

Senate Budget Committee
April 17, 2018
Annex Committee Room 4 @ 1:30 p.m.
Dr. Lamont O. Repollet, Commissioner

Good afternoon, Chairman Sarlo, Vice Chairman Stack and members of the Senate Budget and Appropriations Committee. I welcome the opportunity to come before you today to discuss areas of the Governor's proposed budget for state fiscal year 2019 that are relevant to the Department of Education and the state's students and educators.

Over the course of the last few weeks, I've spoken or visited with many of you to talk about your interests and concerns related to the Department's budget. Your feedback certainly helped to shape my introductory remarks, here today.

As a former teacher, principal and superintendent, I'm excited about this budget because it's the first time in years that we've seen this level of emphasis on investing in education. From all sources, Governor Murphy has proposed to spend a total of \$14.9 billion for preschool to 12th grade programs and services. That's an increase of \$900 million over last year.

The Governor is a strong believer in our public schools and the role they play in drawing business, industry and families to New Jersey. He knows that schools can be an economic engine for corporate, academic and residential development. People move here and businesses invest here because of the world-class public schools. It's true! In 2017, New Jersey's fourth-grade students' scores were tied as the highest in the nation, and our eighth graders' scores were tied for second in the nation in reading and math. We're proud of the work our students and teachers put in to achieving, every day. But none of it is possible without consistent, systematic investments.

I'm excited to discuss with you a major investment in our education system. Governor Murphy's budget includes a proposed increase in K-12 funding that is larger in just this one year than the increases included in all 4 years of Governor Christie's second term. This is just the first step of the Governor's plan to correct course after many years of severe underfunding in our schools.

Some other critical investments include:

Almost \$500 million more for teacher pension and health benefits.

Growth of \$148 million for School construction debt service.

An added \$107 million for special education and another \$126 million for student transportation, and \$66 million for school security.

In addition:

The Governor's budget proposes the largest increase in preschool funding in a decade. Districts that currently operate a state-supported preschool program will see an increase to their per-pupil funding, and the preschool expansions that were established this year, which serve 2,000 children in 26 districts, will be made permanent. In all, the increase to existing preschool programs will total nearly \$33 million. Also, a total of \$50 million will be dedicated to preschool expansion, which will allow for the development of new preschool programs that are anticipated to serve more than 3,500 children.

I've personally already seen the tangible benefits of the investment we've made in expanding access to preschool this year. Last week I had the pleasure of touring the JFK Pre-School in Jamesburg, where we watched students participate in a language immersion class. Expanded pre-K responds to the needs of so many parents and families who struggle with affordable education opportunities for their toddler children. And it recognizes the importance of early childhood education for academic and social development of children.

Studies show that the sooner a child receives academic instruction the more academically successful the child will be. Access to quality early education is a great equalizer in life.

As I've said before, education saved my life. Pre-K programs are an integral part of educational opportunities for all our students.

STEM – Science, Technology, Engineering and Mathematics - is another crucial learning category for students because it has incredible employment potential here in NJ and throughout the country. We want to mine the next generation of scientists, mathematicians and engineers. Governor Murphy wants to prepare students for the new economy – one that is built on innovation. The proposed budget includes a \$2 million grant program to help high schools implement college-level computer science courses, and to support teacher training for those courses. We look forward to growing student interest and schools' capacity in these subject areas. In addition, this budget includes a \$400,000 proposal to pilot a cutting-edge STEM program that allows for dual enrollment in a traditional high school and a local college.

Earlier this month, I testified before a joint committee of the Senate and Assembly Education Committees about securing our schools. I know that this issue is foremost in people's minds, particularly in light of the horrific tragedies that have occurred in Florida, Connecticut, Michigan, Colorado and so many other states throughout the country. The Governor's proposed budget includes a \$66 million increase in school security aid, allowing districts the flexibility to support school safety initiatives that fit the needs of their districts. In this budget, nonpublic schools also will receive \$75 per student in school security funding.

The Department has made secure schools a priority in its mission. Together, in partnership with our 577 districts, we have been vigilant. And, while we cannot control individual student behavior, we provide guidance and support through training and resources to the school districts in order to assist their ability to identify promising practices and effective preventative strategies.

Since 2014, the Department has conducted:

- 803 unannounced active shooter drill observations
- 205 technical assistance requests
- 121 presentations to educational organizations
- 91 trainings

Together with our sister state agencies, including the Departments of Community Affairs, Law and Public Safety, Office of Homeland Security and Preparedness, State Police and many other federal and local government and non-government partners, school safety remains one of our most critical priorities.

I would like to take this opportunity to speak for a few minutes about school funding and the funding formula.

After years of stagnant and inadequate funding, Governor Murphy is proposing a meaningful and significant first step towards fully funding the court-ordered school aid formula by adding \$283.6 million in direct payments to schools. Under the funding plan, more than 94 percent of school districts will receive additional state aid and no school district will see a decrease in K-12 formula aid. The 546 school districts that will receive additional state support represent suburban, rural and urban communities.

