

## **Educational Adequacy Report**

The School Funding Reform Act of 2008 (SFRA) requires that the Governor issue an Educational Adequacy Report (EAR) to the Legislature every three years, with recommendations for updating certain elements of the formula. This document marks the fifth cycle of the Governor's recommendations according to the statutory requirement contained in N.J.S.A. 18A:7F-46(b).

According to the statute, the EAR must include updates pertaining to the following seven major components of the funding formula:

1. the base per pupil amount based upon the core curriculum content standards established pursuant to N.J.S.A. 18A:7F-46(a);
2. the per pupil amount for full-day preschool;
3. the weights for grade level, county vocational districts, at-risk pupils, bilingual pupils, and combination (at-risk and bilingual) pupils;
4. the cost coefficients for security aid and transportation aid;
5. the state average classification rate for general special education services pupils and for speech-only pupils;
6. the excess cost for general special education services pupils and for speech-only pupils; and
7. the extraordinary special education aid thresholds.

Much of the basis for the weights set forth in the SFRA comes from a comprehensive school district model informed by input from panels of experts and practitioners. In assessing the components of the SFRA, the New Jersey Department of Education (Department) updated the resources used in that model, along with the figures for the components listed above. In accordance with the SFRA, the following provides the three-year update to major components of the funding formula and will hereinafter be referred to as the FY2026 EAR.

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# School Funding Reform Act Update

## 1. Base Per Pupil Amount

The “base” per pupil amount was initially determined through results of Professional Judgment Panels (PJPs), which were convened to form the foundation of the funding formula, and subsequent advisory panels. All of the additional weights (grade level, at-risk, and bilingual) are applied to the base amount. The Department reviewed the current resources and determined that some changes were necessary. After making these changes, the Department updated all of the resource costs to account for increases in actual salaries, employee benefits, and inflation as measured by increases in the New Jersey consumer price index (CPI)<sup>1</sup>.

To revise salaries, the Department used data from two sources, depending on the type of employee. The first source is Certificated Staff Data, which is reported by school districts and includes detailed information for all certificated employees. The data include salary amounts for each job code, full-time equivalency (full-time, half-time, etc.), and area of certification. For positions included in the certificated staff data collection, the Department calculated the average (mean) salary using actual reported salaries for all full-time staff employed during FY2024 for each job code included in the staffing resources that were identified by the panelists and subsequent advisory groups. The salaries for non-certificated positions were found using the [May 2023 State Occupational Employment and Wage Estimates for New Jersey](#) from the Bureau of Labor Statistics (BLS). Average salaries for all personnel were adjusted using the CPI to standardize them at a projected FY2026 level.

Consistent with the original SFRA recommendations and the previous update for FY2023, health benefit costs were added to salaries to determine the total cost per employee. Health benefits were calculated using the average cost for individuals participating in the School Employees’ Health Benefits Program (SEHBP) in 2024, the latest available year. After inflating the average cost of health benefits for FY2024 to a projection for FY2026 using two years of the CPI, the average was prorated to account for the proportion of employees who waive health coverage. The most recent data from the NJ Division of Pensions and Benefits shows approximately 17.8% of active local education employees waive coverage with no alternative compensation for the waiver. Since this reduces the healthcare benefit costs for districts, the average cost was prorated to 82% and the final average healthcare benefit cost applied in the model for the FY2026 EAR is \$24,545.

In applying the average health benefits cost to the model, the FY2017 EAR and FY2020 EAR both included modifications to account for employee contributions required by P.L. 2011, Chapter 78. That law required employees to contribute a specified portion of their health costs in an amount ranging from a minimum of 1.5% of salary up to 35% of the health care premium, where the contribution rate varied by type of plan, premium cost, and the individual’s salary

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<sup>1</sup> The CPI applied for all calculations, except utilities, is the combined New York and Philadelphia Urban Consumers index (CPI-U), as calculated by the New Jersey Department of Treasury. The rates applied for each fiscal year are shown in Appendix A.

level. In applying the medical benefits costs for the FY2023 and FY2026 EARs, the Department used the same assumptions as in previous iterations with one additional adjustment for the implementation of P.L. 2020, Chapter 44. While Chapter 78 generally required employees to contribute a percentage of the health premium cost, Chapter 44 allows educators who choose the new Educators Health Plan or Garden State Health Plan to contribute a percentage of their salary rather than a percentage of the premium.<sup>2</sup> To account for this variation, the Department applied to each staff position the weighted average of the contribution amounts using all three methods (percent of premium and percent of salary according to each plan).<sup>3</sup> The Department did not include health benefit costs for lunchroom aids, substitute teachers, or security guards.

