our Web site database NJHIRE. There is also a one-million dollar appropriation in the proposed budget for teacher recruitment in special needs districts where the problem is most acute. This money will fund the second year of a four-year commitment. Within the department, we know that we must move our backlog of certification requests much faster. We are in the process of creating a technology-based system to speed up the processing of applications so that we can get new teachers into our classrooms.

Governor McGreevey and I have established a number of advisory committees that provide opportunities for experts to share successful practices and expertise with colleagues. These committees will hold meetings, summits and forums throughout the state. We have found

some of the most effective educational support can come through professional networks that do not require expenditures of state funds.

In our professional development efforts, the bottom line is to raise student achievement. Teachers not only must feel supported, they must also be effective educators. This requires a careful and systematic evaluation of performance.

I have been a proponent of school choice throughout my career in education. I have used school choice programs in several districts. The Governor and I are committed to preserving a viable school choice program in this state, but there are some changes that must be considered in the current law. The biggest change is in the way the charter schools are funded. The system in the law pits charter schools against the other schools in the districts of residence. The Department of Education will take a hard look at the funding mechanism and other aspects of the law.

In the meantime, this budget has proposed that we appropriate \$10.3 million in increased funding for the school choice program and charter school aid to shield taxpayers and school districts from added expenses related to enrollment growth in charter and choice schools. By not providing these funds, the local districts would feel an additional pinch in a tight budget year. Our charter schools and school choice programs currently provide a choice for over 13,000 students and their parents.

One of our initiatives is the creation of additional programs that are the result of the collaboration of the education and business communities. As an example, Governor McGreevey has created an Education Cabinet. The Cabinet is charged with making the state's education system seamless from preschool through college to assure that students develop the skills necessary to help them compete in the changing world economy. It also will improve coordination between each level of education and the business community so that our education program is changing in accordance with the needs in the world after high school or college.

Some corporations have already expressed an interest in creating career academies that will be established under a new leadership team at Prosperity New Jersey. These academies could be collaborative efforts between high schools and community colleges and partners. They will be modeled after a variety of existing academies and focus on science, math, and technology. The first corporation to announce its commitment to the new program is Pfizer with a contribution of \$500,000 to help start an academy and provide expertise in science and health to both teachers and students. We expect to announce additional commitments in the near future.

Character education is a broad term that applies to programs of various kinds designed to foster respect among students and reward positive behavior. Governor McGreevey has created the Character Education Commission to examine programs that are available in schools and determine which ones are most effective in fostering respect, reducing bullying, resolving conflict, and promoting community service. Providing safe schools has become a topic of much larger concern in light of several dramatic events in the last few years. Within schools, safety is often jeopardized by individuals who do not know how to control anger and who do not feel positive about their education and classmates. There has been a break-down in many of the values that used to make

our communities and schools safe. After the commission completes its research and discussion, the commission will make recommendations to the Governor for creating a more uniform and effective program for providing meaningful character education to all our students by September 30. There is a \$4.8 million dollar appropriation in the budget to fund Character Education programs.

One of the biggest problems we confronted upon taking office is the school construction program. There is a lot of work to do with this program to streamline the process and get the money flowing into school projects that have been subjected to much more bureaucratic procedure than is warranted. To help improve the process, the department is involved in working groups that will identify best practices that can be implemented to streamline the process.

However, we have made some recent progress in this area. The Department of Education has approved 563 projects broken down as follows: 320 non-Abbott projects and 243 Abbott projects. In addition, the department has approved 100 Abbott predevelopment projects. These figures do not include retroactivity projects, waivers, or health and safety projects. The numbers change constantly, but current information is available on the department's Web site.

As the Governor said in his speech, this was not the budget he wanted to submit, but we are confident that this budget will enable districts to weather the year with some belt tightening, creative solutions, innovative programs, and cooperative agreements. We will do whatever we can to provide districts with the resources of our department and generate funding sources for programs outside of the department.

My staff and I look forward to working with the Legislature on some mutual concerns. Now I will be happy to answer any questions you have.