The Sweeny-Prieto School Aid Proposal: An Analysis

Mark Weber
Doctoral Candidate
Rutgers, The State University of New Jersey

Note: This brief was produced without any outside funding or support. The analysis, conclusions, and recommendations within are entirely the author's and do not reflect the opinions of his employers (past or present), Rutgers University, or any associations with which the author is affiliated.

Executive Summary

This brief presents an analysis of the school funding plan presented by New Jersey Senate President Steve Sweeney and Assembly Speaker Vincent Prieto, referred to here as "Sweeney-Prieto." The proposal:

- Will drive *more* aid to districts with higher proportions of Hispanic, free lunch-eligible, and LEP students.
- Will drive *less* aid toward districts with students classified as having a special education need.
- Will drive *more* aid on average to districts in the CD District Factor Group; however, there is great variety among these districts, with some losing significant amounts of aid.
- Will give *less* aid to very small districts.
- Will drive aid towards districts making greater local taxing *effort*, holding school *cost* and taxing *capacity* equal.

While this last characteristic makes Sweeney-Prieto more "fair" overall, there are still individual districts that are receiving significantly less or more aid than would be predicted by measures of *cost*, *capacity*, and *effort*.

In addition, the aid allocated under Sweeney-Prieto is less than 2 percent of the aid proposed by the governor's budget for FY18; the proposal, therefore, has little *overall* effect on the bringing New Jersey's school budgets to adequacy as designated by the state's own funding law.

Based on these conclusions, I offer the follow recommendations:

- Policymakers should ensure that those districts receiving significantly less aid per pupil under Sweeny-Prieto – particularly those whose changes in aid are far under prediction – do not suffer undue harm from the proposal.
- Lawmakers should carefully consider the unintended consequences of basing the reallocation of aid largely on factors such as the Growth Cap or Adjustment Aid, and adjust the allocation of aid accordingly.
- All stakeholders should realize the scale of Sweeney-Prieto renders it largely ineffective in making up for the chronic underfunding of SFRA over the last eight years.

Table of Contents

Background

On June 14, 2017, New Jersey Senate President Steve Sweeney and Assembly Speaker Vincent Prieto announced they had reached an agreement on the allocation of state aid to school districts for the 2017-18 school year.[1] The proposal adds an additional $100 million in aid above Governor Chris Christie's proposed FY18 budget. In addition – and more controversially – it reallocates an additional $46 million away from some districts and towards others. I refer to this proposal throughout as "Sweeney-Prieto."

The Office of Legislative Services, Education Division, has released a list of the Sweeney-Prieto aid changes from the governor's budget.[2] I use this data, and data from other sources, for the following analysis. The primary unit of analysis is the change in total aid – both new aid and reallocated aid – in Sweeney-Prieto as compared to the figures presented in the governor's budget message.

It is important to remember that neither the Governor's budget nor Sweeney-Prieto are based on full funding of the School Reform Funding Act (SFRA), the state's law regarding aid to school districts. SFRA has never been fully funded during the Christie administration's two terms.[3]

Sweeney-Prieto does not bring state aid to full funding as required by SFRA; rather, it seeks, according its creators, to reallocate aid more "fairly":

> "*This agreement is a landmark first step toward restoring fairness to the School Funding Reform Act for schoolchildren and taxpayers, and ensuring that every student receives the 'thorough and efficient education' promised by the Constitution regardless of where he or she lives," said Senate President Sweeney (D-Gloucester). "This is a significant reform that lifts the Growth Cap to provide increased aid to fast-growing districts and begins the phase-out of Adjustment Aid from districts that are getting more state aid than they are entitled to receive*."[4]

Much of the reporting on New Jersey school aid in the past year has focused on these two elements of SFRA: the Growth Cap and Adjustment Aid. The first constrains the amount of state aid a district can receive in a year by limiting the growth in aid from the previous year. Adjustment Aid ensures that districts will never receive less total aid than they received when SFRA was enacted in 2008, no matter the districts' changes in student enrollments, student demographics, or taxing capacity.

---

[1] http://www.njsendems.org/sweeney-prieto-announce-school-funding-agreement-to-provide-additional-146-million-to-underfunded-districts-25-million-for-pre-k/
[2] https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf
[3] http://www.edlawcenter.org/news/archives/school-funding/governor-christie's-education-legacy-starve-schools,-abandon-students.html
[4] http://www.njsendems.org/sweeney-prieto-announce-school-funding-agreement-to-provide-additional-146-million-to-underfunded-districts-25-million-for-pre-k/

In this analysis, I seek to answer two questions:

1) How does the reallocation of aid under Sweeney-Prieto correlate to student and school district characteristics? In other words: which students, and what types of school districts, will benefit the most from Sweeney-Prieto, and which will see losses in state aid?
2) If the goal of Sweeney-Prieto is "fairness," it should drive more state aid to districts that make more local *effort* to fund their schools. If, for example, two districts have similar *costs* and *capacity* to raise local funds, the district that taxes itself more should see a greater increase in state aid under Sweeney-Prieto. Is this, in fact, the case?

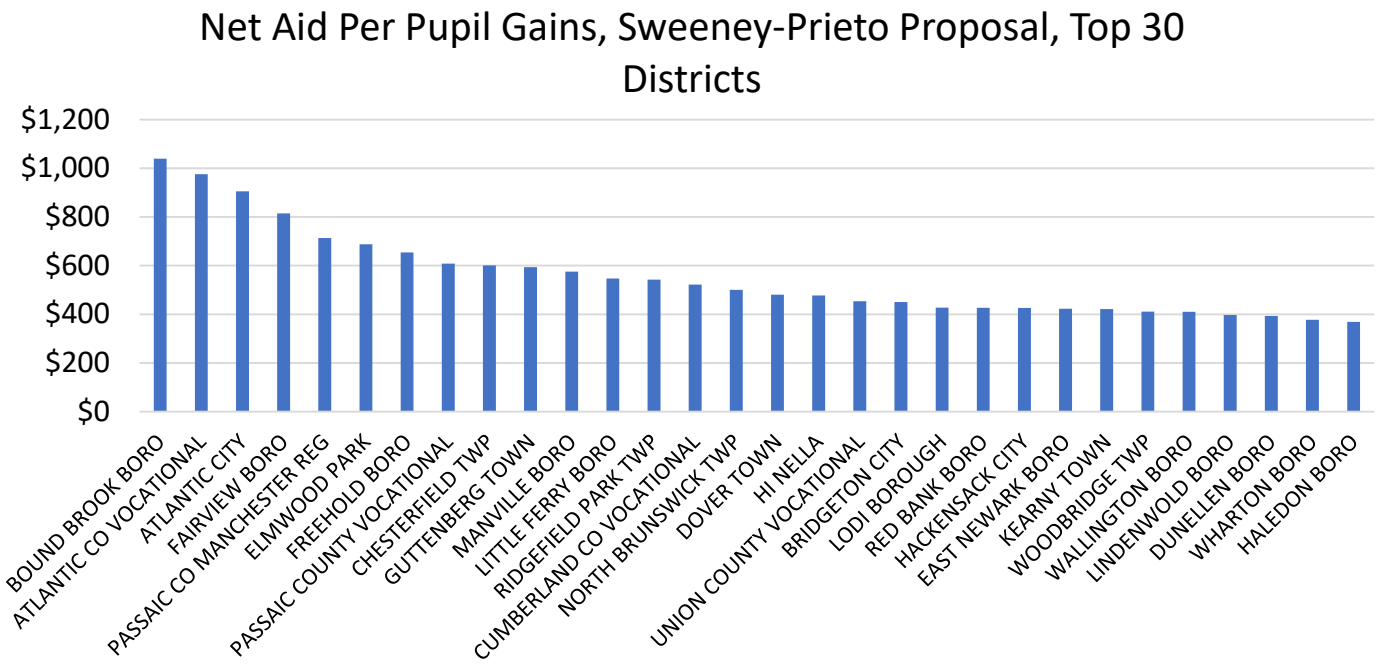
Aid Changes under Sweeney-Prieto

News reports have often described the aid changes for districts in Sweeney-Prieto in terms of total dollar amounts.[5] In this analysis, I choose to describe the changes in per pupil dollar amounts, which allows for a comparison of the effects of Sweeney-Prieto on districts of different sizes. I use the FY17 state aid notice[6] for the count of students enrolled in the district; this figure includes students who live within a district's boundaries but attend charter schools, both in and out of the district, or attend public schools in districts other than where they live.

