STATE OF NEW JERSEY

Seventh Report
of
The Commission on State Tax Policy

Public School Financing in New Jersey

A PROBLEM OF MORE MONEY WHERE IT IS MOST NEEDED

TRENTON, 1954

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REPORTS OF THE COMMISSION ON STATE TAX POLICY

* * *

REPORT OF THE COMMISSION ON TAXATION OF INTANGIBLE PERSONAL PROPERTY (Trenton, 1945) and PUBLIC HEARINGS (November, 1944).

FIRST REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1946)—*the taxation of financial businesses.*

SECOND REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1947)—*the taxation of tangible personal property and the Corporation Business Tax Act (1945).*

THIRD REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1948)—*the taxation of New Jersey Railroads.*

FOURTH REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1948)—*financing a State bonus for veterans of World War II.*

FIFTH REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1950) and PUBLIC HEARINGS (December, 1949)—*taxation and public policy in New Jersey.*

SIXTH REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1953)—*the general property tax in New Jersey.*

SEVENTH REPORT OF THE COMMISSION ON STATE TAX POLICY (Trenton, 1954)—*public school financing in New Jersey.*

STATE OF NEW JERSEY

SEVENTH REPORT

OF

The Commission on State Tax Policy

PUBLIC SCHOOL FINANCING

IN

NEW JERSEY

A Problem of More Money Where it is Most Needed

Submitted to the Governor and to the Legislature
March 22, 1954

TRENTON, NEW JERSEY

NORMAN F. S. RUSSELL

NORMAN F. S. RUSSELL, a member of this Commission since its establishment in 1946, died at his home in Edgewater, New Jersey on February 24, 1954. His great ability and experience; his faithfulness to his responsibilities; and his intense loyalty to his State, won him the enduring respect and affection of his fellow Commissioners. This Commission has lost a most distinguished member; and New Jersey, a great minded citizen.

STATE OF NEW JERSEY

COMMISSION ON STATE TAX POLICY

[*Laws of 1945,* Ch. 157, as amended]

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* Deceased, February 24, 1954.

STATE OF NEW JERSEY

(LAWS OF 1953, S. C. R. 12)

BE IT RESOLVED *by the Senate of the State of New Jersey (the General Assembly concurring):*

The Commission on State Tax Policy is hereby directed to review the Reports of the State School Aid Commission created by Joint Resolution No. 9, approved June seventh, one thousand nine hundred and fifty, and the program for the furnishing of State financial aid for the support of the public schools and the system of finance to meet the cost thereof recommended for adoption therein and to consider and study all proposals made during the present session of the Legislature by legislative bills introduced in the Legislature, and to make such independent study of the subject matter as it may deem necessary and thereupon to determine—

(a) The extent of the need for additional State aid to the public schools of the State;

(b) The amount of money which will be necessary to raise annually to provide adequate State aid to the public schools of the State;

(c) The manner in which, and the method by which the said amount of money can be raised; and

(d) A fair and equitable method of apportionment of State aid to the public schools among the school districts of the State; and to formulate and recommend to the regular session of the next Legislature for its action thereon a permanent plan to provide adequate financial State aid for the public schools of the State, to provide for an equitable apportionment of such State aid among the school districts of the State and to provide the means for financing the same.

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The Commission on State Tax Policy wishes to acknowledge the generous assistance and co-operation of Dr. Frederick M. Raubinger, New Jersey Commissioner of Education; Kenneth F. Woodbury, Assistant Commissioner; Edward W. Kilpatrick, Director of Business Service, and John McGarrity, Principal Auditor. These men and their staffs worked unceasingly to give invaluable technical aid to the Commission in the preparation of this report.

SUMMARY OF RECOMMENDATIONS

PUPILS	*1951-52*	*1952-53*	*1953-54*	*1954-55*
(Exclusive of Resident Vocational Pupils)				
Total Resident Enrollment ..	725,214	770,579	816,000*	861,300*
Average Resident Enrollment	676,602	717,593	758,600*	799,600*
Average Daily Attendance ..	611,914	656,745	701,600*	746,400*
(Inclusive of Resident Vocational Pupils)				
Average Resident Enrollment	680,826*	721,319*	761,800*	802,300*
Number of School Districts				
Chapter VI (dependent)	66	67	65	.....
Chapter VII (independent)..	474	473	475	.....
Chapter VIII (regional high school)	8	8	11	.....
Total	548	548	551	.....
County Vocational—full-time	3	4	4	.....
County Vocational—part-time	4	3	3	.....
Total Local School Administrative Units	555	555	558	.....
Present State Aid (excluding vocational)	$23,754,000	$24,772,000	$26,628,000	$29,246,000
Present State Aid (including vocational)	24,308,000	25,351,000	27,291,000	29,920,000
Proposed State Aid	50,000,000*	51,900,000*	54,085,000*	58,333,000
Present State Aid Per Pupil				
in Total Resident Enrollment (line 12÷line 1)	$32.75	$32.15	$32.63	$33.96
in Average Resident Enrollment (line 12÷line 2)	35.11	34.52	35.10	36.58
in Average Daily Attendance (line 12÷line 3)	38.82	37.72	37.95	39.18
in Average Resident Enrollment (line 13÷line 4)	35.70	35.15	35.82	37.29
Proposed State Aid Per Pupil				
in Average Resident Enrollment (line 14÷line 4)	73.44	71.95	71.00	72.71
Additional Funds Required (line 14 less line 13)				28,413,000
Proposed Method of Finance				
Yield of increased tax on Pari-Mutuels				8,000,000*
Yield of increased tax on Gasoline				14,000,000*
Yield of increased tax on Corporate Franchise				9,000,000*
Total				$31,000,000

* Estimated.

SEVENTH REPORT OF THE COMMISSION ON STATE TAX POLICY

PUBLIC SCHOOL FINANCING IN NEW JERSEY

A Problem of More Money Where it is Most Needed

PART I

THE REPORT OF THE STATE SCHOOL AID COMMISSION AND THE RECOMMENDATIONS OF THE TAX POLICY COMMISSION

To His Excellency, Governor Robert B. Meyner, and Members of the One Hundred and Seventy-Eighth Legislature:

The 1950 Legislature passed a joint resolution (P. L. 1950, J. R. 9) creating a State School Aid Commission to study the needs of the public schools, including the need for additional State aid, the amount of State aid that might be required, and a "system of finance adequate to meet such costs." The Commission was to consist of 11 members, three of whom were to be members of the Senate to be appointed by the President of the Senate; three to be members of the General Assembly, to be appointed by the Speaker of the General Assembly; four to be appointed by the Governor from members of the public; and one additional member ex officio, the Commissioner of Education.

The State School Aid Commission was thereupon constituted, as follows:

Members appointed by the President of the Senate:
Senator ANTHONY J. CAFIERO, Wildwood
*Senator JAMES M. DAVIS, JR., Mount Holly
Senator DAVID VAN ALSTYNE, JR., Englewood

Members appointed by the Speaker of the General Assembly:
GRACE M. FREEMAN, East Orange
FREDERICK H. HAUSER, Hoboken
THOMAS J. HILLERY, Boonton

* Withdrew January 23, 1952.

Members appointed by the Governor:
LEONARD F. BEST, *Chairman*, Summit
A. VIRGINIA ADAMS, Vineland
JACOB FOX, Newark
MARIE H. KATZENBACH, Princeton

Ex Officio:
JOHN H. BOSSHART, *Commissioner of Education*, Trenton

The State School Aid Commission worked faithfully for almost two years. Public hearings were held in Trenton, Newark and Camden. To these hearings were invited all organized school groups in the State as well as many civic, economic and labor organizations. In addition, the Commission held some 19 meetings of its own; received substantial research assistance from the Department of Education, and did a considerable amount of research and study through its own membership. In February, 1952, it published Part I of its report, "A Recommended State School Support Program for New Jersey." In March, 1952, the Commission issued Parts II and III of its report—Part II, "Financing the State School Support Program" and Part III, "Recommendations Regarding Miscellaneous Problems in Financing Public Education."

Broadly speaking, the **Report** stated and answered four basic questions relating to the State school support program:

> **(1) Is there a need for additional financial support for the public schools from sources other than local property taxes?**

The answer to this question was "yes"; and the principal reasons presented were as follows:

> (1) The substantial increase in day school operating costs since the beginning of World War II (**Report,** Table 1, p. 7)—1939-40, $84.6 million; 1944-45, $95.6 million; 1949-50, $149.9 million.
>
> (2) The effects of the inflationary cycle (**Report,** Table 1, p. 7). The real cost of public schools has lagged well behind the 1939 level until 1949-50—for example, 1939-40, dollar cost, $84.6 million, real cost (1939 dollars) $83.8 million; 1944-45, dollar cost, $95.6 million, real cost, $70.3 million; 1949-50, dollar cost, $149.9 million, real cost, $85.6 million.
>
> (3) A large predicted increase in school enrollment by 1960 (**Report,** Table III, p. 9)—kindergarten to eighth grade, 1952, 573,000, 1960, 749,000; grades nine to twelve, 1952, 151,000, 1960, 190,000; kindergarten to twelfth grade, 1952, 725,000, 1960, 939,000.
>
> (4) The six largest cities—Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth—are peculiarly hard pressed (**Report,** Table IV, p. 12). Between 1948-49 and 1951-52 aggregate taxes for school purposes increased 17.8 per cent while aggregate State aid for schools, decreased, 28 per cent.
>
> (5) "There is complete justification (**Report,** p. 10) for the fear that the property owners cannot continue to carry their present burden. . . ."

The State School Aid Commission justified the need for additional support for the public schools on three main premises:

> (1) The substantial increase in school operating costs—particularly over the past 10 years;
>
> (2) A large predicted increase in school enrollment by 1960; and
>
> (3) An excessively overburdened property tax base.

The **Report** makes a considerable point of the increased cost of public schools in New Jersey. This is a fact—not only true of public schools but of all other costs, both private and public—but since 1939 school costs have only increased as follows (see Table 1 for intermediate years):

Amounts in thousands of dollars

	1940	1952	Per Cent Increase
Actual dollars	$89,604	$187,686	$109.5
1952 dollars	169,781	187,686	10.5
Per pupil in ADA—actual dollars	142.87	309.05	116.3
Per pupil in ADA—1952 dollars	270.70	309.05	14.2

While dollar costs show large increases, real costs have increased only 10.5 per cent over all; and on an ADA basis (a better measure, because it allows for enrollment increases) costs have risen only 14.2 per cent. It is of interest to compare these ratios with the history of State, county and municipal operating costs over the same period (see Table 2 for intermediate years):

Amounts in thousands of dollars

	1940	1952	Per Cent Increase or Decrease
The State			
Actual dollars	$40,909	$87,589	+114.1
1952 dollars	77,514	87,589	+ 13.1
The Counties			
	1940	1952	
Actual dollars	$47,238	$95,634	+102.5
1952 dollars	89,507	95,634	+ 6.8
The Municipalities			
	1940	1952	
Actual dollars	$103,729	$215,030	+107.3
1952 dollars	196,546	215,130	+ 9.4

Conversion to 1952 Dollars

(Monthly averages all units)

1940	1952
189.48	100.

It will be noted that in constant dollars, counties and municipalities are actually spending little more in 1952 than in 1940, and that the State—with a record of economy perhaps unequalled in the country—shows an increase of 13.0 per cent, which is higher than the comparable figure for schools (10.5 per cent).

One of the greatest dangers in using data of this kind is the necessary reliance upon averages. The true picture cannot be appraised in total numbers. Each school unit is to some extent unique, and the whole is marked by extreme deviations in individual cases. For example, in 1951-1952, there were 59 small school districts which had between 100 and 200 resident pupils. Their cost per pupil in ADA varied from a low of $140 to a high of almost $400. (See Table 3.) The same dispersion may be noted for any other group of comparable districts. In our largest cities, as shown in Table 3, the differences are so marked that no two cities (of over 8,000 pupils) come within $20 of each other in regard to per pupil expenditures. At one extreme is Camden, spending $220 per pupil in ADA and at the other is Jersey City, spending $435.

These variations in the actual day school cost per pupil, as among the school districts, also imply that the changes in cost since 1940 have not been uniform. In older areas, there were surplus school plant and undersize classes at the start of the period. In newer areas crowded conditions have meant a steady increase in expenditures. While recognizing these differences among individual districts, the Commission concludes:

> **That neither actual school costs nor actual State, county and municipal costs have responded to inflationary pressures to the extent that has marked private spending; and that the tightness of public budgets in New Jersey is an undue restraint on adequate public service and should be relieved.**

TABLE 1

HISTORY OF SCHOOL OPERATING COSTS

NEW JERSEY SCHOOL DISTRICTS

Selected Fiscal Years

(In Thousands of Dollars)

	1940	1945	% Inc. or Dec. over 1940	1947	% Inc. or Dec. over 1940	1949	% Inc. or Dec. over 1940	1951	% Inc. or Dec. over 1940	1952	% Inc. or Dec. over 1940
Total in Thousands of Dollars [1]	$89,604	$102,338	+14.9%	$123,313	+37.6%	$148,938	+66.2%	$170,918	+ 90.7%	$187,686	+109.5%
Total in Thousands of 1952 Dollars ..	$169,781	$151,041	—11.0%	$146,558	—36.8%	$170,519	+ .4%	$174,764	+ 2.9%	$187,686	+ 10.5%
Cost Per Pupil in A. D. A.	$142.87	$192.12	+34.5%	$229.05	+60.9%	$265.73	+86.0%	$289.07	+102.3%	$309.05	+116.3%
Cost Per Pupil in 1952 Dollars	$270.70	$283.56	+ 4.8%	$272.23	.6%	$304.24	+12.4%	$295.57	+ 9.2%	$309.05	+ 14.2%

[1] This total includes day school current expenditures (less tuition received) by all school districts plus the State's contribution to the Teachers' Pension and Annuity Fund.

Sources: State of New Jersey, Department of Education, Annual Reports, for education figures. Conversion factor developed from monthly averages of the Consumers Price Index of the Bureau of Labor Statistics.

TABLE 2

OPERATING COSTS
NEW JERSEY STATE, COUNTIES AND MUNICIPALITIES

Selected Fiscal Years, 1940-1952

(Amounts in Thousands of Dollars)

	1940	1945	% Inc. or Dec. over 1940	1947	% Inc. or Dec. over 1940	1949	% Inc. or Dec. over 1940	1951	% Inc. or Dec. over 1940	1952	% Inc. or Dec. over 1940
					THE STATE [1]						
					(Fiscal Years)						
Actual Dollars	$40,909	$45,589	+11.4%	$59,376	+45.1%	$71,842	+75.6%	$80,577	+97.0%	$87,589	+114.1%
1952 Dollars	77,514	67,285	—13.2%	70,568	— 9.0%	80,097	+ 3.3%	82,390	+ 6.3%	87,589	+ 13.0%
					THE COUNTIES [2]						
					(Calendar Years)						
Actual Dollars	$47,238	$52,813	+11.8%	$65,494	+38.6%	$78,925	+67.1%	$87,356	+84.9%	$95,634	+102.5%
1952 Dollars	89.507	77,947	—12.9%	77,840	—13.0%	88,005	— 1.7%	89,322	— .2%	95,634	— 6.8%
					THE MUNICIPALITIES [3]						
					(Calendar Years)						
Actual Dollars	$103,729	$118,107	+13.9%	$147,608	+42.3%	$171,552	+65.4%	$197,283	+90.2%	$215,030	+107.3%
1952 Dollars	196,546	174,314	—11.3%	175,432	—10.7%	191,263	— 2.7%	201,722	— 2.6%	215,030	— 9.4%
					CONVERSION TO 1952 DOLLARS [4]						
					(Monthly Average of Calendar Years)						
	189.48	147.59		118.85		111.49		102.25		100.00	

[1] State charges excluding interest and property additions and improvements. Includes no State aid or subventions.

[2] County functions; excludes debt service, capital improvements, and deferred charges.

[3] Municipal functions; excludes debt service, capital improvements, deferred charges, and payments to other local districts.

[4] Based on Consumers Price Index of the Bureau of Labor Statistics.

Sources: State of New Jersey, Department of the Treasury, Division of Budget and Accounting, Fiscal Reports; Local: New Jersey Department of the Treasury, Division of Local Government, Annual Reports; Price Index: U. S. Department of Commerce, Office of Business Economics, *Business Statistics, 1953 Biennial Ed.* p. 26.

TABLE 3

COMPARISON OF SIZE OF SCHOOL DISTRICT WITH COST PER PUPIL

New Jersey

School Year 1951-1952

Day School Cost Per Pupil in Average Daily Attendance[2]	No Resident Enrollment	Pupils in Resident Enrollment[1] 1-99	100-199	200-299	300-399	400-499	500-599	600-699	700-799	800-899	900-999	1,000-1,999	2,000-2,999	3,000-3,999	4,000-4,999	5,000-5,999	6,000-6,999	7,000-7,999	8,000- and Over	Total
No costs	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	7
$120—$139.99	..	..	1	..	1b	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2
$140—$159.99	..	1	1	..	2	1	1	..	..	1	..	..	..	..	..	..	..	..	..	7
$160—$179.99	..	..	4	2	..	5	3	2	2	2	..	3	..	..	..	..	..	..	..	23
$180—$199.99	..	..	4	3	8	3	6	2	2	2	1	5	..	..	..	..	..	..	..	36
$200—$219.99	..	..	6	5	16	5	6	5	1	6	1	11	5	3	..	..	..	..	..	70
$220—$239.99	..	4	9	15	11	8	7	7	5	6	3	15	5	3	1	..	..	..	1f	100
$240—$259.99	..	4	11	6	5	7	4	5	2	6	3	19	3	1	1	..	2	..	1g	80
$260—$279.99	..	4	11	5	3	6	..	3	2	4	3	15	4	2	..	1	2	..	1h	66
$280—$299.99	..	5	5	8	7	8	2	3	2	1	2	10	2	3	3	1	..	..	..	62
$300—$319.99	..	1	2	1	4	1	5	..	3	2	1	7	2	1	1	..	..	1	..	32
$320—$339.99	..	2	1	1	..	..	..	1	1	..	1	5	2	..	2	1	2	..	..	19
$340—$359.99	..	..	2	1	2	..	2	1	..	1	..	2	..	..	1	2	1	1	1j	17
$360—$379.99	..	1	1	1	..	..	..	..	..	..	..	1	..	..	1	..	1	1	1k	8
$380—$399.99	..	1	1	1	..	1	1	..	..	..	..	1	1	..	..	1	..	..	1m	9
$400 and over	..	3a	..	..	..	..	1c	..	..	..	..	3d	..	..	..	..	1e	..	2n	10
Totals	7	26	59	49	59	45	38	29	20	31	15	97	24	13	10	6	9	3	8	548

a Alpine, $454; Far Hills, $544; Pahaquarry, $873.
b Berlin Township, $129.
c Edgewater, $457.
d Weehawkin, $402; Harrison, $505; Morris Township, $423.
e Montclair, $424.
f Camden: 16,211 pupils, $220.
g Clifton: 10,072 pupils, $259.
h Paterson: 18,141 pupils, $271.
j Trenton: 13,733 pupils, $346.
k Elizabeth: 12,198 pupils, $372.
m Newark: 59,150 pupils, $388.
n Bayonne: 8,324 pupils, $415; Jersey City: 29,522 pupils, $435.

[1] Total pupils residing within the geographical boundaries of the school district who have been registered in a public day school at any time during the regular school year.

[2] Day school expenditures divided by total average daily attendance, which is the aggregate daily attendance of pupils enrolled in the schools of the district and the aggregate daily attendance of pupils who reside in the district and attend schools of other districts, divided by the total number of days such schools were in session.

Source: State of N. J., Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

This conclusion raises another question which is basic to this report. How should the necessary relief be provided? The answer of the State School Aid Commission was: By increased State aid. The assumption seemed to be that increased operating costs, **per se,** demand ever-increasing support from central sources. If this is true for the schools, it is true, at least in part, for the counties and municipalities; and if applied to the State, would mean a mounting volume of Federal aid. The ultimate effects of such a trend on the traditional theories of Federal Government, are of the greatest importance. There are many who think that when responsibility for support is removed, self-determination is weakened with apathy; outside thinking moves to dominate community decision; and the care with which a tax dollar is spent, tends to be measured by the ease with which it is acquired. This Commission, while not fully accepting the extreme implications of such a position, nevertheless believes in the maximum local support for schools; and would not sponsor a premise that insists that State aid keep pace with every increase in school operating costs. It therefore concludes:

> **That more state aid for schools is required at this time, but it should be supplemented by increased local effort; and school aid should never become a device to take up every slack in local fiscal requirements.**

The Commission accepts the over-all conclusions of the State School Aid Commission insofar as they apply to a large predicted increase in school enrollment by 1960. It is convinced, however, that if school administration and school finance are properly coordinated, a substantial portion of the predicted increased enrollment can be absorbed without a proportional increase in school operating costs. In this field, properly established school jurisdictions, reasonable pupil-teacher ratios, and due allowance for the actual distribution of the predicted school population increases throughout the State, are of the utmost importance. The last point—the actual distribution of the predicted increases in school population—is of great significance in planning capital expenditures—and the Commission urges regional programs under both State aid and State guidance, to assure the maximum effectiveness of school opportunities and the maximum use of the public dollar.

The report of the State School Aid Commission repeated the long established slogan that:

> "There is complete justification (**Report,** p. 10) for the fear that the property owners cannot continue to carry their present burden. . . ."

To this the Commission would enter some serious qualifications. It recognizes that property taxes in New Jersey are generally higher than those in other States. A "property tax State," New Jersey does not use the more productive non-property tax measures—such as retail sales taxes and corporate or individual income taxes. As a result, property taxes provide two-thirds of all State and local taxes (excluding payroll taxes) and represent the major tax bill paid by individuals and business for State and local services. During the post-war years the total amount of New Jersey property taxes increased 70 per cent from $274 million in 1946 to $465 million in 1953.

While these facts are important, they do not necessarily indicate an inability of property taxes to carry a very substantial load of school costs. The same elements of inflation and growth which cause school costs to increase also cause property values and incomes to increase. However burdensome the property tax may seem, there is every indication that it is less burdensome now than it once was. For example, all New Jersey property taxes in 1952 amounted to **4.6** per cent of income payments to individuals as compared with **9.4** per cent in 1939, **5.9** per cent in 1942, and **5.1** per cent in 1949:

	1939	1942	1949	1952
	(in millions of dollars)			
Income payments	$2,859.0	$4,572.0	$7,030.0	$9,412.0
Property taxes	268.6	269.0	355.7	433.3
Taxes as % of income payments	9.4%	5.9%	5.1%	4.6%

The Commission on State Tax Policy has found that in terms of adjusted full values, the average property tax rate was lower in 1952 than it was in 1939. In its **Sixth Report,** the Commission stated:[1]

> . . . the ratios based on current costs not only vary greatly but show a steady decline since 1926. The effect of this decline is reflected in the average State rate of taxation on real estate. This average rate was $4.61 per hundred in 1939 and $6.77 per hundred in 1952. If real estate taxes had been assessed in 1952 on the same ratio or reproduction costs that prevailed in 1939, the average State rate for 1952 would have been $3.39 as compared with the $4.61 rate in 1939. The conclusion is plain:
>
> > The principal reason for the increase in local real estate tax rates which have occurred since 1939, is the failure of the local assessors to give effect to the general increase in price level for properties that were constructed either before or after building costs were affected by inflation.

[1] *Sixth Report* (1953), p. xix.

For whatever reason school costs and other local service costs may increase, the amount of these increases must be covered by tax revenues apportioned among taxpayers by some measure. In one way or another, property ownership or rental enters into the life of all individuals and all businesses, and there is no clear line which separates property taxpayers from other taxpayers. On a State-wide basis, moreover, business and individuals contribute almost equally to the yield of the property tax. The question of tax policy is not whether property is taxed too heavily, but rather the adequacy of property values as a standard for apportioning the tax load over the tax resources of the State. New Jersey has in the past consistently answered this question in the affirmative. Any large-scale departure from present practices implies the adoption of "replacement taxes." Reporting in 1953, the Commission on State Tax Policy pointed out that "replacements" of the property tax may, in fact, be of doubtful benefit to the home owner, who is the taxpayer popularly assumed to need it most:[1]

> New Jersey is a property tax State and home owners must weigh the disadvantages of their higher property tax bills against the advantages of not being required to pay such additional taxes as individual income taxes and general consumer sales taxes which have been generally applied in other States. The average family of modest means may find it a mixed blessing to be relieved of $2 or $3 on its monthly property tax bill, only to find itself paying $3 or $4 a month in the form of sales tax or an income tax which would be necessary to provide "relief" from the real estate tax.

Adequacy of property values as a standard for apportioning school costs depends upon two things. **First,** upon assessed valuations sufficiently uniform to assure an equitable distribution of the tax burden. Studies by the Commission indicate all too clearly that assessed values in New Jersey do not meet this standard of adequacy. The Commission has recommended a program of improved property tax administration, and proposed legislation to implement these recommendations is now in preparation.

Additional State aid financed from "replacement taxes" will not solve this part of the property tax problem. To the contrary, State aid can become a force in postponing needed reforms in assessment practices by reducing the pressure for it. This is a case where it sometimes appears easier to replace a large and badly administered tax base than to repair it. But the Commission is of the opinion that improved property tax assessment and administration must be an accomplished fact before New Jersey can or should consider any extensive property "tax replacement."

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[1] *Ibid.*, p. xxv.

Second, adequacy of property values as a standard of apportionment also depends upon geographical factors. Although the property tax base may be adequate on a State-wide basis, there remains the problem of supporting schools in those districts more blessed with children than with property. These are the real hardship districts under the property tax and they would probably be hardship districts under any other tax as well.

School problems in these hardship districts are the problems of poverty. Their solution is not a matter of replacing a property tax base which the districts do not have, with other tax bases which they also do not have. To the contrary, the financial problems of these districts can be solved only by consolidating them with more prosperous districts or by subsidizing them with tax money from other jurisdictions.

In contrast to a program of State aid for the general "relief" of real estate, this suggests a program of equalization to provide school support in hardship districts. While an improved property tax administration will no doubt be of some benefit to these districts, it cannot correct for large differences in local tax resources. For example, Table 4 indicates that in 1952 some 29 New Jersey school districts had assessed values amounting to less than $2,000 per pupil enrolled, as compared with 21 districts reporting assessed valuations averaging in excess of $20,000 per pupil enrolled. Although adjustment of assessed values to full values changes this distribution somewhat, even the adjusted values vary widely as among districts.

In addition to real estate values adjusted by their assessment ratios, full values shown in Table 4 also include personal property as assessed and a capitalized value for such non-property taxes as public utilities gross receipts and franchise taxes, bank stock and financial business taxes and insurance taxes. In this way, the full value reflects insofar as possible, the entire tax resources available in each local district. So measured, the range among districts is from under $10,000 of total taxable resources per pupil in 21 districts to more than $60,000 per pupil in 40 districts.

TABLE 4

COMPARATIVE DISTRIBUTION OF ASSESSED VALUES AND FULL VALUES OF TAXABLE PROPERTY IN 536 NEW JERSEY SCHOOL DISTRICTS

— 1952 —

Assessed Wealth per Resident Enrollment	Number of Districts	Full Value Taxable Property Per Resident Enrollment[1]															
		Less than $5,000	$5,000-$9,999	$10,000-$14,999	$15,000-$19,999	$20,000-$24,999	$25,000-$29,999	$30,000-$34,999	$35,000-$39,999	$40,000-$44,999	$45,000-$49,999	$50,000-$54,999	$55,000-$59,999	$60,000-$64,999	$65,000-$69,999	$70,000-$74,999	$75,000 and Over
Less than $1,000	12	12	13	..	..	..	..	..	..	..	..	..	..	..	..	..	..
$1,000— $1,999.99	24	..	9	9	6	1	..	1	..	..	..	..	..	1	..	..	..
$2,000— $2,999.99	71	..	9	29	20	10	2	1	..	..	..	..	..	..	..	..	..
$3,000— $3,999.99	76	..	1	14	23	22	7	2	1	..	..	1	..	..	..	..	..
$4,000— $4,999.99	78	..	..	2	18	28	18	5	3	1	1	..	..	..	..	..	..
$5,000— $5,999.99	71	..	..	1	8	18	21	11	3	3	4	..	..	..	..	..	2
$6,000— $6,999.99	38	..	..	1	1	10	11	8	1	..	2	1	1	..	..	1	1
$7,000— $7,999.99	31	..	..	..	1	6	8	5	4	2	3	1	1	..	..	..	..
$8,000— $8,999.99	28	..	..	..	..	5	8	7	1	5	2	..	..	..	..	..	..
$9,000— $9,999.99	21	..	..	..	..	1	9	1	6	1	..	1	1	..	1	..	..
$10,000—$10,999.99	18	..	..	..	2	3	4	2	..	2	1	1	..	1	1	..	1
$11,000—$11,999.99	10	..	..	..	..	4	1	..	3	..	..	..	..	..	..	1	1
$12,000—$12,999.99	11	..	..	..	..	..	2	2	..	1	1	2	1	2	..	..	..
$13,000—$13,999.99	11	..	..	..	..	1	1	2	2	1	2	1	1	..	..	..	..
$14,000—$14,999.99	3	..	..	..	..	..	..	1	..	..	..	..	..	..	2	..	..
$15,000 and over	40	..	..	..	..	2	1	2	1	..	2	3	4	1	1	1	22
Total Number Districts	536a	1	20	56	84	111	93	50	27	16	17	12	9	5	5	3	27

a Does not include Regional High School Districts or districts with no resident enrollment.
1 Only pupils registered in Chapter VI and Chapter VII districts are counted. Pupils in Regional High Schools and County Vocational Schools not counted.
2 Winfield, Union County.
3 Weymouth, Atlantic County.

This means that the most wealthy group of districts has more than six times the taxable capacity of the least wealthy group. The 40 districts having taxable property valuations of more than $60,000 per pupil could finance a satisfactory expenditure level of $300 per child with only a five mill property tax levy. The poorest districts in the State cannot raise $100 per pupil with even a ten mill property tax levy.

The Commission concludes, therefore:

> **That, State-wide, the property tax is not an excessive burden; that there are areas in which it has reached a breaking point, but other areas where it is far below its fair potential; and that there can be no fair measure of school support, or any other local service support, until equalized valuations are established.**

The Commission has given considerable thought to a theory of school support that would place a State aid program on a permanent and defensible basis. This is not an easy matter. It involves an established ratio of State school aid to local effort. It requires a distribution formula that will provide substantial justice to some 550 school districts, each one of which is unique in its capacity and its requirements. And it assumes a tax base from which the local fair share can be determined with uniformity and equity throughout each school district in the State.

Public education has from the beginning of the Republic been a local function. The role of the State has been to encourage and assist local school units through leadership, research, advice and a sound fiscal policy. Through leadership, the State has defined a foundation school program, guaranteeing to every school district, a minimum program (in dollars), and to every child, a minimum educational opportunity. Beyond this requirement, the State has assumed that school districts will finance (in excess of minimum aid) such additional educational facilities as the people of the community may determine.

Rising costs and mounting enrollments have increased financial pressures on the foundation school program. This has given rise—and with justification—to requests for increased "State aid." The problem, however, is not merely a question of more money. It is basically a question of placing more money where it is most needed.

The growth in school population may well reach a million pupils in 1960. Many school buildings are inadequate and outmoded. It may be that the minimum salary should be increased. But such adjustments can run into very large sums of money, and we must be certain of both the methods of distribution and of sound fiscal policies before

entering upon financial programs of new and unaccustomed magnitudes. There is, therefore, urgent need to reappraise and re-examine the State school formula, the assessment procedures upon which the local fair share is based, and the tax economy as a source of new revenues. But the Commission would emphasize that **education is a local service**—in structure, curriculum, policy and personnel and it will insist that public education be protected in every aspect of "home rule"—fiscally, politically and professionally. The policy of State financial support—both in magnitude and distribution—is the motivating force that will either maintain or destroy the independence of our schools.

(2) **If the need exists, how much additional financial support for the schools is required?**

At the time of the Report, i.e., 1951-52 (**Report,** p. 12) the State appropriated approximately $35 million in State aid for schools—including the State teachers' pension fund contribution of about $10 million. Between 1939-40 and 1944-45, local school support, raised almost wholly by real estate taxes, increased by more than $11 million. The so-called Pascoe Law (P. L. 1946, ch. 63) and the Armstrong Distribution Law (P. L. 1948, ch. 66) raised State aid to about $20 million —all from non-property tax sources. Between 1945 and 1950 the local school districts increased their school support (from property taxes) by about $54 million and by 1951, had added "at least" $6 million more. It was on this basis that the School Aid Commission arrived at its $60 million program.

> "The Commission recommends, therefore, that the State assume, through a revised State-aid program financed by taxes other than levies upon property, at least the additional $55 million to $60 million that has been absorbed by property taxpayers since 1945."

This program would mean a total State aid program of almost $92 million, including the $35 million now available. It would constitute from 40 per cent to 50 per cent of the total cost of education as compared to the 18.8 per cent contributed by the State in 1949-50. Half of the States in the union now provide almost 45 per cent or more of public school costs; and neighboring States, as follows—Maryland, 40 per cent; New York, 46.7 per cent; Pennsylvania, 37.6 per cent; and Delaware, 39 per cent (**Report,** Table V, p. 13).

* * * * * *

The financial responsibilities of the State can be met by varying degrees of State support. The State could assume, on the one hand

(as in South Carolina and Delaware) practically full responsibility for the financing of the public schools. Whatever may have been the motive and necessities that have guided other States to this position, the Commission is certain that no responsible group in New Jersey would support such an extreme proposal. Not only does it do violence to established principles of local self-government; but it is "centralization" in a field that, of all fields of public policy, is most sensitive to regimentation and outside direction.

The State could, on the other hand, assume a minimum financial support of its public schools—or even no support at all. This might well have as serious implications as full support. Whatever may have been the conditions in the early days of the Republic, no State can longer permit educational opportunities to be determined by the accidental distribution of taxable wealth throughout its school jurisdictions. Equal educational opportunity for every child in the State, means something far more than a school house in each district. It implies a **minimum standard** of education for every child in the State, and when the exigencies of fiscal capacity do not permit the attainment of such a standard, it is the duty of the State to assume the fiscal responsibility necessary to correct such educational deficiency.

In addition, the requirements of a sound tax policy must be given serious consideration in school support. The public schools are perhaps our most cherished, as well as our most expensive, public service. About one-third of every tax dollar—State and local—is allocated for their use. This is a heavy burden on a tax structure, and should not be borne almost exclusively by one tax base. Not only has New Jersey been a State of minimum school aid (its 13 per cent ratio (exclusive of the State's contribution for teacher retirement) is among the lowest in the country), but it has relied, increasingly, on the general property tax as almost the sole support of its public schools. This has led to excessive pressures on property owners in certain parts of the State, and the character of property tax administration itself has introduced the grossest inequities in the distribution of such aid as has been allowed.

When approaching the question of partial support—a point between full support and minimum support—it is necessary to consider several factors before an established ratio can be determined. Some of these factors are among the imponderables. They must be resolved by reasonable and experienced men, in the light of what is possible as well as what is good. The question is often raised: Do the schools actually **need** more money? It is like asking, Do the people of Newark

need more money? The answer, at least for the people of Newark, would be invariably, **Yes.** But do they need more money in the light of an **established and defined** need?—for subsistance? for insurance? for recreation? Such measures become individual, and each individual is unique. It is possible to examine an individual school district and to determine that it needs more money to attain an educational program which the investigator himself has established as a norm; but it is not possible to show that 550 variously developed school districts, need more money, collectively, to reach an individual effectiveness that is adequate to the needs of sound citizenship. For this reason, State aid formulas have never attempted to measure need. They have only attempted to measure relative local ability to support. It is the opinion of the Commission that local ability to support public schools is, on the whole, best measured by equalized property valuations and that this is on the whole a practical and equitable method of defining local fiscal capacity.

THE RELATION OF PROPERTY TAX INCREASES

The Commission has concluded that any given amount of State aid can be justified only in terms of what the State hopes to accomplish. Thus, if the purpose is to limit the amount of property tax support for schools to what was provided in 1945 or any other year, the amount of State aid becomes simply the amount by which school costs exceed what was spent in that base year. It was by such reasoning as this that the School Aid Commission arrived at $60 million as the amount of additional aid which it recommended in 1952.

This approach is unacceptable because it assumes that the amount of property tax support for schools was both proper and at its maximum level in the base year of 1945. It makes no allowance for changes in property tax-paying capacity. Of more importance, however, it imposes upon the State a responsibility to meet all increased school costs without regard to the reasons for their increase or the districts in which the increases occurred. Since payment of State aid under any equalization formula implies that the amount paid to any single district depends upon the ability of that district to carry its own load, it appears that equalization and avoidance of all local tax increases are incompatible objectives. Distribution of State aid by formula does not mean that the amount paid to any district will be related to the amount by which school costs within that district increase. Such a distribution is justified on the principle of equalization of educational opportunity, and it can mean only such State support as is needed to maintain the relative ability of each district to offer a standard mini-

mum educational program. The amount of aid payable to individual districts, therefore, is not related either to the amount of increased total expenditures or to increased property taxes. It is thus a fallacy to determine the over-all amount of the aid by such measures.

RELATIVE CONTRIBUTION TO TOTAL SCHOOL COSTS

Another approach is to determine an acceptable percentage of school costs which should be paid from State aid. Estimates by the National Educational Association indicate that in 1952-53 State support averaged 44.6 per cent of current school expenditures in all States combined.[1] Within this over-all average, individual States ranged from a low of 1 per cent in Nebraska to a high of 92 per cent in Delaware. New Jersey, at 18 per cent, occupied 42nd place among the 48 States. The States which paid a smaller part of current school expenditures than New Jersey were Nebraska (1 per cent), New Hampshire (3.8 per cent), South Dakota (11 per cent), Massachusetts (15.5 per cent), Rhode Island (17 per cent) and Connecticut (17.3 per cent).

Notwithstanding the fact that New Jersey was 42nd among the States in terms of the percentage of school costs paid from State funds, it was second only to New York in terms of average current expenditures per pupil in average daily attendance. As reported by the National Education Association, New Jersey averaged $329 per pupil in average daily attendance as compared with $335 per pupil in New York, where the State provides 45 per cent of the total funds expended on the public schools.

Assuming that the quality of educational offering bears a close relationship to educational expenditures, there is no evidence that the quality of education is determined by the average percentage of educational costs paid from State funds. It follows that, if it is the purpose of State aid to improve the quality of education, this purpose is not to be obtained by simply increasing the over-all financial participation by the State. If State averages are the criteria, it appears that New Jersey is doing very well with its low level of State support.

But averages are deceptive things. It is no more true that all school districts in New Jersey spend $329 per pupil than it is that they all derive 18 per cent of their current expenditures from State funds. The New Jersey Department of Education reports (for 1952-53) "local day school expenditures" (which excludes the teachers' pension fund contribution by the State, debt service and a few other items of local expenditures) averaging $296 per pupil in average

[1] Council of State Governments, *The Book of States, 1954-55,* p. 245.

daily attendance. On the average, 13.6 per cent of these current expenditures were from State funds. But 58 districts spent less than $200 per pupil in average daily attendance while 18 other districts spent more than $400 per pupil. Within an average of 13.6 per cent of current expenditures derived from State funds in 1951-52, 13 districts reported State aid under 5 per cent of current expenditures while 22 districts received aid amounting to more than 50 per cent of their current expenditures.

Inter-district variations such as these suggest that it is more important to know where the aid is going and how it is to be used than it is to know what percentage of aggregate local expenditures is covered by aggregate State aid. It would be an easy thing to raise the percentage of school expenditures provided from State funds by merely paying a fixed percentage of each local school budget. Such a distribution would have little merit as an equalization program and it would relieve local property taxes most unevenly. For example, those districts that spend $400 per pupil would receive twice as much aid per pupil as those that spend $200 per pupil. Although no one has seriously suggested such a distribution formula, the Commission would point out that it would meet all of the requirements of a desirable program measured in terms of both property tax relief and the percentage of State participation in local school finance—if our only concern is how New Jersey "ranks" among the States.

A FOUNDATION SCHOOL PROGRAM

Recognizing the inadequacy of these methods for determining the amount of State aid required, the Commission undertook to build a concept of State aid and to arrive at an amount of aid necessary to achieve it. Upon this basis, the Commission determined that an acceptable minimum foundation school program in New Jersey under current conditions is one which costs approximately $200 per pupil in average daily enrollment.

With 718,000 children in average resident enrollment (1952-53), this means that a minimum foundation program for New Jersey is one which would cost approximately $144 million. The fact that all New Jersey school districts together reported expenditures totaling approximately $197 million in 1952-53 (day school $194.4 million, vocational $1.8 million and evening $.5 million) means that about $53 million was spent to provide education over and above the minimum program. This additional expenditure measures the extent of "enrichment" of the minimum program determined by local initiative and properly financed from local funds.

LOCAL FAIR SHARE

It is in terms of the foundation school program that the extent of State participation must be determined. Some States have undertaken to finance a major portion of the foundation program from State funds. Delaware has provided for complete State support of its foundation school program. However, the equalization concept requires some local participation, and the Commission on State Tax Policy believes that local schools can remain local in fact as well as in name only so long as they make a satisfactory effort to support themselves.

General property taxes levied for local school purposes in the school year 1952-53 totaled $192 million. Deduction of $20 million levied for debt service and capital outlay leaves property taxes available for other purposes totaling $172 million. After allowing for this $53 million of "enrichment" it appears that in the aggregate local districts provided about $119 million toward a minimum educational program and looked to State aid for $25 million to make up a $144 million program.

This is an over-all picture painted with a very broad brush. The amounts and the implied relationships vary from district to district and they will, of course, change from year to year. This is evidenced by the fact that local school taxes increased from $192 million to $204 million between the tax years 1952 and 1953. But it is not unreasonable to establish a local fair share of the foundation program at a level requiring approximately $100 million, or one-half the amount of school taxes levied in 1953. On this basis the State would provide in the aggregate about 30 per cent of the cost of the foundation program.

Thus, with a foundation program totaling $144 million and a local fair share totaling $102 million, the basic amount of State aid would total $42 million. However, the uneven distribution of taxable property as among districts means that some districts can provide a satisfactory foundation program without using their full property tax potential. For all practical purposes, the excess tax ratables in these districts are not available as an offset against the foundation program. Adjustment for this factor causes the basic equalization aid in the remaining districts to become $47 million instead of $42 million.

Beyond the equalization principle, there should be some expression of the State's responsibility for the education of all children in the form of a fixed minimum State participation in the foundation program. The Commissioner of Education has recommended that a minimum level of aid be established at $50 per pupil in average daily enrollment. In a foundation program costing $200 per pupil this

implies assumption by the State of one-fourth the foundation program cost without regard to local ability. Such a flat minimum will require an additional $5.6 million in State funds, which may be considered as pure real estate tax relief in the districts which are paid in this way.

TRANSPORTATION AID

New Jersey now pays 75 per cent of approved school transportation costs. The Commission recommends no change in this provision —under which $4 million is distributed to school districts.

SPECIAL CLASSES

The New Jersey Legislature now has under consideration a program for improving State aid for education of mentally and physically handicapped children (Assembly Bills Nos. 248, 249, 250 and 251). This program contemplates State aid for special classes at $3,000 per class to the district operating such a class and $200 per pupil to the district of residence, for pupils sent to classes outside the district.

The Commission on State Tax Policy considered the integration of aids for special classes as a component part of the foundation program. The program recommended by the Commission, however, represents a different concept than the present school aid concept under which these special aids were expected to operate. Under the present "Pascoe Law," resident children in special classes are excluded from the average daily attendance upon which State aid is paid to districts operating the classes. With some inconsistency, however, such pupils are counted in districts which send them to a class in another district. The Pascoe Law includes these classes as part of the foundation program allowance at $2,350 per class. The result is Pascoe aid ranging from $75 per class in about 22 minimum aid districts, which contain most of such classes, to $2,350 in about 55 maximum aid districts. Armstrong aid for these same classes is paid on the assumption of 25 pupils per class. At $11.73 per pupil in 1952-53 this meant $293 per class. Thus, the two programs together provided aid for special classes ranging from $368 in minimum aid districts to $2,643 in maximum aid districts. Assembly Bill 250 substitutes $3,000 per class for these amounts.

The foundation program recommended by this Commission includes children taught in special classes in the average resident enrollment upon which aid is computed. This means that school districts will receive aid for each resident child ranging from $50 in minimum aid districts to $200 in maximum aid districts—whether or not the district operates the special class. The amount of aid per class thus

depends upon class size, but classes of 10 children would mean foundation aid ranging from $500 in minimum aid districts to $2,000 in maximum aid districts. Payments of additional aid at $3,000 per special class would thus mean total aid per special class of 10 pupils ranging from a minimum of $3,500 to a maximum of $5,000.

Payment of $2,000 per special class within the school aid program recommended by the Commission would in fact provide a richer program than would the payment of $3,000 per class under existing State aid provisions in all but the minimum aid districts. Such a payment would amount to $2,500 for a class of 10 pupils in minimum aid districts and $4,000 per class of 10 pupils in maximum aid districts. For larger classes these aids would be increased by amounts of either $50 or $200 per pupil. As indicated in the following example, payment of foundation aid for pupils now excluded from such payments means the payment of $200 per additional child in any district qualifying for any aid above the minimum.

