

Government Relations Report to NJASL
June 19, 2006

State Board of Education: **Decision on Bacon District funds deferred pending new funding formula.** At its June 7 meeting, DOE Acting Commissioner Lucille Davy recommended to the State School Board that the state should not grant more funding to certain poor, rural districts, known as the Bacon Districts, until a new statewide school funding formula is agreed upon. She made this recommendation even though the State Board had instructed Commissioner Davy to assess the needs of the districts as a result of a lawsuit in which the 17 districts, mostly rural, had sought state funding similar to Abbott funding.

In her letter to the State Board, Acting Commissioner Davy asked the board to defer such a proposal until the broader work is completed that will start this summer to devise a new statewide funding formula for all schools.

This action is yet another indication that the governor and acting commissioner are serious about implementing a new statewide funding formula this year.

State House: Hard negotiations continue in Trenton in the run up to the June 30 budget deadline. Here is a brief summary of events:

The big news from the State House in the last two weeks is that Assembly Speaker Joseph Roberts and Senate President Dick Codey announced plans on June 6, 2006, to convene a special legislative session beginning July 15 to be completed by September 30, 2006. The subject is to be reform of property taxes. Joint committees, including both Assembly and Senate members, will be formed to address four specific issues.

- School funding;
- Public employee benefits and pensions;
- Shared governmental services; and
- Tax equity.

Governor Corzine has endorsed this plan for a special summer session and is expected to address the opening session.

6000 people rallied outside the Statehouse in Trenton on Monday June 19, in support of Governor's plan to make a payment to the state employees' pension fund in the amount of \$1.1 billion. The substantial payment is necessary to put the pension plan on sounder financial footing. Some legislators are looking to cut the pension fund payment in order to reduce or avoid a proposed increase to the sales tax. Governor Corzine addressed the rally to cheers stating strong support for the pension contribution.

Corzine also continues to resist a proposal by three Democratic lawmakers to seek \$700 million in voluntary givebacks by state employees to avoid the sales tax increase.

While rejecting the idea of mid-contract givebacks from state employees, Governor Corzine has said that he intends to bargain hard next year during contract renewal negotiations. As reported by the Star Ledger, the governor said on his radio call in show on June 7, "The new contract is one year away. We need to go hard at the bargaining table to get those costs down," especially for new employees.

Corzine cedes proposed tax on hospital beds but holds firm on sales tax increase; despite news from Assembly leaders that sales tax increase won't fly. Democratic leaders in the Assembly have told Governor Corzine that the penny increase in the sales tax will not pass the Assembly. The three leaders who met with the governor -- Assembly Speaker Joseph Roberts (D-Camden), Majority Leader Bonnie Watson Coleman (D-Mercer) and Speaker Pro Tem Wilfredo Caraballo (D-Essex) -- later issued a statement saying the sales tax increase had been roundly rejected at a meeting Thursday among 41 Assembly Democrats. See statement at <http://www.assemblydems.com/press/0606/PRCaucusOpposedToSalesTax.htm>

State needs to take lead in Abbott district accountability. A coalition of school reform organizations called upon Governor Corzine and legislative leaders at a press conference on June 14, 2006 to carry out their legal and moral obligations to Abbott school district children and parents in an **Abbott Accountability Agenda**. Since as early as 1988, the New Jersey Supreme Court has repeatedly ordered the State to take any and all action necessary to ensure that funds are spent "effectively and efficiently" and that Court mandated programs are aggressively implemented. For more information see www.edlawcenter.org.

Around the State

Troubles continue to mount for Camden Superintendent. The Philadelphia Inquirer reported on June 17 that the State Attorney General's Office had served the Camden School District with a wide ranging subpoena seeking records and documents concerning Superintendent Annette Knox. Earlier this month, Governor Corzine had voided Knox's new three year contract which had been approved by the Camden School Board. Many school reform advocates were pleased with the governor's action because it indicated the governor's willingness to exert authority over local school district decisions in appropriate circumstances.

President of state NAACP accuses governor of racial bias. According to the Star Ledger, the president of the state NAACP has harshly criticized Governor Corzine for calling for financial audits of the Abbott school districts. James Harris was quoted as saying the governor was engaging in "racial profiling." His comments came after a breakfast hosted by the governor for approximately 250 black leaders in early June.