



**TESTIMONY OF EDUCATION LAW CENTER ON
GOVERNOR'S PROPOSED FY18 BUDGET
ASSEMBLY BUDGET COMMITTEE
MARCH 15, 2017**

Thank you, Chairman Schaer, and members of the Assembly Budget Committee for the opportunity to testify on Governor Christie's proposed FY18 State Budget on school funding for New Jersey's 1.3 million public school students, preschool through grade 12. I am Sharon Kregel, ELC Policy and Outreach Director.

The Governor's proposed school aid budget for FY18 is another disaster for New Jersey's school children. The proposal marks the seventh straight year of no formula aid increase, on the heels of the Governor's massive \$1.1 billion cut in 2010, his first year in office. The only good news is this budget, thankfully, is Governor Christie's last.

The Governor's no-aid-increase budget for 2017-18 is, as we all know, a funding cut. Fixed costs, enrollment growth, inflationary increases and new mandates from Trenton all mean districts must again reduce budgetary expenditures as they struggle to provide students the opportunity to meet New Jersey academic standards. And while staunchly refusing to invest in the vast majority of schools educating our children, the Governor once again goes out of his way to hold charter schools harmless from any cuts.

The Governor is proposing \$41 million in hold harmless aid for charters. This is the second year that charter schools are receiving additional funding from the State to ensure that their aid levels, in total or per pupil, do not decrease from the previous year, even as their host districts face diminishing resources. The \$41 million represents a \$6.4 million increase over last year's hold harmless provision. The budget also calls for nearly \$28 million in so-called charter "host district" aid, most of which goes to prevent the Newark schools' budget from collapsing due to the use of off-formula per-pupil amounts to calculate the district's payments to charters.

It is important to note that charter schools have yet to bring forward any evidence they need to be held harmless above their presumptive formula amount. Once again, the

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only winners in this budget are charter schools, the beneficiaries of an aid boost to hold them harmless from making cuts, while their host districts continue to put essential programs, staff and services on the chopping block.

Total preschool aid is flat at \$655 million in the Governor's proposed budget, marking the fourth straight year with no additional aid even to cover inflationary increases in fixed costs.

New Jersey has the nation's foremost high quality, full-day, preschool program for 3- and 4-year-olds, yet, over the course of his tenure, Governor Christie has not added a penny to expand this research-proven program to other at-risk children around the state – even though preschool expansion is a hallmark of our school funding formula.

Once again, the Governor proposes \$1 million for a pilot program to provide vouchers for private and religious schools, even though the Legislature has axed this proposal from the last four budgets. As we have noted year after year, this is a flagrant attempt to enact a substantive voucher program through the Appropriations Act, a brazen end-run around the Legislative branch. This proposal is a textbook case of unconstitutional "logrolling," not to mention a waste of scarce resources on a program that research now tells us will have no impact on improving education outcomes.

We recognize that the Governor will likely line item veto any increases in school aid. Nonetheless, we ask the Legislature to enact a budget that:

- Removes the \$1 million voucher giveaway;
- Eliminates the \$69 million in special protections for charter schools by using the proper per pupil aid amounts to determine charter payments;
- Provides for an increase in aid to school districts – after years of curtailing and eliminating essential programs, staff and services, a modest increase is absolutely necessary, and that increase should be apportioned through the SFRA formula;
- Demonstrates your continued commitment to preschool expansion with an initial appropriation to jumpstart that program.

We want to briefly address the Governor's call to repeal and replace the School Funding Reform Act (SFRA) in "100 days."

We're heartened that legislators quickly denounced replacing the SFRA. The formula is a model for the nation in funding education based on student need, without regard to

geography. The only problem with the SFRA is the Governor's refusal to fund any aid increases since he took office over seven years ago.

Successive years without an aid increase have, in effect, frozen the formula. The result is that enrollment growth, changes in student demographics, or the replacement of hold harmless aid with local revenue has not occurred as it should have had the formula been used as the basis for Appropriations Act increases.

But, in considering any modifications to the SFRA, the focus must remain on the only thing that matters to school children: is the district spending at the "thorough and efficient," or "T&E," level as determined by the formula? To be more precise, any modifications must address student needs in approximately one-third of districts currently spending below their SFRA adequacy, or T&E, budget. The goal of any formula modifications must be to move those districts towards spending at the T&E level.

There is no mystery why districts are spending below T&E: they have gaps in state aid or local revenue or some combination of both. It's important to recognize that about two-thirds of adjustment aid goes to districts that are spending below T&E because of shortfalls in local revenue. Therefore, if adjustment aid is simply reduced in these districts, children may be harmed if the aid reduction is not replaced with a commensurate increase in local revenue.

Any formula modifications should address the three causes of spending below the T&E level: 1) increasing aid in districts with a "state aid gap;" 2) increasing local revenue in districts with a "local revenue gap;" and 3) increasing both in districts where the gap is a combination of the two. If adjustment aid is to be reduced in any of these districts, it must be coupled with a State mandate that local revenue be increased by, at a minimum, the amount needed to replace the adjustment aid reduction.

And just to be clear: the State has to require local revenue increases from year to year in districts below T&E with local revenue gaps. The decision to increase revenue to shrink that gap cannot be left to the discretion of local elected officials or to a "waiver" process before the Commissioner of Education.

We understand the constraints on the State Budget and the many competing priorities facing the state. But quite frankly, an eighth straight year of diminished resources essential for children to learn and thrive is unthinkable. ELC stands ready to work with you to enact a fair and equitable budget for all students. Thank you very much.