

‘ECSTATIC’ SWEENEY WINS MAJOR CHANGES IN SCHOOL FUNDING

JOHN MOONEY | JULY 2, 2018

Governor agrees to consequential adjustments to state’s school funding law for which Senate President has long campaigned



Senate President Steve Sweeney was all smiles at budget news conference Saturday.

There will be lots of talk about winners and losers in the Democrats’ 11th hour budget agreement this weekend, but when it comes to school funding, Senate President Steve Sweeney did not hide his satisfaction about the deal.

“I am ecstatic,” Sweeney said Saturday night, his smile widening after what had been his pretty stone-faced appearance at the evening press conference announcing the budget agreement. “It’s been years of trying to fix the school funding formula,” he said.

For all the public back-and-forth about which tax to raise by how much in the fiscal 2019 budget, Sweeney’s agreement with Gov. Phil Murphy to significantly alter the state’s school funding law was as noteworthy — and lasting — as any made over the last month.

It’s a measure that Sweeney (D-Gloucester) had championed publicly for years, whereby the state would increase — and shift — aid to more than 300 school districts that had been underfunded since nearly the inception of the School Funding Reform Act of 2008.

Yet close to 200 districts would take a financial hit under Sweeney’s plan, and that was always the sticking point — especially with the new Democratic governor who wanted to be helping New Jersey’s schools, not cutting from them.

School changes were negotiated separately

But, after negotiating the school changes separately and finding an apparent accord last week, Murphy confirmed Saturday night that he would go along and sign the bill.

The governor didn’t say much beyond that, leaving it to his staff to fill in the blanks after the press conference. But Sweeney couldn’t stop talking.

“This is one of the most important things I’ve done since I have been in the Legislature,” Sweeney said to NJ Spotlight. “It’s a win — it’s a big win for education.”

The eventual compromises were notable although, either way, both sides were calling for significant increases overall in state aid to schools. In his proposed budget, Murphy called for a \$283 million increase in formula aid; Sweeney's plan went even higher to over \$340 million.

The difference is Sweeney insisted that some of that increase be redistributed from schools that had received more state aid than called for under the current formula, in the form of hold-harmless or so-called "adjustment aid."

Phasing out 'adjustment aid'

This means 193 districts will be taking cuts in the first year, according to legislative staff estimates, averaging about \$170,000 in fiscal 2019 and then escalating until fully phased out in seven years. Murphy's allies — including the state's largest union, the New Jersey Education Association — had been resistant to any cuts at all, hoping to ease any reductions.

The hardest hit districts are Jersey City (\$3.5 million cut), Glassboro (\$1.9 million), Lakewood (\$1.3 million), and Freehold Regional High Schools (\$1.3 million), according to estimates from the nonpartisan Office of Legislative Services.

Nevertheless, the latest deal apparently was enough to win accord on all sides, with the phase-out of adjustment aid extended to seven years from Sweeney's preferred five years, and other protections put in place for districts to make up for the cuts elsewhere.

Included are unprecedented state mandates in more than 30 districts to raise local taxes by at least 2 percent. Jersey City, which will take the biggest cut by far, will also be exclusively permitted to impose a 1 percent payroll tax to help make up the difference.

"We know it's painful," Sweeney said Saturday of the cuts that will come to many districts. "We tried to be as fair as possible for districts losing money. The Assembly speaker got me to go from five years [phase-out] to seven years, so districts can right-size themselves."

Yet on Saturday evening, Sweeney preferred to focus on the districts seeing sizable increases next year, with all districts now slated to at least get 58 percent of their allotted shares.

The biggest dollar winners are large urban districts, including Newark (\$37.5 million increase), Paterson (\$20.3 million) and Elizabeth (\$17.2 million), but some smaller districts also will see a doubling or even tripling of state aid.

Overall, "This has been so unfair to districts like Kingsway and Chesterfield," Sweeney said, naming two of the most underfunded. "Nobody ever thought we could get this done."