

## STATE AID STATEMENT

During the past few weeks there has been a lot of discussion and numerous newspaper articles about the new School Funding Formula. At our last meeting, we announced that, based on our most recent notice, our district was in line for an additional 10% in State Aid. Since the district current receives approximately \$4,505,000 for 2007-08, the 2008-09 was anticipated at \$4,956,000 or an increase of \$451,000. Of course nothing is ever what it appears to be and as more information was revealed, it became apparent that Scotch Plains-Fanwood was 1 of 120 districts that will have to use some of these new funds to reduce the new tax levy.

All of this information was predicated on the passage of the finding legislation by the Assembly and the Senate. On this past Monday, both houses narrowly passed the new formula.

While we continue to familiarize ourselves with the new formula, there are a number of changes worth noting:

- The new law continues new terminology- what use to be T&E expenditure levels has now been changed to ADEQUACY LEVELS. Adequacy is the State's calculation on what it should cost to educate a student in elementary, middle school and high school. For the next school year the elementary level was set at \$9,649; middle school receives 4% more (10,350); and High School is calculated at 17% of the elementary level or \$11,289. Although our district is currently spending close to these levels, we are expected to be above adequacy.
- The other concept people will be discussing is LOCAL FAIR SHARE. Local fair share is a wealth based calculation that uses a district's income level and property value. Both of these items are then equalized on a State wide basis. Since it is anticipated that we will be above our local fair share, we must return about 7% of our additional state aid to the taxpayers.
- The new formula also expands the definition for at risk students to include reduced lunch students in addition to those eligible for free lunch We now include students that are eligible for free lunch
- The new formula also provides for full day pre-kindergarten. While we are not in line for any funds in 08-09, there is supposed to be state wide funding for this program.
- Special education will see major changes under this new law. Rather than tiers, there will be one \$ amount used to establish aid. In addition, a census format will be used, and if your district exceeds the placement average of the State (14.69%), you will lose funding. Finally, extraordinary aid is now part of the formula and must be included in the revenue section of the budget. For the first time, we will be anticipating aid based on an application that will be filed in the Spring of each year. There will also be different levels of reimbursement based on whether a program is in-district, in a public placement out-of —district or a private placement. Spending limits have also been established for speech services.

Dr. Hayes and I attended a meeting with our State representatives from District 22 (Green, Stender, Scaturi) on Friday, January 4 to discuss the new formula. On a positive side, it would appear that our district is in line for additional aid during the next few years because of our enrollment increase since 2001-02. With some luck, we may receive funds for pre-school. Unfortunately, at this point I am more concerned about 2008-09 than the years that follow.

We continue to work on the first draft and we hope to have something by the end of January.