Other employee benefits were determined using the latest actual rates (from FY2024). The Department applied a workers' compensation rate of 10.68% for maintenance staff and a rate of 1.27% of salary for all other personnel, both of which were derived from the [New Jersey Rate & Classification Handbooks](#). For non-certificated personnel, the Department applied a Public Employees' Retirement System (PERS) rate of 16.377%<sup>4</sup> of salary and a Federal Insurance Contributions Act (FICA) rate of 7.65%<sup>5</sup> of salary, which were found on the [Actuarial Valuation Report for the Public Employees' Retirement System of New Jersey](#) and a [Social Security Administration Fact Sheet](#), respectively. Since the State pays each district's share of pension and social security (FICA) costs for certificated staff, these costs were not added to the benefit assumptions for certificated staff positions. In addition, the Department did not include pension costs for lunchroom aids, substitute teachers, or security guards. Total salary and benefits costs for each personnel resource can be found in Appendix B.

The PJP model that generates the base per pupil amount (as well as additional costs) includes several cost components in addition to personnel. Some examples are: school-level resources such as supplies, professional development, and technology; and district-level resources such as security, utilities, and textbooks. Most of the non-personnel cost components were derived from panelists' estimates on a per-school, per-teacher, or per-student basis. In order to update the costs, the Department adjusted the original PJP dollar amounts, which correspond to FY2006, inflating the amounts for each year using the CPI<sup>6</sup> to project FY2026 costs.

In addition to updating the costs, the Department is proposing to supplement resources in the model district to better align the model with current district practices for mental health and safety. At the elementary level, the model previously did not include any security guards, and

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<sup>2</sup> In applying the contribution rates to the model, the Department used the family coverage contribution rate for the percentage of the premium and the single coverage contribution rate for the percentage of salary. These will yield lower employee contributions and higher school district costs. Contribution rates by type of coverage (family, single, or parent/child) are available on the New Jersey Department of the Treasury's [webpage for health benefits information for active employees](#).

<sup>3</sup> The averages are weighted by the share of employees enrolled in each plan type according to participation rate data provided by the NJ Department of the Treasury.

<sup>4</sup> The rate for 2025 is 16.377%, as shown in Table V-7 on page 74 of the report.

<sup>5</sup> The FICA rate is 7.65% of salary up to \$168,600. None of the non-certificated staff salaries exceed this threshold. These are the anticipated rates for FY2024 according to current Federal law.

<sup>6</sup> Utilities costs are inflated using the CPI-Energy, calculated using both New York and Philadelphia in the same manner used for the CPI-U calculation.

the Department has added one security guard per elementary school of 400 students to ensure every school in the model has at least one. It should be noted that additional security guards are already included in the model for upper grade levels and for higher concentrations of at-risk students. The Department also added resources at the district level to promote mental health, which is also linked to student safety. Two personnel were added at the district level — one social worker and one psychologist — along with a new resource cost for mental health support in the amount of \$550 per student. Previously, school psychologists and social workers were included only in the costs for at-risk students and special education. The new changes will ensure that the base cost accounts for the need for all students to access these supports.

The historical base per pupil amounts are shown in Table 1, along with the actual base amount applied for FY2025 state aid calculations and the recommendation for FY2026 based on the latest update. The new recommendation will grow the base cost by \$1,026 per student, a 7.36% increase from FY25 state aid and a 20% increase compared with the FY2023 EAR.

**Table 1 Base Per Pupil Amounts**

<b>Fiscal Year</b>	<b>Base Amount (Elementary)</b>
FY2009 (SFRA)	\$9,649
FY2014 EAR Recommendation	\$11,009
FY2017 EAR Recommendation	\$11,009
FY2020 EAR Recommendation	\$11,775
FY2023 EAR Recommendation	\$12,451
FY2025 State Aid Calculation	\$13,946
FY2026 EAR Recommendation	\$14,972

## **2. Preschool Per Pupil Amount**

The foundation for preschool education aid (PEA) in the SFRA was initially determined using budgeted expenditures from districts that were already running high quality full-day preschool programs. The Department compiled district data to determine the average cost per pupil based on the type of school site. While this methodology has been highly regarded, the current method of funding does not allow for an update using the same process. Since the State provides 100% of preschool costs and districts spend the aid they receive, a calculation of expenditures will yield the current aid amount.