Assuming a school of 110 pupils of which 10 are in a special class—

	Special Class Pupils	
	Not Counted	Counted
Average daily enrollment	100	110
Foundation program at $200	$20,000	$22,000
Local fair share	$10,000	$10,000
Amount of foundation aid	$10,000	$12,000
Aid for special class	$3,000	$2,000
Total state aid	$13,000	$14,000
Total aid for special class	$3,000	$4,000

Against this background, the Tax Policy Commission has included within its recommendations the payment of $2,000 for each special class. Considered in the light of a $200 minimum foundation program, the payment of an additional $200 per pupil to districts sending such pupils to classes in other districts also requires some rethinking. Consistent with existing provisions for paying one-half the excess cost of educating crippled children, this Commission recommends that these payments to sending districts for children in special classes also be on the basis of one-half the amount by which tuition exceeds $200 (the foundation program). The estimated additional cost at $2,000 per special class approved in 1952-53 is $838,000, exclusive of the additional per pupil aid payable under the new foundation program.

CRIPPLED CHILDREN

At the present time New Jersey pays one-half of the costs for educating crippled children. This program is closely related to the provision for special classes and the two programs may in time become one. Amounts presently budgeted for this program total $453,519. No present change is recommended.

VOCATIONAL SCHOOLS

The Commission recommends inclusion of county vocational schools within the foundation school program as minimum districts eligible for minimum aid at $50 per pupil in average daily enrollment. Cost of operating day vocational schools operated by local districts have been included within the foundation program. In the case of evening vocational schools the Commission recommends no change at this time. Aid for these evening schools is estimated at $160,000.

EMERGENCY FUND

The 1955 State budget provides an emergency fund of $100,000 to be apportioned by the Commissioner of Education to local school districts where hardship conditions exist. The Commission recommends that this amount be increased to $250,000. The adoption of a large new program involves some adjustments as existing inequities are corrected. An adequate emergency fund will make it possible for the Commissioner of Education to provide relief where relief proves necessary during the transition period. At the same time, it removes all reason for continuing the unsound practice of writing "save harmless" provisions into State aid programs.

OVER-ALL PROGRAM

Upon this basis the Commission arrived at an over-all amount of State aid totaling $58 million for the first year (1954-55) under the program. After allowance for $30 million now budgeted, the program thus requires $28.5 million of additional State aid as follows:

Foundation aid (including flat $50 per pupil minimum)	$52,492,000
Transportation aid	4,117,000
Special aids	1,474,000
Emergency fund	250,000
Total state aid (exclusive of state teachers' retirement contribution)	$58,333,000
Less present aid to districts, budgeted	29,920,000
Additional funds required	$28,413,000

The new program would necessitate changing the State budget with respect to State aid for education as shown in Table 5.

TABLE 5

NEW JERSEY STATE BUDGET FOR STATE AID TO EDUCATION

	1954 Appropriation	1955 Budget	1955 New Program
Salaries—County Superintendent	$179,175	$184,575	$184,575
Materials and Supplies	85,000	95,000	95,000
County and School Libraries	10,000	10,000	.....
½ Excess Cost for Crippled Children	406,079	453,519	453,519
Manual Training	1,203,302	1,232,974	.....
Vocational Schools	663,260	691,029	180,000
Industrial Schools	75,000	70,000	70,000
Pascoe Aid (Ch. 63, P. L. 1946):			
Formula	10,325,956	12,650,911	.....
Transportation	3,725,656	4,008,701	4,116,997
Dependent Children	520,740	542,685	.....
Regional High School	456,259	570,056	.....[1]
Helping Teachers, etc.	349,080	362,650	362,650
Deficiency Fund	1,001,278	931,500	.....
Emergency Fund	100,000	100,000	250,000
Armstrong Aid (Ch. 66, P. L. 1948)	7,894,728	8,454,328	.....
"Save Harmless," 1954-55	1,029,138	389,222	.....
New State Aid Formula	.....	.....	52,492,482
Special Classes—Supplementary Grants	.....	.....	838,000
Totals (Excluding Teachers' Pension Fund Contribution)	$28,024,651	$30,747,152	$59,043,223

[1] County and district day vocational schools and regional high schools brought into new equalization formula. Evening and part-time vocational treated as at present.

(3) How shall such additional moneys be distributed among the school districts?

To understand the distribution recommendations of the State School Aid Commission, it is necessary to understand the formulas under which school aid is at present distributed. These formulas are based upon the so-called Pascoe Law (**P. L. 1946,** ch. 63), named after the late Assemblyman Herbert Pascoe of Union County, who devoted much time and thought to school finance. This is the basic law under which most school aid is distributed. The first factor in the law (sec. 4) is the determination of the foundation school program. The purpose of the foundation school program is to define (by formula) in dollars, the amount of money deemed to be sufficient to provide in each school district a minimum educational offering for every child in the State.

The basic formula is in two major parts:

(1) **The foundation school program** (Sec. 4), which is defined; as follows—

(a) $94 for each elementary pupil (grades, kindergarten to six, average daily attendance) of the districts;

(b) $2,350 for each approved special class of the district;

(c) $117.50 for each high school pupil (grades 7 to 12, average daily attendance) of the district;

(d) $117.50 for each evening school pupil of the district.

(2) **The "equalization aid"** (Sec. 5 (a)), which is the difference between the cost of the foundation school program and the cost of such program which each school district is required to provide from local taxes. This cost is known as the local "fair share." It is determined as follows:

For each school district eligible under Sec. 5 (a) the higher of the following calculations (1) or (2) is selected:

(1) Such sums as will result from an application of a rate of ten mills on each dollar of local valuation of the district; or

(2) The lesser of the sum which results from multiplying the inhabitants of each district by $10 or the sum which will result from the application of a 30 mills tax rate to the local valuation of the district.[1]

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[1] *Provided:* That not more than such sum as will result from the application of a rate of 10 mills on each dollar of local valuation shall be deducted from the foundation program of any district with less than $1,500 of local valuation per pupil in average daily attendance.

The excess (if any) between the foundation school program and the local fair share, is equalization aid (Sec. 5 (a)).

For Example—

If the foundation school program is $100,000; and

If a ten-mill levy is $60,000; and

If $10 per capita yields $50,000; and

If a 30-mill levy yields $180,000,

The local "fair share" will be $60,000—because it is higher that the per capita yield which is less than the 30-mill yield. This provision places, therefore, a 30-mill ceiling on the "fair share."

Then—$100,000 (the foundation school program) less $60,000 (the local "fair share") equals $40,000 (the equalization aid).

If the local fair share exceeds the foundation school program, **no equalization aid as defined in Sec. 5 (a) will be given,** but such district will receive **equalization aid** (often referred to as minimum aid) **as defined in the following formula (Sec. 5 (b)):**

Such sum as will result from multiplying the number of elementary pupils in each district by $3.00; the number of approved special classes in each district by $75; and the number of high school and evening school pupils in the district by $3.75.

To equalization aid is added 75 per cent of the approved cost to the district for transporting pupils to and from school. The sum is called basic aid.

In an actual application, the formulas work out as follows:

THE TOWN OF ABSECON[1]

(1951-52)

The Foundation Program

(1) Total elementary pupils, kindergarten to 6th grade, inclusive, was 216	
216 x $94	$20,304
(2) Total secondary school pupils grades 7 to 12, inclusive, was 146	
146 x $117.50	17,155
Total foundation program	$37,459

[1] Based on calculations in *Educational Bulletin* (Vol. XXIII, No. 1 Oct., 1951). "Apportionment of School Moneys for 1951-52" by Kenneth F. Woodbury, pp. 49-72, at pp. 49-50.

The Equalization Aid

I. The Local Share:	
Ratables	$1,303,570
(1) Ratables x 10 mills	13,036
(2) Ratables x 30 mills	39,108
(3) Inhabitants (Federal Census, 1940) 2,084 x $10 per capita (less than a 30-mill levy and more than a 10-mill levy)—the local "fair share"	20,840
* * *	
II. Equalization Aid, $37,459 (foundation program) less $20,840 (local "fair share")	$16,619
III. Transportation Aid, 75 per cent of cost of approved transportation	3,456
IV. Dependency Aid for 4 pupils x $45	180
Total Aid	$20,255
* * *	

Besides the basic aid, which is composed of equalization and transportation, there are other factors in the Pascoe Formula designed to adjust to certain defined conditions:

(1) Dependency Aid (Sec. 7). $75 for each child residing on property owned by the State or a county, or each child that is a ward of the State; $45 for each child residing on property owned by the government of the United States, or each child whose parents or legal guardians are engaged in farm labor in New Jersey.

(2) Regional High School Aid (Sec. 8). Number of teachers, pupils, nurses, and transportation costs. No equalization is involved and no local fair share is computed. This formula is a carry-over from pre-Pascoe days.

(3) Aid to Counties (Sec. 9). Salaries and expenses, as certified by the Commissioner of Education, of (a) helping teachers, (b) county supervisors of child study, and (c) county attendance officers.

(4) Municipal Aid (Sec. 13). Should the basic aid payable in any school year be less than the total amount of basic aid appropriated to such district for the school year beginning July 1, 1943, up to 74.17 per cent of the State school tax paid by the municipality in such district in 1943, shall be paid to such district by its municipality.

[At the time of the Pascoe Law (1946), there was in effect a State school tax of 2.9 mills collected from municipalities by the State and returned to the counties (less 10 per cent), for distribution to the school districts on the basis of teachers quotas and days of attendance. The Pascoe Law abolished this tax. In order to protect the school district from loss of revenue, each municipality was required to provide deficiency aid in any case in which State aid under the new formula fell below aid apportioned in 1943-44.[1] The maximum deficiency aid provided by the act was set at 74.17 per cent of the State school tax paid by the municipality in 1943 (Sec. 13).]

[1] Report of Joint Legislative Committee on Educational Opportunity (*Laws of 1945*, J. R. No. 24) *Senate Journal*, January 14, 1946, pp. 67-71.

(5) Deficiency Aid (Sec. 14). The State makes up the difference between the deficit in school aid (i.e., Pascoe distribution minus pre-Pascoe distribution) and municipal aid. Applies to those districts where the municipal aid certification is limited by the 74.17 per cent maximum. The 1953-54 appropriation was $1,001,278.12.

(6) Emergency Aid (Sec. 14). The Commissioner of Education with the approval of the State Board of Education, pays to "needy districts," without regard to any preordained formula. Since the school year 1950-51 a standing appropriation of $100,000 has been made.

There are several other laws which have a major effect on the school aid program of the State. The first of these is Laws of 1948, Chapter 66 known as the Armstrong Distribution Law, after its sponsor Senator Wesley Armstrong of Mercer County. This act provided for the distribution of $9.5 million additional State aid for schools beginning with the year 1948. As the amounts payable under "Pascoe" increased, the amounts appropriated under "Armstrong" decreased to keep "total State aid" within a "$25,000,000 ceiling." The Armstrong distribution declined to about $6 million in 1952, at which time a "floor" was put under it.

The appropriation was to be made in the proportion which the average daily attendance of the pupils enrolled in each district bore to the total average daily attendance of the school districts of the State.

Laws of 1946, Chapter 64 is concerned with the education of World War II veterans. This law authorized the Commissioner of Education to maintain programs for veterans' education and training in the school districts of the State. Upon the approval of such courses in any school district, the school district receives the estimated cost of maintaining and establishing such courses for a period of three months or, in a course of high school grade, the estimated cost of teaching services for each class, not exceeding $3.00 for each 50-minute period.[1]

Manual training courses in school districts are supported on a matching basis by the State. Laws of 1903, Chapter 1 provides that the State will provide a sum equal to that provided by a school district, up to a maximum of $5,000 for the support of approved manual training courses.

Vocational training courses in school districts and counties are similarly financed. Laws of 1903, Chapter 1 and Laws of 1913, Chapter 294 provide that the State will provide a sum equal to that provided by a school district or a county, up to a maximum of $10,000, for the support of approved vocational training courses.

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[1] This program was financed in part through the transfer of $750.000 from the veterans guaranteed loan fund (Sec. 14) into a veterans education revolving fund and in part by direct appropriation.

To encourage attention to the special needs of handicapped children, the State reimburses school districts to the extent of one-half of the "excess cost" of their education. Such reimbursement is based on Laws of 1938, Chapter 14 and Laws of 1946, Chapter 88. Prior to 1954, the State appropriated less than half of the "excess costs" approved by the Commissioner of Education. Each district therefore received a pro-rata cut in the funds due.

Two other programs might be mentioned in passing. The State appropriates $10,000 every year to school districts and counties to purchase library books. There is also a matching grant for the conduct of evening classes for foreign-born provided for by law. However, since no appropriation has been made by the State for the past five years, this law is to all intents and purposes, a dead letter.

The report of the State School Aid Commission started with the above formulas and proposed the following retentions, changes and adjustments:

I. "Special Aids" to promote "certain desirable kinds of education" were to be retained. These aids are outside and in addition to the foundation school program (i.e., equalization aid).

Special Aids and Their 1951 Appropriations*

Library	$10,000
Crippled Children	300,000
Vocational Schools	657,000
Industrial Schools	75,000
Materials and Supplies	75,000
Pension Contribution	9,973,429
Transportation	3,107,439
Dependent Children	426,485
Regional High Schools	349,611
Helping Teachers	296,660
Emergency Aid	100,000
County Superintendents	142,950
Total	$15,513,714

II. Deficiency appropriations ($845,000 in 1951) and municipal aid ($8,344,000 in 1951) were omitted, as they would be needed no longer under the expanded program proposed.

III. The Armstrong Distribution Law was to be repealed—the entire program would operate under the Pascoe formula.

IV. Manual Training aid ($1.1 million in 1951) was omitted. Larger per pupil grants under the proposed plan of distribution would make it unnecessary.

* Report, p. 15.

V. The foundation school formula was to be amended in these respects:

The range per weighted ADA would be $110 to $200 instead of $3 to $94, but with a State aid ceiling of 75 per cent of local school costs.

VI. The local fair share was to remain the same—10 mills, or $10 per capita, but not to exceed 30 mills.

VII. The cost (statistical) estimates on 1949-50 data, would be $76.4 million (exclusive of special aids) and $15 million of special aids—as opposed to the present $35 million. Additional aid required by this plan would be about $56.5 million.

[The basic changes in the Pascoe Law (**Report,** p. 16), could be made by three amendments; changing the $94 figure for the foundation program to $200; changing the $3 figure for minimum aid to $110; and adding a clause for the 75 per cent ceiling.]

VIII. The equalization of local assessments: The disparities resulting from local assessment policies were to be corrected through a uniform equalization formula **for State aid purposes only,** without affecting assessments for purposes of local taxation.

* * *

THE PROPOSED NEW SCHOOL AID FORMULA

Having taken the position that the major goal of any State aid program is equalization, the Commission on State Tax Policy proceeded upon five basic premises as follows:

First, local schools in New Jersey must remain local in fact as well as in name. It would be an easy matter to equalize educational opportunity for all children in the state if all schools were operated, financed and controlled from Trenton. But there would be no "home rule" and equalization would be reduced to standardization.

Second, any foundation school program included within a state aid formula must be sufficient to provide a satisfactory minimum educational offering. No realistic equalization can be accomplished under a formula based upon a foundation program of $94 per child so long as no school can operate at this level.

Third, local school districts must make a satisfactory effort to support themselves before they can qualify for any state aid above a minimum required to express the states responsibility to all children. The purpose of state aid is to supplement and equalize local tax resources, but not to replace them.

Fourth, any state aid program must be developed to fit the environment in which it is to apply. This means that the program must not only be sound from a theoretical standpoint, but it must also be practical from the standpoint of local interests, practices and customs.

Fifth, as a financial instrument, a state aid program must not become a vehicle of educational policy. Although the line separating policy from finance is not always a clear one, the development of a state aid formula should emphasize means of financing the school program as it is known and accepted, as contrasted with reforms or changes in the program itself.

The four major features of an equalization formula concern (1) the foundation program; (2) the local fair share; (3) the level of minimum aid and (4) the nature and extent of special aids.

In establishing an acceptable minimum foundation program as one which costs $200 per pupil in average daily enrollment, this Commission examined the budgets of local school districts and attempted to construct a modest but adequate expenditure level. Such a basic budget should provide a full range program at less than average cost for each item. Since teachers' salaries average approximately 60 per cent of current school costs, a program of $200 per pupil with a class of 30 pupils, would allow $3,600 for teachers' salaries—higher than the statutory minimum starting salary ($2,500) but lower than the State-wide average in 1952-53 ($4,170).

Although 115 local districts spent less than $200 per pupil in 1952-53, this number represented a reduction of 29 from the 144 districts reporting such expenditures in 1951-52. There is every indication that it will be further reduced during the current year (1953-54) and the next year (1954-55) now being budgeted. Detailed examination of the 115 districts indicate that they are in most cases near the $200 figure and all of them are providing modest educational programs.

With a view to establishing a local fair share aggregating approximately one-half of the amount of local school taxes levied in 1953, the Commission established a measure of five mills (50 cents per $100) upon the

> equalized value of real estate,
> State assessed value of Class II Railroad Property,
> assessed value of personal property; plus

25 per cent of the amount of non-property taxes available for the support of local budgets (public utility, financial business, insurance and bank stock taxes).

Such a measure of local fair share makes the local districts as a group responsible for approximately 70 per cent of the cost of the foundation program. It brings into consideration all of the local tax resources in a manner to accomplish a maximum amount of equalization as among districts. While there is no provision for immediate equalization of personal property assessments, the omission can be overcome in future equalization tables. Inclusion of 25 per cent of non-property tax revenues has the advantage of equalizing local effort as between districts blessed with such revenues and those wholly dependent upon property taxes.

Foundation aid becomes the excess of the foundation program costs over the local fair share in each district. For the first year under the program (1954-55) this part of the aid is expected to total $47 million.

A minimum level of State aid for all districts has come to be accepted as a necessary feature of any school aid program. As an expression of the State's responsibility for the education of all children, the Tax Policy Commission recommends a minimum aid of $50 per pupil in average daily enrollment. Although there is no magic in any particular percentage of State participation, this means that the State will pay not less than one-fourth of the cost of the foundation program ($200 per pupil) in any district. Minimum aid is expected to total $5.6 million during the first year under the program (1954-55).

The Commission has endeavored to develop a single school aid formula with as few special provisions as possible. Special aids to vocational schools and regional high schools have been eliminated by bringing these schools into the basic formula. Under an adequate equalization program special aids for libraries, manual training and dependent children can be eliminated. Deficiency aids and "save harmless" provisions of existing State aid programs are unnecessary under a comprehensive formula and the Commission would emphasize that they are contrary to sound public policy.

Special aids which are carried into the recommended formula include transportation aid ($4 million) and aid for evening vocational schools ($160,000) as now provided.

The State's responsibility for the education of atypical pupils is recognized by aids for special classes and excess costs of educating mentally and physically handicapped children. In the case of special classes, the program contemplates aid at $2,000 per class in addition to regular formula aid for each child attending these classes. This represents a variation from $3,000 per class provided in pending legislation (Assembly No. 250), but its net effect will be more aid per class, on the average. It is recommended for two reasons: (1) pupils attending such classes are presently excluded from formula aid distributed under the Pascoe Law, wherever they are brought into the new recommended formula, and (2) the amount of new formula aid distribution will be a substantial increase over the present formulas.

Every care has been taken to appraise the effect of the recommended formula upon each local school district. But any transition from a program heavily barnacled with special provisions to a uniform equalization program requires some adjustments. Estimates indicate

that fewer than 50 districts may receive less State aid under the new program than they will receive if no changes are made. None of these districts are expected to lose any substantial amount. As their pupils increased in number, moreover, their aid will soon exceed the present level. The Commission not only cannot recommend a "save harmless" provision, but it must caution against adoption of such provisions on the ground that they defeat the whole purpose of equalization. Much of the unevenness which exists in present State aid distribution can be attributed directly to the compounding of past "save harmless" provisions.

An important feature of the recommended formula is the provision of an emergency fund of $250,000 to replace the $100,000 fund now available. The purpose of this fund is to enable the Commissioner of Education to provide relief to local districts in case of unusual hardship. With such a fund at his disposal, the Commissioner can facilitate the transition to the new formula for any district which experiences a real need for such aid, without relying upon an unsound "save harmless" provision.

In summary, this Commission recommends a formula for State aid for schools which simplifies and unifies existing programs. It is built upon the following basic provisions: (1) the total program is determined by the number of pupils in average enrollment, without any weighting as between elementary and secondary pupils; (2) the measure of the local contribution toward this program is based upon the assessed valuations in each school district as equalized to a full value assessment basis according to a State-wide table of such values to be promulgated by the Department of the Treasury. Both of these basic provisions represent major improvements, and differ substantially from the present law as well as the proposal of the School Aid Commission. A detailed comparison of all three programs is presented in Table 6.

TABLE 6

COMPARATIVE SCHOOL AID PROGRAMS

Item	Present Provision	Recommendations of the School Aid Commission	Recommendations of Commission on State Tax Policy
1. Equalization Aid			
A. Foundation program	$94 elementary A.D.A.; $117.50 secondary A.D.A.; $117.50 evening pupil A.D.A.; $2,350 per special class	$200 elementary A.D.A.; $250 secondary A.D.A.	$200 per pupil in average resident enrollment
B. Local fair share	10 mills ($1) or $10 per capita but not to exceed 30 mills, or 10 mills in districts with less than $1,500 assessed valuation per pupil	Same as present	50 c. per $100 on equalized real estate and assessed value railroad property and tangible personal property plus 25% of non-property "shared" taxes
C. Minimum aid	$3 elementary; $3.75 secondary	$110 elementary; $137.50 secondary	$50 per pupil
D. Limitations	All State Aid must be used for day school expenditures	Maximum State Aid of 75% of day school expenditures	Every district must spend $200 per pupil or levy local fair share to qualify for equalization aid
2. General Aids			
A. Armstrong distribution	Grant per pupil in weighted A.D.A.	None	None
B. Bonus aid	The difference between 1952-53 State Aid and that payable for 1953-54 under the Pascoe Formula	Not applicable	None
C. Deficiency aid	The difference between the 1943-44 State Aid distribution and 74.17% of the 1943 State School Tax, when equalization aid is less than that distribution	None	None
D. Regional high schools	Based on pupil, teacher, and nurse quotas and transportation costs	Same as present	Included in foundation; local share 30 c. per $100
3. Emergency	Amount determined by the Commissioner of Education	Same as present	Same as present
4. Special Aids			
A. Transportation	75% of approved cost	Same as present	Same as present
B. Dependent children	$45 and $75 per child	Same as present	None
C. Helping teachers (county)	Salaries and Expenses	Same as present	Same as present

TABLE 6—Continued

COMPARATIVE SCHOOL AID PROGRAMS

Item	Present Provision	Recommendations of the School Aid Commission	Recommendations of Commission on State Tax Policy
D. Manual training	$250-$5,000 matching approved programs	None	None
E. Vocational schools	$250-$10,000 matching approved programs	Same as present	County full-time schools $50 per pupil; county part-time schools—same as present; evening schools—same as present; day schools—in foundation program
F. Crippled children	½ excess cost	Same as present	Same as present
G. Industrial schools	$25,000 per school	Same as present.	Same as present
H. School libraries	$20 per school library on initial application; $10 per annum on renewals	Same as present	None
I. Evening classes for foreign born	½ approved costs	No recommendation	None
J. Veterans' secondary education (type d)	Approved costs up to $3 per class hour	No recommendation	No recommendation
K. Veterans' secondary education (types b and c)	All State-approved costs paid from Revolving Fund	No recommendation	No recommendation
L. Special classes	In present foundation program	Foundation program of $220 per pupil in A.D.A. in attendance in special classes	$2,000 per class plus foundation aid
5. Other aids			
A. County superintendents	State pays salaries, counties pay expenses	Same as present	Same as present
B. Materials and supplies	Annual State Appropriation	Same as present	Same as present
C. Visual aids	Annual State Appropriation	No recommendation	Same as present
D. Administration of Smith-Hughes, George-Barden and Veterans' Revolving Fund	Annual State Appropriation	No recommendation	Same as present
E. Teachers' Pension Fund	State matches teachers' contribution	Same as present	Same as present

(4) How shall the state finance additional aid?

The School Aid Commission recommended that additional State aid ($55 million to $60 million) be provided by the enactment of a corporate income tax, a personal income tax, a consumers sales tax or a combination of these (**Report, II, 23**).

This Commission has given the most earnest consideration to the problem of financing its proposed program. It would emphasize that an answer involves much more than raising $28 million dollars for school purposes. It concerns also, the long-term financial policy of the State; and the method adopted at this time to raise so large a sum of money, may well affect service support and taxpayer responsibility for many years to come.

For the past 20 years, the State of New Jersey has avoided "new" taxes. Almost every year, threatened deficits and proposed service requirements have raised the issue; and each year the State has resisted these pressures. This policy has become deeply embedded in the thinking of the State. There has been the most extreme reluctance to depart from it. An attempt in 1935 to place the State on a "broad tax" base, resulted in a consumers sales tax which was repealed after nine months' trial. Even during the days of great financial pressures for public assistance, the State borrowed large sums for current expenses rather than embark on a permanent tax program.

Party platforms for the past two decades have pledged "no new taxes"; and even today both parties are pledged against taxes on individual income and consumer sales. This Commission, in its **Second Report** (1947), urged a gross receipts tax upon business to replace certain portions of the local property tax on personal property used in business, which it believed, and still believes, is grossly inequitable, and a detriment to the State's economic expansion. In spite of the fact that this was a replacement tax and in no way a revenue raising measure, it was, like all preceding proposals for new taxes, rejected by the Legislature. Since the enactment of the railroad tax act of 1884, the State has, in effect, adopted only two important revenue measures—the highway user taxes on vehicles and motor fuels (in reality, excises), and the cigarette tax. The former replaced the local property tax on motor vehicles and the latter was the most important "new" general revenue measure in 70 years. In addition, there are a medley of special taxes on pari-mutuel betting, insurance companies, alcoholic beverages, financial business, inheritances and corporate franchises, which collectively form the basic "tax structure" of the State.

This policy has been quite the opposite of comparable industrial States; but it has had positive results which have had a strong appeal. The absence of large sums available for State expenditures, has marked New Jersey with the lowest per capita expenditure for State services of all States in the Union. It has emphasized a policy of local support for local services, and fostered, thereby, local responsibility and avoided central financing programs. Even on a basis of total State and local taxes per capita, New Jersey ranks 35th among all the States, and among the lowest of comparable industrial States. In the face of enormous Federal tax pressures, these are advantages with a strong appeal to taxpayers, as well as to those with deep feelings against centralizing movements.

The Commission has long been sympathetic with this point of view; but it has likewise been most critical of the tax structure that supports it. Particularly in its **Fifth Report,** it listed defects which were in most urgent need of correction. It even suggested some seven projects—several of which required "new" broad-based taxes—for legislative consideration; but each proposal was aimed at equalizing and stabilizing the tax burdens of the State, and was not concerned with additional revenue needs.

The Commission—as it has repeatedly stated—is not a revenue-raising body. Its function is to seek equality of tax treatment as among taxpayers and tax jurisdictions. It has avoided recommendations where validity cannot be determined by accepted techniques of study and research. It refrains from taking positions on purely political questions; and will submit no positive recommendations on subjects which have no hope of serious legislative consideration. For these reasons, its present assignment from the Legislature places it somewhat out of character—namely, to recommend ways and means of financing a spending program.

The problem becomes, therefore, something more than raising a certain sum of money. It requires that this money be raised with full consideration of the long-term financial policy of the State. It raises many questions of acceptable policy and sound finance:

First, a majority of the Commission has never been reluctant to urge State-wide broad-based taxes for the positive improvement of the present tax structure. It has been reluctant to superimpose new broad-based taxes on an uncorrected tax structure.

Second, the Commission has been reluctant to propose new tax bases for operating purposes, when there are bases within the existing structure that could fairly be asked to support the new requirements.

Third, its present responsibility is additional State aid for the schools. It does not wish to jeopardize this program by extreme

demands for tax reform, which would of necessity reach tax magnitudes beyond serious consideration at this time.

Fourth, State policy, as repeatedly expressed by both parties has, as a practical matter, limited the choice of tax bases to a point where there is little left but corporate business. With unincorporated business and individuals contributing very little to State support, the Commission is unwilling to take up all the slack from the corporate source—particularly with the 52% Federal income tax on corporations in addition to the sharply progressive rates on the incomes of their stockholders.

In considering new tax bases, however, the Commission did examine the corporate net income tax. It rejected this tax for school finance purposes on the grounds that it is too narrow a base for school support; its yield is apt to fluctuate excessively as a base of school support, and it is at present too heavily burdened at the Federal level to carry the full load. Careful consideration was given to an "adjusted business" tax upon all enterprise, corporate and individual, as recently adopted by the State of Michigan. This tax, as applied to manufacturing, is a tax on the value added by manufacture. As applied to other forms of business, it is, in general, a tax on gross business done less the cost of goods and services purchased. It has many elements suitable to school support; a broad base—including corporate and unincorporated business and even professional services; more stability than a net income base; and no pyramiding effects. But the Commission must repeat a policy it has followed from the beginning: No new or broad base tax until the property tax is put in order.

Should the State embark on a "new" tax base at this time, and for the purpose of school finance, it must accept certain serious implications:

(1) It must forego any immediate hope of a tax to replace the inequitable levies in the present tax structure (particularly the personal property tax), because the only available base will have been used for operating purposes.

(2) Once the State proceeds on the State-wide, broad-base road, it is bound to come to individual income and consumers sales levies, or mount added burdens on its one new State-wide tax.

(3) New Jersey has one of the heaviest property taxes (on the average) in the United States. It is also the most inequitable as among taxpayers and tax jurisdictions. Until this condition is corrected, any broad-based tax (particularly a corporate net income tax), will fall with the most extreme unevenness on general property taxpayers.

In the light of these considerations, the Commission has weighed with great care the fundamental choice before the State: **to support the proposed school aid program with a new broad-based tax; or to seek the additional revenues from within the present tax structure.**

It has not been an easy choice, and the Commission is aware that reasonable people may well differ with its position; but its best judgment, at the present time is **to seek the additional revenues from within the present tax structure.** It accordingly proposes the following tax program:

> **(1) An increase in the yield of the tax on pari-mutuel betting by raising the take-out from 12 per cent to 15 per cent—the additional 3 per cent to be paid entirely to the State. This will raise an additional $8 million.**

The Commission has no hesitancy in recommending this adjustment. The proposal will not affect the track operators' share. A take-out of 15 per cent will just equal New York's 15 per cent and be in line with several other States.

> **(2) An increase in the corporate franchise tax rate on the first $100 million of net worth from .8 of a mill to 1.6 mills. This would yield $9 million.**

The corporate franchise tax was enacted by the Legislature on the recommendation of this Commission. It was designed as an in lieu tax to replace the **ad valorem** tax on corporate intangibles and the old capital stock tax. It is not a tax from which large sums should ever be raised; but in view of the circumstances outlined above, the Commission concluded that a doubling of the rate on this base would be preferable to the other alternatives. Few competitive States are without some form of taxation measured by corporate capital and the New Jersey tax is now among the lower ones. New York and Connecticut apply rates at 1 mill and 1.5 mills on assets and invested capital, respectively, as minimum alternatives to corporate income taxes. Pennsylvania applies a rate of 5 mills in addition to a corporate income tax and Michigan applies a similar tax at the rate of 4 mills in addition to the adjusted business tax.

> **(3) Increase in the rate on gasoline by 1 cent. This will make the new rate 4 cents, to yield an additional $14 million.**

The Commission realizes that this may be the most controversial of its tax proposals. It raises three questions upon which there is difference of opinions: (1) the propriety of the diversion of highway funds; (2) the suitability of a motor fuel tax to support a school pro-

gram; and (3) the competitive effect of the proposed increase on gasoline sales by border outlets.

This Commission has always accepted diversion as a sound principle of public finance. It has been opposed to dedicated funds of all kinds. It would emphasize that the new Constitution of the State abolished all dedicated funds, and it does not look with favor upon a policy that would reinstate the practice and minimize the effect of the Constitution. As a matter of highway support, however, the Commission has cautioned against uses of highway revenues that would jeopardize Federal aid, or hamper the development of highway programs. This, however, is a matter of adequate highway support, and it is not important what funds are used so long as they are sufficient and conform to sound tax practices.

The gasoline tax is among the broadest based taxes in the economy. To speak of "taxing the motorist" as if he were a segment of the population was true in 1910, but it is no longer true today. The motorist is not a segment of the population. He **is** the population. The motor fuel tax reaches all individuals and practically all businesses. To confine our broadest based tax to a single use, no longer makes sense in a hard pressed economy. It is no more disturbing to use motor fuel taxes to support education than it is to use cigarette taxes for the same purpose; and in State finance both are equally adaptable to general fund purposes.

The proposed increase from 3 cents to 4 cents will still leave a 1-cent differential as compared with Pennsylvania's 5-cent tax; will only equal New York's 4-cent tax; and will be below Delaware's 5-cent tax. Only one other State (Missouri) now applies a 3-cent rate and this State allows extra rates in its two largest cities (St. Louis and Kansas City). The Commission would point out, however, that in its judgment a tax structure should never be used to correct competitive positions in private enterprise. If a rate is fairly set in the interest of sound public policy, any business advantage that may accrue is incidental. But to frame a tax with preferred treatment to a special business, is asking the general taxpayer, in effect, to subsidize that business.

In summary, the Commission proposes, therefore, to raise $31 million, as follows:

From pari-mutuel betting	$8,000,000
From an increase in the corporate franchise tax	9,000,000
From an increase in the gasoline tax	14,000,000
	$31,000,000

This sum, with anticipated increases in revenue yields, plus increased local valuations, should provide school aid under the new formula for the next few years. It is not the purpose of the Commission to provide large sums in indefinite amounts for predicted increases in enrollment for years ahead. In the first place, this is not practical. Any sums provided now for anticipated needs in future years, would doubtless be used for other purposes long before the school requirements materialized. In the second place, the Commission firmly believes that a school aid program should be reappraised at least every three years and appropriate adjustment—both in revenue and expenditures—considered at that time.

In making these tax recommendations, the Commission would respectfully emphasize that the Legislature must consider them as a single package. If one proposed source of revenue fails, the whole program fails; unless a substitute source from within the present tax structure can be found. In the event of such failure, the Commission believes there will be no alternative but to accept the consequences of a new broad-based tax.

In conclusion, the Commission would make an over-all observation. The State of New Jersey has gone too far in its present tax theory and practice to make a sudden about face without extreme unbalancing effects. There is little use in talking of broad-based taxes when both parties are, in fact, pledged against them. To abolish in whole or in part the personal property tax; to remove the inequities of special taxation; and to further "relieve" real estate; is at best, a $150 million program. The immediate aims of the State should be:

(1) To place the general property tax in order along the lines proposed in the Sixth Report of this Commission;

(2) To adjust the personal property tax along the lines proposed in the Third Report of this Commission;

(3) To consider new sources of revenue for counties and municipalities (other than property) as discussed in the Fifth Report of this Commission; and

(4) To provide a capital program for school construction, backed by the State's credit, and designed to encourage more efficient school jurisdictions and more rationalized construction.

PART II

THE OPERATION OF THE PRESENT FORMULAS

1951-1952

A new school aid formula can take effect at the earliest for the school year 1954-1955. At that time, the latest school enrollment data available will be two years old, from the 1952-1953 school year. In order to describe the operation of the present formula it is necessary to go back even another year, to the 1951-1952 school year because complete data on the school year ended in June, 1953, could not be available at this writing. For the purposes of interstate comparisons, moreover, the most recent biennial survey of education on a national basis by the United States Office of Education covers the school year 1949-1950.

In any view of school aid in New Jersey, as compared with other states, one fact stands out beyond dispute—

> **Even though New Jersey ranks among the lowest of states in average state aid to school districts, the State ranks among the highest states by every recognized measure of quality in educational offering.**

Compared with the results in other states, the present state aid program looks meagre indeed. For example, among all the states of New England, Middle Atlantic and East North Central regions, there were only two states (New Hampshire and Illinois) which provided a lesser percentage of school revenues from state sources. And in all the rest of the Nation, there were only two other states that paid a lesser percentage of school costs through state aid than New Jersey. As shown in Table 7, which includes the state contributions for teacher retirement, New Jersey provided 18.9 per cent of school revenue from state sources in 1949-50. The lowest states provided 6.2 per cent (New Hampshire and Nebraska) and the highest state (New Mexico) provided 85.9 per cent of school revenues from state sources in 1949-50 (see Table 7). The national average was 39.8 per cent from state sources, 51.3 per cent from local, 6.0 per cent from county and 2.9 per cent from Federal sources.

TABLE 7

PERCENTAGE ANALYSIS OF SCHOOL REVENUE RECEIPTS, BY STATE: 1949–50

States, by Region	Federal	Total [1] State	Total [1] County	Total [1] Local
Continental United States	2.9	39.8	6.0	51.3
New England	1.8	21.4	.....	76.8
Maine	2.4	27.8	.....	69.7
New Hampshire	3.8	6.2	.....	90.0
Vermont	3.3	27.5	.....	69.2
Massachusetts	1.4	20.6	.....	78.0
Rhode Island	2.2	20.2	.....	77.6
Connecticut	1.3	23.6	.....	75.1
Middle Atlantic	1.1	35.1	0.2	63.6
New York	1.1	40.0	.....	58.9
New Jersey	1.1	18.9	1.2	78.8
Pennsylvania	1.2	35.1	.....	63.7
East North Central	1.5	31.3	1.6	65.6
Ohio	1.7	31.4	.2	66.7
Indiana	1.8	37.4	1.8	59.0
Illinois	1.2	16.5	.1	82.2
Michigan	1.2	53.4	.4	45.0
Wisconsin	2.5	17.4	11.9	68.2
West North Central	2.1	27.1	7.3	63.5
Minnesota	2.0	36.3	7.2	54.5
Iowa	2.0	19.1	.8	78.1
Missouri	2.7	38.9	5.9	52.4
North Dakota	2.0	27.0	18.2	52.8
South Dakota	2.2	12.1	3.1	82.6
Nebraska	1.8	6.2	.5	91.5
Kansas	1.5	24.0	17.9	56.6
South Atlantic	7.4	52.6	21.5	18.5
Delaware	2.2	83.5	.....	14.3
Maryland	2.7	38.3	31.7	27.3
Virginia	3.1	39.6	34.3	23.0
West Virginia	4.5	62.7	32.8	.....
North Carolina	9.8	67.5	16.1	6.6
South Carolina	12.2	55.2	6.1	26.5
Georgia	14.2	57.4	18.1	10.3
Florida	4.5	50.8	21.6	23.1
District of Columbia	9.4	.....	.....	90.6

TABLE 7

PERCENTAGE ANALYSIS OF SCHOOL REVENUE RECEIPTS, BY STATE: 1949–50—(Cont.)

States, by Region	Federal	Total [1] State	County	Local
East South Central	8.4	54.2	20.2	17.1
Kentucky	10.2	35.1	28.0	26.7
Tennessee	9.8	56.9	24.1	9.2
Alabama	5.0	71.6	12.0	11.4
Mississippi	8.5	47.8	13.0	30.6
West South Central	3.1	62.3	6.6	28.0
Arkansas	7.1	58.1	1.9	32.9
Louisiana	3.2	69.6	19.8	7.4
Oklahoma	3.6	56.5	3.3	36.6
Texas	2.2	61.8	3.3	32.6
Mountain	2.8	38.3	13.1	45.7
Montana	5.2	25.3	34.8	34.7
Idaho	2.2	23.4	18.1	56.3
Wyoming	2.6	42.0	8.6	46.8
Colorado	1.5	20.2	12.1	66.2
New Mexico	2.1	85.9	6.0	5.9
Arizona	3.0	33.8	10.6	52.6
Utah	2.7	50.3	.....	47.0
Nevada	8.5	36.5	24.5	30.5
Pacific	2.6	43.4	1.7	52.3
Washington	4.6	65.6	.6	29.2
Oregon	1.4	28.6	1.3	68.7
California	2.4	41.3	1.9	54.4
Outlying Parts of the United States				
Alaska	1.3	73.1	.....	25.6
Canal Zone	92.0	.....	.....	8.0
Hawaii	2.3	83.2	14.6	.....
Puerto Rico	10.9	89.1	.....	.....
Virgin Islands	28.8	.....	.....	71.2

[1] Does not include subsidies from educational foundations. In the case of each of the 12 states which reported this item, the amount was less than 0.05 per cent.

Source: Federal Security Agency, Office of Education, *Statistics of State School Systems,* 1949-50, p. 76.

Despite the low relative and absolute standing of New Jersey under the present formula, by all measures of educational quality the State ranks at or close to the top. As shown in Table 8, New Jersey has a strong economic base of support for education, and—what is more important—the State uses it. We rank among the best states in all measures of quality of education, and have fewer one-teacher schools than any other state in the Nation.

These factors are apparent in the rank according to expenditures per pupil of New Jersey cities as compared with the larger cities of the Nation (see Table 9). In 1951-52, exclusive of New York, Philadelphia, Chicago and Los Angeles, in the population group above 400,000—**Newark ranked No. 1.**

In the population group of 200,000 to 400,000, **Jersey City** ranked No. 1.

In the population group of 100,000 to 200,000, **Elizabeth** ranked No. 1.

In the population group of 50,000 to 100,000, **Bayonne** ranked No. 1.

In the population group of 40,000 to 50,000, **Montclair** ranked No. 1.

Similar results are apparent among the selected small cities shown in Table 10. The Commission concludes:

> **It is obvious that even the inadequacies of the present formula have not kept New Jersey schools from achieving a superior standard of educational program which is, on the average, unmatched in all but one or two states.**

TABLE 8

NEW JERSEY'S COMPARATIVE POSITION IN EDUCATION 1949–50

Educational Measure	New Jersey	National Average	National Median	New Jersey's Rank Among the 48 States
Economic Base				
Per cent of total population in public elementary and secondary schools	13.96%	16.66%	17.32%	42
Income payments per pupil enrolled in public elementary and secondary schools	$11,536	$8,668	$7,563	8
Income payments per capita of total population	$1,710	$1,439	$1,341	7
Per cent of income payments spent on public elementary and secondary schools	2.294%a	2.293%	2.257%	31
Quality of Education				
Current expenditures per pupil in ADA	$279.81	$208.83	$217.07	3
Current expenditure per teacher	$6,018.15	$5,093.15	$4,969.96	5
Average teacher's salary	$3,511b	$3,010	$2,958	6
Pupil-teacher ratio	21.5	24.4	24.4	39
School Organization				
Number of school administrative units	559c	1,734	575	25
Average number of pupils per administrative unit	1,207	302	509	18
Average number of pupils per school	376	164	155	2
Per cent of one-teacher schools	3.2%	39%	27%	48

Source: Federal Security Agency, Office of Education, Statistics of State School Systems 1949-50, Chapter 2, U. S. G. P. O. (Washington, 1952).

a Table 38, Comparison of Property Taxes to Income, give 2.021% as the ratio of school tax to income payments. The difference of .273% between these two figures is traceable to State aid, Chapter VI Debt Service, and non-tax payments to school districts.

b Includes principals and supervisors.

c Includes seven county vocational schools and five regional high schools.

TABLE 9

COMPARISON OF PER PUPIL COSTS OF EDUCATION NEW JERSEY CITIES AND SELECTED CITIES IN UNITED STATES SCHOOL YEAR 1951–1952

Name of City	Population 1350	Day School Cost Per Pupil [1]	Rank in Group
Newark, N. J.	438,776	$355.02a	1
Dallas, Texas	434,462	211.20	11
Kansas City, Mo.	456,622	263.12	8
Minneapolis, Minn.	521,718	340.10	2
Buffalo, N. Y.	580,132	315.04	3
Pittsburgh, Pa.	676,806	281.16	5
New Orleans, La.	570,445	227.50	10
Cincinnati, Ohio	503,998	280.12	6
Seattle, Washington	467,591	244.72	9
Kansas City, Kan.	456,622	162.62	13
Indianapolis, Ind.	427,173	268.78	7
Denver, Col.	415,786	295.59	4
San Antonio, Texas	408,442	180.79	12
Jersey City, N. J.	299,017	435.54	1
Omaha, Neb.	251,117	217.20	10
Dayton, Ohio	243,872	272.34	5
Oklahoma City, Okla.	243,504	195.11	13
Rochester, N. Y.	332,488	349.60	2
Providence, R. I.	248,674	273.31	4
St. Paul, Minn.	311,349	258.83	7
Akron, Ohio	274,605	232.20	9
Columbus, Ohio	375,901	216.45	11
Toledo, Ohio	303,616	248.40	8
Birmingham, Ala.	326,037	156.60	15
Atlanta, Ga.	331,314	162.90	14
Fort Worth, Texas	278,778	208.86	12
Long Beach, Cal.	250,767	260.48	6
Portland, Ore.	373,628	281.20	3
Paterson, N. J.	139,336	272.67	9
Trenton, N. J.	128,009	345.87	2
Camden, N. J.	124,555	222.04	12
Elizabeth, N. J.	112,817	371.49	1
Sacramento, Cal.	137,572	276.12	7
Gary, Ind.	133,911	231.14	11
Charlotte, N. C.	134,042	199.80	14
Chattanooga, Tenn.	131,041	164.65	16
El Paso, Texas	130,485	191.84	15
Knoxville, Tenn.	124,769	212.40	13
Canton, Ohio	116,912	247.97	10
Berkeley, Cal.	113,805	285.12	6
Wilmington, Del.	110,356	325.60	3
Reading, Pa.	109,320	300.80	5
Phoenix, Ariz.	106,818	275.52	8
Pasadena, Cal.	104,577	300.82	4
Little Rock, Ark.	102,213	163.40	17

TABLE 9

COMPARISON OF PER PUPIL COSTS OF EDUCATION NEW JERSEY CITIES AND SELECTED CITIES IN UNITED STATES SCHOOL YEAR 1951-1952—(Cont.)