Appendix Table 1 gives the complete listing of school districts and their changes in aid per pupil under Sweeney-Prieto. These changes are in the third column; I explain the other figures below. Figure 1 shows the top 30 "winners" under Sweeney-Prieto: the districts that would see the largest per pupil gains. Notable districts on this list include Atlantic City, Freehold Boro, Red Bank Boro, and several vocational high schools.

[5] http://www.nj.com/hudson/index.ssf/2017/06/plan_to_cut_85m_from_jersey_city_school_budget_ala.html
[6] This data was provided by the Education Law Center; see the Technical Appendix for further information. FY18 projections for enrollments were not available to me at the time of publication.

Figure 1

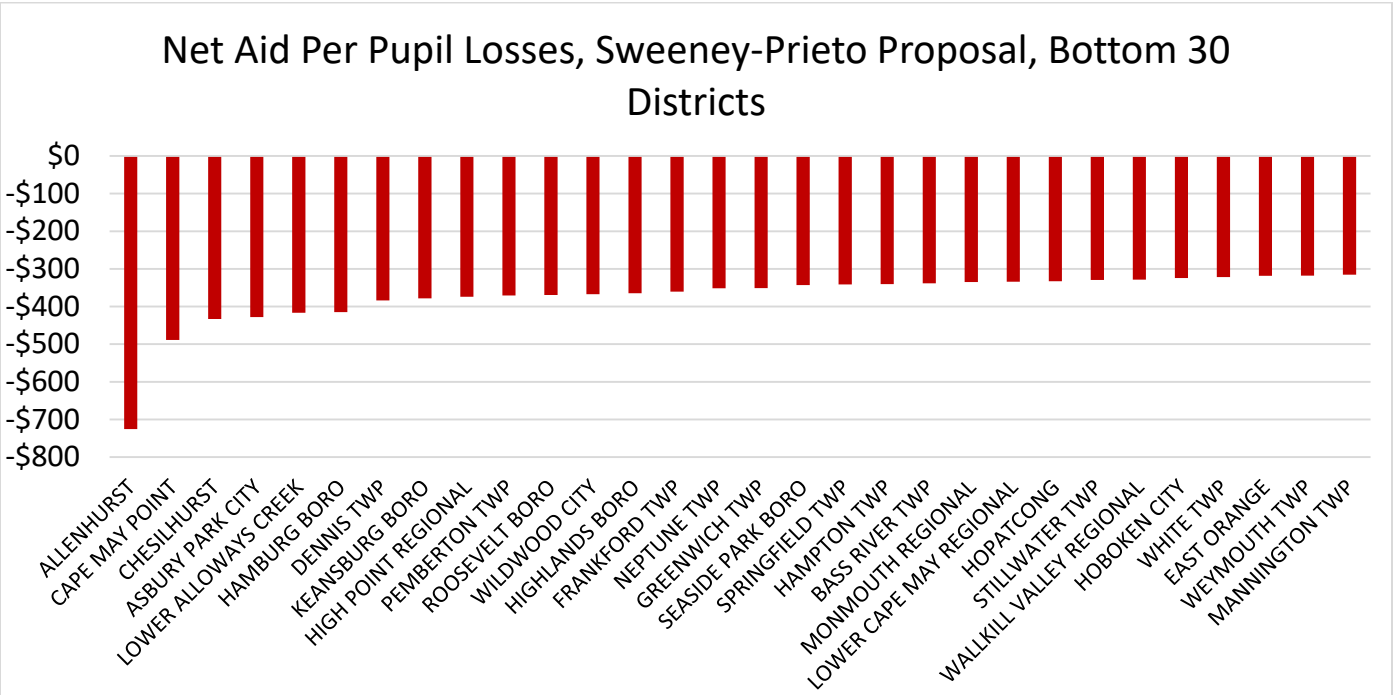


Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center.

Figure 2 lists the bottom 30 "losers." Note that Jersey City and Toms River, often cited in the press as the districts seeing the largest total losses under Sweeney-Prieto[7], are not among the top 30 in losses when calculated as a per pupil rate.

[7] http://www.nj.com/hudson/index.ssf/2017/06/plan_to_cut_85m_from_jersey_city_school_budget_ala.html

Figure 2



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center.

Sweeney-Prieto Aid Changes: Correlations to Student and District Characteristics

In this section, I explore whether aid changes under Sweeney-Prieto correlate to the characteristics of the students enrolled in the district, or with other district characteristics; in other words, do certain types of students or districts get more or less aid under Sweeney-Prieto? I include charter school enrollments in these figures; see the Technical Appendix for details, including an explanation of how various categories used here were weighted.

Student Demographics

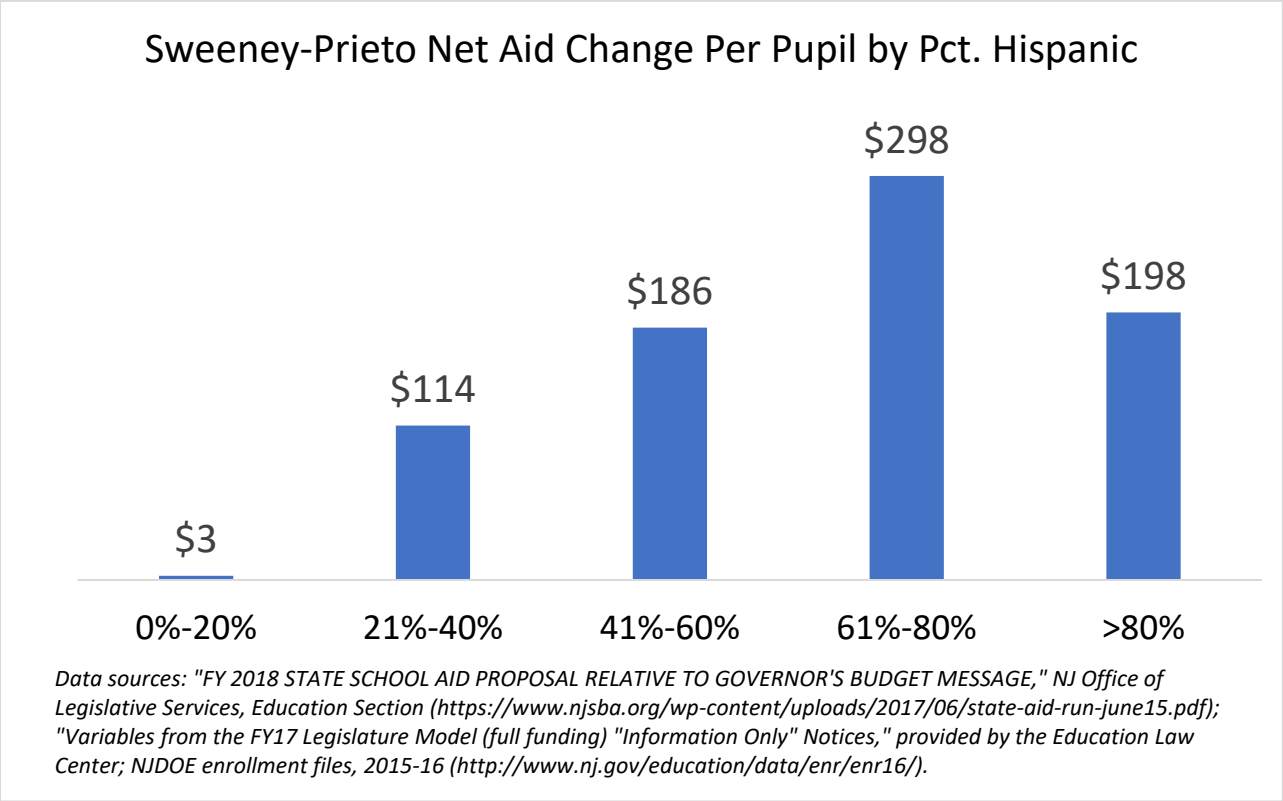
This analysis shows the following correlations between student population characteristics and Sweeney-Prieto aid changes:

- Positive correlation: Percentage Hispanic students, percentage free lunch-eligible students, percentage Limited English Proficient students.
- Negative correlation: Percentage white students, percentage special education students.
- No significant correlation: Percentage black students, percentage Asian students.

