

APPENDIX

**Testimony Presented by NJEA
Before Senate Education Committee
On SFRA
March 14, 2024**

On behalf of NJEA President Sean Spiller, Vice President Steve Beatty and Secretary Treasurer Petal Robertson, and our nearly 200,000 members, thank you for inviting us to bring testimony on the School Funding Reform Act. We want to express our gratitude for the commitment by the Governor and the Legislature to get us to where we are today – a proposed FY25 budget that fully funds the formula.

This journey has not always been smooth, but even with the challenges of the pandemic, the ramp up continued. We know that every dollar that goes into the formula supports student success, and we are so grateful that the state has continued to prioritize education. Because of your investment, our members can continue to their excellence and dedication to see our students succeed.

As we have reached this point of full funding, it is a fair and appropriate time to examine how the SFRA is supporting education in 2024. Until now, while we have identified challenges and pressure points, we have been constantly focused on achieving the intended levels of funding to grasp the full efficacy and true challenges of the formula. This is the right starting point from which we can now evaluate a formula that was constructed 16 years ago.

In 16 years, education has changed a great deal including federal and state mandates, standards, technology, and climate change not to mention the lessons taken from a pandemic. And for all the merits of the formula, it was not built to adapt in every way that perhaps is needed. That should not surprise us, but it does obligate us to take a careful look at the formula – including the inputs, the outputs, and the expectations of what the formula should be able to deliver.

We want to start with our position that at its core, the SFRA remains one of the strongest formulas in the nation. New Jersey should be proud of a formula that long ago recognized that each individual child and their learning needs should be the basis upon which we determine funding levels. At its core, the SFRA recognizes that the resources each individual community has available to invest in education varies, so that state support must adjust accordingly. At its core, SFRA recognizes the critical difference between equality and equity, and rightfully strives towards equity.

That goal of equity, like so many goals in government, is the right goal, but not easy to achieve. So, with all that is right about the formula, there is a need to take a look at where it falls short of us achieving equity and adjust accordingly.

There are issues talked about for the better part of the decade – some of which are built into the formula such as census based special education funding and extraordinary aid not being an adequate basis to cover real costs of students who deserve that investment in equity. Some challenges are not necessarily bound in the formula, but nonetheless impact the use of formula dollars, such as transportation aid, security needs in the era of school shootings, and the impact of climate change on our schools. It is both elements within the formula and outside of the formula that impact its efficacy and advancement of equity.

Therefore, while many solutions to specific issues have been proposed over the years, we believe that a holistic evaluation of inputs, outputs and expectations needs to be done so that the changes made to the formula reflect an overall approach towards maintaining excellence where it exists, and ensuring that where challenges remain, we invest appropriately to close the gaps.

It is our position that because all the pieces are interconnected and what is put into the formula impacts what comes out, and the expectations placed upon our schools and students have changed so much since the inception of the formula, that it is neither advantageous nor responsible to address the formula in a piecemeal manner.

A few examples here of challenges we feel must be addressed:

1. With respect to expectations of formula funding – what we expect our schools to achieve in 2024 is not as it was on 2028. New standards set by the NJDOE, requirements passed by the Legislature, mandates for accountability from the Federal Government, all require investment. The now essential expectation of advanced technologies in schools and for individual students comes at a cost not originally contemplated in school funding in 2008. School security and the need for more advanced HVAC systems to address climate change and health are costs not anticipated. So much of education has changed since 2008 and while the formula has allowed, mostly through the adequacy report, some flexibility, a comprehensive analysis is warranted given all that has changed.
2. With respect to inputs, we know that the variability of Local Fair Share remains a constant challenge. We do not pretend to be experts in the area of local wealth, property valuations and the real estate market but we do know that these variables have caused instability for too many districts - by factors far beyond their control, yet impacting their bottom lines. Everything from climate change to the pandemic has impacted our economy and property values – and we need to find a way to defend against unreasonable expectations of market fluctuations on schools that rely on a certain amount of stability to achieve excellence.

Another challenge, especially after more than a decade of underfunding, are the adjustments to aid based on enrollment. While the formula funds on a per pupil basis, fixed costs do not adjust accordingly. Where facility adjustments may be warranted due to declining enrollment, the costs for those adjustments are not contemplated, so as a district loses funding with lower enrollment, they are faced with choices that require investment of money they do not have. Districts are faced with tradeoffs – such as reducing class size or reducing staff – one in the best interest of students and the other necessary to meet a bottom line.

We need to evaluate the fluctuations that the formula allows in areas such as these and determine how we can mitigate the immediate negative impact on students as districts are forced to rapidly adjust under current formula runs.

3. The outputs – what the formula determines is an adequacy budget, appropriate weights, and how much of that comes from the state versus local fair share - must be part of the overall evaluation. It is one thing to run a formula – but another to make sure that the output is fair and just. While we believe that this formula is strong in its recognition of variation in everything from geography, to local wealth, and student needs – it has not built the needed solutions to address those variations in all areas. Special education would be a prime example.

But also, we need to take a serious look at persistent achievement gaps and the real dollars needed to invest in resources to address those gaps. We know they exist, we know resources matter, and we know that the formula intended to address this. But the persistence in the achievement gap warrants a look at what more should the formula do to accelerate the elimination of this persistent challenge.

These are just a few examples of the challenges that we believe an analysis of the formula can address and that within the core foundations of the formula we can improve upon. The key is that this is a formula meant to serve all students and districts with equity – and therefore altering a piece here or there, without the full picture could result in unintended consequences and coming back to the Legislature year after year with small fixes.

We would be remiss if we did not take this chance to point out the challenge posed by the timelines of school budgets and state budgets. The instability caused this time of year while districts wait for final numbers results in layoffs and program eliminations that might not ultimately have been needed but required because of the deadlines. We need to figure out as part of this evaluation, how to fend off against this annual season of insecurity.

So let me end going back to where we started. This is the right time to do this work – holistically and comprehensively – to modernize the formula to meet the needs of our students today and for the next 15 years. It is also the right time because with Kevin Dehmer as the Acting Commissioner of Education, you have the foremost expert in the state of New Jersey at the helm to lead this work.