For the FY2026 EAR update, the Department reviewed current literature regarding preschool expenditures. The National Institute for Early Education Research (NIEER) publishes an annual report describing the status of preschool education across our nation.<sup>7</sup> According to the latest edition of the publication “The State of Preschool 2023,” the national average of state spending per child enrolled in preschool was \$7,277 in 2020 (adjusted to 2023 dollars). By comparison, New Jersey ranked 2<sup>nd</sup> highest in fiscal support for preschool, reporting \$16,302 per child

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<sup>7</sup> NIEER’s 2023 State Profile and other reports can be found on their [State of Preschool Yearbooks webpage](#).

enrolled in preschool. According to this same report, in addition to prioritizing high levels of preschool spending, New Jersey also ranked among the top states for high quality benchmarks. Based on our observations of district expenditure and the literature on preschool costs, it is our recommendation that the Department continue to increase the preschool funding amounts in the same manner as in previous years. Since the cost of providing preschool increases each year due to rising salaries, materials, and other expenses, the Department recommends adjusting preschool funding based on inflation, which measures the overall rise in prices. This adjustment will ensure that preschool programs maintain their quality and affordability.

The table below shows the historic funding amounts, along with the recommendation for FY2026, which is based on the FY2025 aid amount and inflated using the latest year of the NJ CPI (3.57 percent).

**Table 2 Preschool Per Pupil Amounts, by Provider**

<b>Fiscal Year</b>	<b>In District</b>	<b>Private Provider</b>	<b>Head Start</b>
FY2009 (SFRA)	\$11,506	\$12,934	\$7,146
FY2014 EAR	\$12,788	\$14,375	\$7,943
FY2017 EAR	\$12,788	\$14,375	\$7,943
FY2020 EAR	\$13,209	\$14,848	\$8,204
FY2023 EAR	\$13,922	\$15,648	\$8,646
FY2025 State Aid	\$15,594	\$17,527	\$9,685
FY2026 EAR	\$16,151	\$18,153	\$10,031

### **3. Weights for Grade Level, County Vocational School Districts, At-Risk, Bilingual, and Combination Costs**

The SFRA formula accounts for additional resources and services for certain students who may need supplemental resources that are not included in the base cost. Once the cost of additional resources is determined for each category, the cost is applied to enrollment as a supplemental weight. The weighted enrollment, accounting for all such factors, is then applied to the base cost (*see* Base Per Pupil Amount section). Additional weights are provided for each student who meets the criteria for the following five categories:

- (1) middle or high school grade levels;
- (2) county vocational school districts;
- (3) at-risk (students from households at or below 185 percent of the Federal poverty level);
- (4) students eligible for language instruction educational programs (LIEP, previously “bilingual” or “LEP”); and
- (5) combination at-risk and LIEP.

## Grade Level Weight

Updates to the cost components, as outlined in the previous Base Per Pupil Amount section, generate costs per pupil for students at the elementary, middle, and high school levels. As defined in the SFRA, the elementary weight applies to students in kindergarten<sup>8</sup> through grade five, the middle school weight applies to students in grades six through eight, and the high school weight applies to students in grades nine through 12. Since FY2009, the base cost per pupil has changed over time due to inflation and adjustments in actual education costs. However, the proportionate difference in costs between elementary, middle and high school students has generally remained stable. The weight for middle school students has stayed at 1.04, while the high school weight has slightly decreased from 1.17 to 1.15.

The historical and recommended weights are shown in Table 3A. Note that the elementary base cost is always set to one, as this reflects the model district cost for elementary students who do not require any supplemental resources.