Figure 3 shows how Sweeney-Prieto drives more aid to districts with larger proportions of Hispanic students. While the overall effect is statistically significant, Sweeney-Prieto drives

more funding, on average, to districts whose student population is between 61 and 80 percent Hispanic than it does to districts that are more than 80 percent Hispanic.

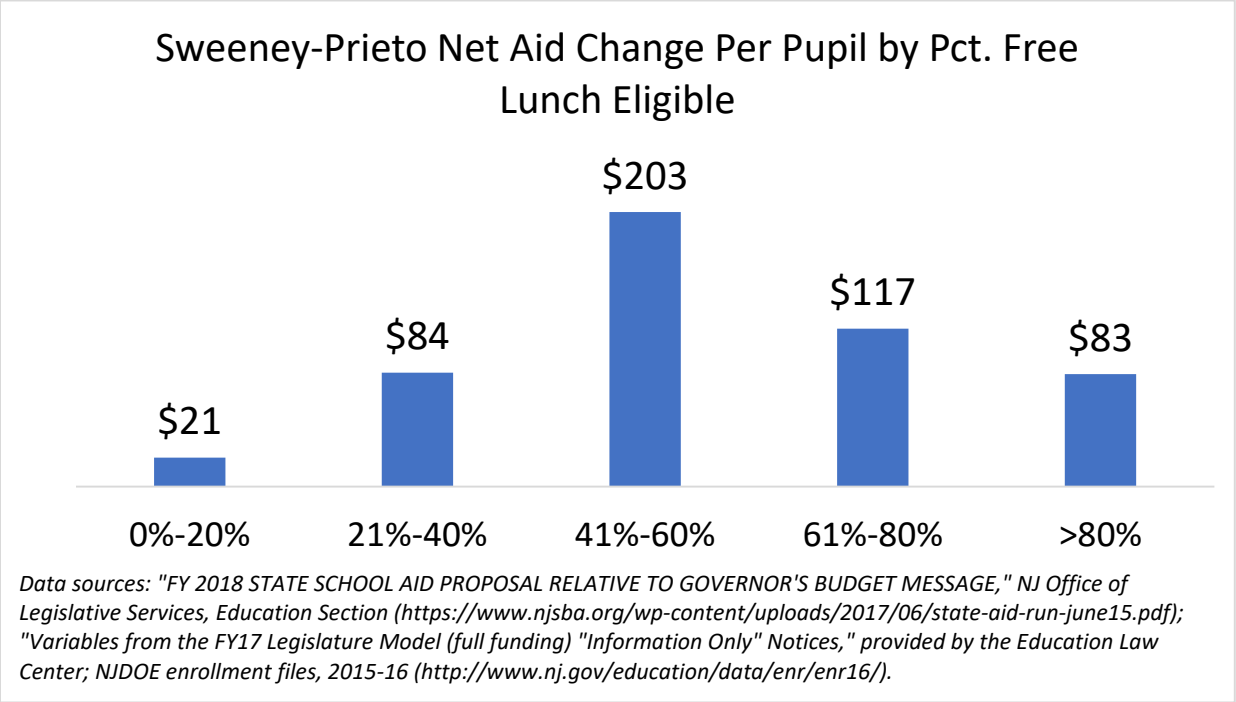
Figure 3



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; NJDOE enrollment files, 2015-16 (http://www.nj.gov/education/data/enr/enr16/).

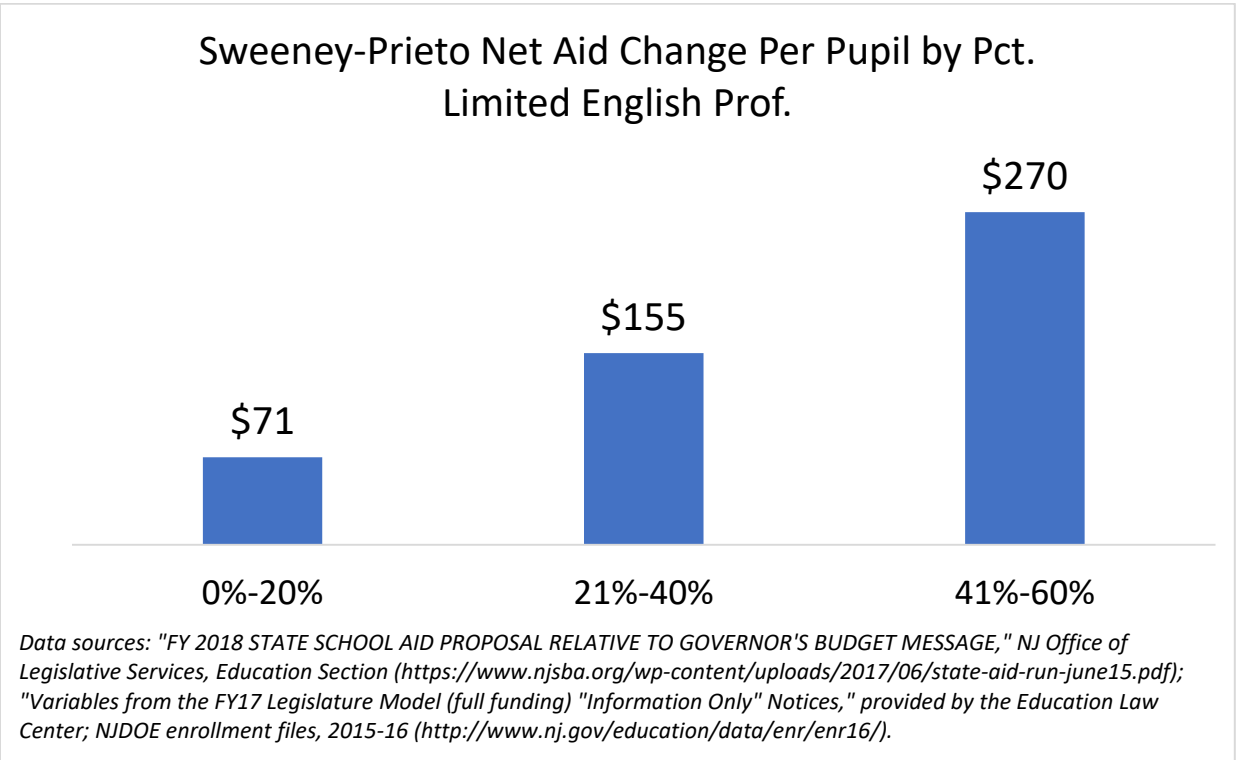
Figure 4 shows a similar pattern for free lunch-eligibility: districts with between 41 and 60 percent free lunch-eligibility receive the most aid, on average, under Sweeney-Prieto. Figure 5 shows districts with the largest percentages of Limited English Proficient students will receive, on average, the largest increases in aid.

Figure 4



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; NJDOE enrollment files, 2015-16 (http://www.nj.gov/education/data/enr/enr16/).