Our request of the Legislature therefore is simple – help those S2 districts this year that for some of the reasons discussed above have unmanageable fluctuations in funding so that they can continue to provide excellence to their students, and invest in a comprehensive evaluation of the formula (and the additional resources that Commissioner Dehmer requires) for a robust analysis accompanied by meaningful stakeholder engagement to develop a set of recommendations to bring back to the legislature in no more than 9 months so that funding for FY26 can be done based on needed structural revisions to the SFRA. We know we have solid foundations but we need to modernize thoughtfully and with our eye on achieving the equity for all students.



Julie Larrea Borst
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**Save Our Schools NJ
Testimony to the
Senate Education Committee on the NJ School Funding Reform Act**

March 14, 2024

Thank you to Senator Gopal and Committee members for taking the time to hear from the public school community today.

Save Our Schools NJ (SOSNJ) is a grassroots organization with over 36,000 members statewide who believe that all children deserve a high-quality education regardless of the zip code. Public school funding is our highest priority.

Our testimony is on the special education funding formula.

Since its inception, this census-based categorical aid has left every school district without the appropriate resources for students with disabilities (SWD). Either the district was on the losing end of the state multiplier or they lost on the wealth adjustment. To put it plainly, students lost because of both and because the formula treats every disability costs the same to educate.

The census-based formula was meant to save money, not educate our most vulnerable students. The State of New Jersey did not meet its funding obligation for more than a decade, exacerbating districts' struggle to meet students' needs. We hear that struggle all over the state from families fighting for everything from getting special education testing and classification to delivery of services.

We have been in this scarcity mode for so long that it's been normalized.

You've asked all of us here today for equitable solutions.

We suggest a change to the special education funding formula. The bill currently moving through the legislature, S1410/A3798, seeks to remove the state average multiplier which is currently 15.9%. While that would provide some relief to the many districts that are well above the average, it does not address that the revised formula would still treat all disabilities the same.

There are many examples of state funding formulas that are tiered, taking into consideration how much it costs to educate students at varying levels of disability. 10 states have some form of a tiered system only. Tiers are based on a variety of factors including federal disability

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Source: Education Commission of the States

classifications, the type of classroom setting, the number of hours in specialized classrooms, etc. Some states have a hybrid of tiers and some other funding mechanism(s). For example, using tiers with extraordinary aid or categorical aid. I have provided a spreadsheet with a sample of states and their funding mechanisms. I included New Jersey at the bottom to provide an easy way to compare funding mechanisms. The NJ Department of Education should be able to provide this Committee and the public with projected costs in a variety of scenarios based on the current student classifications in every district.

The bottom line is money matters.

To have an environment where all students thrive, schools must be well-funded. This is not an opinion. The academic research demonstrates it over and over. Money matters.

I leave you with a quote from the book *Does Money Matter in Education?* By Dr. Bruce Baker:
Source: <http://www.shankerinstitute.org/resource/does-money-matter-second-edition>

"In short, money matters, resources that cost money matter, and a more equitable distribution of school funding can improve outcomes. Policymakers would be well-advised to rely on high-quality research to guide the critical choices they make regarding school finance."

In 2020, Drs. Bruce Baker and Mark Weber took a close look at SFRA and wrote a 5-part report, *School Funding in New Jersey: A Fair Future for All*, which can be found here:
<https://www.njpp.org/publications/report/school-funding-in-new-jersey-a-fair-future-for-all/>

As always, thank you for your time and attention.

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Source: Education Commission of the States

State	Special Ed Funding Mechanisms	Amount (dollar or weight)	Description
Arizona	Hybrid: multiple weights (tiers) and census-based	Grade weights: K-8 student count w/ additional weight of 16%; 9-12 student count w/ additional weight of 27%; Additional weights from 29%-695% as determined by student disability characteristics	Districts receive a flat funding factor of 16% for K-8 or 27% for 9-12 to cover special education, bilingual pupils, remedial education, and career exploration. Additional special education weights ranging from 29% to 695% are also applied to eligible students based on the category of disability.
Colorado	Hybrid: multiple weights and high-cost services funding (extraordinary aid)	Multiple weights: \$1,750 for each student with disabilities (Tier A) and \$6,000 for each student with specific disabilities (Tier B). High-cost services funding: \$4 million statutory appropriation.	Multiple weights: Administrative units receive \$1750 for each student with disabilities (Tier A) and up to \$6000 per student for students with specific disabilities (Tier B) as set by the department of education and dependent upon legislative appropriation. (The 2023 budget increased appropriations for Tier B services by \$40m and is estimated to increase the per pupil contribution to the statutory maximum of \$6000.) High-cost services funding: Statute specifies a \$4m appropriation designated for reimbursing administrative units for high-cost special education services for a single student that exceed \$100,000 or 2.5% of the operating expenses. Reimbursements are awarded based on application and approval by the Special Education Fiscal Advisory Committee.

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<p>Florida</p>	<p>Hybrid - multiple weights and categorical</p>	<p>Support Level IV: 3.706 times base amount; Support Level V: 5.707 times base amount; Each qualifying student not eligible for Support Level IV or V receives an additional \$1,951.26 (2023-24).</p>	<p>Multiple weights: The Commissioner of Education determines the criteria for the weighted cost factors, and the annual General Appropriations Act establishes weights.</p> <p>Categorical Funding: The Exceptional Student Education Guaranteed Allocation is determined by the legislature and prorated based on funds available.</p>
<p>Maine</p>	<p>Hybrid - multiple weights and high-cost services funding</p>	<p>Multiple weights: Additional weight of 150% for each student identified for special education services up to 15% of district enrollment. Additional weight of 38% for students beyond 15% of district enrollment.</p> <p>High-cost services funding: Districts are eligible to receive the amount that each student exceeds the threshold of three times the special education per pupil rate for in-district placements and four times the rate for out of district placements.</p>	<p>Multiple weights: Districts receive an additional weight up until a threshold level of 15% of district enrollment. Districts receive a reduced weight for students beyond this threshold.</p> <p>High-cost services funding: Funding is available for special education students with costs estimated to exceed the threshold above the statewide special education per pupil rate.</p>
<p>District of Columbia</p>	<p>Multiple weights</p>	<p>Additional weights based on hours of specialized services.</p> <ul style="list-style-type: none"> • Level 1: 97% • Level 2: 120% • Level 3: 197% • Level 4: 349% 	<p>Weight categories are determined by the number of hours of specialized services required per week. Funding levels are subject to appropriation.</p>

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Source: Education Commission of the States

