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Changes in State Aid Formula Mean More Money for More School Districts

Changes approved by Governor Christie Whitman in the funding formula used to distribute state education aid mean more school districts will receive an even larger portion of the record-setting \$6.6 billion set aside in the proposed state budget for schools in the coming year.

"The infusion of an additional \$466 million in total state education aid for the 2000-2001 school years represents one of the largest single increases ever," said Governor Whitman. "It should ease the pressure on property taxpayers considerably and make it possible for districts to improve the quality of their educational programs."

Commissioner of Education David C. Hespe said the changes to the funding formula prescribed by the Comprehensive Educational Improvement and Financing Act (CEIFA), which was enacted into law in 1996, benefit just about every school district. The modifications were recommended by four working groups formed by the commissioner last spring to examine inequities in the formula and suggest possible remedies. The groups, comprised of practitioners and stakeholders, focused on transportation aid, stabilization aid, special education and the ability of local districts to pay.

"Thanks to their extraordinary efforts, which were conducted under very tight deadlines, many of the sharp edges in the CEIFA formula have been rounded out," Hespe said. "The formula now works the way it was originally intended. Sudden, drastic drops in school aid precipitated by enrollment losses or fluctuations in community wealth, which were a problem in the past and would have proved troublesome again this year, have been virtually eliminated. Nearly 85 percent of all school districts will receive at least as much state aid as they did last year, if not more."

The recommendations of the CEIFA working groups accepted by the administration added about \$100 million to the formula entitlement aid package for the coming school year.

Under the amended formula, 474 districts will receive an increase in their state aid entitlement - 329 will see an increase greater than 5 percent and 155 an increase greater than 10 percent. School aid for 61 districts will increase by more than a million dollars. Only 90 districts will receive less, but their loss will be considerably less than it would have been under the original formula.

Major recommendations of the CEIFA working groups that are incorporated in the proposed budget include:

- Expanding the supplemental core curriculum standards aid (SCCSA) so that all but the wealthiest districts will not have to tax at a rate higher than \$1.72 per \$100 of equalized property value to meet their required local share of the basic "thorough and efficient" (T&E) budget.
- Changing the stabilization aid formula to limit a district's state aid decrease to no more than 2 percent of its prior year amount, instead of the 10 percent reduction allowed by CEIFA. Also, no district can fall below 92 percent of the aid it received during the 1996-1997 school year, the final one under the defunct Quality Education Act. This change allows for the elimination of almost all of the temporary stabilization aid categories that have been created over the years.
- Phasing out the perceptually impaired (PI) pupil cap. The budget for the 2000-2001 school year begins the four-year phase-out by reducing a district's special education aid by only 75 percent of the amount required by the CEIFA's PI cap.
- Funding extraordinary special education costs at a minimum of 50 percent regardless of a district's ability to pay.
- Fully funding the transportation aid formula in CEIFA.

As a result of the transportation working group's recommendations, the department supported legislation signed into law by Governor Whitman two weeks ago that requires the Department of Education to count students who are transported for safety reasons in the transportation efficiency calculation. The department had included in its

count only non-mandated transported students in preschool through grade three and students whose transportation cost is paid by their parents or the municipality. This year's calculation will also include students who would have been required to walk along or cross state and/or county roads.

The department will also support the working group's recommendations to:

- Eliminate the requirement that a district pay aid in lieu of transportation to the parents of a nonpublic school student when the application for transportation service is received late. There would be an exception for students who move into the district after the application deadline.
- Expand the existing subscription busing law to permit other non-mandated transportation costs to be charged to parents.

Since there was insufficient time for some of the working groups to fully explore all of the issues, the commissioner has asked a few of the groups to resume their deliberations. In particular, the commissioner wants the ability to pay group to continue its work on the issue of how best to factor income into the wealth formula.

Major budget increases proposed by Governor Whitman include a \$71 million increase in core curriculum standards aid; a \$49 million increase in special education aid; a \$35 million increase in transportation aid, and a \$13 million increase in debt service aid. The budget also includes \$12 million for whole school reform grants; \$8.7 million for an expanded teacher mentoring program, and \$4.7 million for character education programs.

The state's 30 Abbott, or special needs, districts will get \$2.6 billion, the most they have ever received and 48 percent of the entire amount distributed by formula. "Parity aid will be increased by \$79 million so the Abbott districts can continue to spend on average as much on education as the wealthiest districts in the state," noted Governor Whitman.

The state will provide \$313 million in early childhood program aid for the most disadvantaged school districts. A total of \$220 million will be distributed to the Abbott districts. "New Jersey's commitment to quality preschool programs for three- and four-year-olds in our Abbott districts remains strong," Governor Whitman said. "Extended day, full-year preschool programs will prepare the children for academic success in the early grades."

In addition, \$104 million in supplemental funding requests for Abbott districts has been earmarked in this budget although the final number will increase or decrease depending on the supplemental funding requests approved later this year.

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