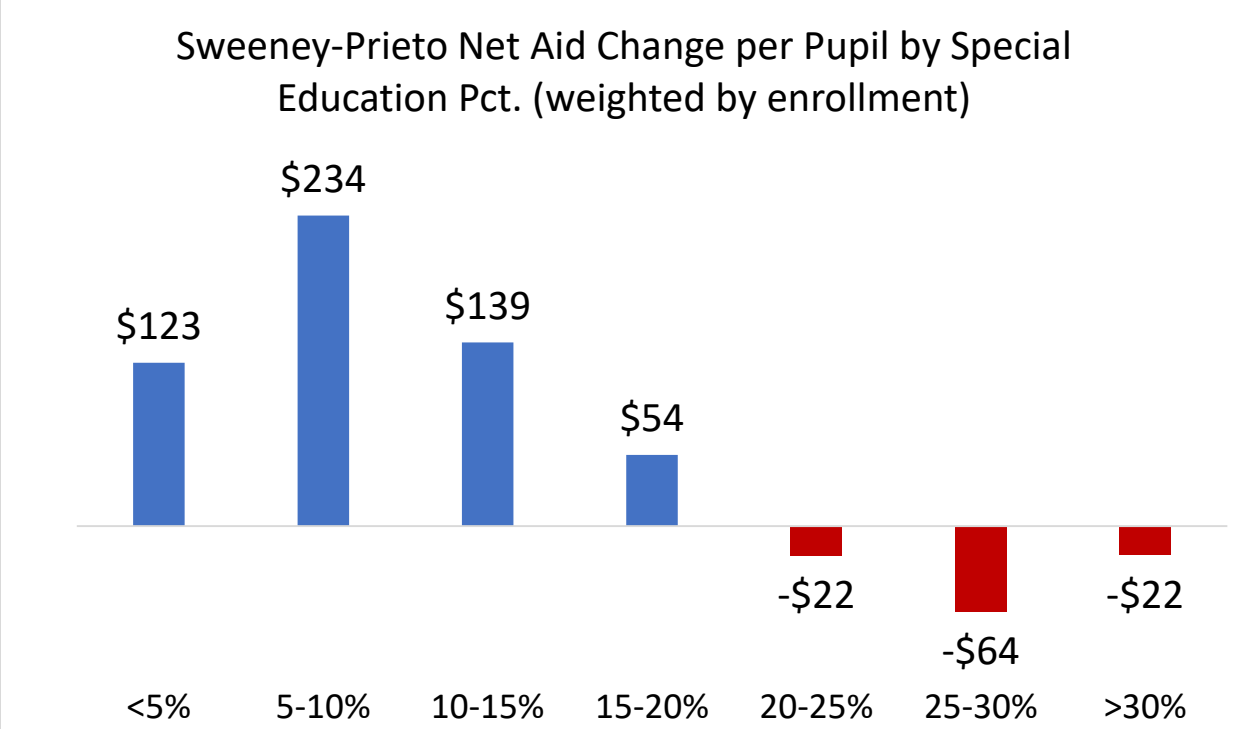
Figure 5



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; NJDOE enrollment files, 2015-16 (http://www.nj.gov/education/data/enr/enr16/).

Figure 6 shows an overall negative correlation between special education classification rates and Sweeney-Prieto aid changes. Districts with classification rates between 5 and 10 percent see the most aid gains under the proposal. I note here that SFRA uses a "census" special education allocation, meaning all districts are assumed to have similar classification rates.[8] Any aid allocation based on components of SFRA is not likely to drive more aid to districts with higher classification rates.

Figure 6



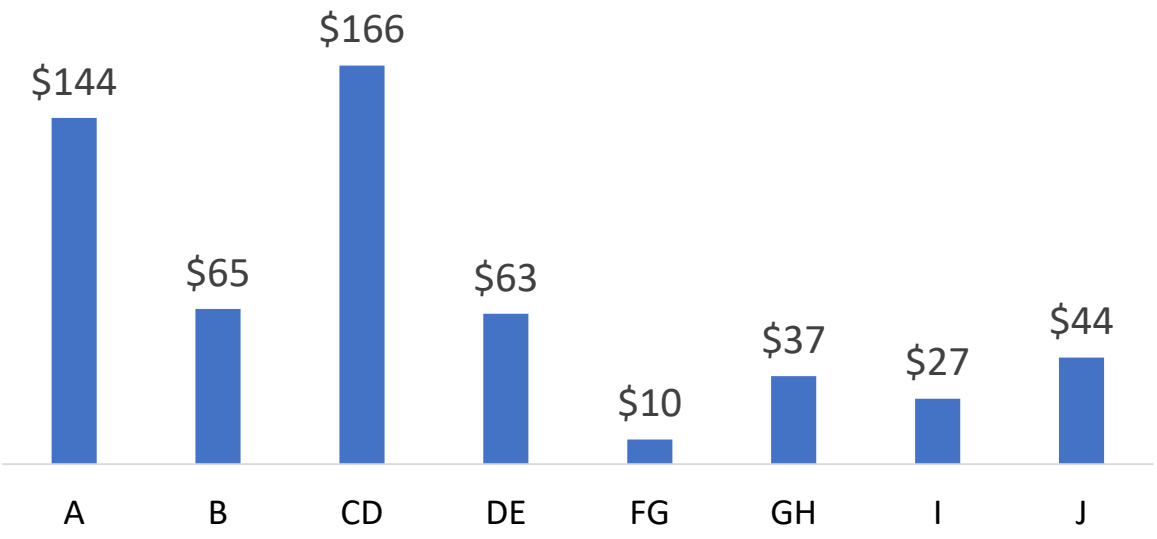
Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; NJDOE Special Education Classification files, 2015 (http://www.nj.gov/education/specialed/data/2015.htm).

[8] The allocation of special education aid under SFRA is particularly complex; see: https://www.njsba.org/wp-content/uploads/2016/02/news-special-ed-task-force-funding.pdf As Baker and Ramsey note, the "census" approach assumes students with special education needs are evenly distributed across the state geographically; this assumption has never been validated, and there is evidence to believe it is incorrect. See: Baker, B. D., & Ramsey, M. J. (2010). What we don't know can't hurt us?: Equity consequences of financing special education on the untested assumption of uniform needs. *journal of education finance*, *35*(3), 245-275.

District Factor Groups

District Factor Groups (DFGs) are a classification system based on districts' relative socio-economic status (SES).[9] Figure 7 shows changes in aid under Sweeney-Prieto for each of the DFGs. While all groups receive, on average, more aid under the proposal, DFG-CD, the group with the third lowest SES, receives the most.

