

Great Schools New Jersey: The Association of High Need School Districts

In partnership with Education Law Center Advancing Educational Opportunities for All Students

NJASA Headquarters – September 12, 2018

AGENDA

- I. Welcome: Dr. Michael Salvatore, GSNJ President, Superintendent, Long Branch Public Schools**

- II. Video Presentation: Breakfast After the Bell**
Reginald Dorsey, State Outreach Coordinator, Advocates for Children of New Jersey (ACNJ)
Lisa Pitz, Site Manager, Center for Food Action

- III. School Aid in 2018-19, Changes to the SFRA and Where We Go From Here:**
Kevin Dehmer, Assistant Commissioner and CFO, NJ Department of Education
Dr. Danielle Farrie, Research Director, Education Law Center

- IV. Approval:**
GSNJ May 2018 Meeting Minutes (*attached*)
Treasurer Reports: May 2018, June 2018, July 2018 (*attached*)

- V. Legislative Update**

- VI. Education Law Center Update**

Great Schools New Jersey – May 8, 2018

Great Schools New Jersey – The Association of High Need School Districts Meeting – Wednesday, May 8, 2018 NJASA

I. Welcome: Dr. Michael Salvatore, GSNJ President, Superintendent, Long Branch Public Schools

Dr. Salvatore welcomed participants to the meeting. He introduced Dr. Danielle Farrie, Research Director at Education Law Center.

I. School Funding in Governor Murphy’s FY19 State Budget Proposal: Danielle Farrie, ELC

Dr. Farrie began her presentation by noting that 217 districts are currently below adequacy, compared with 125 districts in the 2008-09 school year, when the SFRA was introduced. The reason why districts are below adequacy varies: 103 districts have gaps caused by state funding but are meeting their local fair share; 37 districts have funding gaps because they are below their local fair share; and 77 districts have funding gaps related to both state aid and local revenue.

Patricia Camp, Rahway Superintendent, asked about filling local aid gaps. Dr. Farrie said the property tax cap does not make sense with the formula because districts are constrained by a 2% increase every year. Some districts will never be able to meet their local fair share with the cap in place.

Dr. Farrie said there are 146 total districts with local revenue gaps. Of those, 114 districts are below their local fair share, totaling \$1.1 billion. The average gap is \$2,262 per student. Fourteen districts have local aid gaps between \$5,000 and \$12,500 per pupil. There are 32 above adequacy districts with local aid gaps totaling \$104 million. The average gap is \$1,372 per pupil.

She noted that 381 districts are owed additional state aid. Of these districts, 180 are below adequacy, and the aid owed to them totals \$1.8 billion. On average, districts are owed \$3,209 per pupil. Twenty-eight districts have local aid gaps between \$5,000 and \$10,000 per pupil. A total of 201 districts that are owed state aid are above adequacy. The total gap is \$282 million and averages out to \$717 per pupil.

Dr. Farrie discussed state aid in Governor Murphy’s proposed budget, noting that he included an additional \$383 million for K-12 education. This is the largest non-court-ordered increase since the SFRA’s implementation. This would mean 94% of districts would receive an increase, and the remaining districts would be flat-funded. No district would receive less money in the FY19 than FY18.

Dr. Salvatore mentioned that there will not be equal distribution to each school. Dr. Farrie said the highest poverty districts will be getting an increase of about \$612 per pupil. She also said that Governor Murphy ran the SFRA using the proper weights and CPI adjustments. The caps in the formula were reduced to match up with a four-year phase-in to full funding. The caps were

reduced from 10% to 2.5% per year for above adequacy districts and from 20% to 5% per year for below adequacy districts.

Dr. Farrie said Governor Murphy's interpretation of full funding of the formula is with the growth caps in place, because that's what's in the law. Last year, the growth caps were not applied for aid distribution. Districts farther away from their uncapped aid received bigger increases than districts that were closer. For some districts, the difference between capped and uncapped aid is enormous, Dr. Farrie said.

Dr. Salvatore asked if there is a pathway to adequacy for all districts. Dr. Farrie responded that districts would need to be fully funded every year with a 20% increase. Some districts would take longer to reach their uncapped aid level. The Legislature wants a state budget that is similar to last year's with aid increases targeted to districts that are farthest away from their adequacy level under the formula.

In discussing adjustment aid, Dr. Farrie said last year the Legislature proposed a plan to phase out adjustment aid in five years. Also last year, districts that lost adjustment aid could appeal to the Commissioner of Education for a loan or grant if the cuts caused hardship. This resulted in the Department of Education providing over \$20 million in grants.

Dr. Farrie said Governor Murphy is following the formula, but he did not take into account what happened over the last eight years. It would have been preferable to have made adequacy the target, rather than no aid cuts for any district. Revising the growth cap could have been part of the conversation as well.

