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TESTIMONY OF EDUCATION LAW CENTER ON THE FY07 STATE BUDGET

Chairman Greenwald and Members of the Assembly Budget Committee:

Education Law Center's mission, since 1974, is to make high quality public education available to all New Jersey children. Our work focuses on improving education for our low-income students and students with disabilities and other special needs, with particular emphasis on the 325,000 school children in our state's poor urban or Abbott districts. I present this testimony on the FY07 State Budget on their behalf.

Governor Jon Corzine is proposing to "flat" fund all school districts, or no increase in state aid over last year's budget. This proposal comes at a time when school districts across the state face rising salary, energy and other fixed costs, ranging from 4 to 6% of their budget.

The consequences of this proposal are dire for our students, their schools and local communities. The poorer districts, urban and rural, will have no alternative but to make substantial cuts and staff layoffs just to cover inflation and rising operational costs, not to mention fund education improvements or pay for state mandated reforms, as in the case of the Abbott districts. For other districts, the Governor's budget will cause similar cuts or another hike in property taxes, or some combination of both.

Under the Governor's proposal, many districts are facing their fifth year of almost no state aid increase, along with tight spending caps. As a result, students in these districts are witnessing a steady, gradual erosion of educational quality, while residents face higher and higher property tax bills.

Yes, in the last few years, our urban schools received modest increases to maintain education programs and services for their mostly poor, African-American and Latino students, but only because of court orders protecting those students' right to a high quality education. And these students are responding to your investment in them

and their future. On March 9th, ELC's Abbott Indicators project reported to the Assembly Education Committee on the steady progress underway in our urban schools, including positive gains in school readiness from our nationally recognized full-day kindergarten and preschool program for three-and four-year olds, and cutting in half the achievement gap for Abbott fourth graders in literacy and math.

These historic Abbott education reforms are not the cause of education cutbacks, high property taxes or school funding shortfalls in schools elsewhere in the state.

The cause is simple: the failure in recurring State budgets to provide state aid increases to all school children and districts.

It's time to put an end to this negative trend. We're asking you to develop a "student friendly" State budget for Pre-K to 12 public education, one that supports our excellent districts, helps out struggling rural and other poor districts, and strengthens accountability for educational progress in our high poverty, high minority urban districts.

First, it is essential to provide a minimum state aid increase for all school districts. While this increase will not make up for prior years' shortfalls, it will assist in maintaining current program quality, including the Abbott reforms, and will work to hold down property tax increases, especially in those communities with high local tax rates.

Second, we need targeted state aid to other poor districts and schools, starting with those in the most educational distress. We recommend a small increase in state aid to phase-in parity foundation funding to the 17 rural districts that the State Board recently declared are not providing a thorough and efficient education to their students, along with a similar increase to provide parity funding to the 10,000 students in urban charter schools.

Lastly, we need to get serious about accountability. Nine years ago, the Supreme Court made it clear: the State must take whatever action is necessary to ensure all education funds, including Abbott remedy funds, reach the classroom and are used "effectively and efficiently" to enable students to achieve state academic standards. We must finally face the fact that our State education agency is simply incapable of meeting that responsibility, incapable of the timely and strategic action our students need, from identifying best practices, to redirecting funds to effective programs, or getting tough with districts and schools not making sufficient progress, or curtailing excessive and abusive employment practices by local school boards, or even presenting solid data and information about the progress in our schools, and challenges, so the Legislature and

local stakeholders must be in a position to hold education officials accountable for performance.

If we really want to get serious about accountability, it has to start with this State Budget. At a minimum, this Budget should address the following:

- **Abbott Accountability:** The Commissioner of Education must be directed to prepare an annual Abbott Management Plan delineating strategic priorities and a budget for spending the \$15 million in parity funds transferred to the Department of Education to supervise and manage Abbott. The plan should contain clear benchmarks for the public to assess the State's performance in leading urban education reform.

- **Student-Level Database:** This is an essential precondition to providing support to districts and schools, informing the public, and guiding ongoing policy decisions. We can start in the Abbott districts by setting aside a small amount of parity funds to expedite building the database in those districts for later statewide implementation.

- **Stabilizing and Strengthening the Abbott Rules:** State Budgets since 2002 have exempted the Abbott regulations from the Administrative Procedure Act. As a result, the Abbott rules change from year-to-year, and stakeholders are completely left out of the rulemaking process. This APA exemption should be removed from the State Budget, and the Commissioner should be directed to work with stakeholders to develop regulations that stabilize and strengthen, not weaken, urban education reform.

- **Evaluating Abbott:** The Commissioner still has not started the comprehensive evaluation urban school reform, despite a Court Order to do so in 1998. This budget needs to direct that the evaluation be launched immediately, using necessary parity funds transferred to the DOE.

While these critical steps can be taken now, in this Budget, we need a broader dialogue with the Legislature about the State's new roles to implement standards-based education, urban school reform, and the federal No Child Left Behind Act. We began that conversation with the Assembly Education Committee last week. But you need to make modernizing the DOE a legislative priority, so we can finally have the mission and data-driven agency we, and students and taxpayers, urgently need.

We're ready to work with this Committee on the changes to the FY07 State Budget our public schools and students need -- especially the poor and minority students in our poor urban and rural districts. Together, I am confident we can make this Budget truly "student friendly," a Budget that maintains high quality public

education, continues progress in our urban schools, and holds down high local property taxes.