**Table 3A Grade Level Weights**

<b>Fiscal Year</b>	<b>Elementary Base</b>	<b>Weight applied to base for Middle School students</b>	<b>Weight applied to base for High School students</b>
FY2009 (SFRA)	1.00	1.04	1.17
FY2014 EAR	1.00	1.04	1.16
FY2017 EAR	1.00	1.04	1.16
FY2020 EAR	1.00	1.04	1.16
FY2023 EAR	1.00	1.04	1.15
FY2026 EAR	1.00	1.04	1.15

## County Vocational School District Weight

The SFRA also included an additional weight for students attending county vocational school districts. Consistent with previous iterations, the calculation for the county vocational weight compares actual costs for general education in county vocational districts with high school costs from the model in order to account for the smaller class sizes and more costly supplies and materials often found in these specialized programs. This method estimates the portion of actual expenditures that county vocational districts used for general education by excluding costs for special education, at-risk, and language instruction educational programs (LIEPs). The FY2023 audited expenditure data for county vocational districts was used to estimate the general education cost, which was then adjusted based on three years of CPI to yield a FY2026 per pupil cost of \$21,073.

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<sup>8</sup> For half-day kindergarten students, the SFRA applies a 0.5 weight to the base per pupil amount. Students classified for preschool disability services are included in the elementary enrollment.

When compared with the FY2026 high school cost of \$17,187, the results show county vocational districts spend, on average, 23% more per pupil than the model would suggest for a traditional high school student. The FY2026 recommendation and historical weights are shown in Table 3B. The decrease from the FY2023 EAR is largely due to the significant increase in the model district costs; since the model district costs increased by more than \$1,000, the gap between the model high school cost and county vocational district costs has narrowed. It is worth noting that, for county vocational students, both the high school weight and the county vocational weight are applied.

**Table 3B County Vocational Weights**

<b>Fiscal Year</b>	<b>Additional Weight for County Vocational students</b>
FY2009 (SFRA)	0.31
FY2014 EAR	0.26
FY2017 EAR	0.25
FY2020 EAR	0.22
FY2023 EAR	0.27
FY2026 EAR	0.23

### **At-Risk Weight**

The SFRA specifies “at-risk” weights for students who come from households with incomes at or below 185 percent of the Federal poverty level to account for additional services and supports that may be needed. Recognizing that not all students will require these services, the count is used as a proxy for the district’s needs. Since not all at-risk students need the same level of support, the funding formula estimates districtwide needs rather than assessing each student individually. This will ensure the model accounts for more resources in schools with higher concentrations of at-risk students, even though not every student may require extra help. Rather than using a single weight, the SFRA includes a sliding scale based on each district’s concentration of at-risk students, where the at-risk weight increases as the district’s concentration of at-risk students increases. The weights suggested by the PJP model were derived from supplemental programs and resources that the expert panelists identified for schools given various concentration thresholds for students identified as at-risk. In FY2009, the PJP-derived weights ranged from 0.40 to 0.46. However, subsequent expert panels recommended that higher weights should be applied in the formula, and weights ranging from 0.47 to 0.57 were ultimately used. It should be noted that any resources associated with the higher weights are not included in the model district, as the experts did not identify additional programs or services that may be needed.

In this FY2026 EAR update, the supplemental resources specified for at-risk students in the model yield weights that range from 0.40 to 0.44. Consistent with previous updates, the weights suggested by the model are significantly lower than the weights that have been used throughout the SFRA’s implementation. The Department had proposed, in both the FY2014 and FY2017



EARs, using the lower weights as suggested by the model. However, by concurrent resolution, the Legislature rejected the lower at-risk weights in both years.

As a result, the Department is recommending no change to the current at-risk weights of 0.47 to 0.57, where the lower weight (0.47) applies to districts with at-risk rates of 20% and below, and the higher weight (0.57) applies to districts with at-risk rates of 60% and above. For those districts falling between 20% and 60% at-risk concentrations, the sliding scale described in the SFRA will be applied from 0.47 to 0.57. The history of the weights proposed in previous reports, along with the FY2026 EAR recommendations, are reflected in Table 3C.

