

# Capitol Update

New Jersey Principals and Supervisors Association

March 2004

## McGreevey Budget Delivers 3% Increase for Schools

In his most optimistic budget address during his tenure in office, Governor James E. McGreevey presented his State Budget proposal to a packed house of the State Legislature on February 24, 2004. Citing the tough decisions, belt-tightening and shared sacrifices of the past two years, McGreevey announced that "better times and brighter days" are upon us in New Jersey as he presented a budget plan that calls for an overall spending increase of nine percent. To pay for such spending, the Governor relies upon a recovering economy and a proposed \$1.5 billion in borrowing via bonding that is backed by another increase in the cigarette tax. He claims that government spending will be reduced for a third year in a row. Additionally, his budget proposal includes more than \$625 million in tax and fee increases in a variety of areas (see Table I on page 2) and revenue of nearly \$420 million by delaying planned tax write-offs for corporations. What the Governor did not do in this proposal is raise either the sales or income tax, a point of great pride in his budget remarks.

### Governor Targets Aid to Schools

On the subject of public education, the Governor opened his remarks by celebrating the fact that our children's reading and math scores are among the best in the nation, and we have some of the highest standards for new teachers in the country.

"As our state revenues increase, our schools must receive first priority for funding," said McGreevey as he announced a three percent across the board increase for education. Under his plan, the state will provide a total increase of \$273.3 million more to schools with an increase of approximately \$100 million each to both the Abbott and non-Abbott school districts (\$90 million in new direct aid). Additionally, the Governor proposes to target additional aid to specific communities in need:

- \$5 million in special aid to assist non-Abbott schools implement efficient and effective programs to raise student achievement;
- \$5 million in awards to 20 school districts that best demonstrate "efficiency and effectiveness that promote student achievement;" and
- \$5 million to address enrollment growth in our fastest growing communities.

### New Initiatives Announced

The Governor announced several new initiatives in education and child welfare. First, he recognized the strong commitment New Jersey has made in the area of preschool as he cited a recent award by the National Institute for Early Education Research. The award celebrated New Jersey's broad access to preschool for low income families as well as the high preschool standards set for our programs and staff. Such efforts have resulted in an increased enrollment in our Abbott preschool programs of 40%.

The Governor proposed extending that same preschool commitment to suburban communities in New Jersey by providing \$15 million through competitive grants to an estimated 100 school districts to provide preschool services to four year olds next year. These funds will be available to districts that do not already receive early childhood aid. Districts will need to contribute funds as well to expand existing programs or begin new ones.

On the other end of the school day, the Governor announced the creation of "New Jersey After 3," the nation's first statewide public/private after-school program. The program will be funded with \$15 million and seeks to service 20,000 students next year.

### Governor Announces New Community College Program

Under the theme of advanced education and job training, the Governor announced a new program to allow every high school graduate in our state to attend a community college program tuition-free. The New Jersey Stars Program will guarantee that every student that graduates in the top 20% of his/her high school class receives access to a college education via a community college program. The budget will provide for 9,000 students next year in this program.

On the issue of child welfare, the Governor proposed an additional \$125 million to the Department of Human Services to adopt a reform plan to address the needs of the troubled Division of Youth and Family Services. Hopefully, this investment will assist schools as well in the challenge of providing necessary services to children in need.

The Governor was not silent on the issue of school spending. He reiterated his concerns about "inefficient and ineffective spending," once again advocating for limits on the administrative expenses of school districts, so "parents can know that their tax dollars are going into the classroom and not into the bureaucracy." Again, he instructed Commissioner Librera to review school district spending to ensure that school budgets fund actual educational achievement.

### Governor Addresses Property Tax Relief

On the question of property tax relief, he again asked the Legislature to pass impact fee legislation to require builders to pay their fair share toward the extra costs to communities that result from growth and development.

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## McGreevey Budget Delivers 3% Increase for Schools (cont. from p. 1)

NJPSA strongly supports such legislation. Additionally, he summarized his efforts at property tax relief including:

- Devoting half of the state budget to direct and indirect property tax relief programs;
- Doubling the funding for the Senior Citizen Property Tax Relief Program;
- Preserving the Homestead Rebate Program at last year's levels;
- Increasing municipal aid by \$32 million;
- Maintaining the maximum \$10,000 property tax deduction for citizens; and
- Eliminating "wasteful spending and inefficient spending."

The Governor's budget presentation begins the budget building process which will culminate in a FY '05 state budget being adopted by July 1, 2004. NJPSA will actively participate in the budget hearing process and encourages our members to participate as well. We applaud the long overdue increase to schools, but are concerned that the past few years of flat funding will still take their toll on school district budgets this spring. We encourage principals and supervisors to encourage citizens to vote in their local budget elections in April. We also encourage members to advocate for passage of the so-called "Millionaire's Tax" on the top wage earners in our state. This proposal, which we supported in last year's budget process, would tax the top 5% of wage earners at a higher rate to fund our schools. This group of individuals received the greatest windfall from the federal tax relief passage last year.

