



**TESTIMONY OF EDUCATION LAW CENTER
ON SCHOOL FUNDING
ASSEMBLY EDUCATION COMMITTEE**

JANUARY 18, 2017

Thank you Assemblywoman Caride and members of the Assembly Education Committee for the invitation to testify on public school funding. I am David Sciarra, Executive Director of Education Law Center (ELC). I also serve as counsel to the school children in the landmark *Abbott v. Burke* school funding litigation.

New Jersey leads the nation by funding our public schools not on available dollars or raw political considerations, but on the needs of students and schools. The School Funding Reform Act (SFRA) was rigorously and painstakingly developed over five years, and, when enacted in 2008, secured bipartisan support in the Legislature.

The SFRA provides school children with state aid based on research and the professional judgment of NJ educators of the actual cost of educating them. The SFRA's base cost represents the resources all students require. This cost is enhanced by the cost of additional resources allocated for students living in poverty and English language learners, expressed as a "weight" based on the base cost. This is why the SFRA is a "weighted student funding formula," a model that ensures school districts have the funding necessary to provide all students a thorough and efficient education, as defined by the Core Curriculum Content Standards.

We have the most fair and equitable funding formula of any state, and the SFRA remains intact. It is also the only formula enacted in 50 years which has been upheld by the Supreme Court as delivering the funding needed for all students to achieve state academic standards.

Let's get right to the heart of why we're here today.

The problem with school funding is not our formula but the fact that Governor Christie, since he took office in 2010, has steadfastly refused to fund it, even at reduced levels. He also cut \$1.1 billion from the formula in his first budget, an aid cut yet to be restored in many districts across the state. NJ school districts should be – but are not – receiving an additional \$1 billion in state aid in the current school year.

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Another consequence of the Governor's failure to fund the SFRA is that more school districts are now "below adequacy," and the gap between "adequacy" and the state and local revenue in district budgets has grown. Each district's "adequacy budget" is at the heart of the SFRA; it represents the level of spending, based on weighted student enrollment, districts must have to provide a thorough and efficient education.

Most importantly, the SFRA's chronic underfunding is taking its toll on the availability of teachers, support staff and programs in district schools. Many districts have no alternative but to cut essential resources, increase class sizes, and reduce or eliminate after-school, summer school and other interventions for at-risk students.

Unfortunately, it does not appear we'll be able to get the SFRA back on track in the FY18 State Budget. There is no indication that the Governor will, in his last budget, embrace the formula and work with legislators to begin appropriating additional state aid to districts that are far below adequacy.

Instead, the Governor has spent the past six months pitching his so-called "fairness formula" funding proposal, a radical plan to give every student the same amount of state aid, regardless of student, school and district need.

Even more troubling, there is talk that the Governor will attempt to foist his funding proposal on school districts in his proposed FY18 State Budget, bypassing the Legislature altogether. This unprecedented – and unconstitutional – step would cause immeasurable havoc on school districts, as they would be forced to put together budgets based on a monumental reallocation of state aid.

Let's consider the Governor's plan. Unlike the SFRA, it has no basis in research, best practice or the assessment of student and school need. Many districts – 143 to be exact – would see their state aid cut, with the poorest districts bearing the overwhelming brunt of the cuts. These low-wealth districts (78) would lose, on average, a staggering \$7,417 per pupil, or 40% of their operating budgets. In addition, state aid would drop in 56 middle-wealth districts by an average of \$1,494 per pupil, or 8% of their operating budgets.

In sharp contrast, 129 higher-wealth, higher spending districts with low student need would receive a huge influx of state aid transferred from the poorer districts. But these higher-wealth districts can't use this funding to educate their students. The Governor's plan earmarks this aid for property tax relief. The bottom line is this: the Governor wants to cut property taxes in more affluent communities, paid for with state aid taken from poor schools.

The Governor's plan would trigger educational chaos across the state. Higher poverty schools would experience enormous cuts in teachers and staff and a massive downsizing of their educational program. Districts adjacent to or near the impacted districts would be overwhelmed with families fleeing cities and towns devastated by the plan. The entire state would suffer massive layoffs, impacting our economy.

It gets even worse. The Governor's plan would be the death knell of Abbott preschool, the nation's most successful early education program. And the proposal would nullify the SFRA's mandate to expand Abbott preschool to over 80 additional poor communities and all 3- and 4-year-old at-risk children in the state.

Make no mistake. The Governor's plan would turn the clock back 50 years, when educational opportunity was determined by a child's household income and the wealth of her community. Thankfully, we've come a long way in reducing educational disparities and inequities. We simply can't let the Governor reverse that progress.

So let's keep our focus on the SFRA and what we can do to get districts on a path to adequacy through the formula. We can start with three simple steps:

- Beginning with the FY18 State Budget, implement a multi-year phase-in of new state aid through the SFRA formula, targeting the aid to districts that are most under adequacy and/or experiencing significant increases in student population.
- Gradually phase out hold harmless aid to districts that are over their SFRA adequacy budgets and to charter schools. Charter schools should also be required to adhere to the same 2% cap on excess fund balance as districts.
- Raise the 2% cap on increases in local property taxes for school budgets in districts under their adequacy budgets and where there is a sizeable gap between their local revenue level (local levy) and the local fair share under the SFRA.

ELC has stood at the forefront of the fight to secure education equity and fair school funding in NJ for over 40 years. We stand ready to work with this Committee to ensure a return to full implementation of the SFRA so the Garden State can retain its place as a national leader on high quality education and excellent outcomes for our 1.2 million public school children.