Show Me the Money

Every child in the State of New Jersey has an equal right to a quality education. For years, politicians, educators, and even New Jersey Supreme Court Justices have uttered some form of this declaration. Unfortunately, too many New Jersey students will never realize that right. Children attending Columbus Elementary School in the Middlesex County town of Carteret are among them. Their learning environment is a one-hundred year old, overcrowded, crumbling building. The low-income town can barely afford to operate and maintain the school, no less build a new one. Carteret’s leaders have called upon the state for financial assistance, but it has yet to come. Meanwhile, the state recently approved a $150 million school for the children of Trenton, at absolutely no cost to the city. This gross inequity in state funding is just one example of New Jersey’s failure to fulfill it’s obligations to the state’s children.

The subject of public school funding in New Jersey is both complex and controversial. To deal with this issue, one must first understand New Jersey’s public school system and funding process. Public schools are managed by individual municipalities or groups of municipalities called school districts. For example, Freehold Township maintains the Freehold Township Public School district, which provides pre-kindergarten through grade 8 education. Freehold Township is also part of Freehold Regional School district to satisfy the needs of students in grades 9-12. The regional
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district is comprised of Freehold Township, Freehold Borough, Englishtown, Manalapan, Marlboro, Colts Neck, and Howell.

Each district pays for its schools through a combination of local and state funds. Local funds are raised through property taxes and state funds are raised through state income taxes, lottery proceeds, federal grants, etc. Each budget year, the cost of operating schools generally increases. Each district applies for increases in state funding in the hopes of avoiding a local tax increases. These local districts are responsible to their residents and voters, so they obviously would rather see the state fund a greater portion of their budget, rather than their voters burdened with it. The primary issue surrounding school funding is the balance between local and state funding for each district.

The state is also required to provide a specific level of funding to certain lower income urban cities. These cities are called Abbott districts because the title of the 1981 NJ Supreme Court case that guaranteed that funding was Abbott v Burke. Prior to the Abbott decision, there was a huge disparity in the quality of education and the difference was found to be directly related to the relative wealth of the school district. Poor urban school districts suffered from a lack of funds to support the physical resources (habitable buildings, equipment, and teachers) and support services (social programs, special education, meals, etc) needed to properly operate their respective districts. This resulted in poor academic performance by the students whose limited future occupational prospects perpetuated the area’s low economic status. The NJ Supreme Court ordered that the 29 plaintiff districts be placed in a special group (titled Abbott districts) and the state was required to further subsidize the districts to ensure that they had the same
financial resources as New Jersey’s wealthy and middle class schools. In addition, all
schools built or revitalized in these districts were to be financed solely by the State of
New Jersey.

More than twenty-five years later, the original 29 Abbott districts remained in that
same classification. Some examples are the cities of Newark, Asbury Park, Hoboken,
Camden, and Trenton. Since the original Abbott decision, two more poor, urban districts
were found to meet the criteria and were classified as Abbott districts as well. Other poor
suburban districts like Carteret repeatedly attempted to be classified as Abbott, but failed
because they were not “urban” districts. In Winnie Hu’s New York Times article, “Poor
Non-Urban Districts Await Corzine’s Revised School Aid Plan”, she quotes Columbus
High School Principal Brent MacConnell as saying, “I feel that a town like Carteret is
penalized because we don’t get the kind of funding in the Abbott districts and yet the
students that go to our schools are not any different” (Hu, Poor Non-Urban Districts
Await Corzine’s Revised School Aid Plan). Here, MacConnell points out that Carteret’s
students share the same economic and social challenges of their urban counterparts and
yet the district does not receive the same share of state funding as the urban Abbott
districts. He feels that his students should have the same opportunities as those who have
benefitted from the Abbott levels of funding.

The state’s funding of the Abbott districts improves school and student
performance to the extent that some districts appear to no longer need the funding. Many
of the Abbott districts show drastic improvement in their ranking among other districts in
the state, some even surpassing most middle-income districts. This is an indicator that
students are receiving a similar or better education than the “normally funded” schools.
The individual cities are also benefitting from their Abbott status by minimizing their contributions to their school budgets and utilizing local tax revenue for budgetary items other than schools. In some cases, Abbott districts are contributing far less than their financial abilities indicate, simply because the state is required to provide a certain level of funding. Meanwhile, their spending per pupil exceeds state averages. Finally, Abbott districts bear no financial responsibility for the construction and physical improvements made to their schools. These huge contributions by the state greatly hamper its ability to assist other disadvantaged districts. A closer look at some Abbott districts indicates that perhaps some districts should be weaned off their Abbott status so that other non-Abbott districts may enjoy the same opportunities. With a finite amount of financial resources, the State of New Jersey is unnecessarily funding, or overfunding some of these Abbott school districts, while other low-income suburban school districts are suffering from a serious lack of resources.

