



**TESTIMONY OF EDUCATION LAW CENTER ON
GOVERNOR'S PROPOSED FY15 BUDGET
ASSEMBLY BUDGET COMMITTEE
MARCH 18, 2014**

Thank you, Chairman Schaer, and members of the Assembly Budget Committee for the opportunity to testify on behalf of the Education Law Center (ELC) on Governor Christie's proposed FY15 State Budget as it relates to school funding for New Jersey's 1.2 million public school students, preschool through high school.

Governor Christie's Budget proposal marks the fifth straight year of his refusal to comply with the School Funding Reform Act (SFRA), New Jersey's landmark weighted student formula enacted with bipartisan support in 2008, and upheld as constitutional by the NJ Supreme Court in 2009.

In FY13 and FY14, the Governor unilaterally "modified" the SFRA formula, reducing resources to at-risk (low-income) students, English language learners and students with disabilities. The Governor also proposed no real increase in state aid under his modified formula, nor did he propose any increase in preschool education aid to expand high quality preschool beyond the former Abbott districts, as SFRA mandates. We are grateful to the Legislature for rejecting the Governor's unauthorized formula modifications in the final FY13 and FY14 Budgets, and we applaud the Legislature's firm objection to those modifications in his Educational Adequacy Report, as set forth in Senate Concurrent Resolution 134, adopted February 25, 2013.

For the last two years, the Legislature has stood firm behind the SFRA, rejecting the Governor's unauthorized formula modifications and making clear the urgent need to boost state aid to advance the SFRA core objective of providing adequate funding for all at-risk school children regardless of zip code or district.

But the Governor did not listen. Nor did he respond to the Legislature's call to keep the SFRA formula operating properly and address the cumulative backlog of state aid shortfalls, particularly for those districts below their SFRA adequacy budgets.

Incredibly, the Governor's FY15 proposal represents an even more brazen disregard for the SFRA, both the formula components and the urgent need to increase state aid to support district K-12 adequacy budgets and expand access to preschool to at-risk three- and four-year-old children across the state.

First, not content to improperly modify the formula, the Governor has now failed to operate the formula altogether. That's right, the Governor has abandoned the SFRA, issuing state aid notices to districts on February 25 that did not use the district's weighted student enrollment, base cost and at-risk and bilingual pupil weights and other formula components. Put simply, the Governor's aid notices for FY15 are not based on any of the formula's parameters. This leaves district officials, parents and legislators without the requisite information on districts' adequacy budgets and the gap between the Governor's aid proposal and level of funding they should be receiving under the SFRA formula's cost, weights, aid amounts and other operative parts.

The Governor's failure to run the SFRA formula for FY15 is not only a blatant violation of the SFRA, but also of the NJ Supreme Court's 2009 and 2011 rulings upholding the SFRA's constitutionality on the express condition that the State properly adjust and optimally operate the formula in future years. ELC has already put the Attorney General on notice of this constitutional violation and the need for immediate corrective action.

Second, the Governor proposes to increase school aid by a mere \$20 a student, and to allocate this paltry sum in off-formula categories. All aid under the SFRA is frozen at last years levels, including foundational equalization aid, special education aid, and transportation and security aid. By proposing a fifth year of aid cuts or no real increase, many districts face another round of painful cuts to teachers, support staff, intervention services and programs essential to ensuing students a thorough and efficient education.

The Governor's miniscule aid increase comes against a backdrop of an Administration that has amassed a cumulative \$5.1 billion under-funding of districts under the SFRA formula. And the OLS analysis of the Governor's FY15 proposal confirms ELC data showing that, as a result of this massive under-funding, the aid levels in 80% of our school districts are below what they were in 2009-10, when the Governor took office. Statewide, districts are now almost \$250 million below their state aid levels of five years ago.

It is important to keep in mind that districts are now struggling to implement a host of new, unfunded mandates from the Department of Education, including new teacher and principal evaluation systems, implementation of the Common Core State Standards, and the coming PARCC tests.

Further, despite a growing national recognition of the importance of preschool and the documented benefits of New Jersey's best-in-the-nation Abbott preschool program, the Governor continues his stubborn refusal to fund expansion of preschool beyond the former Abbott districts to high need "universal" districts and at-risk children in "targeted" districts statewide. This expansion, as mandated by the SFRA, should have been completed this year, but, due to the Governor's staunch opposition, hasn't even begun. This means that almost 40,000 three- and four-year-old, at-risk children in Freehold Borough, Dover, Pennsauken, Hammonton and other communities will be deprived for another year of the early start they must have in order to succeed academically when they enter kindergarten.

Bottom line: our students cannot afford another year in which their schools are starved of the resources necessary under the SFRA to give them a meaningful opportunity to achieve state academic standards. We, therefore, strongly urge the Legislature to flatly reject the Governor's proposal, and recommend the following:

1) Enact Assembly Concurrent Resolution No. 118 and Senate Concurrent Resolution 72. ACR 118 notifies the Governor to immediately run the SFRA formula with the proper adjustments, and notify each school district of the district's adequacy budget and the maximum amount of aid payable to the district under SFRA's cost, weights and other parameters. These notices are not only required by law, but also a fundamental prerequisite for the Legislature to have an informed deliberation on the school aid budget for the 2014-15 school year.

2) Increase K-12 state aid in all SFRA formula categories by at least 5%, or \$370 million. This is the minimum amount necessary to stave off another round of cuts to staff, programs and services, and to chip away at the substantial current gap between district's adequacy budgets and the funding levels prescribed by the SFRA formula.

3) Increase preschool education aid by 5% or \$30 million. This increase must be expressly dedicated to the expansion of high quality preschool in high need universal and targeted districts in order to begin the phase-in of the Abbott preschool program statewide over the next five years, as mandated by SFRA.

Let's remember that the enactment of the SFRA formula in 2008 represented a watershed moment for New Jersey and the nation. The formula, with its carefully developed costs, weights and other components represented a fundamental shift from funding only a few districts under court order to funding all students based on their need regardless of where they lived or what school district they attend.

Quite frankly, four years of ignoring the SFRA and failing to provide even the most minimal of formula increases – and failing to fund preschool expansion – has been too long for our students to wait and, even worse, is taking a toll on educators and schools and threatens our standing as among the top performers in public education among the states and in the world.

It's time for the Legislature to stand up for our children and schools by enacting a school aid budget for FY15 that is educationally and fiscally responsible and, through implementation of the SFRA formula, puts New Jersey back on track to maintaining fair and equitable school funding. ELC stands ready to work with you to enact a FY15 budget that achieves these critical goals.