Georgia	Multiple weights	<p>Additional weights based on disability category.</p> <ul style="list-style-type: none"> • Category 1: 141.18% • Category 2: 184.02% • Category 3: 261.88% • Category 4: 487.10% • Category 5: 147.37% 	Weight categories are determined by individual student disabilities.
Indiana	Multiple weights	<p>Additional dollar amount based on disability status.</p> <ul style="list-style-type: none"> • \$11,104 for students with severe disabilities (nonduplicated) • \$2,970 for students with mild/moderate disabilities (nonduplicated) • \$525 for students with communication disorders (duplicated) 	Districts receive per pupil amounts for two disability categories: \$11,104 for severe disabilities and \$2,970 for mild/moderate disabilities. An additional \$525 is applied to pupils who also have communication disorders.
Iowa	Multiple weights	<p>Additional weights based on student placement.</p> <ul style="list-style-type: none"> • Level 1: 80% • Level 2: 120% • Level 3: 340% 	Weights designate three categories of special education services: regular classroom, full-time separate placement, and severe or multiple disabilities.
Kentucky	Multiple weights	<p>An additional weight is applied for qualifying students based on three categories:</p> <ul style="list-style-type: none"> • Low incidence: 235% • Moderate incidence: 117% • High incidence: 24% 	Students are assigned to different weight categories based on their specific disabilities: low incidence (severe), moderate incidence, and high incidence.

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Source: Education Commission of the States

<p>Massachusetts</p>	<p>Hybrid - multiple weights, census-based, and high-cost services funding</p>	<p>Census-based and multiple weights: The base foundation provides \$30,771 per in-district special education student and \$37,115 for tuitioned out special education student (2023-24). These costs are shared by the state and district.</p> <p>High-cost services funding: Instructional and transportation costs reimbursed at 75% of approved costs for students with costs above \$45,793 in fiscal year 2020 and indexed for inflation afterwards. State appropriated \$505 million (2023-24).</p>	<p>Census-based and multiple weights: Foundation budget assumes in-school special education enrollment of 4% of the total foundation enrollment and tuitioned out special education enrollment 1% of the total foundation enrollment. The state calculates a different dollar amount to be awarded for in-district and out-of-district enrollment.</p> <p>High-cost services funding: State reimburses share of instructional and transportation costs above threshold dollar amount.</p>
<p>New Jersey</p>	<p>Hybrid - Special Education Categorical Aid: census-based Extraordinary Special Education Aid: high-cost services funding</p>	<p>Census-based: According to the 2023 Education Adequacy Report, the classification rate for general special education is 15.9% and the average excess cost was \$19,524.</p> <p>High-cost services funding: State covers 75% of cost above \$40,000 for in-district placement and 75% of cost above \$55,000 for private placement.</p>	<p>Census-based: Special education formula equals $(RE \times SEACR \times AEC \times \frac{1}{5}) \times GCA$ where RE is the resident enrollment of the school district; SEACR is the State average classification rate for general special education services pupils; AEC is the excess cost for general special education services pupils; and GCA is the geographic cost adjustment as developed by the commissioner.</p>

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<p>New Mexico</p>	<p>Multiple weights</p>	<p>Additional weights depending on type of special education services grouped into classes A - D.</p> <ul style="list-style-type: none"> • Class A and B: 70% (0.7 units) • Class C: 100% (1.0 units) • Class D: 200% (2.0 units) 	<p>Special education class definitions:</p> <ul style="list-style-type: none"> • Class A - Children whose IEP require a minimal amount of special education. • Class B - Children whose IEP require a moderate amount of special education. • Class C - children whose IEP require an extensive amount of special education. • Class D - children whose IEP require a maximum amount of special education.
<p>Oklahoma</p>	<p>Multiple weights</p>	<p>The state assigns the following additional weights for the following specific disabilities:</p> <ul style="list-style-type: none"> • 5% for speech or language impairment • 40% for specific learning disability • 120% for orthopedic impairment • 130% for intellectual disability • 240% for multiple disabilities • 250% for emotional disturbance • 290% for deafness or hearing impairment • 380% for visual impairment • 390% for deaf-blindness 	<p>Students are assigned to different categories based on their specific disabilities.</p>

Ohio	Hybrid - multiple weights, census-based, and high-cost services funding	<p>Multiple weights: State provides additional funding weights for the following student categories:</p> <ul style="list-style-type: none"> • Speech and language impairments: 24.35% • Specific learning disabilities or developmental disability: 61.79% • Hearing disabilities or severe behavior disabilities: 148.45% • Visual impairments or other health impairments: 198.12% • Orthopedic impairments or multiple disabilities: 268.30% • Deafness and blindness, autism, or traumatic brain injuries: 395.54% <p>Multiple weights: State provides additional funding weights for the following student categories:</p> <ul style="list-style-type: none"> • Speech and language impairments: 24.35% • Specific learning disabilities or developmental disability: 61.79% • Hearing disabilities or severe behavior disabilities: 148.45% • Visual impairments or other health impairments: 198.12% • Orthopedic impairments or multiple disabilities: 268.30% • Deafness and blindness, autism, or traumatic brain injuries: 395.54% 	<p>Multiple weights: Students are assigned to six different categories based on their specific disabilities.</p> <p>High-cost services funding: The excess cost threshold is \$27,375 for students in categories 2-5 and the threshold is \$32,850 for students in category 6.</p>
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<p>Tennessee</p>	<p>Multiple weights</p>	<p>Additional weights provided depending on type of special education services received by the student:</p> <ul style="list-style-type: none"> • Special Education Consultation Services: 15% • Minimal special education direct services, dyslexia: 20% • Limited special education direct services: 40% • Moderate special education direct services: 75% • High support special education direct services: 80% • Ancillary special education direct services: 100% • Most Intensive Special Education Direct Services: 125% • Special Education Residential/Homebound/Hospital Services: 150% 	<p>The state allocates additional funds for students eligible for IDEA services in the state's primary funding formula TISA. Multiple weights are multiplied by the base per student amount to generate additional funds. Weights are based on the level of intensity of the services that the student receives ranging from an additional 15% to an additional 150%.</p>
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Source: Education Commission of the States

Texas	Multiple weights	<p>Additional weights depending student placement.</p> <ul style="list-style-type: none">• 15% for mainstream instructional services• 70% for nonpublic day school• 130% for vocational adjustment class• 170% for off home campus (served but does not reside in school facility)• 200% for resource room (3 special education classes in resource room)• 200% for self-contained (4 special education classes and 3 general education classes)• 200% for hospital class (in hospital facility)• 400% for homebound services (confined to home or hospital for minimum of 4 weeks)• 400% for speech therapy.	Different student weights are based on where the student receive special education services.
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Dr. Kwame R. Morton -- Senate Testimony
March 13, 2024

Good morning, Chairman Gopal and honorable members of the Senate Education Committee,

My name is Kwame Morton, and I am the Acting Superintendent for Cherry Hill Public Schools. I greatly appreciate the opportunity to speak before you this morning and I do not take this opportunity for granted. Cherry Hill is the 11th largest school district in New Jersey, and one of the largest employers in South Jersey with approximately 1,700 professional staff. We serve a diverse student body of 10,673 students in grades preK-12, who speak 72 different languages. Over a period of 5 years our English Language Learner (ELL) enrollment has increased 266% and nearly 2,000 (18.36%) of our students receive special education services.

