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MEMO TO LEGISLATURE: IT'S YOUR FORMULA, NOW FUND IT!

347 DISTRICTS WILL GET SMALL INCREASE; 226 DISTRICTS FLAT FUNDED

Just two years ago, with great fanfare, the NJ Legislature passed a new school funding formula: the School Funding Reform Act of 2008 (SFRA). Legislators touted the SFRA's "weighted student formula," which is a funding method based on the cost of educating all students to achieve the State's curriculum content standards while also providing additional funding to help pay for needed programs for low income (at-risk) students, limited English proficient students, and students with disabilities.

The SFRA law also ended special funding for the state's 31 poor urban or "Abbott" districts, driving more state aid to other "high needs" rural and inner-ring suburban districts with poverty rates over 40%. Remember the slogan "the money follows the child?" Legislators of both parties embraced this goal in approving the formula.

In passing the SFRA, legislators also vowed to use the formula each year to set the amount of state aid for local districts and to fund that amount in the annual State budget. They pledged not to return to the pre-2008 days when Governors and the Legislature simply ignored prior formulas and funded education - -- or not --- based on arbitrary, back-room deals driven by political, not educational, considerations.

Hammering this crucial point home, the NJ Supreme Court last May ruled that the SFRA is "thorough and efficient" but ordered the Governor and Legislature to "fully fund" the formula in the annual State budget.

Yet Governor Christopher Christie has already signaled he will **not** follow the SFRA law or the Supreme Court order in his proposed FY2011 State budget, to be released March 16. Instead, the Governor recently announced that he may propose a 15% across-the-board cut in state school aid, a proposal that directly conflicts with the new formula.

So it's up to the Legislature. Will our elected representatives stand up and do what's right and equitable for public school children? Will they fund the formula they wanted so badly and now own? Supporters of public education need to let state legislators know that they expect nothing less.

Funding the SFRA Formula: Impact on School Districts

The impact on school districts of full funding of the SFRA formula in FY11 depends on several factors, including prior spending as compared to education cost levels established in the formula.

"Aid Increase" Districts: 347 districts will receive a small increase in state aid, based on the current consumer price index (CPI) of 1.6%. Only 51 low income districts will see an aid increase, while aid will rise in 186 middle income and 101 high income districts. The average per pupil increase is small, only \$68 per pupil. The breakdown by district grouping follows:

FY11 State Aid for "Aid Increase" Districts

	# Districts	2010-11 Estimated State Aid	Estimated Increase	Average Per Pupil Increase*
Wealth & Income Status				
Low	51	\$1,641,961,478	\$25,108,774	\$172
Middle	186	\$2,627,963,911	\$29,367,285	\$60
High	101	\$329,638,248	\$5,080,715	\$21
Abbott	10	\$1,156,772,413	\$17,850,374	\$226
High Needs	49	\$1,848,428,023	\$28,308,646	\$161
Total (inc No DFG)	347	\$3,900,758,180	\$60,067,560	\$68

*Average weighted by district FY09 enrollment from 2009-10 State Aid Profile

Note: District wealth categories are: Low = District Factor Group (DFG) A&B; Middle = DFG CD through GH; High = DFG I&J. As defined by DOE, high needs districts have poverty rates over 40% and fail to meet performance benchmarks (includes Abbott districts).

For a complete list of districts slated for an increase in FY11, with the estimated increase amount for each district, [click here](#).

"Flat-Funded" Districts: 226 districts will receive no aid increase; that is, they will be "flat funded" under the SFRA in FY11. That includes 21 of the 31 Abbott districts and 129 middle income districts. Only 29 high income districts will receive no aid increase. It is important to note, however, that according to the formula **flat funded districts cannot have their state aid reduced below last year's level**. In other words, the SFRA protects them from an arbitrary, politically-driven aid cut. The breakdown by district grouping is as follows:

FY11 State Aid for "Flat-Funded" Districts

	# Districts	2010-11 Estimated State Aid	Estimated Increase
Wealth & Income Status			
Low	55	\$3,179,702,334	\$0
Middle	129	\$664,815,216	\$0
High	27	\$61,511,415	\$0
Abbott	21	\$3,048,132,631	\$0
High Needs	40	\$3,148,302,440	\$0
Total (inc No DFG)	226	\$3,911,456,499	\$0

*Average weighted by district FY09 enrollment from 2009-10 State Aid Profile

Note: District wealth categories are: Low = District Factor Group (DFG) A&B; Middle = DFG CD through GH; High = DFG I&J. As defined by DOE, high needs districts have poverty rates over 40%, and fail to meet performance benchmarks (includes Abbott districts).

For a complete list of all "flat-funded" districts, [click here](#).

Funding the SFRA Formula Still Means Staff and Program Cuts

Even if the formula is funded, all districts will experience serious budget difficulties that will likely lead to significant staff, program and service cuts in FY11. There are several reasons for this dire situation: salary, benefit and other education costs typically rise 3-4% each year; obtaining more local revenue by raising local property taxes is not an option in many high tax, cash strapped municipalities; and Governor Christie's \$476 million mid-year aid cut wiped out existing "rainy day" funds set aside by districts to help address next year's budget deficit. Obviously, the cuts to education programs will be more severe in the SFRA "flat funded" districts, and will be even worse if the Legislature goes along with the Governor's plan to cut state aid to all or some districts.

What Happens to Pre-K?

The SFRA formula also requires the state to maintain full funding of New Jersey's nationally recognized preschool program in the 31 Abbott districts and to fund a five-year phase-in of that program to another 82 "high needs" districts and to low income children statewide. "Full formula funding," therefore, means providing state pre-k aid to Abbott and preschool expansion districts. It is unclear whether Governor Christie's proposed state aid cut will include preschool aid. Again, it is up to the Legislature to fund this component of the SFRA formula.

Impact on FY11 State Budget

In light of the low CPI, full formula funding in FY11 will require only a very small increase in state aid over FY10 -- an estimated \$60 million for K-12. This does not include new funding for preschool expansion, where the Legislature has discretion to decide how much it will allocate for FY11, with the understanding that the program must be fully phased-in by 2013.

New Jersey used over \$900 million in fiscal stabilization funds from the federal stimulus program to help fund the SFRA formula in FY10. However, an additional \$300 million of these funds remain available to help fully fund the formula in FY11.

A Lesson from Governor Rendell

New Jersey is not alone in facing deep budget deficits. Last year, Pennsylvania struggled with a \$2 billion shortfall. Even so, Governor Ed Rendell and his legislative counterparts **increased** state school aid by \$300 million to fund an increase required by their new school funding formula. And in his FY11 budget message on February 9, Governor Rendell proposed another \$354 million to fully fund the formula increase required for next year.

Here's how Governor Rendell explained why he is taking the courageous step of proposing to fully fund the Pennsylvania formula in the face of a deep budget mess:

For these reasons, the proposed FY2010-2011 budget reflects our continued support for the funding schedule set forth in the costing out study, and it therefore includes a second \$354 million increase in state funding for public schools. I am committed to this increase for two reasons: first and foremost, because it's simply the right thing to do for Pennsylvania's future. And second, because increased state funding for public education relieves the pressure on local communities to increase property taxes.

So, how about it, legislators? The SFRA is yours -- and our -- school funding formula. Now fund it!

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