There are nearly six-hundred school districts in New Jersey, ranging from very wealthy to very poor. Each year, New Jersey Monthly Magazine ranks the districts based on criteria such as standardized test results, graduation rate, college-bound rate, and class size. In Jacqueline Mroz’s article, “Top 5 Improved NJ Schools”, two of the five most improved schools were from Abbott districts. The second most improved district was Hoboken High School (Abbott). The school improved from number 260 in 2006 to number 139 in 2008. The improvement in ranking was based on a number of factors. Hoboken High School’s graduation rate increased from 88.6% to 95%. 60% of students go on to a four-year college after graduation. In addition, class size has decreased from 16.3 to 13.6 (Mroz).
Hoboken’s improvement is admirable and some of the success must be related to the state’s extra financial support. The statistic relating to class size is rather surprising in that the number is inordinately low. In a time where school overcrowding and temporary classroom trailers littering schoolyards are the standard, it seems that the state built Hoboken a school that is larger than needed. Hoboken also appears to be employing too many teachers if each one is only instructing 13 to 15 students at a time.

Jacqueline Mroz’s article listed University High School in Newark (Abbott) as the fifth most improved school in NJ. The school’s ranking improved from 146 to 66. 87% of graduates go on to a four-year college after graduation from this grade 7-12 facility. University High School is an advanced placement school in Newark where student must perform achieve a certain score on an examination to qualify to be among its 550 students (Mroz). The high school obviously performs very well in that it is ranked in the top 10% in New Jersey and its administration should receive accolades for their achievement. However, this school’s ranking is inconsistent with the fact that it is funded as being one of the 31 worst school districts in the state.

In viewing the performance of Hoboken High School and University High School, it is clear that Abbott funding has been successful in these areas. However, the question is whether it is still needed at its current levels, or at all. In his CQ Researcher article entitled, “School Funding: Should Affluent Districts be Forced to Aid Poorer Neighbors?”, Jonathan Walters wrote of the conditions that brought about the Abbott decision. He spoke of the City of Paterson, where “only three of the district’s twenty-six schools had libraries”, where there were no science labs, where schools were overcrowded and understaffed, and teachers were underpaid (Walters). Based on their
current status, it could be inferred that if Newark and Hoboken were to apply for Abbott status today, they would probably be denied. Yet, they still receive the full benefit. Twenty-five years of funding demonstrates that Abbott is an entitlement program with lifetime benefits. This philosophy was demonstrated in a quote by Jack Raslowsky (Hoboken Superintendent of Schools) in Winnie Hu’s article regarding the potential change in the school funding formula, “The governor should not assist other districts at the expense of Hoboken or any of the other Abbott districts” (Hu, Poor Non-Urban Districts Await Corzine’s Revised School Aid Plan). Mr. Raslowsky’s sense of entitlement is synonymous with the man on welfare who obtains a high paying job but continues to collect welfare; just because he can.

Hoboken does not stand alone in their demand for state monies. Brad Parks authored the Star Ledger article, “Why Newark Matters” and pointed out the fact that Newark is the most subsidized city in the state. He noted that as of 2006, 81 cents of every public dollar spent in Newark was received from an either the state or federal government (Parks). That means that the residential and commercial property owners of Newark only contributed 19 cents of every public dollar spent by the city. This is evidenced by the fact that only $90 million of the city’s $980 million school budget is raised from the city’s local tax levy. The State of New Jersey pays the remaining $890 million balance due to Abbott funding requirements. The Middlesex County town of Old Bridge is also required to locally raise $90 million to fund their budget. However, Old Bridge’s school budget is $120 million. Old Bridge funds 75% of their school budget, while Newark funds just 9%.
The search for the justification of this disparity is futile. It is obvious that Newark has a much larger tax base than Old Bridge. The newer commercial development in the city of 280,000 people is worth far more than all of the property in Old Bridge. Newark has the ability to raise a great deal more in local taxes than they currently do. Instead, the city government is satisfied in allowing the state to overfund their school budget, preventing the state from helping a town like Carteret. Newark’s overfunding is part of the staggering $4 billion that the 31 Abbott districts will share this year. Another $4 billion dollars will be distributed among the other 580 school districts in the state.

According to Winnie Hu’s New York Time’s article, “Data Shows Wide Differences in New Jersey School Spending”, Newark’s enormous school budget equates to a cost of $18,000 per pupil. This number seems rather high, especially when considering that the state average is just under $13,000 per pupil. Almost all Abbott districts incur above average per pupil costs. Asbury Park spends just over $19,000, while Hoboken spends almost $20,000. In fact, the only Abbott district that spends the state average per pupil is the city of Camden. They were able to reduce their cost from $16,904 in 2006 to just under $13,000 in 2007. This miraculous cut occurred only after state investigators audited the city’s books, questioning expenses and accounting methods (Hu, Data Shows Wide Differences in New Jersey School Spending). The fact that Asbury Park and Hoboken spend 50% (Newark just under 50%) more than the state average on a per pupil basis calls into question whether these districts are being run efficiently. Hoboken’s 13.5 student average class sizes immediately comes to mind as an example of inefficiency causing the waste of precious state tax dollars. If Hoboken hypothetically maintains 20 students per class (state average) instead of 13.5, and has
fifty teachers in their high school, they will have the ability to teach 1,000 children. Under the 13.5 student scenario, they will only be able to teach 675. Looking at it from an employment standpoint, if the school has 1,000 children, they currently need 75 teachers. If they increase class size to 20, they will only need 50 teachers. Obviously these examples are simplified, but they still demonstrate that Hoboken is overfunded, based upon their class size and cost per pupil.

