

MONROE TOWNSHIP BOARD OF EDUCATION

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Business Administrator/Board Secretary**

September 24, 2012

Honorable Senator Linda R. Greenstein
7 Centre Drive, Suite 2
Monroe Township, New Jersey 08831

RE: Report addressing State funding issues with the Monroe Township Board of Education and a recommendation for a legislative remedy

Dear Senator Greenstein,

Pursuant to your request, I have prepared this report to identify problems with State Aid funding and distribution to the Monroe Township Board of Education and to offer a recommendation to facilitate you in drafting legislation to help our district receive fair and more equitable funding.

Underfunded School Funding Formula and its effect on the Monroe Township Board of Education

The School Funding Reform Act of 2008 created a revised funding formula designed to equitably and predictably develop a way to distribute State Aid to provide constitutionally compelled educational standards. Over the past five years the only year that the State has fully funded this formula was the 2008/2009 school year. In the most recent 2012/2013 school year, according to Monroe Township Board of Education's State Aid report, the amount from page "STA" line (D) was \$9,539,569. This is the amount of funding that the formula calculates as proper to fund annual appropriations. Due to the CAP which restricts the award based upon its not being fully funded, automatically this award was reduced by \$4,403,688, line (G) labeled Excess Aid Reduction. That leaves the difference of \$5,135,881 projected total aid before adjustment. Unfortunately this reduced amount is not what the District received. The 2012/2013 amount is further reduced to \$2,637,528 because of a deferred installment process whereas it is spread over five years.

Distribution of Aid to Districts

These allocations are based on two types of aid: equalized and categorical. Equalized Aid is allocated according to each District's ability to raise enough local revenue to support their adequacy budget. The equalization formula used in New Jersey considers both a community's property wealth (measured by equalized property valuation) and aggregate income (measured by State Income Tax) to determine the local ability to pay.

Categorical Aid is allocated regardless of a District's ability to raise local revenue. Categorized amounts are typically determined by multiplying the cost factor for a particular category by the number of students that qualify for the aid. Categorical Aid calculation is further determined and limited by adequacy status.

Monroe Township Board of Education only qualifies for Categorical Aid under these two types of aid and most of the award calculated is deferred.

The chart on the next page is from the Department of Education data and illustrates comparatively State Aid for the 2011/2012 school year which is the most recent year as far as available enrollments from the Fall Report.