There was a question about the original purpose of adjustment aid, and what would happen if it was phased out completely. Dr. Farrie said there is no deliberate phase-out in the original SFRA law. The law provided funding at the 2008-09 level for at least three years, and used adjustment aid in some cases to ensure that. If there was a decrease in enrollment in a district, the district would lose adjustment aid proportionally. Also, as other aid categories grew, districts wouldn't need adjustment aid. The expectation was that over time adjustment aid would be needed less.

Dr. Salvatore mentioned that aid is divided among multiple categories. Dr. Farrie said there is a difference between the state aid notice and the state aid summary. For example, Newark is still receiving adjustment aid in the summary, but will not receive it on the notice. She added that aid starts off with categorical and then works backwards. Transportation, security, etc. are funded first, and equalization aid is funded last. Transportation aid does not have anything to do with adequacy status.

Dr. Farrie said Governor Murphy also proposed a \$57 million increase in preschool aid, of which \$32.5 million will be earmarked for existing programs and \$25 million for expansion. This is the first increase in per pupil funding for preschool since 2014. She added that if a district is ready with a program, they can submit an application for the new funding.

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It was noted that expansion aid was only available last year for districts that already had a program in place. Dr. Farrie explained that the money was made available late, and classrooms had to be ready for early in the school year.

Dr. Farrie said the proper per pupil levels are being used for charter school aid in Governor Murphy's budget. Because charter levels were frozen under Governor Christie since FY14, some districts are paying less and others more than actually required. Because of this, payments to charters will change in the coming school year. But charters will maintain their hold harmless aid, which means no charter will receive less aid than it did in 2007-08.

Dr. Salvatore asked about the charter situation in Red Bank. Dr. Farrie replied that Red Bank has been paying less to the charters than they should, so their aid will increase.

Dr. Farrie also noted the Governor said the formula needs to be "modernized," but it is unclear what that actually means. There will also be discussions on the redistribution of adjustment aid.

There was a question about the Abbott district designation. A superintendent noted that his district has had enrollment growth and similar student demographics, but his district is not held harmless, while the Abbott districts are. Sharon Krengel from Education Law Center said that under the law, the Legislature has the ability to move districts in and out of the Abbott designation.

Melanie Schulz from NJASA noted that Senator Sweeney and Governor Murphy are in two different places when it comes to school aid. The Governor wants there to be no losers. She added that it will be interesting to see what the Legislature does.

There was discussion about where GSNJ should be on these issues. Ken Greene, Newton Superintendent, said that 29 of 40 legislative districts have underfunded school districts. He added that when the budget comes to a vote, it will involve more than just school aid. Governor Murphy, Commissioner Repollet, the Legislature, etc. are all very unclear about what modernizing the formula means.

Mr. Greene added that there were unforeseen circumstances, such as the tanking economy, that caused this inequitable situation to occur. He said growth and property taxes need to be changed, not the formula. It is important to bring districts furthest away from adequacy closer. The Governor came up with a distribution plan that does not match what the Legislature wants, so it will be a while until the situation is reconciled.

Dr. Salvatore said using the words "winners" and "losers" should change, because it pits districts against one another. Legislatively, they should be talking about growth caps and looking at full state data. Money should follow the kids so when enrollment goes up, so should the money.

Sharon said Senator Sarlo, Chair of the Senate Budget Committee, believes the \$283 million proposed by the Governor will remain in the final budget, but the money may be moved around. However, this money will not be added unless revenue and tax increases occur. There is a lot to watch in the next couple of weeks, she added.

Dr. Farrie concluded with several long-term suggestions:

1. Conduct an in-depth analysis of local fair share calculations and reconsider growth caps.
2. Look at the property tax cap. Many districts are below their local fair share and cannot get there with the cap in place.
3. Reexamine adjustment aid. This is not linked to local levy, so raising the levy will have no effect on this.
4. PILOT money currently does not go to schools. Some districts work through this by taking money from the municipal pot. The program could be reevaluated to include money for schools.
5. Revisit the census method for funding special education in the formula.
6. District factor groups use data from 2000. This has an impact on preschool expansion and could be modernized.
7. Consider a whole community eligibility program for free and reduced price lunch. There are issues with eligibility forms and a lot of movement in the number of kids, the percent who join the free lunch program, etc. There are discrepancies between actual eligibility and what is actually reported.

III. Education Law Center and NJASA Updates

Sharon reported that the Joint Committee on the Public Schools is hosting a hearing on school facilities. David Sciarra, ELC Executive Director, is going to provide testimony, and it will be made public. The testimony will center on the fact that the SDA's bonding authority is completely accounted for. There is no additional money for ROD districts or for future SDA district projects. The Legislature will need to authorize more bonding authority, because there are many schools still in need.

Melanie said that individuals are encouraged to send in testimony for the SDA hearing. There is also a potential referendum that would provide money to vocational schools and county colleges for construction projects and school security.