Name of City	Population 1950	Day School Cost Per Pupil [1]	Rank in Group
Bayonne, N. J.	77,203	$414.52b	1
East Orange, N. J.	79,340	360.75	4
Clifton, N J.	64,511	259.19b	15
Atlantic City, N. J.	61,657	347.40c	8
Irvington, N. J.	59,201	316.59	9
Hoboken, N. J.	50,676	388.64b	3
Passaic, N. J.	57,702	358.66b	5
Union City, N. J.	55,537	357.11b	6
Portland, Maine	77,634	196.56	19
Mt. Vernon, N. Y.	71,899	389.86	2
Troy, N. Y.	72,311	313.24	10
Davenport, Iowa	74,549	238.92	16
Racine, Wis.	71,195	281.82	11
Lakewood, Ohio	68,071	354.60	7
Covington, Ky.	64,452	226.56	17
Pueblo, Col.	63,685	193.60	20
Medford, Mass.	66,113	265.50	14
York, Pa.	59,953	275.40	12
Cranston, R. I.	55,060	190.80	21
Gadsden, Ala.	55,725	117.92	24
Asheville, N. C.	53,000	165.60	23
Alhambra, Cal.	51,359	272.80	13
Sioux Falls, South Dakota	52,696	206.48	18
Ogden, Utah	57,112	172.26	22
North Bergen Twp.	41,560	290.47b	12
Hamilton Twp. (Mercer County)	41,156	250.03b	17
Perth Amboy, N. J.	41,330	323,03b	6
Montclair, N. J.	43,927	424.11b	1
Plainfield, N. J.	42,366	329.40	5
Bloomfield, N. J.	41,623	353.19	3
Chicopee, Mass.	49,211	218.40	20
Salem, Mass.	41,880	318.62	7
Elmira, N. Y.	49,716	284.40	13
Jamestown, N. Y.	43,354	351.14	4
Poughkeepsie, N. Y.	41,023	353.28	2
New Castle, Pa.	48,834	253.80	16
Elgin, Ill.	44,223	314.34	8
Quincy, Ill.	41,450	278.63	14
Rock Island, Ill.	48,710	229.36	19
Dubuque, Iowa	49,671	308.55	11

TABLE 9

COMPARISON OF PER PUPIL COSTS OF EDUCATION NEW JERSEY CITIES AND SELECTED CITIES IN UNITED STATES SCHOOL YEAR 1951-1952—(Cont.)

Name of City	Population 1950	Day School Cost Per Pupil [1]	Rank in Group
Battle Creek, Mich.	48,666	312.48	9
Muskegon, Mich.	48,429	249.75	18
Tuscaloosa, Ala.	46,396	122.50	25
Fort Smith, Ark.	47,942	139.20	24
North Little Rock, Ark.	44,097	114.18	26
Lake Charles, La.	41,272	183.60	22
Meridian, Miss.	41,893	147.60	23
Abilene, Tex.	45,570	194.25	21
Tucson, Ariz.	45,454	259.26	15
Santa Barbara, Cal.	44,913	309.75	10

[1] As computed by the U. S. Department of Health, Education and Welfare, except as indicated.

a Disagrees with figure published by N. J. Department of Education, because Federal figure includes only cafeteria deficits, whereas Newark's audit includes all cafeteria expenses.

b As computed by N. J. Department of Education.

c Disagrees with figure published by N. J. Department of Education, because Federal figure includes day-time vocational program.

Source: U. S. Department of Health, Education and Welfare, Office of Education, Circular No. 371, Current Expenditures per pupil in City School Systems, 1951-52, U. S. G. P. O. (Washington, 1953).
State of N. J., Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

The system of state aid under—or despite—which these enviable results have been achieved is a confusing compound of formulas, special grants, supplementary distributions and unfair discriminations between school districts. It consists of various aids paid to school districts, counties and school districts, counties alone, and by the State directly for the benefit of school districts. There are 10 categories of aid paid to the school districts. As shown in Table 11 the largest of these in 1951-52 was "equalization aid," under the Pascoe Law, which amounted to $11,087,000 for all districts combined.

While state aid distributed to the districts remained fairly constant in amount over the past five years, the property tax levied for school purposes was rising in amount (as was the assessed valuations upon which the increased sums were raised). In the three-year period 1951-1953, for example, the school purpose property tax rose from $166,330,000 in 1951 to over $204,360,000 in 1953 (see Table 12). This caused the ratio of state aid to school purpose local taxes to decline from 14.28 per cent to 13.05 per cent, as shown in Table 12. From the State budget standpoint, however, state aid for schools has represented an increasing burden due to a rise in the requirements for teachers retirement contributions, and recent additions to maintain the per pupil aid received by the districts at a constant level. (Table 12.)

It is important to recognize, moreover, that state aid is applied to current costs as distinguished from capital costs. The latter are financed by borrowing and to the extent that state aid pays part of current costs it releases local resources to pay interest and principal on capital debt. Even current costs alone may be expressed in various ways—for example, according to cost per pupil in "total resident enrollment," or in "average enrollment," or in "average daily attendance." In the past, the latter or ADA method has been used most often by requirement of law but it is costly and cumbersome to administer as compared with average enrollment. Table 13 shows that the average yearly operating cost per pupil will vary from $252 to $296 in 1952-1953, depending on the method used to count pupils.

TABLE 10

COMPARISON OF PER PUPIL COSTS OF EDUCATION SELECTED NEW JERSEY CITIES AND SELECTED CITIES IN UNITED STATES

SCHOOL YEAR 1951–1952

Selected U. S. Cities			Selected N. J. Cities		
Name of City	Population (1950)	Day School Cost Per Pupil [1]	Name of City	Population (1950)	Day School Cost Per Pupil [2]
		(17,000 Population Class)			
Morristown, N. J.	17,124	$343.98	Morristown	17,124	$333.46
Geneva, N. Y.	17,144	322.00	Asbury Park	17,094	273.98
Peekskill, N. Y.	17,731	365.82	Bergenfield	17,647	217.24
Chambersburg, Pa.	17,212	205.20	Cliffside Park	17,116	321.11
Rutland, Vt.	17,659	280.44	Ridgewood	17,481	287.73
Mattoon, Ill.	17,547	292.30	Roselle	17,681	267.93
Piqua, Ohio	17,447	198.72	Rutherford	17,411	304.61
Bogalusa, La.	17,798	138.60	Summit	17,929	338.54
Helena, Mont.	17,581	276.64			
		(11,000 Population Class)			
Roselle Park, N. J.	11,537	254.80	Roselle Park	11,537	258.15
Wallingford, Conn.	11,994	247.97	Dumont	11,174	250.12
Canton, Ill.	11,927	249.75	Pleasantville	11,938	201.36
Abermarle, N. C.	11,798	171.00	Ridgefield Park	11,993	325.06
Anaconda, Mont.	11,254	275.40	South River	11,308	232.14
Bend, Ore.	11,409	327.57	Somerville	11,571	263.28
			Fort Lee	11,648	323.50

(6,000 Population Class)

Dunellen, N. J.	6,291	283.92	Dunellen	6,291	306.00
Somersworth, N. H.	6,927	248.40	Pitman	6,960	220.11
Saranac Lake, N. Y.	6,913	320.05	Westwood	6,766	290.73
Morrisville, Pa.	6,787	245.70	Ocean Twp. (Monmouth)	6,734	236.54
Effingham, Ill.	6,892	276.36	Upper Penns Neck	6,717	202.91
Greensbury, Ind.	6,619	223.52	Penns Grove	6,669	202.91
Little Falls, Minn.	6,717	231.20	Howell Twp.	6,696	236.21
Bellevue, Ohio	6,906	244.53	Maple Shade	6,560	209.27
Batesville, Ark.	6,414	97.20	North Brunswick	6,450	305.02
Dover, Del.	6,223	279.00	Little Falls	6,405	211.55
Newark, Del.	6,731	235.80	Marlboro	6,359	230.89
Thomaston, Ga.	6,580	104.40	Caldwell Boro.	6,270	293.06
Hazard, Ky.	6,985	106.20	Haledon	6,204	224.82
Newton, N. C.	6,035	160.20	Paramus	6,268	262.26
Williamsburg, Va.	6,735	180.00	Wood-Ridge	6,283	306.83
Almagordo, N. M.	6,783	197.58	Denville	6,055	242.23
Valley City, N. D.	6,851	204.68	Totowa	6,045	177.64
North Bend, Ore.	6,099	311.46	Ocean City	6,040	327.34
Lead, S. D.	6,422	264.88	New Milford	6,006	176.74

[1] Current expenditures divided by average daily attendance as computed by the U. S. Department of Health, Education and Welfare from figures submitted by the respective municipalities.

[2] Current day school expenditures as defined by the N. J. Department of Education divided by average daily attendance. The slight discrepancies shown in the per pupil costs in the cities that head each list are due in part to the differing accounting methods employed by the respective governmental agencies and in part from the fact that New Jersey uses completely audited figures.

Sources: U. S. Dept. of Health, Education and Welfare, Office of Education, Circular No. 371, Current Expenditures per pupil in City School Systems, 1951-52, U. S. G. P. O. (Washington, 1953).
State of New Jersey, Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 11

NEW JERSEY STATE AID FOR EDUCATION

1951–52 AND 1953–54

(In thousands of dollars)

Classification of Aid	1951-1952 State Actual Expenditures		1953-1954 Appropriation	
1. Payments Made Only Directly to School Districts				
Equalization Aid	$11,087		$10,326	
Transportation Aid	3,105		3,726	
Dependent Children Aid	427		521	
Deficiency Aid	839		1,001	
Regional High School Aid	331		456	
Emergency Fund	100		100	
Sub-Total Pascoe		[$15,889]		[$16,130]
Armstrong Distribution	6,475		7,895	
Bonus Aid	.....		1,029	
Manual Training	1,080		1,203	
Crippled Children	300		406	
Grand Total		$23,743		$26,663
2. Payments Made to School Districts and Counties				
Vocational	554		663	
School Districts $356				
Counties $198				
Library	10		10	
School Districts $5				
Counties $5				
Veterans Secondary Education (Types b and c from Revolving Fund)	323		200	
Total		887		873
3. Payment Made Only to Counties for Benefit of School Districts				
Visual Aids	126		65	
Helping Teachers, etc.	303		346	
Total		429		411
4. State Disbursements for Benefit of School Districts				
Teachers Pension Fund	10,179		13,824	
County Superintendent's Salary	148		174	
Forms and Supplies	17		20	
Industrial Schools	75		75	
Administration of:				
Smith Hughes	32		32	
George Barden	40		40	
Veterans' Revolving Fund	38		6	
Total		10,529		14,171
Grand Total All State Payments		$35,588		$42,118

Source: Budget Mesage of Governor Alfred E. Driscoll for the Fiscal Year Ending June 30, 1954 (Trenton, New Jersey, February 3, 1953).

TABLE 12

ANALYSIS OF STATE AID AND PROPERTY TAXES

NEW JERSEY SCHOOL DISTRICTS

1951–53

(In thousands of dollars)

School Property Tax Levy, 1951 a		
Levied by School Districts	$148,181	
Levied by Municipalities	18,149	
Total Levy		$166,330
School Property Tax Levy, 1952 a		
Levied by School Districts	$167,835	
Levied by Municipalities	17,972	
Total Levy		$185,807
School Property Tax Levy, 1953 a		
Levied by School Districts	$186,873	
Levied by Municipalities	17,487	
Total Levy		$204,360
Taxes Raised for Benefit of Schools b School Year 1951-52		
District Taxes as Certified [1]	$156,944	
Municipal Aid as Certified	8,344	
Chapter VI Debt Service [2]	7,387	
Total		$172,675

	1951-52 Actual / 1951 Levy	1951-52 Actual / 1951-52 Taxes Raised	1951-52 Actual / 1952 Levy	1953-54 Appropriation / 1953 Levy
Payments made only directly to school districts as a per cent of Taxes: (Table 11, Group 1)	14.28%	13.75%	12.78%	13.05%
All payments made to school districts and counties as a per cent of Taxes: (Table 11, Groups 1, 2, 3)	15.07%	14.51%	13.49%	13.68%
All State payments as a per cent of (Table 11, All Groups)	21.40%	20.61%	19.15%	21.10%

a As given in the abstracts of ratables and rounded to thousands of dollars. While the breakdown is undoubtedly incorrect, the total levy shown is probably close to the correct total. There may be some Chapter VI Debt Service and Municipal Aid not carried as it should be.

b Does not include any taxes raised by counties for educational purposes such as county vocational schools, expenses of superintendents' offices, helping teachers, etc.

[1] Does not include any taxes paid out of municipal surplus to a school district without previous certification. Such amounts are included in other current revenue.

[2] This is service only on school debt. School bonds that have been refunded by a municipality are no longer considered school debt.

TABLE 13

COST OF EDUCATION IN NEW JERSEY

(Based on Expenses of Maintaining the Public Day Schools)

	1952–1953		1951–1952	
Administration		$7,789,455.86		$5,268,841.43
Instruction:				
Supervision	$11,465,138.46		$12,243,319.49	
Instruction Proper	117,052,288.20		106,373,194.58	
		128,517,426.37		118,616,514.07
Operation of School Plant		20,938,228.37		19,332,545.92
Maintenance of School Plant		10,898,576.77		9,924,263.34
Attendance and Health		4,372,880.99		4,031,316.31
Auxiliary Agencies:				
Library	$1,197,340.64		$1,099,109.39	
Transportation	6,203,060.01		5,610,126.46	
Other	4,580,769.86		4,067,862.08	
		11,981,170.51		10,777,097.93
Fixed Charges:				
Pensions	$1,168,638.39		$906,891.76	
Insurance	1,634,562.81		1,500,287.91	
Other	141,802.24		127,566.21	
		2,945,003.44		2,534,745.88
Manual Training		6,994,027.40		6,885,920.41
		$194,436,770.00*		$177,371,245.29*
Average Yearly Cost Based on Total Resident Enrollment in Day School		$252.35		$244.58
Average Yearly Cost Based on Average Enrollment in Day School		$270.96		$262.15
Average Yearly Cost Based on Average Daily Attendance in Day School		$296.06		$289.86

* Note: Supervising Principals were redesigniated Superintendents on July 1, 1952; costs are reflected in Supervision in 1951-52 and in administration in 1952-53.

TABLE 14

DAY SCHOOL REVENUES AND EXPENDITURES (LESS TUITION RECEIVED) PER RESIDENT PUPIL [1]

New Jersey School Districts

School Year 1951-52

(In Thousands of Dollars)

Non-Reimbursed Day School Expenditures[2] Per Resident Pupil	Number of Districts	Resident Enrollment	Total Current Revenues[3]	Tuition Revenues[4]	Day School Expenditures	Non-Reimbursed Day School Expenditures[2]	Total Expenditures
No resident pupils	7	....	$146	....	$27	$27	$197
$100–$119	2a	486	58	3	55	52	56
$120–$139	15	7,690	1,329	39	1,035	996	1,402
$140–$159	50	36,739	7,264	864	6,439	5,575	8,964
$160–$179	72	53,598	11,814	1,254	10,487	9,233	12,925
$180–$199	105	95,346	22,173	1,632	19,674	18,043	26,392
$200–$219	88	76,835	19,978	1,699	17,785	16,086	24,895
$220–$239	71	106,725	29,309	1,045	25,164	24,119	33,307
$240–$259	56	79,898	24,034	1,736	21,695	19,958	30,142
$260–$279	32	48,704	15,790	926	14,041	13,116	19,222
$280–$299	16	45,598	16,080	797	14,068	13,271	17,532
$300–$399	31	172,254	63,792	785	56,682	55,897	69,180
$400 and over	3b	1,341	677	22	621	598	664
State Total	548	725,214	$212,444	$10,802	$187,774	$176,973	$244,878

[1] Excludes evening school, junior college, summer session, vocational, capital outlay and debt service.

[2] Day school expenditures less tuition revenues.

[3] Total revenues less borrowing.

[4] Payments by sending districts or parents to district operating the school.

a Berlin Twp., Camden County, $109 per pupil. Glen Gardner, Hunterdon County, $100 per pupil.

b Harrison, Hudson County, $445 per pupil. Far Hills, Somerset County, $447 per pupil. Pahaquarry, Warren County, $655 per pupil.

Source of Data: State of N. J., Dept. of Education, Division og Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 15

ANALYSIS OF TOTAL EXPENDITURES ACCORDING TO DAY SCHOOL EXPENDITURES (LESS TUITION REVENUES) PER RESIDENT PUPIL

New Jersey School Districts

School Year 1951-52

(In Thousands of Dollars)

Non-Reimbursed Day School Expenditures Per Resident Pupil	Number of Districts	Day School Expenditures	Non-Day-School Expenditures				Total Expenditures Less Tuition Revenues	Total Expenditures[3]
			Vocational Expenditures	Capital Outlay	Debt Service	Other Non-Day School Expenditures[2]		
No resident pupils	7	$27	....	$120	$50	...	$197	$197
$100–$199	2a	55	....	....	1	...	53	56
$120–$139	15	1,035	....	315	52	...	1,363	1,402
$140–$159	50	6,439	$112	2,062	348	$4	8,101	8,964
$160–$179	72	10,487	127	1,600	712	...	11,672	12,925
$180–$199	105	19,674	102	4,945	1,646	25	24,761	26,392
$200–$219	88	17,785	147	5,306	1,645	11	23,186	24,895
$220–$239	71	25,164	266	5,406	2,434	38	32,262	33,307
$240–$259	56	21,695	153	6,418	1,820	56	28,414	30,142
$260–$279	32	14,041	220	3,718	1,221	22	18,296	19,222
$280–$299	16	14,068	46	1,801	1,572	45	16,735	17,532
$300–$399	31	56,682	708	6,581	4,505	703	68,395	69,180
$400 and over	3b	621	....	18	25	...	641	664
State Total	548	$187,774	$1,879	$38,290	$16,031	$903	$234,076	$244,878

[2] Evening classes, summer sessions, and junior colleges.

[3] This is the sum total of expenditures of each school district and involves the double-counting of $10,403,178.74 of tuition paid primarily by one school district to another.

a Berlin Twp., Camden County, $109 per pupil. Glen Gardner, Hunterdon County, $100 per pupil.

b Harrison, Hudson County, $445 per pupil. Far Hills, Somerset County, $447 per pupil. Pahaquarry, Warren County, $655 per pupil.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

The average state aid per pupil in 1951-52 was $35.11 per pupil in average resident enrollment. It is on the basis of this per pupil aid, plus the State contribution for teacher retirement, that the figure of 18.9 per cent of school revenues from state sources is derived. Like all averages, these figures conceal broad differences among the school districts in the amount of school aid per pupil and in the ratio of such school aid to their total current revenues and expenditures per pupil. Before examining these differences, it is necessary to keep in mind that the expenditures of school districts are primarily for what is known as "day school expenditures." This includes all expenditures for operation of the public schools other than evening school, junior college, summer session, vocational, capital outlay and debt service expenditures. In 1951-52, day school expenditures so defined amounted to $187,774,000, whereas total expenditures including the items which are not in the day school category amounted to $244,878,000 (see Table 14).

Within the classification of day school expenditures, moreover, it is necessary to exclude from the total the amount of tuition payments received by the spending district. If this is not done the total expenditures are artificially inflated because the amount of tuition payments appears as an expenditure in the budget of the school district sending the pupils to another district and also appears eventually as an expenditure by the receiving district which actually operates the school. In order to avoid this double counting, there is the category of "non-reimbursed day school expenditures." As shown in Table 14, this non-duplicated total of expenditures amounted to $176,973,000 in 1951-52, after allowing for the deduction of tuition revenues of $10,802,000 from the total day school expenditures reported of $187,774,000.

For the purposes of an understanding of the operation of a school aid formula, the non-day school expenditures are relatively unimportant, except for the capital cost of school buildings which is shown in the form of capital outlay and debt service (see Table 15).

A WIDE RANGE OF EXPENDITURES PER PUPIL

At the outset it is necessary to recognize that the pattern of expenditures by school districts varies greatly. For example, in two districts, Berlin Township and Glen Gardner, the expenditures were less than $120 per pupil in 1951-52 whereas in three districts, Harrison, Far Hills and Pahaquarry, the expenditures per resident pupil exceeded $400 in the same year. As shown in Tables 14 and 15, the

greatest number of school districts spent between $180 and $199 per resident pupil, in non-reimbursed day school expenditures. There were 105 districts in this class, but the remainder of the 548 school districts were spread over the intermediate ranges between $100 and $400 per resident pupil.

This broad range of expenditure patterns is a major factor to be considered in appraising the operation of the present school aid formula. The question arises: Is the broad range of expenditures due to differences in local appreciation of the advantages of public education, or is it due to the lack of financial ability to provide the kind of education in one district that is offered in another?

SOURCES OF CURRENT REVENUES

The answer to this key question requires an analysis of the sources of current revenues of New Jersey school districts, on the basis of assessed valuation, resident pupils and expenditure budgets. The sources of all current revenues of New Jersey school districts, classified according to the assessed net valuation taxable per resident pupil in the district, are presented in Table 16. The table shows that there were two school districts with less than $1,000 of assessed net valuation taxable per resident pupil, that is Weymouth Township in Atlantic County and Winfield Township in Union County. But there were also 21 school districts with more than $20,000 in assessed net valuation taxable per resident pupil. This broad range of assessed valuations per resident pupil makes it unrealistic to speak in generalities about state aid for schools in New Jersey, or in any other state. As the table shows, there were 71 school districts with assessed net valuation per resident pupil of between $2,000 and $3,000, but there were also 71 school districts between $5,000 and $6,000. The latter group had twice the ability of the former to support education, for a given number of pupils. Unfortunately, the number of resident pupils to be educated in a school district does not conform to the relative wealth of the district.

It is this difference between the taxable resources of a district as compared with other districts and the educational burden as compared with other districts which accounts for the necessity of a school aid formula to equalize educational opportunity. In a rough kind of way, it is apparent that the present state school aid formulas have succeeded in providing more state aid for the poorer school districts, provided that wealth is measured by net valuation taxable. As shown in Table 17, in the two districts with the least valuations,

TABLE 16

SOURCES OF CURRENT REVENUES OF NEW JERSEY SCHOOL DISTRICTS

According to Assessed Net Valuation Per Resident Pupil

School Year 1951-52

(In Thousands of Dollars)

Assessed Net Valuation Per Resident Pupil	Number of Districts	Resident Enrollment	Day School Expenditures	Taxes[2]	Current Revenues[1] State Aid	Federal Aid	Tuition	Other	Total
No resident enrollment[3]	7	....	$27b	$146b	c	c	....	....	$146
Less than $1,000 a	2	811	196	21	$104	$299	c	$82	508
$1,000- $1,999	27	15,318	2,561	1,650	936	302	26	28	2,943
$2,000- $2,999	71	41,290	7,693	4,989	2,640	99	520	81	8,328
$3,000- $3,999	76	53,843	11,322	7,957	3,124	84	1,293	192	12,651
$4,000- $4,999	78	63,667	13,790	10,651	3,179	84	1,128	181	15,223
$5,000- $5,999	71	67,236	15,276	12,648	2,957	161	1,477	195	17,439
$6,000- $6,999	38	51,848	12,330	10,914	2,021	44	1,254	66	14,299
$7,000- $7,999	31	33,100	8,529	7,429	1,082	76	663	133	9,382
$8,000- $8,999	28	41,653	10,587	9,961	954	8	1,006	111	12,041
$9,000- $9,999	21	56,970	13,058	13,343	1,066	26	326	265	15,026
$10,000-$10,999	19	64,059	17,189	17,336	1,299	79	798	156	19,668
$11,000-$11,999	10	92,129	28,515	27,204	1,788	297	851	834	30,974
$12,000-$12,999	11	31,465	9,473	10,126	631	10	479	327	11,573
$13,000-$13,999	11	32,200	9,969	10,227	574	42	287	183	11,313
$14,000-$14,999	4	7,173	2,515	2,624	170	6	98	24	2,922
$15,000-$15,999	7	9,904	2,989	3,005	161	4	36	65	3,271
$16,000-$16,999	3	33,076	11,801	12,329	581	38	97	107	13,153
$17,000-$17,999	6	19,044	6,165	6,879	370	40	6	83	7,378
$18,000-$18,999	3	1,839	779	555	50	4	265	5	878
$19,000-$19,999	3	1,219	377	319	25	1	55	10	410
$20,000 and over	21	7,370	2,634	2,363	396	2	136	21	2,917
State Total	548	725,214	$187,774	$172,675	$24,109	$1,708	$10,802	$3,149	$212,444

[1] Rounded to thousands of dollars. Totals may not add because of rounding.

[2] Includes taxes certified by school districts, municipal aid levied for school districts debt service paid by Chapter VI Municipalities, and school emergency appropriations.

[3] Northern Valley Regional High School, Pascack Valley Regional High School, Bergen; Pine Valley, Tavistock, Camden; Morris Hills Regional High School, Victory Gardens, Morris; Island Beach, Ocean.

a Weymouth Twp., Atlantic; Winfield Twp., Union.

b Taxes of $122,040 and Day School Expenditures of $18,461.63 in Morris Hills Regional High School account for most of this.

c Less than $500.00.

Source of Data: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 17

PERCENTAGE OF PRINCIPAL REVENUES OF NEW JERSEY SCHOOL DISTRICTS

According to Assessed Net Valuation Per Resident Pupil

School Year 1951-52

(In Thousands of Dollars)

Assessed Net Valuation Per Resident Pupil	Number of Districts	Resident Enrollment	Taxes as Per Cent of Day School Expenditure	Taxes as Per Cent of Total Current Revenues	State Aid as Per Cent of Day School Expenditure	State Aid as Per Cent of Total Current Revenues
No resident enrollment[3]	7	....	530.6b%	99.5b%	0.9%	0.2%
Less than $1,000 a	2	811	10.8	4.2	53.4	20.6
$1,000– $1,999	27	15,318	64.4	56.1	36.5	31.8
$2,000– $2,999	71	41,290	64.8	59.9	34.3	31.7
$3,000– $3,999	76	53,843	70.3	62.9	27.6	24.7
$4,000– $4,999	78	63,667	77.2	70.0	23.1	20.9
$5,000– $5,999	71	67,236	82.8	72.5	19.4	17.0
$6,000– $6,999	38	51,848	88.5	76.3	16.4	14.1
$7,000– $7,999	31	33,100	87.1	79.2	12.7	11.5
$8,000– $8,999	28	41,653	94.1	82.7	9.0	7.9
$9,000– $9,999	21	56,970	102.2	88.8	8.2	7.1
$10,000–$10,999	19	64,059	100.9	88.1	7.6	6.6
$11,000–$11,999	10	92,129	95.4	87.8	6.3	5.8
$12,000–$12,999	11	31,465	106.9	87.5	6.7	5.5
$13,000–$13,999	11	32,200	102.6	90.4	5.8	5.1
$14,000–$14,999	4	7,173	104.3	89.8	6.8	5.8
$15,000–$15,999	7	9,904	100.5	91.9	5.4	4.9
$16,000–$16,999	3	33,076	104.5	93.7	4.9	4.4
$17,000–$17,999	6	19,044	111.6	93.2	6.0	5.0
$18,000–$18,999	3	1,839	71.2	63.1	6.5	5.7
$19,000–$19,999	3	1,219	84.5	77.7	6.7	6.1
$20,000 and over	21	7,370	89.7	81.0	15.0	13.6
State Total	548	725,214	92.0%	81.3%	12.8%	11.3%

[3] Northern Valley Regional High School, Pascack Valley Regional High School, Bergen; Pine Valley, Tavistock, Camden; Morris Hills Regional High School, Victory Gardens, Morris; Island Beach, Ocean.

a Weymouth Twp., Atlantic; Winfield Twp., Union.

b Taxes of $122,040 and Day School Expenditures of $18,461.63 in Morris Hills Regional High School account for most of this.

Source of Data: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

state aid amounted to 53.4 per cent of day school expenditures. This percentage declines rather evenly so that in the districts with between $19,000 and $20,000 in valuation per pupil, state aid amounted to 6.7 per cent of day school expenditures. It is notable, however, that in the $20,000 and over class of valuations, state aid amounted to 15 per cent of day school expenditures, a substantially larger proportion than in districts of lesser valuation per pupil. The reason for this is that the present formula contains fixed distributions of certain minimum aids, and per pupil grants, as well as state aid for transportation expense, which do not vary according to the relative tax resources of the school districts. It is apparent, however, that there can be no clarity in thinking of state aid for schools in terms of the state-wide averages. Table 17 shows that a total of 370 of the 548 school districts received well over 12.8 per cent of their day school expenditures in the form of state aid, even though the state-wide average was 12.8 per cent.

CURRENT REVENUES PER RESIDENT PUPIL

When the school districts are classified according to their current revenues and state aid per resident pupil, the results are just as diverse as when they are classified according to net valuation taxable per resident pupil. For example, in 1951-52, the 548 school districts had a resident enrollment of 725,214 pupils. Their total current revenues amounted to $212,444,000 (see Table 18).

Within this total, however, the current revenues per resident pupil ranged all the way from under $120 to as much as $853 per pupil. The group with the greatest number of school districts was between $200 and $220 per resident pupil. This group had a resident enrollment of over 88,000 pupils, collected taxes of $14,659,000 and received state aid of $3,727,000. It also had a small amount of Federal aid and received tuition payments from other districts amounting to $1,500,000 for total current revenues of over $20 million. While rising costs of the past two years will have raised all districts to a higher level, the relationships shown in Table 18 are generally a good reflection of the range of difference among the various districts.

The total of $24,110,000 in state aid received which is shown in Table 18 is distributed in Table 19 according to the aid received per resident pupil. While the average state aid per pupil in resident enrollment amounted to something less than $40 per pupil in 1951-52, as among the various school districts, the state aid received ranged from under $10 per resident pupil to over $200. Here again a charac-

TABLE 18

CURRENT REVENUES, EXCEPT TUITION, PER RESIDENT PUPIL

New Jersey

School Year 1951-52

(In Thousands of Dollars)

Current Revenues Except Tuition Per Resident Pupil	Number of Districts	Resident Enrollment	Current Revenues					
			Taxes[1]	State Aid	Federal Aid[2]	Tuition Revenues	Other	Total
No resident pupils	7	....	$146	a	a	....	....	$146
$100–$119	2b	486	29	$26	....	$3	a	58
$120–$139	8	2,405	210	111	....	21	$2	345
$140–$159	29	16,477	1,557	936	$3	34	14	2,544
$160–$179	45	25,042	2,838	1,318	62	465	50	4,733
$180–$199	66	47,717	6,521	2,387	72	917	100	9,996
$200–$219	89	88,723	14,659	3,727	132	1,556	159	20,234
$220–$239	68	61,962	11,272	2,718	60	1,373	151	15,574
$240–$259	68	78,929	15,908	3,281	307	1,269	190	20,955
$260–$279	45	79,299	18,497	2,385	131	1,077	327	22,417
$280–$299	40	63,725	16,623	1,611	39	1,498	255	20,025
$300–$319	24	37,052	10,320	1,075	38	1,208	93	12,733
$320–$339	14	89,678	27,047	1,534	262	385	974	30,201
$340–$359	16	42,882	13,599	900	93	515	375	15,482
$360–$379	5	11,836	3,811	454	2	8	10	4,285
$380–$399	6	48,399	17,792	865	70	98	221	19,046
$400–$499	13	29,619	11,634	677	137	376	146	12,971
$500–$999	3c	983	213	104	299	a	82	699
Total	548	725,214	$172,675	$24,110	$1,708	$10,802	$3,149	$212,444

[1] Includes taxes levied by school districts, municipal aid levied for school districts, debt service paid by Chapter VI municipalities and school emergency appropriations.

[2] Includes all sums paid by the Federal Government for any purpose to the school districts.

a Less than $500.

b Berlin Twp., Camden County, $114 per pupil. Glen Gardner, Hunterdon County, $109 per pupil.

c Pahaquarry, Warren County, $853 per pupil. Winfield, Union County, $713 per pupil. Holland, Hunterdon County, $705 per pupil.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 19

STATE AID PER RESIDENT PUPIL

New Jersey School Districts

School Year 1951-52

(In Thousands of Dollars)

State Aid Received Per Resident Pupil	Number of Districts	Resident Enrollment	Local Taxes Raised	State Aid	Total Current Revenues
No resident pupils or State Aid	6a	.....	$146	.....	$146
No resident pupils, but State Aid	1b	.....	e	e	e
Under $10	1c	363	87	$2	93
$10– $19.99	56	279,005	82,175	4,559	90,971
$20– $29.99	79	113,207	31,414	2,693	36,450
$30– $39.99	76	100,037	21,334	3,482	27,126
$40– $49.99	81	85,517	15,457	3,899	22,490
$50– $59.99	94	69,870	11,185	3,787	16,821
$60– $69.99	72	42,577	6,159	2,771	9,813
$70– $79.99	43	22,687	2,995	1,677	4,885
$80– $89.99	15	4,908	657	417	1,143
$90– $99.99	10	2,151	361	202	685
$100–$199.99	12	4,668	696	571	1,758
$200 and over	2d	224	10	48	64
Total	548	725,214	$172,675	$24,110	$212,444

a Northern Valley Regional High School, Pascack Valley Regional High School, Bergen County. Morris Hills Regional High School, Victory Gardens, Morris County. Pine Valley, Tavistock, Camden County.

b Island Beach, Ocean County.

c Shrewsbury Borough, Monmouth County, $6.65.

d New Hanover, Burlington County, $209. Pahaquarry, Warren County, $465.

e Less than $500.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

teristic of the present formula, as well as of any acceptable state aid formula to equalize educational opportunity, is plainly evident. Since the purpose of the formula is to provide more money per pupil in those districts which have less of their own resources, it is not surprising to find this purpose reflected in the operating results. In a state such as New Jersey, moreover, the great bulk of the school districts may be receiving adequate school aid, and yet the average percentage of school revenues which comes from state sources may be very low. This is due to the fact that a few very large districts have the effect of inflating the total revenues devoted to school purposes even though they do not receive much in school aid—perhaps for the reason that they do not demonstrate a need for such aid.

This key fact is plainly evident when the average state aid per resident pupil, derived by dividing the total state aid by the number of residents, that is $33.24 per pupil, is compared with the median group of districts which is the group of $40 to $50 per pupil in state aid.

State aid is only intended to make up the difference between the cost of a minimum or foundation school program and the funds which a school district may fairly be asked to raise itself towards such a program. Many school districts provide education which far exceeds the minimum, of course. The result is that local taxes per resident pupil will vary much more than the needs of a foundation school program. To the extent that state aid does not provide revenues for local school budgets, local taxes which are levied by local decision are the primary source of support for public education. As shown in Table 20 such taxes during the school year 1951-52 ranged from under $100 per resident pupil to more than $400 per resident pupil.

It should be noted that these differences do not necessarily imply that the districts with the higher local tax per resident pupil are necessarily furnishing the better education, although this is often the case. In some instances a small school district, of inefficient size, will have a high cost per resident pupil to provide a quality of education which is not better than that provided by a more efficiently organized school district with the lower cost per pupil. It hardly needs to be added, that local tax revenues furnish the major support for school districts, and this is evident from Table 21 which shows that the great bulk of our school districts are providing more than 60 per cent of current revenues (less tuition received) in the form of local taxes.

TABLE 20

CURRENT REVENUES OF SCHOOL DISTRICTS ACCORDING TO LOCAL TAXES PER RESIDENT PUPIL

New Jersey School Districts

School Year 1951-52

(In Thousands of Dollars)

Local Taxes Raised Per Resident Pupil	Number of Districts	Resident Enrollment	Local Taxes Raised	State Aid	Federal Aid	Tuition Revenues	Other Current Revenues	Total Current Revenues
No resident enrollment or local taxes	4a	....	....	....	e	....	....	e
No resident enrollment but local taxes	3b	....	$146	e	....	....	....	$146
Resident enrollment, no local taxes ..	1c	650	....	$82	$299	e	$82	464
Under $100	47	22,003	1,801	1,454	351	$169	69	3,844
$100–$124.99	65	34,705	3,957	2,112	69	558	79	6,775
$125–$149.99	82	49,549	6,928	2,647	111	1,078	98	10,864
$150–$174.99	69	67,490	10,857	3,381	104	1,418	165	15,925
$175–$199.99	82	99,375	18,693	3,824	83	1,625	273	24,499
$200–$224.99	57	70,109	14,992	2,458	88	1,317	216	19,071
$225–$249.99	39	50,725	11,967	1,650	108	1,037	270	15,033
$250–$274.99	38	72,736	18,934	1,685	57	1,562	154	22,392
$275–$299.99	20	110,623	32,573	1,959	288	1,127	925	36,873
$300–$324.99	17	50,698	15,988	973	32	317	437	17,746
$325–$349.99	8	19,980	6,707	427	....	120	19	7,273
$350–$374.99	4	18,521	6,576	352	31	39	129	7,127
$375–$399.99	8	49,523	18,948	913	83	376	212	20,532
$400 and over	4d	8,527	3,609	192	2	56	21	3,880
State Total	548	725,214	$172,675	$24,110	$1,708	$10,802	$3,149	$212,444

a Pascack Valley Regional High School, Bergen County; Pine Valley, Camden County; Tavistock, Camden County; Victory Gardens, Morris County.

b Northern Valley Regional High School, Bergen County; Morris Hills Regional High School, Morris County; Island Beach, Ocean County.

c Winfield, Union County.

d Bloomfield, Essex County, $406; Harrison, Hudson County, $462; Holland, Hunterdon County, $642; Far Hills, Somerset County, $431.

e Less than $500.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 21

TAX REVENUES AS PER CENT OF CURRENT REVENUES LESS TUITION

New Jersey School Districts

School Year 1951-52

(In Thousands of Dollars)

Taxes as Per Cent of Current Revenue Less Tuition	Number of Districts	Resident Enrollment	Taxes	State Aid	Total Current Revenues Less Tuition	Tuition Receipts	Total Current Revenues
No property taxes	5a	650	.....	$82	$464	f	$464
0%– 9.9%	..	.....	.....	.....	.....	.....	.....
10%–19.9%	2b	220	$9	46	61	.....	61
20%–29.9%	3c	1,803	123	71	489	23	513
30%–39.9%	3d	1,599	89	109	273	12	285
40%–49.9%	13	4,682	401	403	862	104	966
50%–59.9%	42	18,209	1,866	1,395	3,370	129	3,499
60%–69.9%	103	58,421	7,720	3,659	11,766	1,176	12,942
70%–79.9%	139	130,235	22,195	6,656	29,413	3,082	32,494
80%–89.9%	137	168,760	37,438	5,458	43,795	3,123	46,918
90%–99.9%	99	340,635	102,690	6,229	111,004	3,152	114,156
100 per cent	2e	.....	146	.....	146	.....	146
State Total	548	725,214	$172,675	$24,110	$201,642	$10,802	$212,444

a Pascack Valley Regional High School, Bergen County. Winfield, Union County. Pine Valley, Camden County. Tavistock, Camden County. Victory Gardens, Morris County.

b New Hanover, Burlington County, 14% Property Tax, $8,569. Island Beach, Ocean County, 13%, Property Tax, $39.

c Pemberton Twp., Burlington County; Chesilhurst, Camden County; Lakehurst, Ocean County.

d Bordentown Twp., Burlington County; Bellmawr, Camden County; Hampton, Hunterdon County.

e Morris Hills Regional High School, Morris County; Northern Valley Regional High School, Bergen County.

f. Less than $500.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

HAS STATE AID INDUCED AN ADEQUATE SCHOOL PROGRAM?

It is generally believed in educational circles that the expenditures per pupil are the best available measure of the relative adequacy of an educational program. From this point of view, at least, it is possible to appraise the over-all effect of the existing state aid formulas on various expenditure policies of local school districts. From the viewpoint of numbers, it is striking that more than one-third of the total expenditures for all purposes was made by 74 school districts which received between 5 and 10 per cent of their non-reimbursed day school expenditures in the form of state aid (see Table 22). While a precise measure of the relative influence of state aid among the districts is neither necessary nor feasible, the table warrants the conclusion that the school districts with the lesser percentages of state aid are those which have been spending the larger sums per resident pupil in day school expenditures as well as in capital expenditures. This is confirmed by Table 23 where the analysis is carried forward on a per pupil basis.

The 74 school districts which received between 5 and 10 per cent of their non-reimbursed day school expenditures in the form of state aid had more than one-third of the total enrollment of all pupils in the State. These districts had the lowest accrued state aid per resident pupil, except for one other small group of districts, $17.60 per resident pupil, but their expenditures per pupil, local taxes per resident pupil and total current revenues less tuition per resident pupil all were among the highest in the State (see Table 23). The same table shows that the greater the state aid, the less local taxes per resident pupil were assessed. When total current revenues per resident pupil are compared, however, the influence of state aid is apparent. While the average for the State was $278 per resident pupil in enrollment, a number of the districts with state aid in excess of 30 per cent of their non-reimbursed day school expenditures also had total current revenues (less tuition) per resident pupil which exceeded $200. Here again, it is clear that the failure to receive state aid for schools has not prevented local school districts, especially those with adequate fiscal resources of their own, from providing an educational program of high quality. In such districts, the lack of state aid has meant high real estate taxes per pupil and a proportionately greater sacrifice upon the part of local taxpayers in taxing themselves to provide a high quality of public education. Even this generalization must be seriously qualified, however, when the school districts as a whole are compared by reference to their assessed valuation taxable and their respective day school expenditures per pupil in enrollment.

TABLE 22

STATE AID AS PER CENT OF EXPENDITURES

Analysis of Expenditures for All Purposes

New Jersey

School Year 1951-52

(In Thousands of Dollars)

State Aid as Per Cent of Non-Reimbursed Day School Expenditures[1]	Number of Districts	Resident Enrollment[2]	Day School Expenditures Less Inter-District Tuition[4]	Tuition Expenditures[5]	Day School Expenditures[6]	Vocational Expenditures	Capital Outlay	Debt Service	Other Non-Day School Expenditures[7]	Total Expenditures[8]
No State Aid or Day School Expenditures ..	2	.....	.....	.....	.....	.....	.....	.....	...	.....
No State Aid but Day School Expenditures ..	4	.....	$27	.....	$27	.....	$120	$50	...	$197
Less than 5%	13a	78,432	26,158	$52	26,210	$109	2,348	2,552	$351	31,571
5%- 9.9%	74	271,730	76,009	791	76,800	1,222	13,784	6,954	503	99,263
10%-14.9%	78	84,948	20,005	1,639	21,644	23	4,932	1,669	10	28,279
15%-19.9%	58	67,898	15,087	1,369	16,456	129	6,032	1,361	27	24,004
20%-24.9%	73	80,826	16,421	1,749	18,170	103	5,473	1,602	10	25,359
25%-29.9%	59	47,140	9,572	924	10,496	173	1,300	782	2	12,752
30%-34.9%	63	35,176	5,631	1,524	7,156	36	1,389	486	...	9,066
35%-39.9%	56	30,996	4,683	1,227	5,910	28	1,977	392	d	8,307
40%-44.9%	32	14,609	1,892	630	2,522	.....	612	74	...	3,207
45%-49.9%	14	5,424	708	235	943	8	165	45	...	1,161
50%-54.9%	12	6,017	909	171	1,080	48	27	59	...	1,214
55%-59.9%	5b	1,321	183	63	245	.....	132	3	...	380
60%-70.9%	3c	477	51	24	74	.....	.....	.....	...	74
Unusual cases	2	220	35	5	41	.....	.....	2	...	43
Total	548	725,214	$177,371	$10,403	$187,774	$1,879	$38,290	$16,031	$903	$244,878

[1] State Aid due each district except matching grants for vocational education as a per cent of day school expenditures less all tuition revenues.

[2] Total pupils residing within the geographical boundaries of the school district who have been registered in a public day school at any time during the regular school year.

[3] Total pupils registered in the schools operated by the district, regardless of residence status of pupils.

[4] Day school expenditures less tuition payments from one school district to another. See next footnote.

[5] Payments made by one school district to another. Actually includes tuition payments to out-of-county vocational schools. Tuition paid by parents or guardians is included under revenues only.

[6] Sum of the previous two columns.

[7] Summer sessions, junior colleges, and evening classes for regular academic manual training, and foreign-born residents.

[8] Sum of the previous five columns. Totals disagree slightly because of rounding.

a Consists of eleven large cities and towns that support education heavily from their own resources, were State Aid is from four to five per cent of non-reimbursed day school expenditures: East Orange, Montclair, South Orange, Harrison, Jersey City, Kearny, Weehawken, Perth Amboy, Passaic, Linden, Summit, and two small districts that experienced large enrollment increases in the two-year lag for State Aid payments: Englewood Cliffs, Bergen, 3.3% and Shrewsbury Borough, Monmouth, 3.7%.

b Weymouth, Atlantic County, and Southampton, Tabernacle, and Woodland, Burlington County, all receive emergency fund appropriations. Lebanon Twp., Hunterdon County, State Aid includes $11,307.30 transportation reimbursement.

c Lawnside, Camden County, 61.9%, State Aid includes a $10,000 emergency fund appropriation. Chesilhurst, Camden County, 67.7%, State Aid includes a $3,000 emergency fund appropriation. Pahaquarry, Warren County, 70.9%, State Aid includes $1,459.88 transportation reimbursement. Only Lawnside runs a school and the total enrollment figure for this group applies only to its school.

d Less than $500.00.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 23

STATE AID AS PER CENT OF EXPENDITURES

Analysis of Revenues and Expenditures on a Per Pupil Basis

New Jersey

School Year 1951-52

State Aid as Per Cent of Non-Reimbursed Day School Expenditures[1]	Number of Districts	Resident Enrollment[2]	Total Enrollment[3]	Resident as a Per Cent of Total	Accrued State Aid Per Resident Enrollment[4]	Non-Reimbursed Day School Expenditures Per Resident Enrollment[5]	Local Taxes Per Resident Enrollment[6]	Total Current Revenues Less Tuition Per Resident Enrollment[7]
No State Aid or Day School Expenditures	2	.....	.....	...	....	...	...	...
No State Aid but Day School Expenditures	4	.....	.....	...	....	a	a	a
Less than 5%	13	78,432	79,382	98.8%	$15.25	$330	$352	$372
5%- 9.9%	74	271,730	278,693	97.5	17.60	272	285	312
10%–14.9%	78	84,948	85,391	99.5	29.49	236	224	257
15%–19.9%	58	67,898	68,655	98.9	39.09	221	212	257
20%–24.9%	73	80,826	81,993	98.6	45.54	201	181	232
25%–29.9%	59	47,140	51,083	92.3	52.06	187	151	214
30%–34.9%	63	35,176	30,693	114.6	61.72	189	150	216
35%–39.9%	56	30,996	26,705	116.1	67.94	182	135	206
40%–44.9%	32	14,609	12,073	121.0	71.87	171	106	182
45%–49.9%	14	5,424	5,017	108.1	70.98	151	85	167
50%–54.9%	12	6,017	5,544	108.5	89.08	168	86	247
55%–59.9%	5	1,321	932	141.7	102.20	180	95	200
60%–70.9%	3	477	355	134.4	98.53	155	75	172
Unusual cases	2	220	192	114.6	209.09	186	41	277
Totals and State Averages	548	725,214	726,708	99.8%	$32.75	$244	$238	$278

[1] State Aid due each district except matching grants for vocational education as a per cent of day school expenditures less all tuition revenues.