The most dramatic example of the overfunding of Abbott districts involves school construction. Since 1981, the State of New Jersey has paid 100% of the costs of school construction in every Abbott district (as required by the NJ Supreme Court). Abbott districts are only responsible to pay their small portion of the cost of operating and staffing their schools, not building them. This represents a tremendous savings for the Abbott districts and at the same time it places a huge burden on NJ taxpayers and the other 580 school districts. School construction money is generally spent in just one budget year. However, the state does not pay for construction with cash-on-hand. Instead, school construction funds represent debt (like a mortgage) that the state will be paying for the next twenty to thirty years. This debt service affects the state’s ability to provide future funding to non-Abbott schools, just as a high mortgage payment or car payment inhibits an individual’s ability to spend on other items.

NJ Senator Robert Singer (R-30) issued a press release entitled, “Singer: Corzine Should Require All Towns to Share the Cost of School Construction” where he indicates that in 2008, the state will borrow $3.9 billion to fund new school construction. Of that amount, $2.9 billion will be spent on Abbott school construction, while the remaining $1 billion will be spent on the remaining 580 school districts. Singer adds that he would like
to see the Abbott districts shoulder some of the financial burden of the school
construction (Singer). After 25 years of free school construction, one has to wonder how
many more new schools the 31 towns actually need. I doubt Hoboken has a greater need
for a new high school than some other poor non-Abbott district. If the state is to spend
$3.9 billion on school construction, would it be so improper to use a large majority of the
money to assist non-Abbott schools that are just as needy?

In an interview with Old Bridge Township Mayor, James Phillips, he stressed the
impact that school construction has on the local school budget. Old Bridge’s public
school budget carries a $3 million annual debt payment due to the expansion of the
district’s high school campus. Mayor Phillips also related that debt to cost per pupil
figures. He indicated that Old Bridge’s $11,600 cost per pupil includes both school
operations and school construction costs. Abbott districts do not have construction costs
and therefore their costs per pupil figures are comparatively even higher than they appear
(Phillips). The latter fact further spotlights the monetary excesses of those Abbott
districts with per pupil costs that are 50% higher than average. Mayor Phillips’ statements
also highlight the difficulty that poor, non-Abbott districts have in committing to long
term debt to finance school construction. Schools like Carteret cannot support a high
debt service, but they are also not demanding 100% of building costs to replace
Columbus School. They are just looking for a little bit of the $2.9 billion that is
earmarked for the Abbott districts.

The original Abbott decision in 1981 was made with good intentions. The
Supreme Court sought to correct a gross inequity in education. The financial
requirements they placed on the state have resulted in positive changes for nearly every
Abbott district. Some of the districts even appear ready (but not willing) to shed their Abbott status and become more financially independent.

However, the Abbott decision also creates an unintended problem in school funding. It creates a situation where a very small minority of towns receives a vast majority of the state’s funds and many other needy towns are left out in the cold. The long term negative impact of the Abbott decision is the development of a whole new generation of Abbott-like districts. The current Abbott districts need to be reevaluated and the state funding system needs to be revamped. Towns like Hoboken with schools that are ranked in the top 25% in the state and with class sizes that are 45% smaller than the state average really don’t belong being called one of the 31 worst in NJ. Cities like Newark that are financially stable and have enjoyed billions of dollars of economic development can afford to pay for more than 9% of their school budget. No student should be sitting in an aged, crumbling school that the town can’t afford to replace, while other districts receive 25 years of free school construction. The inequities in educational funding that existed prior to the Abbott decision have reversed themselves, having a negative impact on the remaining 580 New Jersey School districts.

There is no quick or easy solution to this problem. There may be no perfect funding formula that will ensure the success of all of New Jersey’s school districts. The public differs on how to solve the issue just as politicians do. A recent survey of 20 people showed that 85% of the respondents believed that each school district (regardless of classification) should be required to contribute a minimum percentage to their school budget. When asked if the state should be solely responsible for school construction costs, 100% of respondents said no. Some suggested that builders and developers should
pay their fair share of school construction if their developments are bringing new children into the district. Survey results indicate that people generally do not support the funding methods that are currently in place (it should be noted that none of the respondents attended Abbott districts).

In the search for a solution to New Jersey school funding issue, those involved must keep one thing in mind. New Jersey’s education system builds the future of the entire state, not just the future of Old Bridge, Carteret or Newark. The goal is to develop children who will have the necessary educational tools to further our society. That cannot be accomplished by favoring one group of children at the expense of another. That can only be done by fulfilling the original intent of the Abbott decision. Every child in the State of New Jersey has an equal right to a quality education. Now they all need equal access.
Works Cited


