

**Town Hall Meeting
Concerning the Topic of**

How the Fair School Funding Plan Can Lower Your Property Taxes

Presented by

Senator Michael J. Doherty

Learn more at: www.fairschoolfunding.com

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GOALS

1. Review Current System for Funding Schools.
2. How Fair School Funding Plan Can Increase State School Aid.
3. How Fair School Funding Plan Can Lower Your Property Taxes.
4. Next Steps for Implementing FSF.

Sources of Information

Department of the Treasury

Department of Education

Office of Legislative Services

SCHOOL FUNDING REFORM

ACT (SFRA)

<u>Base</u>	<u>At Risk</u>	<u>At Risk 60%</u>	<u>LEP</u>	<u>Combo At Risk & LEP</u>	<u>Security</u>	<u>GCA</u>	<u>Equal Aid</u>
1.00	.47	.57	.50	.125	\$70/\$402	Cost	Income/ Property
\$9,649	\$4,535	\$5,450	\$4,825	\$1,206	\$402	Varies	Varies

Elementary 1.00

Middle School 1.04

High School 1.17

Abuses

Tax Abatements

No audits for At Risk

New Jersey Income Tax Fund

ARTICLE VIII, Section 1, paragraph 7.a.

7. a. No tax shall be levied on personal incomes of individuals, estates and trusts of this State unless the entire net receipts therefrom shall be received into the treasury, placed in a perpetual fund designated the **Property Tax Relief Fund and be annually appropriated, pursuant to formulas established from time to time by the Legislature, to the several counties, municipalities and school districts of this State exclusively for the purpose of reducing or offsetting property taxes.** In no event, however, shall a tax so levied on personal incomes be levied on payments received under the federal Social Security Act, the federal Railroad Retirement Act, or any federal law which substantially reenacts the provisions of either of those laws.

New Jersey State Income Tax

New Jersey has a progressive income tax.

Those who make more pay more.

The top 1% pay 38.5% of all state income taxes.*

The bottom 33% pay no state income taxes.*

The income tax accounts for economic differences.

*Source – NJ Dept. of Treasury for Year 2009

Comparison of Income Taxes Paid by Two Towns

	<u>RARITAN TOWNSHIP/ FLEMINGTON BOROUGH</u>	<u>ASBURY PARK</u>
POPULATION	26,688 (R-23,279; F-3,409)	11,758
INCOME TAX LIABILITY	\$48,603,280 (R-\$46,233,826; F-\$2,369,454)	\$3,835,809
LIABILITY/PERSON	\$1,821	\$326

Contribution to Income Tax Fund

$$\text{\$1,821/\$326} = 5.59$$

Average Raritan Twp./Flemington Borough resident contributes almost 6X as much to the income tax fund.

A 6:1 ratio.

How is the Income Tax Fund Distributed as School Aid?

	<u>FLEMINGTON-RARITAN REGIONAL</u>	<u>ASBURY PARK</u>
TOTAL STUDENTS	3,627	2,316
FY12 SCHOOL AID	\$5,611,128	\$57,632,816
AID/STUDENT	\$1,547	\$24,885

Receipt of School Aid

$$\$24,885 / \$1,547 = \$16.09$$

Every student in Asbury Park receives 16X as much in school funding.

A 16:1 ratio

Raritan Twp./Flemington Borough pays 6X more into the income tax fund.

Asbury Park receives 16X more from the income tax fund in school aid.

What does New Jersey get back for every \$1.00 sent to Washington D.C. as federal income tax?

For every \$1.00 paid in federal income tax, New Jersey receives .61 cents back from the federal government. We are 50th in amount returned.

What do the towns get back for every \$1.00 sent to Trenton as income tax?

Raritan Twp./Flemington Borough - $\$5,611,128 / \$48,603,280 = \$0.12$

Asbury Park - $\$57,632,816 / \$3,835,809 = \$15.02$

Raritan Twp./Flemington Borough pays 6X more into the Income Tax Fund.

Each Asbury Park Student receives 16X more in School Aid.

Flemington-Raritan Reg. Student receives 1/16th of the amount as a student in Asbury Park.

Total Expenditure Per Student

Asbury Park	\$26,782
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Flemington Borough/Raritan Twp.	\$12,979
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Asbury Park Spending Figure Does not Include:

3 & 4 Year old pre-school

Free Schools built under SCC and SDA

Fair School Funding Plan

After collecting the income tax progressively, New Jersey should treat every student the same.

Every student, regardless of where that student lives, receives the same amount of school aid from the state.

\$7,481 per student

What Would FSF Plan Mean for Raritan Twp. & Flemington Borough?