[2] Total pupils residing within the geographical boundaries of the school district who have been registered in a public day school at any time during the regular school year.

[3] Total pupils registered in the schools operated by the district, regardless of residence status of pupils.

[4] State Aid due each district except matching grants for vocational education divided by resident enrollment. Average for the groups given here; see Table 22 for distribution by district.

[5] Day School Expenditures less tuition receipts, divided by resident enrollment. Average for the group given here, see Table 14 and 15 for distribution by district.

[6] Sum of school district tax certifications, municipal aid, and Chapter VI debt service, divided by resident enrollment. Average for the group given here; see Table 20 for distribution by district.

[7] Revenues from all sources except borrowing and tuition, divided by resident enrollment. Average for the groups given here; see Table 18 for distribution by district.

a No resident enrollment.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

There are two ways in which to examine the willingness of local school districts to tax themselves for a quality education. The first is to compare the assessed net valuation taxable per pupil in each district with the day school cost per pupil, and the second is to compare the equalized valuation taxable in each district with the day school cost per pupil. The results by either method are striking indeed.

When the 548 school districts are distributed according to their net valuation taxable per pupil in resident enrollment, they range from less than $1,000 per pupil to more than $50,000 per pupil in valuation taxable. While there is a general trend evident for the wealthier districts to spend more per pupil on educational program, as shown in Table 24, there is also an extremely wide difference in the educational offering of school districts having similar amounts of assessed valuation taxable per pupil. For example, among the 71 school districts having between $5,000 and $6,000 in assessed valuation per pupil enrolled, one district reported a day school cost per pupil of between $140 and $159 while two districts reported such cost between $300 and $319. In other words, districts of like wealth were experiencing a cost which in one case was twice as much as the other and presumably offered an educational program of equally broad difference. Among other districts of relatively high wealth per pupil, similarly, there were three which offered a program costing between $220 and $239 per pupil whereas a good number of districts with much lower wealth per pupil were offering a program of $280 or more in cost per pupil.

These differences show that there is something more than finance in the quality of education offered by school districts. It may be simply a difference in community appreciation of the values of education; it may be greater economy in one district than in another in achieving the same quality of education; or it may be nothing more than a matter of relative class size as compared among the districts. It is important to note, moreover, that these differences do not take into account the great disparity between assessed values and true values of taxable property, as among the school districts.

When all districts are raised to a common standard of valuation by the establishment of so-called "equalized valuations," the differences among them become even more apparent. The effect of comparing school districts according to their actual wealth per pupil is to eliminate the extreme differences in the ratio of assessed to true value as among the taxing districts, which were reported in this Commission's **Sixth Report.** When this is done, districts which for-

TABLE 24

COMPARISON OF ASSESSED WEALTH WITH COST PER PUPIL

NEW JERSEY

SCHOOL YEAR 1951–1952

Assessed Wealth Per Pupil Enrolled[1]	No Costs	Day School Cost Per Pupil in Total Average Enrollment: $100-$119	$120-$139	$140-$159	$160-$179	$180-$199	$200-$219	$220-$239	$240-$259	$260-$279	$280-$299	$300-$319	$320-$339	$340-$359	$360-$379	$380-$399	$400 and Over	Total
No Pupils Enrolled	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	7
Less Than $1,000	..	..	..	..	..	..	..	..	1a	1b	..	..	..	..	..	..	..	2
$1,000— $1,999.99	..	1	..	1	12	1	4	3	2	..	..	..	..	..	..	..	..	27
$2,000— $2,999.99	..	1	2	4	12	24	15	8	2	2	1	..	..	..	..	..	..	71
$3,000— $3,999.99	..	..	1	7	8	19	17	11	9	2	1	..	1	..	..	..	..	76
$4,000— $4,999.99	..	..	1	3	7	9	27	14	15	2	..	..	..	..	..	..	..	78
$5,000— $5,999.99	..	..	..	1	2	13	17	13	14	7	2	2	..	..	..	..	..	71
$6,000— $6,999.99	..	..	..	..	2	4	8	12	3	7	..	2	..	..	..	..	..	38
$7,000— $7,999.99	..	..	..	..	..	2	7	7	7	4	3	..	..	..	..	1	..	31
$8,000— $8,999.99	..	..	..	..	..	1	6	6	8	3	3	1	..	..	..	..	..	28
$9,000— $9,999.99	..	..	..	..	1	..	2	4	4	7	2	..	..	..	1	..	..	21
$10,000—$10,999.99	..	..	..	1	..	..	1	..	2	7	3	2	1	2	..	..	..	19
$11,000—$11,999.99	..	..	..	..	..	..	..	..	3	..	3	2	1	1	..	..	..	10
$12,000—$12,999.99	..	..	..	..	..	..	..	..	1	3	3	3	1	..	..	..	..	11
$13,000—$13,999.99	..	..	..	..	..	..	1	..	..	2	3	1	2	1	1	..	..	11
$14,000—$14,999.99	..	..	..	..	1	..	..	1	..	..	..	..	1	..	..	1	..	4
$15,000—$15,999.99	..	..	..	..	..	..	..	..	1	2	..	..	3	..	..	..	1	7
$16,000—$16,999.99	..	..	..	..	..	..	..	..	..	1	..	..	..	..	1	1	..	3
$17,000—$17,999.99	..	..	..	..	..	..	..	..	2	1	..	1	1	..	1	..	..	6
$18,000—$18,999.99	..	..	..	..	..	..	..	1	..	1	..	..	1	..	..	..	..	3
$19,000—$19,999.99	..	..	..	..	..	..	..	1	1	..	..	1	..	..	..	..	..	3
$20,000—$29,999.99	..	..	..	..	..	..	..	1	1	4	1	..	..	4	..	..	..	11
$30,000—$39,999.99	..	..	..	..	..	..	..	..	1	..	..	..	1	..	..	..	2	4
$40,000—$49,999.99	..	..	..	..	..	..	..	..	..	..	..	..	1	..	..	..	2	3
$50,000 and Over	..	..	..	..	..	..	..	..	..	1c	1d	..	..	..	..	1e	..	3
Totals	7	2	4	20	45	73	105	82	77	57	26	15	14	8	4	4	5	548

[1]Net valuation taxable of all property in the district divided by resident enrollment.

a Winfield Township, Union County, $949.08 per pupil.
b Weymouth Township, Atlantic County, $896.43 per pupil.
c Avalon, Cape May County, $50,711.89 per pupil.
d Mantoloking, Ocean County, **$158,200.43 per pupil.**
e Teterboro, Bergen County, $1,272,614.34 per pupil.

Source: State of New Jersey, Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

TABLE 25

COMPARISON OF WEALTH PER PUPIL WITH COST PER PUPIL

NEW JERSEY

SCHOOL YEAR 1951–1952

Wealth Per Pupil[1]	No. of Districts	Day School Cost Per Pupil in Total Average Enrollment														
		$120-$139	$140-$159	$160-$179	$180-$199	$200-$219	$220-$239	$240-$259	$260-$279	$280-$299	$300-$319	$320-$339	$340-$359	$360-$379	$380-$399	$400-Over
Under $5,000	1	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..
$5,000—$9,999.9	18	..	3	4	2	4	3	1	1	..	..	..	..	..	..	..
$10,000—$14,999.9	50	1	2	17	14	11	1	2	2	..	..	..	..	..	..	..
$15,000—$19,999.9	81	..	5	11	27	23	7	5	2	..	..	..	1	..	..	..
$20,000—$24,999.9	106	1	1	3	20	23	26	14	7	5	1	2	2	..	1	..
$25,000—$29,999.9	86	..	..	2	4	16	19	17	13	5	8	2	..	..	..	..
$30,000—$34,999.9	49	..	1	1	2	14	11	6	6	3	1	..	1	2	1	..
$35,000—$39,999.9	24	..	1	..	..	3	2	7	5	2	1	2	..	..	1	..
$40,000—$44,999.9	16	..	..	..	..	1	5	5	2	2	..	1	..	..	..	..
$45,000—$49,999.9	14	..	..	..	1	2	3	1	2	2	2	1	..	..	..	..
$50,000—$54,999.9	11	..	..	..	..	1	..	4	2	1	..	1	1	1	..	..
$55,000—$59,999.9	9	..	..	..	..	..	1	3	2	1	1	..	..	..	..	1
$60,000—$64,999.9	4	..	..	..	..	..	..	1	1	1	..	1	..	..	..	..
$65,000—$69,999.9	5	..	..	1	..	..	..	..	..	2	..	1	..	1	..	..
$70,000—$74,999.9	3	..	..	..	..	..	..	2	..	..	..	..	..	..	..	1
$75,000 and Over	27	..	..	..	..	1	2	5	9	2	1	1	2	..	1	3
Total	504a	2	13	39	70	99	80	74	54	26	15	12	7	4	4	5

[1] Full value of taxable property of each district divided by resident enrollment.

a Regional High School Districts, components of regional high schools, and districts without pupils are eliminated.

Source: State of New Jersey, Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

merly appeared to be relatively poor (because of under-assessment) assume their proper standing of relative wealth in per pupil comparisons. As shown in Table 25, the net effect is to spread the districts out over a much broader range with respect to the differences in expenditure or cost per pupil of the educational offering of districts of similar wealth, and as among the districts in general. For example, Table 25 shows that there were 27 school districts with wealth per pupil amounting to $75,000 or more. Of these districts, one offered an educational program which cost between $200 and $219 per pupil, which was no better than that offered by 98 other school districts none of which had a wealth per pupil even approaching the wealthiest districts and four of which had a wealth per pupil of between $5,000 and $10,000. The table shows many other examples of districts of like wealth offering educational programs of extreme difference in quality, and also of a given educational program being offered by districts of extreme difference in taxable wealth per pupil.

CONCLUSIONS

This review of the operation of the present school aid formula, as illustrated by the actual experience during the school year 1951-52, and as measured by the comparative results in other states for the most recent school year available, warrants certain conclusions upon which an improved school aid formula may be developed. The Commission concludes:

New Jersey ranks low among the states in comparative school aid, but it has individual school districts which receive a very large per cent of their expenditures in the form of state aid.

New Jersey ranks high in average expenditure per pupil in school, but it also has some school districts which offer a very meager educational program despite substantial school aid.

The present formula works badly because it requires too great a sacrifice upon the part of local taxpayers and fails to provide either real estate tax relief in districts of substantial wealth or a real equalization of educational opportunity in districts of lower relative wealth per pupil.

The first requirement for improvement of school aid in New Jersey is that the measure of each district's taxable resources should be based upon equalized valuation rather than upon assessed valuations of local taxable property.

The second requirement is that state aid for schools be frankly recognized as having a dual purpose—the relief of real estate as the sole support of public schools in those districts with adequate taxable resources, as well as the equalization of educational opportunity in those districts with inadequate local resources.

PART III

THE DISTRIBUTION OF STATE AID

Basic Assumptions

The Tax Policy Commission has taken the position that the major goal of any program of state aid for education must be equalization of educational opportunity. As a secondary goal, however, the Commission has also taken the position that some minimum aid must be provided to all local school districts in recognition of the State's responsibility for the education of all of its children. In translating these general objectives into a workable program for New Jersey, it has proceeded upon five basic assumptions as follows:

First, local schools in New Jersey must remain local in fact as well as in name. It would be an easy matter to equalize educational opportunity for all children in the State if all schools were operated, financed and controlled from Trenton. But there would be no "home rule" and equalization would be reduced to standardization.

Second, any foundation school program included within a state aid formula must be one sufficient to provide a satisfactory minimum educational offering. No realistic equalization can be accomplished under a formula based upon a foundation program of $94 per child so long as no school can operate at this level.

Third, local school districts must make a satisfactory effort to support themselves before they can qualify for any state aid above a minimum required to express the state's responsibility to all children. The purpose of state aid is to supplement and equalize local tax resources, but not to replace them.

Fourth, any state aid program must be developed to fit the environment in which it is to apply. This means that the program must not only be sound from a theoretical standpoint, but it must also be practical from the standpoint of local interests, practices and customs.

Fifth, as a financial instrument, a state aid program must not become a vehicle of educational policy. Although the line separating policy from finance is not always a clear one, the development of a state aid formula should emphasize means of financing the school program as it is known and accepted, as contrasted with reforms or changes in the program itself.

Equalization and State Aid

Equalization of educational opportunity revolves around the premise that every child in New Jersey is entitled to a minimum public school offering. Where any locality that has primary responsibility for educating its children is economically impotent to provide such a

minimum program, the state steps in and provides additional funds to help these areas.

The State's share is defined as the difference between the cost of the minimum program and the amount realizable locally without placing an undue burden on the local resources. The concept implies that no aid be paid to prosperous districts capable of providing a satisfactory educational program from their own resources. However, another assumption is that public education is a state responsibility and that the state must participate in school finance as a matter of principle. Thus the concept of equalization has been broadened to mean that every school district should get at least something from the state. Carried to its logical conclusion, under this system, the minimum program must be set higher than the maximum educational offering available anywhere using only local resources. The pedestrian solution is to embrace the equalization concept for below-average districts, and the minimum concept for above-average districts.

Present Equalization in New Jersey

To bridge the gap between the desire to equalize educational opportunity and the desire to give every school district some state aid, the State of New Jersey distributes some of its money on an equalization basis, and some of it on a per pupil basis. There is also some money distributed to school districts as reimbursement for approved expenditure patterns. At present there are 15 separate allocations of State moneys to local school districts and nine other programs under which aid to the district is indirect. Table 26 shows the amounts of each of these funds expended in 1951-52 and in 1952-53, appropriated for 1953-54, and budgeted for 1954-55.

The only fund that embraces the equalization concept is the very first item listed in Table 26. Equalization aid amounts to about one-third of all funds paid directly to school districts and about one-fourth of all state aid to school districts (direct and indirect). Furthermore, the $10 million equalization aid grant, is not all pure equalization because some of it goes out to districts that qualify for the minimum $3 per pupil grant.

As a basis for equalization, the Pascoe Act (Ch. 63, P. L. 1946) established assessed valuation per pupil as the measure of economic ability of a community to finance its educational offering. Since the local share of funds was to be raised by property taxation, this was a reasonable base. Nevertheless, it was not a good base, as the framers of the legislation recognized at the time, because the assess-

ment of taxable property was, and still is, most uneven throughout the State. This feature applies only to Chapter VI and Chapter VII school districts. At present no equalization concept is applied to regional high schools and vocational schools.

TABLE 26

STATE AID TO LOCAL SCHOOLS BY TYPES OF PROGRAM

NEW JERSEY

1951–1955

(In Thousands of Dollars)

Name of Program	1951-52 Expenditure	1952-53 Expenditure	1953-54 Appropriation	1954-55 Budget
Payments to be Made Only to School Districts				
1. Equalization Aid (Pascoe)	$11,087	$11,433	$10,326	$12,651
2. Additional Aid (Armstrong)	6,475	6,635	7,895	8,454
3. Transportation Aid (Pascoe)	3,105	3,327	3,726	4,009
4. Manual Training	1,080	1,147	1,203	1,233
5. Bonus Aid	....	....	1,029	389
6. Deficiency Aid (Pascoe)	839	919	1,001	931
7. Dependent Children Aid	427	504	521	543
8. Regional High School Aid	331	349	456	570
9. Crippled Children	300	348	406	454
10. Emergency Fund (Pascoe)	100	100	100	100
11. Veterans' Secondary Education (Type d)	....	....	....	....
12. Evening Classes for Foreign Born	....	....	....	....
Payments to be Made to Counties and School Districts				
13. Vocational Aid	554	579	663	691
14. Library Aid	10	10	10	10
15. Veterans' Secondary Education (Types b and c)	323	94	170	a
Sub-Total	$24,631	$25,445	$27,506	$30,035
Payments for Benefit of School District				
1. Teachers' Pension Fund	$10,179	$14,818	$13,752	$13,752
2. Helping Teachers, etc. (Pascoe)	303	331	349	363
3. County Superintendents' Salaries	148	166	179	185
4. Industrial Schools	75	75	75	70
5. Visual Aids	126	55	65	70
6. Forms and Supplies	17	35	20	25
Administration of:				
7. Smith-Hughes	32	34	37	39
8. George-Barden	40	51	59	58
9. Veterans' Revolving Fund	38	38	27	a
Sub-Total	$10,958	$15,603	$14,563	$14,562
Grand Total	$35,589	$41,048	$42,069	$44,597

a The Governor recommended reappropriation of balances in the fund.

Source: New Jersey Governors' Budget, February 15, 1954, Trenton, N. J., pp. 208-209, 452-455, 555-558. February 3, 1953, Trenton, N. J., pp. 180, 181, 398, 405, 406.

At the present time there are four ways of measuring the local fair share under the foundation program. The State bears the difference between the foundation program and the local fair share, except in those districts where the difference is less than $3, in which case, the State's share is $3. The local fair share is 10 mills on the assessed valuation of the school district or $10 per capita of population, whichever is higher. However, if 30 mills on assessed values is higher than $10 per capita, then that becomes the local fair share. In addition to these three provisions, the law also provides that in cases where the assessed valuation per pupil in average daily attendance is less than $1,500, the local fair share shall be computed at 10 mills. Also, there is special provision applicable in school year 1953-54 only, which guarantees school districts against loss, if the $10 per capita rule based on the 1950 census meant state aid payments would be less than in 1952-53.

All this going around in circles to make the measure of assessed valuation really indicative of economic conditions in the respective school districts, is itself ample evidence of the futility of attempting to measure economic wealth in a community by raw assessed valuations. The **Sixth Report** of the Commission indicates average assessment ratios in New Jersey varying between 8 per cent and 62 per cent of true market value: some cognizance of these ratios must be taken.

Assessed Wealth Per Pupil

A rough measure of the wealth of our school districts may be obtained by dividing the assessed valuation of the district by its resident enrollment. On the basis of 1952 assessed valuations and school year 1951-52 resident enrollment as reported by the New Jersey Department of Education[1], the 548 school districts may be divided as follows:

[1] State of New Jersey, Department of Education, Division of Business, First Annual Report of Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

Assessed Valuation per Resident Enrollment	Number of School Districts
No pupils enrolled	7
Less than $1,000	2
$1,000-$1,999	27
2,000- 2,999	71
3,000- 3,999	76
4,000- 4,999	78
5,000- 5,999	71
6,000- 6,999	38
7,000- 7,999	31
8,000- 8,999	28
9,000- 9,999	21
10,000-10,999	19
11,000-11,999	10
12,000-12,999	11
13,000-13,999	11
14,000-14,999	4
15,000-15,999	7
16,000-16,999	3
17,000-17,999	6
18,000-18,999	3
19,000-19,999	3
20,000 and over	21

Regardless of the poor assessment of property that prevails throughout the State, it is apparent there are severe differences in economic ability to support education as among school districts. The median district has an assessed valuation of $5,240 per pupil in resident enrollment. If 10 mills upon assessed values is a local fair share for education, then the average district can afford $52.40 per child.

Actually, the way these figures are drawn tends to overstate the assessed valuations per district. Among the 548 districts are eight regional high school districts, five of which have pupils in resident enrollment. In these districts the assessed valuations of all constituent municipalities make up the total assessed valuation, which is divided only by the high school enrollment. These same assessed valuations were used in the overlapping Chapter VII districts and in those cases were divided by resident enrollment, which consisted only of elementary school children. If the assessed valuations were prorated between the overlappng jurisdictions, a median assessed valuation of $5,000 could be expected.

However, a more general factor tending to qualify the analysis based on assessed values per pupil is the lack of uniform assessment ratios prevailing throughout the State. Average assessment ratios on real estate as estimated by the Tax Policy Commission[1] show all

[1] Commission on State Tax Policy, *Sixth Report,* Compendium Table II.

too clearly that adjusted assessed values indicate a complete regrouping of school districts in terms of real wealth.

For example, 10 districts report assessed valuations between $11,000 and $12,000 per pupil. Using assessed valuations alone, this would indicate that these 10 districts are approximately equal in ability to finance their educational load. They are so treated under the Pascoe formula. However, when the assessed valuation per pupil is corrected by the average assessment ratio on real estate, the dissimilarity of the school districts appears.

TABLE 27

WEALTH PER PUPIL IN SELECTED NEW JERSEY SCHOOL DISTRICTS 1951–1952

School District	County	Assessed Valuation Per Resident Enrollment	Assessment Ratio (In Per Cent)	Revised Valuation Per Resident Enrollment
Englewood	Bergen	$11,931.58	31.82%	$37,497.11
Newark	Essex	11,749.53	56.22	20,899.20
North Caldwell	Essex	11,633.21	33.80	34,417.78
North Bergen	Hudson	11,977.84	50.53	23,704.41
Union City	Hudson	11,255.11	52.84	21,300.36
New Brunswick	Middlesex	11,617.52	40.52	28,671.08
Belmar	Monmouth	11,424.86	17.80	64,184.61
Point Pleasant Beach	Ocean	11,297.77	15.67	72,098.08
Elizabeth	Union	11,890.31	48.69	24,421.05
Mountainside	Union	11,080.40	30.29	36,581.05

Sources: State of New Jersey, Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).
State of New Jersey, Sixth Report of the Commission on State Tax Policy (Trenton, 1953) Compendium Table II.

As shown in Table 27, this group of 10 "equally wealthy" municipalities includes some which are twice and three times as rich as others. Also, on the basis of the revised valuation, a "10-mill local fair share" would yield $209 per child in Newark and $721 per child in Point Pleasant Beach. It is the purpose of an equalization formula to ameliorate such disparities of wealth.

Property Tax Equalization

Such differences of wealth within a supposedly homogeneous group suggest the greater disparities to be found in the state-wide picture. Assessed valuation per enrollment as shown in Table 27 is based on total assessed valuation including personal and real property. The assessment ratio applies only to real property, and hence the revised valuation errs to the extent that the real property assessment ratio is not representative of the ratio to true value at which personal prop-

erty is assessed. Even so, the differences are substantial and cannot be ignored in any realistic equalization.

The local property tax base in 1953 rested approximately 84 per cent upon real estate, 13 per cent upon personal property and 3 per cent upon Class II railroad property.[1] Assessment ratios estimated by the Tax Policy Commission[2] provide a basis for adjusting local real estate assessments until such time as new ratios can be determined. Class II railroad property is assessed by the State by uniform standards and presumably requires no further adjustment for equalization purposes. This means that it is now possible to develop satisfactory measures of local taxable capacity reflecting about 87 per cent of the tax base.

It is only with regard to personal property, representing 13 per cent of the property tax base, that equalization bogs down for lack of adequate data. While this shortcoming probably can be overcome by future assessment ratio studies, there remains the problem of measuring local taxable capacity until such studies are completed. It has been suggested that assessment ratios found for real estate be applied to personal property as well. However, uneven assessments known to exist in the case of personal property cause the Commission to believe that such adjustments may compound inequities and produce even poorer results than would be obtained by using personal property assessments as reported on the Abstracts of Tax Ratables.

Against this background the Commission recommends that:

> **Local property taxpaying capacity, and local fair share of any foundation school program be measured by**
>
> **(1) equalized value of real estate,**
>
> **(2) Class II railroad property as assessed by the State, and**
>
> **(3) assessed value of personal property.**

Assessment ratios for real estate, as estimated by the Tax Policy Commission,[3] provide a basis for immediate application of this measure of local ability. However, provision should be made for improving these ratios and keeping them current. While it is desirable that new ratios be available each year, satisfactory results could probably be obtained, at a considerable saving in cost, by making the calculations at less frequent intervals. Therefore, the Commission recommends that:

> **New real estate equalization tables be prepared at three-year intervals by the New Jersey Department of the Treasury and made available as a basis for determining local taxpaying capacity, and local fair share under any foundation school program.**

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[1] Arnold, James A., Jr., "New Jersey Property Tax in 1953," *New Jersey Municipalities*, November, 1953, p. 21.

[2] New Jersey Commission on State Tax Policy, *Sixth Report* (1953).

[3] Ibid.

Recognizing that the weak link in the equalization chain is the absence of assessment ratios for personal property, the Commission considered omitting this class of property from the measure of local fair share. However, such a policy would exclude 13 per cent of the over-all local tax base, and it would not affect all taxing districts in the same way. There have been various proposals before the State for modifying the personal property tax.[1] Should one of these proposals ever be adopted, the new basis should be taken into account. Until such time there seems no equitable choice other than to retain personal property within all property tax measures and seek to improve its equalization. The Commission therefore recommends that:

Future equalization tables for purposes of measuring local property taxpaying capacity, and local fair share under any foundation program, be prepared in two parts reflecting (1) real estate, and (2) tangible personal property.

Non-property Tax Resources

Another factor not considered when wealth is measured by assessed valuation alone is the taxable wealth of a community that does not appear on the Abstract of Tax Ratables. While New Jersey is a "property tax State," it nevertheless applies several other taxes, primarily for the benefit of municipal taxing districts. These taxes, as much as property taxes, are a measure of local taxpaying ability. When first enacted, they often simultaneously eliminated property from local taxation and assessment. In the absence of these taxes, many communities would show larger ratables as they sought to assess and tax such property, now exempt.

In 1953, the following shared taxes were received by all taxing districts in the State (does not include county share):

Public Utility Franchise Tax	$18,151,866.20
Public Utility Gross Receipts Tax	20,556,109.10
Financial Business Tax	252,603.53
Bank Stock Tax	1,096,443.68
Domestic Life Insurance Tax	2,538,572.11
Domestic Casualty Insurance Tax	802,771.98
Total	$43,398,366.60

This sum, which amounts to about ten per cent of property tax collections throughout the State, should be taken into consideration in determining local taxpaying ability. These funds are paid to the locality wherein the property lies: public utility taxes go to the mu-

[1] Ibid, New Jersey Commission on State Tax Policy, *Second Report* (1945), *Fifth Report* (1950).

nicipalities with the public utilities; and bank stock taxes, financial business taxes, and insurance company taxes to the communities where the financial institution is located. Billboard taxes are also shared with the municipality where the billboard is located, but only $8,547.24 is paid out under the distribution and its inclusion is therefore of no consequence.

Although the shared taxes are paid to municipalities, they are in fact revenues available for the support of all local governments, including county and school districts as well as municipalities. In this respect, the shared taxes are not unlike property taxes which are also paid in their entirety to municipalities as the administration of the local property tax. School districts certify their own tax requirements to the municipalities and these requirements must be paid in full from whatever resources are available to the municipalities.

Therefore the Commission recommends that:

The amount of shared taxes paid to each municipality (Public Utility Franchise Tax, Public Utility Gross Receipts Tax, Financial Business Tax, Domestic Life Insurance Tax, Domestic Casualty Insurance Tax, Bank Stock Tax) be reflected within the measure of local fair share of the foundation program for the corresponding school district.

Equalized Wealth Per Pupil

The practical effect of shared taxes is to provide each municipality with additional tax ratables equal to the amount of the shared tax receipts capitalized at the local tax rate. This is the amount of taxable value which would produce the amount of tax revenues represented by the shared tax receipts. For purposes of inter-district comparison, the Commission has calculated these capitalized values. Further adjustments reflecting local assessment ratios and the full value of real estate were made to place all districts upon a comparable base.

In each municipality, the total receipts of shared taxes (the six taxes listed above) were capitalized at the district's own tax rate. This gave the dollar amount of ratables necessary to realize the same amount of shared-tax receipts. This capitalized value plus the actual assessment of land and improvements in the municipality, were divided by the estimated assessment ratio for that municipality.[1] This put all districts on a comparable footing. Addition of the assessed valuation of second-class railroad property and tangible personal property provides a composite estimate of the full value of taxable

[1] New Jersey Commission on State Tax Policy, *Sixth Report* (1953) Compendium Table II.

property for each taxing district. Where a school district contains more than one taxing district, the sum of the full value of taxable property of each component municipality becomes the composite.

Computed this way, the full value of taxable property of the State for the year 1952 becomes $19,562,978,987. Dividing this number by 725,214, pupils in resident enrollment in the school year 1951-52, gives $26,975 of full value of taxable property per pupil. If ten mills is a fair amount to be levied against property for public educational purposes (present Pascoe formula), this would indicate that New Jersey can provide an educational offering of $269.75 per child from property taxes alone. However, the school-age children and the tax-yielding properties are not spread evenly throughout the State. The full value of taxable property per pupil varies from a low of $232 per child in Victory Gardens (Morris County) to a high of $6,280,861 per child in Teterboro (Bergen County). Three school districts in the State have no resident enrollment.

Table 28 shows the state-wide distribution of school districts by counties, and by full value of taxable property per resident enrollment. Thirty-nine districts with taxable property in excess of $60,000 per pupil could finance an expenditure level of $300 per child with only a five-mill property levy upon full values. On the other hand, the poorest districts in the State cannot raise $100 per pupil with even a ten-mill property levy upon full value.

Equalization of educational opportunity does not mean that the State can guarantee that the child in the poorest district can get the same education as the child in the richest district. It does mean, that when some minimum standard of educational offering is beyond the resources of some areas in the State, the State will filter some of the wealth from the richer sections to the distressed areas. In general, this has come to mean supplementing the property tax revenues of the school-districts-in-need with non-property tax revenues raised by the State.

Once every school district is assigned an acceptable measure of local tax-raising ability, a local fair share can be determined by assigning some uniform millage rate throughout the State. All districts which cannot provide the minimum education foundation program by levying the equivalent of this millage qualify for state equalization aid to make up the difference. But since there are such divergencies in wealth in the State, it is impossible for the State to completely equalize tax resources by a state aid program. It can only move toward greater equalization.

TABLE 28

DISTRIBUTION OF NEW JERSEY SCHOOL DISTRICTS BY FULL VALUE OF TAXABLE PROPERTY

— 1952 —

Name County	Full Value of Taxable Property Per Resident Enrollment: County Average[1]	Under $10,000	$10,000-$19,999	$20,000-$29,999	$30,000-$39,999	$40,000-$49,999	$50,000-$59,999	$60,000 and Over	No Pupils	Total
Atlantic	$35,222	2	3	8	4	2	2	1	..	22
Bergen	30,274	..	4	31	21	7	..	6	..	69
Burlington	23,791	1	19	15	2	1	1	..	..	39
Camden	19,692	7	16	10	1	..	..	..	2	36
Cape May	47,804	..	3	3	..	1	4	5	..	16
Cumberland	17,289	4	9	..	1	..	..	..	..	14
Essex	25,457	..	..	9	9	..	1	1	..	20
Gloucester	17,548	4	16	2	..	..	1	..	..	23
Hudson	26,647	..	1	7	2	1	..	1	..	12
Hunterdon	36,609	1	12	6	3	1	1	1	..	25
Mercer	28,197	..	..	8	1	1	..	1	..	11
Middlesex	31,078	..	5	13	2	2	1	2	..	25
Monmouth	28,303	3	9	14	9	5	3	5	..	48
Morris	26,000	1	6	19	7	4	..	1	..	38
Ocean	43,193	..	6	6	..	3	2	9	1	27
Passaic	24,042	..	1	11	2	1	1	..	..	16
Salem	25,604	..	10	2	..	..	..	1	..	13
Somerset	26,686	..	5	7	3	..	2	3	..	20
Sussex	26,073	1	7	6	6	1	1	1	..	23
Union	28,313	1	..	13	4	1	1	..	..	20
Warren	20,337	1	9	11	1	..	..	1	..	23
State Total	$26,975	26	141	201	78	31	21	39	3	540a

[1] Full Value of Taxable Property of all taxing districts in the county divided by the Resident Enrollment of all School Districts in the county.

a Pupils in Regional High School Districts distributed among component Chapter VII districts.

Equalization by Reorganization

However, no small amount of equalization of educational opportunity can be accomplished within the property tax environment through consolidation of contiguous school districts. This can be especially helpful where the tax resources of the communities are greatly different. While it is a common assumption that objections to such consolidations come from the wealthier districts, it is surprising to note in many instances that it is the least-favored district that objects. These districts fear to lose their individual identity and prefer to overwork their own property tax base and go to the State Legislature for more state aid, than to accept a solution more beneficial to their school children, but perhaps less politically palatable.

Three school districts in New Jersey have no resident enrollment and are anticipating none. The full value of taxable property and the 1952 and 1953 assessed valuations for these school districts appears as follows:

School District	County	Full Value of Taxable Property	1952 Assessed Valuation	1953 Assessed Valuation
Pine Valley	Camden	$442,089	$170,960	$188,960
Tavistock	Camden	251,855	101,200	101,200
Island Beach	Ocean	2,264,725	573,525	573,585

While the amounts involved are not large, they represent property that is absolutely free of any burden to support public education. They stand out in contradistinction to similar parcels of property throughout the State that bear more than their fair share.

As shown in Table 28, 39 school districts in the State have taxable wealth in excess of $60,000 per child in resident enrollment. These areas offer fertile fields for equalization within the property tax base. Property in these areas can be made to bear some of the burden of educating pupils in contiguous jurisdictions, if suitable consolidation and regionalization programs can be developed.

So long as educational finance rests heavily upon a local property tax base, it is reasonable for taxpayers in the rest of the State to expect that property in these "tax colonies" be brought more fully into the fold. To lighten the property tax burden in the rest of the State (through state aid to education and other means) to the level prevailing in these jurisdictions, would require either a state property tax or more non-property tax revenues than this State can, or probably should, raise. It is unlikely that voluntary consolidation would occur among districts with markedly unequal wealth, but equalized state aid does accomplish some measure of financial "consolidation."

Table 29 shows the 14 wealthiest school districts and their neighboring districts. These districts are wealthy in the sense of the relationship between their property tax resources and the number of children they are required to educate at public expense. Each of them has full value of taxable property per resident enrollment of $100,000 or more, whereas the State average is only $26,975. While some of these "rich" districts have "rich" neighbors, most of their neighbors are much poorer than they are. If property in "rich" districts could be made to bear some of the educational burden in the adjacent districts, a great deal of equalization would be accomplished.

In addition to the 14 districts shown in Table 29, 25 other districts in the State have per pupil wealth measurements between $60,000 and $100,000 per pupil. There are also 21 districts which have between $50,000 and $60,000 per enrollment and 31 districts which have between $40,000 and $50,000 per enrollment (see Table 28). When any of these districts can be consolidated with districts having less than the State average of wealth per pupil, the burden of the property tax is more uniformly distributed. Such consolidations would also ease the burden of the State in its program of distributing funds sufficient to pay for a minimum foundation program in each and every district of the State.

Consolidation of school districts of equal wealth is not easy. Needless to say, consolidation of rich and poor districts is an even more formidable task. Insofar as the state is concerned, however, it should not feel obligated to pay out funds either in a state aid equalization program or a state aid minimum program to districts which refuse to take, or seek, partial salvation within the property tax framework through more equitable district organization. Although the Commission is not prepared to offer specific recommendations on the matter of school district reorganization at this time, it does recommend that:

The New Jersey State Board of Education study the possibility of school district reorganization and recommend a program of action.

Regional High Schools

New Jersey has in the past undertaken to encourage regional high schools by special consideration in the distribution of state aid. In 1953-54, $580,840.92 of aid was paid to six regional high schools under a formula based upon the number of teachers, pupils, nurses and transportation costs. No equalization is involved and no local fair share is computed. Regional high school aid in 1951-52 averaged $123.25 per pupil as compared with an average of $33 per pupil aid

TABLE 29

WEALTHIEST SCHOOL DISTRICTS IN NEW JERSEY

1951–1952

School District	County	Full Value of Taxable Property Per Resident Enrollment	Contiguous Districts and Their Full Value of Taxable Property Per Resident Enrollment	
Teterboro	Bergen	$6,280,861	Hackensack ($33,447) Little Ferry ($18,108) South Hackensack ($29,955)	Hasbrouck Heights ($30,201) Moonachie ($12,241)
Mantoloking	Ocean	1,058,100	Brick Twp. ($44,463)	Bay Head ($126,475)
Pahaquarry	Warren	355,298	Hardwick ($23,407) Knowlton ($31,598)	Blairstown ($24,838)
Holland Twp.	Hunterdon	345,043	Bethlehem ($19,147) Milford ($51,012)	Alexandria ($6,739)
Avalon	Cape May	190,774	Dennis Twp. ($14,668) Stone Harbor ($127,371)	Middle Twp. $14,202) Sea Isle City ($64,465)
Sayreville	Middlesex	130,730	East Brunswick ($26,489) South Amboy ($51,837)	Madison Twp. ($12,774) South River ($20,216)
Longport	Atlantic	127,741	Margate City ($55,676) Egg Harbor Twp. ($24,736)	Ocean City ($98,030)
Stone Harbor	Cape May	127,371	Avalon ($190,774) North Wildwood ($54,937)	Middle Twp. ($14,202)
Bay Head	Ocean	126,475	Point Pleasant ($29,225) Brick Twp. ($44,463)	Point Pleasant Beach ($75,367) Mantoloking ($1,058,100)
Deal	Monmouth	123,611	Allenhurst ($94,423) Long Branch ($28,554)	Ocean Twp. ($30,131)
Spring Lake	Monmouth	110,105	Belmar ($70,783) Wall Twp. ($20,408) Spring Lake Heights ($29,287)	South Belmar ($43,158) Sea Girt ($97,509)
Cape May Point	Cape May	117,945	Lower Twp. ($28,736)	West Cape May ($20,884)
Alpine	Bergen	109,648	Closter ($25,562) Cresskill ($22,203) Rockleigh ($91,554)	Demarest ($25,763) Norwood ($20,555) Tenafly ($34,033)
Long Beach Island	Ocean	104,287	Beach Haven ($78,691) Little Egg Harbor ($21,937) Stafford ($41,901)	Eagleswood ($11,909) Union ($19,965) Ocean ($26,519)

in other school districts. State aid ranged from $16 per pupil to $100 per pupil in all but a few unusual districts.

The New Jersey State School Aid Commission recommended no change in the method of paying aid to regional high schools. But the need for some measure of equalization was recognized by the New Jersey Education Association which testified before the Tax Policy Commission as follows:

> "For component and regional districts together we suggest the wiping out of 15 per cent of local fair share. Aid for a component district would be based on 80 per cent of local fair share and aid of the regional on 5 per cent of the local fair share. The effect of these provisions for aiding regional . . . districts is to give more aid to the poorer districts than to those with greater wealth."[1]

The Tax Policy Commission has taken the attitude that any favoritism shown to regional high schools should be reflected in the computation of state aid and not in the measure of local taxable capacity. Consistent with the equalization principle, this means that the base for computing the local fair share for the regional high school districts should be handled in exactly the same manner provided for Chapter VI and Chapter VII districts. This can be accomplished by prorating the full value of taxable property of a taxing district between the overlapping Chapter VII and Chapter VIII districts on the basis of the number of resident pupils in each.

TABLE 30

DISTRIBUTION OF PROPERTY AND PUPILS

PASSAIC COUNTY REGIONAL HIGH SCHOOL DISTRICT

1951–1952

Name of Taxing District	Full Value of Taxable Wealth[1]	Resident Enrollment Elementary	Resident Enrollment High School	Total Resident Enrollment	Adjusted Value of Taxable Wealth[1]
Little Falls	$30,927,228	930	(240)	1,170	$24,583,181
Totowa	22,531,763	800	(211)	1,011	17,829,288
West Paterson	12,476,538	455	(153)	608	9,336,883
Passaic County Regional High School	.....	....	604	....	14,186,177
Totals	$65,935,529	2,185	604	2,789	$65,935,529

[1] Full value of taxable wealth based upon capitalized value of shared taxes as well as assessed valuations. Comparable results can be obtained by prorating the amount of shared taxes without capitalization (see p. 100).

Sources: Unpublished records of the Division of Business, Department of Education. State of New Jersey, Department of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

Abstract of Ratables in the County of Passaic for the Year 1952.

[1] New Jersey Commission on State Tax Policy, Hearing, January 20, 1954.

For example, Table 30 shows that enrollment of 604 pupils in the Passaic County Regional High School comes from the three component districts, as follows: Little Falls, 240; Totowa, 211 and West Paterson, 153. As a basis for computing the full value of taxable property per resident pupil, these amounts may be added to the elementary enrollment in each district. Thus, Little Falls Chapter VII School District would be credited with 930/1170 (79 per cent) of the $30,927,228 wealth in Little Falls. The Totowa Chapter VII School District would be credited with 800/1011 (79 per cent) of the wealth in the coterminous taxing district and the West Paterson Chapter VII School District would be credited with 455/608 (75 per cent) of the wealth located therein. The balance in each of these districts would be credited to the regional high school district. Once the foundation program for each of the four districts has been determined, the local fair share can thus be based upon a comparable full value of taxable wealth.

An alternative method of allocating taxable capacity as between the regional high schools and their component districts involves a common apportionment for the regional district as a whole. Thus, the Passaic County regional high school district would be assigned 604/2789 (22 per cent) of the aggregate taxable capacity and the taxable capacity for each of the three component districts would become 2185/2789 (78 per cent) of the total wealth therein. This alternative offers the two-way advantage of easier computation and uniform spreading of the high school load over the entire regional district. It has the disadvantage of leaving the component districts with taxable wealth which may not be in proportion to the number of children they must educate.

Although this Commission is advised that results obtained by the two methods are similar in most instances, there are exceptions to the rule. In the interest of obtaining the closest possible relationship between wealth and pupils, the Commission recommends that:

> **For the purpose of determining local fair share under the equalization program, the taxable wealth of regional high school districts and their component districts be derived by prorating the wealth of the municipality on the basis of resident pupils in each component district.**

Foundation School Program

What constitutes an acceptable minimum foundation school program is not easily defined. In broad terms, the goal is to provide a minimum level of education which is acceptable in those districts unable or unwilling to do any more than is absolutely necessary. The cost of such a program will, of course, vary as among districts because of the availability of teachers in the lowest salary range as well as varying maintenance costs, educational problems and other local circumstances.

As an over-all measure, the New Jersey School Aid Commission recommended $200 per pupil in weighted average daily attendance as the cost of a "minimum standard of education." In this measure, weighted average ADA means "average daily attendance weighted by counting elementary pupils as 1 and pupils in grades 7-12, inclusive, as 1.25." Thus, each 100 high school pupils are counted as 125 in recognition of the higher cost of secondary education.

The New Jersey State Chamber of Commerce recommended to the Tax Policy Commission a minimum foundation program measured by $200 per pupil in average daily attendance without any weighting for high school pupils. The Chamber arrived at this amount by examining the actual expenditures of school districts in 1951-1952 and the conditions prevailing in the 68 districts reporting current expenditures (day school costs) less than that amount. Continuation of extra weighting for secondary school pupils was said to be unnecessary because of potential increases in the amount of state aid.

The New Jersey Education Association testified before the Commission as follows:

> We suggest that the foundation program be based on $200 for each pupil in average daily enrollment. This would eliminate the "weighting" of pupils. For most districts average daily enrollment is approximately equal to weighted average daily attendance. The change would, however, simplify the aid formula. It would also conform to general practice in other states, where it is recognized that a school must provide educational facilities for all the pupils on roll, rather than just for those actually present.[1]

Thus the Commission had before it three proposals contemplating a "minimum foundation program" defined as $200 per pupil but based upon three different methods for counting pupils. That they are in

[1] New Jersey Commission on State Tax Policy, Hearing, January 20, 1954.

fact three entirely different proposals is indicated by the following pupil counts for the school years 1951-1952 and 1952-1953:[1]

	1951-1952	1952-1953
Average daily attendance	611,914	656,745
Weighted average daily attendance	674,079	720,118
Average resident enrollment	676,602	717,593

Table 31 shows that in 1951-52 day school expenditures ranged from under $140 per pupil in average daily attendance in two districts to more than $400 in 10 districts. The same expenditures ranged from under $140 per pupil in average daily enrollment in six districts to more than $400 in five districts. There were 68 districts under the magic average cost of $200 per pupil in average daily attendance as compared with 144 districts reporting such costs per pupil in average daily enrollment. Of the 144 districts spending less than $200 per pupil in average daily enrollment, 20 were component parts of regional high schools and were responsible only for elementary pupils.

Between 1951-52 and 1952-53, the number of local districts reporting day school expenditures under $200 per pupil in average daily enrollment decreased from 144 to 114. No such districts are reported in four counties (Essex, Hudson, Morris and Somerset). More than one-half of them (62) are located in four counties (Burlington, Camden, Gloucester and Hunterdon). Twenty-three of the 115 districts are components of regional high school districts and are responsible only for elementary education.

