



## State of New Jersey

DEPARTMENT OF EDUCATION  
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JON S. CORZINE  
Governor

LUCILLE E. DAVY  
Acting Commissioner

March 23, 2006

TO: Chief School Administrator  
School Business Administrator

FROM: Lucille E. Davy, Acting Commissioner *LED*

SUBJECT: 2006-07 State Aid

Attached are your state school aid notices for the 2006-2007 school year. As a result of the State's severe fiscal crisis, Governor Corzine has proposed a state K-12 education budget that provides level funding for most school districts and some modest decreases and increases for some districts. Despite that fact, total school aid rose by over a billion dollars, with three quarters of that increase (\$779 million) going towards funding the teachers' pension fund (TPAF) and post retirement medical benefits – two categories of aid that were under funded in previous years. The only other areas with significant increases are FICA payments to districts - \$36 million, preschool expansion aid for early childhood education programs - \$39 million, and payments for school construction - \$113 million. All of the CEIFA formula aid categories were level funded. However, in recognition of the growing enrollment in some districts, Above Average Enrollment Growth was increased by \$5.6 million. At the same time, aid to those districts with multiple years of declining enrollment was reduced in two categories – Consolidated Aid and Additional Formula Aid.

I have also attached a more detailed analysis of some of the changes in this year's budget. I am aware that districts will have very little time to incorporate this information into their budgets; but for the majority, the aid numbers represent no changes from the current year. The aid numbers are available for you to download into your budget software. Department staff in the county offices, and in the Division of Finance, will work with you to answer your questions and assist you in the budget submission process.

The budget process is never an easy one in times of fiscal crises, and it is even harder in a transition year. It is important for all of us to recognize that difficult choices must be made in order to address the State's recurring structural budget deficit and to secure New Jersey's economic future. We must all be part of the solution to these problems which have been avoided for far too long. I would like to thank each of you for your patience over the last few months and ask for your continued cooperation and support.

As we move forward, I am confident that we can all continue to build a better future for the 1.5 million children in our schools.

Please direct general questions to your respective county office. Questions about the data utilized in the state aid calculations should be directed to the Office of School Funding, at (609)984-4949.

LED:YOT:osf/yt/state aid/fy07/memos/fy07stateaid.doc

Attachments

- c: State Board Members
- Isaac Bryant
- Assistant Commissioners
- County Superintendents
- County School Business Administrators
- Katie Attwood
- LEE Group
- Garden State Coalition