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State School Aid Tops \$7.3 Billion

The final budget proposed by Governor Christie Whitman will increase state aid for local school districts by \$585 million, to a record-breaking \$7.3 billion, in the coming school year.

"When I took office, state aid for education amounted to \$4.4 billion," said Governor Whitman. "The \$7.3 billion I am proposing for the 2001-2002 school year includes one of the largest single increases in New Jersey's history and reaffirms our commitment to quality education and property tax relief."

Since the Whitman administration's first budget, state support per pupil has climbed from \$3,737 to \$5,233. On a percentage basis, the state share has risen from 36.5 percent to 44.8 percent in the proposed budget, while the local share has dropped from 61.1 percent to 53.1 percent. The federal share has remained nearly constant. "The state is picking up a greater share of cost, and more than it ever has," Whitman said. "The more the state pays, the less districts need to raise property taxes. That's a win for the taxpayers."

Commissioner of Education David C. Hespe said the proposed state aid commitment will benefit the vast majority of school districts in the state. "About 73 percent of all school districts will receive an entitlement increase next year and another three percent will get at least as much as they did this year," the commissioner said. "More than half of the districts will receive an increase greater than five percent. No district will lose more than 2 percent of its current state aid amount on a cash basis."

In addition to the \$585 million increase in school funding included in the Department of Education's budget, \$30 million has also been set aside in the Department of Treasury's budget to fund the debt service aid retroactivity provisions of the Educational Facilities Construction and Financing Act that was signed into law by Governor Whitman in July. "These retroactive payments, which will help defray school construction costs incurred by districts, should further relieve local property tax burdens," Hespe said.

Another step taken to ease the pressure on local property taxes was the inclusion of an additional \$43.5 million in supplemental core curriculum standards aid in the proposed budget. Hespe said this means no districts but the wealthiest will need to tax at a higher rate in order to meet their share of the cost of providing students a thorough and efficient education.

Other major increases in the proposed state education budget include \$910.5 million for special education, up by more than \$140 million, and \$329 million for early childhood program aid for the most disadvantaged school districts, up \$16 million. A total of \$232 million of the \$329 million in early childhood program aid will be distributed to Abbott districts.

Demonstrably effective program aid and distance learning network aid will also grow next year. Plus, the \$10 million academic achievement reward program for the highest achieving and the most improved districts will be continued with the addition of a new category of rewards for the highest achieving low-spending school districts. Hespe said the level of funding for pupil transportation aid will remain the same pending decisions pertaining to how to implement the required efficiency factors.

The budget proposal continues to implement or phase in recommendations made by a series of working groups convened by the commissioner to propose changes to the funding formula established by the Comprehensive Educational Improvement and Financing Act (CEIFA), which was enacted into law in 1996. The working groups were comprised of teachers, school officials and other education stakeholders.

The state's 30 Abbott, or special needs, districts will receive a total of \$2.9 billion, the most they have ever received and 49 percent of the entire amount distributed. This includes the more than \$429 million in *Abbott v. Burke* parity remedy aid that Abbott districts will receive next year in order to continue parity in per pupil spending at a level equal to the wealthiest districts in the state. "Parity aid will continue to ensure that no Abbott district will need to increase property taxes," Hespe said.

The Governor's budget also includes an additional \$248.7 million for potential supplemental aid requests by

Abbott districts. Hespe emphasized that total supplemental aid allocations may be more or less than the \$248.7 million budgeted, depending on the actual need determined through the school budget approval process.

Funding for the Abbott districts, including the \$248.7 million budgeted in FY02 for supplemental funding, has risen by \$1.3 billion since Governor Whitman took office.

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