

Egg Harbor Township Schools

Board of Education

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TESTIMONY TO THE NEW JERSEY SENATE AND ASSEMBLY BUDGET AND APPROPRIATIONS COMMITTEES

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Presented by the Egg Harbor Township School District

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Summary

Egg Harbor Township, located in the heart of Atlantic County, is a community to be proud of. We have faced difficult financial times over the last 10 years, yet our vision for our children's academic future has continued to progress. On behalf of Egg Harbor Township, we would like to bring to your attention our desperate situation regarding state school funding, and to explain the unique circumstances that Egg Harbor Township has faced, and continues to face, with each passing year that our school district is not adequately funded by the State of New Jersey. We want to thank Governor Phil Murphy, Senate President Steve Sweeney, and Assembly Speaker Craig Coughlin for challenging the status quo and leading the efforts to increase school funding, both in the last two years' budgets, and in this year's proposed budget. However, this year's proposed increase of \$6 million, will still leave us nearly \$20 million below full annual school formula funding. This increase, while welcomed and appreciated, still greatly shortchanges our students and our taxpayers.

Our community is overwhelmed by the tax burden placed on it, and our students' academic achievement has dropped in literacy, mathematics, and science. As the DOE's STREAM initiative looks to the future, our students' access to enriching academic experiences within these areas are being withheld from their grasp. These academic limitations are a direct result of our underfunded school district. Therefore, it is critically important to our community that we receive the increased funding promised under A-2/S-2 this year, and in future years, so that we reach full formula funding.

The topics we would like to address are: 1) A decade of rapid student population growth, mandated by the State Pinelands Commission, without corresponding state school aid increases, and EDA Assessments; 2) The current challenges in an uncertain world.

Mandated Growth and Flat State Aid

As a school district located in a Pinelands Regional Growth Area, the State of New Jersey has mandated the population growth of our township, which caused our school district to grow, but did not provide us with sufficient funds to educate the students that came to our district as a result of that mandate. At the same time, caps placed on budget and aid growth, coupled with years of flat state aid, simply did not allow us to keep pace with this

growth. As a result, the continuing burden on the students and property tax payers of Egg Harbor Township is particularly onerous.

Between 2000 and 2007, our district grew by 2,008 students, for a 7-year growth rate of 34.7%. During that period, our rate of growth was the highest in the state. Our enrollment topped out at nearly 8,000 students, and is now approximately 7,500 – back in 2000, our enrollment was 5,791. During all this growth, our state aid increases were capped and did not keep up with this growth. Our budgets have never been able to catch up with this growth.

According to the Department of Labor, over the 5-year period from 2000 to 2004, Egg Harbor Township had 2,976 single-family housing starts – that’s the highest number of any municipality in the state. During that same period of time, our population grew by approximately 10,000, from 30,000 to 40,000. Residential growth has since slowed due to the economy, but we are still mandated to accommodate 22,000 additional residential units under Pinelands Commission requirements.

Under the current law that provides State Education Aid, the State Department of Education imposed an arbitrary cap on the growth of state aid given to a district over the prior year’s state aid. This cap applied regardless of costs, or the actual growth in student population. Egg Harbor Township state aid remained frozen at \$40 million for nearly a decade, since 2008-2009 – when the School Funding Reform Act (SFRA) took effect, and we were denied another \$43 million under the prior law, (CEIFA) dating back to 2000-2001, due to caps and freezes. Our total amount of funding the state has short changed us is now well over \$300 million. A-2/S-2 has finally removed the aid growth cap and sets forth a ramp-up to full formula funding over the course of five (5) school years under the SFRA.

For next year, the SFRA formula calls for us to receive \$74.3 million in state aid. While we are very grateful for the proposed \$6 million in additional aid for next year; we are only going to receive \$54.6 million in total state aid. So, for next year, our students and taxpayers are still being shortchanged by nearly \$20 million under the proposed state budget, when compared to the amount we are entitled to under the SFRA school funding formula.

Note: In 2001, state aid was 60% of our budget – it has since fallen to 39%.

We Spend our Funds Wisely

As demonstrated by the 2019 DOE Taxpayer's Guide to Education Spending, our total per-pupil budgetary spending is among the lowest in the area, and the state. We currently spend \$15,683 per-pupil. The state average is \$16,599, and among local area districts; Atlantic City spends \$16,980, Greater Egg Harbor Regional spends \$17,060, Ocean City spends \$18,378, Pleasantville spends \$18,914, and Mainland Regional spends \$19,748. In addition, according to the DOE, our current budget is \$15 million below "Adequacy" – that's the amount of money the state says we should spend given the number of students we have.

Some examples of things we do to keep spending low – we have two independent foundations searching out alternate public and private funding sources, as well as aggressive solar and energy savings initiatives. And each year, we ask our staff to do more with less across the board, in terms of personnel, equipment, and supplies.

EDA Assessments

Again this year the state charged us a \$543,141 EDA Assessment. This arbitrary assessment is unfair, was never part of our bargain with the state, and was never agreed to by the people of Egg Harbor Township when we chose to use the then Schools Construction Corporation (SCC) to build new schools. To date, this assessment has cost us well over \$5 million, a total of \$5,537,595 to be exact. Where is this money going ? Please end this arbitrary assessment now.

Effects of Atlantic City Casino Closures and Regional Recession

Egg Harbor Township paid a price for the economic boom of the local economy in the early to mid-2000s. However, Egg Harbor Township is now bearing the brunt of a persistent regional recession. Casino closures of the Great Recession continue to impact Egg Harbor Township residents.

Egg Harbor Township suffers whether AC does well or does poorly. During boom times – the Pinelands Commission forces us to add residential housing without corresponding state school aid. During bad times - people can't afford to pay their rising property taxes, and homes face foreclosure.

Current Challenges

With the increase in population described above, the Board and administration does our best to keep costs to a minimum and put resources in the classroom. But as a direct result of inadequate state aid, coupled with the EDA assessment, student achievement has suffered. Class sizes continue to grow. We are trying next year to add badly needed full-day kindergarten and universal pre-school. The Egg Harbor Township School District has also gone from 27% free and reduced lunch to 42% in the last 10 years due to the diminishing economy and demographic changes. Each year the district has had to increase resources to serve the growing special education population, as well as to address the needs of our growing population of at-risk students. In addition, we have serious unmet needs in improvements to aging buildings and infrastructure.

As we prepare this testimony in late March, we are in the midst of the COVID -19 Pandemic. We remain optimistic that this situation will be resolved quickly. However, we cannot predict the future. What we do know is that in order for our township, state, and nation to return to normal, our schools need to be funded so that our children's future remains bright.

Conclusion: Fully Fund A-2/S-2 Now and in the Future

Our Egg Harbor Township community speaks for the silent and stands for the broken. We are standing together, as one, to advocate for our student body's academic future. Please partner with us to promote our children's academic success and reduce the heavy tax burden placed on our residents. It is critically important to our community that we receive the increased funding promised under A-2/S-2 this year, and in future years, so that we reach full formula funding. In addition, the arbitrary EDA Assessments must be eliminated immediately.