

Garden State Coalition of Schools/GSCS

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Testimony before the Assembly Budget Committee: State Budget FY11

Statehouse Annex, Committee Room 11, April 19, 2010

Good morning, Chairman and members of the Committee. I am Lynne Strickland, Executive Director of the Garden State Coalition of Schools (GSCS), a statewide grassroots association which currently represents 100 school districts from Bergen to Camden counties. GSCS is primarily suburban and member districts' student population is approximately 350,000. GSCS, whose volunteers come from the ranks of parents, board of education members, and school administrators, now has near twenty year focus on quality education for all children.

As you know, the Governor's proposed State Budget for Fiscal Year 2010-2011 (FY'11) reduces direct formula aid to school districts by almost \$820M. This reduction is based on current year budgets only. While the SFRA formula was run, the CPI was indexed at 0% and enrollment growth was not counted. Additionally, this mid-March plan was fast on the heels of a February cut of \$875M in statewide school surplus funds to help balance this year's state budget. By law, any excess surplus funds are to go directly to property tax relief in the subsequent year.

The extent of this recently-announced amount aid reduction was a shock to school communities across the state. The timeline remaining to prepare budgets reflecting these reductions stressed sound budget planning. An additional surprise was the 15% cut to debt service aid, as well as an unprecedented assessment against school construction grants' principal and interest charges. Grants are only permitted by public referenda. Will the public lose confidence in this revenue system when Trenton voids it ten years after the law that called for a public vote to approve local school construction; where the amount of a grant must be printed on the ballot and labeled 'state share'?

We are legitimately concerned for the clear negatives these cuts will cause and all of us must recognize that quality education in New Jersey is clearly at risk, from Bergen to Camden counties, from Hunterdon to Monmouth. Some examples of impact on GSCS members are'

Ridgewood - In Ridgewood, for example, the school board tried to win agreement for wage and benefit concessions, and the teachers voted narrowly against it. The proposed budget now includes 60 layoffs and a 4 percent hike in local property taxes. If voters reject the budget, the district will likely have to increase layoffs and further cut programs.

Cherry Hill – To balance projected revenues with proposed expenditures, the budget requires the reduction of 89.8 positions. Impacts will include increased class sizes at all levels. The district lost \$3.9 million from the current year’s state aid [Executive Order #14] – an amount equal to our excess surplus and a portion of other reserves. Last spring, the Board of Education deliberately set aside \$3.5 million as “excess surplus” to support next year’s budget and hold the line on taxes. In March, Cherry Hill learned that its aid for 2010-2011 would be cut by \$8.5 million – a reduction of more than 50%. The state also cut debt service aid and aid for free and reduced lunch programs in 2010-2011.

Glen Ridge – Glen Ridge’s increase last year was 3.8% and its proposed increase this year is 3.26%. Had GR not lost our state aid, that increase would have been 2.84%, the lowest in years. A series of systematic, well thought out budget reduction over time is the best way to preserve quality education— even in difficult times. As the result of the cuts we will lay off 16.5 staff members; convert 9 full-time aide positions to part time; eliminate sections in 3 grades; eliminate Freshman athletics; eliminate or consolidate some clubs

East Brunswick - The 2009-10 EB budget reflected the concern for economic conditions. Cuts were made in virtually every account. No staff member there has received a raise for the 2009-10 school year. The tax rate was reduced by 4.83 cents in 2009-2010. Hundreds of class sections exceed the state guidelines for class size. The adopted proposed 2010-11 school-year budget is 4.83% less than the 2008-09 budget. East Brunswick faced a 32.44% decrease in State aid (-\$ 6,633,436) and SDA assessment of \$423,969 equals \$7,057,405 State cut. ...A total of \$5,987,295 in cuts were made from the current year budget level, including 97 staff members (10.6% of all administrators, 9.1% of support staff, 6.7% in student services, and 5.2% of the teaching staff) , the elementary world language program was eliminated, 91 coach/club advisor stipends and cuts in virtually every account. Even with nearly \$6 million in cuts it was still necessary to pass on a 3% tax increase to the community (\$3,187,260) in order to provide a thorough and efficient education.

