

Special Education Funding
in New Jersey

January 31, 2013

1

The slide features a dark blue vertical bar on the left side of the title box. The title and date are centered within a white rectangular box with a thin border. The slide number '1' is positioned at the bottom left of the slide frame.

History

- ▶ **Comprehensive Educational Improvement and Funding Act of 1996 (CEIFA)**
 - ▶ Judicial Response
 - Abbott IV Ruling: “The amount of aid provided for those programs... is not based on any actual study of the needs of the students in the [special needs districts] or the costs of supplying necessary programs.”
 - ▶ Led to needs based study
- ▶ **Replaced with School Funding Reform Act of 2008 (SFRA)**
 - ▶ Development started in 2002
 - ▶ Relied upon Professional Judgment Panels (PJP)
 - ▶ First used in the 2008-2009 school year

▶ 2

The slide contains a list of bullet points detailing the history of special education funding in New Jersey. The title 'History' is at the top left. The list starts with the CEIFA of 1996, followed by a sub-bullet for 'Judicial Response' which includes a quote from the Abbott IV Ruling. This is followed by a note that it led to a needs-based study. The next main bullet point is the SFRA of 2008, which includes sub-bullets about its development starting in 2002, its reliance on PJP, and its first use in the 2008-2009 school year. A slide number '2' is at the bottom left.

Tiers to Census

- ▶ CEIFA provided gradations of state aid according to special education “tiers” of severity
 - ▶ Tier 1 – Speech Only
 - ▶ Tier 2 – Mild
 - ▶ Tier 3 – Moderate
 - ▶ Tier 4 – Severe
- ▶ Concern about fiscal incentive to “over classify”
- ▶ General concern over onerous reporting and questions of proper classification
- ▶ SFRA turned to a census formula

▶ 3

Special Education Census Funding

- ▶ SFRA adopted a census approach used by other states
- ▶ Eliminates the incentive of over classification
- ▶ Simplifies the funding mechanism and avoids assigning disability categories to the tiers
- ▶ Mechanics:
 - ▶ Determine the average classification rate statewide
 - ▶ Determine the statewide average “excess” cost for providing special education services
 - ▶ Apply district enrollment:

$$\text{Census Amount} = (\text{District Enrollment} * \text{State Average Classification Rate} * \text{State Average Special Ed Cost} * \text{GCA})$$

▶ 4

SFRA Special Education Census Figures

School Year	Census Special Ed. %	Census PP Amount
2008-2009	14.69%	\$10,897
2009-2010	14.69%	\$11,262
2010-2011*	14.69%	\$11,262
2011-2012*	14.69%	\$11,583
2012-2013	14.70%	\$14,929
2013-2014 **	14.78%	\$15,337

*Modified formula used

** Proposed, not final

▶ 5

Two Phases in Determining Equalized Funding Under SFRA

- ▶ **Phase I** - Determine the cost of providing a thorough and efficient education

- ▶ **Phase II** – Allocate the costs between the State and local school districts

▶ 6

Basics of the SFRA

- ▶ Determine resources needed for each district's student body mix – dubbed "Adequacy Budget"
 - ▶ Foundation formula
 - ▶ Base per pupil amount
 - ▶ Additional weights for grade levels, at-risk, LEP
 - ▶ Additional cost for special education students ***
 - ▶ Categorical Aid provided to all districts
- ▶ Determining local portion
 - ▶ Called Local Fair Share
 - ▶ Department uses local property valuation and income data to estimate ability to raise levy

▶ 7

Equalization Aid

- ▶ The concept:
 - ▶ Adequacy Budget represents the estimated sufficient level of resources to ensure the provision of NJ's educational standards
 - ▶ Adequacy Budget is supported by both a state and local share
 - ▶ Local Fair Share represents what a community should be able to contribute in local property taxes (levy)
- ▶ $\text{Equalization Aid} = \text{Adequacy Budget} - \text{Local Fair Share}$

▶ 8

Special Education Aid

- ▶ A portion (2/3) of the census amount is included in the adequacy budget and is paid through equalization aid as part of the adequacy budget
- ▶ A portion (1/3) is paid as categorical aid
- ▶ The equalization aid portion is considered wealth equalized because of the state/local split
- ▶ The categorical portion is provided to each district with no wealth equalization.

▶ 9

Speech

- ▶ SFRA transitioned speech funding to a census method similar to general special education
- ▶ Applies the statewide average speech classification rate
- ▶ Census cost is determined using resources defined by the PJP panels when constructing SFRA
- ▶ Average classification rate and cost are applied to district's total enrollment – same census calculation
- ▶ Difference: 100% of speech census is included in adequacy budget
 - ▶ Subject to wealth equalization

▶ 10

SFRA Speech Census Figures

School Year	Census Speech %	Census Speech PP Amt
2008-2009	1.897%	\$1,082
2009-2010	1.897%	\$1,118
2010-2011*	1.897%	\$1,118
2011-2012*	1.897%	\$1,150
2012-2013	1.77%	\$1,187
2013-2014 **	1.72%	\$1,221

*Modified formula used

** Proposed, not final

▶ 11

Extraordinary Aid

- ▶ **An additional aid category to help defray the cost of particularly high cost special education students**
 - ▶ Portion of costs above \$40,000 for in-district students
 - ▶ Portion of costs above \$55,000 for private placement students
- ▶ **Provided as a reimbursement**
 - ▶ Districts must submit requests based on actual cost of educating those students that are eligible
- ▶ **Funding has increased significantly**
 - ▶ FY2009 - \$52 million
 - ▶ FY2013 - \$163 million

▶ 12

Summary of Special Education Funding

- ▶ **Special Education Census**
 - ▶ 2/3 funded through equalization aid
 - ▶ 1/3 funded through categorical aid
- ▶ **Speech Census**
 - ▶ 100% funded through equalization aid
- ▶ **Extraordinary Special Education Aid**
 - ▶ Reimbursement for costs that exceed specified threshold
 - ▶ All districts eligible