The Commission is attracted to the use of unweighted averages as a way to simplify the calculation of the foundation program. It also recognizes the logic of basing the foundation program upon pupils enrolled and for whom educational facilities must be provided. There remains the problem of determining an amount to represent the cost of a satisfactory minimum foundation school program.

If $200 per pupil in average daily enrollment is to be accepted as the reasonable cost of a minimum foundation program, it must be reconciled with the fact that 114 districts spent less than $200 in 1952-1953. As compared with the state average teacher's salary of $4,170, Compendium Table II shows that the highest average salary reported by any of the 114 districts is $3,829 reported by Upper Penns Neck (Salem County). Seventy-four of the 114 districts report teachers' salaries less than $3,000. The lowest number of pupils per

[1] Excludes approximately 4,000 full-time pupils in county and district vocational schools.

TABLE 31

COMPARATIVE DISTRIBUTION OF NEW JERSEY SCHOOL DISTRICTS BY EXPENDITURES PER PUPIL IN AVERAGE DAILY ATTENDANCE AND PUPILS IN AVERAGE DAILY ENROLLMENT

1951–1952

(Number of School Districts)

Day School Cost Per Pupil Total Average Daily Attendance	Number of Districts	No Resident Enrollment	Day School Cost Per Pupil in Total Average Enrollment															
			100-119	120-139	140-159	160-179	180-199	200-219	220-239	240-259	260-279	280-299	300-319	320-339	340-359	360-379	380-399	400 and Over
No Costs	7	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
$120—$139.99	2	..	2	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
$140—$159.99	7	..	..	4	3	..	..	..	..	..	..	..	..	..	..	..	..	..
$160—$179.99	23	..	..	..	15	8	..	..	..	..	..	..	..	..	..	..	..	..
$180—$199.99	36	..	..	..	2	32	2	..	..	..	..	..	..	..	..	..	..	..
$200—$219.99	70	..	..	..	..	3	65	2	..	..	..	..	..	..	..	..	..	..
$220—$239.99	100	..	..	..	..	2	6	90	2	..	..	..	..	..	..	..	..	..
$240—$259.99	80	..	..	..	..	..	..	13	65	2	..	..	..	..	..	..	..	..
$260—$279.99	66	..	..	..	..	..	..	..	15	51	..	..	..	..	..	..	..	..
$280—$299.99	62	..	..	..	..	..	..	..	..	24	37	1	..	..	..	..	..	..
$300—$319.99	32	..	..	..	..	..	..	..	..	..	20	12	..	..	..	..	..	..
$320—$339.99	19	..	..	..	..	..	..	..	..	..	..	13	6	..	..	..	..	..
$340—$359.99	17	..	..	..	..	..	..	..	..	..	..	..	9	8	..	..	..	..
$360—$379.99	8	..	..	..	..	..	..	..	..	..	..	..	..	5	3	..	..	..
$380—$399.99	9	..	..	..	..	..	..	..	..	..	..	..	..	1	4	3	1	..
$400 and Over	10	..	..	..	..	..	..	..	..	..	..	..	..	..	1	1	3	5
Total	548	7	2	4	20	45	73	105	82	77	57	26	15	14	8	4	4	5

teacher reported by any of these districts is 23, reported by Egg Harbor City (Atlantic County). Only 17 of the 114 districts show fewer than 30 pupils per teacher and 13 report 40 or more pupils per teacher. Twenty-two of these 114 districts are component districts of regional high schools, and thus responsible only for elementary grades.

Although all of these districts report current expenditures in 1952-53 less than $200 per pupil, 39 of them report expenditures exceeding $190 per pupil. Only 44 reported expenditures amounting to less than $175 per pupil. Considered in the light of the upward trend in school costs, there is every indication that (1954-55) the number of districts spending less than the $200 foundation school program will be greatly reduced. The sharp trend in this direction is indicated by the fact that the number of such districts was reduced from 144 in 1951-52 to 114 in 1952-53.

All but three (Absecon, Clinton Town, Lakehurst) of the 114 districts levied more school taxes in 1953 than their local fair share assigned under the recommended formula (see Compendium Table II). The school taxes used in this comparison represent levies for the Calendar Year 1953 and include not only taxes raised to cover current expenditures, also taxes levied for debt service, capital outlay, and other expenditures outside the foundation program. It should be noted that the taxes raised in 1953 applied neither to the pupils in school in the base year of the state aid calculations (1952-53), nor to the pupils in school in the year in which the aid will be received (1954-55). Since the formula contemplates the school aid distribution for the school year 1954-55, it is probable that none of these districts will be levying less than their local fair share by that time. In districts where school enrollments increase rapidly between the year on which state aid calculations are made and the year in which state aid is received (a two-year lag), there is always the problem under any formula of keeping revenues abreast of requirements.

Although most of the districts which spend less than $200 per pupil are districts of modest ability to finance the foundation school program, there are exceptions to this generalization. It should also be noted that 5 districts in this category are expected to receive less state aid under the new formula than under existing distributions. Under the Pascoe formula, any school district can receive substantial state aid by under-assessing its property. "Poor" districts as well as "rich" districts can and do find themselves in favored positions as a result of low assessment ratios and "save harmless" provisions. It

follows that poor districts as well as rich districts may receive less state aid under an equalized formula than under the present formula.

While a review of conditions in low expenditure districts may explain why their expenditures are low, they do not describe the purposes for which school districts at different levels spend their money. The major cost of a school program is the salary of teachers, commonly assumed to be 60 per cent of the total. Table 32 shows the average school budget for 1952-53 at $6,900 per teacher unit exclusive of transportation, with an average salary of $4,170. The state-wide average class size of 25 yields an average cost of $271 per pupil in average enrollment.

Table 32 shows two lower than average expenditure districts paying lower teachers' salaries and operating larger classes. For example, District A reports teachers' salaries averaging $2,880 and average costs of $148 per pupil with 33 pupils per class. District B, with an average cost of $154 per pupil spends less per classroom unit ($4,610) than District A ($4,890) but runs smaller classes (30) and

TABLE 32

EXAMPLE LOCAL SCHOOL CURRENT EXPENDITURES PER TEACHER UNIT

1952-1953

Item of Expenditure	Low Cost District A	Low Cost District B	Average District	Possible Foundation
Average teacher salary	$2,880	$3,220	$4,170	$3,930
Books, supplies, etc.	190	170	250	200
Operation of school plant	920	450	820	700
Administration and supervision	180	70	700	500
Co-ordinate activities	130	130	180	140
Cafeterias, athletics, etc.	40	.....	160	100
Insurance	70	40	60	30
Pensions	.....	.....	40	30
Repairs and replacement	480	500	400	300
Library and manual training (excl. sal.)	.....	30	120	70
Total cost per teacher	$4,890	$4,610	$6,900	$6,000
Pupils per teacher	33	30	25	30
Cost per pupil	$148	$154	$271	$200

pays its teachers more ($3,220). Both of these low cost districts spend less than the average district for administration and supervision and neither of them budget anything for pensions. Both of them spend more than the average for repairs and replacements and District B spends more than the average for operation of the school plant and for insurance.

Table 32 also shows a possible budget for a foundation program costing $200 per pupil. It contemplates a full range program at less than average cost for each item. With a cost of $6,000 per teacher unit of 30 pupils, it will carry a teacher's salary less than the average for the State in 1952-53. While the distribution of costs by item may vary from district to district, the Commission feels that here is a broad budget which describes a satisfactory foundation school program under present conditions. If it appears high relative to 114 districts which spent less in 1952-1953, there is every indication that this difference will be less in the current year of 1953-54 and in the year 1954-55 now being budgeted. A realistic foundation program expected to last for a period of years must take into account the present environment of increasing costs and rising teachers' salaries.

The Commission therefore recommends that:

The minimum foundation school program be defined as $200 per pupil in average daily enrollment.

Local Fair Share

Equalization of educational opportunity implies that all local school districts shall exert an equal tax effort to provide a minimum foundation school program. The amount of state equalization aid paid to each district thus becomes the amount by which the cost of the minimum foundation program exceeds a local fair share measured by what can be raised from an equalized burden upon local tax resources.

Having determined local taxable wealth as the equalized value of taxable property and the revenues available from "shared taxes," there remains the problem of determining an equitable rate of local fair share. Such a rate must be low enough to impose no undue burden upon local tax bases and at the same time leave some margin which local districts can use at their own discretion to "enrich" their school program over and above the minimum foundation level. Dependence of counties and municipalities upon the same local tax resources that support the schools also means that adequate taxable capacity must be left for their support.

In no small way, however, the rate at which local fair share is determined depends upon the amount of state aid available for distribution. New Jersey is a local property tax state. The fact that New Jersey stands among the highest of the states in terms of school expenditures and among the lowest in terms of state aid, means that local tax resources have been carrying the load. Thus, for all practical

purposes the local share of school costs in New Jersey is a large part of the total costs. The extent to which this condition can be changed depends upon the amount of additional state aid which can be made available for distribution.

Property Taxes

In 1953 the local school tax rate in New Jersey averaged $3.10 per $100 of net valuation taxable. Based upon an average assessment ratio of 34 per cent for real estate, this represents an over-all effective school tax rate averaging approximately $1.12 per $100 of full value of real estate and assessed value of Class II railroad property and personal property. A local fair share contribution at the rate of $.50 per $100 on equalized values measured in this way would require less than one-half of the local tax resources which the local districts now use. Application of less than one-half of the local school tax toward a minimum foundation school program would leave the other one-half for use by the districts to meet debt service requirements and other noncurrent costs as well as "enrich" their school programs over and above the minimum.

Not only does this division of school taxes seem reasonable, but it also would require all local school districts as a group to finance approximately 70 per cent of the foundation school program at $200 per pupil in average daily enrollment. Thus, in making up the difference between the local fair share and the full amount of the foundation program, the State would be supplying about 30 per cent of the over-all costs of the foundation program. Within these over-all results, local districts will vary from the average in proportion to the number of pupils and the amount of taxable wealth which they contain.

It is against this background the Commission recommends that:

> **For purposes of determining a local fair share for the foundation school program for each district, a rate of $0.50 per $100 be applied to the full value of real estate and the assessed value of personal property and Class II railroad property.**

Shared Taxes

While it is possible to capitalize the amount of shared taxes as a way to measure local taxable wealth, these taxes can be brought into the measure of local fair share in a less complicated way, by simply adding a portion of these taxes to the amount of local fair share derived by applying $.50 per $100 upon the equalized values of property.

In 1953 total property taxes for local school purposes amounted to 44 per cent of all property taxes for all purposes. The assumption that approximately one-half of the school property taxes will be required as the local fair share of the foundation program means that the fair share amounts to about 22 per cent of all property taxes. The availability of shared taxes to the municipalities means that they have these resources with which to meet all of their requirements including the amount of county and school taxes certified to them for collection.

Consistent with the measure of local fair share, which amounts to approximately 22 per cent of all property taxes, it is reasonable to include in the measure of fair share the same proportion of all shared taxes. However, these ratios will fluctuate from year to year as the amount of school taxes, shared taxes and total taxes fluctuates. Estimates covering the last five years (1949-1953) show variations between 20 per cent and 25 per cent. Simplicity of administration and computation suggest the use of a fixed percentage rather than a fluctuating percentage. The Commission therefore recommends that:

Twenty-five per cent of the amount of shared taxes paid to each municipality (Public Utility Franchise Tax, Public Utility Gross Receipts Tax, Financial Business Tax, Domestic Life Insurance Tax, Domestic Casualty Insurance Tax, Bank Stock Tax) be included within the measure of local fair share of the foundation program for the corresponding school district.

Regional High Schools

The New Jersey Commissioner of Education has advised the Tax Policy Commission that it is his policy to encourage regionalization as a way to obtain high schools of optimum size. The favored treatment of regional high schools in present state aid distributions is his most effective instrument in promoting this policy. Aside from the practical problem of protecting regional high school districts from sharp revenue adjustments, there are thus sound reasons for continuing some measure of favoritism for these districts. Upon this basis the Commission recommends that:

In the case of regional high schools, that part of the local fair share of the foundation program measured by adjusted property values shall be determined at 30 cents per $100 upon the adjusted value of property instead of 50 cents per $100 as provided for all other school districts.

But the Commission feels that the State is under no obligation to continue this favoritism to regional high schools for all future time. While there is merit in a program which provides financial assistance

in the organization of desirable regional high school districts, the ultimate goal should be uniform treatment for all districts. Therefore the Commission also recommends that:

> **The local fair share of the foundation program for regional high schools at 30 cents per $100 of adjusted property values shall continue during the first five years the regional high school is in operation; and that the local fair share then become 40 cents per $100 of adjusted property values during the second five years of operation; and thereafter at the full rate applicable in all other districts.**

As a way to protect the position of regional high schools already in operation, the Commission recommends that:

> **The provision for reduced local fair share of the foundation program for regional high schools during a 10-year period apply to all regional high schools in operation at the time the program is adopted.**

It is anticipated that seven of the 11 currently organized regional high schools will be in full operation during the school year 1954-55. Estimates indicate that four of these regional high school districts will receive more state aid than under existing formulas and three will lose small amounts. Since no equalization is involved in the current formula, it is to be anticipated that any equalization of state aid will not affect each of them in the same way.

The three regional districts that may receive less state aid under the recommended formula than under the present formula show losses amounting to only 6 per cent of state aid in two cases and to 8 per cent in one case. On the other hand, Table 33 shows that all component districts of the three regional high school districts are substantial beneficiaries under the recommended formula. The net gain to the districts in the area serviced by the three regionals is from 10 to 20 times the loss incurred by the regional high school district itself.

TABLE 33

REGIONAL HIGH SCHOOL LOSS DISTRICTS

EFFECT OF PROPOSED FORMULA ON STATE AID REVENUE

1954–1955

	Recommended Formula Aid	Total Aid Budgeted 1954-55	Loss (—) or Gain (+) to District
Rancocas Valley Regional High School	$70,631	$76,834	—$ 6,203
Component Districts—			
Eastampton	12,294	6,151	+ 6,143
Hainesport	42,849	18,310	+ 24,539
Lumberton	27,445	13,589	+ 13,856
Mount Holly	97,135	32,441	+ 64,694
Westampton	16,793	9,935	+ 6,858
Net Gain to Area	.....	.....	+ 109,887
North Hunterdon Regional High School	$82,180	$87,581	—$ 5,401
Component Districts—			
Bethlehem	18,403	14,586	+ 3,817
Califon	11,057	4,542	+ 6,515
Clinton Town	7,075	6,361	+ 714
Clinton Twp.	28,078	23,893	+ 4,185
Franklin Twp.	20,727	11,225	+ 9,502
Glen Gardner	15,609	4,795	+ 10,814
Hampton	13,859	6,752	+ 7,107
Lebanon Boro.	7,831	3,706	+ 4,125
Lebanon Twp.	49,525	31,236	+ 18,289
Tewksbury	21,816	16,470	+ 5,346
Union	15,254	12,547	+ 2,707
Net Gain to Area	.....	.....	+ 67,720
Union County Regional High School	$162,065	$172,583	—$ 10,518
Component Districts—			
Berkeley Heights	45,933	24,981	+ 20,952
Clark Twp.	60,585	31,541	+ 29,044
Garwood	35,687	16,655	+ 19,032
Kenilworth	73,788	19,245	+ 54,543
Mountainside	28,828	12,916	+ 15,912
Springfield	69,650	28,914	+ 40,736
Net Gain to Area	.....	.....	+ 169,701

Minimum Aid

Something of an anomaly in an equalization program, minimum aid establishes a floor under the amount which any local district can receive, however able or whatever its needs may be. Aside from the purpose of having all school districts participate in the state program, minimum aids are defined as an expression of the State's constitutional responsibility for the education of every child in every district.

At the present time (1954) minimum state aid to New Jersey school districts amounts to $14 per pupil in weighted average daily attendance. This minimum includes an absolute minimum of $3 per pupil under the Pascoe equalization formula[1] and $11 paid as a flat per-pupil-grant under the Armstrong formula.[2] The amount of "Arm-

[1] New Jersey, P. L. 1946, Chapter 63.
[2] New Jersey, P. L. 1948, Chapter 66.

strong aid" varies from year to year depending upon legislative appropriations.

The New Jersey State School Aid Commission recommended minimum aid at $110 per pupil in average daily attendance. Thus, within the $200 foundation program recommended by the School Aid Commission, the maximum range of aid which could be paid to any district was that between $110 and $200 per pupil.

The Tax Policy Commission recognizes the merit in a program which extends some aid to each district and thus causes all districts to participate. However, the Commission also recognizes that a high level of minimum aid syphons off available funds which might otherwise be used for the primary purpose of equalization. Consistent with the policy of holding state aid distributions to a modest level and making local school districts the senior partner in school finance, New Jersey needs to accomplish as much equalization as possible with its state aid dollars.

A minimum state aid of $50 per pupil in average resident enrollment would provide minimum districts with approximately a 50 per cent increase over what average districts now receive, and more than three times what minimum districts now receive. At the same time this level of minimum aid within a $200 per pupil foundation program would free a major portion of all foundation aid for the primary purpose of equalization as among districts. The maximum range of aid to individual districts would be that between $50 per pupil in average daily enrollment in districts with adequate local taxable capacity and $200 per pupil in districts with no local taxable capacity.

Therefore, the Commission recommends that:

No district shall receive aid amounting to less than $50 per pupil in average daily enrollment.

Special Aids

Equalization of educational opportunity in New Jersey is handicapped by the number of special aids paid to local districts outside the equalization formula. The Tax Policy Commission has taken a critical view of these special aids with the object of eliminating or bringing into the equalization formula as many of them as possible. Where this goal seemed impractical or unwise, the Commission has recommended that they be continued.

The line between special aids absorbed into the formula and special aids replaced by the formula is a thin one. Among the special aids clearly absorbed into the formula are all aids to day vocational schools as well as aids to regional high schools and evening high schools.

Vocational Schools

Vocational education in New Jersey is divided as between one wholly State-supported institution, three independent industrial schools, four counties offering full-time day school instruction, three counties offering part-time day school instruction, five counties offering evening vocational instruction (the four offering full-time day school and one of the other three), five school districts offering full-time day school instruction and also evening vocational instruction, and 42 school districts offering part-time day school instruction. Local funds raised for vocational instruction in the counties and school districts are presently matched by the State up to $10,000 per school. The implication is that some reorganization is in order. However, this is a matter for further study and the Commission on State Tax Policy has limited its recommendations only to immediate improvements which can be accomplished within the equalization aid formula.

Vocational instruction was introduced into the public school system of New Jersey more than 50 years ago. The need for a stimulative grant has passed. Such instruction should be incorporated into the regular curricula of the school districts and included as a part of the foundation program. Insofar as the full-time and part-time vocational instruction in the school districts is concerned, withdrawal of the matching grants is more than compensated by the increased state aid payable to these districts under the proposed formula. Therefore, the Commission recommends that:

> **All matching grants to school districts for vocational education, except evening vocational instruction, be abolished.**

It was recommended to the Commission that county vocational schools be brought into the equalization formula in the same manner as provided for other local school districts. To incorporate such pupils in the regular foundation program at $200 per pupil meant charging some local fair share against them. Since all real estate, personalty, and shared taxes are charged against the local school districts within each county, this would involve a burdensome problem of adjustment. Since almost all county vocational education is financed directly from county budgets, some degree of equalization within the county is already accomplished. A further complication resulted from the practice of one county (Bergen) of charging part of its costs of day school vocational instruction back to the district of residence of its pupils. In contrast to three other counties operating vocational schools, Bergen County vocational students are counted in the average daily attendance upon which state aid is paid to local districts within the

county. The Commission resolved these difficulties by excluding Bergen County vocational students from average daily enrollments in Bergen County local school districts and recommending that:

> **All full-time day county vocational schools be brought into the equalization formula at minimum state aid of $50 per pupil in average resident enrollment.**

To implement this recommendation the Commission also recommends that:

> **The Commissioner of Education promulgate rules for the counting of such pupils in average daily resident enrollment, and that**
>
> **All pupils enrolled as full-time students in a county vocational school and residents of the same county, be counted in the vocational school and not in the school district in which they reside.**

For the other parts of the State's vocational program, the Commission found no ready alternative means of financing within the state aid formula. Therefore, state aid must continue as at present. However, it is felt that this is not the final answer, and that continuance of the present state aid programs is a temporary solution pending further investigation. Therefore, the Commission recommends that:

> **Present appropriations to the state school and the three industrial schools be continued, as at present.**
>
> **Matching grants for evening vocational instruction by counties and school districts, and matching grants for part-time day school instruction by counties only, be continued, as at present.**
>
> **The entire vocational program of the state be re-examined with a view toward its reorganization and a revaluation of its financial structure so that it may conform more generally to the school aid pattern.**

Evening Classes

There are at present three different programs of state support for evening classes. One-half of the costs of operating evening classes for the foreign-born are reimbursable by the State. However, while no appropriation for this purpose has been made since 1947-48, such classes have increased in number despite the absence of state aid. Evening vocational programs operated by school districts and county vocational schools are matched by the State up to $10,000 per school. Five local school districts and five counties qualify for such aid. Courses, other than vocational and for the foreign-born, are classified as regular evening courses, and reimbursement for them is provided under the Pascoe and Armstrong formulas.

The Pascoe Act provides a foundation program of $117.50 for each evening school pupil in average daily attendance. Since evening

school pupils attend school less than full time, the Commissioner of Education has promulgated rules for equating the time spent in such evening classes to the time spent in class by full-time day school pupils. While, undoubtedly, a good many evening school pupils are boys and girls who have to work during the day and have chosen this means to finish their high school careers, many more are adults who are pursuing evening education as an avocation. Against this background the Commission recommends that:

The law requiring reimbursement of one-half the costs of conducting evening classes for the foreign born be repealed.

Matching grants up to $10,000 per school for approved evening vocational programs be continued until such time as matching grants are no longer necessary to encourage school districts to offer such programs.

Enrollments of evening school pupils be equated to enrollments of full-time pupils under the foundation program, provided, however, that only evening school pupils up to twenty years of age are counted in the enrollment statistics.

Transportation

The Pascoe formula provides for reimbursement to school districts of 75 per cent of approved costs of transportation. Rules and regulations of the Department of Education define remoteness from school and establish standards for the approval of district bus routes and district purchases of equipment by the county superintendents.

There is no particular reason why the State's share should be defined as 75 per cent of transportation cost. Some question also arises concerning the equity of providing transportation aid as a straight reimbursement while aid for other purposes is provided on the basis of equalization. However, the 75 per cent transportation reimbursement has a long history and many districts with heavy transportation costs have built up a vested interest in this distribution. The Commission questions the wisdom of upsetting the program at the present time. The Commission, therefore, recommends that:

Each school district shall receive transportation aid of 75 per cent of its approved transportation expenditures as at present.

Special Classes

The Pascoe and Armstrong formulas allow for special classes for atypical children by counting such classes as the equivalent of 25 pupils, regardless of the number actually enrolled. Under the Pascoe Act, districts operating such a special class (when approved by the Commissioner of Education) are assigned a foundation base of $2,350. This is the equivalent of $94 (the per pupil foundation aid under

Pascoe) multiplied by 25. Where the local fair share charged against a district exceeds this amount, a minimum of $75 per class is authorized. Again, this is 25 times the Pascoe minimum of $3 per pupil. Pupils in such classes are not counted in the average daily attendance of the district operating the class. However, non-resident pupils in such classes are counted in the "sending" district from whence they come.

Armstrong aid distribution per pupil has varied from year to year from a low of about $10 to a high of about $20. For the past two years, $11.73 per pupil has been paid out under this distribution. Districts operating special classes received $293.25 for each class under this formula, i.e., $11.73 multiplied by 25. Thus, during the past two years, each district received $368.25 per class under the two formulas if it was a minimum district, and $2,643.25 per class if it was a district receiving equalization aid above the minimum. In addition all non-residents in these classes were counted in average daily attendance in their district of residence, which also received state aid on their behalf.

The Commission feels that this unbalanced method of child accounting cannot be justified and that all children should be counted in average daily enrollment in the district in which they reside. It also feels that reimbursement now paid in the minimum districts is insufficient for this type of educational effort. Since class size varies greatly depending upon the type of atypical pupil being educated, and on the geographical distribution of such children, additional reimbursement should be provided on a class basis, without regard to the district's ability to finance such classes. The wealth of the district can be taken into consideration in the foundation program, wherein these pupils are already counted. Therefore, the Commission recommends that:

All pupils, whether normal or atypical, be counted in average daily enrollment in the school district in which they reside.

Each school district operating approved classes for atypical pupils receive aid of $2,000 per class.

On the surface, this recommendation leaves unanswered the question of additional state aid to local districts which send children to special classes in another district. Foundation aid is provided for these children in the regular equalization formula, but the tuition charges incurred on their behalf are generally higher than those paid for normal children. State aids are provided under existing law at one-half the excess cost of educating handicapped children. Additional

aids to sending districts for handicapped children can thus be provided under this program. The Commission therefore recommends that:

> **Excess costs of educating handicapped children "sent" to special classes outside the district of residence be defined as the amount by which the tuition exceeds $200 (the foundation program) and that the State reimburse "sending" districts for one-half of this excess cost.**

Although the Commission has attempted to show the amount of state aid payable to each local school district under the recommended program (see Compendium Table I) it was unable to estimate the amounts of additional aid which might be paid to "sending districts" under this recommendation. The estimates do, however, include allowances at $2,000 per class for all approved special classes in the districts which operate the classes and any "excess costs" to the sending districts which are now covered by state aid.

Excess Costs of Crippled Children

To encourage attention to the special needs of handicapped children, New Jersey reimburses school districts to the extent of "one-half of the excess costs." These excess costs arise in the case of pupils unable to attend school. Bedside instruction of one hour per day, five days a week, at home, or in hospitals, is provided, in approved cases, where it is impossible or impracticable to require the child to attend school. In the case of crippled children attending special classes, excess costs are incurred in transporting them to the class. Such items as special transportation and attendants on buses, when approved by the State, are admissible for reimbursement under this program. Therefore, the Commission recommends that:

> **The state continue to reimburse school districts for one-half of the excess cost of educating handicapped children.**

Aid for Dependent Children

Dependent children aid is the popular term for what the statutes call "additional aid for children of school age." Present law provides an additional $45 per child to a school district for each pupil that resides on Federal property and for each pupil whose parents are engaged in migrant labor, and an additional $75 per child for each pupil that resides on State or county property and for each pupil that is a ward of the State or is in similar circumstances. Such grants are made on the assumption that no taxes are paid on behalf of such pupils and hence additional aid must be provided by the State.

Justification for these aids for dependent children must be on the basis that they bring no tax ratables to the district to help carry the cost of their education. Under an equalized foundation program, however, the absence of local tax ratables is reflected directly in the amount of state aid which the local district receives. Thus, within a foundation program of $200 per pupil in average daily enrollment, a child which brings no tax ratables to the district may be said to bring the full $200 in state aid. This is substantially more than the $105.73 to $119.23 minimum presently provided (Pascoe $94 to $117.50; Armstrong $11.73). If there is a need to supplement these present aids for dependent children, this need is eliminated under an increased foundation program at $200 per child. The Commission recommends that:

Present aids to local school districts for dependent children be discontinued.

Manual Training

The Tax Policy Commission concurs in the following recommendation by the School Aid Commission:

The Commission feels that manual training, after being given a financial incentive for many years, has proved its worth, and that school districts will be able to continue such classes through the larger per pupil grants which the new plan of distribution proposes.[1]

Library Aid

From the inception of this aid program 80 years ago, the amount of aid per school library was $20 for establishment of a school library and $10 for annual maintenance. Money is paid out to school districts and counties on approved application. Since the school districts themselves spend over a million dollars a year on their libraries, this small amount of aid is insignificant. It is questionable as to whether this small amount of aid is worth the bookkeeping expense involved to the districts and to the State. The increased state aid recommended on one pupil in a district overshadows the sum payable under this grant.

Therefore, the Commission recommends that:

Library aid to counties and school districts be discontinued.

[1] New Jersey State School Aid Commission *Report* (February, 1952), Part One, p. 15.

"Save Harmless" Provisions

The question arises, "Why, when state aid paid out to districts is being almost doubled, some districts get less money than they did before?" The answer is that state aid is not being doubled indiscriminately. It is only being doubled because it takes that amount of money to wipe out most of the inequities in the present distribution formula. It is unfortunate, but nonetheless true, that all inequities have their beneficiaries. Thus, any correction of these inequities means that the vested interests in the present state of affairs cannot be maintained. Correction of all inequities and provision that no district shall lose any state aid would require that the amount of aid be tripled rather than doubled, i.e., $90 million would have to be appropriated in place of $30 million presently budgeted and the $58 million recommended by the Commission on State Tax Policy.

School aid formulas employing the equalization principle rest upon a ratio between taxable wealth and school children in each district. As this ratio changes, the amount of state aid changes. The only way that state aid can remain constant is for the two factors to change in the same direction by equivalent amounts. Changing over from one state aid formula to another, involves, in this instance, a complete revision of property values although the school children to be educated remain the same.

The Pascoe formula measures the wealth of a school district by the net valuation taxable, or alternatively, by the number of people residing in the district. Neither one of these is a good measure of wealth. The proposed formula measures wealth of a district by the equalized value of real estate, assessed values of personal property and second-class railroad property, and non-property "shared" taxes available for local purposes. Districts that appear wealthy in terms of assessed values (without regard to assessment ratios) may appear less wealthy in terms of equalization. For example, Newark, with 8 per cent of the school children of the State has 10 per cent of the net valuation taxable, and hence by that measure is a "rich district." However, after equalization, Newark shows only 7 per cent of the wealth of the State, and hence is a district of below average wealth per pupil. On the other hand, Margate City with .1⅓ per cent of the children and .1 per cent of net valuation taxable shows .2⅔ per cent of the equalized wealth and is in reality a district with higher than average wealth per pupil.

These shifts explain why some districts may lose money under the proposed formula. A few districts that receive large amounts of shared

taxes find that they lose because such wealth is not reflected in present formulas. However, these taxes represent resources available for the support of local services and thus cannot be ignored in any realistic equalization.

As shown in Table 34, 54 districts are expected to receive less state aid during the first year under the new formula (1954-55) than they might receive under existing state aid provisions. Of these 54 districts, 13 are expected to receive less aid due to the operation of deficiency and "save harmless" provisions. In all instances, the loss districts show lower than average assessment ratios, thus indicating that their local taxable capacity is under-stated in existing formulas. These districts may, of course, appeal their assessment ratio and when it is too low they can obtain adjustments.

New Jersey has in the past protected local districts from possible loss in state aid by "save harmless" provisions. Under the Pascoe Act, deficiency aid is paid in amounts to hold districts harmless from their pupil-property ratio as it existed in 1943-44. If any district should be entitled to less Pascoe equalization aid than it received in distribution of the State school tax in 1943-44 it is held harmless, first by its own municipality and, if this is more than 74.17 per cent of the 1943 State school tax, by the State. Different districts qualify for deficiency aid every year as their wealth per pupil changes. This happens in some measure, in districts which become components of regional high schools, thus reducing their pupil load compared to ratables, and thereby qualifying for deficiency aid.

During the year 1953-54 some districts received "Bonus Aid," representing the difference between what they received in state aid (including all 10 funds) in 1952-53 and what they qualified for under the formula in 1953-54. Promulgation of the 1950 census in September, 1952, would have caused some districts to receive less aid because their population had increased between 1940 and 1950. "Bonus Aid" provided by A. C. R. No. 2, 1st Sp. Sess. of 1952 was an expediency measure to prevent this from happening.

Subject to some limitations, a new "save harmless" has been carried forward in projected budgets to protect districts in 1954-55 from receiving less state aid than they did in 1953-54.

Any district which gains aid is not affected by "save harmless" provisions. Their extension to loss districts promulgates inequities and defeats the purpose of equalization. "Save harmless" provision means that all emergency aid must go to the same districts that received it the base year, unless they show a gain in pupils. A dis-

TABLE 34

POSSIBLE LOSS DISTRICTS UNDER PROPOSED FORMULA

SCHOOL YEAR 1954–1955

Name of District	Proposed Formula Aid	Total Aid Budgeted 1954-55	Loss (—) to District	Deficiency Aid and "Save Harmless" Aid	Net Gain (+) or Loss (—)[1]	Assessment Ratio
Atlantic County—						
Absecon	$29,244	$31,839	—$ 2,595	$.....	— $2,595	11.00%
Folsom	4,248m	6,933	— 2,685	1,853	— 832	12.00
Hamilton	68,527m	72,122	— 3,595	.....	— 3,595	11.00
Port Republic	6,922	7,389	— 467	953	+ 486	8.00
Somers Point	27,061	31,505	— 4,444	1,390	— 3,054	14.00
Bergen County—						
Dumont	134,419	143,158	— 8,739	42,010	+ 33,271	19.89
Hillsdale	60,653m	64,658	— 4,005	.....	— 4,005	17.82
Midland Park	58,136m	62,374	— 4,238	.....	— 4,238	18.36
Montvale	23,128m	24,875	— 1,747	.....	— 1,747	16.19
Wyckoff	80,918m	91,976	— 11,058	.....	— 11,058	16.76
Burlington County—						
Bordentown Twp.	35,293m	36,854	— 1,561	.....	— 1,561	19.45
Burlington City	107,370m	111,035	— 3,665	.....	— 3,665	22.40
Medford Lakes	8,578	8,955	— 377	.....	— 377	14.26
Medford Twp.	37,197	40,350	— 3,153	.....	— 3,153	11.56
Moorestown	96,318	105,318	— 9,000	.....	— 9,000	18.28
New Hanover	10,649m	17,111	— 6,462	9,859	+ 3,397	a
Rancocas Valley Regional High School	70,631	76,834	— 6,203	.....	— 6,203	....
Woodland	11,611	11,950	— 339	4,001	+ 3,662	9.35

Cape May County—							
Lower Twp.	36,184m	38,118	—	1,934	.....	—	1,934	14.70
Stone Harbor	6,978m	7,914	—	936	3,700	+	2,764	28.07
Upper Twp.	31,734m	31,971	—	237	1,863	+	1,626	18.11
Hunterdon County—							
North Hunterdon Regional High School	82,180	87,581	—	5,401	.....	—	5,401	....
Middlesex County—							
East Brunswick	107,532m	118,115	—	10,583	.....	—	10,583	16.41
Raritan	277,359m	303,218	—	25,859	.....	—	25,859	18.24
Woodbridge	403,619m	427,822	—	24,203	.....	—	24,203	17.07
Monmouth County—							
Atlantic Highlands	21,911m	22,805	—	894	1,287	+	393	22.53
Manasquan	25,185m	31,943	—	6,758	2,926	—	3,832	19.20
Ocean Twp.	86,774	93,380	—	6,606	.....	—	6,606	16.76
West Long Branch	27,355m	31,031	—	3,676	.....	—	3,676	16.36
Morris County—							
East Hanover	31,042m	36,883	—	5,841	.....	—	5,841	23.52
Washington Twp.	36,684	39,396	—	2,712	5,496	+	2,784	15.40

TABLE 34

POSSIBLE LOSS DISTRICTS UNDER PROPOSED FORMULA

SCHOOL YEAR 1954-1955—(Cont.)

Name of District	Proposed Formula Aid	Total Aid Budgeted 1954-55	Loss (—) to District	Deficiency Aid and "Save Harmless" Aid	Net Gain (+) or Loss (—)[1]	Assessment Ratio
Ocean County—						
Brick Twp.	61,530m	66,733	— 5,203	.....	— 5,203	10.98
Island Beach	.....m	85	— 85	85	+ 0	25.49
Little Egg Harbor	12,490	14,742	— 2,252	4,508	+ 2,256	15.20
Ocean Twp.	6,334m	6,906	— 572	830	+ 258	20.74
Point Pleasant	47,809m	57,790	— 9,981	.....	— 9,981	12.46
Stafford	19,579m	21,947	— 2,368	2,945	+ 577	12.16
Toms River	131,235m	133,779	— 2,544	.....	— 2,544	b
Somerset County—						
Bernards Twp.	87,948	89,257	— 1,309	.....	— 1,309	13.17
Hillsborough	71,211m	72,422	— 1,211	.....	— 1,211	17.08
Watchung	26,259	30,517	— 4,258	.....	— 4,258	16.02
Sussex County—						
Andover	31,183	32,524	— 1,341	.....	— 1,341	c
Frankford	37,902	41,946	— 4,044	.....	— 4,044	17.37
Hampton	14,505m	16,562	— 2,057	.....	— 2,057	11.42
Sandyston-Walpack	30,336	31,024	— 688	.....	— 688	d
Sparta	69,795m	71,063	— 1,268	.....	— 1,268	15.80
Stillwater	18,388	19,033	— 645	.....	— 645	17.65
Sussex	13,932m	24,577	— 10,645	.....	— 10,645	10.79

Union County—						
New Providence	51,017m	52,170	— 1,153	.....	— 1,153	17.82
Union County Regional High School	162,065	172,583	— 10,518	.....	— 10,518	....
Warren County—						
Hope	10,071	13,650	— 3,579	3,179	— 400	17.36
Independence	13,896m	15,967	— 2,071	1,822	— 249	14.49
Knowlton	16,591m	17,150	— 559	516	— 43	10.55
Pahaquarry	4,157m	4,216	— 59	181	+ 122	20.28
State Totals	$2,983,673	$3,222,056	—$238,383	$89,404	—$148,979	....

[1] Gain or loss exclusive of Deficiency Aid and "Save Harmless" Aid.
a Assessment ratio is: New Hanover, 18.40%; Wrightstown, 22.34%.
b Assessment ratio is: Beechwood, 13.64%; Dover, 12.09%; Pine Beach, 18.68%; South Toms River, 14.43%.
c Assessment ratio is: Andover Boro., 16.45%; Andover Twp., 9.63%.
d Assessment ratio is: Sandyston, 16.21%; Walpack, 16.65%.
m A district receiving the minimum of $50 per pupil in equalization aid.

Sources: Total Aid Budgeted—Unpublished Records of the Division of Business, Department of Education, State of N. J.
Assessment Ratio—Commission on State Tax Policy, *Sixth Report,* Compendium Table II

trict that bought a bus in 1950-51 and received the 75 per cent transportation reimbursement in 1952-53 up to $4,500, got the $4,500 again in 1953-54 as a "bonus." The district of Island Beach which had one pupil in 1950-51 and received State aid in 1952-53 of $84.54, also received $84.54 in 1953-54 although it had no pupils since 1950-51. The "save harmless" provisions budgeted for 1954-55 excludes transportation, but Island Beach is destined to get its $84.54 again, four years after its last pupil has departed.

Dumont (Bergen County) is an example of how "save harmless" legislation prevents the adjustment of state aid to changing conditions. In 1951, Dumont had 2,424 pupils in resident enrollment and a net valuation taxable of $10,332,983. Its aid for 1952-53 was apportioned on the basis of these data. During 1951 a parochial school was built in Dumont and a number of Dumont children enrolled there rather than in the public schools. In 1952, therefore, Dumont found itself with a resident enrollment of 2,102 pupils, and in the interim its net valuation taxable had increased by about $400,000 to $10,732,075.

With an increase in ratables and a decline in pupils for whom Dumont receives Pascoe foundation aid of $94 or $117.50 per pupil and Armstrong aid of $10.18 per pupil, Dumont should have received $50,000 less state aid in 1953-54 than it did in 1952-53. But Assembly Concurrent Resolution No. 2 of the 1st Special Session of 1952 provided that no district would receive less aid in 1953-54 than it received in 1952-53. It also provided that Armstrong aid should be $11.73 instead of $10.18. This entitled Dumont to "Bonus Aid" of $52,979.21.

State aid recommended in the current State budget includes another "save harmless" provision to the effect that no district will receive less aid in 1954-55 than it did in 1953-54, exclusive of transportation, and provided it has not suffered a decline in enrollment. Between 1952 and 1953 however, Dumont's enrollment increased by about 80 pupils, so it will qualify for "Bonus Aid" once again. However, the increase in pupils means more equalization aid, so that for 1954-55 Dumont is entitled to a "bonus" of $42,010.15.

The Commission does not cite this example as criticism of the school district of Dumont. To the contrary, it has no reason to believe that Dumont did not use the money wisely. But, the fact remains that for over a period of two years, "save harmless" provisions channel almost $95,000 to a local school district for no better reason than that its school roll dropped off. Under the recommended formula, Dumont is expected to receive $33,271 more than under existing formulas exclusive of "save harmless" provisions but $8,739 less than

under existing formulas when the "save harmless" provisions are included. This is the type of adjustment which is both desirable and necessary as inequities in present state aid distributions are corrected.

"Save harmless" provisions in a State equalization program are unsound public policy and cannot be justified. Deficiency aid which assures each district an amount equal to what it received under the State school tax in 1943-44 has no merit in a formula applicable 10 years later. In the same way, municipal aid which binds a municipality to pay its school district the difference between its equalization aid distribution under the Pascoe Law and its 1943-44 distribution under the State school tax, up to 74.17 per cent of the 1943 State school tax is both unnecessary and undesirable. As a "save harmless" provision, this municipal aid is a hoax in that its only accomplishment is to transfer a local tax levy from the school to the coterminous municipality.

The Tax Policy Commission, therefore, recommends that:

No "save harmless" provisions of any kind be incorporated within an equalization school aid formula.

Table 34 shows possible losses in state aid totaling $238,383 in 54 local districts when both deficiency aid (Pascoe) and "save harmless" aid (1955 budget) are credited to each. Only 41 districts lose when these two items are not credited to the district. The loss of these 41 districts amounts only to $200,575. Some of these losses may never be realized as new and refined computations are made. Corrections may result in some cases from reconsideration of assessment ratios. In all cases, however, the losses are small and will probably represent no hardship to the districts concerned. When hardship can be demonstrated, however, relief can be provided by the Commissioner of Education from an emergency fund available to him for just such purposes.

Emergency Fund

No general formula can anticipate all of the special financial needs which may arise among 548 local school districts, especially during a period of transition from an inequitable formula to an equalization formula. There is always the possibility that local conditions in some districts will require some special consideration. Sudden increases in school enrollments, failure of local revenue sources, catastrophes of nature, and unexpected teacher shortages, are only a few of the reasons why a school district may find itself in unusual financial need.

A too common tendency among state aid formulas, is undue complication arising out of attempts to provide for these eventualities.

Experience among the states, however, indicates each new emergency has its own peculiarities and requires special consideration. Efforts to anticipate them by special provisions in the formula are not only inadequate to meet real needs, but they result in wasteful expenditure of special aids to districts which manage to qualify for them on technical grounds when real need may not actually exist. In all instances, these special provisions complicate school aid administration at the State level.

In the final analysis, there can be no substitute for the judgment of the Commissioner of Education in the matter of special aids to meet emergency conditions. The Commission on State Tax Policy has taken the attitude that no "save harmless" provision can be justified under an equalization formula. If real hardship should develop during the transition, this hardship can be relieved most satisfactorily and at minimum cost in state aid by allocation from an emergency fund available to the Commissioner for that and other unusual needs. At the same time, the fund can be used by the Commissioner to provide guidance to local districts in the matter of adjusting to the new program.

At the present time, an emergency fund of $100,000 is provided. This amount has prevailed for several years and the School Aid Commission recommended its continuation. The Tax Policy Commission concurs in this recommendation, but feels that the amount should be increased. Therefore, the Commission recommends that:

> **An emergency fund of $250,000 be provided for use at the discretion of the Commissioner of Education, with the approval of the State Board of Education, to meet unusual financial needs of local districts as they arise.**

Limitation

Any foundation school aid program is vulnerable to abuse at the local level by districts unwilling to raise the full local fair share. There is always the possibility that districts with low educational standards will be content with something less than the foundation program and seek to provide only that education which can be provided from state aid alone.

The School Aid Commission recognized this danger when it recommended:

> **The State should not undertake a disproportionate share of local school costs, and no school district should receive state aid in an amount greater than 75 per cent of its total day school costs.**

Under a foundation program, however, the State assumes responsibility for that part of the cost of a minimum educational offering which exceeds a local fair share. In the case of districts with many children and few tax ratables, this state share may exceed 75 per cent of the foundation program cost. Under these circumstances, the reservations concerning state participation is better expressed in terms of local effort than in terms of over-all costs. Equalization requires that if a poor district makes a satisfactory effort to support itself, it is entitled to whatever aid is necessary to complete the program.

A common provision of equalization formulas is one which precludes the payment of aid to local districts which tax themselves less than the local fair share. However, these provisions are incompatible with the payment of minimum aid. New Jersey has 18 districts which spend more than $400 per pupil in average daily attendance (1952-53). Although this level of expenditure almost doubles the foundation program, six of the 18 districts raise less than the local share assigned to them and still qualify for minimum aid at $50 per pupil.

Among the 114 local districts which spend less than $200 per pupil in resident enrollment, only three raise less than their assigned fair share from local taxation (see Compendium Table II). These are the districts which appear to be providing less than a foundation program because they are unwilling to pay the cost. By the same token these are the districts from which the State is justified in withholding aid. Therefore, the Commission recommends that:

> **No district shall qualify for any state aid which does not raise from local taxation an amount at least as much as its local fair share under the foundation program and which does not spend at least $200 per pupil in average daily enrollment.**

The Tax Policy Commission is advised that some of the 114 local districts which spend less than $200 per pupil in average daily enrollment cannot economically raise their program to that level until they get better buildings in which to educate their pupils. The conditions of capital need can be retained in some measure within the foundation program by permitting the districts to accumulate some of the additional aid they will receive under the proposed formula toward a building program. So long as the districts continue to raise their full local fair share under the program, they will incur no penalty under the recommendations of the Commission. By way of protecting

against abuse of these provisions by local districts, however, the Commission also recommends that:

> **Any local district which raises from local taxation an amount at least as great as its local fair share under the foundation program and spends less than $200 per pupil in average daily enrollment may qualify for aid only by establishing a building fund subject to the advice and consent of the Commissioner of Education.**

Compendium Table I gives the amount of money payable to each district under the recommended formula. This sum is compared with the amounts budgeted for each district under current distribution formulas. Since the figures were developed from unaudited data, caution must be used in their interpretation. New and refined computations may give slightly different results in some places.

