

Dear Senator Gopal,

Thank you for allowing to me to grab your ear on Monday night at the Monmouth County School Boards Association event. I realize that as a District 11 Senator, you do not represent Little Silver directly, but I am confident that some of your District 11 constituents are facing the same financial challenges, especially the small districts.

Little Silver is a small, PreK-8 district with 870 students. We are members of the Garden State Coalition of Schools. I am familiar with previous testimony to the Legislature regarding ways to fully fund the SFRA formula (School Funding Reform Act of 2008) made by Garden State Coalition leaders as well as by other school leaders. As I mentioned on Monday, I do understand the challenges faced by State representatives to create a fair budget and I know that a long-term fix to education funding will take time, but I implore you and the legislature to consider some short-term options. Districts like Little Silver need **immediate** relief including a budgetary consideration that would reflect individual districts' ability to address significant increases in special education expenses.

Within past and current SFRA categories, is Special Education Aid. This is one of the few categories of State Aid for which Little Silver qualifies. That said, the total State Aid realized in Little Silver for **all categorical aid** for which we qualify (Special Education Aid, Security Aid, Transportation Aid, and PARCC Readiness) is nominal. As a J district, Little Silver's *local fair share* is sizeable. Our small municipality sends approximately \$21 million dollars to the State of New Jersey and in return receives very little in State Aid. While we realized an 11.25% increase in State Aid between the 2016-17 school year (\$321,655) and 2017-18 school year (\$357,854), that \$36,199 increase was a result of increased special education enrollment. While any State Aid increase is welcomed, Little Silver's State Aid income represents **2% of our total budget**. The increase of \$36,199 represents .002% of our total budget. Therefore, while an 11.25% increase looks sizable, it is relative to the base amount of the increase. More importantly, **State Aid figures do not include money for Extraordinary Aid for Special Education.** I believe our community would welcome the opportunity to extend the tax levy to accommodate for special education expenses, but there are currently no provisions that would afford them that option.

As State Officials, you are elected, in part, to manage the state's finances. This includes generating revenues and approving expenditures. State budgets are complex and fluid, as they depend on anticipated revenues and planned expenditures, which may alter over the course of a fiscal year. If revenues do not keep pace with expenditures, you have to alter the budget. You have the option of raising taxes, if necessary, to generate revenue so that the State budget does not result in a budget deficit and/or a depleted surplus. Since Little Silver is a school district that **does not** qualify for any of the "banked cap" provisions (1. Enrollment Adjustment, 2. Healthcare Waiver, 3. Deferred Pension, or 4. Shifting to and from); we, like other similar districts, cannot extend our budget beyond 2%, and this is crippling. Our special education expenses are increasing at an unsustainable rate and, unlike your ability to alter the State budget due to unanticipated expenditures, we don't have a legislative vehicle to currently address these special education increases.

The cost of educating special education students, in general, has increased dramatically over the past several years. Further, the cost of those children that have *extraordinary needs* is particularly difficult given the current funding situation. As you know, Extraordinary Aid is that aid given to districts whose program costs *exceeds* a cost of \$40,000 in a public school placement or \$55,000 in a private school placement. The ***eligible reimbursable amount*** is the amount of money that exceeds those thresholds. Therefore, if the program costs associated with educating a public school child is \$50,000, then \$10,000 is *eligible* for reimbursement. The average percentage of actual reimbursement has been around 50%. In the scenario described, that means the district would expend \$50,000 and receive \$5,000 back, resulting in a tuition cost of \$45,000. All transportation expenses, regardless of whether the child is in a public school placement other than their home district or in a private school for students with disabilities on the State approved list (<https://homeroom5.doe.state.nj.us/apssd/>), are ***excluded*** from the ***eligible reimbursable amount***. Transportation costs for out-of-district students can exceed that of the actual tuition. During the 2017-18 school year, Little Silver paid \$185,952 in transportation alone for three students. While Senator Sweeney has proposed “fully funding” Extraordinary Aid, this does not offer a complete resolve as the school districts are still responsible for a base amount (\$40,000 public or \$55,000 private) that far exceeds any of our average per-pupil costs, as well as the transportation costs.

