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Attorneys for Montgomery Township
Board of Education
Our File No.: 120

RAYMOND ARTHUR ABBOTT, et al.,	:	SUPREME COURT OF NEW JERSEY
	:	
Plaintiffs,	:	DOCKET NO.: 42,170
	:	
v.	:	CIVIL ACTION
	:	
FRED G. BURKE, et al.,	:	
	:	
Defendants.	:	CERTIFICATION OF
	:	THOMAS M. VENANZI

I, THOMAS M. VENANZI, being of full age, upon oath depose and say:

1. I currently serve as business administrator for the Montgomery Township Board of Education (hereinafter referred to as the "Board"). In my capacity as business administrator, I am familiar with all facts and financial data relevant to the budget of the Montgomery Township School District (hereinafter referred to as the "District"), and the application of the funding formula contained in the School Funding Reform Act of

2008 (hereinafter referred to as "SFRA"). I make this Certification in support of the Board's motion for leave to appear as amicus curiae in the above-captioned proceeding, pursuant to Rule 1:13-9.

2. For the 2009-2010 school year, the state aid profile provided by the New Jersey Department of Education, Division of Finance (hereinafter referred to as "DOE") listed the Board's adequacy budget as \$66,316,766, its local fair share as \$56,975,246, and its equalization aid as \$9,341,520.

3. According to the formula set forth in the SFRA, the District should have received state aid in the amount of \$15,341,037, but the amount of aid was initially capped at a 5% increase over the 2008-2009 state aid received. Thus, for the 2009-2010 school year, the District was to receive the capped amount of \$5,320,850 in state aid. Thus, the SFRA formula was underfunded in the amount of \$10,020,187 for the District.

4. The amount of the local tax levy for the District in 2009-2010 was \$60,629,655. When compared with the State's calculation of local fair share, this placed an over-reliance on the local taxpayers in the amount of \$3,645,409.

5. Comparing the local tax levy of \$60,629,655 with the adequacy budget of \$66,316,766, the District was \$5,687,111 under adequacy spending for 2009-2010. The District should have received, but did not receive, an additional \$5,687,111 in

equalization aid in order to meet the State's adequacy spending level.

6. In February 2010, the Governor impounded \$1,888,238 of the District's \$5,320,850 in budgeted state aid for the 2009-2010 school year. This action resulted in the District being even further underfunded, according to the formula, in the amount of \$11,908,425.

7. The impoundment of state aid in the 2009-2010 school year was the first step toward destroying long term planning for the District. The State took the position that any excess surplus reported in the 2008-2009 audit would be used to plug the impounded state aid loss, but the State failed to realize that excess surplus funds reported in the 2008-2009 audit are used as a revenue source for the 2010-2011 budget and could not be used to plug the loss of state aid in 2009-2010. The District had knowingly built up surplus funds through a purchasing freeze because it anticipated that it would face a difficult budget development cycle in 2010-2011, but the impoundment of state aid wiped those funds away.

8. As a result of the impoundment, the District will be forced to plug a significant revenue gap anticipated for 2011-2012. The District will be unable to do so, however, because it will generate insufficient excess surplus funds through the 2009-2010 budget due to loss of state aid. Thus, the District

anticipates a significant loss of programs and personnel beginning in 2011-2012, and it will be unable to provide its students with a thorough and efficient education as a result of the State's impoundment of aid in 2009-2010 and severe reduction in aid to the District in 2010-2011.

9. In the wake of the Governor's impoundment of state aid, the District conducted a comparative analysis of New Jersey school districts according to three criteria for the 2009-2010 school year, a copy of which is attached hereto as "Exhibit A." The three criteria were that districts be 1) under their adequacy budget by more than ten percent (10%), 2) over their local fair share, and 3) have ten percent (10%) or more of their 2009-2010 state aid impounded. The District was one of only fourteen districts across the state that met all three criteria.

10. For the 2010-2011 school year, the state aid profile provided by the DOE for the District now includes information for the Borough of Rocky Hill, due to the two school districts being merged by the State. The combined state aid profile for the two towns lists the Board's adequacy budget as \$65,578,962, its local fair share as \$62,104,373, and its equalization aid as \$3,644,813.

11. In the April 2010 election, the proposed school budget was defeated by the residents of Montgomery Township. Thereafter, the municipal governing body of Montgomery Township

failed to certify the local tax levy amount, and, as a result, the 2010-2011 budget was reviewed by the Commissioner of Education.

12. The originally proposed local tax levy for 2010-2011 was \$65,439,585, which would have placed the District \$3,335,212 over its local fair share. As a result, the taxpayers of the District would again be paying at higher levels than what should be required under the SFRA formula. In addition, under the proposed 2010-2011 budget, the District would have been \$139,377 below the State's adequacy spending level.

13. These amounts have grown as a result of additional reductions recently made by the Commissioner of Education. The Commissioner reduced the approved general fund tax levy by \$2,079,798 to \$63,359,787, which will still leave the District over its local fair share by \$1,255,414 and under its adequacy budget by \$2,219,175.

14. For the 2010-2011 school year, the State has proposed to reduce the District's state aid to \$1,871,805, a reduction of approximately sixty-five percent (65%), and a per pupil reduction of approximately \$650 per pupil. In view of this, the District has already had to make large reductions in its proposed budget, even with heavier than normal reliance on local taxpayers.