**For more information, contact the NJPSA Government Relations Department at 609-860-1200. ▼**

### How will the Governor's Budget Proposals Affect Your School and District?

Come to the annual Legislative Conference on March 26 at the Trenton Marriott to hear about current funding for schools, administrative spending and property taxes from top lawmakers. Register online at [www.njpsa.org](http://www.njpsa.org) or see page 7.

## Table I: McGreevey Revenue Proposals

Here's who will pay more under the McGreevey Budget Proposal, and how much that will generate for state coffers:

**Business owners:** Delay of corporate tax write-offs. \$275 million.

**Petrochemical plants:** New impact fees. \$150 million.

**Smokers:** Cigarette tax rises by 45 cents a pack. \$135 million.

**New-car buyers:** Those buying or leasing new cars will have to pre-pay four years worth of registrations, rather than paying for one year. \$90 million.

**Home-sellers:** Realty transfer tax paid at time of home sale to rise for all sales of \$150,000 or more. \$70 million.

**Utilities:** Delay in scheduled reduction in state taxes. \$54 million.

**Motorists with driving infractions:** New \$200 surcharge for those pleading guilty to "unsafe driving;" 223,000 motorists entered that plea last year. Minimum surcharge for drivers with six violation points rises from \$100 to \$150. \$50 million.

**Hospitals:** Higher tax on revenues. \$50 million.

**Hospital patients:** \$5 charge on outpatient visits. \$34 million.

**Emergency walk-in clinic operators:** New annual tax. \$31 million

**Cell phone users:** New surcharge on cell phones. \$33 million.

**Expensive-home buyers:** New 1 percent fee paid to state on home purchases of \$1 million or more. That comes to an extra \$10,000 after buying a \$1 million home. \$24 million.

**Industrial companies:** Tax increase to pay for Hazardous Discharge Cleanup Fund. \$20 million.

**Tire buyers:** New \$1.50 per-tire tax. \$12 million.

**Industrial companies and government agencies:** New assessment for hazardous waste disposal. \$11 million.

**Facilities that emit dangerous toxins from smokestacks:** New tax. \$6 million ▼

## Administrative Costs: NJPSA Joins Forces to Fight Attacks

NJPSA has joined forces with the state's other major education associations to educate state policymakers about the efficient manner in which New Jersey's public schools are currently operated and to send a strong message that New Jersey's schools should not be subjected to unfair administrative penalties and misguided state mandates to regionalize small districts.

On Tuesday, January 13th, Governor James E. McGreevey gave the annual State of the State address, using the opportunity to take strong aim at what he referred to as inefficiency in educational spending. While New Jersey spends \$18 billion a year on education, Governor McGreevey felt that not enough of this money went directly into the classroom.

After castigating the 23 school districts that do not have a single school and questioning the need for 172 districts with only one school building, the Governor directed Department of Education Commissioner Librera to take five immediate steps:

- develop a plan to eliminate the 23 school district bureaucracies that oversee nothing but their own existence;
- require the 172 one-building school districts to find ways to consolidate services;
- establish limits on administrative and non-instructional costs and a system of rewards for districts that meet these standards and sanctions for those that exceed state limits on administrative spending;
- provide performance grants to school districts that demonstrate excellence in student achievement while maintaining low administrative costs; and
- detail additional measures to be taken by the DOE and the Department of Community Affairs that will require towns, school districts, and county governments to deliver services and purchase products together.

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## NJPSA Annual Legislative Conference

The NJPSA Annual Legislative Conference will be held on Friday March 26, 2004 at the Trenton Marriott at Lafayette Yard.

Register today if you want to learn more about:

- the impact of NCLB on the states
- the Governor's proposal to cut administrative costs
- school funding in these difficult budget times, and
- current education issues being considered by our State Legislature!

Registration begins at 8:30 a.m., followed by a short Council meeting.

**Jack Jennings**, founder of the Center on Education Policy, will be a Keynote Speaker. He will discuss his recently-issued study on the second year of implementation of No Child Left Behind in the States, entitled, "From the Capital to the Classroom." See page 3 for more information about Jack Jennings. **New Jersey Commissioner of Education William L. Librera** will discuss his approach to implementing Governor James E. McGreevey's five point plan on establishing limits on administrative spending and consolidation of services between districts, the new professional development requirement for administrators, new developments in implementing NCLB in New Jersey and his proposed monitoring changes for New Jersey schools.

