

I. Executive Summary

Pursuant to Assembly Concurrent Resolution No. 3, the Joint Legislative Committee on Public School Funding Reform was charged with reviewing and formulating proposals that address the manner in which government provides for the maintenance and support of a system of free public schools for the instruction of the children of this State.

The Joint Legislative Committee on Public School Funding Reform finds:

- In 2005 New Jersey's total Statewide property tax levy increased to almost \$20 billion with school taxes representing nearly \$11 billion of that total;
- In FY 2007, over \$10 billion of the State's \$30 billion budget is allocated to support pre-school through grade 12 education (34%);
- Of the \$16,000 average per pupil amount budgeted to be spent for education in FY 2007, approximately 52.2% is supported by local funds, 44.1% is supported by State funds, and 3.7% is supported by federal funds;
- On average, 55% of a homeowner's property taxes go to fund schools;
- Increases in education spending have been a major contributing factor to the rise in local property taxes;
- The development of a predictable, transparent school funding formula is essential for school districts to plan effectively and deliver the quality education that our citizens expect and our Constitution requires; and
- At the same time any new school funding formula must include mechanisms to control the taxing and spending behavior of school districts and to promote greater efficiencies in the delivery of educational services in order to provide meaningful property tax relief.

The Joint Legislative Committee on Public School Funding Reform recommends:

Development of a New School Funding Formula

- *Recommendation 1:* State aid for every school district should be based on the characteristics of the student population and the individual district's ability to pay.
- *Recommendation 2:* Aid calculations should be simplified to ensure transparency, thereby eliminating the need for multiple additional aid categories.
- *Recommendation 3:* A new school aid formula should be developed based upon the nationally-recognized professional judgment panels (PJP) model for determining the resources necessary to meet educational standards.
- *Recommendation 4:* The formula should be based on "costing-out" calculations developed through the PJP model to determine the base per pupil cost of a thorough and efficient education, as well as the additional weights for special education, at-risk, and limited English proficiency students. This should also include use of the geographic cost of education index to accurately reflect differences in the cost-of-living throughout the State.
- *Recommendation 5:* A district's share of State education funding should be based on up-to-date measures of a district's ability to pay. The formula for calculating the ability to pay should be based equally on a district's relative property wealth and income. Property wealth should be calculated by considering the equalized property valuation per capita relative to the State median. A district's income should be calculated based upon income per capita relative to the State median.
- *Recommendation 6:* The State should provide a hold harmless provision.
- *Recommendation 7:* A minimum amount of State aid should be provided to each school district.
- *Recommendation 8:* The Department's recommendations regarding the apportionment of costs in regional districts should be adopted.

Additional Aid Categories

- *Recommendation 9:* Continue the current funding method for adult and postsecondary education aid, county vocational school aid, and transportation aid, but update cost factors to reflect inflation.

Accountability and Monitoring

- *Recommendation 10:* To ensure increased school district accountability, the Commissioner of Education should conduct an evaluation of the Department and implement a reorganization plan and the authority of the commissioner should be clarified and strengthened.
- *Recommendation 11:* Continue and expand the authority delegated to the Commissioner under the school district accountability provisions of CEIFA.
- *Recommendation 12:* Amend the New Jersey Quality Single Accountability Continuum Act (NJ QSAC) to expand the authority of the Commissioner to conduct immediate comprehensive reviews and to clarify oversight authorities.
- *Recommendation 13:* Amend the School District Fiscal Accountability Act to expand the circumstances under which the Commissioner can appoint a State monitor for a school district.
- *Recommendation 14:* Place the Abbott district efficiency standards in permanent statute and apply them to all school districts. Grant the Commissioner the authority to withhold a portion of any district's State aid for failure to comply.
- *Recommendation 15:* Adopt various recommendations of the SCI report related to public disclosure and oversight, as well as other public disclosure and oversight provisions.
- *Recommendation 16:* Current school board training requirements should be expanded to cover re-elected and re-appointed school board members. In addition, the scope of the training should be expanded to include training in the five key areas of school district effectiveness: instruction and program, personnel, fiscal management, operations, and governance.
- *Recommendation 17:* Individual schools which meet established benchmarks for improvement of outcomes as determined by the Department of Education should

be rewarded through the use of nominal one-time grants. The use of the funding should be the subject of a vote of the teachers in the school so rewarded, but would be limited to use on non-recurring costs.

Special Education

- *Recommendation 18:* Increase pre-identification services.
- *Recommendation 19:* Promote inclusion of special education students in local school district programs through proposed changes to the school construction law which would expand capacity in local districts.
- *Recommendation 20:* Promote greater coordination of special education services available in local districts at the county level.
- *Recommendation 21:* Require the Commissioner of Education to establish a consistent tuition structure for out-of-district placements and an advisory group to review and make recommendations.
- *Recommendation 22:* Reduce the use of due process hearings and litigation to resolve special education disputes through increased coordination with the Center for Negotiation and Conflict Resolution (CNCR).
- *Recommendation 23:* Continue funding of extraordinary special education aid.

Budget Controls

- *Recommendation 24:* Include a revenue cap in the funding formula to be adjusted annually by the CPI and changes in enrollment.

School Board Elections

- *Recommendation 25:* Move the school board member elections to November. Keep school budget elections in April but eliminate the budget vote if the district's budget is under the predetermined cap.

State Mandates

- *Recommendation 26:* Eliminate unnecessary State mandates.

Early Childhood Education

- *Recommendation 27:* Provide State support for high-quality preschool for all children in A & B district factor group (DFG) school districts and for children who qualify for free and reduced price meals in all other districts.
- *Recommendation 28:* Provide State support for full-day kindergarten programs in nonAbbott districts.