<u>FY12</u>	<u>STUDENT POPULATION</u>	<u>FSF Plan Aid @\$7,481</u>	<u>Increase</u>
\$5,611,128	3,627	\$27,133,587	\$21,522,459

\$21,522,459 to lower property taxes in
Flemington Borough/Raritan Twp

What Would FSF Plan mean for Hunterdon County?

Every town would receive an increase in school aid. \$130 million in total.

<u>Town</u>	<u>FY12</u>	<u>Pop.</u>	<u>FSF</u>	<u>Difference</u>
Alexandria Twp	\$1,578,282	555	\$4,151,955	\$2,573,673
Bethlehem Twp	\$1,433,806	533	\$3,987,373	\$2,553,567
Bloomsbury Boro	\$1,020,815	177	\$1,324,137	\$303,322
Califon Boro	\$230,104	149	\$1,114,669	\$884,565
Clinton Town	\$1,191,855	321	\$2,401,401	\$1,209,546
Clinton Twp	\$1,354,972	1756	\$13,136,636	\$10,547,299
Delaware Twp	\$950,278	437	\$3,269,197	\$2,318,919
Delaware Valley Regional	\$3,827,126	1015	\$7,593,215	\$3,766,089
East Amwell Twp	\$621,848	462	\$3,456,222	\$2,834,374
Flemington-Raritan Reg	\$5,611,128	3627	\$27,133,587	\$21,522,459
Franklin Twp	\$198,783	300	\$2,244,300	\$2,045,517
Frenchtown Boro	\$644,095	159	\$1,189,479	\$545,384
Hampton Boro	\$842,067	113	\$845,353	\$3,286
High Bridge Boro	\$1,430,603	362	\$2,708,122	\$1,277,519

<u>Town</u>	<u>FY12</u>	<u>Pop.</u>	<u>FSF</u>	<u>Difference</u>
Holland Twp	\$1,630,195	625	\$4,675,625	\$3,045,430
Hunterdon Central Reg	\$4,893,707	3053	\$22,839,493	\$17,945,786
Hunterdon Co Vocational	\$900,536	237	\$1,772,997	\$872,461
Kingwood Twp	\$1,253,299	410	\$3,067,210	\$1,813,911
Lambertville City	\$160,197	185	\$1,383,985	\$1,223,788
Lebanon Boro	\$90,080	106	\$792,986	\$702,906
Lebanon Twp	\$1,961,167	735	\$5,498,535	\$3,537,368
Milford Boro	\$246,557	100	\$748,100	\$501,543
N Hunt/Voorhees Regional	\$4,998,056	2,868	\$21,455,508	\$16,457,452
Readington Twp	\$1,139,476	1979	\$14,804,899	\$13,665,423
South Hunterdon Regional	\$739,201	358	\$2,678,198	\$1,938,997
Stockton Boro	\$140,226	36	\$269,316	\$129,090
Tewksbury Twp	\$412,018	741	\$5,543,421	\$5,131,403
Union Twp	\$549,918	504	\$3,770,424	\$3,220,506
West Amwell Twp	\$225,330	247	\$1,847,807	\$1,622,477

85% of New Jersey School
Districts Would Receive an
Increase in School Aid

What do the towns get back for every \$1.00 sent to Trenton under FSF plan?

Raritan/Flemington - $\$27,133,587 / \$48,603,280 = .56$ cents

Asbury Park - $\$17,325,996 / \$3,835,809 = \$4.52$

$\$4.52 / \$0.56 = \$8.07$

Under FSF Plan, Asbury Park would get back 8X more per \$1.00 contributed than Raritan & Flemington.

ARTICLE VIII, SECTION IV, paragraph 1

1. The **Legislature** shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all the children in the State between the ages of five and eighteen years.

ARTICLE III

DISTRIBUTION OF THE POWERS OF GOVERNMENT

1. The powers of the government shall be divided among three distinct branches, the legislative, executive, and judicial. No person or persons belonging to or constituting one branch shall exercise any of the powers properly belonging to either of the others, except as expressly provided in this Constitution.

ARTICLE VIII, SECTION IV, paragraph 2

2. The fund for the support of free public schools, and all money, stock and other property, which may hereafter be appropriated for that purpose, or received into the treasury under the provisions of any law heretofore passed to augment the said fund, shall be securely invested, and remain a perpetual fund; and the income thereof, except so much as it may be judged expedient to apply to an increase of the capital, **shall be annually appropriated to the support of free public schools, and for the equal benefit of all the people of the State . . .**

SCR162 – Proposed Constitutional Amendment

Proposes an amendment to Constitution specifying a method of providing for the maintenance and support of a thorough and efficient system of free public schools and allocating all income tax receipts to school districts.

