



## **TESTIMONY ON SCHOOL FUNDING**

### **JOINT COMMITTEE ON PUBLIC SCHOOLS**

**JANUARY 17, 2017**

The New Jersey School Boards Association (NJSBA) is a federation of the state's local boards of education and includes the majority of its charter schools as associate members. NJSBA provides training, advocacy and support to advance public education and promote the achievement of all students through effective governance. The Association's positions on school funding are derived from policies established by our members, who represent local boards of education throughout the state.

The NJSBA believes that New Jersey's system of financing public schools should enable all local school districts to provide equal opportunity for all children in New Jersey to receive a thorough and efficient education. Such a system must take into account two factors: the educational needs of students, and the ability of a community to financially support its schools.

The NJSBA believes that the state revenue raising system should embody the following characteristics:

- Guarantee sufficient revenue to consistently meet the state's constitutional and statutory funding obligations to the public schools;
- 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);
- Be balanced with respect to sources of revenue (individuals, businesses, property, sales, etc.); and
- Be designed to consider both an individual's and a community's ability to pay.

Furthermore, NJSBA believes that the state should fund 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. This will invariably require the state to rebalance its current funding sources: the income tax and the local property tax.

The Association supported the School Funding Reform Act (SFRA) when it was first enacted in the 2008-2009 school year as a constitutional remedy which met our basic criteria for a statewide funding mechanism to support the state's public school system.

Unfortunately, as a combined result of legislative tinkering and a severe economic downturn, the law was only fully funded in its first year. For the last eight years, the allocation of school aid through SFRA has included a provision stipulating that no district can receive less aid than it received previously, a legislative 'hold harmless' clause, that has constrained promised increases in funding to districts that have experienced increases in enrollment. The "hold harmless" clause, in addition to enrollment caps built into the formula that have been frozen since 2009, has mitigated the positive effect of SFRA for many districts, which would have received significant increases in aid because of enrollment growth since the inception of the SFRA.

Additionally, the SFRA further reduced aid to districts with special education students by wealth-equalization of a portion of this aid, which was previously disbursed on a categorical basis.

Lastly, the impact of the 2 percent tax levy cap, not anticipated by the SFRA, has further constrained local districts' ability to raise local revenue to offset what would have been provided through SFRA had it not been limited by restrictive budget language.

What happens if the state continues to refuse to apply or fund the formula? Local school districts will increasingly find themselves looking for cost-saving reductions that limit extra-curricular activities and perhaps even educational programming options, which they can no longer afford.