**Table 3C At-risk Weight Recommendations by Low-Income Concentration**

<b>Fiscal Year</b>	<b>At-risk weight for districts with low-income rate of 20 percent or less</b>	<b>At-risk weight where low-income rate equals 40 percent</b>	<b>At-risk weight for districts with low-income rate of 60 percent or more</b>
FY2009 (SFRA)	0.47	0.52	0.57
FY2014 EAR	0.42	0.46	0.46
FY2017 EAR	0.41	0.46	0.46
FY2020 EAR	0.47	0.52	0.57
FY2023 EAR	0.47	0.52	0.57
FY2026 EAR	0.47	0.52	0.57

#### **“LEP” Weight for Students Eligible for LIEPs**

The SFRA includes an LEP weight of 0.50 for students identified as multilingual learners who are eligible for language instruction educational programs (LIEPs). Similar to the at-risk weights, the LEP weight that is calculated when updating the resources in the model district is lower than the weight used in the initial year of the SFRA. The updated model weight for FY2026 is 0.44, compared with the weight of 0.50 that has been used in the formula. The calculations are consistent with previous EAR updates. However, the Department is again proposing to maintain the higher weight of 0.50 as shown in Table 3D.

**Table 3D LEP Weights**

<b>Fiscal Year</b>	<b>Additional Weight for Bilingual/LEP students</b>
FY2009 (SFRA)	0.50
FY2014 EAR	0.46
FY2017 EAR	0.47
FY2020 EAR	0.50
FY2023 EAR	0.50
FY2026 EAR	0.50

## Weight for At-risk and LEP Combination

In the SFRA, students identified as both at-risk and LIEP-eligible receive the district's at-risk weight plus what is called the combination weight. Since the PJPs assigned resources for each group of students separately, there is some overlap in the resources allocated for both groups. The combination weight reflects only those resources specified for students eligible for LIEPs that are in excess of the resources specified for at-risk-only students. As described above and utilizing the data from the PJP deliberative process, the cost components related to students with these characteristics were updated to reflect current costs. The updated analysis indicates that the non-duplicated costs make up 21.42% of the total cost for LIEP-eligible students. This suggests that a combination weight of 0.0943 should be applied for LIEP-eligible students who are also included in the at-risk funding calculations. However, consistent with the decision to maintain SFRA weights for at-risk and LEP, the Department is recommending that the weight for combination students remain at 0.1250 (plus the district's at-risk weight). The historical weights and the recommendation for FY2026 are reflected in Table 3E.

**Table 3E Combination Weights**

<b>Fiscal Year</b>	<b>Additional Weight for LIEP-eligible students who also receive the At-risk weight</b>
FY2009 (SFRA)	0.1250
FY2014 EAR	0.0981
FY2017 EAR	0.0990
FY2020 EAR	0.1250
FY2023 EAR	0.1250
FY2026 EAR	0.1250

## 4. Cost Coefficients for Security Aid and Transportation Aid

### Security Aid

The SFRA includes a two-component security aid calculation. The first component is a per pupil security amount that applies to every student in the district. The second component is an additional amount that applies only to at-risk students. The at-risk security amount per pupil varies according to a sliding scale that increases as the district's at-risk concentration increases up to 40%. For districts with at-risk concentrations of 40% or more, the maximum at-risk security per pupil amount is provided for each at-risk student (in addition to the regular security amount).

The security cost factors (per pupil amounts) are based on the resources specified in the PJP model, and the amounts were updated for actual salaries, benefits, and CPI adjustments as described in previous sections. This year, two additional updates were applied for security costs. First, the Department added a security guard at the elementary level to align with the common practice of having at least one security personnel per school building. Second, the Department adjusted the benefits calculation for security personnel in recognition of districts' reliance on

retired officers or individuals employed by the municipality, whose benefits would not be a cost to the school district. These changes yield a significant increase in the security amount recommended for all students, and slightly reduce the additional security amount for each at-risk student.

Security costs shown in the resource model are highlighted in yellow in the Appendix because they are provided as a separate categorical aid rather than being included in the base cost for Equalization Aid. The calculation of security costs is summarized separately in Appendix B.

**Table 4A Security Per Pupil Amounts**

<b>Fiscal Year</b>	<b>Security for All students</b>	<b>Additional Security for At-risk</b>
FY2009 (SFRA)	\$70	\$406
FY2014 EAR	\$75	\$428
FY2017 EAR	\$77	\$452
FY2020 EAR	\$83	\$495
FY2023 EAR	\$86	\$519
FY2026 EAR	\$140	\$411

### **Transportation Aid**

Transportation aid also consists of two calculations: one calculation for general transportation services and another calculation for special transportation services that are provided according to students' Individualized Educational Plans. The formula calculates aid based on a per-pupil base amount and a per-mile rate, differentiated for regular and special transportation.

