

**DEPARTMENT OF EDUCATION**

**State Aid – Public**

Equalization Aid	495-034-5120-078
Educational Adequacy Aid	495-034-5120-083
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084
Adjustment Aid	495-034-5120-085
Adult and Postsecondary Education Grants	495-034-5120-077
County Vocational Program Aid	495-034-5120-032
School Choice Aid	495-034-5120-068

(See Section II-SA of *The Audit Program* issued by the Department of Education for a comprehensive listing of state aid accounts.)

**I. PROGRAM OBJECTIVES**

To establish a stable funding source for school districts in accordance with the “School Funding Reform Act of 2008” (SFRA) for the fiscal year. SFRA was approved as P.L. 2007, c.260 in January 2008, and provided a new calculation for school funding. This law first applies to the 2008-09 school year.

**II. PROGRAM PROCEDURES**

For Fiscal Year 2008-09, state aid was calculated in accordance with SFRA. Several categories of state aid were replaced by the five new aid categories highlighted above.

P.L. 2009, c.22, effective for the 2008-09 fiscal year only, required the department to reduce state aid for regular and county vocational districts in the amount of the allowable PERS deferred amount. For 2008-09, regular and county vocational districts’ state aid may have been reduced by the lesser of: 50 percent of the district’s 2008-09 regular PERS payment, 50 percent of the district’s original budgeted PERS amount, or the district’s remaining state aid payment. Accordingly, a new column was added to the State Aid Payment Schedule (SFRAPAY) to show the PERS deduction. Districts were provided guidance on accounting for the PERS related state aid reduction in the March 31, 2009 letter from the department. The order in which state aid should be adjusted was revised in the July 31 memo from the department. State aid should be adjusted in the following sequential order: Equalization Aid, Adjustment Aid Security Aid, Transportation Aid, Special Education Categorical Aid, Educational Adequacy Aid, and School Choice Aid. Proration across several or all state aid categories is not acceptable. Since districts record the full amount of state aid as revenue in the beginning of the school year they should have amended their budget to show the reduced amount of state aid. If a district did not amend the budget during the school year, auditors must make certain that the final year end reporting and financial statements reflect the correct revenue and receivable at June 30, 2009. The reduction in state aid is shown on the district’s payment schedule (SFRAPAY) dated June 4, 2009, in column (P). The 2008-09 state aid printout entitled “NET” was not revised and does not reflect this change. The letter issued to school districts on March 31, 2009 is available at <http://www.nj.gov/education/finance/sf/033109pers.pdf>.