

**OFFICE OF LEGISLATIVE SERVICES
ANALYSIS OF THE NEW JERSEY BUDGET
FISCAL YEAR 2010-2011**

BUDGET QUESTIONS FOR ALL DEPARTMENTS AND UNITS

1. For each line item reduction in the department's or unit's budget, specify the change, if any, in the nature, breadth or level of service or benefit that will be provided and identify and quantify the population that may be affected.

Total School Aid

- **Total School Aid (FY10=\$11,130,400,000; FY11=\$10,310,900,000; cut = \$819,500,000)**

As you know, \$1.057 billion in federal fiscal stimulus money that was available to New Jersey's school districts in FY 2010 is not available in FY 2011. The Governor cut state spending on non-school aid purposes deeply so that, beyond closing the State's own massive budget deficit, we could achieve the savings necessary to provide school districts with \$238 million in increased state funding. Netting the Governor's \$238 million state funding increase against districts' \$1.057 billion federal funding decrease leaves school districts struggling with a net \$819 million reduction in outside assistance. Except in instances where its enrollment has significantly declined, no school district will lose more in formula aid than 4.99% of its original FY 2010 budget.

This administration will work with the Legislature to pass a Constitutional amendment that caps the growth of spending on direct state services and makes a higher percentage of future state revenues available for aid to school districts and municipalities. This will cause total school aid to districts to rise substantially when economic growth returns to New Jersey and generates growth-derived higher tax revenues. In June, the Administration will also submit a second application for Race to the Top funds which, if successful, could bring hundreds of millions of dollars to our schools.

Direct State Services

- **Statewide Assessment (FY10=\$20,725,000; FY11=\$18,694,000; cut = \$2,031,000)**

To offset this cut, the Department will reduce the size of the NJASK contract, eliminate the Day 2 performance assessment component of the biology end of course test and scale back the number of Learnia assessments given.

- **Services Other Than Personnel (FY10=\$4,784,000; FY11=\$3,318,000; cut = \$1,466,000)**

The Division of Early Childhood Education will have to restrict outside evaluations used to help it and individual school districts track the progress of preschool children. The Department will also have to reduce the number of state funded professional development opportunities for school district personnel, as well as professional development-related mailings, subscriptions and memberships. The special purpose account for District and

School Improvement was moved to this line and reduced. The cut will eliminate funding for professional learning communities and MathNext MOUs, as well as funding for conference attendance.

- **Materials & Supplies (FY10=\$1,339,000; FY11=\$1,139,000; cut = \$200,000)**

The Department will have to consolidate office operations relating to copiers and fax machines. In addition, the materials and supplies used for conferences and meetings will be reduced along with printed material distribution.

- **Italian American Heritage Commission (FY10=\$110,000; FY11=\$0; cut = \$110,000)**

The Italian-American Heritage Commission was established in 2001 by statute (NJS 18A:4-42 et seq.) to provide assistance and advice to public and nonpublic schools with respect to the implementation of Italian and Italian-American heritage cultural and educational programs. The Commission and staff are physically housed at Rutgers. The cut will eliminate the state appropriation. The Commission also receives funding from the Italian American Heritage Foundation.

- **Affirmative Action and EEO (FY10=\$68,000; FY11=\$0; cut = \$68,000)**

The DOE will fund these activities through its salary account.

- **State Board of Education Expenses (FY10= \$65,000; FY11=\$50,000; cut=\$15,000)**

The State Board of Education is comprised of 13 Governor appointed members to adopt administrative code which sets the rules needed to implement state education law. The rules cover the supervision and governance of the state's 2,500 public schools which serve 1.4 million students. The reduction brings the Board's budget into alignment with its actual spending.

- **Continuing Education (FY10=\$12,000; FY11=\$0; cut = \$12,000)**

The funds are used primarily to support the state's Professional Teaching Standards Board (PTSB) and the County Professional Development Boards for travel, official receptions and other costs. The nineteen-member PTSB develops professional development standards for teachers and education professionals.

Grants-in-Aid

- **New Jersey After 3 (FY10=\$10,480,000; FY11=\$0; cut = \$10,480,000)**

The FY' 10 appropriation was the state's contribution to a public-private partnership to increase the availability of structured after-school care for elementary and middle school students. It was also intended that the state appropriation be augmented by other financing, such as corporate donations and local funding. While the funding came through DOE's budget, NJA3's current contract is with the Department of Treasury. NJA3 estimates that this cut will eliminate the program as the majority of its budget is funded via this appropriation. Currently, NJA3 serves more than 10,000 students in more

than 100 schools. Federal funding for 21st Century Community Learning Centers provides support for somewhat similar programs.

- **Liberty Science Center (FY10=\$2,700,000; FY11=\$1,350,000; cut = \$1,350,000)**

With this funding, districts with high concentrations of at-risk students are able to take field trips to The Liberty Science Center. The funding also pays for science-related teacher professional development. The reduction will reduce these activities by half or pass the cost on to districts.

