

EDUCATION LAW CENTER
By: David G. Sciarra, Esquire
60 Park Place
Suite 300
Newark, N.J. 07102
(973) 624-1815

Attorneys for Plaintiffs

RAYMOND ARTHUR ABBOTT, et al.

Plaintiffs,

v.

Fred G. Burke, et al.

Defendants

SUPREME COURT OF NEW JERSEY

DOCKET NO. 42,170

Civil Action

**CERTIFICATION OF
DR. ERNEST C. REOCK, JR.**

I, Ernest C. Reock, Jr., hereby certify as follows:

1. I am currently a Professor Emeritus at the Center for Government Services, a unit of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University. I joined the faculty at Rutgers University in 1950 and was the director of the Rutgers University Center for Government Services from 1960 until my retirement in 1992. My resume is appended as Exhibit A.

2. In 1974 I served as secretary of the Legislature's Joint Education Committee, which drafted the Public School

Education Act of 1975. From 1975 through 1978 I served as secretary of the Legislature's Joint Committee on the Public Schools, which monitored the implementation of that law. Since that time I have prepared numerous reports on school finance, as listed in my resume. In recent years, I have been invited by the New Jersey Department of Education to serve on an Advisory Committee on State Aid Revision (2002-03) and on the Department's Work Group on Abbott Evaluation (2003 to 2007). In 2007 I served as a consultant to the Mayors' School Funding Committee of the New Jersey State League of Municipalities.

3. I submit this certification in support of Plaintiffs' opposition to the State Defendants' ("State") motion to discontinue the remedies established in the Abbott litigation ("Abbott remedies") to ensure students in poorer urban or "Abbott" districts a thorough and efficient ("T&E") education, and replace those remedies with the newly enacted school funding formula -- the School Funding Reform Act of 2008 ("SFRA" or the "Act"). My particular focus is on the State's ongoing failure to fund the Comprehensive Education Improvement and Financing Act of 1996 ("CEIFA") since the 2001-02 school year and its impact on school funding in both Abbott and non-Abbott districts.

4. My analysis is based upon my knowledge of the remedial framework established in the Abbott decisions, my review of the

formula in SFRA, and my study of CEIFA and the State's funding freeze that began in 2002-03. I have reviewed the available documentation and data on SFRA, including: A Formula for Success: All Children, All Communities, Department of Education (December 2007)("2007 Cost Report"); Report on the Cost of Education, Allen Dupree and John Augenblick (December 2006)("2006 Cost Report"); and the reviews of the 2006 Cost Report by Allan Odden, Lawrence Picus, and Joseph Olchefske, and a summary of those reviews by Odden (January 2007). I have also reviewed the Defendants' pending Motion and their supporting Brief and Certifications.

5. In the Act and on this motion, the State concedes the failure to fully fund the CEIFA formula for six years, from 2002-03 until the current year. CEIFA was fully funded only for the first five years after enactment in 1996. P.L. 2007, c. 260, sec. 2e. Beginning in 2002-03, constricted state fiscal resources were cited to justify freezing most parts of CEIFA at their 2001-02 level, and this has continued through 2007-08. State's Brief, page 6; see Certification of Katherine Attwood, ¶¶4, 6; see also Certification of Lucille Davy, ¶52.

6. The Act finds, and the State contends on this motion, that the new SFRA formula is necessary to correct a perceived inequity in school funding between Abbott districts and non-Abbott districts caused by the "decisions in the Abbott cases."

P.L. 2007, c. 260, sec. 2f. In its brief, the State asserts, "the continued focus of limited resources toward the Abbott districts is creating the likelihood of additional groups of districts being unable to meet the special needs of their student populations." State's Brief, page 76. I submit this certification to inform the Court that I have studied the State's continuing failure to fully fund CEIFA and it is this failure on the State's part, not the Abbott v. Burke remedies for children in Abbott districts, that has created shortfalls of funding in the non-Abbott districts.