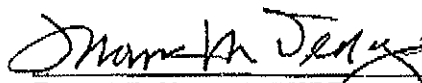
15. Upon information and belief, the District does not have the flexibility of other school districts in terms of making reductions while maintaining a thorough and efficient education for its students. In its comparative spending guide, the DOE ranked the District as the ninth (9th) lowest in overall cost per pupil, for actual costs for 2008-2009, out of one-hundred and five (105) K-12 districts with enrollments greater than 3,500 students.

16. For the reasons stated above, the District anticipates a significant revenue gap for 2011-2012, which it will be unable to meet. In addition, the Somerset County Executive County Superintendent recommended to the Commissioner \$899,798 in additional appropriations from surplus toward the 2010-2011 budget, which recommendation the Commissioner adopted. This will increase the budget gap to approximately \$3,300,000. The District will be forced to rely on any surplus balances that can be achieved and projected through June 30, 2011, and it is anticipated that no excess surplus will be generated in 2009-2010 due to the actions taken by the State. In short, it will be impossible to fill the revenue gap, as the District already spends well below adequacy and has a comparatively low cost per pupil.

17. Finally, if the proposed "hard cap" of two-and-one-half percent (2.5%) on the local tax levy goes into effect, the

effect would be to compound the problems stemming from the revenue gap to a level that would result in drastic reductions in programs, beginning in 2011-2012, unless the gap is filled with additional state aid as dictated by SFRA.

I hereby certify that the foregoing statements made by me are true and correct to the best of my knowledge. I understand that if any of the foregoing statements made by me are willingly false, I am subject to punishment.


THOMAS M. VENANZI

DATED: July 2, 2010

CERTIFICATION OF GENUINENESS OF FACSIMILE SIGNATURE

I, CAMERON R. MORGAN, hereby certify the following:

1. I am an attorney-at-law of the State of New Jersey with the law firm of Fogarty and Hara, Esqs., attorneys for the Petitioner, Ramapo Indian Hills Regional High School District Board of Education. I am fully familiar with the facts and circumstances set forth herein.

2. The signature of Mr. Thomas M. Venanzi on the Affidavit is a facsimile transmission. Mr. Venanzi advised me that he executed the Affidavit and acknowledged the genuineness of his signature prior to sending it to me by telecopier. An original of the signature page will be filed with this Court, if required.

3. I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


CAMERON R. MORGAN

DATED: July 2, 2010

Exhibit A

Exhibit A
Comparative Analysis of New Jersey Districts

County	District	Spend to Adequacy	Levy to LFS	Percent Aid Withheld	Withholding
Districts Meeting Three of Three Criteria					
Atlantic					\$ 582,573
Bergen					\$ 3,822,657
Bergen					\$ 371,486
Bergen					\$ 256,872
Bergen					\$ 411,530
Camden					\$ 666,189
Gloucester					\$ 329,908
Gloucester					\$ 2,196,799
Gloucester					\$ 560,145
Hudson					\$ 3,873,306
Passaic					\$ 346,469
Somerset					\$ 1,052,503
Somerset					\$ 495,400
Somerset					\$ 1,888,238
					\$ 16,854,075

Districts Meeting Two of Three Criteria					
Atlantic	Greater Egg Harbor Reg	92.0%			\$ 3,515,687
Atlantic	Hammonton Town	90.6%			\$ 1,210,380
Atlantic	Northfield City			9.7%	\$ 328,729
Bergen	Begola Boro	91.0%			\$ 1,560,838
Bergen	Leonia Boro	95.0%			\$ 427,087
Bergen	Ridgefield Park Twp	92.7%			\$ 716,268
Bergen	Wood-Ridge Boro			8.1%	\$ 84,513
Burlington	Delran Twp	90.2%			\$ 3,229,039
Gloucester	Clayton Boro	91.1%			\$ 1,387,687
Gloucester	Clearview Regional		95.3%		\$ 1,498,592
Gloucester	Newfield Boro	93.5%			\$ 142,737
Middlesex	North Brunswick Twp	90.3%			\$ 2,538,880
Monmouth	Freehold Boro		99.6%		\$ 1,028,809
Morris	Rockaway Boro			7.3%	\$ 43,321
Passaic	Haledon Boro			8.4%	\$ 499,965
Salem	Penns Grv-Carney's Pt Reg			8.7%	\$ 1,630,165
Union	Rahway City			9.4%	\$ 1,725,584
Union	Roselle Boro	94.8%			\$ 4,416,120
Union	Union Twp	90.3%			\$ 9,473,036
					\$ 35,457,437

Districts Meeting One of Three Criteria					
Atlantic	Buena Regional	94.9%		5.3%	\$ 913,333
Bergen	Little Ferry Boro	91.5%		6.6%	\$ 117,737
Burlington	Bordentown Regional	92.9%		8.1%	\$ 588,441
Monmouth	Freehold Regional	94.0%		5.8%	\$ 2,657,353
Monmouth	Union Beach	91.5%	99.4%		\$ 1,630,778
Morris	Mine Hill Twp	93.1%		6.2%	\$ 129,711
					\$ 6,037,353