- **Teacher Preparation (NTSB Support) (FY10=\$38,000; FY11=\$15,000; cut = \$23,000)**

The New Jersey National Board for Professional Teaching Standards Subsidy Program no longer provides subsidy funds to New Jersey teachers seeking National Board Certification for the first time. The subsidy allocation for new National Board candidates was phased out in the FY10 budget, but as all candidates are given three years to successfully complete the National Board process, funds need to be allocated to cover those candidates still in process prior to the phase out. In FY10, \$38,000 was allocated for those candidates still in the three year process. Based on projections of completions over the next two years, we estimate we will need a comparable allocation for FY11 and FY12 to allow the state to meet its subsidy obligations for the completing candidates. Although the state is no longer subsidizing new candidates, the Office of Professional Standards, Licensing and Higher Education Collaboration continues to monitor the federal subsidies for those who are eligible and provide technical assistance for the candidacy process.

2. For each line item reduction in the department's or unit's budget, please indicate the number of positions (budgeted, funded and filled or unfilled) that will be eliminated and the number of individuals whose employment will be ended. If appropriate distinguish between staffing actions that may occur before and after January 1, 2011.

N/A

3. Please identify any reductions in the department's or unit's budget that constitute one-time savings that are not likely to recur in Fiscal Year 2012.

Depending on a number of factors including federal assessment policy, the state's current high school assessment redesign, and vendor pricing, the department's assessment account reduction may not be able to be sustained in FY 2012.

4. Please identify each Fiscal Year 2010 mid-year reduction that is recommended for continuation in Fiscal Year 2011.

All of the FY10 mid-year reductions were continued in the Governor's proposed budget for FY11.

New Jersey After 3 (FY10=\$10,480,000; FY10 cut = \$5,240,000; FY11cut = \$10,480,000)

Statewide Assessment (FY10=\$20,725,000; FY10 cut = \$1,700,000; FY11 cut = \$2,030,000)

Services Other Than Personal (FY10=\$4,784,000; FY10 cut = \$3,318,000; FY11 cut = \$1,466,000)

Teacher Preparation (NTSB Support) (FY10=\$38,000; FY10 cut = \$23,000; FY11 cut = \$23,000)

5. Are any of the appropriations recommended for Fiscal Year 2011 required to compensate for the effects of Fiscal Year 2010 reductions? If so, please identify and explain.

N/A

6. Please list any anticipated increase in fees, fares or co-payments that are reflected in the FY 2011 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

N/A

7. If additional revenues were to become available during the budget process, which one or two reductions proposed for the department or unit should be top candidates for restoration? Please justify your selections.

The Governor's proposed Fiscal year 2011 budget represents the culmination of many tough choices that had to be made in order to balance spending and revenues for next year. The funding proposed for the Department of Education, while reduced, will allow it to meet its core missions and provide vital services to residents and businesses in the State.

In the event that additional revenues become available during the budget process, the Department would welcome the opportunity to work closely with the Legislature to restore funding for important programs. The Department believes that any such restorations should be considered in the context of programs and spending needs throughout the State budget, not only those administered by the Department. The Department looks forward to consulting with the Legislature to ensure that only the programs of greatest value are restored.

8. Please identify proposed budget reductions which require Federal approvals, waivers or similar actions, and the timetable for seeking and obtaining approvals in order to achieve the projected savings. Please indicate whether approvals/waivers have been previously sought and not obtained, and explain why approvals should be expected in this case. If federal approval is not received, what alternative actions may have to be taken to

achieve savings of comparable value? Please also identify proposed budget reductions that may reduce the receipt of federal funds, and the estimated loss of federal funds that would result from such reductions.

The reduction in special education categorical aid will reduce the state's maintenance of effort (MOE) for FY 2011 below the current year and will, therefore, require a waiver from the Federal Government. The waiver process is not that cumbersome and, based on past experience, we believe that approval will be granted.

9. Please describe how the department or unit implemented mandatory workforce furloughs in FY 2010, identifying the amount saved and the proportion of the workforce exempt from furloughs, and detailing the impact on individuals or firms served by or regulated by the department.

No one was exempt from the furloughs within the Department. To date, savings of approximately \$1 million in salaries (including Katzenbach) have been achieved. The full-year savings estimate for FY 2010 is \$1.4 million.

Operations that directly affect students, the public and/or school districts were negatively impacted. The Katzenbach School for the Deaf, for instance, had to provide substitute personnel when teaching staff or others involved with instruction took furlough days. Temporary substitutes are not as effective as a student's permanent teachers. As a result of having to provide substitute personnel, the amount of savings generated by furloughs was also diminished.

10. The Budget in Brief references savings to be achieved both through privatization and "insourcing." Please identify savings in your budget associated with either of these initiatives. Please provide examples of successes or failures of such initiatives in prior years.

The Department is reviewing savings opportunities that could be achieved via these strategies.