School Funding in New Jersey: Preparing Now for the 2020-21 School Year

By Bruce D. Baker, Ed.D., Professor, Rutgers University, and Mark Weber, Ph.D., Special Analyst for Education Policy

info@njpp.org

Summary

Safely re-opening schools amidst a global pandemic is an expensive proposition. Re-opening plans require social distancing, which means smaller classes that may require staggered schedules, additional transportation, and rethinking and reorganizing the use of school spaces. School districts will also need to enhance their on-site health services, ensure safe and clean facilities, and upgrade their ability to teach remotely if it becomes necessary to do so again. Unfortunately, this crisis comes on the heels of a decade of disinvestment in New Jersey’s education system. New Jersey schools have not recovered financially since before the last recession; this is especially true for those serving the state’s low-income and Black and Latinx children. This brief illustrates the effects of the decade of disinvestment and provides recommendations for an equitable path forward. Put bluntly: safe and effective schools will cost more, not less, than in the past. The good news is that New Jersey can afford to make the required investments.

The COVID-19 Pandemic Will Drive Up Costs to Reopen Schools

As of this writing, the beginning of New Jersey’s 2020-21 school year is about one month away. Late in June, the state released its reopening plan for schools, which declares: “…absent a shift in the public health data, school buildings will open in some capacity for in-person instruction and operations in the Fall.” While the state has since declared fully remote instruction will remain an option for students, there is still clearly pressure on the state and its school districts to return to some level of normalcy in K-12 education. The social and emotional well-being of children, the careers of working parents, and the future of New Jersey’s economy all depend greatly on how and when students return to school.

The state plan requires local districts to develop their own plans based on a series of “anticipated minimum standards.” What the plan does not do, however, is make any attempt to estimate the fiscal impact on districts to meet those standards, nor lay out any proposals for either districts or the state to raise additional revenues to cover these new costs. Yet stakeholders can be certain that re-opening schools will require a substantial influx of resources. As the authors of this brief have noted elsewhere:
Much smaller class sizes will be required to meet social-distancing guidelines and contain the spread of the coronavirus; this, in turn, will require hiring additional personnel, finding new classroom space, and perhaps creating staggered schedules. It will mean more instructional hours for teachers, more staff hours spent cleaning and sanitizing facilities, and more complicated bus routes. Schools will have to budget for additional time and effort from maintenance and operations staff, food service workers, and other support positions. Nursing and other medical services — already inadequate in many schools (Willgerodt, Brock, & Maughan, 2018) — will need to be improved. And, to ensure equitable internet access, districts will have to redouble their investments in broadband and portable computers. Finally, since learning losses due to this spring’s school closures are likely to be most severe for students who live in poverty (Herald, 2020; Rothstein, 2020), schools in low-income neighborhoods will face especially daunting challenges come September. In short, we can expect the costs associated with reopening schools to be significantly greater this fall than in previous years, particularly in high-poverty schools and districts.²

In short, if New Jersey is to re-open its schools safely, it must plan to spend much more than it has in the past. This problem, however, is made worse by a difficult fact: even before the pandemic, too many of New Jersey’s school districts didn’t have the resources they needed to provide their students with an adequate education.

School Funding Never Recovered from the Last Recession

Prior to the Great Recession of 2009, New Jersey was a leader in school funding reform. Policies made in the wake of the Abbott series of rulings on school funding cases drove substantial amounts of new funding toward some of the state’s most underfunded school districts. Unfortunately, the state has since retreated in its efforts to fund schools; the percentage of New Jersey’s economy devoted to school funding has declined sharply since 2009, leaving fewer revenues available to the state’s districts.
These cuts in state effort have not been borne evenly; the school districts enrolling the highest-poverty students have suffered the greatest cuts. Years of research show that when high-poverty districts spend more money, they can help close the opportunity gap for children in those districts. In 2009, the state, recognizing this reality, passed the School Funding Reform Act (SFRA), which sets minimal adequacy targets for spending, including additional funding for districts with high concentrations of economically disadvantaged students. But the state has never fully funded the law; consequently, more and more students are enrolled in districts that, by the state’s own standards, are underfunded. Last year, over 100,000 students attended schools in districts where this spending gap was greater than $5,000 per pupil. (For context: average budgeted cost per pupil in 2018-19 was $16,599.)

Analysis of these districts reveals a disturbing trend: many are districts enrolling large proportions of students of color, particularly Latinx students. Neither the pandemic nor the ensuing economic collapse should be used as an excuse to allow these districts to continue operating without the funding the state’s own law says they need.
Ensure the Wealthiest Taxpayers Pay Their Fair Share to Help Fund New Jersey’s Schools

Ideally, New Jersey (and all other states) should be receiving a sizeable school aid package from the federal government, which has advantages over states in being able to raise large amounts of tax revenues and/or borrow large sums at historically low rates. But New Jersey’s education policymakers have to be realistic; given the current political climate and federal administration, it is quite possible that federal aid will not be forthcoming in the next several months.

New Jersey, therefore, must raise additional revenues on its own. It is worth noting that while complaints about high taxes are a regular feature of the state’s political debates, New Jersey is not a high-tax outlier: it ranks 31st in the nation on own-source revenues (the revenues the state raises itself, rather than those transferred by another government), and eighth in the nation on state and local taxes as a percentage of income. For school funding, there are two approaches to raising taxes that the state can use concurrently. First, New Jersey should raise income tax rates on its wealthiest residents. New Jersey’s taxes are less regressive than many of its neighbors, but its wealthiest residents still pay effective rates lower than those of middle-class taxpayers.

Second, New Jersey can suspend sending state aid to its most affluent school districts – the districts that have greater property wealth and, therefore, are more able to raise revenues themselves through local property taxes. Some state aid for special education, for example, automatically goes to more affluent districts, regardless of those districts’ ability to raise local revenues for schools. Certainly, spending on special education should not be cut in any district without good reason; however, if fiscal realities require cutting state aid, New Jersey should target the aid flowing to these high-capacity districts, and allow those districts to raise local taxes if needed to replace that aid. This policy should also extend to other types of categorical aid that are allocated outside of the adequacy formula, including transportation, security, and school choice aid.
School Funding After the Pandemic

In the coming months, the authors of this brief will further explain how New Jersey should change its current school funding system to better meet the needs of its students during and after the current health crisis. Reforms should include: recalibrating the state’s funding formula to meet new standards; using valid methods to address within-district funding inequities; basing state aid cuts on district budgets, and not aid allocations, and; maintaining and enhancing the features of SFRA that promote funding progressiveness. Until then, New Jersey lawmakers must act immediately to provide districts with the funding they need to open safely this fall.
End Notes

2 https://kappanonline.org/school-funding-covid-19-baker-weber-atchison/
4 https://www.nj.gov/cgi-bin/education/csg/19/csggrsum.pl?string=L %20ALL&maxhits=10000