NJPSA has also invited Senate President Richard Codey and Senate Minority Leader Leonard Lance to discuss the current state budget situation and funding levels for schools, the administrative cost issue, the impact of unfunded mandates on the schools, the security of our pension system and the property tax issue in our state. A highlight of the day will



**Jack Jennings**



**William Librera**  
Commissioner of  
Education



**Joseph Doria**  
Recipient of NJPSA  
Distinguished  
Achievement Award

be the presentation of the NJPSA Distinguished Achievement Award to former Assemblyman Joseph Doria for his lifetime dedication to our students, our schools and the administrators who serve them.

The day will culminate in a Legislative Panel Discussion featuring the current members of the Senate and Assembly Education Committees. You will have the opportunity to ask our distinguished lawmakers about the issues being considered by our State Legislature that impact upon you and your school directly. Prior to a buffet lunch, a special membership drawing will be held for a laptop!

Take advantage of this once-a-year opportunity to discuss the important education issues in our state and nation! **Register online at [www.njpsa.org](http://www.njpsa.org) or see p. 7. ▼**



## NJPSA Joins Forces to Fight Attacks (continued from p. 3)

In addition, the following legislation has been introduced which impacts upon administrative spending and regionalization:

•**S-269** – this bill limits school district per pupil administrative spending to 130% of the median per pupil administrative spending for districts of the same operating type, enrollment range, and district factor group

•**S-270** – this bill requires small school districts (K-6, K-8) to share superintendents and school business administrators under certain circumstances

More legislation regarding this issue is expected to be introduced in the future.

### NJPSA POSITION

School administrators and supervisors provide critical instructional, support and operations services to students, staff and the district. In today's environment of increased accountability and increasing mandates under No Child Left Behind, a strong administrative staff is critical to a district's success in meeting the new national student achievement goals.

The amount of district spending on administrative costs is a local decision to be made by the individual boards of education and the communities they are elected to represent. In fact, the public is already thoroughly informed about a district's spending choices through the local budget process, the NJ School Report Card, which reports administrative costs, and the NJDOE Comparative Spending Guide. District spending on administration and other instructional and non-instructional expenses are already limited through budget caps and the requirement to go to the public for a referendum on any proposed expenditures beyond these overall caps. This legislation, in effect, places a "double cap" on a district's spending for administrative costs. It also fails to address the situation faced by many districts that face one-time increases in legal costs that may result from a particular case or cases being resolved in a particular year.

Further, the perception that New Jersey spends too much on administration has not withstood the test of time. In the 1990s, the Legislature enacted the Administrative Penalty Act which financially penalized districts with administrative spending 25% above the state average. Realizing the error of its

ways, the Legislature repealed that statute and even restored the financial penalties to the local districts that were penalized.

A look at recent data in New Jersey shows that administrative spending has actually been declining in recent years. A look at the NJDOE Comparative Spending Guide reveals the following:

- since 1997-98 ( the first year after the Administrative Penalty Act was eliminated by the Legislature), the cost per pupil for administration has been reduced by 1.6%;
- the cost per pupil for administrative salaries and benefits has been reduced by 6.7%;
- during the same time period, the cost per pupil for classroom instruction increased by 17.4%.

NJPSA will work hard to fight these administrative cost limits and any legislation that results from it. At a recent Assembly Education Committee hearing, Debra Bradley, Esq., NJPSA Director of Government Relations testified against legislation that would mandate the sharing of administrators in certain school districts, and explained how requirements such as No Child Left Behind are increasing the workload for school districts. NJPSA will continue to urge the Legislature not to unfairly penalize districts without first examining their performance, community satisfaction and fiscal effectiveness. NJPSA will work with the Department of Education to ensure that any changes that are made do not negatively impact upon the jobs, work, or efficiency of school administrators.

### NJASA PUBLISHES KEY DATA

NJPSA is also working closely with the state's other major education associations to develop a common message on the issue of administrative spending. Listed below are statistics that were recently published by the New Jersey Association of School Administrators:

According to the USDOE, National Center on Education Statistics:

- there has been a 27% increase in New Jersey public school enrollment from 1989-90 through 2002-03;
- there has been a 28.2% increase in the number of classroom teachers from 1989-90 through 2002-03
- however, the number of administrators in New Jersey public schools has remained virtually flat during

this same time period, increasing by only 0.1%.

Furthermore, according to the New Jersey Department of Education, the percentage of New Jersey school district employees serving as administrators has declined since 1989-90:

- in 1989-90, 8.7% of school staff were administrators;
- in 1997-98, 7.1% of school staff were administrators;
- in 2002-03, 6.7% of school staff were administrators.

According to the USDOE, National Center on Education Statistics, New Jersey ranks 21<sup>st</sup> in the nation in the percentage of school expenditures going toward administration, with only 8.38% of public school expenditures devoted to school administration and general administration.

NJDOE data also provides powerful evidence that forced regionalization of one-school districts may not produce significant savings and may negatively impact upon high achieving districts.