The historical underfunding of Cherry Hill Public Schools has posed significant and enduring challenges for the district, with one of the most critical issues being the inability to adequately upgrade and maintain district facilities. This situation underscores a narrative of financial strain that impacts not only the physical infrastructure of our schools but also the broader educational experience we are able to offer our students.

In October 2022, the Cherry Hill community demonstrated its commitment to our children's future by passing a \$363 million dollar bond referendum to provide much needed facility repairs and improvements. This was the largest school bond referendum in the state's history and our taxpayers overwhelmingly passed the bond knowing that it would mean an \$386 tax increase on the average assessed home. After several years of increases to our State Aid, including an increase of \$6.7 million dollars last year, we were optimistic that our concerns about the years of underfunding had been heard and were being addressed. This year we were stunned to learn that we would be receiving a reduction in our State Aid in the amount of \$6.9 million dollars. There were no indications that Cherry Hill would have the second largest aid cut in the State.

Facing the financial challenges brought on by the deficit, we find ourselves in a difficult position. We must now approach the taxpayers of Cherry Hill once more, to request an increase in taxes beyond what has already been generously agreed upon via the bond referendum. Even with taxes raised to the maximum, a 2-million-dollar gap remains, forcing us to reduce positions. The potential loss of personnel is not merely a matter of balancing our budget; it directly affects the quality of education and support we

Dr. Kwame R. Morton, Sr.
Senate Education Committee Testimony

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can offer our students. Reductions in personnel will inevitably lead to increased class sizes, diminished resources for special education and ELL programs, and the possible elimination of valuable extracurricular activities and support services that contribute to the holistic development of our students.

Moving forward, I humbly submit a few requests to the Senate Education Committee.

- **Predictability**

To ensure effective budget planning, predictability is crucial. Cherry Hill Public Schools received an increase of \$6.7 million in State Aid last year, and we received a decrease of \$6.9 million in this year's projected State Aid. Drastic changes of this nature make it nearly impossible to effectively plan. Further, these cuts present unprecedented challenges to our district's operational and strategic goals, particularly in the area of teacher recruitment and retention. The cuts in our State Aid significantly jeopardize our efforts by the inability to enhance our salary guide. Therefore, I propose setting caps on potential budget losses to avoid yearly fluctuations in district budgets.

- **Fair Funding Assessment**

Reevaluate the criteria for determining State Aid, particularly the use of district income as a measure of community wealth. The State Aid Equalization report listed an increase in district income and property valuations for Cherry Hill. However, an audit conducted with local Cherry Hill Township officials reveals discrepancies in the valuation increases attributed to our district, indicating a need for a more accurate assessment method that truly reflects our community's financial landscape. In addition to growth in our ELL and special education student numbers, we've seen a rise in children qualifying for free and reduced lunch. The growth in Cherry Hill's low socioeconomic status (SES) population challenges the claim of overall increased wealth in the district. It suggests a potential uneven distribution of wealth among residents. Cuts in our State Aid will impact the district's ability to provide quality support for students in need. Therefore, we believe that the use of district income as an indicator of community wealth is flawed.

Mr. Chairman and members of the committee, I appreciate the opportunity to address you today. Thank you for considering additional funding for Cherry Hill Public Schools and other institutions facing similar challenges. Your support will help us assist all students without overburdening our taxpayers excessively.

Dr. Kwame R. Morton, Sr.
Senate Education Committee Testimony

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New Jersey Council of
County Vocational-
Technical Schools

CAREERTECHNJ

Testimony on the School Funding Formula
Presented by Jackie Burke, Executive Director
March 14, 2024

Chairman Gopal and members of the Senate Education Committee, thank you for inviting me to testify on behalf of New Jersey's 21 county vocational-technical school districts about the school funding formula and proposed changes.

Senator Turner may remember that I staffed the Joint Legislative Committee on Public School Funding Reform committee way back in 2006. At that time, we heard from many state and national experts, government officials and many advocates, a few of whom are sitting here today, with recommendations for the formula. The thoughtful deliberation and collective input formed a report with funding recommendations, some of which are embedded in today's formula. Eighteen years later, we are gratified to see this committee beginning the process of soliciting input to review the formula and evaluate what is working and where improvements are needed.

On behalf of all 21 county vocational-technical school districts, I appreciate your recognition of the crucial voice our districts have in these deliberations. Career and technical education is more popular than ever and continues to grow. Students who want a jump start on their careers and businesses that need a highly trained workforce continue to drive demand even higher.

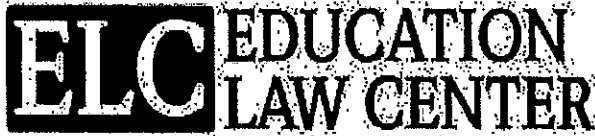
Providing that highly focused education in our districts requires sufficient resources to ensure that career programs are aligned with industry standards and students are well prepared to meet workforce needs. These resources are vital for our districts to be able to attract talented teachers from industry, to keep technical equipment and curricula up to date, and to provide opportunities for students to participate in work based learning placements. We simply cannot prepare students for tomorrow's jobs if we are using outdated training, equipment and technology.

