
State School Finance System

- A. **The NJSBA believes** that New Jersey's system of financing public schools should enable all local school districts to provide an equal educational opportunity for all children in New Jersey to receive a thorough and efficient education.
- B. **The NJSBA believes** that New Jersey's school finance system should:
1. Define the elements of and the resources necessary to provide a thorough and efficient education;
 2. Provide funds to support and guarantee a thorough and efficient level of education to all public school children;
 3. Provide that all constituents of the state—individuals, businesses and communities—be required to pay a fair share, but that no one would be required to pay more than a fair share;
 4. Retain the principle that local school boards have the primary responsibility, with the assistance of the state, for ensuring that each child in the district obtains a thorough and efficient education, and permit a limited degree of local spending to fund a locally defined thorough and efficient education, with the state paying a share on an equalized basis;
 5. Recognize the diversity, unique circumstances and community composition of each local school district;
 6. Provide for equalized aid for capital expenditures and debt service, based on individual districts' ability to pay as defined by the School Funding Reform Act or its successor;
 7. Provide state aid based on predictable statutory formulas which is predictable, transparent and capable of being re-calculated at the local district level;
 8. Provide current-year funding of all state aid;
 9. Provide state aid for the full excess cost of all mandated special education programs and services;
 10. Provide state funding for the full cost of all state mandates;
 11. Include a system of evaluation to ensure accountability in the allocation of state aid;
 12. Promote efficiency in the use of tax dollars; and recognize that the geographically adjusted average of expenditures by regular school districts that have demonstrated an ability to provide a thorough and efficient education based on agreed-upon outcomes is an appropriate benchmark for the funds needed by every district to provide a thorough and efficient education;
 13. Be modified, as needed, through a comprehensive approach with input from NJSBA members;
 14. Provide all regular public school students in New Jersey districts with fiscal equity.
 15. Reward districts and schools that meet ambitious learning goals, prioritize resources, model fairness, transparency, predictability and equity, decrease achievement gaps and provide the opportunity for the development of local educators to manage resources effectively as needed.
 16. Be sensitive to legitimate variations in school districts' capabilities to meet student needs, including, but not limited to, proficiency levels, demographics, socioeconomic status, geographical location and physical abilities.
 17. Provide full funding for state-initiated programs designed to promote innovation and that the level of participation in such programs should be determined by the local school district. *[Authority: DA 12/81-CR (Urban Education), DA 6/84-3, DA 42 6/85-CR (Proficiency Test), DA 12/91-CR (QEA), DA 6/93-2, BD 11/74 (Deleted as 3221.06- DA 6/93-SR), DA 12/76-15 (Deleted as 8211.3- DA 6/93-SR), DA 6/95-6, DA 11/95-CR School Finance, DA 5/96-CR (School Finance).DA 12/82-15. DA 11/96-CR (School Finance), DA 5/97-CR (School Finance), DA 11/01-SR, DA 11/06-CR (Ad Hoc School Funding Reform Committee), DA 11/06-SR DA 11/11-CR (Ad-Hoc School Finance Committee), DA 5/14 (Special Education Task Force), DA 5/14-1, DA 5/17-SR, DA 5/17-CR (School Finance)]*
- C. **The NJSBA believes** that the School Finance Committee should, as needed or as requested by the NJSBA Board of Directors, review the equity of distribution for construction state aid in view of socio-economic factors, wealth, geographic characteristics, equalized school tax rate and other financial

conditions. *[Authority: DA 5/00-6, DA 11/00- CR (School Finance), DA 5/01-CR (School Finance), DA 11/01-SR, DA 11/06-SR), DA 11/11-CR (Ad-Hoc School Finance Committee)]*

State Revenue Raising System

- A. **The NJSBA believes** that the state revenue raising system should embody the following characteristics:
1. Guarantee sufficient revenues to consistently meet the state's constitutional and statutory funding obligations to all public school districts;
 2. Be balanced with respect to the ability to expand and contract in response to economic conditions (elasticity) and the capacity to produce a stable flow of revenue (stability);
 3. Be balanced with respect to sources of revenue (individuals, businesses, property, sales, etc.);
 4. Be designed to consider both an individual's and community's ability to pay. *[Authority: DA 9/82-1, DA 5/96-CR (School Finance), DA 11/96-CR (School Finance), DA 5/97-CR (School Finance), DA 5/17-SR, DA 5/17-CR (School Finance)]*
- B. **The NJSBA believes** that the state should pay 50 percent of the statewide total cost of providing a thorough and efficient education for all public elementary and secondary students so that pressures on local property taxes can be relieved. *[Authority: DA 12/91-CR QEA, DA 5/96-CR (School Finance)]*
- C. **The NJSBA believes** that for the State to fund a thorough and efficient education at the 50 percent level, requires the state to rebalance the state's current funding sources: the income tax and the local property tax. *[Authority: DA 11/98-CR (School Finance), DA 11/11-CR (Ad-Hoc School Finance Committee)]*
- D. **The NJSBA believes** in a grass-roots support effort for the proposed alternative funding measures including consideration of various local option taxes to reduce overreliance on property taxes and to demonstrate to the Governor and the Legislature that the voters and property taxpayers will support funding for schools if it is provided in an equitable fashion. *[Authority: DA 11/98-CR (School Finance), DA 11/01-SR, DA 11/06-SR), DA 11/11-CR (Ad-Hoc School Finance Committee, DA 5/17-SR, DA 5/17-CR (School Finance)]*
- E. **The NJSBA believes** that the State should explore predictable and dedicated alternative methods of special education funding, including but not limited to, lottery, business fees, insurance and grants. *[Authority: DA 5/14 (Special Educational Task Force)]*