The calculations of the transportation costs for base per pupil and per mile amounts were not included in the original PJP process. Therefore, each EAR update inflates the cost factors by increases in CPI. Table 4B shows the historical amounts and current recommendations.

**Table 4B Transportation Aid Components**

<b>Fiscal Year</b>	<b>Regular per Pupil Base Amount</b>	<b>Regular Average per Mile</b>	<b>Special per Pupil Base Amount</b>	<b>Special Average per Mile</b>
FY2009 (SFRA)	\$383.88	\$10.50	\$2,675.77	\$5.10
FY2014 EAR	\$426.65	\$11.67	\$2,973.90	\$5.67
FY2017 EAR	\$442.18	\$12.10	\$3,082.15	\$5.88
FY2020 EAR	\$456.74	\$12.50	\$3,183.58	\$6.08
FY2023 EAR	\$481.37	\$13.17	\$3,355.31	\$6.40
FY2026 EAR	\$558.39	\$15.27	\$3,892.18	\$7.42

## 5. State Average Classification Rate for General Special Education Services Pupils and for Speech-only Pupils

The special education and speech-only components of the SFRA are census-based formulas. These formulas use the statewide average classification rates for general special education services and students classified for only speech services. The classification rates are multiplied by each district's total resident enrollment, then multiplied by the excess cost for the respective classification (detailed in Section 6 below). For FY2026, the Department used October 2023 enrollments submitted to the Application for State School Aid (ASSA) data collection to determine the statewide average classification rates. This data is the most recent complete and audited enrollment data available. As of October 2023, the statewide average classification rate for special education services is 16.5%, up from 15.9% in the FY2023 EAR. The classification rate for speech-only services has also increased from 1.61% to 1.68%. Table 5 shows the classification rates determined for each report since FY2009.

**Table 5 Special Education and Speech, State Average Rates**

<b>Fiscal Year</b>	<b>Average Classification Rate for Special Education</b>	<b>Average Classification Rate for Speech only</b>
FY2009 (SFRA)	14.69%	1.90%
FY2014 EAR	14.78%	1.72%
FY2017 EAR	14.92%	1.63%
FY2020 EAR	15.40%	1.57%
FY2023 EAR	15.90%	1.61%
FY2026 EAR	16.50%	1.68%

## 6. State Average Excess Costs for Special Education and Speech-only Services

The excess cost for special education is determined using actual expenditures for special education services from the FY2023 Audit Summary, the most recent data available, and inflating by CPI to project costs for FY2026. Inclusive of all pertinent costs, such as districtwide and mainstreaming costs in addition to costs exclusively for special education programs, the Department determined the total average expenditure for FY2026 to be \$38,984 per (classified) pupil. After deducting the weighted average base cost of \$15,812, the per-pupil excess cost for general special education services amounts to \$23,172 for FY2026.

In contrast to the excess cost for special education, the excess cost calculation for speech-only is based upon the resources outlined by the PJP model for “mild”<sup>9</sup> classification services. The cost components identified in the model were updated using CPI increases and actual salaries as described above and resulted in a per pupil speech-only average cost of \$1,414 for FY2026. The special education and speech-only per pupil amounts are shown in Table 6.

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<sup>9</sup> The “mild” classification category as used during the PJP process was defined as speech-only.

**Table 6 Special Education and Speech Per-Pupil Amounts**

<b>Fiscal Year</b>	<b>Excess Cost for Special Education students</b>	<b>Excess Cost for Speech-only students</b>
FY2009 (SFRA)	\$10,897	\$1,082
FY2014 EAR	\$15,337	\$1,221
FY2017 EAR	\$17,034	\$1,159
FY2020 EAR	\$18,612	\$1,220
FY2023 EAR	\$19,524	\$1,270
FY2026 EAR	\$23,172	\$1,414

## 7. Extraordinary Special Education Aid Thresholds

Extraordinary special education aid is intended to provide financial assistance to districts for special education services that cost significantly more than general education services. Unlike most other aid categories, extraordinary aid is provided as a reimbursement for a portion of districts' actual eligible costs that exceed a given threshold. The thresholds that define "extraordinary" costs were first determined with the enactment of the SFRA.

Unlike other cost estimates in the formula, these thresholds were never indexed for inflation. To ensure this aid category would continue to identify students with the greatest needs, the Department's FY2014 EAR included a recommendation to increase the thresholds for each placement type by \$5,000. However, the higher thresholds were rejected by the Legislature's concurrent resolution and were never applied.