Senate Education Committee: My name is April Miller and I have the pleasure of serving as the president of the Pitman Public School District's Board of Education. We are a PreK-12 district, located in Gloucester County. I am reaching out again this year on behalf of our district for guidance to assist us in our efforts to advocate for the students in our community, whose education has continued to be impacted by the draconian cuts in state aid. Our FY25 State Aid Notice contained another year of devastating equalization aid reductions for our students and community. More specifically, the Pitman Public School District has been on the losing end of SFRA's funding formula calculations for Local Fair Share for several years. As an additional note, Gloucester County is the outlier in their execution of property assessments, with P.L.2009, c. 118 pilot program, wherein the municipal property assessment function was transferred to a county assessor. Pitman, a small municipality whose current SR-3A form contains 3,206 properties, saw an increase in our equalization valuation from FY24 to FY25 of 13%, an increase of \$105,694,496 in equalization valuation. From FY23 to FY24, our equalization valuation increased 16.6%, or \$112,437,259. The school funding formula has increased Pitman's equalization valuation in FY23 to FY25 by 40.5%, with an overall increase of \$257,765,355. The second component of the LFS equation, district income, saw a one year increase from FY24-FY25 of 11.4% increase or \$37,225,559. From FY22-FY25, the district saw a 32% increase in district income calculations in our funding formula data. The result of the funding formula calculations was an increase in the state determined Local Fair Share in the SFRA formula. From FY24 to FY25, the funding formula has calculated an increase in Pitman's LFS of 11% or \$1,499,080 difference. State aid calculations increased Pitman's LFS from FY22-FY25 by 29% or \$3,347,049, or a four year cumulative loss of \$5,357,026. The increase in our LFS has equated to diminished equalization aid for Pitman Public School District. Pitman's equalization aid has plummeted in the same four year period by over 50%. The FY22-FY25 loss in equalization aid is \$3,768,069. Our district has seen a total cumulative loss in equalization aid of \$7,364,994. The SFRA was a valiant attempt by the legislature to use funding allocation to ensure equitable educational access for all New Jersey students. The actual implementation of the funding formula, as well as the varying weights of the calculations embedded into the formula, falls short of ensuring we are able to maintain equitable educational offerings for our students. Our district is witness to the instructionally consequential and significant impact on our student's education due to state aid reductions. These cuts compound the fiscal woes that stem from one hundred year old non-climate controlled facilities, inflation, increased employee benefit costs, double and triple transportation costs, rising wages, unfunded mandates, staffing shortages, rising special education costs and so much more. I would welcome any opportunity to speak further about New Jersey's efforts to equitable fund our public schools. Should you have any follow up questions or would like additional information regarding our district, my personal contact information is contained below. Respectfully, April Miller 856-236-7028

[REDACTED]

Sent from: [REDACTED]

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TESTIMONY OF EDUCATION LAW CENTER
ON IMPROVING THE SCHOOL FUNDING REFORM ACT

Senate Education Committee
March 14, 2024

Thank you, Chairman Gopal, Vice-Chairwoman Turner, and the members of the Senate Education Committee for the opportunity to share Education Law Center's (ELC) recommendations for improving New Jersey's school funding formula, the School Funding Reform Act (SFRA).

First and foremost, we believe the SFRA is an excellent formula that follows the core principles of fairness and equity in how funding is delivered to districts. The formula accounts for differences in costs associated with educating students in particular student subgroups, such as those who are from low-income families, are learning English, or have special education needs. The formula also considers the ability of local communities to support public education through the local tax base and allocates state aid relative to a district's ability to pay.

While the "bones" of the formula are solid, it is becoming increasingly apparent that some formula elements need to be updated. It is critical to note that when the Supreme Court signed off on the constitutionality of the SFRA, their acceptance was contingent on the State's commitment to review the formula and make adjustments as necessary.

The failure to adequately review the formula has led to the unsustainable position we now find ourselves in. Many school districts do not feel like they are getting the support they need to adequately resource their schools. And, volatility in the annual allocation of state formula aid among districts has created a set of winners and losers, and districts can't easily predict which side of the fence they will be on from one year to the next.

We believe many of these issues can be easily addressed, while others will require additional study and analysis. I will start with the fixes that can immediately be put in place, and then discuss our longer-term recommendations.

1. The drastic and unpredictable cuts districts have faced under the amendment to the SFRA, S2, have undoubtedly harmed students, and will continue to do so in FY25 unless immediate decisions are made about stabilization aid. The State's prior

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stabilization aid programs, while helpful, are not allocated in a manner that allows districts to effectively craft budgets during the extremely limited time frame between when their aid notices are released and their budgets are due. Instead, districts need immediate notification of the amount of stabilization aid they will receive for the next school year *before* they are required to finalize and submit their budgets and before they cancel programs and lay off staff.

We also recommend that stabilization aid be allocated through an equitable formula that mitigates harm to students. We propose distributing stabilization aid so that no district loses more than 1% of their operating budget. This will prevent significant cuts to programs and staff and would cost approximately \$65 million in FY25.

2. Another tool that could help districts is to provide an adjustment that allows districts to go beyond the 2% property tax cap. We support S2434 which addresses this, but recommended amendments in testimony last month that would improve the bill.
3. S2 provided school districts that were highly taxed with waivers from state aid reductions. In FY25, these waivers prevented nine districts from losing a total of \$46 million. An amendment is necessary to extend these waivers beyond the 2024-25 school year. Without these waivers, school districts will be forced to significantly raise their already high taxes or cut programs and services even further below a constitutional level of funding.
4. Though the volatility of the SFRA was especially great in the last couple of years because of unusual changes to inflation and property values, there is no predicting how school districts' aid levels will change going forward. I will discuss this in more detail later, but now that the formula is fully funded, a simple solution would be to build in both a ceiling and a floor for state aid changes going forward. The SFRA originally included this in the form of growth caps on state aid increases. These could be reinstated along with caps on state aid reductions going forward.

Once these short-term fixes are in place, there are a number of longer-term recommendations that we feel are necessary to ensure that the SFRA is operating at its optimal level, as cautioned by the Supreme Court.

The 2026 Educational Adequacy Report

The SFRA requires the Governor, in consultation with the Commissioner of Education, to review certain components of the school funding formula every three years. The New Jersey Department of Education (NJDOE) issued four Educational Adequacy Reports (EAR) between 2013 and 2022, but none provided the in-depth analysis that is required to ensure the formula is delivering adequate resources to all students. These reports updated the

underlying costs of the formula while failing to consider whether the inputs themselves are adequate for delivering the state's current learning standards. These surface-level reviews have left the SFRA out of step with current thinking on the resources needed to meet the state's academic and social-emotional standards. To ensure New Jersey students are receiving a constitutional "thorough and efficient" education, it is time for NJDOE to conduct a much more thorough analysis.

