

Testimony on State Aid to Schools
Assembly Budget Committee - April 9, 2018 at State House

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Many citizens have come before this Committee over the past several years to advocate for equity in the provision and distribution of state aid to schools. I want to thank this Committee, and all Legislators, who stood up last spring (and part of the summer) for school funding fairness, taking the first step on a sustainable path toward real justice for all New Jersey's children, school districts, and taxpayers. What remains is a \$1.2B gap in State aid share and \$700M in existing aid that needs to be distributed equitably. The goal is simple: 100% funding for every school district, no more and no less.

The fall gubernatorial and legislative campaigns again identified school aid as a key priority in building a stronger and fairer New Jersey. Governor Murphy recently proposed \$283M in additional aid for FY19 to address almost one-quarter of that shortfall. Building on last year's success, this would amount to a five-year plan for the State to provide its full share of aid to schools. That's real progress on the big picture.

When we scope down to the school district level however, the image is quite different: the proposed distribution of state aid is downright dismissive of any sense of fairness. The Governor has rightfully received criticism for this; a recent article said his proposal was "facing strong headwinds". That's because his plan will not meaningfully reduce the equity gap and will certainly not lead to a fairer New Jersey. As a colleague of mine said, "Being fair on school funding can't just be a political punch line. It has to be a reality for the students, all of them, not just some." Senator Sweeney's plan makes much more sense.

So, we need real solutions. Allow me to offer three to you today:

1. The proposed aid distribution appears to be based on SFRA's growth limits, which were intended to be annual caps not some benchmark to be reached after four years of 5% increases. For example, Newton would go from 60% to 65%. At that rate, full funding would take eight years not four as the Governor keeps saying. And other districts would take 10, 12, even 15 years to get to 100%. We've already had four decades of funding inequity ... justice delayed is justice denied. The truth is these growth limits distort any reasonable path to funding fairness. We are going on 11 years since the passage of SFRA, so any growth limit should have already expired, right? Even a 10% limit annually over 10 years would have everyone at 100%. So, my first recommendation is to urge the Legislature to pass a bill to **eliminate all state aid growth limits for FY19 and beyond.**
2. Closing the gap in the State's share of \$1.2B over four years is a big part of the solution. The other part is the \$700M in overaiding, mostly through Adjustment Aid, that must continue to be reduced as was started last year. Make no mistake, overaided districts expected, and have been planning for, an acceleration of that reduction. Perhaps a few held out small hope for flat funding as an absolute best case. Instead, the Governor proposed increasing their aid, in some

cases by larger dollar amounts and percentages than what is being proposed for the most severely underaided. For example, Chesterfield in Burlington County, which currently receives 19% of its state aid would get 5% more, while some overaided districts would get million dollar increases amounting to 10% or higher. How is that a fairer New Jersey? What began last year must continue. My second recommendation is to urge the Legislature to pass a bill to **put adjustment aid into the formula and phase out overaiding to zero over the next four years.**

3. And finally, beware of a purposeful distraction that is being spread about spending adequacy. The story goes that if a district is spending below adequacy, that the State cannot take away aid no matter how overaided they are. This is nonsense. Spending adequacy is based on two things: state aid and local taxes. The State's obligation is to provide 100%, no more and no less. If a district is not contributing its full share of local taxes, it is not incumbent upon the State to overaid that district to make up the difference. Rather, it is the obligation of that community to make its full contribution. The truth is these undertaxing districts are not paying their fair share because the State has overaided them for years: they have no incentive to pay what's right and just. Reallocating their aid to 100% and holding them accountable for their fair local tax share is the only answer. My third recommendation is to urge the Legislature to pass a bill to **create a waiver of the 2% cap so undertaxed school districts can make their full local contribution over the next four years.**