Now, I understand that this aspect of the budget proposal has been one of the most widely discussed across our school districts, in our communities, and within this body. The School Funding Reform Act of 2008 has been fully funded only once since it was enacted. Governor Murphy has made clear that he is committed to funding our schools and the funding allocated to our schools in this proposal demonstrates a major first commitment to reviving the court approved funding formula that has been largely ignored over the last 8 years.

How did we calculate the amount of aid each district would receive? The short answer is that we followed the statutory funding formula. Over the last few weeks I have heard some talk about this and would like to describe this in more detail to clear up some misconceptions and to allow us to have a meaningful dialogue here today and in the coming weeks.

The school funding formula starts by looking at the enrollment in each school district and further looks to see how many of those students may need some additional supports. We know that students with limited English proficiency or special education students require greater district resources, for example. Using this information, we are able to construct an estimate of the cost to educate the particular student mix that makes up each of our districts – we refer to this cost as the adequacy budget.

New Jersey is a diverse state and, as we all know, some communities have a greater ability than others to contribute to their schools locally. The school funding formula acknowledges these

differences by calculating a local fair share, or an estimate of what that community is able to contribute to their district through local taxes. By backing this amount out of the adequacy budget, we arrive at that state share which is called Equalization Aid. As you know, that this is by far the largest aid category in the formula and amounts to nearly \$6.3 billion in the Governor's proposed budget.

The formula addresses other needs in the school district through funding streams that are provided to all eligible districts, referred to as categorical aid. These categories - student transportation, special education, and school security - are provided in addition to the Equalization Aid we've already discussed. Together, these aid categories amount to almost \$1.5 billion in the proposed budget.

These basic fundamentals of the formula are premised on the needs of the students in each district and a fair distribution of state support for those students.

We now come to the two areas of the statutory formula that are less well understood and will be key areas to examine as we move to modernize the formula to get it working again. State aid growth caps and Adjustment Aid are the technical names, but they can be thought of as the statutory floor and ceiling to the amount of aid for each district. The funding floor, which is essentially set at the funding each district received in fiscal year 2009 is ensured through additional aid called Adjustment Aid. Additionally, the SFRA formula provides that each district is limited in how much additional aid they can receive from year to year.

To be clear, these provisions are included in the actual SFRA statute that was used as the basis for our proposed aid increases. Governor Murphy has stated very directly that the school funding formula needs to be reworked and modernized. There's no denying that the demographics of our school districts have changed since the initial development of the funding formula. Some have experienced a decline in student enrollment while others are experiencing significant growth. I stand with the Governor in his commitment to work with this body to make the necessary adjustments to our statutory funding formula.

At this administration's starting point - a funding formula that has been ignored and school aid that has been largely flat for many years - the cost to make up for all of this lost time is significant. For this reason, the Governor has proposed a realistic and responsible goal to fully fund the statutory formula in 4 years, with this year providing the first investment towards that goal. And let's not forget - this investment in K-12 education is larger than the last 4 years combined and provides an increase in funding to 94 percent of school districts.

I've worked in underfunded districts. I remember very clearly how important the annual school aid numbers are to each district as they make decisions about supporting each and every one of their students.

We know this formula isn't perfect. It's also important to note that this is the first in 8 years that an attempt has been made to right the ship.

In addition to aid provided directly to school districts, the state annually covers the cost of important education-related expenses such as teacher pensions, retired teacher medical benefits, and Social Security contributions for teachers. Governor Murphy's proposed budget will include an additional \$478 million to support these areas in the upcoming school year.

Also, this budget continues support to charter schools. In order to help maintain operations, an additional \$2.3 million is included in this budget proposal for current, active charters.

Something else we've been working on since January is the transition to a replacement of PARCC, the Partnership for Assessment of Readiness for College and Careers test. Governor Murphy made clear that this test's days are numbered. Assessments are an ever-evolving tool that we need to make sure are flexible enough to meet the needs of all learners. That's why, beginning in May, Department staff and I will be engaged in several forms of outreach with students, educators, parents, legislators and other stakeholders.

We want to hear from people about assessments so we can move forward thoughtfully and deliberately with an acceptable and effective replacement. This doesn't mean everyone will agree on the final product, but it does mean that we will have given everyone a voice in the process. As we further develop our community outreach plan, we'll be sharing dates, times and locations through our stakeholder groups and social media accounts.

And, finally, I want to talk about some good news items. In mid-March, the Department released 124 schools from priority or focus status effective at the end of June, which means that they are no longer in need of comprehensive improvement in proficiency, academic growth, graduation rate or absenteeism. This reduces the status-marked schools by 2/3rds. This is great news for New Jersey.

The Department stands ready to focus our resources to advance the Governor's education agenda, which gets us all closer to the stronger, fairer NJ, he envisions. Thank you. I'm happy to take any questions you may have.