

# **Egg Harbor Township Schools**

*Board of Education*

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

**MARCH 2021**

**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. The COVID -19 Pandemic has placed our community and our school district under a whole new layer of stress and economic hardship. 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 three years' budgets, and in this year's proposed budget. However, this year's proposed increase of \$10 million, will still leave us nearly \$17 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. 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, 2) EDA Assessments, 3) Chapter 44, and 4) The COVID-19 Pandemic and 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.

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, with the COVID -19 Pandemic layered on top. Casino closures and reductions, coupled with the strain on travel and tourism in the region significantly 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.

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 over a decade, from 2008-2009 when the School Funding Reform Act (SFRA) took effect – until 2019-2020, 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 seven years under the SFRA.

For next year, the SFRA formula calls for us to receive \$77 million in state aid. While we are very grateful for the proposed \$10 million in additional aid for next year; we are only going to receive \$60 million in total state aid. So, for next year, our students and taxpayers are still being shortchanged by approximately \$17 million under the proposed state budget, when compared to the amount we are entitled to under the SFRA school funding formula.

### **We Spend our Funds Wisely**

As demonstrated by the 2020 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 \$16,191 per-pupil. The state average is \$17,028, and among local area districts; Greater Egg Harbor Regional spends \$17,985, Ocean City spends \$18,425, Pleasantville spends \$19,157, Atlantic City spends \$19,703, and Mainland Regional spends \$21,468.

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. Each year the district has had to increase resources to serve the growing special needs 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. But as a direct result of inadequate state aid, coupled with the EDA assessment, student achievement has suffered.

### **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 \$6 million, a total of \$6,080,736 to be exact. Where is this money going? Please end this arbitrary assessment now.

## **Chapter 44**

In July of 2020, the state passed a new health insurance law applicable to school district employees commonly known as Chapter 44. We estimate this law will cost our district approximately \$1 million in added and unanticipated health care expenses next year. We urge the state to re-evaluate the Chapter 44 health care law.

## **COVID-19 Pandemic**

As with all school districts, the COVID -19 Pandemic has placed our community and our school district under extreme pressure, both from an educational and financial standpoint. The long-term effects of this on student achievement cannot be fully know at this time. However, we know we have to do everything we can to mitigate it. Recently passed federal legislation, the American Recue Plan, is expected to provide a one-time infusion of \$2.76 billion into New Jersey's schools in the near future. However, at this time, we have no indication of what this money can be used for, or how it will be allocated.

As we prepare this testimony in late March, we are beginning to emerge from the COVID -19 Pandemic. We remain optimistic that this situation will be behind us soon. 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. The arbitrary EDA Assessments must be eliminated immediately. In addition, the state must re-evaluate the Chapter 44 health care law.