### For example:

- the median cost per pupil in the 146 one-school elementary districts in 2002-03 was \$10,645;
- the median cost per pupil among all New Jersey school districts in 2002-03 was \$10,652;
- 42 "Blue Ribbon," "Star School" and "Best Practice" awards have been given to one-school districts.

In a report published on February 9, 2004, NJASA analyzed numerous studies that have taken place over the years in regards to the potential savings related to regionalization. The NJASA report shows that these studies, including a report by the Florio Administration, a 1998 report by the NJDOE's Regionalization Advisory Panel, and a 1999 report by the Assembly Task Force on Regionalization all concluded that regionalization should not be mandated statewide. These reports also all recognized that in many cases regionalization would not result in lower costs for regionalizing districts, due to factors such as difference in tax rates and increased transportation costs.

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## NJPSA Joins Forces to Fight Attacks (continued from p. 2)

### HOW YOU CAN HELP! COMPLETE THE NJPSA SURVEY ON ADMINISTRATIVE EFFICIENCIES

On February 11, 2004 NJPSA sent out a membership survey to gather information about school efficiency efforts already taking place in local schools and districts. The survey also targets the efficiencies you practice every day in your multiple roles as a school leader. The survey was broadcast e-mailed to all NJPSA members who have provided their e-mails to NJPSA. If you did not receive the survey and would like to assist in our advocacy efforts, go to [www.njpsa.org](http://www.njpsa.org) and click on NJPSA Survey on Administrative Efficiencies to add your input to our data collection. **Please send in your survey response by March 10, 2004 to [jhirsch@njpsa.org](mailto:jhirsch@njpsa.org).**

### NJPSA MEMBERS ALSO URGED TO CONTACT LEGISLATORS

NJPSA will continue to keep you informed on this issue and let you know what you can do to help our efforts. Members are urged to contact their own legislators and the legislative leaders in order to encourage them to oppose efforts to arbitrarily cut administrative spending and mandate regionalization.

### Listed below is the contact information for key legislative leaders:

**Senator John Adler** (sponsor of S-269 and S-270)  
1916 Route 70 East, Suite 3, Cherry Hill, NJ 08003  
(856) 489-3442, [SenAdler@njleg.org](mailto:SenAdler@njleg.org)

**Assembly Speaker Albio Sires**  
303 58th Street, West New York, NJ 07093  
(201) 854-0900, [AsmSires@njleg.org](mailto:AsmSires@njleg.org)

**Senate President Richard Codey**  
449 Mount Pleasant Ave., West Orange, NJ 07052  
(973) 731-6770, [SenCodey@njleg.org](mailto:SenCodey@njleg.org)

**Assemblyman Alex DeCroce** (Assembly Minority Leader), 101 Gibraltar Dr., Suite 1-A, Morris Plains, NJ 07950, (973) 984-0922, [AsmDeCroce@njleg.org](mailto:AsmDeCroce@njleg.org)

**Senator Leonard Lance** (Senate Minority Leader)  
119 Main St., Flemington, NJ 08822, (908) 788-6900,  
[SenLance@njleg.org](mailto:SenLance@njleg.org)

**Senator Shirley Turner** (Chair of the Senate Education Committee)  
1440 Pennington Rd., 1st Floor, Ewing, NJ 08618  
(609) 530-3277, [SenTurner@njleg.org](mailto:SenTurner@njleg.org)

**Senator Nicholas Scutari** (Vice-Chair of the Senate Education Committee), 1514 E. Saint Georges Ave., 2nd Floor, Linden, NJ 07036, (908) 587-0404,  
[SenScutari@njleg.org](mailto:SenScutari@njleg.org)

**Assemblyman Craig Stanley** (Chair of the Assembly Education Committee), 1200 Clinton Ave., Suite 140, Irvington, NJ 07111, (973) 399-1000,  
[AsmStanley@njleg.org](mailto:AsmStanley@njleg.org)

**Assemblyman Patrick Diegnan** (Vice-Chair of the Assembly Education Committee)  
908 Oak Tree Ave., Unit P, South Plainfield, NJ 07080  
(908) 757-1677, [AsmDiegnan@njleg.org](mailto:AsmDiegnan@njleg.org) ▼

## Jennings Set as Legislative Conference Keynote Speaker



**Jack Jennings** founded the Center on Education Policy in January 1995. From 1967 to 1994, he served as subcommittee staff director and then as general counsel for the U.S. House of Representatives' Committee on Education and Labor. In these positions, he was involved in nearly every major education debate held at the national level, including the reauthorizations of the Elementary and Secondary Education Act, the Vocational Education Act, the Individuals with Disabilities Education Act, the Higher Education Act, the National School Lunch Act, the Child Nutrition Act, and the authorization of the Goals 2000: Educate America Act.

