



FY2025 Budget Testimony
New Jersey School Boards Association (NJSBA)
Submitted by Jesse Young, NJSBA Legislative Advocate
413 West State Street, Trenton, NJ 08618

Senate Budget and Appropriations Committee
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The New Jersey School Boards Association (NJSBA), a federation of all of the state's local boards of education, appreciates the opportunity to provide testimony on Governor Murphy's proposed budget for fiscal year 2025.

Full Funding First and foremost, the NJSBA applauds the Governor's proposed budget for achieving the long-awaited milestone of fully funding K-12 formula aid per the schedule set forth in *P.L.2018, c.67*, commonly referred to as "S-2." Continuing to make record investments in formula aid is no small feat, and this budget reflects the State's laudable commitment to ensuring that school districts have the resources necessary to confront budget challenges such as escalating special education and transportation costs. We thank the Governor and the Legislature for ensuring that schools remain a top budget priority. In recognition of the need to continuously monitor and make necessary adjustments to our system of funding public education, we also appreciate and support the Governor's stated intent to review the school funding formula now that the transition to full funding is complete.

Tax Cap Relief and Easing the Transition for Districts Experiencing State Aid Reductions: We also recognize, however, that districts seeing a state aid reduction in FY25 may face considerable difficulty transitioning to their new funding amount in a way that ensures continuity of high-quality education programs for all students. In many cases, these difficulties are exacerbated by a statutory tax levy growth cap that hinders districts' efforts to raise the local share envisioned by the School Funding Reform Act. While the Association is sensitive to the effects of increased property taxes on working and middle-class taxpayers, we have heard from many of our member districts that they need and want relief from the levy cap in order to continue providing vital programs and services to students. We urge the Legislature to pass, and the Governor to sign, legislation providing this relief by allowing school districts an exception from the 2% property tax levy growth cap to raise their local fair share, particularly for those experiencing state aid reductions.

Increase Extraordinary Special Education Aid After several years of increased state support, for a second consecutive year, the proposed budget would keep this funding flat (\$420 million)

compared to FY2024. Special education costs continue to rise significantly every year, and if we continue to fund this aid category at the same level as last year, we will likely move ourselves even further away from the state meeting its statutory obligation to school districts. We encourage the Legislature to follow the same course it has taken in previous years (e.g. FY23 and FY22) and add to the Governor's recommendation for this critically important funding that offsets the costs of providing vital services to our most vulnerable student populations.

Support for Increasing Transportation Costs: A comparison of school year 2020-2021 to school year 2021-2022 audited financial data reveals that transportation costs shot up 37% or \$360 million between those two school years, with particularly dramatic increases in special education transportation costs: 61% increase in costs for contracted transportation services, and 89% increase in costs for transportation services provided by public entities such as Educational Services Commissions. These rising costs are one of the most significant challenges districts face in constructing sound budgets that maintain or expand on high-quality services that meet their students' academic, social, emotional, and mental health needs. To help school districts address these challenges, NJSBA recommends that the Legislature add to the FY25 budget a line item designed to offset rising transportation costs.

Other Areas of Support : Lastly, NJSBA would like to express support for the following budget items. We urge the Legislature to maintain or expand on:

- \$123.8 million increase in preschool education aid, including \$20 million to expand programs into new districts or support other expansion needs such as workforce development;
- \$10 million to continue the Student Teacher Stipend program started in FY24;
- \$4.25 million increase in programs to address school staff shortages, including a \$4 million increase for the Teacher Loan Redemption Program and a \$250,000 increase for the High Poverty School District Minority Teacher Recruitment Program.
- An additional \$30 million to increase access to free school meals pursuant to the recent expansion of the Working Class Families Anti-Hunger Act.
- \$2.5 million grant program to help school districts acquire literacy tools;
- \$5 million for Stabilization Aid, an important aid category designed to assist districts that are adjusting to new funding levels;
- Two new grant programs to help school districts navigate expanding artificial intelligence technology;
- \$3 million in funding to expand community schools; and
- \$500,000 for training for school-based health professionals.

Thank you for your consideration of the NJSBA's comments on the proposed FY2025 state budget. If you have any questions or would like additional information, please do not hesitate to contact me.