MONROE TOWNSHIP BOARD OF EDUCATION
STATE AID ANALYSIS FROM DOE DATA

COUNTY	DISTRICT NAME	DIST CODE	K-12 2010-2011 TOTAL AID	GOVERNOR'S BUDGET 2011-2012		EQUALIZED AID	EDUCATION ADEQ. AID	TRANSPORTATION AID	SPECIAL EDUCATION AID	SECURITY AID	REVISED 2011-2012 TOTAL AID	ONE YEAR AID CHANGE	11-12 DISTRICT ENROLLMENT PER FALL RPT.	STATE AID PER PUPIL
				2011-2012 TOTAL AID	ADD'L AID APPROP. ACT*									
MIDDLESEX	CARTERET BORO	750	23,912,015	24,412,902	500,887	22,644,055	0	0	2,124,794	144,940	24,913,789	1,001,774	3,620	\$ 6,882.26
MIDDLESEX	CRANBURY TWP	970	0	176,258	176,259	0	0	0	352,517	0	352,517	352,517	567	\$ 621.72
MIDDLESEX	DUNELLEN BORO	1140	4,682,750	4,820,716	137,966	4,312,836	0	0	645,846	0	4,958,682	275,932	1,159	\$ 4,278.41
MIDDLESEX	EAST BRUNSWICK TWP	1170	13,817,220	15,145,501	1,328,281	11,692,995	0	0	4,780,787	0	16,473,782	2,656,562	8,285	\$ 1,988.39
MIDDLESEX	EDISON TWP	1290	7,727,638	9,678,713	1,951,076	3,470,733	0	0	8,159,056	0	11,629,789	3,902,151	14,195	\$ 819.29
MIDDLESEX	HIGHLAND PARK BORO	2150	2,878,850	3,123,408	244,558	2,550,150	0	0	817,816	0	3,367,966	489,116	1,463	\$ 2,302.88
MIDDLESEX	JAMESBURG BORO	2370	4,343,802	4,460,051	116,249	4,012,963	0	0	473,875	89,462	4,576,300	232,498	660	\$ 6,933.79
MIDDLESEX	METUCHEN BORO	3120	176,037	483,487	307,450	0	0	0	790,937	0	790,937	614,900	2,107	\$ 375.39
MIDDLESEX	MIDDLESEX BORO	3140	7,646,850	7,944,601	297,752	7,057,666	0	0	1,184,687	0	8,242,353	595,503	2,144	\$ 3,844.38
MIDDLESEX	MIDDLESEX CO VOCATIONAL	3150	11,573,778	11,970,540	396,762	11,304,905	0	0	1,062,397	0	12,367,302	793,524	1,803	\$ 6,861.19
MIDDLESEX	MILLTOWN BORO	3220	703,127	838,580	135,453	446,656	0	0	527,377	0	974,033	270,906	661	\$ 1,473.57
MIDDLESEX	MONROE TWP	3290	238,696	1,125,818	887,122	0	0	0	2,012,940	0	2,012,940	1,774,244	5,828	\$ 345.39
MIDDLESEX	NEW BRUNSWICK CITY	3530	97,713,385	99,144,474	20,544,508	110,514,059	0	1,170,854	4,673,362	3,330,707	119,688,982	21,975,597	7,654	\$ 15,638.46
MIDDLESEX	NORTH BRUNSWICK TWP	3620	8,680,802	9,473,617	792,814	6,560,373	0	0	3,343,876	362,182	10,266,431	1,585,629	6,014	\$ 1,707.09
MIDDLESEX	OLD BRIDGE TWP	3845	39,781,394	41,140,821	1,359,427	36,575,362	0	0	5,208,803	716,083	42,500,248	2,718,854	9,194	\$ 4,622.86
MIDDLESEX	PERTH AMBOY CITY	4090	118,458,269	120,020,763	39,396,195	136,106,612	11,689,337	1,814,574	5,534,141	4,272,294	159,416,958	40,958,689	10,144	\$ 15,715.39
MIDDLESEX	PISCATAWAY TWP	4130	11,974,697	12,941,446	966,749	9,485,838	0	0	4,043,223	379,134	13,908,195	1,933,498	7,284	\$ 1,909.42
MIDDLESEX	SAYREVILLE BORO	4660	17,664,807	18,417,133	752,326	14,926,424	0	0	3,385,913	857,122	19,169,459	1,504,652	5,682	\$ 3,374.01
MIDDLESEX	SOUTH AMBOY CITY	4830	5,902,053	6,044,646	142,594	5,552,859	0	0	634,381	0	6,187,240	285,187	1,151	\$ 5,377.87
MIDDLESEX	SOUTH BRUNSWICK TWP	4860	18,910,528	20,180,249	1,269,721	16,371,101	0	0	5,078,869	0	21,449,970	2,539,442	8,983	\$ 2,387.84
MIDDLESEX	SOUTH PLAINFIELD BORO	4910	7,206,690	7,767,093	560,402	6,240,917	0	0	2,086,578	0	8,327,495	1,120,805	3,638	\$ 2,289.03
MIDDLESEX	SOUTH RIVER BORO	4920	11,186,379	11,445,215	258,835	10,176,307	0	0	1,345,193	182,550	11,704,050	517,671	2,291	\$ 5,109.82
MIDDLESEX	SPOTSWOOD	4970	5,035,657	5,320,935	285,279	4,750,182	0	0	856,032	0	5,606,214	570,557	1,777	\$ 3,154.88
MIDDLESEX	WOODBURGE TWP	5850	17,655,042	19,414,568	1,759,527	13,609,488	0	0	7,207,485	357,122	21,174,095	3,519,053	12,992	\$ 1,629.78

As the chart illustrates, the Monroe Township Board of Education is one of only three districts in the County not to receive Equalized Aid at all.

