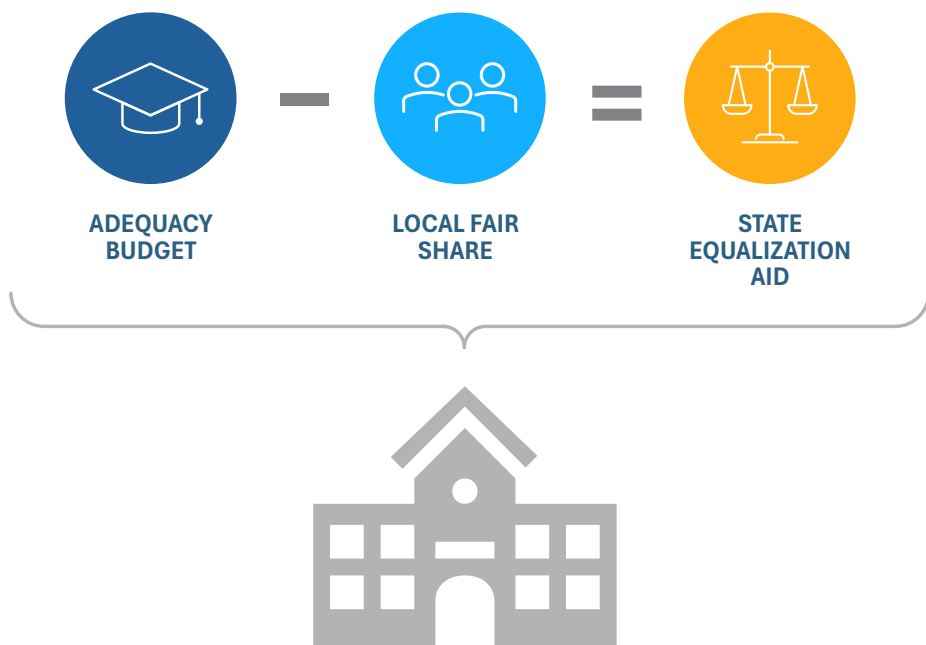


NJ School Funding Learning Series

NEW JERSEY STATE AID 101: PART I

State equalization aid



What does this formula look like in different districts?

Two districts may have the same adequacy budget. In other words, they may require the same total amount to educate their students. But if the districts have very different local fair shares, they will receive very different amounts of State aid.

Equalization aid is designed to respond to differences in local ability to pay.

Key takeaways

- ▶ **Aid fills the gap**
State equalization aid equals the adequacy budget minus local fair share, funding the difference a community cannot raise.
- ▶ **More capacity, less aid**
A higher local fair share means less equalization aid — districts with greater local wealth receive less from the State.
- ▶ **Local wealth drives the amount**
Districts with identical adequacy budgets can receive anywhere from \$0 to tens of millions, depending on local wealth.