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# Paulsboro Public Schools

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Dr. Walter C. Quint, Superintendent

September 8, 1999

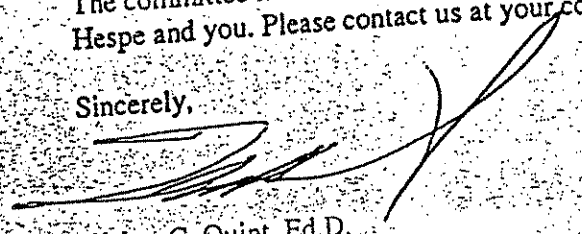
Mr. Douglas B. Groff  
Assistant Commissioner of Education  
New Jersey Department of Education  
P.O. Box 500  
Trenton, New Jersey 08625-0500

Dear Assistant Commissioner Groff:

Please find attached the final report of the Stabilization Aid Committee. As you know, the committee met a number of times, reviewed data, and solicited comment from stakeholders. It appears that the attached report not only is representative of the committee but also is acceptable to the "interest groups" that provided testimony.

The committee members look forward to discussing the attached report with Commissioner Hespe and you. Please contact us at your convenience if we can be of additional assistance.

Sincerely,



Walter C. Quint, Ed.D.  
Superintendent of Schools

Enclosure

# STABILIZATION AID COMMITTEE REPORT TO THE NEW JERSEY COMMISSIONER OF EDUCATION

## WHAT IS STABILIZATION AID?

Prior to the implementation of CEIFA, state school aid was based on enrollment and wealth data that was several years old. Some districts experienced significant drops in enrollment and/or increases in the wealth of the community during the years prior to the implementation of CEIFA. These districts would have had a significant reduction of state school aid if CEIFA had been implemented strictly based on current enrollment and wealth data. That is, the district would have "fallen off of a state school aid cliff."

Stabilization Aid was conceived in order to provide a gradual reduction in state school aid for the districts mentioned above. The goal of stabilization aid was to provide a "state aid staircase" in order to move districts from the old enrollment and wealth figures to current data. With this in mind, stabilization aid would have been phased out over the first few years of CEIFA.

## WHAT IS THE PROBLEM WITH STABILIZATION AID?

School leaders sometimes believe that state school aid should always be the same or greater than the prior year funding regardless of decreases in enrollment and/or increases in wealth. These leaders use the political process effectively to obtain additional aid (outside of the CEIFA formula) for their districts. As a result, stabilization aid has increased from approximately \$34,000,000 to \$170,000,000. In addition, a number of one-time allocations ("Christmas Trees") have been legislatively approved for specific districts for a variety of reasons.

## WHAT ARE THE FUNDAMENTAL BELIEFS OF THE STABILIZATION AID COMMITTEE?

State school aid must be known many years in advance based on the implementation of a formula.

Communities do need assistance from the state in order to stabilize the tax impact of significant changes in enrollment and wealth.

## WHAT ARE THE RECOMMENDATIONS OF THE STABILIZATION AID COMMITTEE?

The total state school aid entitlement for a district will not fall below 98% of the prior year funding. A district should receive the full amount of total state school aid entitlement generated by the CEIFA formula. This amount should not have a cap. These recommendations should be implemented during the 2000-2001 school year.

The Stabilization Aid Committee defines the 1999-2000 total state school aid as the entitlement generated by CEIFA plus stabilization aid. Beginning with the 2000-2001 school year stabilization and "Christmas Tree" aid should not exist. From 2000-2001 forward a district's total state school aid would be "adjusted" so as not to fall below 98% of the prior year funding.

By illustration: If a district received \$1,000,000 total state school aid for 1999-2000, then the aid for 2000-2001 will be no lower than \$980,000 (that is, 98% of \$1,000,000).

Given that the district receives \$980,000 total state school aid for 2000-2001, then the aid for 2001-2002 will be no lower than \$960,400 (that is, 98% of \$980,000).

This process continues until the CEIFA formula generates state school aid for the district of at least 98% of the prior year.

Some districts suffered a significant loss of state school aid between 1996-1997 (final year of QEA) and 2000-2001 (the first year that the recommendation of the Stabilization Aid Committee could be implemented). That is, the district already "fell down one flight of stairs." The 2000-2001 total state school aid for these districts should be restored to 92% for 1996-1997 entitlement. From that point forward these districts (like all others) will receive total state school aid of at least 98% of the prior year funding.



By illustration the situation for one district is presented:

Total School Aid Actually Received:	1996-1997 \$2,232,531	1999-2000 \$1,766,000
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This is a \$466,531 (20.9%) reduction of aid based on the CEIFA formula as a result of a decreasing enrollment. The district may not have fallen off of a "state aid cliff" but did "fall down one flight of stairs."

If the recommendation of the Stabilization Aid Committee was applied to this district, the following situation would exist:

Total School Aid actually received during 1996-1997 times 92% equals state funding for 2000-2001

That is,  $\$2,232,531 \times 92\% = \$2,053,929$

Minimum total state school aid for 2001-2002 would be at least  $\$2,053,929 \times 98\% = \$2,012,850$

Minimum total state school aid for 2002-2003 would be at least  $\$2,012,850 \times 98\% = \$1,972,593$

And so on until CEIFA generates total state school aid of at least 98% of the prior year entitlement.

#### WHAT IS THE RATIONALE FOR THE COMMITTEE'S RECOMMENDATION?

The recommendation provides for the implementation of CEIFA for districts with decreasing enrollments and/or increases in wealth. That is, it provides a state aid "staircase" rather than a "cliff."

The recommendation provides for the gradual implementation of CEIFA over as many years as needed.

The recommendation allows school leaders to plan many years in advance based on the implementation of a formula.

The recommendation assists communities in stabilizing the tax impact of significant changes in enrollment and wealth.

The recommendation will, hopefully, minimize that need for school leaders to use the political process to obtain "out of formula" aid for their districts. Hopefully, legislators and school leaders will view a maximum of 2% reduction of aid based on a formula as manageable.

#### DID THE STABILIZATION AID COMMITTEE SEEK INPUT FROM EDUCATORS AND CITIZENS?

On August 18, 1999, the committee took verbal and written testimony from the Manchester Township, Berkley, and Folsom Boards of Education as well as representatives of the New Jersey Department of Education, New Jersey Association of School Administrators, New Jersey School Boards Association, New Jersey Education Association, and New Jersey Principals and Supervisors Association.

Written testimony was also submitted by the Garden State Coalition of Schools as well as the West Milford and Sussex-Wantage Boards of Education.

#### DOES THE STABILIZATION AID COMMITTEE HAVE OTHER IDEAS?

The Stabilization Aid Committee feels that the State of New Jersey should maintain and, hopefully, increase financial support for the public schools.

The Stabilization Aid Committee recommends that categorical aid be established to support the education of gifted and talented youngsters. The Gifted and Talented Aid should be distributed to all districts as a per pupil entitlement similar to Distance Learning Aid.