Mr. Jennings serves on the board of trustees of the Educational Testing Service, and has served on the Title I Independent Review Panel, the Pew Forum on Standards-Based Reform, the Maryland Academic Intervention Steering Committee, and the Maryland Visionary Panel. He holds an A.B. from Loyola University and a J.D. from Northwestern University School of Law, and is a member of several legal bars, including the U.S. Supreme Court. ▼

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**Register online at  
[www.njpsa.org](http://www.njpsa.org)  
or see page 7.**

## The 211th Legislature – By the Numbers

When the new Legislative session – the 211<sup>th</sup> – began in January, the Democrats were in control of the Governor’s mansion and both houses of the Legislature for the first time in over a decade. Democrats hold 47 seats in the Assembly with 33 Republicans now comprising the minority party. The Senate is comprised of 22 Democrats and 18 Republicans. How this will affect education issues remains to be seen, although judging from Governor James E. McGreevey’s State of the State speech, we might be in for a long two years.

One of the most interesting aspects of the new Legislature is the “numbers game.” For instance, looking at the make-up of the new Legislature, we see that men continue to dominate its ranks – out of 120 legislators, 101 are men (84%). The racial composition of the Legislature is 80% Caucasian. Minorities are represented, although not in great numbers. There are 16 African-Americans making up 13% of the Legislature, which mirrors their population representation. However, only 5% of legislators are Hispanic, far below the 14% of the population they represent in our state. Only 16% of our elected representatives are women.

Despite the fierce attention the press gave in the last election to legislators holding multiple elected positions, there are 23 lawmakers who hold some other elected post, although a few newly elected representatives have promised to resign their other positions.

What other numbers are there? Well, if the past is any indication, we can expect around 6500-7000 bills to be introduced in the next two years. In the previous session, approximately 6900 bills were drawn up and introduced, although many of them never made it to a committee hearing. And out of that number, fewer than 500 – around 7% – were signed into law.

The leadership in the Assembly and Senate all have years of experience. **Senate President Richard Codey** was co-Senate President (with former Senator John Bennett) for the past two years, when the Sen-

ate was split 20-20, and has served in the Senate since 1982, and was in the Assembly from 1974-1981.

**Senator Bernard Kenny, Jr.** is the new Senate Majority Leader. He was also a “co-leader” for the past two years and has served in the Legislature since 1987 and in the Senate since 1993. In the Assembly, the Democrats are led by **Assembly Speaker Albio Sires**, who is beginning his third term in the Assembly, and second as Speaker. Starting his second term as Majority Leader is **Joseph Roberts, Jr.**, an Assemblyman since 1987

On the Republican side, the Minority Leader in the Senate is **Leonard Lance**. Senator Lance’s father is a former Senate President who helped write the state constitution in 1947. Senator Lance was a member of the Assembly from 1991 until 2001, when he was elected to the Senate. **Alex DeCroce**, the Assembly Minority Leader, has been in the Assembly since 1989 and has previously served as Republican Conference Leader and Deputy Speaker.

The Assembly Education Committee is comprised of 7 Democrats and 3 Republicans. The new Chairman of the Committee is **Craig Stanley** (D-Essex), replacing Joseph Doria, who lost his bid for re-election in the primary last spring. Assemblyman Stanley, a part-time professor at Essex County College, has been in the Legislature since 1996 and on the Education Committee for that time, as well. The Vice-Chair of the Committee is **Patrick Diegnan** (D-Middlesex), an attorney who is starting his second term as a legislator.

### Other members of the Committee are:

•**David Mayer** (D-Camden, Gloucester) – Community Impact Specialist, United Way; first term in office;

•**Robert Lewis Morgan, M.D.** (D-Monmouth, Mercer) – Assistant Professor of Pediatrics and Public Health, University of Medicine and Dentistry of N.J.; first term in office;

•**Nellie Pou** (D-Passaic, Bergen) – Assistant Business Administrator, Paterson; legislator since 1997;

•**Joseph Vas** (D-Middlesex) – Mayor, Perth Amboy; first term in office;

•**Joan Voss** (D-Bergen) – full-time legislator; first term in office;

•**Bill Baroni** (R-Mercer, Middlesex) – Attorney; Adjunct Professor, Seton Hall University School of Law; first term in office;

•**Joseph R. Malone III** (R-Burlington, Monmouth, Ocean, Mercer) – Director of Post Secondary and Adult Education, Somerset County Technology Institute; legislator since 1993 and NJPSA member; and

•**David Wolfe** (R-Monmouth, Ocean) – Professor, Ocean County College; legislator since 1992 and former Assembly Education Committee Chair.