Table 7A shows that in the first year of SFRA approximately 4.4% percent of those students who were classified for special education required services that met the cost threshold for extraordinary aid reimbursement. By FY2026, the percentage has now more than doubled, and is at 9.9%. The table also shows that the Average Cost for Special Education Services has increased by 95% during the course of the SFRA. These changes indicate that the costs eligible for extraordinary aid are no longer out of the ordinary. Rather, the average cost for special education is now only \$1,000 less than the threshold for "extraordinary" costs.

**Table 7A Extraordinary Aid Analysis**

<b>Fiscal Year</b>	<b>Public Threshold</b>	<b>Private Threshold</b>	<b>Average Cost Special Ed Services</b>	<b>Average Classification Rate</b>	<b>% Special Ed Eligible for ExAid</b>
FY2009 (SFRA)	\$40,000	\$55,000	\$19,519	14.7%	4.4%
FY2014 EAR	\$40,000	\$55,000	\$25,007	14.8%	6.4%
FY2017 EAR	\$40,000	\$55,000	\$28,681	14.9%	7.4%
FY2020 EAR	\$40,000	\$55,000	\$31,076	15.4%	8.2%
FY2023 EAR	\$40,000	\$55,000	\$32,674	15.9%	9.2%
FY2026 EAR	\$40,000	\$55,000	\$38,984	16.5%	--
Change from FY09	\$0	\$0	\$19,465	1.8%	4.8%
Pct Change from FY09	0.0%	0.0%	99.7%	12.3%	109.6%

It is also important to consider the impact of maintaining a static threshold while out of district (or private provider) tuition rates are increasing. In FY2009 the majority (70%) of [Approved Private Schools for Students with Disabilities](#) (APSSDs) had tuition rates that fell *below* the \$55,000 threshold for private placements and the median tuition rate for APSSDs was \$48,190. This compares to FY2025, when the median certified tuition rate was \$87,049, and only one APSSD (1%) had a baseline tuition rate<sup>10</sup> below the \$55,000 threshold.

While the Department recommends no change to the thresholds for FY 2026, it intends to establish a task force to further review the changes in special education expenditures since the inception of the SFRA to determine what thresholds, if any, would more appropriately reflect extraordinary costs.

The recommended thresholds from each EAR are shown in Table 7B.

**Table 7B Extraordinary Aid Thresholds**

<b>Fiscal Year</b>	<b>In-District Placement (90% funded)</b>	<b>Public Separate Placement (75% funded)</b>	<b>Private Placement (75% funded)</b>
FY2009 (SFRA)	\$40,000	\$40,000	\$55,000
FY2014 EAR	\$45,000	\$45,000	\$60,000
FY2017 EAR	\$40,000	\$40,000	\$55,000
FY2020 EAR	\$40,000	\$40,000	\$55,000
FY2023 EAR	\$40,000	\$40,000	\$55,000
FY2026 EAR	\$40,000	\$40,000	\$55,000

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<sup>10</sup> APSSD certified tuition rates do not include additional fees for services necessary to meet individual student needs that are outside the baseline tuition cost applied to all students.

## Appendix A — Changes in the New Jersey Consumer Price Index 2006-2026

<b>Fiscal Year**</b>	<b>New Jersey CPI</b>	<b>New Jersey Energy CPI</b>
2006	3.01%	10.14%
2007	4.04%	11.15%
2008	3.99%	21.28%
2009	2.89%	3.61%
2010	3.34%	12.58%
2011	1.60%	-6.08%
2012	1.23%	-1.01%
2013	1.89%	8.24%
2014	2.63%	6.05%
2015	1.69%	-0.38%
2016	1.34%	-0.30%
2017	0.57%	-12.13%
2018	0.30%	-14.24%
2019	1.51%	3.47%
2020	1.45%	8.34%
2021	1.70%	2.17%
2022	1.69%	-4.64%
2023	1.91%	1.04%
2024	5.86%	27.59%
2025	5.81%	6.81%
2026	3.57%	-2.34%

\* The New Jersey CPI is the combined New York and Philadelphia Urban Consumers index (CPI-U), as calculated by the New Jersey Department of Treasury.

\*\* CPI is calculated using data from the fiscal year preceding the prior fiscal year.