Figure 7

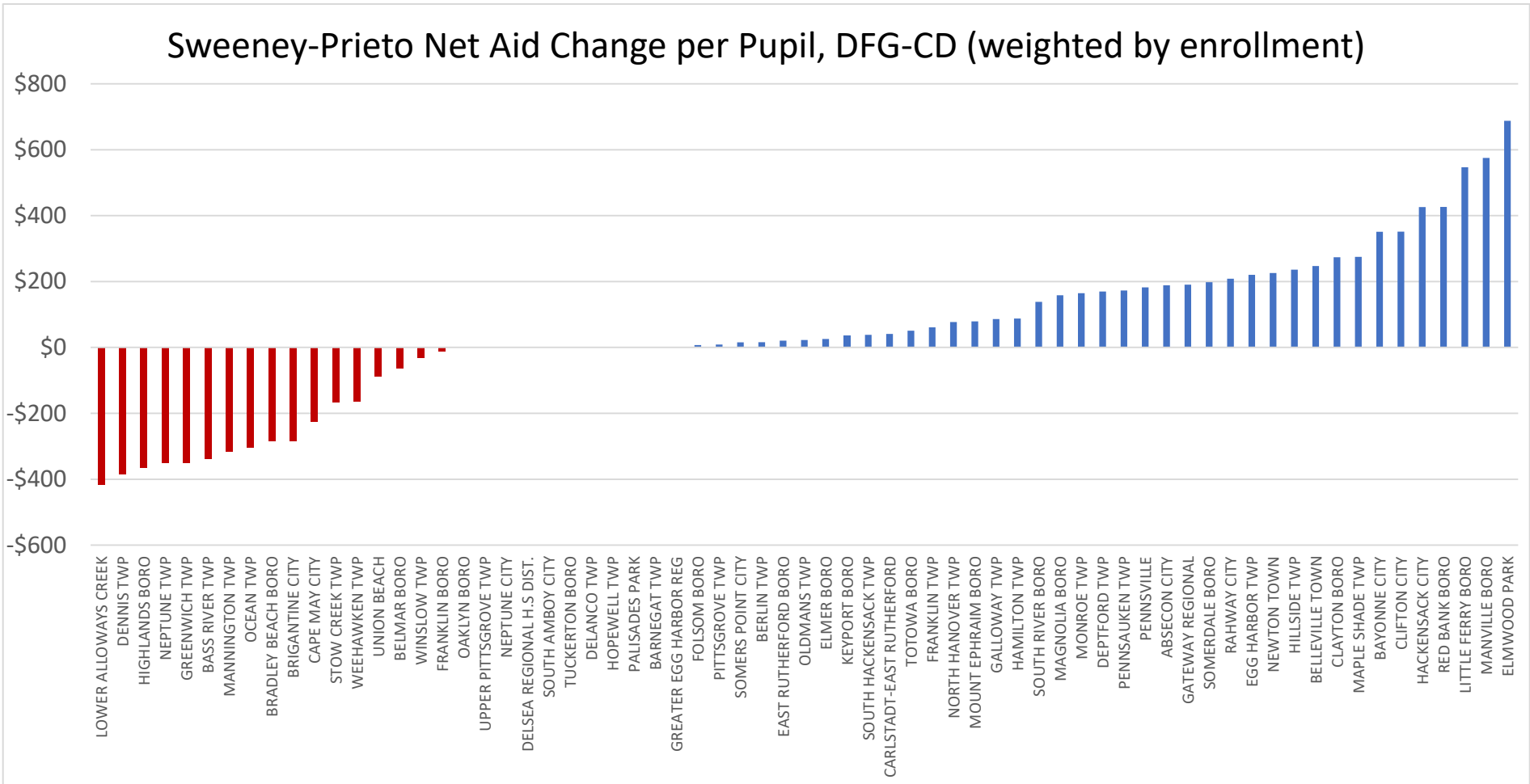


Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; "District Factor Groups (DFG) for School Districts," NJDOE (http://www.state.nj.us/education/finance/rda/dfg.shtml).

Particularly notable about DFG-CD districts is that, while they receive more aid *on average*, the amount of aid individual districts gain or lose within the group varies considerably. Figure 8 shows aid gains or losses under Sweeney-Prieto for all DFG-CD districts. At the furthest margins of the distribution, Lower Alloways Creek loses $417 per pupil, while Elmwood Park gains $688.

[9] http://www.state.nj.us/education/finance/rda/dfg.shtml

Figure 8



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; "District Factor Groups (DFG) for School Districts," NJDOE (http://www.state.nj.us/education/finance/rda/dfg.shtml).

Charter School Enrollments

New Jersey school districts are responsible for "pass through" payments to charter schools that enroll students within their borders. There is growing evidence that districts may face negative fiscal pressure from charter school proliferation. As Bruce Baker[10] notes, many charter schools have enrollments that fall below what has been established in research as the optimal threshold for efficiency.

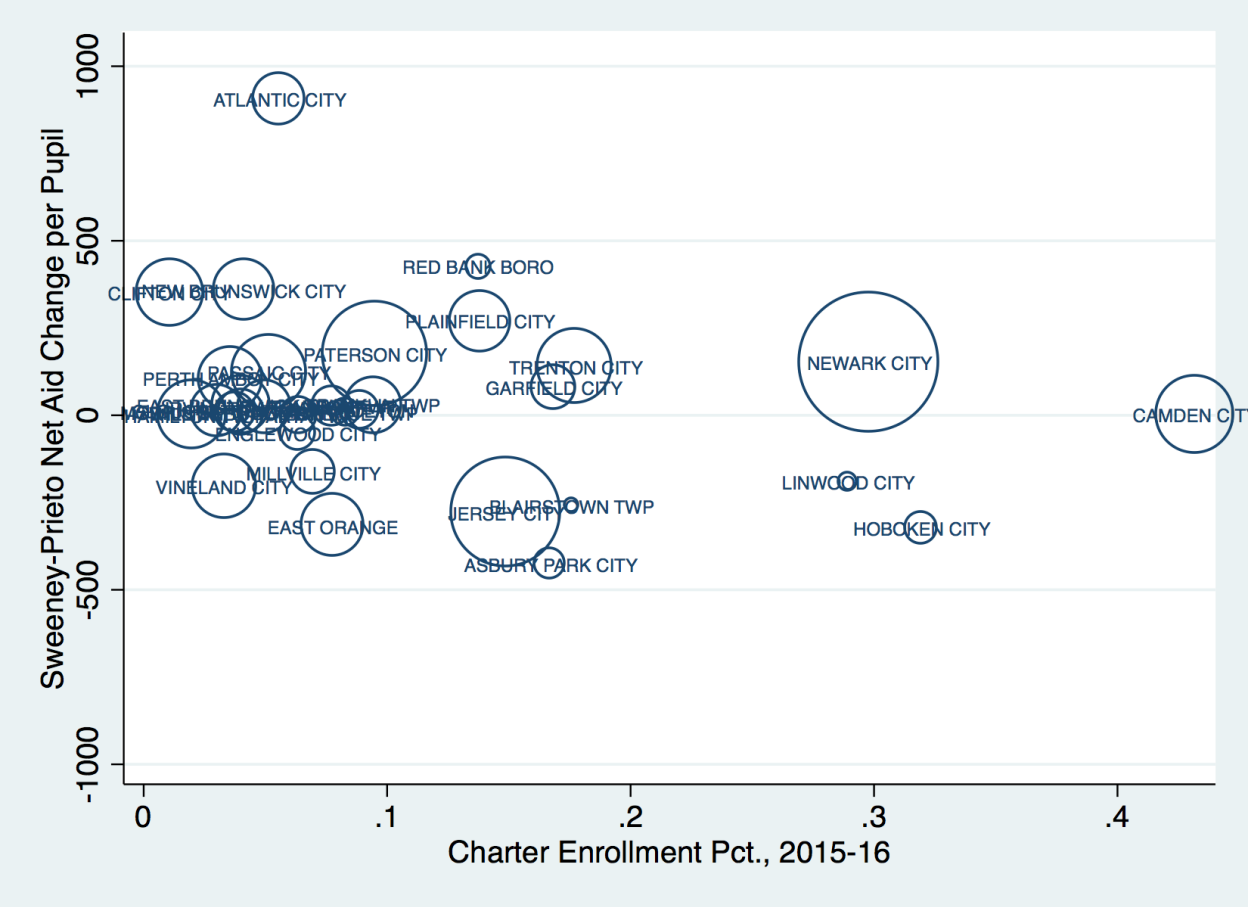
If an aid distribution system takes resources away from districts with larger charter school enrollments, it may put further pressure on districts already feeling the negative fiscal effects of charter proliferation.

Figure 9 shows the correlation between aid changes under Sweeney-Prieto and the percentage of a district's students enrolled in charter schools.[11] There is no statistically significant correlation between Sweeney-Prieto's aid changes and charter enrollment percentages. The proposal does not systemically add pressure to districts that have relatively high charter enrollments; on the other hand, it does not provide systemic relief.

[10] Baker, B. D. (2016) Exploring the consequences of charter school expansion in U.S. cities. Economic Policy Institute. http://www.epi.org/publication/exploring-the-consequences-of-charter-school-expansion-in-u-s-cities/

[11] See the Technical Appendix for a discussion of the limitations of this analysis.

Figure 9



Data Sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding)" Information Only "Notices," provided by the Education Law Center; NJDOE enrollment files, 2015-16 (http://www.nj.gov/education/data/enr/enr16/).

Enrollment Size

These same concerns regarding economies of scale may also impact school districts that are relatively small. But district size – unlike student characteristics, SES, or charter share[12] – is, arguably, a policy choice made at the local level. If a district's citizens choose not to consolidate their district with others, they are making a decision that evidence shows will likely lead to greater inefficiency.