The Senate Education Committee has 3 Democrats and 2 Republicans. The Chair of the Committee is long-time member **Shirley Turner**. Senator Turner, who represents Mercer County, has been in the Senate since 1998 and was in the Assembly from 1994-1998. Apart from being a legislator, she is also the Associate Director of Career Services at Rider University. The Vice-Chair of the Committee is **Nicholas Scutari**, an attorney who is beginning his first term in office. Senator Scutari received a Master’s Degree in Education from Rutgers University and served on the Linden Board of Education for three years in the 1990’s.

### Other members of the Committee are:

•**Wayne Bryant** (D-Camden, Gloucester) – Attorney; served in the Senate since 1995; served in Assembly 1982-1995;

•**Robert Martin** (R-Morris, Passaic) – Law Professor, Seton Hall University School of Law; served in the Senate since 1993; served in Assembly 1985-1993 and former Senate Education Committee Chair; and

•**Joseph Palaia** (R-Monmouth) – full-time legislator; served in Senate since 1989; served in Assembly 1982-1989 and former elementary school principal. ▼

## Hiring Reminder

### 2.75 GPA Requirement for New Teachers Returns in September 2004

As the spring hiring process begins, principals need to keep in mind the code changes that will go into effect in September 2004 concerning new teacher candidates. For the past two years, the State Board has put into effect a moratorium on the requirement that all new teacher candidates must have a 2.75 undergraduate average in order to receive their Instructional Certificate in New Jersey. This requirement was initiated by former Governor Christine Todd Whitman in her call for increased teacher quality in her 2000 State of the State Address.

After much debate, the State Board delayed the implementation of the requirement which was scheduled to go into effect in the fall 2002 until September 2004. The State Board's rationale at the time was that students and the colleges and universities that served them needed more time to prepare for the application of a 2.75 GPA requirement statewide.

The newly enacted Licensure Code (N.J.A.C. 6A: 9-8.1) provides that for those candidates graduating on or after September 1, 2004, a minimum GPA of 2.75 must be achieved in a baccalaureate degree program, a higher degree program or a State-approved post-baccalaureate certification program with a minimum of 13 credits. Candidates who graduate prior to September 1, 2004 must only achieve a GPA of 2.50 in these programs. As you interview and review the academic records of these incoming novice teachers, please keep these state requirements in mind. ▼

## Legislative Conference

**March 26, 8:30 a.m. - 2:00 p.m.**  
**Trenton Marriott**  
**at Lafayette Yard, Trenton**  
**ONLY \$50**

Meet your state legislators and colleagues for a day of discussion and debate about important educational issues.

**Register online at**  
**www.njpsa.org**

### -Senate Education Committee-



The Senate Education Committee: (L-R) Chairman Shirley Turner, Vice Chair Nicholas Scutari, Joseph Martin, Joseph Palaia and Wayne Bryant.

### -Assembly Education Committee-



The Assembly Education Committee: (L-R, top row) Chairman Craig Stanley, Vice Chair Patrick Diegnan, Bill Baroni, Joseph Malone, David Mayer; (L-R, second row) Robert Morgan, Nellie Pou, Joseph Vas, Joan Voss and David Wolfe.

## 2004 Legislative Conference Registration

**March 26, Trenton Marriott at Lafayette Yard, Trenton**

**8:30 a.m. - 2:00 p.m.**

**FEE:** \$50 (*Payment Must Accompany Registration*)

**Payment:**  Check  Purchase Order  Credit Card Authorization

Name \_\_\_\_\_

Title \_\_\_\_\_

School \_\_\_\_\_

District \_\_\_\_\_

School Address \_\_\_\_\_

School Phone \_\_\_\_\_ School Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Home Address \_\_\_\_\_

Home Phone \_\_\_\_\_

I authorize NJPSA/FEA to charge \$\_\_\_\_\_ to my  VISA  Mastercard

Account# \_\_\_\_\_

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**Make checks payable to NJPSA, 12 Centre Drive**

Monroe Township, NJ 08831-1564 Phone: 609-860-1200 Fax: 609-860-2999

E-mail: njpsa@njpsa.org Web: www.njpsa.org



## Bush Budget Leaves Schools Behind

President Bush presented his Fiscal Year 2005 Budget to Congress at the beginning of February. For NJPSA members and educators across the nation, his budget proposal is a major disappointment. Instead of recognizing the increased demands and fiscal implications of such sweeping federal legislation as No Child Left Behind and the Individuals with Disabilities Education Act, the President proposes inadequate increases to these programs when compared with the number of children in need and level of services required from the states at a time of extreme fiscal crisis in many states in this nation.

Specifically, the President proposes an overall increase in federal discretionary spending for education of 3% or 2.8 cents on the federal budget dollar. Such an increase is barely enough to cover the costs of inflation, let alone enrollment growth, increased program costs and additional mandates that are phasing in. President Bush proposes increasing the funding levels of NCLB by 2.6% and the IDEA Part B (the amount to be sent to the LEAs) by 9.9%.