PART IV

THE FINANCING OF STATE SCHOOL AID

The root of State aid policy lies in tax policy. Even the measure of State aid is most often determined by what we can afford in State taxes. By its nature State aid implies that revenue required for education will come from some source other than the property tax. Non-property tax sources are more readily administered by States rather than local governments, and needy school districts are likely to have few sources of non-property tax revenue. The need for State aid thus leads to a demand for State tax revenues. In Pennsylvania, a special Tax Study Committee has recently expressed the widely accepted conclusion that "the State tax problem is largely a problem of finding money to finance public instruction."[1]

This need to find money to finance public education has not been easily satisfied. It has not been made any easier by pressures for more home rule and for tax reduction, at the same time. Some States have sought to avoid the problem, at least in part, by responding to the view that school districts ought to have "fiscal independence." This was tried in Pennsylvania and New York, for example, but both States have had to increase their State aid programs.

The nub of the problem is not so much more money for schools, as it is the transfer of money for schools from one section of the State to another in order to equalize educational opportunity. This is especially true in a State such as New Jersey which ranks among the highest in ability to support education, although it includes very wealthy and very poor school districts. In simplest terms, this is the function of State taxation in school finance—to collect the revenue where it may be found and to distribute it where the school load may occur.

The trend among States as a whole is plain. In 1930, an average of 17 per cent of the revenue receipts of all school districts in the Nation came from State sources, whereas in 1940, this had risen to 30 per cent and in 1950 it was 40 per cent. Since 1950, the upward trend has continued and in a number of States more than 50 per cent of the revenue receipts of school districts now comes from State sources. This Commission submits that this is an unfortunate trend since there can be no real local self-government for schools without local self-support.

The influence of State aid for schools on State finance has been predominant everywhere. Local school districts spend over $6 billion a year, and over $2.5 billion of this sum is now coming from State

[1] Report of the Tax Study Committee, *The Tax Problem* (Commonwealth of Pennsylvania, May, 1953) page 19.

aid. This growing burden upon the State has required every possible tax adjustment, and State tax policy everywhere has been in a literal ferment. The result has been summed up in this way:[1]

> The question remains, where has all the money come from? All in all, the solution of the revenue problems in other states might be boiled down to this. They have primarily increased rates on established taxes and adopted some special taxes. Selected special taxes on cigarettes, carbonated beverages, truckers, horse racing have had noticeable growth. Some states have cut costs, and shifted costs from a tax to a non-tax base by going into public authorities. They have looked at inequities and tightened up as much as they could. They have begun to look at their distribution of state revenue, in the form of state assumption of local services, sharing of state taxes, and actual grants-in-aid measured by needs. Not all methods have been used everywhere but each of them has been helpful somewhere. Each state is looking hopefully across the fence to its neighbor for the answer to its own revenue problems. The truth is that the answer really lies solely in its own conscience.

It is notable that among all the readjustments few new taxes have been added since 1945:

—One State (Rhode Island—1947) adopted a corporate income tax—it is now used by 32 States.

—One "State" (District of Columbia) added an individual income tax—there are now 32.

—Nine States added consumer sales taxes—this is the most noticeable trend, and it has occurred in Connecticut, Florida, Georgia, Maine, Maryland, Pennsylvania, Tennessee, South Carolina and Rhode Island.

—One State (Michigan) adopted a new business value added tax, known as the "adjusted receipts tax"—the first of its kind in America.

That State aid is a matter of tax sources rather than educational quality is evident from a comparison of school expenditures among those States which have high State aid and those which have low State aid.

It is surprising to find, contrary to the implications of many public school officials, that the States with the highest dependence upon State aid for school financing, show the lowest expenditures per pupil in average daily attendance—and the schools in States where State aid is the lowest show the highest expenditures per pupil in average daily attendance.[2]

In a recent study of all available data, Roger Freeman has found support for this conclusion in a detailed comparison of school expenditures—which educators usually identify with educational quality —and the extent of State support among all the States, as shown in Table 35.

[1] Miller, Wm., "How Other States are Meeting Their Revenue Problems" in Tax Institute Conference, The Pennsylvania Tax Question (1953) pages 143-44.

[2] Freeman, "State Aid and the Support of Our Public Schools", *State Government* (October, 1953).

TABLE 35

EXTENT OF STATE SCHOOL SUPPORT, EXPENDITURE LEVELS AND ADEQUACY OF SCHOOL FUNDS, 1949–50

Per Cent of School Revenues Derived from State Sources		Current Expenditure per Pupil in Average Daily Attendance		Increase in School Funds Needed to Bring Education to a Desirable Level(a)	
	RANGE	Median	Interquartile Range	Median	Interquartile Range
Highest 12 states	59.9% or over	$145.34	$122.88—$218.28	106%	38%—149%
Upper medium 12 states	39.5% to 58.0%	194.16	159.57— 232.89	55%	29%— 89%
Lower medium 12 states	24.1% to 38.6%	230.88	208.94— 248.43	30%	21%— 44%
Lowest 12 states	3.2% to 22.3%	230.44	218.37— 249.43	30%	20%— 37%

(a) This yardstick measures only standards of expenditure, not standards of education or achievement. Herbert S. Conrad and Rose Marie Smith: *Good Education—What Would It Cost?*—School Life, November, 1952, page 23.

It is important to note that there is no evidence that high State support causes low expenditures—only that it has failed to produce either high or adequate expenditures. There is also some evidence that it has led to a failure of school districts to tax themselves as much in the high State aid districts as they have in low State aid districts. In other words, State aid has been used to lighten the real estate tax burden rather than to enrich the education of our children.

As Freeman observes:[1]

> Has the extent of state aid weakened local responsibility in the high-support states? We might try to find the answer by correlating the extent of state school support with the local tax burden: Table IV shows that high state support typically accompanies a low local tax burden (local taxes as per cent of state income payments).

TABLE IV

Extent of State School Support and Local Tax Burden

Per Cent of School Revenues Derived from State Sources		Local School Taxes as Per Cent of State Income Payments	
	RANGE	Median	Interquartile Range
Highest 12 states	59.9% and over	2.30%	1.97—2.61%
Upper medium 12 states	39.5%—58%	3.76	3.20—4.43
Lower medium 12 states	24.1%—38.6%	4.12	3.67—4.85
Lowest 12 states	22.3% and less	4.96	4.61—5.32

Source: State School Support—*Biennial Survey of Education;* Federal Security Agency, Office of Education: *Statistics of State School Systems,* 1949-1950 (1952).
Local Tax Burden—Roger A. Freeman: *The State and Local Tax Burden,* State Government, April, 1953.

A closer scrutiny reveals that liberal property tax exemptions, property tax limitations and under-assessments are most common in high-state-support-low-local-tax-burden states. The low level of local taxation—expressed in per cent of income payments—indicates that it was not lack of local taxpaying ability which made high state support necessary. State aid has often served more to lighten the burden of local taxation and to relieve local officials of an onerous duty than to support schools.

[1] Freeman, "State Aid and the Support of Our Public Schools", *State Government.*

The effect of State aid as an influence on State tax policy, if not on educational offering, is made plain by an analysis of the revenue sources used to support education. In the States with high State aid, the property tax provides a relatively smaller part of the revenue needed for education. While local revenue for schools is still derived primarily from the property tax, very few States derive any substantial part of State school revenues from this source. This shift from the property tax to non-property tax is in fact the theme which runs through all State aid history.

New Jersey has made some shift away from the property tax as State aid has increased, but it is still among the States with one of the greatest percentages of public school revenues coming from property tax sources. As shown in Table 36, during the school year 1949-50, the median State provided 58.9 per cent of all State and local revenues for public schools from property taxes, whereas New Jersey provided 78.7 per cent from such sources in that year. A very few States were higher; the great majority were very much lower. There were only 13 States which derived more than 70 per cent of all public school revenues from property tax sources. These included:

Nebraska (93.5)
New Hampshire (92.6)
Kansas (81.3)
Illinois (80.9)
Iowa (80.8)
South Dakota (80.7)
Rhode Island (80)
Massachusetts (79.9)
New Jersey (78.7)
Colorado (77.8)
Wisconsin (75.8)
Connecticut (74.4)
Oregon (71)

As a first premise, therefore, the Commission concludes—

The selection of revenues to finance additional State aid for schools should be considered as an alternative to the property tax as much as a key to better schools.

TABLE 36

SOURCES OF LOCAL SCHOOL REVENUES BY STATE, 1949–50

State	Per Cent of Revenue Receipts From State Sources	Per Cent of All Revenue For Schools Derived From Property Tax
Delaware	89.2	8.7
New Mexico	84.7	14.4
North Carolina	78.1	13.6
Alabama	75.8	25.1
Washington	68.5	29.5
Georgia	67.7	28.4
Louisiana	67.4	26.4
South Carolina	64.0	28.6
Tennessee	63.3	28.2
Arkansas	62.7	32.5
West Virginia	62.4	35.0
Michigan	57.6	38.6
Florida	53.4	42.9
California	53.3	44.4
Utah	53.1	60.3
Mississippi	51.7	42.9
Texas	49.9	51.8
New York	46.7	48.7
Minnesota	46.6	48.1
Wyoming	44.6	64.0
Oklahoma	42.9	32.6
Virginia	40.7	53.2
Maryland	40.0	58.9
Indiana	39.4	58.9
Missouri	38.8	48.6
Kentucky	38.5	58.5
Pennsylvania	37.6	56.4
Nevada	36.9	57.1
Ohio	36.4	61.5
Arizona	36.0	63.4
Vermont	31.7	66.7
Montana	28.9	69.0
Oregon	28.6	71.0
Maine	27.6	65.6
North Dakota	26.9	63.0
Idaho	25.7	65.2
Connecticut	22.8	74.4
Wisconsin	22.6	75.8
Colorado	21.9	77.8
New Jersey	19.1	78.7
Illinois	18.9	80.9
Rhode Island	18.7	80.0
Kansas	18.5	81.3
Massachusetts	18.2	79.9
Iowa	17.6	80.8
South Dakota	13.0	80.7
New Hampshire	6.5	92.6
Nebraska	5.9	93.5

Source: "Public School Finance Programs of the Forty-Eight States," Federal Security Agency, Office of Education, Cir. No. 274, pages 71-72.

THE HISTORY IN NEW JERSEY

The property tax has not only been the mainstay of education in New Jersey, but for a long time it was also the source of such "State aid" as was available.

Prior to 1871, there was little in the way of any recognized State obligation for the support of free public schools. In 1817, the fund for the support of free public schools had been created through the efforts of James Parker of Perth Amboy and a committee appointed to inquire into the establishment of a fund for the support of free schools. The fund included $15,000 in 6 per cent United States bonds, dividends on shares belonging to the State in the capital stock of the Trenton Banking Company, the Cumberland Bank, the Newark Turnpike Company, "and one-tenth part of all moneys hereafter to be raised by tax for the use of the State." The one-tenth provision was replaced by a tax on bank stock in 1827. While this fund had some elementary importance in the early days of the State, it was not until the enactment of the State school tax in 1871, and the adoption of a constitutional amendment in 1875, that there was any affirmative recognition of the principle that "the Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all the children in this State between the ages of 5 and 18 years." (Const. 1844, Art. IV, Sec. VII, p. 6.)

The State school tax was first adopted in 1871. It was a State property tax levied upon the net valuation taxable in each county after adjustments for appeals, equalization and the value of second class railroad property. It was originally levied at the rate of 2 mills per dollar on such valuation, but this was increased in 1903 to 2.75 mills and in 1939 to 2.9 mills. As actually levied, the tax was not at a fixed rate. It was levied as "**such an amount as will make, when added to the amount determined and appropriated as aforesaid** (legislative appropriation), **a sum equal to two and nine-tenths mills on each dollar of valuation**," etc. (**Rev. Stat.** 18:10-18). Since it was not the practice to make any provision of this kind in the annual appropriation acts, the full 2.9 mills was levied. Beginning in 1946, however, $4,000,000 (derived from the then new corporation franchise tax) was applied annually toward reduction of the school tax (Laws of 1945, Ch. 164). On the basis of the 1944 school tax of $15.8 million, this meant a reduction of approximately 25 per cent in the effective rate of the State school tax, bringing it down to 2.15 mills. The actual percentage reduction in each year would vary depending upon the fluctuation, if any, of net valuation upon which State and county

taxes were apportioned. The amount of tax raised in each county for selected years between 1926 and 1946 is shown in Table 37.

It can be shown that for the State as a whole the property tax today is a lighter burden than it was in 1929 or during the 1930's (Table 38). Like any other measure of a state-wide trend, however, this does not show that the incidence of income payments does not fit the incidence of the obligation to pay property taxes. This is the anomaly of our time—wages and prices are higher than ever before but taxes are also at peak rates and leave disposable income insufficient to match increased costs of living—including the costs of real estate taxes.

TABLE 37

TOTAL STATE SCHOOL TAX BY COUNTIES[1]

(Rounded to thousands of dollars)

County	1926	1931	1936	1941	1944	1946
1. Atlantic	$757	$1,196	$520	$393	$339	$248
2. Bergen	829	1,310	1,353	1,301	1,376	996
3. Burlington	164	196	167	164	172	129
4. Camden	724	970	697	681	712	526
5. Cape May	180	285	175	150	149	109
6. Cumberland	134	147	139	140	146	109
7. Essex	3,105	4,460	4,701	3,991	3,854	2,847
8. Gloucester	159	188	154	154	159	119
9. Hudson	2,817	3,489	3,409	3,053	2,918	2,102
10. Hunterdon	72	84	82	228	686	71
11. Mercer	662	810	716	676	692	521
12. Middlesex	443	580	595	550	590	436
13. Monmouth	513	650	559	533	489	383
14. Morris	209	317	323	329	349	261
15. Ocean	94	145	128	126	131	96
16. Passaic	993	1,306	1,088	1,030	1,060	798
17. Salem	92	100	115	122	134	104
18. Somerset	144	186	183	187	196	147
19. Sussex	82	92	88	90	94	65
20. Union	921	1,341	1,311	1,387	1,462	1,081
21. Warren	110	125	120	118	120	86
Total for State	$13,205	$17,979	$16,624	$15,400	$15,827	$11,234

[1] Levied upon taxable valuations of preceding year.

TABLE 38

COMPARISON OF PROPERTY TAXES TO INCOME BEFORE TAXES

NEW JERSEY: 1929–1953

Year	(Thousands) Total School Tax Levy[1]	(Thousands) Total Property Tax Levy	School Tax As % of Total Property Tax[2]	(Millions) Income Payments	School Tax As % of Income Payments[2]	All Property Taxes As % of Income Payments
1953.....	$196,995*	$464,631	42.4%	$10,238*	1.92%	4.54%
1952.....	178,452	433,426	41.2	9,412	1.90	4.61
1951.....	158,954	394,834	40.2	8,795	1.81	4.49
1950.....	157,174	368,691	42.6	7,777	2.02	4.74
1949.....	147,832	355,689	41.6	7,030	2.10	5.06
1948.....	136,401	334,288	40.8	7,039	1.94	4.75
1947.....	120,972	297,705	40 6	6,545	1.85	4.55
1946.....	106,219	266,621	39.8	6,188	1.72	4.31
1945.....	110,559	257,587	42.9	5,797	1.91	4.44
1944.....	103,669	256,355	40.4	5,838	1.78	4.39
1943.....	101,001	250,422	40.3	5,420	1.86	4.62
1942.....	98,025	250,548	39.1	4,572	2.14	5.48
1941.....	97,804	262,384	37.3	3,676	2.66	7.14
1940.....	98,005	259,046	37.8	3,183	3.12	8 26
1939.....	94,727	258,703	36.6	2,859	3.31	9.05
1938.....	91,917	256,465	35.8	2,658	3.46	9 65
1937.....	87,632	242,988	36.1	2,835	3.09	8.57
1936.....	83,841	237,682	35.3	2,690	3.12	8.84
1935.....	78,751	233,230	33.8	2,361	3.34	9.88
1934.....	75,154	231,339	32.5	2,197	3.42	10.53
1933.....	70,970	228,788	31.0	1,985	3.58	11.53
1932.....	92,030	257,659	35.7	2,151	4.28	11.98
1931.....	94,810	260,414	36.4	2,713	3.49	9 60
1930.....	92,941	259,776	35.8	3,081	3.02	8.43
1929.....	89,101	245,507	36.3	3,268	2.73	7.51

[1] Includes school district property tax certifications plus State School Tax from 1929 through 1946. Includes school district property tax certifications plus Municipal Aid from 1946 through 1953. Chapter VI debt service is always omitted in this column, but, of course, is included in the next column.

[2] Inasmuch as Chapter VI debt service is not included with school taxes, the percentages below understate the case.

* Estimated.

Sources: Abstracts of Ratables of counties (New Jersey), 1953; Annual Reports of the Division of Taxation, Department of the Treasury, State of New Jersey; Fourteenth and Fifteenth Annual Reports of the Division of Local Government, Department of the Treasury (1951, 1952); U. S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, August, 1953, p. 12.

The State school tax was assessed for the last time for the year 1946, since it was repealed, effective January 1, 1947, by Chapter 88 of the Laws of 1946. By the same legislation, distributions of railroad tax funds and of the income of the State school fund and of the fund known as the 1837 surplus revenue fund, were consolidated in a State public school account, to be available for the maintenance and support of a thorough and efficient system of free public schools. All of these funds other than the State school tax fund provided relatively small amounts for distribution to school districts due either to their small yield or to prior charges upon them for State educational purposes.

Prior to 1947, it is thus clear that the funds for State aid to schools came from a State property tax the burden of which was apportioned among the counties in the same way that the costs of county government were apportioned, upon local taxpayers. Ninety per cent of the yield of the State school tax was in turn paid out to the counties as "State aid" for schools. The balance of 10 per cent was used by the commissioner as an equalization fund. Within each county the money was distributed to the school districts upon the basis of pupils and teachers, primarily, in each district. The result was that there were "paying" and "receiving" districts depending upon whether the district received in this form of State aid more than it was obliged to raise for the State school tax.

In brief, what went for State aid prior to 1947 was in fact self-aid on a county-wide basis. In 1944, for example, when the State school tax amounted to $15.8 million, there was a total of 398 school districts which received in State aid more than they paid out in State taxes, with a net gain of $3 million, while there were 154 school districts which paid out more in State school taxes than they received in State aid.

The cigarette tax came in 1948 (Laws of 1948, Chapter 65 as amended by Chapter 108). It will be recalled that the Pascoe formula was adopted in 1946 (Laws of 1946, Chapter 63) to take effect in 1947 but without any provision for the needed revenues. It was then assumed that the corporation franchise tax of 1945, which was estimated to yield about $7 million, would provide a good part of the funds needed to finance the Pascoe formula. Meanwhile, railroad taxes had fallen off between 1945 and 1947 almost $5 million. The surpluses of deferred expenditures from the war years were also soon exhausted. The Governor's budget message for the 1948-49 fiscal year called for $14 million to finance the Pascoe formula, including the additions contemplated in 1947. In addition, the budget recommended new aid of $10 million (to become the Armstrong formula) for direct distribution to school districts. It was on this basis that the cigarette tax was recommended and adopted.

This brief history of the financing of State aid for schools in New Jersey points to the continuation of two co-ordinate policies:

1. State aid may no longer be provided from a state property tax; and

2. The revenues needed for additional state aid must be found either within existing non-property tax sources or from new sources other than property.

Any suggestion of new taxes has long been associated with the opposition of both major political parties to individual income and sales taxes. Whether this will be a permanent policy in the determination of State revenue policy for State school aid may yet be an open question. It is certainly part of the present practical environment of tax legislation, however, and it has been given due weight by this Commission.

It remains then to determine what revenue measures may, within this environment, provide the $28 million needed to finance the program recommended in this report.

WHAT COULD THE EXISTING TAX STRUCTURE PROVIDE?

There are various ways of measuring the permissible level of the tax burden on any subject of taxation. There is no measure which provides an absolute result, since taxes may theoretically exploit a given tax base to the point of confiscation. For want of better measures, therefore, we customarily look at tax bases from two points of view:

1. The comparative burden of each base as compared with that borne in other states by the same base—this is what might be called the method of acceptance by association.

2. The economic impact of a tax on a given base in view of the ability to pass it on, to absorb it, or divert it—this might be called the method of least utility, which applies especially to so-called luxury taxes.

When the tax structure of New Jersey is approached in these two ways, the major sources of possible revenue appear as follows:

Taxes on Individuals

It is still true that if an individual does not smoke, drink, bet on the horses, drive an automobile, or die, he pays nothing directly for the support of State Government in New Jersey.

Cigarettes

The cigarette tax is now used by 41 States and the District of Columbia. In addition the Federal tax, under the Revenue Act of 1951, is 8 cents per package of 20 cigarettes. While this rate was scheduled to revert to $3.50 per thousand on April 1, 1954, the present outlook is that this reduction will be postponed. The present rates vary among the States from 2 cents a pack (in five States) to 8 cents a pack (in Louisiana). There are 20 States which have the 3-cent a pack rate that now prevails in New Jersey (see Table 39).

TABLE 39

STATE CIGARETTE TAX RATES, 1953

(Per Standard Package of 20 Cigarettes)

2 cents	3 cents	4 cents	5 cents	6 cents	8 cents
Arizona	Alabama	Maine	Florida	Arkansas	Louisiana
Kentucky[1]	Connecticut	Minnesota	Massachusetts		
Ohio	Delaware	Mississippi	Oklahoma		
Utah	Georgia	Montana	Tennessee		
Wyoming	Idaho	New Mexico			
	Illinois	Pennsylvania			
	Indiana	Texas			
	Iowa	Vermont			
	Kansas	Washington[3]			
	Michigan	West Virginia			
	Nebraska				
	Nevada				
	New Hampshire[2]				
	New Jersey				
	New York				
	North Dakota				
	Rhode Island				
	South Carolina				
	South Dakota				
	Wisconsin				
No. of States					
5	20	10	4	1	1

[1] The statutory rate is 1 per cent for each 10 cents of the retail price or fraction.
[2] The statutory rate is 15 per cent of the retail price.
[3] The statutory rate is 2 cents for each 10 cents of the retail price or fraction.

Source: U. S. Treasury Department *Overlapping Taxes in the United States,* prepared by the Analysis Staff, Tax Division, for the Commission on Inter-Governmental Relations (January, 1954), p. 99.

New Jersey ranks eighth among the States in population, and its total revenue from cigarette taxes was eighth among the States in 1953. It is striking, however, that the per cent of total State tax collections provided by the cigarette tax in that year was 10.4 per cent in New Jersey, which was substantially above the percentage provided by this tax source in any comparable State. (See Table 40.)

TABLE 40

TAX REVENUES FROM CIGARETTES IN SELECTED STATES

FISCAL YEARS 1951–1953

(Amounts in thousands)

	Revenue 1951	Revenue 1952	Revenue 1953	Rank by State As to Total Tobacco Revenue in 1953	Per Cent of Total State Tax Collections 1953
Connecticut	$7,854	$8,443	$8,800	17	6.36%
Illinois	27,828	28,919	30,867	4	6.00
Indiana	12,980	13,319	13,767	10	4.84
Massachusetts	26,509	26,743	28,364	5	8.81
Michigan	23,246	24,148	25,740	6	4.41
New Jersey	18,410	19,099	19,675	8	10.40
New York	58,486	59,769	61,609	1	5.51
Ohio	18,951	19,816	20,800	7	4.23
Pennsylvania	43,380	44,265	45,103	2	8.46
West Virginia	2,060	5,748	5,532	23	4.52
Wisconsin	10,079	10,418	10,629	15	4.20

Source: U. S. Bureau of the Census, "State Tax Collections" for each year.

Conclusion as to the cigarette tax—New Jersey would be in line with Pennsylvania if it were to add another penny to the cigarette tax, but this would exceed New York which has a 3-cent tax. The yield of an additional penny would be about $6 million a year.

Alcoholic Beverages

Any approach to liquor taxes requires a full awareness that the Federal tax on liquor was raised to $10.50 a gallon in 1951. It is scheduled to return to $9 a gallon in 1954, but it now appears that this reduction will be postponed. Even that $9 rate is so high that additional State taxes on this subject seem to be inappropriate.

There is also a Federal tax of $9 per barrel on beer. In addition, State taxes on beer range from less than $1 per barrel in six States to $13 per barrel in Mississippi (see Table 41). The beer tax in New Jersey yields about $4 million annually, and is levied at one of the low rates among the States, $1.03 a barrel (31 gals.). The New Jersey rate is also the rate in New York and the Connecticut rate is $1 per barrel, whereas in Pennsylvania it is $2.48 a barrel, $2.50 a barrel in Ohio, $1.24 in Illinois and $1.25 in Michigan. In effect, the New Jersey beer tax is now 3⅓ cents per gallon. Even assuming an 8-oz. glass, this is less than ¼ cents per glass. If the tax rate were increased to 5 cents per gallon or $1.55 per barrel, it would still be only a shade over ¼ cent per 8-oz. glass. An increase in the rate to $1.55 per barrel would yield an additional $2 million annually.

Pari-Mutuel Betting

In 1953, there were 25 States which taxed pari-mutuel betting at race tracks and in the aggregate realized a tax yield of $167,426,465. The method of taxation varies somewhat among the States, but it is generally a so-called take out from the total amount of the pari-mutuel turnover, which is divided between the racing association and the State. Out of the racing association's share, it pays all expenses of operating the track and distributes stakes and purses to the winning horses.

TABLE 41

STATE EXCISE TAXES ON BEER

SEPTEMBER 1, 1953

(Per 31-gallon barrel)

$.50 to $1	$1 to $1.50	$1.50 to $2	$2 to $3	$3 to $4
California	Connecticut	Kentucky	Arizona	Alabama
Colorado	District of Columbia	New Mexico	Delaware	Idaho
Maryland	Illinois		Indiana	Kansas
Missouri	Michigan		Iowa	New Hampshire
Nevada	Montana		Massachusetts	Tennessee
Wyoming	Nebraska		Minnesota	Virginia
	New Jersey		Ohio	
	New York		Pennsylvania	
	Oregon		South Dakota	
	Rhode Island			
	Texas			
	Washington			
	Wisconsin			
Total 6	13	2	9	6

$4 to $5	$5 to $8	$9 to $10	$10	$13
Georgia	Arkansas	South Carolina	Louisiana	Mississippi
Maine[1]	Florida		Oklahoma	
North Dakota	North Carolina			
Utah	West Virginia			
Vermont				
Total 5	4	1	2	1

[1] The tax on malt liquors manufactured in the State is 5⅓c. per gallon.

Source: U. S. Treasury Department, *Overlapping Taxes in the United States,* prepared by the Analysis Staff, Tax Division, for the Commission on Inter-Governmental Relations (January, 1954), p. 108.

In 1953, the revenue to the State of New Jersey from pari-mutuel betting reached an all-time high of $20,709,500. In this State the take out is 12 per cent of the pari-mutuel turnover, and the State tax is 6 per cent of the first $40 million wagered and 7 per cent on the remainder. This means that the racing association has left 6 per cent on the first $40 million wagered and 5 per cent on the remainder. Although the odds are calculated mathematically in the pari-mutuel pool, the bets are paid in even multiples of 10 cents. The result is that there is breakage which is disposed of in various ways among the States. In New Jersey, the State receives all of the breakage. This amounted to over $3 million in 1953, included within the total yield of the pari-mutuel tax.

The amount of the take out varies among the States, as to running races, from 10 per cent to 16 per cent. The range may be seen in Table 42. While the New Jersey take out is 12 per cent, it may be noted that the New York take out is 15 per cent. While the take out is 10 per cent in Maryland, it is also 15 per cent in Florida and Illinois. In view of the profitableness of track operation in this State due to the large volume of bets wagered, it would not be unreasonable to increase the New Jersey take out to the same level as New York.

Based upon 1953 betting experience, the additional 3 per cent would provide an additional $8 million to be distributed between the State and the racing associations. If this entire additional yield of the pari-mutuel tax were allocated to the State, it would mean $8 million additional revenue annually.

TABLE 42

STATE PARI-MUTUEL TAXES, 1953

State	Pari-Mutuel Turnover—Total	Revenue to State—Total	Total Take-Out Permitted—Running Racing	Pari-Mutuel Tax to State—Running Racing	Disposition of Breaks to State Running Racing	Total Moneys Distributed in Stakes and Purses
Arizona	$10,749,799	$427,230	15%	4-6%	None	$620,191
Arkansas	13,498,975	844,151	15%	5%	33⅓%	440,900
California	397,386,479	22,573,819	13%	4-6%	All over $27 mil.	10,757,175
Colorado	11,364,335	752,261	15%	5%	100%	587,660
Delaware	45,634,859	1,706,561	10%	3½%	None	1,225,000
Florida	150,163,501	12,773,132	15%	8%	100%	4,632,841
Illinois	232,527,107	16,081,420	15%[1]	6%	50%	7,407,215
Kentucky	44,622,455	1,322,333	13%[2]	3%[4]	None	1,825,890
Louisiana	30,562,729	1,472,050	13%	0-7%	None	1,460,400
Maine	12,263,921	803,081	16%	6%	50%	426,600
Maryland	141,108,549	6,782,756	10%	4%	50%	3,137,200
Massachusetts	68,497,471	4,953,649	14%	7%	50%	1,693,850
Michigan	123,457,358	7,132,758	12%	6%	50%	2,522,265
Nebraska	19,630,383	65,792	10%	None	None	496,225[7]
Nevada	2,580,323	56,565	12%	2%	100%	246,815
New Hampshire	44,777,530	2,547,924	11½%	5%	50%	1,382,157
New Jersey	266,267,063	20,709,500	12%	6-7%	100%	6,179,360
New Mexico	8,154,518	55,699	15%	½ of 1%[5]	None	615,044
New York	646,854,886	50,986,418[8]	15%	8%[6]	60%[6]	9,535,390
Ohio	107,442,460	5,184,841	12¾%	2-6%	50%	3,627,875
Oregon	7,184,738	334,188	12½-15%[3]	3-6%—5-7%[3]	None-None[3]	345,200
Rhode Island	91,694,765	7,011,369	13½%	7%	50%	2,712,975
South Dakota	443,389	14,595	12%	3%	None	Not available
Washington	16,646,496	843,862	15%	5%	None	800,565
West Virginia	62,347,164	1,990,511	12%	3%	None	2,537,935
Total	$2,555,861,253	$167,426,465				

[1] Chicago Area—14%.
[2] Keeneland—10%.
[3] Option 1 and Option 2.
[4] Keeneland—None.
[5] Association receives 9½%; 5% goes to horsemen's purses and ½ of 1% goes to State.
[6] Saratoga—50%.
[7] Purse distribution Ak-Sar-Ben.
[8] Including $18,460,818 from harness racing.

Source: National Association of State Racing Commissioners, "Statistical Reports on Horse Racing in the United States for the Year 1953" (1954).

Gasoline Tax

State taxation of gasoline bears upon both individuals and business, the latter paying a large part of the total yield in the form of taxes on business trucks and other vehicles. The gasoline tax is assessed by the Federal Government and by every State in the Union and the District of Columbia. The Federal tax of 1½ cents on each gallon of gasoline was increased on a so-called emergency basis to 2 cents beginning with 1951. The proceeds of this levy are placed in the general treasury funds of the United States Government. Substantially less than the amount received in this way is returned to the States in the form of Federal grants in aid for highways and direct Federal expenditures for roads. While the State tax rates range from 3 cents a gallon in Missouri and New Jersey to 9 cents a gallon in Louisiana, the weighted average rate based on the net gallons taxed was 4.83 cents per gallon in 1952.

New Jersey stands alone among all the States of the Nation with its State-wide 3-cent per gallon rate. Only one other State, Missouri, has a rate this low, but cities in that State levy supplementary rates. (See Table 43.) Among neighboring States, the rate per gallon in New York is 4 cents and in Pennsylvania 5 cents. In Delaware it is 5 cents and in Maryland it is 6 cents whereas Connecticut has a 4-cent rate. Due to this low gasoline tax rate, it now costs less to operate lightweight family automobiles in New Jersey than in any other State in the Nation.[1]

[1] See U. S. Bureau of Public Roads, "Road User and Property Taxes on Selected Motor Vehicles, 1953," *Public Roads*, April, 1953, page 133.

TABLE 43

STATE MOTOR FUEL TAX RATES[1]

SEPTEMBER 1, 1953

(Per gallon)

3 cents	4 cents	4½ cents	5 cents
Missouri	Connecticut	Michigan[1]	Arizona
New Jersey	Indiana		Delaware
	New York[1]		Kansas[2]
	Rhode Island		Illinois
	Texas[1]		Iowa[1 2]
	Wisconsin		Massachusetts
			Minnesota
			New Hampshire[2]
			North Dakota
			Ohio
			Pennsylvania[2]
			South Dakota
			Utah
			Vermont
			West Virginia
			Wyoming[1]
			District of Columbia
Total 2	6	1	17

5½ cents	6 cents	6½ cents	7 cents
Nevada	Alabama	Arkansas	Florida
	California[1 2]	Oklahoma (6.58)[2]	Kentucky
	Colorado	Washington	Louisiana
	Georgia		Mississippi[1]
	Idaho		North Carolina
	Maine		South Carolina[2]
	Maryland		Tennessee
	Montana		
	Nebraska[2]		
	New Mexico		
	Oregon		
	Virginia		
Total 1	12	3	7

[1] In most States, diesel fuel and other petroleum products are taxed at the same rate as gasoline. The States which tax diesel fuel at a different rate are as follows: California, 7 c. for the period July 1, 1953, to July 1, 1955 (6½ c. thereafter); Iowa, 6 c.; Michigan, 6 c.; Mississippi, 8 c.; New York, 6 c.; Texas, 6 c.; Wyoming, 4 c.

[2] The rates shown include temporary rates due to expire as follows: California, ½ c., June 30, 1955; Iowa, 1 c., June 30, 1955; Kansas, 1 c., June 30, 1955; Nebraska, 1 c., May 9, 1955; New Hampshire, 1 c., July 1, 1966; Oklahoma, 1 c., May 31, 1955; Pennsylvania, 2 c., May 31, 1955; South Carolina, 1 c., June 30, 1958.

Source: U. S. Treasury Department, *Overlapping Taxes in the United States,* prepared by the Analysis Staff, Tax Division, for the Commission on Inter-Governmental Relations (January, 1954), p. 113.

The annual yield of the gasoline tax in New Jersey is about $42 million, at the present 3-cent a gallon rate. The only argument against the use of an additional penny on the gasoline tax to aid in financing of State aid for schools is based on the old idea that highway user revenues should be used solely for highway building, repairs and maintenance. In this motor age, when it is impossible to charge highway funds with all of the direct and indirect costs of highways, including traffic law enforcement, courts, State, county and municipal administrative expense, planning and zoning burdens, and a host of municipal costs due to traffic congestion and the hazards of traffic accidents, there no longer can be any real justification for the dedication either in law or fact of highway revenues to highway users. Even if there were such justification, the Commission has in the past noted that some $50 million in property tax revenues are being applied to highway uses without regard to the source of such revenues.

An additional penny on the gasoline tax would make available $14 million annually for schools. Such a special levy outside the present 3-cent rate would be outside the so-called anti-diversion penalty of the Federal Hayden-Cartwright Act, and it would permit a broad-based support for schools.

Inheritance and Estate Taxes

Every State in the Nation except Nevada taxes the transfer of property at death. State policy in this regard is, in part, geared to assure taxpayers of the State the allowable credit under the 1926 Federal Revenue Act. This requires a distinction between estate taxes which are imposed upon the net value of the entire estate and inheritance taxes which are imposed upon the net value of the share received by a beneficiary from the estate. The 1926 Federal tax is applied on the net values of estates exceeding $100,000 at rates which vary from 1 to 20 per cent. Under the 1926 Federal act, the estate tax credit for taxes paid the State amounts to 80 per cent of the Federal levy.

Since 1932 the Federal Government has imposed an additional Federal estate tax at rates ranging from 3 to 77 per cent on the value of estates exceeding $60,000. There is no credit for State taxes paid against this much heavier Federal additional tax. It has been strongly urged that the Federal credit should be extended against the total Federal tax, and should be at least 50 per cent of that total. Such a credit would provide $6.0 million in additional revenue for New Jersey,[1] assuming that the State adopted appropriate legislation.

[1] See U. S. Treasury Dept., *Overlapping Taxes in the United States* (prepared by Analysis Staff, Tax Division, for the Commission on Inter-Governmental Relations, January, 1954), Tables 35 and 37.

There is now no credit for State taxes paid as against the Federal gift tax. If such a credit were provided, in the amount of at least 50 per cent of the Federal levy, this would mean an additional $1.2 million in revenue to the State of New Jersey. There are only 12 States which now impose a gift tax.

It is important to note that this additional revenue of a total of $7.2 million, could be acquired by the State without any additional burden on inheritances and estates, provided the necessary legislation were adopted by the Congress and our State Legislature.

New Jersey's State system of taxing inheritances and estates is similar to that used by the majority (38) of other States. It consists primarily of an inheritance tax, supplemented by a differential estate tax to gain the full benefit of the Federal credit against the 1926 Federal estate tax. As a revenue source, the inheritance tax has been more significant in the total State tax structure in New Jersey than it has, proportionately, in other States. (See Table 44.)

TABLE 44

INHERITANCE AND ESTATE TAX COLLECTIONS, SELECTED STATES FISCAL YEAR 1953

(Amounts in millions)

State	Collections	Per Cent Total State Tax Collections
California	$21.9	1.9%
Connecticut	8.7	6.3
Illinois	12.4	2.4
Indiana	4.4	1.6
Maryland	3.9	2.3
Massachusetts	12.2	3.8
Michigan	8.2	1.4
New Jersey	11.0	5.8
New York	30.0	2.7
North Carolina	3.5	1.2
Ohio	4.6	0.9
Pennsylvania	33.2	5.6
Virginia	3.0	1.6
West Virginia	1.3	1.1
Wisconsin	7.9	3.1

Source: U. S. Bureau of the Census, "State Tax Collections in 1953."

The reason for the greater importance of the inheritance tax, from a percentage of the total viewpoint, is that New Jersey does not have other revenues such as the sales tax and income tax which are in effect in other States. For this reason, the inheritance tax appears

as a larger percentage of the total than would be the case in a State having a larger total under a more diversified tax structure.

The inheritance tax rates in New Jersey run from 1 to 16 per cent on transfers to the spouse and lineal heirs, from 5 to 16 per cent on transfers to brothers and sisters, and from 8 to 16 per cent on transfers to other persons. In the maximum range, these rates are on the high side. In the minimum range, the 1 per cent rate is often 2 per cent or 3 per cent in other States. While some additional revenue could be derived from an increase in the range of rates applicable to all classes of beneficiaries, and by the adoption of a gift tax, the Commission has not considered such an increase at this time since it is hopeful that the work of the Federal Commission on Inter-Governmental Relations may result in an increase in the Federal tax credit which the State could absorb.

Taxes Payable by Business

While the gasoline tax is largely paid by business, and the tangible personal property tax is paid almost entirely by business, the only broad-based tax on business generally, imposed as a business tax, is the corporation business franchise tax which was adopted in 1945. That act was adopted as a result of an extensive study by this Commission of the taxation of intangible personal property. A principal requirement in the drafting of the franchise tax in 1945 was presented by the situation of certain large holding compaines which had colonized in Flemington in order to avoid the disastrous effects of the assessment of intangible personal property under the general property tax. This factor accounted for the allocation formula in the new act as well as a special rate structure designed to avoid an impracticable tax burden upon these companies.

Previous reports of this Commission have indicated that the net worth tax on corporations has a number of inequities which are serious from a theoretical point of view, but which are not yet significant from a practical standpoint because the rate of the tax is so low. Among States using net worth as the base of a corporate franchise tax, the New Jersey levy of eight-tenths of a mill per dollar of net worth allocated to this State is far less than comparable levies in Michigan, Pennsylvania and Massachusetts. In Alabama, Connecticut and South Carolina, in addition to the previous three States, the corporate franchise tax measured by capital stock or investment of capital is levied at a rate of 2 mills or more per dollar.[1]

[1] See Prentice-Hall, State and Local Tax Service, All-States Unit, Para. 1050.

If the corporate franchise tax were increased from eight-tenths of a mill to 1.6 mills per dollar on the first $100 million of net worth, it would provide an additional $9 million annually. As an alternative revenue source, the choice here is reduced to the question whether the funds required for school aid should be provided through a balanced program of additional rates on existing taxes on business, consumers and luxuries, or whether the entire load should be borne by a single new tax base such as a corporate income tax, business receipts tax, an individual income tax or a consumer sales tax. The alternative of a new tax is considered in the pages which follow. As a matter of policy, the financing of the revenue need within the existing tax structure has important advantages. To achieve these advantages, it would be necessary to double the present basic rate of the net worth tax and to increase the existing levies on gasoline and pari-mutuel betting. The Commission concludes—

> **That an additional state aid program of $28 million could be financed within the existing tax structure by a combination of an increase in the corporation business franchise tax to 1.6 mills ($9 million), an additional penny on the gasoline tax ($14 million), and an increase in the pari-mutuel betting tax to provide $8 million. While this sum is more than the $28 million of new money presently required by the proposed state aid program, it will be needed in order to finance the program after the first year.**

REVENUES OUTSIDE THE PRESENT TAX STRUCTURE

Beginning with its report on the taxation of intangible personal property in 1945, this Commission has consistently confined its recommendations for new taxes to such taxes as would remove inequities in the tax system. Thus in 1945 we recommended the corporation business franchise tax, as a replacement for the old capital stock tax and the most inequitable tax on intangible personal property. Subsequently, the Commission gave extensive attention to the problem of tax lightening on personal property used in business. As a solution to this inequity, the Commission recommended that the taxation of business personalty be abandoned, either entirely or at least with respect to business inventories, and that a gross receipts tax be used to provide the replacement revenues. In our **Fifth Report,** various alternative solutions to existing tax inequities were set forth in the form of legislative projects. In each instance, however, the Commission has been careful to point out that the adoption of any new tax should be keyed to the removal of one of the important inequities which exist in the present tax structure. In the discussion of possible revenue sources from new or additional taxes, therefore, this thought has been constantly applied.

The Individual Income Tax

Despite all the tax ferment of the past 10 years, there has been only one new income tax adopted, and that by the District of Columbia. The reason is that the Federal Government has practically preempted this field of taxation.

At the present time 31 States and the District of Columbia levy taxes on individual income. Included in this number are two States which levy such a tax on the income from intangible personal property only. There are two additional States which tax such income under their property taxes. States most comparable to New Jersey, such as Illinois, Michigan and Pennsylvania, do not levy individual income taxes at all. The basic reason for the reluctance of additional States to adopt the individual income tax is undoubtedly found in the extremely heavy Federal tax rates on this base which have been imposed to assist in the financing of the costs of World War II. This Commission has taken the view that the Federal Government has preempted the taxation of individual income.

The estimated yield of such a tax at 1 per cent and a $1,000 exemption is $32 million and at the rates comparable to the New York law, $63 million.

Consumer Sales Tax

This is the one major tax base available to States which has not yet been invaded by the Federal Government. It is also the most stable in yield of all the broad-based taxes. It has been most favored by States seeking a new tax base since the end of World War II—nine States having adopted such a tax, including the neighboring State of Pennsylvania. A total of 32 States, the District of Columbia and a number of local governments impose a consumer sales tax. The most frequent rate, that used by 21 States, is 2 per cent. Among the States using this tax, it provides an aggregate of 36 per cent of total State tax collections. The yield of a consumer sales tax would be sufficient to provide replacement revenues for the present taxation of merchandise inventories, as well as to finance the proposed new State aid program.

Estimated yield at a rate of 2 per cent—

(1) Without exemptions	$112 million
(2) Food exemption	80 million
Plus a use tax which normally must be adopted to protect the sales tax	5 million

Bingo and Raffles Excise Tax

It is assumed that the gross volume of licensed games will run from $75 million to $100 million. While there is no satisfactory way of estimating this with reasonable accuracy, it is a total comparable to the $226 million in pari-mutuel turnover. It has long been the practice of State and local governments to tax licensed and regulated enterprise, as in pari-mutuel betting and liquor taxes, and to discourage excesses as in the cigarette tax. A similar tax on bingo and raffles at 10 per cent of the gross receipts would yield, for school aid, up to $10 million.

Corporate Income Tax

The corporate income tax is an important source of revenue in 32 States which now levy such taxes, all of which were adopted before the war, except the Rhode Island tax which was enacted in 1947. In 26 of the States, the tax is levied at a flat rate, while six States, Arizona, Arkansas, Idaho, Mississippi, North Dakota and Wisconsin, levy it at graduated rates. Among all the States, the rates range from 2 per cent to 8 per cent of taxable net income and approximately two-thirds of the States using this tax permit a deduction of Federal taxes in the determination of net income for State tax purposes.

At the level of income which prevailed in 1953, a 3 per cent corporate income tax on net income before Federal taxes would yield $45 million, less a large part of the $10.4 million yielded by the present corporate franchise tax.

This Commission cannot recommend a corporate income tax to meet the present revenue need, for two reasons. First, it is undesirable as a means of financing State aid to schools. The corporate income tax is by its nature unstable in yield, which is sensitive to changes in business conditions. The cost of a school program, however, is not flexible and cannot be adapted to meet the fluctuations in the yield of a corporate income tax. As a tax base, moreover, corporate income is already heavily burdened by the Federal rate of 52 per cent on net income, and it is also too narrow a tax base upon which to support a new school aid program.