I included with my testimony a forthcoming report from ELC on the EAR. This report details which components of the formula should be reviewed, how they should be updated, and provides examples of the many ways in which the formula may not represent the resources needed to deliver the New Jersey Student Learning Standards, which have changed significantly since the formula was developed in the early 2000s. The next EAR must update costs to better reflect districts' expenditures and also allow them to implement advancements in educational best practices.

To accomplish this, NJDOE must consult with school finance experts to use appropriate costing-out methodologies to update the formula's components. NJDOE must also commit to a meaningful community engagement process to gather feedback from stakeholders, including educational professionals, families and students.

We recommend that the Legislature include a \$1-2 million appropriation in the FY25 budget to allow this important work to commence as soon as possible.

Special Education Census Funding

Advocates have long been critical of the SFRA's census methodology, which replaced a system based on differentiated funding tiers and actual special education enrollment. In fact, the funding law itself required an independent review of the census methodology after the first years of implementation. A review completed in 2011 was inconclusive because of the brief period of formula implementation, the lack of full SFRA funding, and limitations in the data collected by the state.¹ Changing the method through which special education funding is delivered is beyond the scope of the EAR but should be considered separately. A follow-up independent study should be commissioned by the Legislature to improve the delivery of special education funding.

State and Local Share of the Adequacy Budget

Much of the volatility in the formula in recent years is driven by changing expectations for how much of a district's funding comes from state versus local revenue. Understanding the

¹ Augenblick, Palaich and Associates. 2011. Analysis of New Jersey's Census-Based Special Education Funding System.

complicated interplay for these factors requires a clear understanding of the “adequacy budget” calculation in SFRA.

The “adequacy budget” is the amount required by law to provide all students with a constitutionally required “thorough and efficient” education. The adequacy budget defines the per-pupil base cost associated with the general education program, and “weights,” which represent the additional costs of educating students from particular subgroups (grade level, Vo-Tech, at-risk, and English learners). Every year the SFRA determines a unique adequacy budget for each school district by applying the base cost and weights to the district’s student population.

The adequacy budget is “wealth-equalized,” meaning that responsibility for funding is shared between state and local revenue sources. School districts located in municipalities with less wealth receive a greater share of funding from the state, and school districts in municipalities with greater wealth receive a smaller share of their funding from the state. A secondary formula within the SFRA, the Local Fair Share formula, uses property values and personal income to determine how much of the adequacy budget should be funded through local revenue and the rest is filled in with state aid. In other words, the state share is equal to the difference between the adequacy budget and the expected local share.

A unique feature of the SFRA is that the amount of state aid that is available to support the adequacy budget is set by statute and is indexed to inflation and enrollment. Over the years, as adequacy budgets have increased, the state share has become progressively smaller while the local share has grown. In 2009, 38% of the adequacy budget was state-funded; by 2025, that has gone down to 33%. That may not sound like a lot, but if the adequacy budget was still funded at a 38% state share, that would mean an additional \$1.3 billion in state aid, and therefore \$1.3 billion less required from local taxpayers.

Another way to look at this is to compare the number of districts where the state is expected to fund at least some portion of the adequacy budget. In 2009, 72% of districts received at least some state support to fund the adequacy budget. In 2025, that will be down to only 52%. The state’s middle-income districts, those in District Factor Group CD through GH, are receiving roughly the same amount of state aid to support their adequacy budget as they were entitled to in 2009 but are expected to raise \$1.4 billion more in local taxes.

These fluctuations in state share are a feature of the SFRA, not a bug. And to create more stability and predictability, they need to be addressed. Our recommendations include:

1. Commission a study of the Local Fair Share formula, as was initially required in statute when SFRA was enacted.

2. Increase the amount of state aid available to support adequacy budgets.
3. Allow the state share to be fixed, so that as adequacy grows, state support grows with it.

These issues are complex, but they are solvable. New Jersey must maintain its commitment to adequately and equitably funded public schools. School districts have waited fifteen years for full funding of state aid. Now that we are, hopefully, about to achieve that goal, we need to make sure the SFRA reflects realistic costs and is structured so that all districts have the capacity to fully fund their schools, both in terms of state and local dollars.

We thank the members of the Committee for your consideration of these comments. Please do not hesitate to contact Danielle Farrie, Research Director, at dfarrie@edlawcenter.org or 973.624.1815, ext. 130, for additional information or to answer any questions.

A Roadmap for Improving New Jersey's School Funding Formula:
The 2026 Educational Adequacy Report

Policy Brief
March 2024

The School Funding Reform Act (SFRA), New Jersey's school finance law, requires the Governor, in consultation with the Commissioner of Education, to review certain components of the school funding formula every three years. The New Jersey Department of Education (NJDOE) issued four Educational Adequacy Reports (EAR) between 2013 and 2022, but none provided the in-depth analysis that is required to ensure the formula is delivering adequate resources to all students.

These reports updated the underlying costs of the formula while failing to consider whether the inputs themselves are adequate for delivering the state's evolving learning standards. These surface-level reviews have left the SFRA out of step with current thinking on the resources needed to meet the state's academic and social-emotional standards.

To ensure New Jersey students are receiving a constitutional "thorough and efficient" education, it is time for the NJDOE to conduct a much more thorough analysis.

Below are recommendations for how this review should proceed:

1. The Commissioner of Education must **consult with school finance and content-area experts** to update the SFRA so that it better reflects the needs of students, faculty and communities.
2. An in-depth analysis must **use reputable costing-out methods** to update the components of the SFRA to reflect the resources needed to deliver the state's current learning standards and educational best practices, something that has not been addressed in prior EARs.
3. The analysis should update the "weights" for **at-risk students** to consider the additional resources needed to address widening income-based achievement gaps stemming from Covid-19 and to identify the resources needed to implement community schools and restorative justice models.
4. New Jersey's rapidly growing **English learner** population makes it crucial for the SFRA to include the resources necessary to support new promising programs and interventions for English learners. Experts should consider differentiating weights for English learners to recognize variations in the intensity of interventions required among the multilingual population.
5. **Preschool per-pupil costs** must be updated through a costing-out study. The expansion of state-funded preschool to students across New Jersey requires an analysis of the cost required to meet the program's high-quality standards with a mixed-delivery environment utilizing district-run programs, private providers, and Head Start settings.