### Lowest Percentage Increase in Nine Years

Although the President does propose increases to these two key federal education mandates, one must examine his proposal in its federal context. If enacted, the President's proposal would be the lowest percentage increase to education programs in the last nine years. For example, Congress has authorized a funding level of \$20 billion for Title I, yet the President's proposal underfunds that program by \$7 billion from that authorization level. Further, if the President's budget increase for IDEA is enacted as proposed, it will bring the federal funding of IDEA to 19.7%. Congress originally promised to fund the federal share of IDEA programs at 40%. In New Jersey, the difference between the level of Title I funding proposed by the President and the level of funding promised by the Republican Congress for FY '05 is a shortfall of \$177 million or, in real life terms, 58,897 children denied Title I services in our state.

This proposal comes at a time when several states are questioning the wisdom of even accepting federal funds for NCLB since the costs of those new mandates far outstrip the level of federal aid received. For example, the state of Ohio just released a cost analysis commissioned by the Republican-con-

trolled Ohio General Assembly showing that NCLB will cost Ohio \$1.4 billion more annually than it receives from the federal government for public education.

### Budget Bright Spots & Eliminations

There are some bright spots in the budget proposal including slated increases to Reading First (12.4%), Title I (8%) and the IDEA (9.9%). In addition, the President has proposed \$100 million in new funding to develop research-based methods to improve teenage reading levels in the "Striving Readers Program."

While the proposed increases are appreciated, a closer examination of the President's budget reveals that education funding, even the funding of education reform initiatives such as NCLB, do not appear to be a budget priority. For example, the President proposes a 5% increase in the non-defense budget, a 7% increase in the Homeland Security budget and a 10% increase in the defense budget with more to come in the future for national defense.

Further, the Bush budget proposal lists 38 education programs for elimination. This list (see Table I on page 7) includes such valued educational programs as Evenstart, Arts in Education, Gifted and Talented education, Dropout Prevention, Comprehensive School Reform, the National Board for Professional Teaching Standards, Regional Research Laboratories, Star Schools, School Counselors and the School Leadership Program. NJPSA recently received a \$1.6 million grant over the next three years under the School Leadership Program to develop and implement a mentorship program for novice principals and to explore models of distributed leadership in our schools.

To make matters worse, the President has chosen to fund several new initiatives at the expense of these proven-to-be-successful federal programs. One glaring proposal is the President's initiative for a \$50 million program for school vouchers that will use federal funds for private schools, a program NJPSA has long opposed.

### Legislative Action Needed!

NJPSA will bring its concerns with the President's proposed budget for fiscal year 2005 to our congressional delegation at the Federal Relations Conference being sponsored by NAESP on February 28 through March 2. NJPSA Special Education Chairman Dr. Timo-

thy Hamway, Director of Government Relations Debra Bradley, Esq. and Assistant Director of Government Relations Jeremy Hirsch will lobby on these issues.

We could use your assistance as well! Please contact your congressional representatives about the need to increase the federal investment in, not just the federal mandates for our public schools. You can use the following talking points in you letter, email or telephone call with a congressional representative or staff member:

1. The education community is striving to achieve the goals of NCLB, particularly the goal to eliminate the achievement gap among different subgroups of students. Without the necessary financial and human resources to provide the needed services to these students, this goal will become another broken promise to our most vulnerable students long before the target date of 2014.
2. The funding of the Individuals with Disabilities Education Act has never met the promised funding level of 40% of the cost of providing special education services in the states. At the current 18% level with a proposed increase to 19.7 %, the federal government will not meet its mandate or its promise to these disabled students, thus failing to close its funding "achievement gap." Discuss the negative impact this lack of federal special education funding has on your local budget, services to students, and local property taxpayers.
3. Discuss the valuable services and programs you provide to students with any of the programs slated for termination in Table I on page 7.
4. Discuss the need for Congress to continue federal funding of the needs of school leaders. As a result of our lobbying efforts, Congress has supported funding of the professional needs of school leaders through the Title I program and has funded the School Leadership Program to assist states in addressing the principal shortage in the states.

You can find congressional contact data for your representatives on the NJPSA website under Legislative Representation. Thank you for advocating for students and the profession! ▼

## Program Terminations in FY 2005

(Proposed)

