



NJDOE News

Contact: Bob DeSando
For Release: May 19, 2000

Hespe Announces \$156.6 Million in Supplemental Funding for Abbott Districts

The Department of Education today approved \$156.6 million in supplemental aid for New Jersey's special needs districts, a significant increase from the \$40 million awarded last spring. At the same time, Commissioner of Education David C. Hespe announced that the 17 districts receiving additional aid will be subject to a follow-up targeted management review to identify any areas of inefficiency in their operations.

"These supplemental aid awards will bring the state's investment in the education of children in the 30 Abbott districts to more than \$2.7 billion next year, an all-time record," Hespe said. "Almost half of our formula aid will go to these districts so they can be funded at a level equal to the wealthiest districts in the state and implement needed programs. The recipients of this aid, and the department, have a responsibility to taxpayers of New Jersey to ensure that their money is being put to the highest and best use."

Twenty of the 30 Abbott districts submitted supplemental aid requests. One district, Paterson, subsequently withdrew its request. The requests from the remaining 19 districts were carefully examined by the department to determine if they contained excess cost estimates and met the eligibility criteria set by the state Supreme Court. The department determined whether the districts had resources available that could be reallocated to achieve their goals without a commitment of additional state aid. Following the review process, a determination was made that two districts, Hoboken and Elizabeth, were ineligible for supplemental aid. However, Elizabeth's early childhood education plan is still being reviewed, and this review may result in supplemental aid for the district. All decisions can be appealed to the commissioner.

Hespe said the supplemental aid amounts awarded this year continue funding for virtually all supplemental aid programs approved by the department last year. However, districts were required to re-apply for the supplemental support they received last year.

The extra aid will be used to implement a wide variety of educational programs and improvements, including whole school reform. The commissioner noted that the aid amounts could move even higher pending the completion of the department's review of 11 associated early childhood education plans.

The supplemental aid included in the package for Newark will close the district's recurring shortfall for 2000-01 and cover contractual obligations including salary increases and other fixed costs. The department indicated that the total amount of additional aid for Newark will likely increase based on the final determination of necessary programs, the results of a management study and budget review, and the final 1998-99 budget audit. The \$60 million provided to Newark in 2000-01 is in addition to the \$38.4 million in supplemental funding approved earlier this year to close the 1999-00 budget shortfall.

In order for supplemental funding requests to be approved by the department, a two-fold standard established by the state Supreme Court in its *Abbott v. Burke* ruling must be met. According to the court, the requests must be for a program that is "essential" to provide a thorough and efficient education. Districts must also demonstrate a need for the funds.

"Each district's request must be evaluated against the standard of need in the context of the district's entire budget," Hespe explained. "If a district can not demonstrate the need for additional funding to achieve the core curriculum, its request can not be approved. The programs may be educationally sound. But they are above and beyond what is necessary to achieve the core curriculum."

New Jersey spends more per pupil than any other state in the union, and spending in the Abbott districts is on a par with the wealthiest districts in the state.

"Our level of commitment is unparalleled," Hespe said, "and we are proud of our efforts. The billions of dollars we spend in the Abbott districts not only help the children, but entire communities. Better schools help build better communities. But additional spending requires a greater level of accountability."

To maximize the state's investment, all districts receiving supplemental aid will be subject to a review by the department's Office of Fiscal Standards and Efficiency. "This targeted review will examine the district's spending

plan in relation to our comparative spending guide. We will look at all budget and best practice documents prepared for the district by local government review teams from the Treasury Department and any other appropriate information that relates to efficiency and effectiveness.

"At the completion of the targeted review, the department will provide the district with recommendations on how it can spend money more efficiently in its current year operations and the development of future budgets."

Hespe said the department will consider these efficiency recommendations as part of its analysis of the need for additional state aid for the 2001-02 and subsequent school years.

#