

New Jersey

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The state of New Jersey's per-pupil expenditure rate is among the highest in the nation. The public education funding formula is a complex, student-based design that has never been fully funded by the legislature. New Jersey has experienced legal challenges to the public-school funding mechanism which resulted in the School Funding Reform ACT (SFRA) of 2008.¹ Despite the passage of the SFRA, the equity gap has continued to widen. As the coronavirus pandemic has swept the nation, many government/education leaders feared severe financial losses to education. The state of New Jersey seems to have avoided detrimental financial setbacks as their 2022 state budget is the largest allocation in the history of the state.

FUNDING PRIORITIES FOR P-12

Currently, there are five major funding priorities for P-12 in the state of New Jersey. The focus of the legislature has centered upon the state funding formula, extraordinary costs, expanding preschools, wrap around services and the stabilization aid program. The current formula was developed in response to the passage of the School Funding Reform ACT of 2008. It allocates funds specifically to many different subgroups of students in public schools. The formula is designed to create equity of funding for all students if it is fully funded by the legislature. The current priority regarding the formula is to increase P-12 funding by \$578 million.² In addition to increased funding, the legislature passed bill S-3617, which creates a School Funding Formula Evaluation Task Force. This group will be responsible for researching various factors that impact public school funding in New Jersey. The legislature approved a \$25 million increase for extraordinary special education aid.³ New Jersey's school funding law includes an "extraordinary costs" provision that qualifies districts for additional

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1. Sitrin, Carly. "Why New Jersey's Progressive School Funding Formula Still Isn't Working for Some Children." Politico PRO, September 30, 2020. <https://www.politico.com/states/new-jersey/story/2020/09/30/why-new-jerseys-progressive-school-funding-formula-still-isnt-working-for-some-children-1318599>.
 2. "Governor Proposes \$578 Million Increase in Education Formula Aid ." New Jersey School Boards Association, February 24, 2021. <https://www.njsba.org/news-publications/school-board-notes/february-23-2021-vol-xliv-no-32/governor-unveils-45-billion-new-state-spending-plan/>.
 3. "From the Capitol: Extraordinary Aid for Special Education Expanded." NJCommonGround.org. The New Jersey Council on Developmental Disabilities. Accessed October 29, 2021. <https://njcommonground.org/from-the-capitol-extraordinary-aid-for-special-education-expanded/>.

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state aid when spending over \$40,000 on providing special services for each special education student. The legislature funded preschools at \$924 million, a \$50 million increase. New Jersey is predicted to offer universal preschool for all children soon. School-based wrap around services were maintained by the legislature as they budgeted \$4.5 million to assist lower income families with the cost of before and after school child-care. The legislature also budgeted \$50 million for underfunded public schools in New Jersey. This funding is specific to schools that have experienced enrollment fluctuations during the pandemic and are set to see a reduction in state funds according to the formula.

CHANGES TO FUNDING FORMULA FOR P-12

The current funding formula in New Jersey has not changed since it began in 2008 with the passing of the School Funding Reform Act. A simplified representation of the formula is as follows: Local Fair Share + Equalization Aid = Adequacy Budget.⁴ However, during the 2021 legislative session, S-3617 was passed which creates a School Funding Formula Evaluation Task Force. This group of individuals are tasked with studying the New Jersey funding formula and its efficiency in funding public schools in the state.

PRESSING STATE ISSUES AFFECTING P-12

The major issues impacting P-12 include underfunded pension plans, equity of school funding, and special education funding. The state pension fund was hit hard during previous recessions and is in detrimental shape. The legislature funded state pensions at \$505 million for 2022.⁵ This is an important step since the state has skipped payments to the fund in previous years. Since the New Jersey school funding lawsuits and the passage of the SFRA in 2008, the state has still been unable to provide an equitable public education system. This remains a challenge in New Jersey as well as the nation. Major steps were taken in the 2021 legislative session that may work towards increasing equity. The additional funding for education in the form of stabilization and extraordinary cost funding are first steps in the right direction. The costs associated with educating special education students in New Jersey have been on the rise in recent years. The reimbursements from the state to districts who provide these services have not kept up with mandated services. Thus, districts with higher numbers of special education students and particularly students in greater need are often severely

4. "School Finance 101." New Jersey School Boards Association, February 23, 2016. <https://www.njsba.org/news-information/parent-connections/school-finance-101/>.

5. Adely, Hannan. "Here's How Murphy's \$9.3B NJ Schools Budget Will Affect Aid in Your District." North Jersey Media Group. NorthJersey.com, February 26, 2021. <https://www.northjersey.com/story/news/2021/02/25/nj-school-aid-phil-murphy-budget-district-gets/6807234002/>.

underfunded. The legislature increased “extraordinary costs” by \$25 million for FY 2022 which will help underfunded districts.

EXCLUSIVE TO P-12: WHAT ARE THE ALTERNATIVES TO TRADITIONAL PUBLIC SCHOOL OFFERED BY YOUR STATE? WHAT DOES THE TREND IN FUNDING LOOK LIKE FOR THESE ALTERNATIVES?

Charter schools are the main alternative to traditional public schooling in New Jersey. As of June 2021, there are 91 charter schools and approximately 57,453 students enrolled in these programs within the state. Nonpublic schools do receive funding in New Jersey, and these organizations gained specific appropriations in the **FY2022 budget**. An increase of \$1.5 million was allocated to nonpublic schools for nursing services. The budget also restored nonpublic funding for technology at \$5.4 million. Lastly, \$1 million was allocated for nonpublic compensatory education and ESL services.

TOTAL DOLLAR AMOUNT FOR NEW JERSEY’S PER PUPIL EXPENDITURE (EXCLUDING LOCAL AND FEDERAL FUNDING)?

\$21,866

ALLOCATION OF STATE DOLLARS AND PERCENT OF THE STATE BUDGET FOR P-12

Governor Murphy signed the largest state budget in New Jersey history at \$46.4 billion.⁶ The education budget is just over 20% of the entire state budget. In addition to this massive budget, the state was able to retain \$10 million in surplus. New Jersey Public Schools will receive almost \$9.3 billion, an increase of \$578 million in funding.⁷

6. “State of New Jersey the Governor’s FY2022 Budget.” Accessed October 29, 2021. <https://www.nj.gov/treasury/omb/publications/22budget/pdf/FY22GBM.pdf>.

7. “State Investment in Public Education Tops \$20 Billion.” New Jersey Education Association. Accessed October 29, 2021. <https://www.njea.org/state-investment-in-public-education-tops-20-billion/>.