



NJDOE News

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GOVERNOR ANNOUNCES NEW SCHOOL FUNDING FORMULA

BURLINGTON TOWNSHIP - Governor Jon S. Corzine today unveiled a new formula that provides a unified approach to school funding and allocates similar resources to similarly situated students, no matter where they live. The formula replaces the outdated, ad-hoc state aid system that currently exists.

Under *A New Formula for Success: All Children, All Communities*, approximately \$7.8 billion will be distributed for K-12 education for the FY2009 fiscal year, an increase of approximately \$530 million.

All districts will receive a state aid increase of at least 2 percent during the first year, and no districts will see a decrease in total state aid during the first three years of the program. In later years, decreases in aid would occur if districts experience declines in overall enrollment or in enrollment categories.

"Over the last year, parents and educators have been telling me they want more for students and they are passionate," Corzine said. "Today we unveil a new school funding formula that gives all of our children in all of our communities the opportunity to succeed. It is balanced, unified and equitable and it provides significant relief to local property taxpayers, who for decades have shouldered the important yet growing cost of education."

Education Commissioner Lucille E. Davy noted that the details of the formula released today are the result of more than a year of intensive work by department and administration officials, legislators and stakeholders.

"This is a formula that follows the basic principle that children with greater needs deserve greater resources," said Education Commissioner Lucille Davy. "The Department of Education has worked long and hard over the past year to devise a fair, balanced, equitable, and logical system of allocating state education aid."

"With this new formula we are expanding the definition of "needy" students, making sure those children who face multiple obstacles are fully funded and ensuring aid is distributed to middle-income districts accordingly."

The Governor has also proposed the expansion of high-quality preschool to at-risk three- and four-year olds-in districts throughout the state. Funding for the expansion would be outside the amounts announced today, and it would be phased in over time.

Adequacy Budgets

Aid will be distributed through a foundation formula. Calculations are based on a per-pupil adequacy budget, which represents what each district should be spending to allow each student to attain New Jersey's educational standards. The base amount is set for elementary school students and is increased for middle school students, high school students and vocational school students because it grows more expensive to meet students' needs as they progress through school.

Additional weights are added to the basic formula for at-risk students (those eligible for free or reduced lunch), students with limited English proficiency (LEP) and special education students. A combination weight is calculated for students who are both at-risk and LEP.

The formula also recognizes that there are additional challenges in meeting students' needs when there is a high concentration of poverty in a district, so the additional at-risk weight increases as the poverty weight in a community increases. Forty-nine percent of New Jersey students eligible for free and reduced lunch live in non-Abbott districts.

In addition, the formula encourages districts to provide full-day kindergarten by accounting for a full-day program and funding it as part of each district's adequacy budget.

Finally, because there are cost differentials in different parts of the state, the adequacy budget is adjusted by a geographic cost index.

Special Education

The formula also changes the way special education is funded in New Jersey, recognizing and addressing the true statewide cost of special education. Funding allocated for special education will increase significantly by approximately \$470 million in the 2008-09 school year.

The approach followed, which is used by the federal government and several other states, is known as the "census method." Each district's adequacy budget for special education costs will be calculated by multiplying the statewide average 14.87 percent classification rate by the per pupil special education excess cost of \$10,897. For each district, one-third of this special education component will be funded on a categorical basis and two-thirds will be funded on a wealth-equalized basis.

An increase in categorical extraordinary special education aid will complement the formula. The state will now fund 75 percent of per-pupil special education costs that exceed \$40,000 per student for in-district placements and \$55,000 per pupil for out-of-district placements.

State and Local Share

Districts' adequacy budgets are supported by both state and local funding. The calculation of each district's local share is based on the wealth of each community as measured by aggregate income and property value.

[Note: Information on the new School Funding Formula is posted on the Department of Education website at www.state.nj.us/education

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