	000's
Even Start	246,910
Comprehensive school reform	233,613
Javits gifted and talented education	11,111
Foreign language assistance	16,546
Regional technology in education consortia	9,876
Eisenhower regional mathematics & science Education consortia	14,814
Eisenhower National Clearinghouse for Math and Science Education	4,939
National writing project	17,894
School leadership	12,346
Dropout prevention program	4,971
Close-Up fellowships	1,481
Star schools	20,362
Ready to teach	14,321
Exchanges with historic whaling and trading partners	8,450
Excellence in economic education	1,491
Arts in education	35,071
Parental information and resource centers	41,975
Women's education equity	2,962
Alcohol abuse reduction	29,823
Elementary and secondary school counseling	33,799
State grants for incarcerated youth offenders	19,882
Literacy programs for prisoners	4,971
Migrant and seasonal farm workers	2,321
Recreational programs	2,564
Projects with industry	21,799
Supported employment State grants	37,680
Vocational education National programs	11,852
Occupational and Employment information	9,382
Tech-prep education State grants	106,665
Tech-prep demonstration	4,939
Smaller learning communities	173,967
Community technology centers	9,941
Federal Perkins loans: Capital contributions	98,764
Leveraging educational assistance partnership	66,172
Demonstration projects to ensure quality higher ed. for students with disabilities	6,913
B.J. Stupak Olympic scholarships	988
Underground railroad program	2,222
Regional educational laboratories	66,665
<b>TOTAL - 38 Programs</b>	<b>1,410,442</b>

## Congress Considers Funding Relief for Defined Benefit Retirement Plans

by Mort Reinhart  
NJPSA Retirement Consultant



Legislation being considered by the federal Congressional Joint Committee on Taxation would provide both private and government employers who sponsor defined benefit plans with funding relief during the next few years. If the legislation that emerges from the Joint Committee becomes law, the State of New Jersey could find itself with some unexpected help as it tries to meet its budgetary needs. Under the original legislation passed by the House, the temporary relief will last for two years in the private sector and four years in the governmental sector. During the temporary relief period, Congress will attempt to permanently reform the pension laws so that employers will be able to plan with more certainty for their long-term pension funding obligations.

The relief legislation, which began as H.R. 3108, has the support of the Bush Administration. However, amendments to the original legislation providing special status to plans of the airline and steel industries and to multi-employer plans have brought a threat of a veto by the President. House and Senate conferees are trying to work out a compromise solution that will result in legislation that will bring temporary relief to beleaguered pension funds, which are just beginning to recover from three years of falling stock prices.

The major provision of the legislation would temporarily shift the basis for the interest rates used to determine employer contributions to defined benefit plans, such as the Teachers' Pension and Annuity Plan (TPAF) and the Public Employees' Retirement System (PERS).



## Funding Relief for Defined Benefit Retirement Plans (continued from p. 7)

Under **current law**, defined benefit plans, which are funded on the basis of actuarial assumptions that take into account current and projected investment returns, current and future salary increases, potential retirement ages, employee turnover and a number of other demographics, must use the **interest rate on 30-year Treasury securities** in determining employer funding liability. **The legislation being discussed by the Joint Committee would temporarily replace this rate (which is currently very low) with one based on rates of long-term corporate bonds (which currently are considerably higher than 30-year Treasury securities).** *This approach would reduce the liability (and contribution requirements) of employers.*

Defined benefit plans are funded through three sources: employee contributions (where applicable), employer contributions and growth of invested assets. The primary source of funding is the growth of invested assets, which are expected to grow much more rapidly than either of the other two sources and is the essential factor in determining how much money the employer must contribute. Employee contributions usually are fixed as a percentage of income.

Thus, the actual and presumed rate of interest drives the employer pension costs.

### Explanation of Interest Rates & Funds

Here is a simplistic explanation of how interest rates drive pension funding. Every year, the actuary of a defined benefit plan determines the liability of the plan by reviewing a number of factors, such as ages of employees, years of credit, salaries, projected retirement dates, etc. From an analysis of this information, the actuary calculates the amount of money (funding) necessary to meet the current and future obligations of the plan. (If it closed at the end of this year, how much money would it need to pay every participant in the future when the participant became eligible for retirement under the plan's provisions.) The actuary then reviews the value of the assets of the system at the end of the past year. If the plan's obligations exceed the plan's assets, as is usually the case, the actuary informs the employer of the amount that is necessary to meet the current and future obligations of the plan. All future obligations are based on a series of assumptions: how fast will salaries rise, how soon will employees retire, how quickly will assets grow. In each of these factors, the actuary is assuming, since no one can project exactly how any of these changes will transpire. The assumption of growth of money weighs heavily on the contri-

butions (funding requirements) of the employer; low interest assumptions require higher contributions by the employer (the assets grow more slowly), while higher interest assumptions require lower contributions (the asset grow faster).

The exact interest assumptions that will result if the legislation using corporate bonds as a basis is not known at this time. However, the rate, which will be determined by the Secretary of the Treasury, will be based on two or more indices which rate the top two quality levels of conservative long-term corporate bonds of 20 years or more of maturity, are considerably higher than the current 30-year Treasury security rate. Whatever that difference, it will be greeted with an enthusiastic response by employers, since any increase in the interest assumption rate will bring a welcome reduction in pension costs to employers.

From the standpoint of New Jersey, it will bring some relief for its budget problems. ▼

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