7. In 2007, I published a paper entitled "Estimated Financial Impact of the 'Freeze' of State Aid on New Jersey School Districts, 2002-03 to 2005-06" that analyzes CEIFA and the ramifications of the funding freeze that began in 2002-2003. See Exhibit B. My purpose in studying the funding freeze was to estimate the financial impact that CEIFA and the attendant Abbott decisions would have had on state aid if CEIFA had been implemented from 2002-03 through 2005-06 as enacted. My overall conclusion based on my study was that the state aid freeze caused massive under-funding of many school districts throughout the state, especially poor non-Abbott districts, and contributed to the property tax problem in the state.

8. For this certification, I have updated the findings in my 2007 paper through 2007-08 to inform the Court of how the

State's failure to fund CEIFA for the past six years directly resulted in an enormous shortfall of funding in districts across New Jersey. See Exhibit C. My findings are as follows:

(a) Core Curriculum Standards Aid (CCSA) is the largest element of the CEIFA formula, amounting to about \$3 billion per year. I estimate the annual shortfall in CCSA due to the freeze in state aid to be \$814 million statewide by 2007-08. See Exhibit C, Table 3. In the non-Abbott District Factor Groups ("DFG") A and B districts - called "Other Poor" districts - the shortfall in CCSA reached \$92 million in 2007-08;

(b) The failure to fully fund CEIFA also impacted the amount of Abbott Parity Aid received by the Abbott districts. If the Abbott districts had received the greater amounts of CCSA to which they were entitled under CEIFA, their need for Abbott Parity Aid would have been greatly reduced. The estimated total reduction in Abbott parity aid if CEIFA had been fully implemented reached \$395 million by 2007-08. See Exhibit C, Table 4. Thus, if the CEIFA formula had been funded, Abbott parity remedy aid would have been reduced to \$645 million, or by 35.5%, of the approximately \$1 billion in parity aid appropriated in 2007-08. In effect, over one-third of Abbott parity remedy aid represents the aid shortfall caused by the CEIFA freeze;

(c) In addition to CCSA, which is wealth equalized, CEIFA includes categorical and other aids - "Other Formula Aid" - listed in my report. See Exhibit B, page 3. By 2007-08, the annual shortfall in these CEIFA aids from the funding freeze reached \$1.336 billion statewide, with \$209 million of the total in the Other Poor, non-Abbott ("DFG") A and B districts. See Exhibit C, Table 6. The loss in Abbott districts is \$126 million, which, if provided, would have lessened the need for remedial supplemental funding in those districts.

(d) By 2007-08, the sixth year of the CEIFA "freeze," the total under-funding of state aid had reached \$1.326 billion annually, despite the introduction of several new, smaller aid programs. See Exhibit C, Table 8. The loss of CCSA and Other Formula Aid, both of which were largely frozen at their 2001-02 levels, was significant because it could have been used to increase local school budgets and reduce reliance on local revenue thus providing property tax relief.

(e) The heaviest impact of the failure to fund CEIFA has been on the Other Poor, non-Abbott DFG A and B districts, where the shortfall by 2007-08 has reached an estimated \$2,214 per pupil. In the non-Abbott middle-income districts, those districts neither in DFG categories A and B nor in DFG categories I and J, the impact was \$1,189 per pupil. See Exhibit B, page 5.

9. Based on my analysis, I conclude that the primary reason the need in poor non-Abbott districts is now acute is a direct result of the continuing failure of the State to fund CEIFA and not, as the Act or State suggests, because of the remedial funding for Abbott districts - parity and supplemental funding - as established by the Abbott decisions.

10. It is evident that the only reason the Abbott districts were able to obtain increased funding annually under the Abbott/CEIFA framework was due to the Court's remedial mandates. If this Court were to grant the State's motion and remove those mandates, there would no longer be any assurance that the Abbott schoolchildren would receive the funding necessary to provide them with a thorough and efficient education. Further, there would be no assurance that they would not suffer what the Other Poor districts experienced under CEIFA, namely that the State would not fund SFRA in future years.

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.

Ernest C. Reock, Jr., Ph.D.

Dated: April 23, 2008