6. **Security aid** must be revised to reflect the cost of evidence-based, effective practices that support students' mental health and foster an inclusive school climate, rather than the law enforcement model that informs current costs. Security aid must also reflect the growing costs of building security to protect against outside threats and cybersecurity needs.
7. The cost coefficients for both public and nonpublic transportation must be updated to better reflect districts' actual costs.
8. Advocates have long been critical of the SFRA's census methodology for funding **special education**, which funds every district through a single excess cost per pupil and funds every district at the state average classification weight, not based on their actual enrollment. Though changing this system is beyond the scope of the EAR, the NJDOE should commission a study to consider a system that funds districts based on their actual enrollment, differentiated to address the varying costs of providing the services and programs required by the student's individualized education plan.

Education Law Center recommends that the Legislature and the NJDOE immediately take the steps below so that the FY26 EAR, expected in early spring 2025, addresses the concerns outlined above. This must include a process informed by high-quality research, input from school finance experts, and meaningful stakeholder and community engagement:

1. **Allocate** \$1-2 million in the FY25 budget for the NJDOE to fund an in-depth EAR. This funding is critical to support additional NJDOE staff, outside consultants, cost studies, and community engagement efforts;
2. **Coordinate** a statewide listening tour aimed at gathering perspectives and recommendations from a diverse and representative group of students, families, school staff, community groups, school district leadership and professional associations.
3. **Establish** a school funding task force to consider formula improvements beyond the scope of the EAR, for example: the special education funding method, the Local Fair Share formula, geographic cost adjustments, and identification of at-risk students.

It is imperative that the NJDOE undertake this review now. In 2009, when the New Jersey Supreme Court signed-off on the constitutionality of the SFRA, the Justices cautioned that their acceptance of the formula was "tethered to the State's commitment diligently to review the formula after its initial years of implementation and to adjust the formula as necessary based on the results of that review." *Abbott v. Burke*, 199 N.J. 140, 146 (2009). After 15 years, it is long past time for the state to take this obligation seriously.



To: Chairman Gopal, Vice Chairwoman Turner and Members of the Senate Education Committee

10 W Lafayette Street
Trenton, NJ 08608-2002

From: Althea D. Ford, NJBLA Vice President of Government Affairs
(aford@njbja.org)

609-393-7707
www.njbja.org

Date: March 14, 2024

RE: NJBLA Testimony Regarding the School Funding Formula

Michele N. Slexerka,
Esq.
President and CEO

We thank Chairman Gopal and the members of the Senate Education Committee for the opportunity to submit testimony regarding New Jersey’s school funding formula.

Christopher Emigholz
Chief Government
Affairs Officer

Imperative to this discussion is affordability and return on investment.

Raymond Cantor
Deputy Chief
Government Affairs
Officer

ROI on Taxpayer Fair Share Contribution

As property taxpayers, businesses, both large and small, foot almost half of the bill for our public schools. And this is a function of the current formula which relies heavily on the use of property taxes to fund public school operations. We recognize that this significant outlay of funds is an investment in a K-12 system which is part of the economic and workforce development pipeline, shaping the next generation of employees as well as business owners.

Althea Ford
Vice President

Elissa Frank
Vice President

While businesses and residents can show our commitment to investing in the school system, the return on investment is not so readily apparent. Considering the number of students that come through New Jersey’s K-12 system that are not ready for the workforce, out-migrate and/or are unable to return to New Jersey due to a lack of affordability, the state must be more intentional about addressing one of the key cost drivers that contributes to unaffordability in our state—property taxes.

Kyle Sullender
Director of Economic
Policy Research

Evaluate Current Formula – Support S-1986

We need to better understand the cost drivers to deliver quality education to K-12 students in New Jersey and the effectiveness of the current school funding formula in meeting the needs of school districts. To this end, NJBLA is supportive of the bipartisan legislation S-1986 sponsored by Chairman Gopal to establish a school funding formula evaluation task force which would evaluate and make recommendations to improve the formula.

Let the Formula Run

As we learned with the School Funding Reform Act of 2008 and the current funding tribulations of S-2, when attempting to right-size, apply an approved formula and approach 100% funding of equalization aid, it resulted in sizeable funding changes from year to year. While these adjustments were challenging to navigate, it provided stakeholders with important feedback that the State can use to inform future changes and modifications to arrive at a more equitable distribution of resources.

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Future Considerations

There are important lessons that can be learned by the operation of the current model and concepts introduced in legislation that should be considered when seeking to modify the formula:

- Smooth out the formula to improve its predictability and stability for schools and taxpayers.
 - o This can be done through A-942 (Freiman/Drulis/Stanley) which would use a five-year average of equalized property valuation, and also other adjustments. Changes can be made to smooth out jumps and drops in enrollment and income on the calculation side or by creating a corridor in the year-to-year aid changes. This would smooth the running of the formula that is as it should be run every year, and that will reduce shocks to the system that could lead to a perceived need for new taxes at the local and state level.
- Special education adjustments to make funding more equitable and less of a burden on certain districts and taxpayers.
 - o The formula should be reformed to eliminate the census-based special education calculations and move to better follow the individual needs of children and districts.
 - o The state should fully fund extraordinary special education and have the state assume more of the special education burden such as through making special education categorical instead of wealth equalized.
- The intersection between the 2% property tax cap (which is not part of the formula) and the state's formula, which may determine that a district has the means to contribute more to its local fair share, creates a funding gap that needs to be investigated and resolved. But it is important that any adjustments do not increase the overall tax burden in an already over-taxed and unaffordable New Jersey.

NJBIA stands at the ready to collaborate with educational partners and policymakers to identify a school funding formula that best utilizes the significant tax dollars paid by businesses and residents and best serves our children.

Dear Sir/Madam,

My name is Jaiveer Narwal and I am a resident of Monroe Township, New Jersey in Middlesex County. I kindly request that you support the immediate design and implementation of a new School Funding Formula (SFF), which will more equitably distribute school aid to all New Jersey School districts, including the Monroe Township School District (MTSD).

Earlier in 2022, a proposal (A3578, S354) was made to legislators for the establishment of a school funding task force (A3578, S354). The envisioned purpose of this task force was to review and redesign the school funding formula to provide all school districts with a fair and equitable allocation of aid. Regrettably, no movement has been made on this legislation in over a year. As a result, our students, staff members, and community continue to be negatively affected by this unfair formula.