Monroe's adequacy status which is negatively affected by unique variables including enrollment growth, Township demographics and infrastructure limitations requiring extraordinary courtesy busing, and an above average special education population greatly reduces Monroe's State Aid as calculated by the formula.

Potential Legislative Remedy

Prior to the School Funding Reform Act of 2008, school districts located in municipalities in which at least 45% of the residents were 65 years or older were eligible for a State Education Aid category known as Senior Citizen Supplemental Stabilization Aid. This was repealed under SFRA2008 but new legislation regarding the Senior Citizen Supplemental Stabilization Aid has been introduced in the Assembly and in the Senate over the past several years as follows:

Assembly Bill Number 2184 was introduced in the Assembly on February 25, 2008 and was thereafter referred to the Assembly Health and Senior Services Committee. Senate Bill Number 1477 was introduced in the Senate on March 6, 2008 and was thereafter referred to the Senate Education Committee. No further action was taken with respect to these two bills.

Assembly Bill Number 309 was introduced in the Assembly on January 12, 2010 and was thereafter referred to the Assembly Health and Senior Services Committee. Senate Bill Number 120 was introduced in the Senate on January 12, 2010 and was thereafter referred to the Senate Education Committee. No further action was taken with respect to these two bills.

Assembly Bill Number 658 was introduced in the Assembly on January 10, 2012 and was thereafter referred to the Assembly Health and Senior Services Committee. Senate Bill Number 188 was introduced in the Senate on January 10, 2012 and was thereafter referred to the Senate Education Committee. No further action was taken with respect to these two bills.

These bills would have reinstated aid in the amounts of \$500 per pupil for Districts with municipal populations composed of more than 51% senior citizens aged 65 years or older.

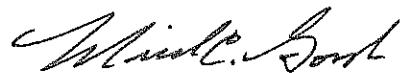
What I would like to propose, after a process involving dialogue with Dr. Kenneth R. Hamilton, Superintendent of Schools, Board Members, and officials at the State Department of Education, is the following:

State Aid received pursuant to P.L. 2007, c.260 (c.18A:7F-43 et seq.) or any other law, for a school district in a municipality which has a population composed of more than one third (1/3) senior citizens age 65 or older according to the most recent federal decennial census their total Stabilization Adjustment Aid before CAP as stated on projected State School Aid form "STA" line (D) shall receive the total Stabilization/Adjustment Aid before CAP as stated on Projected State School Aid Form "STA" line (D).

An explanation of this legislation is that school districts within a municipality composed of more than one third (1/3) senior citizens age 65 or older according to the most recent federal decennial census shall receive their total projected State School Aid as calculated by the State Funding Formula. This affords a more complete aid award which is more responsive to the senior population and avoids the phase in as compared to current distributions subject to CAP. Monroe, as stated earlier would receive their full award of \$9,539,569 before excess aid reductions of \$4,403,688 and which the result would not be subject to a five year phase in as was the case in the 2012/2013 school year. This would award would fund and expedite additional full payment of \$6,902,041 to Monroe in 2012/2013 for example and would greatly aid in local property tax relief by reducing the levy.

I would be happy to discuss this proposed legislation with you at any time and I appreciate your consideration and courtesy in this matter.

Very truly yours,



Michael C. Gorski, CPA
Business Administrator/Board Secretary

Cc: Mr. John Nemeth, County Executive Business Administrator
Dr. Kenneth R. Hamilton, Superintendent of Schools
Ms. Kathy Kolupanowich, Board of Education President
Mr. John Leary, Finance Committee Chairperson