

New Jersey

Funding Basics

Formula Type

New Jersey has a primarily student-based formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in New Jersey's funding policy are students in certain grade levels, English-language learners, low-income students and students in high-poverty districts, students with disabilities, and students enrolled in career and technical education (CTE) programs.

New Jersey expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and the incomes of district residents. Districts in New Jersey are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for students in certain grade levels, English-language learners, low-income students, students enrolled in career and technical education programs, and students in high-poverty districts is generated through the application of multipliers to the base amount. Services for students with disabilities are partly included in the base amount and partly funded through a program-specific allocation.

Base Amount

New Jersey has a fixed base funding amount. For FY2020, the per-student base amount was $11,775.

This means that an average student with no special needs or disadvantages would be funded at that level.

Local Revenue

Expected Local Share

New Jersey expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' average income.

The state sets both a theoretical property rate and an income rate each year. The local share of each district's adequacy budget — the amount calculated by the state to be necessary to adequately educate its students — is equal to the average of its local assessed property wealth times the property rate and its local income level times the income rate. The two rates are set such that, once the state calculates the total amount of necessary funding in each district and subtracts the amount appropriated for state education aid, the overall local contribution will cover the remaining amount of necessary funding.

Property Tax Floors and Ceilings

New Jersey does not set a floor or a ceiling for local property tax rates, or a level above which voter approval is required. However, school districts may not increase property taxes by more than 2% per year unless a majority of voters approve, or in certain exceptional cases.

The governing body of a school district may submit a property tax increase that exceeds 2% for voter approval in a referendum. In addition, the 2% cap is adjusted upward in certain cases, including when districts see increases in required pension contributions or health care costs exceeding 2%, when they face extraordinary costs related to an emergency, and for debt service.

Other Local Taxes for Education

School districts in New Jersey receive local revenue only from property taxes.

Student Characteristics

Grade Level

New Jersey provides different levels of funding for students in different grade levels. It does so by applying multipliers to the base per-pupil amount for students in grades 6-8 and for students in grades 9-12.

The base amount is multiplied by 1.04 for students in grades 6-8 and by 1.16 for students in grades 9-12. Students in grades K-5 are funded at the base amount.

English-Language Learner

New Jersey provides increased funding for English-language learners. It does so by applying a multiplier of 1.50 to the base per-pupil amount for these students.

The funding is actually provided in an amount equal to 0.50 times the per-pupil base amount, distributed in addition to the student's own base amount funding, which is first adjusted for grade level.

However, for English-language learners also generating supplemental funding based on their family income (see "Poverty" for a description of this allocation), this multiplier is reduced to 1.125 plus the district's poverty weight.

Poverty

New Jersey provides increased funding for students from low-income households at a level that differs depending on the concentration of low-income students in their district. It does so by applying a multiplier to the base per-pupil amount for low-income students, which ranges from 1.47 to 1.57 depending on the concentration of low-income students in the district.

Students are eligible for this supplemental funding if they come from households with an income at or below 185% of the federal poverty level.

In addition, the state provides a larger amount of per-pupil funding for school security measures and officers for low-income students than for non-low-income students, in amounts that vary depending on the concentrations of such students in the district (see "Concentrated Poverty" for more information about this calculation and about the setting of the multiplier for each district).

Special Education

New Jersey funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

The state assumes that 15.40% of students in each district will require special education services and that 1.57% will require speech services only, and it provides flat amounts of funding for each student assumed to require those services. The state provides supplemental funding for these students in the flat amounts of $18,612 and $1,220, respectively. All districts receive at least a portion of this special education funding, even if they are too wealthy to qualify for other formula aid. The allocation is adjusted for the cost of living in the county where the district is located.

There is also a partial reimbursement available for individual students receiving high-cost special education services — that is, students with disabilities whose costs exceed $40,000 for a public school placement, or whose costs exceed $55,000 for a private school placement. There is also state funding available for students with special transportation needs.

Gifted

New Jersey does not provide increased funding for gifted and talented students.

However, the state considers the costs of gifted education in setting its base amount and expects that districts will be able to use a portion of the base funding to serve gifted and talented students.

Career and Technical Education

New Jersey provides increased funding for career and technical education programs. It does so by applying a multiplier of 1.22 to the base per-pupil amount for students enrolled in county vocational school districts.

The funding is actually provided in an amount equal to 0.22 times the per-pupil base amount, distributed in addition to the student's own base amount funding, which is first adjusted for grade level.

District Characteristics

Concentrated Poverty

New Jersey provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so by applying a multiplier to the base per-pupil amount for low-income students, which ranges from 1.47 to 1.57 depending on the concentration of low-income students in the district.

A multiplier of 1.47 is applied for districts where fewer than 20% of students are eligible for this funding; between 1.47 and 1.52 for districts where between 20% and 40% of students are eligible, on a sliding scale; and 1.57 for districts where more than 40% of students are eligible. Students are eligible for this supplemental funding if they come from households with an income at or below 185% of the federal poverty level.

In addition, the state provides a larger amount of per-pupil funding for school security for low-income students than for non-low-income students, in amounts that vary depending on the concentrations of such students in the district. While the state provides $83 per student generally, this amount is increased on a sliding scale up to $495 for students in districts where 40% or more of the student body is low income.

Sparsity and/or Small Size

New Jersey does not provide increased funding for sparse districts or for small schools or districts.

Charter Funding

Funding for charter schools in New Jersey is calculated based on local school district revenue.

Charter schools receive 90% of per-student revenue in their students' district(s) of residence through those districts. In addition, school districts will pay to the charter school the state special education funding that is attributable to charter students who reside in their district.

Charter schools in New Jersey receive a share of local tax revenue. Charter schools are funded based on local school district revenue, including revenue raised from local taxes.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org