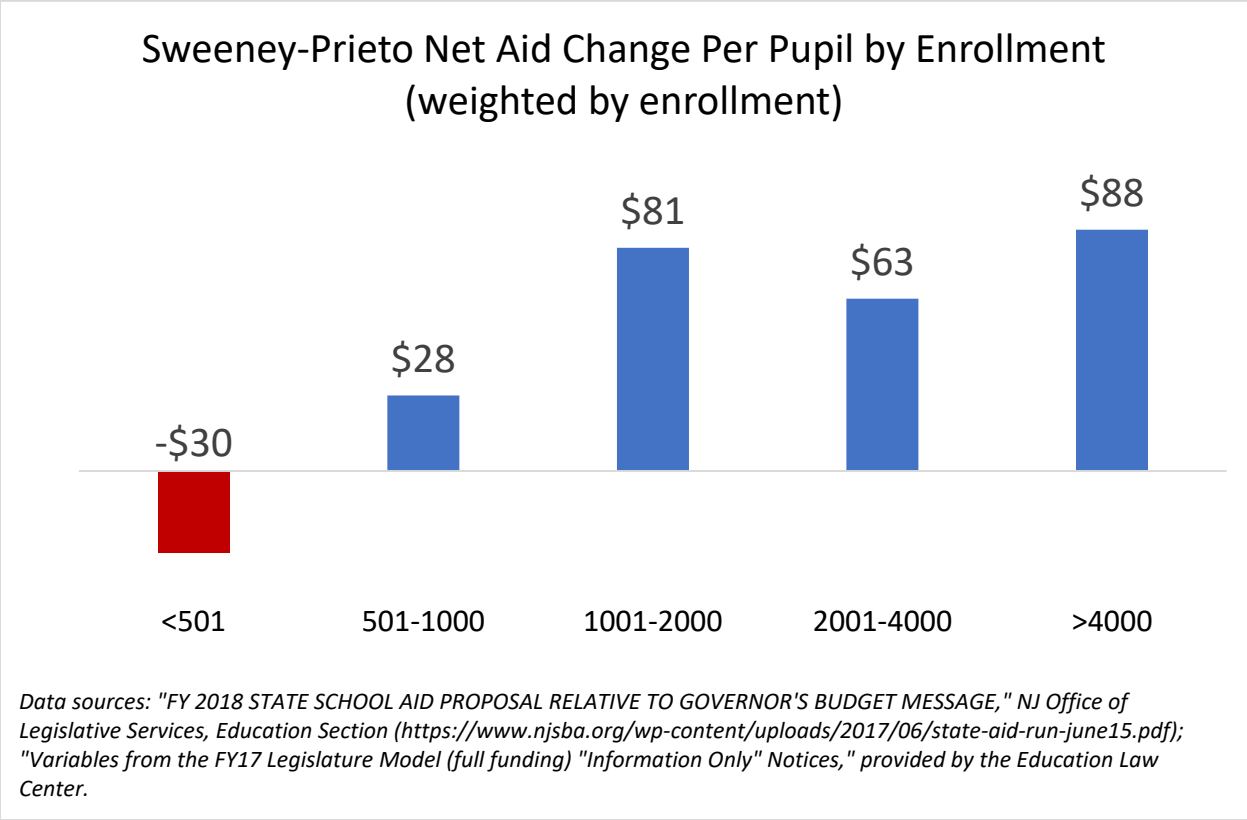
Sweeney-Prieto does, in fact, drive more aid to districts whose enrollments are above a threshold.[13] Figure 10 shows districts whose total enrollment is under 500 students will see less

[12] In New Jersey, charter schools are approved by the state, not the local school district.

[13] In the regressions, I use the log of enrollment as the independent variable, as economies of scale level off over a threshold of student enrollment. See: Duncombe, W., & Yinger, J. (2008). Measurement of cost differentials. *Handbook of research in education finance and policy*, 238-256.

aid, on average, under Sweeney-Prieto. Districts enrolling over 4000 students will see, on average, the greatest gains.

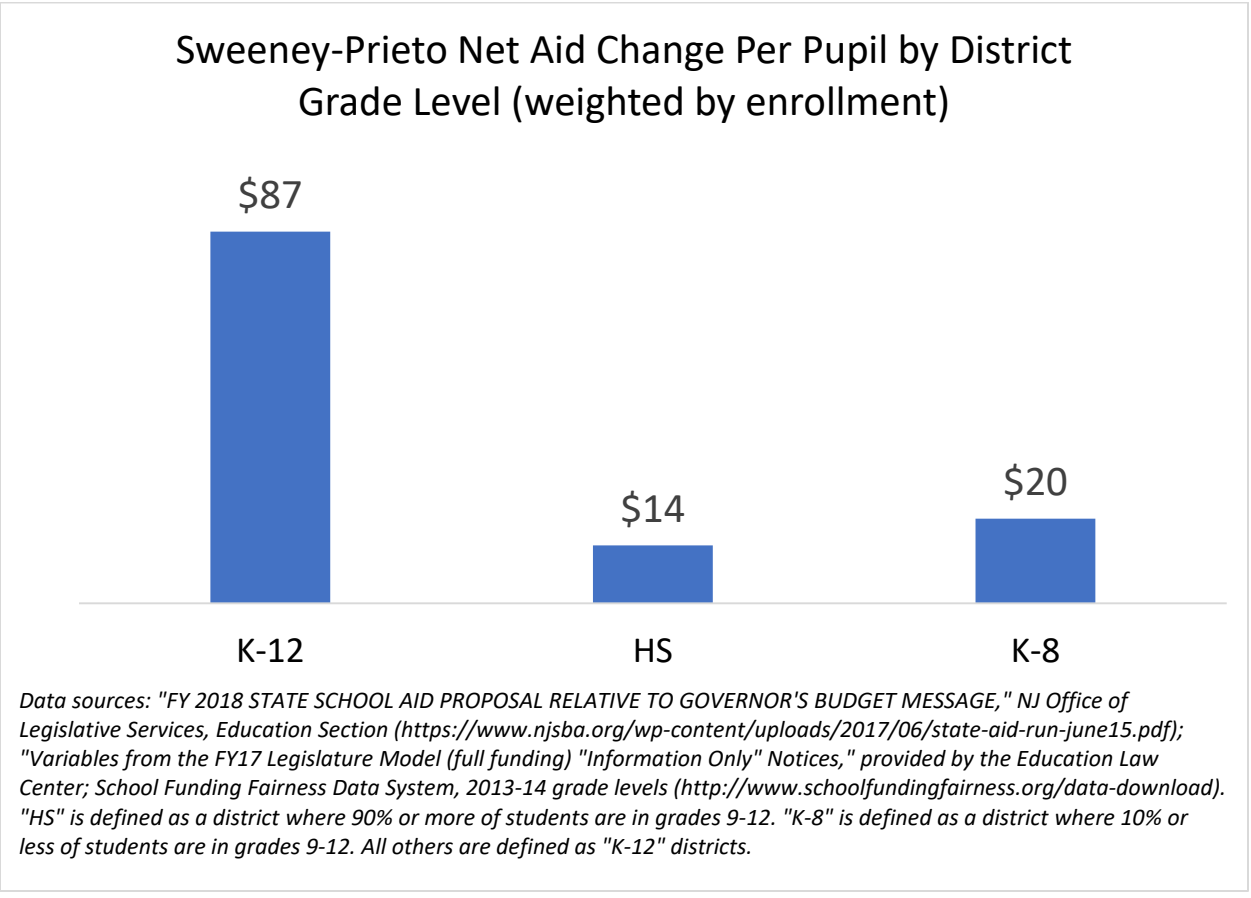
Figure 10



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center.

One factor that may keep districts smaller is the decision to remain a K-8 district that sends older students to a regional high school. Figure 11 shows, on average, that comprehensive K-12 districts receive more aid under Sweeney-Prieto than K-8 or high school districts.

Figure 11



Data sources: "FY 2018 STATE SCHOOL AID PROPOSAL RELATIVE TO GOVERNOR'S BUDGET MESSAGE," NJ Office of Legislative Services, Education Section (https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf); "Variables from the FY17 Legislature Model (full funding) "Information Only" Notices," provided by the Education Law Center; School Funding Fairness Data System, 2013-14 grade levels (http://www.schoolfundingfairness.org/data-download). "HS" is defined as a district where 90% or more of students are in grades 9-12. "K-8" is defined as a district where 10% or less of students are in grades 9-12. All others are defined as "K-12" districts.