Do you approve the amendment to Article VIII of the New Jersey Constitution establishing a method for funding public schools? The amendment specifies that the Legislature will provide for the maintenance and support of a thorough and efficient system of free public schools by allocating the net receipts of the gross income tax to school districts on a per pupil basis. The amendment also clarifies that nothing in the constitutional provision would limit, restrict, or otherwise affect the Legislature's right to regulate additional funding for the maintenance and support of a thorough and efficient system of free public schools. The proposed amendment also modifies the constitutional provision that authorizes the gross income tax by specifying that all such receipts will be appropriated to school districts.

ACR197

Assemblyman John DiMaio

Assemblywoman Alison McHose

WHEREAS, the _____ believes that every child should have equal resources of state aid distributed by the legislature for an education in the State of New Jersey by utilizing a fair school funding mechanism; and

WHEREAS, the current distribution of state aid for education to the schools has not been distributed in a fair and equitable manner to provide property tax relief to all the citizens of the State of New Jersey; and

WHEREAS, Article III., Paragraph 1, of the New Jersey State Constitution states, “The powers of government shall be divided among three distinct branches, the legislative, executive, and judicial. No person or persons belonging to or constituting one branch shall exercise any of the powers properly belonging to either of the others, except as expressly provided in this Constitution;” and

WHEREAS, Article VIII, Section IV, Paragraph 1, of the New Jersey State Constitution states, “the Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and eighteen year;” and

WHEREAS, Article VIII, Section IV, Paragraph 2, of the New Jersey State Constitution states, “the fund for the support of free public schools . . . shall be annually appropriated to the support of free public schools, and for the equal benefit of all the people of this State;” and

WHEREAS, Article VIII, Section I, Paragraph 7.a. of the New Jersey State Constitution states, the income tax is to be “annually appropriated . . . exclusively for the purpose of reducing or offsetting property taxes;” and

WHEREAS, this body can no longer bear the burden of the continued diversion of its fair share of state school aid for the students between the ages of five and eighteen years of age who reside within this jurisdiction.

NOW, THEREFORE, BE IT RESOLVED, that the _____ do hereby call upon the Legislature of the State of New Jersey to fulfill its constitutionally assigned duty to distribute the state aid for education to the school districts in this state in a fair manner that is for the equal benefit of all the people of the state and not by means that are prejudiced by the actions of special interests that may have been presented before the Court or other venue.

BE IT FURTHER RESOLVED, that the Clerk of this entity is hereby directed to forward a copy of this resolution to Governor Chris Christie, Senate President Stephen Sweeney, Senate Minority Leader Thomas Kean Jr., Assembly Speaker Sheila Oliver and Assembly Minority Leader Alex DeCroce.

Raritan Township-Flemington / Raritan School District

<u>Tax Levy</u>	<u>Tax Rate</u>	<u>1 Cent per Hundred</u>	<u>Additional Aid</u>	<u>Tax Rate Reduction</u>
\$41,402,302	105.20	\$393,558	\$19,214,213.71	48.82

Assessment

\$200,000.00	\$976.44
\$250,000.00	\$1,220.55
\$300,000.00	\$1,464.65
\$350,000.00	\$1,708.76
\$400,000.00	\$1,952.87
\$450,000.00	\$2,196.98
\$500,000.00	\$2,441.09

Raritan Township- Hunterdon Central

<u>Tax Levy</u>	<u>Tax Rate</u>	<u>1 Cent Per Hundred</u>	<u>Additional Aid</u>	<u>Tax Rate Reduction</u>
\$21,736,702	54.1	\$401,787.47	\$8,718,060.19	21.69818845

<u>Assessment</u>	<u>Regional</u>
\$200,000.00	\$433.96
\$250,000.00	\$542.45
\$300,000.00	\$650.95
\$350,000.00	\$759.44
\$400,000.00	\$867.93
\$450,000.00	\$976.42
\$500,000.00	\$1,084.91

Raritan Twp-Flemington / Raritan School District & Raritan Twp-Hunterdon Central Combined

<u>Assessment</u>	<u>Combined Savings</u>
\$200,000.00	\$1,410.40
\$250,000.00	\$1,763.00
\$300,000.00	\$2,115.60
\$350,000.00	\$2,468.20
\$400,000.00	\$2,820.80
\$450,000.00	\$3,173.40
\$500,000.00	\$3,526.00

*All enrollment and tax levy information from 2010

www.fairschoolfunding.com

Comments

Q&A