Second, the corporate income tax once used to finance school aid would never again be available to remove serious inequities which this Commission has previously described in the taxation of tangible personal property used in business. Those inequities are a handicap to the economic life of the State, which is the real source of tax-paying capacity, however measured. The Commission believes it would be the policy of wisdom to reserve the corporate income tax for use

as a replacement revenue, if at all, for the present personal property tax on business.

A General Business Tax

The recent adoption by the State of Michigan of a tax based on the volume of business of all corporate and unincorporated enterprise has the advantage of a broad-based business tax which is stable in yield, does not duplicate any existing Federal levy, and could eliminate important inequities in the present tax structure of New Jersey.

The general business tax as adopted in Michigan is in effect a tax at the rate of 4 mills per dollar on value added by manufacture, as applied to manufacturing, and on gross business done less the cost of goods and materials purchased by other forms of enterprise. It has other refinements which allow for additional deductions and for the allocation of business within the State.

This Commission has previously proposed a gross receipts tax in lieu of the present taxation of personal property used in business (**Second Report**). All of the objections that were raised to the gross receipts tax would be completely answered by the Michigan form of the business receipts tax, which is measured by business done less the cost of goods and services purchased. It thus avoids the pyramiding which has been recognized in the case of gross receipts taxes. As adopted in Michigan, it guarantees every taxpayer a 50 per cent deduction in the amount of his receipts and also provides for a flat exemption of $10,000. This means that an individual in business or practicing a profession would pay no tax unless his total volume of business exceeded $20,000 a year.

In New Jersey, this tax on the Michigan base and rates would have an estimated annual yield of about $25 million. If it were applied to corporations as an alternative minimum to the present net worth tax, rather than as an additional tax, about $7 million of the present yield of the net worth tax would be offset, leaving net new revenue of $18 million to $20 million for school aid purposes. With respect to this new tax base, moreover, the Commission repeats its position that its use now for school aid will forever foreclose its use to reform the recognized evil in the personal property tax on business.

Any new tax must represent a substantial readjustment of the tax burden among existing taxpayers. These differences in effect are prominent even within a major classification of business, such as manufacturing, as distinguished from retailing or service enterprise. The extent of these differences is illustrated by a comparison among

TABLE 45

INDUSTRY VARIATION IN INCOME TAX EQUIVALENT OF NET WORTH TAX

MANUFACTURING 1952–1953

Code	Industry	Rate of Return on Stockholders Equity Before Federal Taxes Fiscal 1952-53[1]	Income Tax Rate Equivalent in New Jersey[2]	Index of Variation	Rate of Return on Stockholders Equity After Federal Taxes Fiscal 1952-53[1]	Income Tax Rate Equivalent in New Jersey[2]	Index of Variation
	All Manufacturing Industries	23.6%	.339%	100.0	10.8%	.741%	100.0
20	Food	17.6	.455	134.2	8.0	1.000	135.0
21	Tobacco	21.2	.377	111.2	8.9	.899	121.3
22	Textile Mills Products	11.7	.684	201.8	5.2	1.538	207.6
23	Apparel and Finished Textiles	13.8	.580	171.1	6.8	1.176	158.7
24	Lumber and Wood Products	14.9	.537	158.4	8.5	.941	127.0
25	Furniture and Fixtures	21.8	.367	108.3	9.9	.808	109.0
26	Paper and Allied Products	23.2	.345	101.8	10.4	.769	103.8
27	Printing and Publishing (except newspapers)	19.8	.404	119.2	9.5	.842	113.6
28	Chemicals and Allied Products	25.7	.311	91.7	11.2	.714	96.4
29	Products of Petroleum and Coal	19.9	.402	118.6	9.5	.842	113.6
2911	Petroleum Refining	17.4	.460	135.7	13.0	.615	83.0
30	Rubber Products	29.3	.273	80.5	12.0	.667	90.0
31	Leather and Leather Products	15.9	.503	148.4	7.3	1.096	147.9
32	Stone, Clay and Glass Products	27.7	.289	85.3	12.4	.645	87.0
332	Primary Iron and Steel	24.4	.328	96.8	10.3	.777	104.9
333	Primary Non-ferrous Metal	22.5	.356	105.0	11.6	.690	93.1
34	Fabricated Metal Products	22.3	.359	105.9	10.2	.784	105.8
35	Machinery (except electrical and transportation)	26.5	.302	89.1	10.9	.734	99.1
36	Electrical Machinery	38.1	.210	61.9	14.4	.556	75.0
37	Transportation Equipment (excluding motor vehicles)	36.6	.219	64.6	13.7	.584	78.8
371	Motor Vehicles and Parts	41.3	.194	57.2	14.4	.556	75.0
38	Instruments (watches, optical goods, etc.)	30.6	.261	77.0	12.1	.661	89.2
39	Miscellaneous (including ordnance)	18.1	.442	130.4	8.2	.976	131.7

[1] Average rate of return on stockholders equity for the four quarters in the period July 1, 1952, through June 30, 1953.
[2] Rate of return divided *into* eight-tenths of a mill, the basic rate of the New Jersey Corporation Franchise Tax.
Source: Computed from data reported by U. S. Federal Trade Commission and Securities and Exchange Commission, Quarterly Financial Report, U. S. Manufacturing Corporations, 3rd quarter 1953, U. S. G. P. O. (Washington, Dec., 1953) p. 18.

individuals of the effect of the present net worth tax according to the different earnings experience of various industries. As shown in Table 45, all manufacturing industries realized a rate of return on the stockholders equity after Federal taxes in 1952-53 which averaged 10.8 per cent. Within this average, the textile mills products showed a return of 5.2 per cent while electrical machinery and motor vehicles groups showed a return in excess of 14 per cent. The New Jersey tax of eight-tenths of a mill on allocated net worth of the corporation might thus appear relatively heavy or light in burden depending upon the relative earnings of a given corporation. Over all, however, the present corporate franchise tax (eight-tenths of a mill on net worth) was extremely light on manufacturing industries, being the equivalent of only .741 per cent of net income realized in manufacturing, as shown in Table 45. Among the industries with the lowest net income, the tax amounted to 1.538 per cent of net income whereas among the most profitable industries, it amounted to .556 per cent of net income. It is inherent in any tax not measured by net income to show a widely varying burden index when compared with net income. The degree of the variation is shown in Table 45 as "Index of Variation."

A similar estimate of the effect of the Michigan adjusted receipts tax as compared with the present net worth tax is presented in Table 46. Among the selected manufacturing industries for which information was available, an adjusted receipts tax of eight-tenths of a mill would be required, on the average, to replace the present net worth tax of eight-tenths of a mill. As shown in Table 46, however, the equivalent levy would vary greatly depending upon the industries considered. For example, in the apparel and finished textiles group, a levy of four-tenths of a mill on value added by manufacture would be the equivalent in burden of the present eight-tenths of a mill on net worth, whereas, in the petroleum refining industry group the levy on value added (or "adjusted receipts") could go as high as 3.5 mills before it would be the equivalent of the present net worth tax of eight-tenths of a mill on net worth. Similar differences are shown in Table 46 for the equivalent rate on adjusted receipts (or value added) that would be required among the various industries to equal the yield of a tax of 2 mills on net worth. The index of variation among industries also shows extreme differences ranging from 52.6 to 440.3 (see Table 46).

Some simple computations of these tax measures for five example corporations, taken from the actual books and records of the corporations are shown in Table 47. Here again the rate of tax on the alternative bases required to equal the present net worth varies

TABLE 46

INDUSTRY VARIATION IN VALUE ADDED TAX EQUIVALENT OF THE NET WORTH TAX MANUFACTURING 1952–1953

Code		Ratio of Value Added to Value of Product[2]	Net Sales 1952-53 In millions	Est. Value Added	Stockholders Equity 1952-53 In millions	Ratio of Value Added to Stockholder Equity	"Adjusted Receipts" (Value Added) Tax Equivalent in New Jersey at .0008 In mills	at .0020 In mills	Index of Variation
	Average of Industries Listed[1]..	(43.4 weighted) (44.6 unweigh.)				98.6%	.811	2.028	100.0
20	Food	33.7%	42,984	14,486	10,684	135.6	.590	1.475	72.7
21	Tobacco	27.7	3,752	1,039	1,461	66.6	1.201	3.003	148.1
22	Textile Mills Products	37.0	13,990	5,176	6,255	82.7	.967	2.418	119.2
23	Apparel and Finished Textiles..	41.1	7,959	3,271	1,744	187.6	.426	1.066	52.6
24	Lumber and Wood Products	49.3	5,429	2,676	2,569	104.2	.768	1.919	94.6
25	Furniture and Fixtures	51.5	3,708	1,910	1,130	169.0	.473	1.183	58.3
26	Paper and Allied Products	39.4	8,035	3,166	4,331	73.1	1.094	2.736	134.9
27	Printing and Publishing (except newspapers)	64.7	5,262	3,405	1,905	178.7	.448	1.119	55.2
28	Chemicals and Allied Products	46.9	17,312	8,119	9,613	84.5	.947	2.367	116.7
29	Products of Petroleum and Coal	31.7	984	312	422	73.9	1.083	2.706	133.4
2911	Petroleum Refining	17.2	20,385	3,506	15,668	22.4	3.571	8.929	440.3
30	Rubber Products	43.3	5,433	2,352	1,766	133.2	.601	1.502	74.1
31	Leather and Leather Products..	37.8	3,081	1,165	929	125.4	.638	1.595	78.6
32	Stone, Clay and Glass Products	60.4	6,076	3,670	3,326	110.3	.725	1.813	89.4
34	Fabricated Metal Products	51.1	13,275	6,784	4,983	136.1	.588	1.470	72.5
35	Machinery (except electrical and transportation)	55.9	22,257	12,442	9,369	132.8	.602	1.506	74.3
38	Instruments (watches, optical goods, etc.)	59.3	3,817	2,263	1,520	148.9	.537	1.343	66.2
39	Miscellaneous	54.1	4,649	2,515	1,685	149.3	.536	1.340	66.1

[1] All averages except column one are weighted by the net sales 1952-53 of the industries listed.

[2] Ratio of value added to value of product in 1951.

Sources: U. S. Dept. of Commerce, Bureau of the Census, Annual Survey of Manufactures: 1951, U. S. G. P. O. (Washington, 1953), pages 38-46. Federal Trade Commission and Securities Exchange Commission, Quarterly Financial Report, United States Manufacturing Corporations, 2nd quarter 1952 and 3rd quarter 1953 U. S. G. P. O. (Washington, November, 1952, December, 1953).

TABLE 47

COMPARATIVE TAX MEASURES FOR 5 EXAMPLE CORPORATIONS

	Steel Fabricator	Printing and Advertising	Heating Appliances	Metal Framing	Transmitting Machinery
Net worth	$694,798	$230,212	$2,656,764	$939,095	$4,508,857
Tax at 8/10 mill	556	184	2,125	751	3,607
Net income (before Federal tax)	$202,819	$50,413	$430,474	$277,491	$348,198
Tax at 6/10 of 1%	1,217	302	2,582	1,664	2,089
Gross receipts	$987,614	$671,885	$5,169,678	$2,186,527	$8,120,918
Less Deductions:					
Taxes (other than income)	14,376	8,156	56,324	18,528	87,854
Materials purchased	387,054	142,797	1,779,743	1,175,003	3,487,119
Interest and rent	.....	.....	48,772	.....	68,893
All other	76,059	54,000	1,367,108	106,655	501,982
Total deductions	$477,489	$204,953	$3,251,947	$1,380,186	$4,145,848
Adjusted receipts	493,807 [1]	335,943 [1]	1,917,731	886,341	3,975,070
Less $10,000	483,807	325,943	1,907,731	876,341	3,965,070
Tax at 4 mills	1,935	1,304	7,631	3,505	15,900
Tax at 1.6 mills	774	522	3,052	1,402	6,360

[1] 50% of gross receipts.

greatly among the five corporations. It is apparent that the effect of any given tax policy, from the viewpoint of the individual taxpayer, cannot be measured by State-wide averages or even industry-wide averages. Each corporation would be required to determine for itself the effect of any given policy.

SUMMARY

The new revenue problems of many States have been solely a matter of finding money for education—there has been a noticeable trend to the consumer sales tax to this end.

Since 1947, New Jersey has moved away from the property tax as the source of support for State aid to schools.

On the basis of experience elsewhere, the selection of new revenue sources to finance new State aid should be considered as much a matter of relief of the property tax as of equalization of educational opportunity.

The new State aid program can and should be financed from within the existing tax structure, unless it is coupled with reform of tax inequities which this Commission has repeatedly described in previous reports.

The revenue needed for the new State aid program for the year 1954-1955 and for the next two years can and should be raised as follows:

Within the Present Tax Structure:

Increase in the yield of the tax on pari-mutuel betting by raising the takeout to 15%	$8,000,000
Increase in the 3-cent rate of tax on gasoline by 1 cent to make 4 cents (New Jersey and Missouri are now the only states in the nation with a 3-cent tax and in Missouri cities impose additional rates). This would be paid by business and individuals alike	14,000,000
Increase in the corporation franchise tax rate on the first $100 million of net worth from .8 of a mill to 1.6 mills. This would yield	9,000.000
Total recommended	$31,000,000

While the total recommended exceeds the total new money required for 1954-55, it will be needed to finance the cost of the new program by 1956-57, due to increasing enrollments.

PART V
COMPENDIUM TABLES

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

STATE SUMMARY

COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Atlantic	$3,841,100	$3,584,142	$1,349,588	$146,520	$1,535,047	$918,677	$16,525	$935,202
Bergen	18,596,160a	14,434,449	5,941,742	263,552	6,301,369	3,652,081	142,028	3,794,109
Burlington	4,112,840	2,408,656	1,804,151	193,461	2,014,195	1,373,044	42,626	1,415,670
Camden	9,116,180a	4,753,813	4,400,372	155,461	4,623,420	1,879,571	55,279	1,934,850
Cape May	1,156,560	1,539,092	414,171	72,838	495,079	312,912	10,539	323,451
Cumberland	3,089,860	1,292,345	1,797,515	138,437	1,956,167	970,512	4,040	974,552
Essex	24,027,560a	17,418,597	7,654,366	235,645	8,329,863	2,367,251	277,204	2,644,455
Gloucester	3,756,840	1,851,561	2,043,387	170,969	2,220,126	1,263,200	6,916	1,270,116
Hudson	13,199,100	10,006,432	4,204,854	122,765	4,613,936	1,315,177	440,217	1,755,394
Hunterdon	1,566,300	987,291	698,553	184,088	887,345	587,359	17,279	604,638
Mercer	5,972,780	4,445,750	1,784,525	187,798	2,026,733	1,060,091	2,678	1,062,769
Middlesex	8,502,660a	6,717,919	2,935,340	405,822	3,410,185	2,293,454	18,966	2,312,420
Monmouth	7,339,600	5,310,659	2,827,756	306,128	3,156,561	2,142,061	64,163	2,206,224
Morris	6,046,620	4,166,735	2,219,733	366,152	2,612,972	1,829,952	44,482	1,874,434
Ocean	2,031,080	2,283,133	670,679	159,006	831,374	637,539	25,843	663,382
Passaic	9,685,100	6,127,092	3,699,230	213,213	4,053,590	1,279,332	19,249	1,298,581
Salem	2,165,460	1,241,330	1,122,060	106,957	1,231,293	699,241	.....	699,241
Somerset	3,411,280	2,313,323	1,281,378	239,222	1,538,777	1,077,127	28,358	1,105,485
Sussex	1,549,980	1,017,050	674,978	177,784	860,286	644,698	456	645,154
Union	12,508,840	9,182,648	4,026,602	157,281	4,324,009	1,636,105	30,645	1,666,750
Warren	1,920,560	988,702	941,502	113,898	1,060,700	607,024	16,868	623,892
State Total	$143,596,460	$102,070,719	$52,492,482	$4,116,997	$58,083,025	$28,546,408	$1,264,361	$29,810,769

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

a Does not include full-time pupils in county vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

ATLANTIC COUNTY

ATLANTIC COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Absecon	$96,560	$71,205	$25,355	$3,889	$29,244	$31,839	$.....	$31,839
Atlantic City	1,356,460	1,703,989	339,115m	248	363,659	146,699	.....	146,699
Brigantine	65,740	89,297	16,435m	4,621	21,056	18,408	.....	18,408
Buena Vista	196,360	60,585	135,775	19,538	155,312	83,487	.....	83,487
Corbin City	8,320	2,581	5,739	1,833	7,571	3,814	476	4,290
Egg Harbor City	110,440	73,714	36,726	1,045	37,909	26,614	.....	26,614
Egg Harbor Twp.	161,520	97,026	64,494	24,206	88,700	64,467	1,324	65,791
Estell Manor	13,540	8,823	4,717	5,550	10,267	8,877	716	9,593
Folsom	12,780	10,107	3,195m	1,053	4,248	5,080	1,853	6,933
Galloway	158,360	96,379	61,981	16,341	78,323	58,824	2,911	61,735
Hamilton	150,320	123,827	37,579m	30,754	68,527	72,122	.....	72,122
Hammonton	249,120	157,654	91,466	13,302	105,169	72,042	.....	72,042
Linwood	83,860	46,746	37,114	1,275	38,389	25,478	.....	25,478
Longport	21,080	63,927	5,270m	2,272	9,542	4,371	.....	4,371
Margate City	192,980	268,667	48,245m	2,407	50,734	36,151	.....	36,151
Mullica	69,700	29,731	39,969	7,169	47,138	27,443	.....	27,443
Northfield	118,720	62,537	56,183	1,195	57,612	34,911	.....	34,911
Pleasantville	434,760	197,274	237,486	.....	237,486	111,189	.....	111,189
Port Republic	16,340	11,626	4,714	2,208	6,922	6,436	953	7,389
Somers Point	90,840	68,074	22,766	4,121	27,061	30,115	1,390	31,505
Ventnor City	201,200	333,237	50,300m	581	51,300	20,828	6,902	27,730
Weymouth	32,100	7,136	24,964	2,914	27,878	18,482	.....	18,482
County Vocational	.....	.....	.....	.....	11,000	11,000	.....	11,000
County Total	$3,841,100	$3,584,142	$1,349,588	$146,520	$1,535,047	$918,677	$16,525	$935,202

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

BERGEN COUNTY

BERGEN COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Allendale	$100,640	$63,944	$36,696	$432	$37,350	$31,299	$.....	$31,299
Alpine	18,360	46,825	4,590m	2,270	6,860	3,678	.....	3,678
Bergenfield	676,240	402,465	273,775	4,593	279,548	190,099	.....	190,099
Bogota	220,420	154,030	66,390	476	67,145	44,997	.....	44,997
Carlstadt	165,900	117,209	48,691	2,143	51,533	27,128	2,027	29,155
Cliffside Park	359,240	250,405	108,835	2,215	112,159	35,540	10,974	46,514
Closter	188,880	118,987	69,893	.....	69,893	50,613	.....	50,613
Cresskill	198,580	101,973	96,607	593	97,200	55,988	.....	55,988
Demarest	105,300	68,542	36,758	1,764	38,957	27,838	.....	27,838
Dumont	417,420	285,844	131,576	1,464	134,419	101,148	42,010	143,158
East Paterson	547,360	326,518	220,842	11,767	233,196	132,522	.....	132,522
East Rutherford	215,080	168,868	53,770m	1,623	55,892	24,328	8,352	32,680
Edgewater	107,200	226,099	26,800m	13,374	40,174	26,157	.....	26,157
Emerson	89,480	52,558	36,922	245	37,343	21,903	.....	21,903
Englewood City	629,300	637,195	157,325m	3,459	161,434	55,519	.....	55,519
Englewood Cliffs	26,600	54,871	6,650m	9	6,659	2,076	.....	2,076
Fair Lawn	965,040	772,376	241,260m	7,532	254,036	193,155	.....	193,155
Fairview	242,760	130,209	112,551	737	114,220	51,668	.....	51,668
Fort Lee	273,860	321,542	68,465m	1,169	69,634	30,133	.....	30,133
Franklin Lakes	92,480	54,493	37,987	7,590	46,532	26,677	.....	26,677
Garfield	691,620	432,001	259,619	1,275	270,929	97,229	.....	97,229
Glen Rock	338,600	225,870	112,730	.....	113,345	54,562	.....	54,562
Hackensack	853,980	763,573	213,495m	4,499	228,956	81,190	4,522	85,712
Harrington Park	75,180	47,468	27,712	3,092	30,804	23,106	.....	23,106
Hasbrouck Heights	303,620	232,352	75,905m	1,127	77,192	47,733	.....	47,733
Haworth	96,460	65,745	30,715	2,790	33,543	25,504	.....	25,504
Hillsdale	231,160	177,562	57,790m	2,578	60,653	64,658	.....	64,658
Hohokus	119,080	105,556	29,770m	1,267	31,037	21,096	.....	21,096

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

BERGEN COUNTY—*Continued*

BERGEN COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Leonia	$224,420	$179,684	$56,105m	$381	$56,486	$25,800	$1,379	$27,179
Little Ferry	174,400	84,146	90,254	10,521	102,449	59,053	.....	59,053
Lodi	601,240	261,287	339,953	3,109	346,799	172,553	.....	172,553
Lyndhurst	664,800	303,742	361,058	1,314	362,992	165,205	3,980	169,185
Mahwah	156,260	191,553	39,065m	14,403	54,433	26,651	11,954	38,605
Maywood	268,400	241,705	67,100m	2,250	70,441	45,333	12,188	57,521
Midland Park	184,820	148,320	46,205m	10,162	58,136	62,374	.....	62,374
Montvale	73,240	60,846	18,310m	4,697	23,128	24,875	.....	24,875
Moonachie	69,240	25,855	43,385	5,928	49,599	23,645	.....	23,645
New Milford	394,240	300,022	98,560	7,091	106,641	89,982	.....	89,982
North Arlington	340,660	254,884	85,776	1,990	88,562	33,140	23,414	56,554
Northvale	64,880	38,582	26,298	1,106	27,404	20,547	.....	20,547
Norwood	86,940	43,971	42,969	2,654	45,897	30,144	.....	30,144
Oakland	97,400	67,642	29,758	5,583	35,793	23,194	.....	23,194
Old Tappan	39,420	26,747	12,673	1,447	14,120	11,240	112	11,352
Oradell	152,920	152,115	38,230m	8,241	46,993	25,031	.....	25,031
Palisades Park	312,860	183,039	129,821	.....	130,956	74,427	3,006	77,433
Paramus	374,520	348,152	93,630m	13,542	111,487	48,676	.....	48,676
Park Ridge	123,200	75,843	47,357	79	47,851	38,273	.....	38,273
Ramsey	199,980	173,245	49,995m	2,279	52,658	46,349	2,497	48,846
Ridgefield	240,860	258,868	60,215m	15,181	79,008	49,162	.....	49,162
Ridgefield Park	340,880	208,652	132,228	1,873	137,817	73,164	.....	73,164
Ridgewood	789,060	730,992	197,250m	3,897	201,916	68,142	.....	68,142
River Edge	356,220	250,536	105,684	3,746	111,172	91,628	1,937	93,565

River Vale	71,620	49,673	21,947	100	22,047	16,351	.....	16,351
Rochelle Park	129,120	107,242	32,280m	1,276	33,712	25,319	.....	25,319
Rockleigh	4,900	8,833	1,225m	519	1,744	890	785	1,675
Rutherford	456,160	355,063	114,040m	2,869	121,727	44,096	.....	44,096
Saddle River Boro.	43,280	46,993	10,820m	2,174	13,234	6,476	.....	6,476
Saddle River Twp.	317,380	186,737	130,643	8,015	138,967	91,953	.....	91,953
South Hackensack	55,280	52,016	13,820m	615	14,749	5,026	8,886	13,912
Teaneck	1,196,620	1,010,604	299,155m	5,479	310,884	223,612	.....	223,612
Tenafly	414,380	362,316	103,595m	1,508	106,632	48,912	.....	48,912
Teterboro	200	112,555	50m	.....	50	15	22	37
Upper Saddle River	44,060	48,281	11,015m	4,641	15,656	10,488	.....	10,488
Waldwick	169,580	119,808	49,772	2,490	52,262	52,241	.....	52,241
Wallington	236,640	148,138	88,502	7,115	97,897	52,637	3,983	56,620
Westwood	287,420	298,262	71,855m	4,178	78,149	51,267	.....	51,267
Woodcliff Lake	61,120	108,319	15,280m	1,649	17,070	13,131	.....	13,131
Wood-Ridge	176,480	204,863	44,120m	1,720	47,485	21,557	.....	21,557
Wyckoff	251,280	199,236	62,820m	17,648	80,918	91,976	.....	91,976
County Vocational *	.....	.....	14,805m	.....	24,805	20,000	.....	20,000
County Total	$18,596,160	$14,434,449	$5,941,742	$263,552	$6,301,369	$3,652,081	$142,028	$3,794,109

* Resident average daily enrollment estimated.

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

BURLINGTON COUNTY

BURLINGTON COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bass River	$21,240	$15,149	$6,091	$2,850	$8,941	$7,045	$ 391	$7,436
Beverly	104,000	35,110	68,890	3,750	72,640	29,046	3,123	32,169
Bordentown City	136,960	81,668	55,292	.....	57,429	28,712	6,629	35,341
Bordentown Twp.	82,900	67,135	20,725m	14,568	35,293	36,854	.....	36,854
Burlington City	401,540	372,639	100,385m	.....	107,370	111,035	.....	111,035
Burlington Twp.	124,060	77,410	46,650	3,890	51,080	40,202	1,107	41,309
Chesterfield	58,940	27,024	31,916	7,147	39,063	23,499	.....	23,499
Cinnaminson	111,320	65,556	45,764	9,381	55,145	39,923	2,054	41,977
Delanco	102,100	41,994	60,106	3,982	64,735	36,337	.....	36,337
Delran	79,600	45,437	34,163	5,875	40,038	24,197	.....	24,197
Eastampton	22,700	11,872	10,828	1,466	12,294	5,701	450	6,151
Edgewater Park	45,660	30,379	15,281	3,080	18,361	15,791	.....	15,791
Evesham	89,440	42,318	47,122	8,675	55,797	35,351	.....	35,351
Fieldsboro	21,820	7,553	14,267	.....	14,267	6,459	224	6,683
Florence	241,960	164,824	77,136	2,232	79,563	61,647	.....	61,647
Hainesport	57,360	22,162	35,198	7,652	42,849	17,765	545	18,310
Lumberton	45,040	22,270	22,770	4,675	27,445	13,589	.....	13,589
Mansfield	67,860	37,607	30,253	6,340	36,593	23,957	1,102	25,059
Maple Shade	228,640	118,585	110,055	6,514	116,752	66,472	.....	66,472
Medford Lakes	26,120	26,978	6,530m	2,048	8,578	8,955	.....	8,955
Medford Twp.	115,660	90,250	28,902	6,013	37,197	40,350	.....	40,350
Moorestown	324,560	235,011	89,549	5,157	96,318	105,318	.....	105,318
Mt. Holly	210,940	113,913	97,027	.....	97,135	32,441	.....	32,441
Mt. Laurel	121,740	56,626	65,113	7,599	72,712	41,446	.....	41,446
New Hanover	23,980	30,628	5,995m	4,466	10,649	7,252	9,859	17,111

North Hanover	51,660	13,398	38,262	9,401	47,663	24,517	.....	24,517
Palmyra	193,000	112,216	80,784	.....	80,877	60,724	.....	60,724
Pemberton Boro.	37,520	11,907	25,613	.....	25,613	16,015	6,114	22,129
Pemberton Twp.	256,220	102,655	153,565	18,765	172,732	139,139	.....	139,139
Rancocas Valley Regional High School	98,100	31,870	66,230	4,402	70,631	76,834	.....	76,834
Riverside	185,180	86,768	98,412	.....	98,796	38,002	.....	38,002
Riverton	92,460	54,199	38,261	.....	38,651	23,077	.....	23,077
Shamong	35,880	9,875	26,005	5,646	31,651	18,414	887	19,301
Southampton	101,680	44,594	57,086	7,178	64,479	37,539	4,437	41,976
Springfield	49,320	26,821	22,499	8,151	30,650	19,131	75	19,206
Tabernacle	49,500	21,144	28,356	4,058	32,466	18,257	1,628	19,885
Washington	18,740	10,797	7,943	6,625	14,568	12,187	.....	12,187
Westampton	24,460	11,573	12,887	3,906	16,793	9,935	.....	9,935
Willingboro	31,780	16,279	15,501	3,121	18,767	11,980	.....	11,980
Woodland	21,200	14,459	6,741	4,845	11,611	7,949	4,001	11,950
County Total	$4,112,840	$2,408,656	$1,804,151	$193,461	$2,014,195	$1,373,044	$42,626	$1,415,670

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

CAMDEN COUNTY

CAMDEN COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Audubon	$259,440	$143,002	$116,438	$5,797	$122,235	$56,931	$2,172	$59,103
Audubon Park	72,000	544	71,456	.....	71,456	38,114	.....	38,114
Barrington	146,220	86,266	59,954	3,277	63,231	44,178	.....	44,178
Bellmawr	213,500	83,275	130,225	7,063	137,288	65,918	15,619	81,537
Berlin Boro.	85,840	30,336	55,504	7,287	62,828	29,348	.....	29,348
Berlin Twp.	69,240	10,423	58,817	949	59,765	16,136	3,740	19,876
Brooklawn	68,860	47,849	21,011	.....	21,227	13,860	.....	13,860
Camden	3,169,320	1,804,057	1,365,263	11,636	1,424,385	335,986	.....	335,986
Chesilhurst	10,240	2,514	7,726	2,511	10,238	4,856	331	5,187
Clementon	100,680	30,940	69,740	171	69,911	17,344	.....	17,344
Collingswood	404,360	297,765	106,595	533	107,637	61,497	.....	61,497
Delaware	375,780	249,575	126,205	15,862	142,344	102,181	.....	102,181
Gibbsboro	38,220	15,475	22,745	675	23,420	7,459	.....	7,459
Gloucester City	402,900	169,760	233,140	549	233,890	73,219	.....	73,219
Gloucester Twp.	302,060	104,016	198,044	19,768	220,085	113,184	.....	113,184
Haddon Twp.	406,900	259,961	146,939	6,585	153,906	87,292	.....	87,292
Haddonfield	334,620	265,254	83,655m	793	84,619	43,912	.....	43,912
Haddon Heights	235,500	165,549	69,951	3,717	73,668	59,298	.....	59,298
Hi-Nella	14,440	7,863	6,577	104	6,681	4,705	.....	4,705
Laurel Springs	52,240	21,318	30,922	418	31,432	12,921	.....	12,921
Lawnside	85,140	17,672	67,468	405	67,910	30,012	1,003	31,015
Lindenwold	119,240	31,469	87,771	3,425	91,252	28,119	.....	28,119
Lower Camden County Regional High School	172,240	27,628	144,612	13,896	158,508	119,427	.....	119,427

Magnolia	92,400	37,836	54,564	2,640	57,204	32,171	.....	32,171
Merchantville	101,260	72,925	28,335	.....	28,335	14,995	11,248	26,243
Mt. Ephraim	149,320	62,042	87,278	603	87,881	34,716	1,117	35,833
Oaklyn	135,900	79,888	56,012	356	58,582	32,099	5,616	37,715
Pennsauken	735,880	376,290	359,590	11,224	373,950	160,134	.....	160,134
Pine Hill	73,380	13,761	59,619	4,150	63,769	16,211	6,037	22,248
Pine Valley	.....	2,461	.....m	.....	.....	.....	.....	.....
Runnemede	177,080	69,129	107,951	5,758	114,073	56,750	.....	56,759
Somerdale	64,480	21,871	42,609	446	43,082	20,347	.....	20,347
Stratford	50,500	22,647	27,853	221	28,074	13,630	.....	13,630
Tavistock	.....	1,245	.....m	.....	.....	.....	.....	.....
Voorhees	67,600	24,427	43,173	7,626	50,861	26,516	1,121	27,637
Waterford	81,560	19,523	62,037	7,382	69,468	21,133	4,560	25,693
Winslow	163,740	42,679	121,061	8,858	129,919	43,668	2,715	46,383
Woodlynne	84,100	34,579	49.521	775	50,296	17,222	.....	17,222
County Vocational *	.....	.....	20,010m	.....	30,010	24,082	.....	24,082
County Total	$9,116,180	$4,753,813	$4,400,372	$155,461	$4,623,420	$1,879,571	$55,279	$1,934,850

* Resident average daily enrollment estimated.

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE 1

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

CAPE MAY COUNTY

CAPE MAY COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Avalon	$9,460	$53,038	$2,365m	$1,161	$3,526	$1,901	$.....	$1,901
Cape May City	77,680	125,694	19,420m	.....	19,420	12,200	.....	12,200
Cape May Point	2,340	10,324	585m	1,511	2,096	1,842	.....	1,842
Dennis Twp.	89,620	31,041	58,579	14,107	72,957	42,551	.....	42,551
Lower Twp.	109,120	93,947	27,280m	8,612	36,184	38,118	.....	38,118
Middle Twp.	193,040	82,821	110,219	13,367	123,586	76,154	4,976	81,130
North Wildwood	78,380	119,547	19,595m	56	19,651	11,157	.....	11,157
Ocean City	185,900	480,991	46,475m	6,921	53,673	26,563	.....	26,563
Sea Isle City	30,080	53,670	7,520m	3,939	11,723	7,488	.....	7,488
Stone Harbor	22,960	70,945	5,740m	1,238	6,978	4,214	3,700	7,914
Upper Twp.	62,680	47,807	15,670m	16,064	31,734	30,108	1,863	31,971
West Cape May	32,040	18,072	13,968	.....	13,968	8,184	.....	8,184
West Wildwood	8,000	11,921	2,000m	2,625	4,625	3,232	.....	3,232
Wildwood	131,100	229,757	32,775m	.....	32,975	15,488	.....	15,488
Wildwood Crest	63,820	85,201	15,955m	.....	16,047	6,569	.....	6,569
Woodbine	60,340	24,315	36,025	3,236	39,261	20,468	.....	20,468
County Vocational	.....	.....	.....	.....	6,675	6,675	.....	6,675
County Total	$1,156,560	$1,539,092	$414,171	$72,838	$495,079	$312,912	$10,539	$323,451

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE 1

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

CUMBERLAND COUNTY

CUMBERLAND COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bridgeton	$629,660	$244,796	$384,864	$.....	$395,024	$174,842	$.....	$174,842
Commercial	132,600	25,371	107,229	10,056	117,398	47,234	.....	47,234
Deerfield	73,400	20,352	53,048	6,228	59,277	26,789	.....	26,789
Downe	66,060	32,699	33,361	8,858	44,219	28,026	.....	28,026
Fairfield	118,440	25,344	93,096	8,951	102,047	42,595	3,320	45,915
Greenwich	45,340	16,117	29,223	5,606	34,829	19,937	.....	19,937
Hopewell	102,100	34,022	68,078	5,620	73,698	36,938	.....	36,938
Lawrence	99,120	24,754	74,366	9,903	84,269	43,276	.....	43,276
Maurice River	108,220	23,512	84,708	8,585	93,293	38,381	.....	38,381
Millville	540,980	218,087	322,893	22,899	346,504	154,939	.....	154,939
Shiloh	14,940	6,421	8,519	880	9,399	4,614	253	4,867
Stow Creek	44,160	15,080	29,080	3,971	33,051	18,160	467	18,627
Upper Deerfield	274,260	57,317	216,943	17,627	234,708	115,293	.....	115,293
Vineland	840,580	548,475	292,105	29,252	328,452	219,488	.....	219,488
County Total	$3,089,860	$1,292,345	$1,797,515	$138,437	$1,956,167	$970,512	$4,040	$974,552

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

ESSEX COUNTY

ESSEX COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1) - Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Belleville	$1,028,380	$561,288	$467,092	$10,687	$488,974	$99,017	$44,243	$143,260
Bloomfield	1,340,120	947,261	392,859	34,525	441,717	149,020	18,642	167,662
Caldwell Boro.	386,320	316,939	96,580m	3,166	101,131	39,705	14,973	54,678
Caldwell Twp.	74,200	125,112	18,550m	6,683	25,233	12,329	.....	12,329
Cedar Grove	215,360	206,094	53,840m	6,099	60,324	27,739	3,111	30,850
East Orange	1,516,800	1,236,366	379,200m	4,803	396,454	131,145	.....	131,145
Essex Fells	77,100	72,443	19,275m	3,053	22,328	12,264	.....	12,264
Glen Ridge	245,220	203,421	61,304m	409	62,354	24,502	855	25,357
Irvington	1,452,960	903,471	549,489	3,042	565,557	124,379	31,401	155,780
Livingston	502,340	328,651	173,689	23,936	198,624	78,359	4,207	82,566
Millburn	499,620	681,383	124,905m	7,276	139,062	55,055	.....	55,055
Montclair	1,211,080	1,001,235	302,770m	4,520	328,226	107,874	.....	107,874
Newark	11,071,860	7,400,758	3,671,102	88,023	4,034,508	978,142	72,560	1,050,702
North Caldwell	56,980	61,781	14,245m	5,486	19,965	9,921	1,833	11,754
Nutley	820,660	558,603	262,057	1,976	271,022	80,172	36,334	116,506
Orange	890,960	578,276	312,684	1,777	325,915	79,673	33,112	112,785
Roseland	86,060	77,388	21,515m	3,728	25,243	14,941	.....	14,941
South Orange	1,201,820	1,087,154	300,455m	1,248	306,145	101,447	998	102,445
Verona	388,420	308,349	97,105m	1,026	101,450	37,052	4,074	41,126
West Orange	961,300	762,534	240,325m	24,183	270,306	104,515	10,861	115,376
County Vocational *	.....	.....	95,325m	.....	145,325	100,000	.....	100,000
County Total	$24,027,560	$17,418,597	$7,654,366	$235,645	$8,329,863	$2,367,251	$277,204	$2,644,455

* Resident average daily enrollment estimated.

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

GLOUCESTER COUNTY

GLOUCESTER COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Clayton	$136,960	$45,313	$91,647	$1,943	$93,746	$49,482	$.....	$49,482
Deptford	332,220	144,088	188,132	18,746	207,346	117,699	.....	117,699
East Greenwich	96,220	42,744	53,476	9,414	62,890	39,911	.....	39,911
Elk	96,640	31,356	65,284	8,897	74,181	40,424	.....	40,424
Franklin	233,180	65,215	167,965	18,824	187,284	96,725	.....	96,725
Glassboro	203,100	120,728	82,373	2,007	86,570	67,690	.....	67,690
Greenwich	143,080	245,418	35,770m	5,477	41,314	18,892	.....	18,892
Harrison	95,920	29,673	66,247	10,330	76,578	41,754	.....	41,754
Logan	103,320	27,510	75,810	10,798	86,608	45,091	.....	45,091
Mantua	157,760	68,143	89,617	11,122	101,121	61,123	.....	61,123
Monroe	241,020	97,066	143,954	26,693	170,678	100,346	.....	100,346
National Park	107,680	23,878	83,802	2,764	86,566	36,336	.....	36,336
Newfield	40,600	16,600	24,000	738	24,858	13,749	1,558	15,307
Paulsboro	326,640	130,967	195,673	.....	196,134	103,898	.....	103,898
Pitman	281,320	137,292	144,028	.....	144,397	87,424	.....	87,424
South Harrison	44,600	12,028	32,572	8,556	41,128	23,893	.....	23,893
Swedesboro	114,400	77,076	37,324	6,547	44,320	38,553	.....	38,553
Washington	116,620	45,644	70,976	8,988	80,076	47,666	.....	47,666
Wenonah	65,620	33,938	31,682	3,161	34,843	21,559	.....	21,559
West Deptford	238,140	157,894	80,246	12,855	93,173	60,019	.....	60,019
Westville	150,780	77,020	73,760	3,108	77,265	37,675	5,358	43,033
Woodbury	376,740	200,747	175,993	.....	175,993	96,720	.....	96,720
Woodbury Heights	54,280	21,224	33,056	.....	33,056	16,571	.....	16,571
County Total	$3,756,840	$1,851,561	$2,043,387	$170,969	$2,220,126	$1,263,200	$6,916	$1,270,116

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

HUDSON COUNTY

HUDSON COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bayonne	$1,689,560	$1,415,015	$422,390m	$7,085	$472,038	$176,157	$43,847	$220,004
East Newark	53,280	34,471	18,809	.....	18,944	4,063	4,394	8,457
Guttenberg	137,200	80,120	57,080	225	57,667	13,323	19,296	32,619
Harrison	236,400	527,049	59,100m	2,210	65,325	27,619	.....	27,619
Hoboken	1,116,120	704,176	411,944	3,341	435,975	103,791	34,650	138,441
Jersey City	5,475,860	3,825,424	1,650,436	73,870	1,886,486	568,637	.....	568,637
Kearny	938,280	1,201,137	234,570m	2,787	246,323	83,848	.....	83,848
North Bergen	1,055,880	715,564	340,316	13,845	359,369	99,735	98,308	198,043
Secaucus	204,200	141,055	63,145	9,843	73,575	31,329	23,078	54,407
Union City	1,096,980	664,731	432,249	4,534	465,833	96,757	142,653	239,410
Weehawken	301,760	243,485	75,440m	750	77,188	28,550	.....	28,550
West New York	893,580	454,205	439,375	4,276	455,214	81,368	73,991	155,359
County Total	$13,199,100	$10,006,432	$4,204,854	$122,765	$4,613,936	$1,315,177	$440,217	$1,755,394

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

HUNTERDON COUNTY

HUNTERDON COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Alexandria	$57,280	$11,471	$45,809	$9,357	$55,166	$26,557	$.....	$26,557
Bethlehem	30,060	14,220	15,840	2,563	18,403	9,160	5,426	14,586
Bloomsbury	25,500	9,004	16,496	1,453	17,949	8,356	.....	8,356
Califon	18,980	7,923	11,057	.....	11,057	3,748	794	4,542
Clinton Town	28,300	30,891	7,075m	.....	7,075	2,033	4,328	6,361
Clinton Twp.	70,820	65,180	17,705m	10,291	28,078	23,754	139	23,893
Delaware	82,400	39,170	43,230	13,217	56,447	35,594	.....	35,594
East Amwell	55,020	30,157	24,863	13,164	38,027	23,961	.....	23,961
Flemington-Raritan	215,780	147,575	68,205	10,744	78,949	57,472	.....	57,472
Franklin	38,420	21,283	17,137	3,590	20,727	9,569	1,656	11,225
Frenchtown	41,460	22,563	18,897	.....	18,897	13,598	362	13,960
Glen Gardner	22,580	6,971	15,609	.....	15,609	4,795	.....	4,795
Hampton	22,680	8,991	13,689	.....	13,859	5,356	1,396	6,752
High Bridge	71,760	33,131	38,629	.....	38,629	24,666	.....	24,666
Holland	67,360	115,722	16,840m	12,859	29,848	29,139	.....	29,139
Kingwood	55,560	27,378	28,183	8,980	37,162	24,156	.....	24,156
Lambertville	122,680	53,732	68,948	.....	68,948	28,379	.....	28,379
Lebanon Boro.	19,400	12,432	6,968	863	7,831	3,334	372	3,706
Lebanon Twp.	53,140	24,035	29,105	16,340	49,525	31,236	.....	31,236
North Hunterdon Regional High School	99,600	43,726	55,874	26,306	82,180	87,581	.....	87,581
Milford	38,420	46,772	9,605m	1,099	10,704	4,048	2,530	6,578
Readington	175,540	100,695	74,845	27,081	102,148	76,930	.....	76,930
Stockton	16,420	5,817	10,603	602	11,206	4,709	.....	4,709
Tewksbury	49,800	43,533	12,450m	9,366	21,816	16,470	.....	16,470
Union Twp.	34,720	34,511	8,680m	6,574	15,254	12,272	275	12,547
West Amwell	52,620	30,408	22,212	9,639	31,850	20,486	.....	20,486
County Total	$1,566,300	$987,291	$698,553	$184,088	$887,345	$587,359	$17,279	$604,638

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

MERCER COUNTY

MERCER COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
East Windsor	$204,300	$116,736	$87,564	$9,556	$97,197	$69,575	$.....	$69,575
Ewing	585,960	431,980	153,980	30,497	185,564	91,311	2,503	93,814
Hamilton Twp.	1,370,320	860,997	509,323	47,825	562,717	330,253	.....	330,253
Hopewell Boro.	64,140	35,845	28,295	4,005	32,300	19,984	.....	19,984
Hopewell Twp.	262,000	156,962	105,037	26,546	131,692	103,910	.....	103,910
Lawrence	296,620	217,857	78,763	17,640	96,602	56,696	.....	56,696
Princeton Boro.	198,080	331,697	49,520m	.....	49,520	29,741	.....	29,741
Princeton Twp.	180,560	192,506	45,140m	21,632	66,772	38,711	175	38,886
Trenton	2,637,820	1,955,802	682,018	2,535	731,764	269,832	.....	269,832
Washington	68,300	49,585	18,715	10,099	28,814	24,567	.....	24,567
West Windsor	104,680	95,782	26,170m	17,464	43,791	25,511	.....	25,511
County Total	$5,972,780	$4,445,750	$1,784,525	$187,798	$2,026,733	$1,060,091	$2,678	$1,062,769

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I
DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA
MIDDLESEX COUNTY

MIDDLESEX COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Carteret	$358,020	$199,187	$158,833	$9,861	$171,144	$72,214	$.....	$72,214
Cranbury	75,060	34,632	40,428	8,686	51,114	29,392	338	29,730
Dunellen	174,240	111,917	62,323	2,501	65,372	39,236	2,688	41,924
East Brunswick	275,840	228,281	68,960m	38,182	107,532	118,115	.....	118,115
Helmetta	16,300	16,179	4,075m	725	4,800	2,041	705	2,746
Highland Park	309,440	223,616	85,824	186	86,010	56,901	.....	56,901
Jamesburg	90,360	31,973	58,387	901	59,288	33,943	.....	33,943
Madison	307,180	103,004	204,176	33,747	238,033	119,762	5,398	125,160
Metuchen	372,120	252,361	119,759	2,556	124,144	106,097	.....	106,097
Middlesex	245,880	165,987	79,893	9,794	90,087	74,297	.....	74,297
Milltown	111,080	72,485	38,595	2,845	41,440	30,108	.....	30,108
Monroe	171,440	68,790	102,650	22,393	125,141	71,787	.....	71,787
New Brunswick	776,100	626,247	194,025m	5,230	210,776	83,189	.....	83,189
North Brunswick	216,840	327,683	54,210m	18,373	74,992	46,822	9,837	56,659
Perth Amboy	1,082,920	693,480	389,440	.....	395,407	87,276	.....	87,276
Piscataway	386,140	233,426	152,714	33,005	188,222	140,522	.....	140,522
Plainsboro	37,580	37,123	9,395m	5,091	14,560	8,459	.....	8,459
Raritan	854,520	697,129	213,630m	60,152	277,359	303,218	.....	303,218
Sayreville	227,760	688,120	56,940m	26,093	83,443	49,340	.....	49,340
South Amboy	99,740	141,030	24,935m	553	25,699	13,116	.....	13,116
South Brunswick	157,700	101,387	56,313	19,966	76,801	58,680	.....	58,680
South Plainfield	415,580	231,610	183,970	19,123	204,118	147,023	.....	147,023
South River	329,320	169,557	159,763	1,443	161,511	73,606	.....	73,606
Spotswood	105,460	52,543	52,917	10,713	63,817	42,488	.....	42,488
Woodbridge	1,306,040	1,210,172	326,510m	73,703	403,619	427,822	.....	427,822
County Vocational *	.....	.....	36,675m	.....	65,756	58,000	.....	58,000
County Total	$8,502,660	$6,717,919	$2,935,340	$405,822	$3,410,185	$2,293,454	$18,966	$2,312,420

* Resident average daily enrollment estimated.

