



REPORT OF THE SCHOOL FINANCE COMMITTEE

Prepared for the Annual Delegate Assembly

May 10, 2025

CHARGE:

The School Finance Committee is a Standing Committee of the Association consisting of nine members appointed annually by the president. The committee shall monitor the school funding law in New Jersey and its impact on all types of school districts in the state. The committee shall also study issues relating to school finance, report periodically to the Delegate Assembly, recommend additions, modifications, or deletions to policy as needed, and take any other action as directed by the president, executive board, Board of Directors or Delegate Assembly.

REPORT:

Since the December 7, 2024 Delegate Assembly, the School Finance Committee has met virtually once, on April 23, 2025.

April 23, 2025 Meeting

Agenda/Discussion Items

- **Welcome** – Paula Colbath, Chair
- **Remarks** – Karen Cortellino, M.D., NJSBA President, Dr. Tom Connors, Vice President for Finance, and Dr. Timothy Purnell, Executive Director / CEO provided introductory remarks, and welcomed both current and new committee members. They also reiterated the Association’s commitment to advocating for equitable school funding for all districts.
- **Review of Committee Charge** – Jonathan Pushman, Senior Director of Advocacy, NJSBA Governmental Relations, read the mission of the committee, which is to monitor the school funding laws in New Jersey that impact school districts, and study issues related to school finance.
- **Meeting Materials** - Mr. Pushman referred to the agenda and various meeting materials that were sent to the members in advance of the meeting. The materials included:
 - Agenda
 - NJSBA School Finance Committee Roster
 - Committee Charge (NJSBA Bylaws)
 - FY2026 State Budget in Brief
 - FY2026 Detailed Education Budget (Proposed)
 - FY2026 Educational Adequacy Report

- Text and Committee Statement for S-3917 (Gopal): Makes various changes to school funding law and Educational Adequacy Report; establishes Special Education Funding Review Task Force.

Presentation

Mr. Pushman, Mr. Charles Muller, Business Administrator in Residence, and Mr. Harrison Silver, Legislative Advocate, delivered a PowerPoint presentation, which provided an overview of the proposed state budget for fiscal year (FY) 2026 as well as noteworthy pending legislation concerning school finance and funding. The highlights of the presentation were:

- **Education Highlights of Governor Murphy’s Proposed FY26 Budget:** The administration’s budget proposal, presented to the Legislature on February 27, includes \$22.2 billion for pre-K to 12 education – approximately 38% of the total proposed state budget. That includes approximately \$12.06 billion in formula aid – a \$386 million (3.3%) increase over FY25. Importantly, the presentation focused on numerous proposed changes (all subject to legislative approval and only applicable for FY26) to how this aid would be distributed, including:
 - A cap of 3% on year-over-year aid decreases in each district for the four main categories of aid (Equalization, Special Education, Security, Transportation).
 - A cap of 6% on year-over-year aid increases in each district for the four main categories of aid.
 - A switch to three-year averages of income and property values when calculating a district’s local fair share.
 - A switch to the use of projected actual special education enrollment for the purposes of calculating categorial special education aid (a change from a statewide census-based rate).

The presentation also discussed the third straight year of flat funding of Extraordinary Special Education Aid, and the new proposed addition of Tax Levy Incentive Aid. This new aid category would be available, upon application, to districts who are currently spending below adequacy and raising below their local fair share. A total of 281 districts were preliminarily eligible to apply to NJDOE for this aid, contingent on also increasing their tax levy above the current allowable limit.

- **Updates to Educational Adequacy Report:** NJDOE is required by the school funding law to issue a report to the Legislature every three years with recommendations for updating certain elements of the funding formula. The FY26 report was issued earlier this spring and includes updates to the base per-pupil amount, costs for security aid, costs for transportation aid, special education and speech classification rates, and costs for special education and speech-only students.
- **School Funding Legislation (S-3917):** Separate from the state budget proposal, a bill sponsored by Senator Vin Gopal (D-11) concerning updates to the school funding formula has been approved by the Senate Education Committee and is awaiting further consideration by the Senate Budget and Appropriations Committee. If it becomes law, the bill would make permanent changes to the school funding formula, rather than the one-time fiscal year

changes that may occur through budget language this summer. As is currently written, the bill would:

- Create a new category of aid (“Reduction Adjustment Aid”) that would cap a district’s year-over-year state aid decrease at 2% of its prebudget year operating budget.
- Require the state to gradually increase funding of Extraordinary Special Education Aid.
- Create new aid for vocational-technical schools (“Vocational Expansion Stabilization Aid”) based upon enrollment increases and facilities expansion.
- Extend the “municipal overburden” protections from S-2 that protect low-income, high-tax communities from receiving reductions in state aid.
- Require NJDOE to improve transparency in state aid calculations by making certain components publicly available.
- Establish a Special Education Funding Review Task Force to assess the effectiveness of the current funding model and to assess the feasibility of a tier-based model (the NJSBA would have a representative on the task force).
- Allow the Commissioner to initiate a review, through the Educational Adequacy Report, of certain elements of the funding formula, including: 1) Calculation of local fair share; 2) Impact and feasibility of using multi-year averages; 3) Abilities of NJDOE and districts to predict and anticipate aid amounts from year to year; 4) Possible methods of improving upon existing preschool funding methodology; and 5) Adjustments to school district budget deadlines.

As amended, two key provisions were removed from a previous version of the bill’s language, including tax cap flexibility that would have allowed some districts to increase their levy above the current 2% to the lesser of 7% of their local fair share, and requiring the state to fully fund Extraordinary Special Education within five years.

Next Steps

The Committee discussed the importance of continuing to review and monitor the implementation of the current SFRA formula and to identify potential improvements to how New Jersey funds its public schools and opportunities for boards and the NJSBA to effectively advocate for those improvements.

Additional information on the education section of the state budget proposal can be found in [School Board Notes](#). The full fiscal year 2026 Budget in Brief can be found on the [Office of Management and Budget’s website](#). The NJDOE’s 2025-2026 state aid notices can be found on [NJDOE’s website](#). Information related to legislative deliberations on the budget, including analyses published by the Office of Legislative Services and testimony submitted by department heads, is available on the [State Legislature’s website](#).

School Finance Committee 2025

Paula Colbath, <i>Chair</i>	Fort Lee	Bergen
Judith Bassford	Clifton	Passaic
Joseph Bucs	Northern Burlington Cty Reg	Burlington
Daniel Harris	Woodbridge Township	Middlesex
Kellie Hinkle	Haddon Township	Camden
Matthew Kitchen	Keansburg	Monmouth

April Miller
Cheryl Potter
Jean Trujillo

Pitman
Elk Township
Hillsborough

Gloucester
Gloucester
Somerset

Karen Cortellino, M.D
Dr. Tom Connors
Dr. Timothy Purnell

NJSBA President
NJSBA Vice President for Finance
NJSBA Executive Director / CEO

Ex Officio
Ex Officio

Staff

Jonathan Pushman
Charles Muller
Harrison Silver
Anette Airey

Senior Director of Advocacy, Governmental Relations
Business Administrator in Residence
Legislative Advocate
Administrative Assistant