State Aid to School Districts

- A. **The NJSBA believes** in an equitable distribution of education aid and related support payments which ensure that all school districts have an opportunity to benefit from governmental financial assistance.
- B. **The NJSBA believes** that as long as aggregate-income is used as a measure of local ability to pay for school costs, school districts and municipalities should have the benefit of a formal appeal process to challenge the assignment of income, similar to the formal appeal process available to challenge property values assigned to a municipality. *[Authority: DA 11/99-CR (School Finance)]*
- C. **The NJSBA believes** that there are clear differences in the percentages and types of special education students served and the amounts being spent in different districts across the state when district size, district type and socio-economic status were examined. A census-based approach funds all districts similarly regardless of size, district type, or grouping. Certain special education categories have higher costs than do others, and the distribution of students by special education category is not consistent across all districts in the state. Some students are very costly to serve given the severity of their disabilities. *[Authority: DA 5/17-SR, DA 5/17-CR (School Finance)]*
- D. **The NJSBA believes** that using the district's actual enrollment of special education students combined with a "differentiated" method of funding for higher-cost students before the extraordinary aid threshold is

reached would assist districts in addressing the limitations imposed by the two-percent levy cap.
[Authority: DA 5/17-SR, DA 5/17-CR (School Finance)]

- E. **The NJSBA believes** that the School Education Task Force weight factor for districts with ESL/LEP students should increase as the frequency of this demographic indicator rises in proportion to the total student population. *[Authority: DA 5/17-SR, DA 5/17-CR (School Finance)]*
- F. **The NJSBA believes** that when a new governor takes office, school districts should receive at least as much state aid as they received in the prior fiscal year and that upward aid adjustments should be made to compensate districts for increased costs in areas including, but not limited to, student enrollment, special education, transportation, insurance, health care and utilities. The State shall not take a school district's allowable accrued surplus by reducing the district's aid in the amount of the surplus. *[Authority: DA 5/96-CR (School Finance), BD 3/02, DA 11/11-CR (Ad-Hoc School Finance Committee), DA 5/17-SR, DA 5/17-CR (School Finance)]*
- G. **The NJSBA believes** that local school districts educating the children who reside in state tax-exempt properties should not be adversely impacted in bearing the local cost of education for those students. NJSBA supports seeking aid from the state to fully fund the education of such students. *[Authority: DA 11/01-SR, DA 11/05-2, DA 11/06-SR, DA 11/11-CR (Ad-Hoc School Finance Committee), DA 5/17-SR, DA 5/17-CR (School Finance)]*

Fiscal Notes on Proposed Legislation

The NJSBA believes that every piece of proposed legislation affecting school districts should contain a note stating the financial impact on school districts, if any. *[Authority: DA 5/67-8, DA 12/77-16, DA 11/96-CR (School Finance), DA 5/97-CR (School Finance), DA 11/01-SR, DA 11/06-SR, DA 11/11-SR]*

Constitutional Convention

- A. **The NJSBA believes** that convening a constitutional convention to address property tax relief and/or reform abdicates the legislature's constitutionally enumerated obligation to impose taxes. *[Authority: DA 5/05-4]*
- B. **The NJSBA believes** that the legislature is the appropriate body to decide how to implement tax reform and that a special session of the legislature is the correct and most efficient alternative to address property tax reform. *[Authority: DA 5/05-4, DA 11/01-SR, DA 11/06-SR, DA 11/11-SR]*

Council on Local Mandates

The NJSBA believes that additional mandates imposed on local boards of education should have an identified funding source or appropriation. All enacted legislation affecting education should be forwarded to the Council on Local Mandates for review. The Council should be authorized to initiate proceedings and rule on unfunded mandates without the need for local districts to file costly complaints. In the absence of the Council on Local Mandates timely review of education legislation containing unfunded mandates, the NJSBA shall seek Board of Directors approval to initiate and file a complaint with the Council on behalf of all the local boards of education in New Jersey. *[Authority: DA 5/12-2]*

Cross References:	3000	Concepts and roles in business and noninstructional operations
	3100	Budget planning, preparation and adoption
	3210	Local funds
	3230	Federal funds
	3350	Tuition expense
	3350	Tuition expense
	5119	Transfers
	6141.1	Experimental/innovative programs
	6142.2	English as a second language; bilingual/bicultural
	6147	Standards of proficiency
	6171.3	Economically disadvantaged and Title 1

State Funds (continued)

3220

6171.4 Special education
6174 Summer school
6200 Adult/community education
9112 Elections/appointment

Key Words: finance, revenue, state aid, funding, convention, mandates