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

MONMOUTH COUNTY

MONMOUTH COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Allenhurst	$15,100	$38,387	$3,775m	$805	$4,580	$1,899	$.....	$1,899
Asbury Park	405,540	354,616	101,385m	.....	103,965	47,027	20,287	67,314
Atlantic Highlands	86,640	68,617	21,660m	.....	21,911	21,518	1,287	22,805
Atlantic Twp.	50,680	33,234	17,446	9,068	26,514	24,249	.....	24,249
Avon	46,860	53,424	11,715m	1,137	12,852	4,663	.....	4,663
Belmar	125,580	214,242	31,395m	3,248	34,643	17,360	830	18,190
Bradley Beach	131,900	127,842	32,975m	.....	32,975	14,608	1,609	16,217
Brielle	45,360	59,378	11,340m	38	11,378	3,859	541	4,400
Deal	41,600	114,417	10,400m	5,280	15,726	8,360	.....	8,360
Eatontown	118,500	69,732	48,768	9,023	57,791	40,221	.....	40,221
Fair Haven	150,740	123,780	37,685m	1,359	39,044	36,304	.....	36,304
Farmingdale	21,720	13,435	8,285	1,875	10,160	9,043	.....	9,043
Freehold Boro.	159,800	111,663	48,137	.....	52,448	50,173	.....	50,173
Freehold Twp.	101,700	38,669	63,031	13,982	77,174	46,283	2,993	49,276
Freehold Regional High School	202,120	56,508	145,612	.....	145,612	95,413	.....	95,413
Highlands	98,880	51,989	46,891	3,943	50,834	26,318	10,816	37,134
Holmdel	49,080	31,338	17,742	5,472	23,214	17,697	.....	17,697
Howell	219,600	75,088	144,512	42,125	186,637	117,755	.....	117,755
Interlaken	36,140	38,500	9,035m	.....	9,035	4,356	.....	4,356
Keansburg	158,700	110,654	48,046	7,774	56,246	36,226	1,685	37,911
Keyport	193,120	110,030	83,090	.....	85,090	49,683	.....	49,683
Little Silver	120,060	104,749	30,015m	.....	30,015	26,517	.....	26,517
Long Branch	678,420	468,878	209,542	3,053	219,884	160,174	.....	160,174
Manalapan	157,540	42,039	115,501	13,937	129,515	70,807	65	70,872

Manasquan	100,740	111,901	25,185m	.....	25,185	29,017	2,926	31,943
Marlboro	100,440	34,278	66,162	11,070	77,399	43,279	1,178	44,457
Matawan	294,800	181,008	113,792	12,285	126,534	93,595	.....	93,595
Middletown	631,640	369,949	261,691	34,572	297,182	218,035	.....	218,035
Millstone	95,340	21,741	73,599	19,378	92,977	46,898	.....	46,898
Monmouth Beach	29,700	27,002	7,425m	1,692	9,117	3,923	.....	3,923
Neptune City	113,400	65,835	47,565	3,158	50,769	33,240	.....	33,240
Neptune Twp.	437,220	333,835	109,305m	6,570	116,303	104,884	.....	104,884
Oceanport	73,560	99,932	18,390m	5,157	23,628	11,748	365	12,113
Ocean Twp.	283,260	204,358	78,902	7,468	86,774	93,380	.....	93,380
Raritan Twp.	122,960	50,787	72,173	2,466	74,639	40,201	.....	40,201
Red Bank	350,620	272,626	87,655m	.....	88,015	80,985	5,272	86,257
Roosevelt	36,260	14,816	21,444	2,062	23,506	13,629	.....	13,629
Rumson	120,660	174,797	30,165m	3,206	33,371	16,812	.....	16,812
Sea Bright	26,240	39,063	6,560m	1,850	8,410	5,670	.....	5,670
Sea Girt	34,620	82,228	8,655m	2,040	10,695	4,606	.....	4,606
Shrewsbury Boro.	79,660	77,638	19,915m	.....	19,915	9,523	.....	9,523
Shrewsbury Twp.	132,060	50,157	81,903	17,699	99,744	62,729	9,090	71,819
South Belmar	33,940	36,817	8,485m	795	9,302	5,693	932	6,625
Spring Lake	45,240	145,172	11,310m	1,974	13.284	5,424	.....	5,424
Spring Lake Heights	64,160	49,241	16,040m	791	16,831	16,432	.....	16,432
Union Beach	153,800	37,609	116,191	4,612	120,803	47,203	3,100	50,303
Upper Freehold Twp.	136,760	70,432	66,328	16,667	82,995	67,568	.....	67,568
Wall Twp.	317,720	164,142	153,578	28,497	184,584	126,043	1,187	127,230
West Long Branch	109,420	84,085	27,355m	.....	27,355	31,031	.....	31,031
County Total	$7,339,600	$5,310,659	$2,827,756	$306,128	$3,156,561	$2,142,061	$64,163	$2,206,224

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

MORRIS COUNTY

MORRIS COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Boonton Town	$194,800	$154,226	$48,500m	$.....	$49,302	$35,785	$644	$36,429
Boonton Twp.	38,420	32,709	9,605m	3,906	13,511	11,466	.....	11,466
Butler	113,340	71,147	42,193	1,374	43,721	26,927	3,998	30,925
Chatham Boro.	310,320	217,845	92,475	.....	94,874	77,658	.....	77,658
Chatham Twp.	146,660	94,873	51,787	15,362	67,512	65,021	.....	65,021
Chester	78,740	60,289	19,685m	13,142	32,827	27,073	.....	27,073
Denville	235,700	133,931	101,769	17,748	120,115	79,206	525	79,731
Dover	354,900	215,152	139,748	.....	143,530	88,479	.....	88,479
East Hanover	108,900	90,109	27,225m	3,732	31,042	36,883	.....	36,883
Florham Park	142,040	109,387	35,510m	7,113	42,727	36,119	.....	36,119
Hanover	185,380	135,478	49,902	13,780	63,817	59,127	.....	59,127
Harding	75,900	120,548	18,975m	13,758	32,733	19,450	.....	19,450
Jefferson	144,060	175,845	36,015m	39,064	75,618	57,619	.....	57,619
Kinnelon	67,260	65,420	16,815m	11,030	27,927	24,979	.....	24,979
Lincoln Park	145,780	63,173	82,607	8,717	92,034	51,689	7,350	59,039
Madison	324,600	281,165	81,150m	6	83,252	41,085	.....	41,085
Mendham Boro.	63,780	44,813	18,967	6,036	25,484	25,075	.....	25,075
Mendham Twp.	48,840	59,773	12,210m	8,577	20,812	17,367	.....	17,367
Mine Hill	70,760	38,902	31,858	363	32,239	18,315	.....	18,315
Montville	160,780	82,370	78,410	15,778	95,518	57,667	3,942	61,609
Morris Plains	102,740	82,567	25,685m	2,021	27,748	27,646	.....	27,646
Morris Hills Regional High	147,200	53,187	94,013	.....	94,013	87,388	.....	87,388
Morristown	430,280	346,581	107,570m	34	109,132	49,662	7,023	56,685

Morris Twp.	230,520	235,159	57,630m	26,019	84,549	49,101	5,858	54,959
Mountain Lakes	160,880	86,130	74,750	96	74,846	44,327	.....	44,327
Mt. Arlington	25,900	36,019	6,475m	2,625	9,100	4,563	346	4,909
Mt. Olive	120,840	77,894	42,946	12,260	55,245	45,490	.....	45,490
Netcong	81,160	41,685	39,475	.....	39,475	24,390	.....	24,390
Parsippany-Troy Hills	375,620	221,148	154,472	39,333	199,114	150,129	.....	150,129
Passaic Twp.	137,460	76,364	61,096	18,138	79,779	61,059	.....	61,059
Pequannock	271,200	129,891	141,309	10,930	152,312	105,327	.....	105,327
Randolph	150,700	81,668	69,032	24,539	93,571	78,347	.....	78,347
Riverdale	57,720	39,899	17,821	1,613	19,620	17,737	.....	17,737
Rockaway Boro.	113,000	57,658	55,342	81	56,199	20,962	.....	20,962
Rockaway Twp.	148,600	109,400	39,200	22,519	62,418	41,977	3,624	45,601
Roxbury	252,740	139,837	112,903	13,470	129,183	90,045	.....	90,045
Victory Gardens	55,080	767	54,313	159	54,498	28,430	.....	28,430
Washington Twp.	88,680	64,950	23,730	12,781	36,684	33,900	5,496	39,396
Wharton	85,340	38,776	46,564	48	46,891	12,482	5,676	18,158
County Total	$6,046,620	$4,166,735	$2,219,733	$366,152	$2,612,972	$1,829,952	$44,482	$1,874,434

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

OCEAN COUNTY

OCEAN COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bay Head	$21,840	$73,659	$5,460m	$914	$6,374	$2,560	$.....	$2,560
Beach Haven	38,060	80,078	9,515m	2,631	12,247	5,552	.....	5,552
Berkeley	52,780	83,210	13,195m	7,027	20,222	16,742	.....	16,742
Brick	171,760	191,749	42,940m	18,421	61,530	66,733	.....	66,733
Eagleswood	21,900	6,512	15,388	1,417	16,805	6,963	.....	6,963
Island Beach	.....	11,498	.....m	.....	.....	.....	85	85
Island Heights	31,440	20,168	11,272	1,875	13,147	9,139	.....	9,139
Jackson	141,240	48,673	92,567	21,723	114,290	62,846	.....	62,846
Lacey	31,580	62,988	7,895m	2,411	10,306	7,573	470	8,043
Lakehurst	59,780	26,749	33,031	1,610	34,641	19,990	.....	19,990
Lakewood	338,920	241,351	97,569	10,476	108,237	88,192	.....	88,192
Lavalette	24,280	61,421	6,070m	2,584	8,654	4,348	.....	4,348
Little Egg Harbor	26,740	16,492	10,248	2,242	12,490	10,234	4,508	14,742
Long Branch	72,880	209,259	18,220m	14,797	33,017	25,135	2,900	28,035
Manchester	36,140	16,747	19,393	9,127	28,856	12,432	6,198	18,630
Mantoloking	1,980	71,989	495m	371	866	515	46	561
Ocean Twp.	17,020	13,577	4,255m	2,079	6,334	6,076	830	6,906
Ocean Gate	15,940	36,746	3,985m	1,500	5,485	2,645	.....	2,645
Plumstead	70,340	36,708	33,632	7,195	40,899	23,178	.....	23,178
Point Pleasant	166,780	131,477	41,695m	6,022	47,809	57,790	.....	57,790
Point Pleasant Beach	97,360	157,323	24,340m	.....	24,663	12,554	4,131	16,685
Seaside Heights	25,680	50,314	6,420m	1,206	7,626	3,157	.....	3,157
Seaside Park	26,860	69,301	6,715m	2,109	8,824	4,168	3,631	7,799
Stafford	49,760	53,998	12,440m	7,139	19,579	19,002	2,945	21,947
Toms River	394,460	470,912	98,615m	32,216	131,235	133,779	.....	133,779
Tuckerton	49,300	16,490	32,810	563	33,373	18,145	.....	18,145
Union Twp.	46,260	23,745	22,515	1,350	23,865	18,091	99	18,190
County Total	$2,031,080	$2,283,133	$670,679	$159,006	$831,374	$637,539	$25,843	$663,382

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

PASSAIC COUNTY

PASSAIC COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bloomingdale	$119,760	$62,647	$57,113	$4,702	$61,815	$39,483	$2,677	$42,160
Clifton	1,995,240	1,348,499	646,741	50,139	713,678	212,713	.....	212,713
Haledon	159,380	90,027	69,353	2,392	74,388	25,756	.....	25,756
Hawthorne	428,500	337,635	107,125m	1,602	111,755	39,940	3,977	43,917
Little Falls	198,380	133,292	65,088	580	66,601	23,193	.....	23,193
North Haledon	131,800	79,069	52,731	6,953	60,498	38,172	.....	38,172
Passaic	1,371,340	945,626	425,714	4,028	458,470	144,583	.....	144,583
Passaic County Regional High School	117,380	45,444	71,936	10,171	82,107	77,801	.....	77,801
Paterson	3,590,200	1,890,105	1,700,095	8,155	1,791,294	334,538	.....	334,538
Pompton Lakes	207,060	165,954	51,765m	958	54,376	25,304	2,732	28,036
Prospect Park	105,340	58,933	46,407	150	46,940	11,006	9,863	20,869
Ringwood	82,120	91,439	20,530m	15,693	36,223	26,952	.....	26,952
Totowa	177,840	101,373	76,467	4,091	80,838	21,095	.....	21,095
Wanaque	176,720	95,948	80,772	10,703	92,146	65,646	.....	65,646
Wayne	568,100	422,277	145,823	53,665	200,893	129,476	.....	129,476
West Milford	158,020	202,968	39,505m	35,942	75,628	48,784	.....	48,784
West Paterson	97,920	55,855	42,065	3,289	45,940	14,889	.....	14,889
County Total	$9,685,100	$6,127,092	$3,699,230	$213,213	$4,053,590	$1,279,332	$19,249	$1,298,581

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

SALEM COUNTY

SALEM COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Alloway	$98,700	$36,069	$62,631	$9,750	$72,381	$44,561	.....	$44,561
Elmer	60,840	27,866	32,974	5,203	38,177	23,458	.....	23,458
Elsinboro	39,980	13,172	26,808	1,552	28,360	16,248	.....	16,248
Lower Alloway Creek	62,560	18,513	44,047	8,670	52,717	28,556	.....	28,556
Lower Penns Neck	366,520	472,819	91,630m	22,946	114,946	51,271	.....	51,271
Mannington	79,440	47,322	32,118	6,870	39,289	30,682	.....	30,682
Oldmans	70,000	21,708	48,292	5,075	53,367	26,088	.....	26,088
Pilesgrove	195,580	96,573	99,007	6,252	105,404	84,043	.....	84,043
Pittsgrove	125,960	52,330	73,630	16,780	90,904	55,385	.....	55,385
Quinton	87,260	25,188	62,072	4,954	67,026	32,417	.....	32,417
Salem	355,160	166,737	188,423	219	188,729	104,484	.....	104,484
Upper Penns Neck-Penns Grove	510,080	210,184	299,896	12,090	312,865	156,465	.....	156,465
Upper Pittsgrove	113,380	52,848	60,532	6,596	67,128	45,582	.....	45,582
County Total	$2,165,460	$1,241,330	$1,122,060	$106,957	$1,231,293	$699,241	.....	$699,241

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

SOMERSET COUNTY

SOMERSET COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Bedminster	$47,700	$86,684	$11,925m	$7,581	$19,650	$11,425	$.....	$11,425
Bernards Twp.	215,840	143,365	72,475	15,473	87,948	89,257	.....	89,257
Bernardsville	127,420	166,241	31,855m	5,508	37,576	29,871	.....	29,871
Bound Brook	230,380	171,803	58,577	19	58,816	47,180	.....	47,180
Branchburg	83,040	56,967	26,073	18,167	44,240	37,780	.....	37,780
Bridgewater	507,980	355,047	152,933	50,869	212,411	153,986	.....	153,986
Far Hills	12,880	20,210	3,220m	2,650	5,940	4,200	189	4,389
Franklin	336,940	186,255	150,685	36,545	190,026	123,380	13,379	136,759
Green Brook	73,900	56,428	18,475m	4,398	22,873	22,780	.....	22,780
Hillsborough	165,580	133,380	41,395m	29,815	71,211	72,422	.....	72,422
Manville	290,320	130,228	160,092	22,247	183,398	92,542	12,472	105,014
Millstone	12,000	6,309	5,691	1,048	6,739	4,537	.....	4,537
Montgomery	75,900	54,935	20,965	15,494	36,459	33,681	.....	33,681
North Plainfield	454,400	217,604	236,796	1,755	242,030	117,086	.....	117,086
Peapack-Gladstone	42,260	72,783	10,565m	1,694	12,440	6,628	1,963	8,591
Rocky Hill	15,360	7,670	7,690	2,208	9,898	5,270	355	5,625
Somerville	378,620	243,772	134,848	.....	135,272	97,521	.....	97,521
South Bound Brook	117,220	46,693	70,527	203	70,798	35,380	.....	35,380
Warren	142,740	96,606	46,134	17,918	64,793	61,684	.....	61,684
Watchung	80,800	60,344	20,456	5,630	26,259	30,517	.....	30,517
County Total	$3,411,280	$2,313,323	$1,281,378	$239,222	$1,538,777	$1,077,127	$28,358	$1,105,485

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

SUSSEX COUNTY

SUSSEX COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Andover	$70,760	$72,046	$17,690	$13,493	$31,183	$32,524	$.....	$32,524
Branchville	26,080	19,046	7,034	1,463	8,497	7,213	.....	7,213
Byram	29,580	36,078	7,395m	6,272	13,667	8,678	.....	8,678
Frankford	77,740	55,212	22,528	15,374	37,902	41,946	.....	41,946
Franklin	164,700	63,199	101,501	20	101,590	54,806	168	54,974
Fredon	29,200	13,627	15,573	7,618	23,191	17,514	.....	17,514
Green	27,320	16,695	10,625	6,402	17,027	15,007	78	15,085
Hamburg	62,720	19,060	43,660	.....	43,660	24,123	.....	24,123
Hampton	29,820	29,606	7,455m	7,050	14,505	16,562	.....	16,562
Hardyston	54,540	27,458	27,082	10,590	38,547	27,019	.....	27,019
Hopatcong	70,500	112,397	17,625m	6,306	23,931	11,556	.....	11,556
Lafayette	48,340	10,175	38,165	6,772	45,126	24,478	.....	24,478
Montague	19,620	14,670	4,950	5,271	10,222	9,895	.....	9,895
Newton	213,180	110,004	103,176	.....	107,615	73,082	.....	73,082
Ogdensburg	53,380	44,352	13,345m	3,020	16,365	10,217	210	10,427
Sandyston-Walpack	47,660	33,051	14,609	15,727	30,336	31,024	.....	31,024
Sparta	159,020	147,125	39,755m	30,040	69,795	71,063	.....	71,063
Stanhope	63,240	23,272	39,968	2,100	42,068	22,039	.....	22,039
Stillwater	38,080	27,883	10,197	8,191	18,388	19,033	.....	19,033
Sussex	55,360	51,757	13,840m	.....	13,932	24,577	.....	24,577
Vernon	70,940	43,944	26,996	12,118	39,653	30,624	.....	30,624
Wantage	138,200	46,391	91,809	19,956	111,766	70,398	.....	70,398
County Vocational	.....	.....	.....	.....	1,320	1,320	.....	1,320
County Total	$1,549,980	$1,017,050	$674,978	$177,784	$860,286	$644,698	$456	$645,154

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE I

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

UNION COUNTY

UNION COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Berkeley Heights	$125,680	$142,735	$31,420m	$10,232	$45,933	$24,981	$.....	$24,981
Clark Twp.	188,380	144,622	47,095m	13,305	60,585	31,541	.....	31,541
Cranford	660,820	406,327	254,493	4,909	260,754	86,867	.....	86,867
Elizabeth	2,460,320	1,600,864	859,456	11,882	949,890	269,419	5,256	274,675
Garwood	108,360	74,186	34,174	743	35,687	14,415	2,240	16,655
Hillside	738,800	515,556	223,244	3,646	228,897	65,666	14,517	80,183
Kenilworth	176,900	104,768	72,132	1,023	73,788	19,245	.....	19,245
Linden	1,066,760	1,278,108	266,690m	13,866	290,244	103,484	.....	103,484
Mountainside	98,000	79,934	24,500m	3,881	28,828	12,861	55	12,916
New Providence	173,760	151,718	43,440m	7,497	51,017	52,170	.....	52,170
Plainfield	1,268,020	867,817	400,203	1,161	412,526	107,065	2,096	109,161
Rahway	702,760	494,420	208,340	772	210,974	70,398	.....	70,398
Roselle	529,400	357,587	171,813	614	174,903	58,634	.....	58,634
Roselle Park	395,820	203,944	191,876	.....	192,160	76,011	.....	76,011
Scotch Plains	487,020	348,592	138,428	4,735	145,293	103,134	.....	103,134
Springfield	248,600	191,166	62,150m	5,358	69,650	28,914	.....	28,914
Summit	580,500	573,387	145,125m	1,216	150,139	54,825	.....	54,825
Union Twp.	1,264,500	942,421	322,079	14,341	351,686	133,781	3,116	136,897
Union Co. Regional High School	220,040	106,748	113,292	47,184	162,065	172,583	.....	172,583
Westfield	888,920	581,443	307,477	3,741	312,640	76,527	.....	76,527
Winfield	125,480	16,305	109,175	7,175	116,350	73,583	3,365	76,948
County Total	$12,508,840	$9,182,648	$4,026,602	$157,281	$4,324,009	$1,636,105	$30,645	$1,666,750

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE 1

DISTRIBUTION OF STATE AID UNDER RECOMMENDED FORMULA

WARREN COUNTY

WARREN COUNTY	Foundation Program ($200 per pupil in A.D.E.)	Local Share	Equalization Aid [Col. (1)-Col. (2)]	Transportation Aid	Total Aid [1]	Aid Budgeted, 1954-1955		
						Formula Aid	Deficiency and "Save Harmless"	Total
Allamuchy	$33,920	$15,666	$18,254	$5,542	$23,796	$15,738	$.....	$15,738
Alpha	52,420	20,194	32,226	2,306	34,667	10,504	5,341	15,845
Belvidere	89,340	37,705	51,635	75	51,710	34,293	.....	34,293
Blairstown	56,280	33,368	22,912	5,641	28,553	21,650	.....	21,650
Franklin	66,800	36,059	30,741	6,802	37,543	25,635	.....	25,635
Frelinghuysen	32,420	10,992	21,428	3,509	24,937	12,795	.....	12,795
Greenwich	52,360	29,319	23,041	2,626	25,667	18,606	.....	18,606
Hackettstown	121,520	73,166	48,354	158	48,868	25,645	.....	25,645
Hardwick	13,020	8,637	4,383	2,100	6,483	5,219	1,020	6,239
Harmony	86,800	27,101	59,699	14,468	74,167	42,023	.....	42,023
Hope	26,780	19,632	7,148	2,923	10,071	10,471	3,179	13,650
Independence	40,160	34,476	10,040m	3,856	13,896	14,145	1,822	15,967
Knowlton	46,980	35,669	11,745m	4,718	16,591	16,634	516	17,150
Liberty	22,140	13,103	9,037	4,786	13,823	11,475	.....	11,475
Lopatcong	65,620	34,077	31,543	2,994	34,537	19,816	3,206	23,022
Mansfield	58,840	24,031	34,809	10,336	45,145	28,051	.....	28,051
Oxford	70,280	17,044	53,236	3,375	56,611	25,203	.....	25,203
Pahaquarry	680	5,364	170m	3,987	4,157	4,035	181	4,216
Phillipsburg	549,660	279,002	270,658	.....	275,065	110,339	.....	110,339
Pohatcong	108,940	48,830	60,110	10,762	70,872	42,080	.....	42,080
Washington Boro.	172,440	117,345	55,095	143	55,387	42,245	1,603	43,848
Washington Twp.	83,720	38,023	45,697	12,127	57,949	39,333	.....	39,333
White Twp.	69,440	29,899	39,541	10,664	50,205	31,089	.....	31,089
County Total	$1,920,560	$988,702	$941,502	$113,898	$1,060,700	$607,024	$16,868	$623,892

m District receiving $50 per pupil.

[1] Total Aid=Equalization Aid (Col. (3)), Transportation Aid (Col. (4)), and, not shown, aid for special classes, crippled children and evening vocational schools.

COMPENDIUM TABLE II

LOCAL SCHOOL DISTRICTS SPENDING LESS THAN $200 PER PUPIL IN TOTAL AVERAGE ENROLLMENT

1952–1953

County and District	Cost Per Pupil (1952-53)	Average Teacher's Salary	Pupils Per Teacher	School Taxes 1953 Actual	School Taxes Formula Fair Share
Atlantic					
Absecon	$185	$3,116	29	$68,220	$71,205
Egg Harbor City	194	2,656	23	85,382	73,714
Mullica Twp.	188	2,880	36	57,000	29,731
Northfield	171	2,932	32	89,595	62,537
Pleasantville	190	2,820	29	407,364	197,274
Bergen					
Cresskill	189	3,124	36	268,729	101,973
East Paterson	185	3,619	40	597,113	326,518
Emerson	194	3,043	35	101,404	52,558
New Milford	175	3,172	34	532,815	300,022
Old Tappan	189	3,424	34	39,439	26,747
Saddle River Twp.	196	3,067	32	331,008	186,737
Burlington					
Bordentown City	166	2,991	31	118,759	81,668
Chesterfield	197	2,826	39	45,396	27,024
Delran	182	2,923	31	75,601	45,437
Eastampton	186	2,809	33	19,439	11,872
Evesham	186	3,211	33	65,000	42,318
Hainesport	159	2,750	36	45,816	22,162
Lumberton	153	3,153	45	46,440	22,270
Maple Shade	197	3,089	31	228,152	118,585
Medford Twp.	166	2,843	35	94,270	90,250
Mount Holly	172	3,128	36	168,590	113,913
Pemberton Twp.	194	3,116	41	101,967	102,655
Riverton	196	2,956	26	98,409	54,199
Southampton	178	2,928	35	60,837	44,594
Tabernacle	170	2,699	37	36,650	21,144
Camden					
Barrington	157	2,751	35	137,843	86,266
Bellmawr	171	2,888	29	121,675	83,275
Berlin Twp.	122	2,706	34	23,505	10,423
Brooklawn	192	3,070	31	66,712	47,849
Clementon	169	3,052	31	76,270	30,940
Delaware	197	3,058	33	358,045	249,575
Gibbsboro	174	3,097	32	45,202	15,475
Gloucester City	182	3,016	30	193,672	169,760
Gloucester Twp.	174	3,193	34	208,138	104,016
Haddon Twp.	196	3,134	30	454,086	259,961
Hi-Nella	155	....	..	9,386	7,863
Laurel Springs	183	2,824	29	41,593	21,318
Lawnside	170	3,376	37	56,413	17,672
Lindenwold	141	2,648	35	41,440	31,469
Magnolia	170	2,712	32	68,770	37,836
Mt. Ephraim	154	2,787	35	109,970	62,042
Pennsauken	181	3,104	33	590,856	376,290
Pine Hill	140	2,782	35	37,330	13,761
Runnemede	158	2,864	38	128,025	69,129
Somerdale	146	2,861	34	26,500	21,871
Voorhees	198	2,982	35	50,000	24,427
Waterford	173	2,909	30	53,593	19,523
Winslow	148	2,522	31	91,702	42,679
Woodlynne	185	2,888	26	71,624	34,579

COMPENDIUM TABLE II

LOCAL SCHOOL DISTRICTS SPENDING LESS THAN $200 PER PUPIL IN TOTAL AVERAGE ENROLLMENT

1952–1953

County and District	Cost Per Pupil (1952-53)	Average Teacher's Salary	Pupils Per Teacher	School Taxes 1953 Actual	School Taxes Formula Fair Share
Cape May					
Dennis	$191	$2,798	33	$61,975	$31,041
Lower Twp.	197	2,919	33	94,174	93,947
West Cape May	194	2,647	28	28,998	18,072
Wildwood Crest	195	3,029	29	85,437	85,201
Cumberland					
Bridgeton	193	3,203	28	529,348	244,796
Commercial	184	2,734	30	93,114	25,371
Deerfield	191	2,764	30	44,000	20,352
Fairfield	158	2,865	42	66,975	25,344
Greenwich Twp.	196	2,907	36	40,000	16,117
Hopewell Twp.	183	2,723	33	72,868	34,022
Lawrence Twp.	183	2,836	37	51,850	24,754
Maurice River	174	2,595	29	69,082	23,512
Upper Deerfield	161	3,036	40	146,686	57,317
Gloucester					
Deptford	155	2,782	38	196,000	144,088
Elk	181	2,682	34	58,946	31,356
Franklin	185	3,020	34	154,362	65,215
Harrison	196	2,701	36	88,749	29,673
Mantua	198	2,765	33	116,676	68,143
National Park	157	2,666	32	51,717	23,878
Newfield	191	2,794	30	32,405	16,600
Paulsboro	191	2,940	26	205,823	130,967
Wenonah	177	2,719	31	44,738	33,938
West Deptford	195	2,905	35	239,221	157,894
Westville	169	2,651	30	114,500	77,020
Woodbury	195	3,218	27	371,982	200,747
Hunterdon					
Bethlehem	182	2,905	32	23,673	14,220
Bloomsbury	190	2,969	30	22,265	9,004
Califon	168	2,933	37	14,207	7,923
Clinton Town	194	3,135	28	28,141	30,891
Delaware Twp.	199	2,867	35	77,936	39,170
Franklin Twp.	163	2,769	32	31,320	21,283
Glen Gardner	144	2,601	31	11,172	6,971
Hampton	146	2,795	30	11,000	8,991
Kingwood	197	2,830	33	50,689	27,378
Lebanon Boro.	183	2,867	30	19,511	12,432
Tewksbury	186	2,587	30	63,429	43,533
Union Twp.	179	2,542	33	27,058	34,511
Mercer					
Washington Twp.	189	2,723	40	50,574	49,585
Middlesex					
Raritan Twp.	196	3,107	36	947,478	697,129

COMPENDIUM TABLE II

LOCAL SCHOOL DISTRICTS SPENDING LESS THAN $200 PER PUPIL IN TOTAL AVERAGE ENROLLMENT

1952–1953

County and District	Cost Per Pupil (1952-53)	Average Teacher's Salary	Pupils Per Teacher	School Taxes 1953 Actual	School Taxes Formula Fair Share
Monmouth					
Eatontown	$189	$3,048	38	$117,965	$69,732
Fair Haven	198	3,335	32	190,449	123,780
Freehold Twp.	196	2,921	34	132,649	38,669
Manalapan	170	3,350	46	105,197	42,039
Raritan Twp.	165	3,157	40	100,650	50,787
Spring Lake Heights	194	2,954	30	72,269	49,241
Union Beach	170	2,995	40	90,855	37,609
Ocean					
Eagleswood	174	2,930	45	12,056	6,512
Lakehurst	181	2,866	34	24,995	26,749
Plumsted	192	3,181	40	72,003	36,708
Passaic					
Little Falls	191	3,356	29	304,176	133,292
Totowa	155	2,780	33	245,749	101,373
Wanaque	191	2,885	37	154,000	95,948
Salem					
Alloway	181	2,665	38	54,507	36,069
Elsinboro	163	2,623	36	21,352	13,172
Oldmans	179	2,835	36	46,772	21,708
Pittsgrove	150	2,953	40	78,536	52,330
Quinton	160	2,683	35	58,380	25,188
Upper Penns Neck	194	3,829	32	286,816	210,184
Upper Pittsgrove	171	2,760	35	60,000	52,848
Sussex					
Hamburg	191	2,660	28	39,938	19,060
Hopatcong	189	3,434	40	83,769	112,397
Stanhope	167	3,237	34	43,760	23,272
Union					
Kenilworth	170	3,127	32	214,088	104,768
Warren					
Independence	199	2,766	28	38,893	34,476
Pohatcong	175	3,112	39	109,110	48,830

COMPENDIUM TABLE III

CURRENT REVENUE AS PER CENT OF TOTAL EXPENDITURES

Analysis of Balances and Borrowing

School Year 1951-52

(In Thousands of Dollars)

Current Revenues as a Per Cent of Total Expenditures	Number of Districts	Resident Enrollment	Balance[1] July 1, 1951	Current Revenues	Total Expenditures	Borrowing	Balance[1] June 30, 1952	Number of Districts Borrowing
No current revenue[2]	3	....	$1	....	$3	$50	$48	1
Under 50%	36	31,446	3,856	$8,263	21,456	11,059	1,722	28
50%– 59.9%	16	31,288	5,813	8,687	16,189	3,454	1,765	11
60%– 69.9%	23	34,392	3,327	10,483	15,962	4,929	2,776	16
70%– 79.9%	20	29,490	2,893	8,166	10,806	4,810	5,063	13
80%– 89.9%	38	70,029	3,903	18,396	21,499	1,715	2,515	14
90%– 99.9%	181	320,197	8,843	99,996	103,341	12,072	17,571	35
100%–109.9%	173	183,467	3,525	51,407	50,108	880a	5,705	10
110%–119.9%	41	14,438	585	3,601	3,210	500b	1,477	2
120%–199.9%	14	9,498	112	2,850	2,095	198c	1,065	2
200% and over[4]	3	969	18	593	209	36d	438	1
Totals	548	725,214	$32,877	$212,444	$244,878	$39,704	$40,147	133

[1] Free appropriation balance, *not* cash.

[3] Pascack Valley Regional High School, Bergen County, borrowed $50,000 and spent $2,905.18 during 1951-52, the year in which they were organized. Pine Valley and Tavistock in Camden County were completely inoperative during the fiscal year and simply carried forward balances of $635.28 and $474.87 respectively.

[4] Island Beach, Ocean County, 312%, because State Aid payments based on pupils resident in the district two years ago, were received during this fiscal year. Lakehurst, Ocean County, 270% and Winfield, Union County, 288% received large payments of Federal Aid during this fiscal year.

[a] Only ten of the 173 districts did any borrowing: Mullica Twp., Atlantic County; Franklin Lakes, Bergen County; Burlington Twp., Burlington County; Bellmawr, Camden County; Dennis Twp. and Upper Twp., Cape May County; Cedar Grove, Essex County; Neptune City, Monmouth County; Riverdale, Morris County; Wanaque, Passaic County.

[b] Bernards Twp. borrowed $265,000 and Warren Twp. borrowed $235,000, both in Somerset County.

[c] Pine Hill, Camden County, borrowed $110,000 and Boonton Twp., Morris County borrowed $88,000.

[d] Lakehurst, Ocean County, borrowed $36,000.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

COMPENDIUM TABLE IV

CURRENT REVENUE AS PER CENT OF TOTAL EXPENDITURES

Analysis of Revenues and Expenditures

School Year 1951-52, on Accrual Basis

(In Thousands of Dollars)

Current Revenues as a Per Cent of Total Expenditures	Number of Districts	Current Revenues						Expenditures				
		Local Taxes	State Aid[1]	Federal Aid[1]	Tuition	Other	Total	Day School Expenditures	Capital Outlay	Debt Service	Other Non-Day School Expenditures	Total Expenditures
No current revenue	3a	....	....	....	....	....	....	$3	....	....	....	$3
Under 50%	36	$6,679	$1,176	$9	$205	$194	$8,263	7,063	$13,538	$840	$15	21,456
50%– 59.9%	16	7,189	1,090	8	333	67	8,687	7,525	7,602	1,041	21	16,189
60%– 69.9%	23	8,684	1,157	5	509	127	10,483	9,186	5,662	1,075	39	15,962
70%– 79.9%	20	6,550	1,037	10	389	179	8,166	7,095	2,914	778	19	10,806
80%– 89.9%	38	15,799	1,799	120	545	133	18,396	15,953	3,721	1,437	388	21,499
90%– 91.9% b	16	3,615	809	82	514	37	5,058	4,713	452	326	96	5,587
92%– 93.9%	27	13,957	1,183	61	907	134	16,243	14,803	1,138	1,134	384	17,459
94%– 95.9%	24	7,104	1,020	5	451	55	8,635	8,224	388	500	39	9,151
96%– 97.9%	43	13,089	1,948	74	1,012	236	16,358	14,736	626	1,416	139	16,917
98%– 99.9%	71	44,391	4,394	442	3,153	1,321	53,702	48,551	1,215	3,357	1,104	54,227
100%–101.9%	51	17,420	2,494	70	903	144	21,032	18,644	340	1,733	182	20,899
102%–103.9%	42	10,523	1,724	31	640	159	13,077	11,568	178	984	31	12,761
104%–105.9%	37	9,249	1,711	149	809	157	12,075	10,353	131	770	320	11,574
106%–107.9%	31	2,508	831	18	153	23	3,534	3,033	53	228	5	3,319
108%–109.9%	12	1,355	285	....	33	16	1,688	1,319	140	95	....	1,554
110%–119.9%	41	2,429	870	20	221	61	3,601	2,956	71	183	....	3,210
120%–199.9%	14	2,105	487	211	24	23	2,850	1,844	117	134	....	2,095
200% and over	3c	27	93	390	d	83	593	203	6	....	....	209
Totals	548	$172,675	$24,110	$1,708	$10,802	$3,149	$212,444	$187,774e	$38,290	$16,031	$2,783	$244,878

[1] This account on a cash basis.

a Pascack Valley Regional High School, Bergen; Pine Valley and Tavistock, Camden. All expenditures in this group made by Pascack Valley.

b Breakdown by 10% group intervals would show 354 districts between 90% and 110%.

c Island Beach and Lakehurst, Ocean County and Winfield, Union County.

d Less than $500.00.

e Interdistrict tuition not deducted.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

COMPENDIUM TABLE V

STATE AID AS A PER CENT OF PROPERTY TAX FOR SCHOOLS

New Jersey

School Year 1951-52

(In Thousands of Dollars)

State Aid as Per Cent of Property Tax	Number of Districts	Resident Enrollment	Taxes	State Aid	Total Current Revenues Less Tuition	Tuition Receipts	Total Current Revenues	Total Revenues Including Borrowing
No State aid	2a	.....	$146	.....	$146	.....	$146	$716
No property Tax	1b	650	.....	$82	464	f	464	464
No State aid or property tax	4c	.....	.....	.....	f	.....	f	50
0%– 9.9%	93	355,030	106,605	6,318	115,520	$3,224	118,744	134,824
10%– 19.9%	111	126,218	28,043	4,104	32,574	2,335	34,909	44,324
20%– 29.9%	86	100,121	18,422	4,555	23,492	2,774	26,266	31,491
30%– 39.9%	74	56,908	9,068	3,162	12,547	1,429	13,975	17,308
40%– 49.9%	62	32,319	4,598	2,025	6,782	689	7,471	8,153
50%– 59.9%	43	24,419	2,961	1,592	4,807	116	4,922	6,823
60%– 69.9%	25	11,164	1,181	753	1,967	31	1,997	2,393
70%– 79.9%	13	5,228	508	376	918	7	925	925
80%– 89.9%	10	5,672	580	494	1,143	71	1,215	1,329
90%– 99.9%	9	3,951	319	307	635	11	646	657
100%–199.9%	12d	3,265	236	289	578	115	693	895
Over 200%	3e	269	11	54	70	.....	70	70
State Total	548	725,214	$172,675	$24,110	$201,642	$10,802	$212,444	$252,148

a Northern Valley Regional High School, Bergen County; Morris Hills Regional High School, Morris County.
b Winfield, Union County.
c Pascack Valley Regional High School, Bergen County; Pine Valley and Tavistock, Camden County; Victory Gardens, Morris County.
d Estell Manor, Atlantic County, 108%; Weymouth Twp., Atlantic County, 107%; Fieldsboro, Burlington County, 104%; Pemberton Borough, Burlington County, 115%; Southampton, Burlington County, 117%; Tabernacle, Burlington County, 105%; Woodland, Burlington County, 130%; Bellmawr, Burlington County, 144%; Lawnside, Camden County, 118%; Hampton, Hunterdon County, 154%; Union Twp., Hunterdon County, 119%; Pahaquarry, Warren County, 120%.
e New Hanover, Burlington County, 535%; Chesilhurst, Camden County, 388%; Island Beach, Ocean County, 644%.
f Less than $500.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).

COMPENDIUM TABLE VI

STATE AID AS PER CENT OF EXPENDITURES

Analysis of Enrollments and Revenues

New Jersey

School Year 1951-52

(In Thousands of Dollars)

State Aid as Per Cent of Non-Reimbursed Day School Expenditures[1]	Number of Districts	Resident[2] Enrollment	Total Enrollment[3]	Resident as a Per Cent of Total	Accrued State Aid[4]	Non-Reimbursed Day School Expenditures	Total Taxes	Vocational Aid[5]	Tuition Revenues[6]	Borrowing	Total Current Revenues Less Tuition[7]	Total Revenues[8]
No State Aid or Day School Expenditures ..	2a	.....	.....	...	.....	.....	.....	...	.....	.....	.....	.....
No State Aid but Day School Expenditures ..	4b	.....	.....	...	.....	$27	$146	...	.....	$620	$146	$766
Less than 5%	13	78,432	79,382	98.8%	$1,196	25,911	27,629	$29	$299	7,128	29,176	36.603
5%- 9.9%	74	271,730	278,693	97.5	4,782	74,016	77,520	186	2,784	8,962	84,750	96.496
10%–14.9%	78	84,948	85,391	99.5	2,505	20,046	19,062	1	1,598	5,852	21,862	29,312
15%–19.9%	58	67,898	68,655	98.9	2,654	14,976	14,381	22	1,479	6,640	17,447	25,566
20%–24.9%	73	80,826	81,993	98.6	3,681	16,211	14,668	29	1,959	3,388	18,746	24,093
25%–29.9%	59	47,140	51,083	92.3	2,454	8,802	7,135	45	1,694	2,663	10,073	14,430
30%–34.9%	63	35,176	30,693	114.6	2,171	6,663	5,260	15	493	1,631	7,590	9,714
35%–39.9%	56	30,996	26,705	116.1	2,106	5,640	4,174	8	270	1,812	6,392	8,474
40%–44.9%	32	14,609	12,073	121.0	1,050	2,496	1,552	...	25	559	2,655	3,239
45%–49.9%	14	5,424	5,017	108.1	385	821	461	3	121	311	908	1,340
50%–54.9%	12	6,017	5,544	108.5	536	1,009	518	17	71	.....	1,489	1,560
55%–59.9%	5	1,321	932	141.7	135	238	126	...	7	137	264	408
60%–70.9%	3	477	355	134.4	47	74	36	...	.....	.....	82	82
Unusual cases	2c	220	192	114.6	46	41	9	...	.....	.....	61	61
Total	548	725,214	726,708	99.8%	$23,749	$176,973	$172,675	$356	$10,802	$39,704	$201,642	$252,148

[1] State Aid due each district except matching grants for vocational education as a per cent of day school expenditures less all tuition revenues.

[2] Total pupils residing within the geographic boundaries of the school district who have been registered in a public school at any time during the regular school year.

[3] Total pupils registered in the schools operated by the districts, regardless of residence status of pupils.

[4] State Aid due each district except matching grants for vocational education. Payments due during fiscal year 1951-52 are included, regardless of when payment was actually received.

[5] Matching grants for vocational education made directly to the school districts.

[6] Payments by sending districts or parents to districts operating the school.

[7] Revenues from all sources except borrowing and tuition.

[8] Sum of the previous three columns.

a Pine Valley and Tavistock, Camden County, two completely inoperative districts.

b Northern Valley Regional High School and Pascack Valley Regional High School, Bergen County, and Morris Hills Regional High School and Victory Gardens, Morris County. All in operation but had no pupils.

c Island Beach, Ocean County, 270%, State Aid for 2 pupils in district in 1949-50, but *no* enrollment in 1951-52. New Hanover, Burlington County, 113%, State Aid based on a weighted average daily attendance of 323.50 pupils of which 270 were dependent children from Fort Dix during the year 1949-50. The reduced enrollments shown above contain few dependent children.

Source: State of N. J., Dept. of Education, Division of Business, First Annual Report of the Commissioner of Education (Pursuant to Chapter 230, P. L. 1951).