It was noted that \$50 million for vocational schools and colleges grew to \$400 million and then to \$1 billion. There are 105 districts running CTE programs that will not receive any money to sustain them. They are lobbying against the implementation of this.

There was discussion about GSNJ members coming together to write something to send to the Joint Committee on this topic. Dr. Salvatore said he appreciates the passion of the group members. Melanie will send out an email about this.

She also noted that Assemblyman Schaer has drafted legislation that would require public and private schools to provide school blueprints to law enforcement. There is already a memorandum of agreement in public schools.

Sharon provided an update on graduation requirements. The NJ Department of Education is hosting hearings about PARCC and putting together an advisory group. At the hearings, there have been comments from individuals both pro and con with regard to PARCC. In July, a report will be issued with recommendations and findings from these conversations. ELC's lawsuit challenging the graduation requirements is fully briefed, and ELC is waiting for a hearing date.

Melanie said that NJASA will be holding focus groups on testing.

The Senate and Assembly Education Committees are meeting later that week and the following week. Sharon and Melanie will keep GSNJ members informed about what occurs.

IV. Approval: GSNJ April 2018 Meeting Minutes

The minutes from the last GSNJ meeting were moved and approved.

The meeting was adjourned at 11:15AM.

Great School of New Jersey
An Association of High Need Districts
Formerly Urban School Superintendents of New Jersey

Treasurer Report - MAY 2018

Legal Defense Fund - (7801)

Regular Operating Account - (3205)

Beginning Balance		\$ 28,068.37
Income		
Interest	\$ 0.48	
Deposits	\$ -	\$ 0.48
Expenses		
	\$ -	
	\$ -	
	\$ -	\$ -
Ending Balance		\$ 28,068.85

Beginning Balance		\$ 142.56
Income		
Interest	\$ -	
Deposits	\$ -	\$ -
Expenses		
	\$ -	
	\$ -	
	\$ -	
Bank Fees	\$ (20.00)	\$ (20.00)
Ending Balance		\$ 122.56

WELLS FARGO - Advisors

	Previous Value	Change in value	Current Value
	April 30		May 31
Cash	\$ (280.00)	\$ -	\$ (280.00)
Mutual Funds	\$ 10,110.47	\$ 144.65	\$ 10,255.12
Asset Value	\$ 9,830.47	\$ 144.65	\$ 9,975.12

Opening Cash and Asset Value	\$ 38,041.40
Net Change in Position	\$ 125.13
Closing Total Cash and Value	\$ 38,166.53

Great School of New Jersey
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Treasurer Report - JUNE 2018

Legal Defense Fund - (7801)

Beginning Balance		\$ 28,068.85
Income		
Interest	\$ 0.46	
Deposits	\$ -	\$ 0.46
Expenses		
CHK# 1027 NJASA	\$ (8,465.00)	
	\$ -	
	\$ -	\$ (8,465.00)
Ending Balance		\$ 19,604.31

Regular Operating Account - (3205)

Beginning Balance		\$ 122.56
Income		
Interest	\$ -	
Deposits	\$ -	\$ -
Expenses		
	\$ -	
	\$ -	
	\$ -	
Bank Fees	\$ (20.00)	\$ (20.00)
Ending Balance		\$ 102.56

WELLS FARGO - Advisors

	Previous Value	Change in value	Current Value
	May 31		June 30
Cash	\$ (280.00)	\$ -	\$ (280.00)
Mutual Funds	\$ 10,255.12	\$ 49.15	\$ 10,304.27
Asset Value	\$ 9,975.12	\$ 49.15	\$ 10,024.27

Opening Cash and Asset Value	\$ 38,166.53
Net Change in Position	\$ (8,435.39)
Closing Total Cash and Value	\$ 29,731.14

Great School of New Jersey
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Treasurer Report - JULY 2018

Legal Defense Fund - (7801)

Beginning Balance		\$ 19,604.31	
Income			
Interest	\$ 0.42		
Deposits	\$ 2,235.00	\$ 2,235.42	
Expenses			
	\$ -		
	\$ -		
	\$ -	\$ -	
Ending Balance		\$ 21,839.73	

Regular Operating Account - (3205)

Beginning Balance		\$ 102.56	
Income			
Interest	\$ -		
Deposits	\$ -	\$ -	
Expenses			
	\$ -		
	\$ -		
	\$ -		
Bank Fees	\$ (20.00)	\$ (20.00)	
Ending Balance		\$ 82.56	

WELLS FARGO - Advisors

	Previous Value	Change in value	Current Value
	June 30		July 31
Cash	\$ (280.00)	\$ -	\$ (280.00)
Mutual Funds	\$ 10,304.27	\$ 254.33	\$ 10,558.60
Asset Value	\$ 10,024.27	\$ 254.33	\$ 10,278.60

Opening Cash and Asset Value	\$ 29,731.14
Net Change in Position	\$ 2,469.75
Closing Total Cash and Value	\$ 32,200.89