When one reviews GSCS testimony over the past years, GSCS has consistently noted that while schools must be part of the solution, so must be the state’s policies. We have reported on mandates and fixed costs that are beyond local control, such as health benefits, insurances, utilities, scope of negotiations, mediation processes and more.

Garden State is pleased that the Governor is taking a lead on mandate relief, as well as promoting legislation that will bring the ‘tools for schools’ that GSCS has so often talked about to a hopeful reality. But GSCS is also worried about the what- how- and –when of such mandates. It is clear that the cart is before the horse in this relief process. What does that portend for next year’s base for school funding, staffing and quality education?

The tools needed for schools to be able to withstand large and deep reductions are needed now. Is that possible? We hope probable. We encourage the legislature to rise to the challenge to get policies enacted within the next few months that could cushion the loss of aid...we challenge the legislature to find a way to restore enough aid to keep districts from leveling down quality education in districts where it is has taken so long, and taken such commitment and perseverance to build.

The reduction of special education categorical aid is specifically questionable both in terms of harming the education for the special needs child but also for the regular education student. There simply is not enough funding, and one program will tug against the other and pit kids and parents against one another more than ever. The mandate of special education is ignored in this reduction and the effect of that aid loss may have unintended consequences.

For example, special education categorical formula aid has been completely eliminated in many communities that do not receive any equalization aid (approximately 200 districts are deemed to be too wealthy to get equalization aid and two-thirds of special education aid is equalized under the SFRA (School Funding Reform Act). *That means that for the first time we can recall, the very necessary 'state mandate for special education students' offers absolutely 'no state pay' to numerous school districts in this aid category (excludes Eztraordinary Special Education aid, which is outside of 'formula aid').*

If the legislature does find a way to restore some school aid we urge you to return it to school budgets for use in programs – special education would be a good place for returned aid – so that it can be put to use in FY'11. GSCS' institutional memory reminds us that this has been done before (in 2003 when extraordinary aid to special education was increased from \$12M to \$52M) so there is precedent for plugging aid back into school budgets.

GSCS will be watching the legislature and the Governor find a way meet the challenge to work together to do the right thing - to protect our children, and to bring stability again to quality public education.

The obvious needs to be reiterated: GSCS has to take exception to the severe cuts on the table now. Why? Because they will do real harm to our children's learning. Too much loss, so little time.....

The funding figures below are important. We must analyze them thoughtfully, and understand their impact:

FYI – a conundrum was noted by Senator Barbara Buono last week during the Senate Budget hearing on the Department of Education. While the objective of the SFRA to unify all school districts under one formula for the first time in more than 13 years, and while all districts lost aid, we will now have an aid distribution change were former Abbott districts receive about 60% of all state aid and past Non Abbott districts get about 40% of the remaining state aid. The past Non Abbotts lose 4% state aid overall in the proposed FY'11 State Budget, and the former Abbott districts gain 4% overall. State formula aid will shift from a 56% to 44% ratio to now being a 60% - 40% distribution.

In GSCS districts alone, aid loss between the February 2010 surplus reduction and the proposed FY'11 aid reduction, is approximately \$350M. This amount averages out to be \$3.5M to our each of our 100 suburban members.

Important School Aid Reduction Numbers

February 2010 – Immediate aid cut -

Surplus Reduction Statewide = minus \$475M

GSCS Surplus Reduction = minus \$89M

Governor's March 16, 2010 Budget Proposal for Fiscal Year 2011:

State Formula Aid Reduction Statewide = minus \$820M

GSCS State Formula Aid Reduction = minus \$246M

Special Education Categorical Aid Statewide Reduction = minus \$306,496,252

Special Education Categorical Aid FY10 = \$730,145,733

Special Education Categorical Aid FY11 = \$423,649,733

Transportation Categorical Aid Statewide Reduction = minus \$267M

Transportation Categorical Aid FY10 = \$352M

Transportation Categorical Aid FY11 = \$84M

On average, the GSCS members have lost \$3.5M each between the surplus reduction and the FY'11 State Budget school aid proposal.

Attachments: Tables 1, 2, 3 - State Aid Loss figures in Percentage Rankings