Modeling Sweeny-Prieto Aid Changes

Capacity, Cost, and Effort

Supporters of Sweeney-Prieto have often invoked a goal of "fairness" when discussing the proposal.

> "*This is real reform that will provide fairness and equity to local school districts, their taxpayers and the schoolchildren they serve," said Senate Budget Committee Chair Paul Sarlo (D-Bergen). "The hearings of our Select Committee on School Funding Fairness and our Senate Budget Committee demonstrated conclusively that state aid has not been distributed fairly. The way we are lifting the Growth Cap and reallocating Adjustment Aid is the blueprint for fair funding in the future*."[14]

[14] http://www.njsendems.org/sweeney-prieto-announce-school-funding-agreement-to-provide-additional-146-million-to-underfunded-districts-25-million-for-pre-k/

From a school finance perspective, "fairness" might be measured by a combination of three factors: *capacity*, *cost*, and *effort*.

- Capacity: The ability of a school district to raise local revenue. SFRA evaluates *capacity* through a combination of measures of a districts' total property value and its total taxable income.
- Cost: The total amount a school district needs to provide equal educational opportunity. While SFRA drives state aid through a variety of mechanisms, the formula is premised on the notion of *adequacy*, which is the amount needed to provide students with an education that meets the mandate of the state constitution. *Cost* varies based on student characteristics – at-risk, LEP, special education, grade level – as well as labor market and other geographical differences.

These two factors are at the heart of SFRA. The premise of Sweeney-Prieto, however, is that other parts of the formula, such as Adjustment Aid and the Growth Cap, have distorted the distribution of aid based on *capacity* and *cost*, unfairly forcing some districts to increase their *effort*.

- Effort: The amount a district taxes itself relative to its capacity. In this analysis, I calculate *effort* as the amount of a district's tax levy divided by its total income.[15]

If "fairness" is the goal of Sweeny-Prieto, aid should go to districts that exert more *effort* – but only if their *cost* and *capacity* are held constant. Districts, for example, with higher *costs* – which may be due to higher enrollments of at-risk students – should not have to increase their *effort* relative to districts with lower *costs*. Similarly, districts with lower *capacity* should not have to increase their *effort* relative to districts with higher *capacity*.

Sweeny-Prieto v. The Governor's Budget Message

An analysis of Sweeney-Prieto must, therefore, evaluate whether aid changes are made based on *effort*, but accounting for differences in *cost* and *capacity*. In this brief, I propose three regression models which evaluate the relationship between Sweeney-Prieto aid and *effort*, holding *cost* and *capacity* constant. Details are found in the Technical Appendix; the full regression output for each model is found in the Supplement.

Using these three models, I then compare the distribution of aid under the Governor's Budget Message (GBM) to the distribution of aid under Sweeney-Prieto, focusing on the relationship between *effort* and aid. Table 1 shows the results for all three models. The variable of interest, *effort*, is bolded.

[15] The levy is from the 2015-16 budget; income is from 2013.

Table 1

Comparison of Governor's Budget Message and Sweeney-Prieto Proposal

	Model Covariates					
	log Income (per pupil)		**log Property Value (per pupil)**		**Aid at Adequacy (per pupil)**	
	GBM	Sweeney-Prieto	GBM	Sweeney-Prieto	GBM	Sweeney-Prieto
"Effort" coefficient	-927.29	-882.19	-580.24	-524.33	-556.49	-508.59
"Effort" std. error	113.53	111.59	78.51	73.65	131.74	125.66
P-value	0.000	0.000	0.000	0.000	0.000	0.000
Significance	**	**	**	**	**	**
"Effort" difference		**45.10**		**55.91**		**47.89**
R-sq.	0.884	0.894	0.866	0.877	0.855	0.873

** p<0.05; ** p<0.01*

"Effort" is the district's tax levy divided by its income; the figure is expressed in percentage points ("1"=0.01). "Model Covariates" uses the regression model to hold cost and capacity constant; additional covariates are: pct. enrolled in Grades 6-8, pct. enrolled in Grades 9-12, pct. Limited English Proficient, pct. poverty (SAIPE), Geographic Cost Adjustment (NJDOE)."Aid at Adequacy" uses NJ Office of Legislative Services calculations of the amount of state aid districts should receive under SFRA to reach adequacy. While SFRA uses both income and property values to determine capacity, including both in a regression model induces multicollinearity; therefore, two models are presented here, using income and property value separately as measures of capacity.

The models show, with notable consistency, that Sweeny-Prieto does drive more aid toward districts exerting more *effort*, holding *cost* and *capacity* constant. For each percentage point more of *effort* a district exerts, that district will receive, on average and depending on the model, between $45 and $56 more per pupil (accounting for variations in *cost* and *capacity*).[16]

Equally important to note, however, is that both the GBM and Sweeney-Prieto aid is distributed with significant variation that cannot be explained by the measures in the models. In other words: aid in both the GBM and Sweeney-Prieto is not distributed entirely on the basis of these measures of *effort*, *cost*, and *capacity*.

Appendix Figure 1 shows the complete regression output for Model 1 (log Income with covariates), but this time with the difference between the GBM and Sweeney-Prieto as the dependent variable. In this case, only about one-third of the variation in this difference between districts can be explained by *effort*, *cost*, and *capacity*.

A critical point in understanding Sweeny-Prieto's effects is that the total of $146 million in new aid and aid redistribution is only a small fraction of the $9.2 billion proposed by the governor in direct aid to schools for FY18.[17] Ultimately, its small scale will have little aggregate effect on New Jersey's schools' budgets.

Sweeny-Prieto's Effects on Individual Districts

Even though the aggregate effect of Sweeny-Prieto on New Jersey school district finances is small, individual districts could still be substantially affected by the proposal. To the extent that the proposal delivers aid to districts outside of the factors of *effort*, *cost*, and *capacity*, Sweeney-Prieto may have unintended consequences for districts that are exerting significant *effort* but are still not receiving the aid their *cost* and *capacity* suggests they should.

The second column in Appendix Table 1 uses Model 1 to predict the change in aid Sweeney-Prieto would deliver if *effort*, *cost* and *capacity* were the only factors used to distribute the additional aid. The first column (the table is sorted on this column) shows the difference between this prediction and the actual amount of aid distributed.

In other words: the first column shows the loss or gain for each district under Sweeny-Prieto relative to what that district would lose or gain if aid were only distributed based on our measures of *effort*, *cost* and *capacity*.[18]

At one extreme, Wildwood City's schools will get $932 less under Sweeney-Prieto than we would predict the district would get if aid were distributed using our *effort*, *cost* and *capacity* measures. At the other end, Bound Brook Boro will receive $714 more than predicted.

[16] In unweighted regressions, the differences are between $8 and $16 per pupil (significant at $p<0.05$).
[17] http://www.nj.gov/treasury/omb/publications/18bib/BIB.pdf (p.16)
[18] Districts without figures for this column did not have all the necessary data points needed to be part of the regression and were therefore omitted. Notably, this includes many of the vocational high schools.

To be clear: there is no evidence available in the data used here to indicate that these differences are correlated to other factors. The statistical noise that results from using the model covariates to predict aid distribution likely accounts for a significant part of the variation in the differences between predicted and actual aid distribution.

But the wide variations do suggest that some individual districts might enjoy outsized gains, or suffer from outsized losses, under Sweeney-Prieto. Further investigation into the effects of the proposal on these districts is warranted.

Conclusion and Policy Recommendations

This analysis concludes the following about the Sweeney-Prieto aid proposal:

- Sweeny-Prieto will drive more aid to districts with higher proportions of Hispanic, free lunch-eligible, and LEP students. It will drive less aid toward districts with higher proportions of white students and students classified as having a special education need.
- Districts in the CD District Factor Group will see the largest gains *on average*; however, there is great variety in the group, with some districts losing significant amounts of aid.
- Very small districts will see less aid, on average, under Sweeney-Prieto. Charter school enrollment is not correlated to the proposal's aid gains/losses.
- When holding *cost* and *capacity* equal, Sweeny-Prieto does, on average, drive aid towards districts making greater *effort*.
- There is, however, significant variation in the allocation of aid under Sweeney-Prieto that cannot be explained by the measures of *cost*, *capacity*, and *effort* used in this analysis.
- The aid allocated under Sweeney-Prieto is less than 2 percent of the aid proposed by the governor's budget for FY18; Sweeney-Prieto, therefore, has little *overall* effect on the adequacy of New Jersey's schools' budgets.
- There are, however, districts that are receiving significantly less or more aid than would be predicted by measures of *cost*, *capacity*, and *effort*.

