

HOW WILL THE GOVERNOR'S PROPOSED REFORMS HELP SCHOOL DISTRICTS WITH THEIR FY'11 BUDGETS?

School districts will need to present their budgets to the public before any of the Governor's spending reforms can be acted upon by the legislature, and difficult financial circumstances will force many school districts to make layoff preparations.

If the Governor's proposed collective bargaining, health benefit cost-sharing, and pension reforms are passed by the Legislature expeditiously, most school districts will be enabled to rescind these layoff notices before any layoffs need to be implemented.

The financial savings to districts of being able to: 1) settle contract negotiations on reasonable terms; 2) have current employees share in the cost of their health benefits; and 3) save on pension costs will be substantial.

In addition, because the Governor has proposed an August 1st effective date for several of his reforms, many school district employees nearing retirement will likely choose to leave this year so that they can enjoy free health care benefits and richer pension benefits for the rest of their lives.

Since employees near retirement typically have a compensation package worth almost twice as much as that of new employees, this will enable districts to substantially cut the staff reduction necessary to achieve a target level of budget savings.

HOW WILL THE GOVERNOR'S PROPOSED REFORMS HELP SCHOOL DISTRICTS IN THE FUTURE?

The Governor has proposed to constitutionally limit the pace of spending growth for Direct State Services. But no cap has been proposed for state aid to school districts and local governments.

As the Governor's plan to reinvigorate New Jersey's economy produces fruit, state revenues will rise. With the state no longer able to spend every new tax dollar on an expansion of state government, a higher percentage of new state tax dollars will begin to flow to school districts.

With compensation costs at the school district level under reasonable control, these dramatic increases in state aid will enable school districts to increase their staffing -- not just cover the rising pay and benefit costs associated with current staffing levels.

School districts will be enabled to increase the availability of pre-school services, reduce their class sizes, provide more personal assistance to special needs children, expand their afterschool programs, and offer new adult education programs.

Indeed, with state funding increased and labor costs under reasonable control, school districts will be enabled to expand their educational programs even as they lower their property tax levies.

This is about much more than money. This is about increasing educational opportunity for every child in the State of New Jersey.