Listed below are some explicit flaws in the current SFF:

- The SFF has not been updated or revised in over 15 years and is not driven by current demographic evolutions/reports
- The MTSD currently receives no (\$0.00) equalization aid from the state
- The MTSD currently receives <\$1,000 per student
- Approximately 50% of the residents in Monroe Township live on fixed incomes

In Spring 2023, the Monroe Township School District was notified that Budget Resolution #924 "Appropriating \$1 million to the Monroe Township School District for infrastructure improvements at the Applegarth Elementary School" was included in the final budget signed by Governor Murphy.

While our district is very grateful to have the allotted \$1 million appropriated to address some of the infrastructure needs of our district, this amount falls far below the amount needed to meet the operational and curricular needs of our rapidly expanding and diverse learning community. The scope of our district's needs expands beyond a singular school building and has been magnified by the rapid growth and development of the Monroe Township Learning Community. Currently, our district's emergent infrastructure needs include, but are not limited to:

- Applegarth Elementary School | ADA Toilet Room Renovations
- Monroe Township Middle School | HVAC Systems (Replacement & Upgrade)
- Monroe Township Middle School | Boiler Replacement
- Monroe Township Middle School | ADA Toilet Room Renovations
- Monroe Township Middle School | Partial Window Replacement
- Monroe Township High School | Stadium Bleachers, Storage, & Team Rooms

The minimal allotment of annual state aid we receive has significantly crippled the MTSD's ability to manage our emergent facility needs within our operating budget. It is unfair to continue placing this heavy financial burden on taxpayers, who are already paying for ~85% of the district's operational cost. Therefore, I ask you to pass the school funding task force legislation and prioritize creating an equitable school funding formula. The Monroe Township School District is always willing to discuss our continued need for additional school funding with officials, including those from the NJDOE and local governments. We hope you would be willing to meet with stakeholders from the MTSD and leaders from our local Board of Education, to speak about our unique financial needs, and operational constraints resulting from the lack of adequate state funding.

Thank you in advance for your efforts to support the Monroe Township School District.

Sincerely,

Jaiveer Narwal

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Dear Offices of Legislative Services:

My name is Reddy Parthiv Rasineni and I am a resident of Monroe Township, New Jersey in Middlesex County. I kindly request that you support the immediate design and implementation of a new School Funding Formula (SFF), which will more equitably distribute school aid to all New Jersey School districts, including the Monroe Township School District (MTSD).

Earlier in 2022, a proposal (A3578, S354) was made to legislators for the establishment of a school funding task force (A3578, S354). The envisioned purpose of this task force was to review and redesign the school funding formula to provide all school districts with a fair and equitable allocation of aid. Regrettably, no movement has been made on this legislation in over a year. As a result, our students, staff members, and community continue to be negatively affected by this unfair formula.

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Thank you in advance for your efforts to support the Monroe Township School District.

Sincerely,

Reddy Parthiv Rasineni

29x



STATE OF NEW JERSEY

CARMEN F. AMATO, JR.
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ASSEMBLYMAN – 9TH DISTRICT
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March 14, 2024

To: Senate Education Committee Chairman Senator Vin Gopal and Committee Members:

RE: Testimony Calling for Reform of the State School Funding Formula

Our Legislative Delegation extends its appreciation and compliments to Chairman Gopal and the members of the Senate Education Committee for holding this hearing today solely to discuss one of the most pressing issues confronting our state which is New Jersey's systemically opaque and inequitable school funding formula.

As evidenced by the crippling funding cuts imposed on school districts, the state's school funding formula, referred to as S-2 by many in the education community, must be reformed in the interest of ensuring that a thorough and efficient education is provided to every student in New Jersey's public education system.

Since the enactment of S-2, negatively impacted school districts have been forced to endure chronic school funding cuts which, to say the least, have had a profoundly debilitating impact on the delivery of education services despite the incredible efforts of dedicated education professionals, school administrators, parents and students. Preserving the status quo will only serve to further erode the confidence of impacted school districts in the state's ability to carry out the core function of funding our public education system in an effective and equitable manner.

The enactment of legislation last year authored by Chairman Gopal, S-3732/P.L.2023, which restored 66 percent of the funding to 168 school districts that otherwise would have their aid cut under the state school funding formula for the 2023-2024 school year is a testament to the fact that the school funding formula is failing too many students and is in need of corrective action.

Understandably, school districts in our legislative district were elated by the enactment of Chairman Gopal's legislation but remained distressed by the severe fiscal challenges which loomed large for the following school year in the absence of funding restorations. In short, funding cuts will be exponentially more harmful for the upcoming school year than they would have been if fully implemented for the present year.

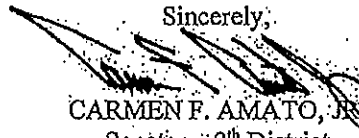
School districts which stand to lose significant funding have no other choice than to prioritize the reduction of staff and programs as opposed to dedicating resources to more effectively educating our children. It must be emphasized that the elimination of professional educator positions within impacted school districts serves as a potent disincentive that strains the state's efforts to recruit and retain educational professionals who must consider that they could be on the chopping block in the next year depending on school funding levels.

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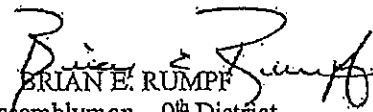
Recently, our Delegation wrote to Governor Murphy urging the immediate intervention of his Administration to assist the Lacey Township Public School District which stands to lose an astonishing \$3.2 million under the most recent round of proposed school funding cuts. The school district has lost a total of \$13.7 million in school funding since the enactment of the current school funding formula. Our efforts were at the request of the Lacey Township Public School Superintendent in effort to avert the impending crisis in the school district. Our Delegation would be remiss that a significant number of other school districts in our legislative district also face the enactment of draconian cuts due to the loss of funding this year.

In closing, our Delegation stands ready and willing to work in a bipartisan fashion to end the disparate treatment in how our schools are funded and bringing about the reform that students, educational professionals, parents and taxpayers rightfully deserve. Thank you for considering our testimony submitted in the continuing effort to represent the interests of our constituents.


Sincerely,



CARMEN F. AMATO, JR.
Senator - 9th District



BRIAN E. RUMPF
Assemblyman - 9th District
CFA/BER/GEM: js



GREGORY E. MYHRE
Assemblyman - 9th District