



# New Jersey School Boards Association

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## **Testimony: FY09 State Budget**

**Senate Budget and Appropriations Committee  
Thursday, March 20, 2008, 9:00 A.M.  
State House Annex, Committee Room 4  
Trenton, New Jersey**

**Marie S. Bilik, Executive Director  
New Jersey School Boards Association**

Good afternoon. I am Marie Bilik, executive director of the New Jersey School Boards Association, a non-partisan federation of the state's local boards of education.

A critical element of property tax reform is adequate state funding for public education. Every dollar of state school aid represents a dollar that does not have to come out of the pockets of local property taxpayers.

The recommended Fiscal Year 2009 state budget increases aid to education by more than \$530 million. By making our public schools a priority, it also takes some of the burden off property taxpayers.

You need only read the newspapers. As information about local school budget proposals is released, the benefits of the recommended state aid increase become increasingly apparent. School districts that serve municipalities with some of the state's highest school tax rates are proposing budgets with property tax increases below the 4 percent levy cap, stable tax rates or even tax-rate reductions.

Since 2002, New Jersey's local school boards have delivered education programs to more than 1.35 million children without any significant increases in state aid. During the same period, they faced growing costs for state and federally required special education, insurance, utilities and

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other fixed expenses. The six years of stagnant state aid created a growing dependency on local property taxes to support education programs. It has been the major contributor to New Jersey's status as the state with the nation's highest property tax rates.

A 2007 study by the Rutgers-Newark Institute on Education Law and Policy shows that state under-funding of school aid reached \$846 million by 2005-2006. If that amount had been applied to property tax reductions, middle-income school districts could have lowered their school tax levies by 8.9 percent; poor non-Abbott districts by 20.2 percent, and the state's wealthiest communities by 3.5 percent.

The 2008-2009 state budget could be the starting point in turning that situation around. As Governor Corzine said in a recent television interview: "Fifty-five percent of property tax expenditures go to education... So that's where you look if you want to have a real impact on property taxes."

However, the purpose of state funding is not just property tax relief. State school aid is also intended to help communities provide an adequate education for their children. Thanks to the recommended level of school funding, the 2008-2009 proposed budget is moving us closer to the goals of school property tax stabilization and education quality. Here are some examples:

- Monroe Township in Gloucester County can finally hire additional teachers to address overcrowding.
- Oxford Township in Warren County will be able to expand to full-day Kindergarten, a program that has proven academic benefits for children.
- Franklin Township in Somerset County plans to expand programs for at-risk students and to add teachers, while proposing a budget significantly below the tax levy cap.
- Plumsted Township in Ocean County plans to hire a counselor and teachers and buy textbooks and classroom computers – without increasing its tax levy.

Throughout New Jersey, there are other examples of how the recommended budget will help students and property taxpayers.

The recommended increase in state aid to education is based on the School Funding Reform Act of 2008, which this Legislature approved in January. The new funding law is not perfect by any means. For example, we have concerns about distributing special education funding on a wealth basis and how the new funding law determines community wealth. Therefore, we will monitor and may seek changes in the funding methodology.

Our Association has represented local school boards during state budget hearings for generations. In recent years, it seems that when school expenditures are discussed, two issues invariable come up: administrative spending, and shared services.

First, I would like provide you with statistics from the U.S. Department of Education and the state Department of Education. The information illustrates clearly that New Jersey's local school districts have been dedicating available resources to instruction and instructional support.

- A recent report by the U.S. Department of Education ranks New Jersey 38<sup>th</sup> among the states and the District of Columbia in the percentage of current expenditures devoted to administration (9.9 percent). That means 37 other states – including Maryland and Pennsylvania – spend more on administration than New Jersey.
- Statistics from the New Jersey State Department of Education show the following trends between 1989-90 and 2005-06:
  - New Jersey's student population increased by 29.5 percent.
  - The number of full-time classroom teachers jumped by 33.8 percent.
  - But the number of school administrations only increased by 1.3 percent.

Clearly, local school boards have been putting their resources into the classroom. The new funding system, which is reflected in the proposed budget, will continue these trends.

One way that schools have freed up resources for use in the classroom has been by sharing services with each other and with municipalities.

During a recent television interview, Governor Corzine explained his budget recommendations and financial goals. He said, "We want the municipalities and boards of education to work together so we get lower property taxes."

The New Jersey School Boards Association is committed to that very same goal.

Last year, NJSBA commissioned [a study by Rutgers-Newark on shared services](#). The report showed that 97 percent of New Jersey's school districts currently engage in some type of shared services. The major benefit has been savings, cited by 79 percent of school districts. Improved service was identified by another 36 percent.

But much more needs to be done. The report also identified changes in law and regulation that could promote further growth in shared services. In addition, our project produced a "Catalogue of Best Practices" that describes 20 successful programs in New Jersey's public school districts. The activities range from shared administrators to shared custodial services, libraries and banking.

The report is intended as a resource for local school districts in New Jersey. For your reference, we have provided copies of the report to you today.

The New Jersey School Boards Association supports the proposed state budget for 2008-2009 as it applies to our state's public schools. And, for the benefit of school children and property taxpayers, we strongly urge you to approve its recommended levels of school funding.

Going forward, our Association looks forward to working with the Legislature and the Administration to promote cost efficiency and quality education.

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The New Jersey School Boards Association, a federation of district boards of education, advocates the interests of school districts, trains local school board members, and provides resources for the advancement of public education.