There are layers of issues regarding special education that have a profound financial impact on school districts, and that financial impact escalates annually. The 2005 *Schaffer v. Weast* U.S. Supreme Court decision decided the burden of proof regarding whether or not a child’s individualized education plan (I.E.P.) is not appropriate for the child fall on the plaintiff, which is usually the parent. On January 13, 2008, a bill was approved (N.J.S.A. 18A:46-1.1) stating, “whenever a due process hearing is held pursuant to the provision of the *Individuals with Disabilities Act* regarding the identification, evaluation, re-evaluation, classification, educational placement, the provisions of a free, appropriate public education, or disciplinary action, of a child with a disability, the school district shall have the burden of proof and the burden of production.” This decision significantly impacted Little Silver, like many other districts. School districts are now defending the appropriateness of their programming. This defense can come at great cost.

Special education costs rise every year in the majority of all NJ school districts with cost increases well in excess of two percent, particularly, but not exclusively, for those special needs students with *extraordinary needs*. Over the past seven years, special education costs in Little Silver have risen by over 37%. The increase of special education programs, which comes with specific mandates, has forced districts to compromise general education programs by increasing class size, cutting programs and/or resources, and deferring much-needed capital projects. Our school district has become reliant on the funding support of our Education Foundation and PTO. Some of our increases have met the threshold for Extraordinary Aid, but certainly not all. Further, as noted earlier, the threshold for Extraordinary Aid (program costs that *exceed* a cost of \$40,000 in a public school placement or \$55,000 in a private school placement) is very high. According to the New Jersey Tax Payer’s Guide to Education Spending 2017 (<http://www.nj.gov/education/guide/>) the actual *average* per-pupil cost is just over \$20,000. Therefore, school districts are forced to meet a minimum threshold that is at least 2 times the State per-pupil average (2 x \$20,000 = \$40,000) for public school placements or 2.75

times the State per-pupil average ($2.75 \times \$20,000 = \$55,000$) for out-of-district placements. This is not sustainable.

In order to avoid polarization of special education versus general education, I would ask the Legislature to consider options for both *long-term relief* AND *immediate relief* (FY 2019):

Long-Term Relief:

1. In order to have a fair and equitable impact on all New Jersey School districts, consider restructuring Extraordinary Aid to lower the threshold for the eligible reimbursable amount of money to expenses that exceed the actual State *average* per-pupil cost, \$20,000 or the like, and **include** the cost of transportation.
2. Consider reversing N.J.S.A. 18A:46-1.1 to place the burden of proof regarding whether or not a child's individualized education plan (I.E.P.) is not appropriate for the child to fall back on the plaintiff.

Short-Term Relief:

1. Consider granting a waiver of the two percent tax levy to allow Boards of Education an option to expand the tax levy to encompass the total unfunded Extraordinary Aid PLUS the cost of transportation.
2. Consider granting a waiver of the two percent tax levy to allow Boards of Education an option to expand the tax levy to encompass special education expenses at a threshold that exceeds the *State Averages/Medians Actual Cost Per Pupil*, according to the Tax Payers Guide to Education spending. While *Actual Budgetary Cost Per Pupil* varies between school districts (Little Silver is approximately \$15,000) the current State average is about \$20,000.

Our budget adoption for 2018-19, like many districts, resulted in significant staff cuts. The budgetary challenges facing the Little Silver School district are not unlike other school districts. While the move toward full funding must continue, many districts such as ours need immediate relief. I implore the Legislature to consider the waiver options delineated above.

Thank you for listening. I would welcome the opportunity to meet with you in person when we are not in the midst of a busy event as we were on Monday night. I'll look forward to your reply.

Sincerely,

Carolyn Kossack
Superintendent of Schools
Little Silver, NJ