Based on these conclusions, I offer the follow recommendations:

- **Policymakers should ensure that those districts receiving significantly less aid per pupil under Sweeny-Prieto – particularly those whose changes in aid are far under prediction – do not suffer undue harm under the proposal.** It would be unfair for districts that already make substantial *effort*, given their *capacity* and *costs*, to lose aid under any proposal. Given that the aid changes will affect schools in the fall of 2017, it is especially important that these districts be forced to absorb an aid loss that places their educational programming in jeopardy.
- As of this writing, no formal explanation has been given as to how aid was distributed under Sweeney-Prieto. There is likely a logical plan behind the proposal; **However, there may be unintended, negative consequences when basing the reallocation of aid largely on factors such as the Growth Cap and/or Adjustment Aid.** Lawmakers should carefully consider whether, for example, allocating aid away from districts with higher classification rates (on average) serves the best interests of New Jersey's students.

- While the additional $100 million in aid is undoubtedly welcomed by all districts, and while some may appreciate the addition reallocation of $46 million (while others do not), **all stakeholders should realize the scale of Sweeney-Prieto renders it largely ineffective in making up for the chronic underfunding of SFRA over the last eight years.** The Education Law Center estimates that the cumulative underfunding of the formula since 2010 comes to $9.71 billion.[19] $100 million, while perhaps helpful for some districts, is simply not enough to make up for this gap.

There is a legitimate conversation to be had about whether Adjustment Aid and the Growth Cap have made SFRA less "fair." But the point is largely moot if the formula continues to be underfunded. A large and growing body of evidence makes clear that school funding reform matters[20], particularly for those school districts that enroll larger proportions of at-risk and special needs students. The debate about Sweeney-Prieto is important, but it cannot obscure the reality that New Jersey continues to underfund its own school funding law.

[19] Based on the Governor's proposed FY18 budget; see: http://www.edlawcenter.org/research/school-funding-data.html

[20] Baker, B. D. (2016). *Does money matter in education? Second edition.* Albert Shanker Institute. http://www.shankerinstitute.org/resource/does-money-matter-second-edition

Appendix

County	District	DFG	Difference From Prediction	Predicted Aid Change	Actual Aid PP Losses/Gains
CAPE MAY	WILDWOOD CITY	A	-$932	$565	-$367
OCEAN	SEASIDE HEIGHTS BORO	A	-$782	$718	-$64
BURLINGTON	BASS RIVER TWP	CD	-$571	$232	-$338
SUSSEX	HIGH POINT REGIONAL	DE	-$503	$129	-$374
SUSSEX	HAMBURG BORO	DE	-$502	$87	-$415
SALEM	LOWER ALLOWAYS CREEK	CD	-$501	$85	-$417
BERGEN	SOUTH HACKENSACK TWP	CD	-$495	$533	$38
BURLINGTON	SPRINGFIELD TWP	FG	-$451	$109	-$341
CAPE MAY	LOWER CAPE MAY REGIONAL	B	-$437	$103	-$334
SUSSEX	STILLWATER TWP	FG	-$428	$99	-$329
SUSSEX	HAMPTON TWP	GH	-$422	$82	-$340
SUSSEX	FRANKFORD TWP	FG	-$421	$60	-$361
SUSSEX	WALLKILL VALLEY REGIONAL	DE	-$416	$88	-$329
HUNTERDON	KINGWOOD TWP	FG	-$410	$99	-$311
SUSSEX	SUSSEX-WANTAGE REGIONAL	DE	-$409	$105	-$304
MONMOUTH	ROOSEVELT BORO	GH	-$403	$34	-$370
MONMOUTH	NEPTUNE TWP	CD	-$401	$50	-$351
MONMOUTH	ASBURY PARK CITY	A	-$398	-$30	-$428
MONMOUTH	KEANSBURG BORO	A	-$396	$18	-$378
MONMOUTH	MONMOUTH REGIONAL	GH	-$392	$57	-$335
SUSSEX	VERNON TWP	FG	-$380	$69	-$311
ESSEX	EAST ORANGE	A	-$373	$55	-$318
SUSSEX	KITTATINNY REGIONAL	FG	-$370	$61	-$310
ATLANTIC	PLEASANTVILLE CITY	A	-$370	$137	-$233
MONMOUTH	BRADLEY BEACH BORO	CD	-$370	$85	-$284
SUSSEX	HOPATCONG	FG	-$354	$22	-$333
BURLINGTON	PEMBERTON TWP	B	-$353	-$18	-$370
MONMOUTH	EATONTOWN BORO	FG	-$341	$64	-$277
HUNTERDON	CLINTON TOWN	I	-$339	$126	-$212
CAMDEN	GIBBSBORO BORO	FG	-$334	$38	-$296
SUSSEX	OGDENSBURG BORO	FG	-$332	$58	-$275
SUSSEX	ANDOVER REG	FG	-$310	$0	-$310
CAPE MAY	DENNIS TWP	CD	-$309	-$75	-$384
CUMBERLAND	GREENWICH TWP	CD	-$308	-$43	-$351

SALEM	MANNINGTON TWP	CD	-$307	-$8	-$315
WARREN	WHITE TWP	DE	-$295	-$27	-$322
BERGEN	MOONACHIE BORO	B	-$294	$311	$17
BURLINGTON	TABERNACLE TWP	GH	-$290	$7	-$282
GLOUCESTER	LOGAN TWP	FG	-$285	$82	-$203
BURLINGTON	BEVERLY CITY	B	-$285	$80	-$204
HUDSON	JERSEY CITY	B	-$283	$3	-$279
CUMBERLAND	DOWNE TWP	A	-$281	-$6	-$287
BURLINGTON	SOUTHAMPTON TWP	DE	-$278	$1	-$277
BURLINGTON	WASHINGTON TWP	A	-$269	-$41	-$309
BERGEN	CARLSTADT-EAST RUTHERFORD	CD	-$269	$310	$41
GLOUCESTER	WASHINGTON TWP	FG	-$268	-$9	-$278
HUNTERDON	LEBANON TWP	I	-$268	$70	-$199
MONMOUTH	HIGHLANDS BORO	CD	-$266	-$98	-$365
ATLANTIC	BRIGANTINE CITY	CD	-$266	-$18	-$284
WARREN	WASHINGTON TWP	GH	-$260	-$22	-$283
SUSSEX	STANHOPE BORO	GH	-$260	$56	-$204
MONMOUTH	MANALAPAN-ENGLISHTOWN REG	GH	-$257	$7	-$250
WARREN	BLAIRSTOWN TWP	FG	-$254	-$7	-$262
CAPE MAY	LOWER TWP	B	-$242	-$14	-$257
BERGEN	NORTHVALE BORO	FG	-$240	$278	$38
CAPE MAY	MIDDLE TWP	B	-$239	-$38	-$276
CAPE MAY	UPPER TWP	FG	-$235	-$54	-$289
BURLINGTON	BURLINGTON CITY	B	-$234	$125	-$109
HUNTERDON	MILFORD BORO	FG	-$230	$230	$0
ATLANTIC	WEYMOUTH TWP	B	-$227	-$91	-$318
OCEAN	LITTLE EGG HARBOR TWP	B	-$224	-$32	-$256
MONMOUTH	HENRY HUDSON REGIONAL	DE	-$223	$5	-$219
CAPE MAY	NORTH WILDWOOD CITY	A	-$222	-$38	-$260
SUSSEX	LAFAYETTE TWP	GH	-$218	$61	-$157
OCEAN	PINELANDS REGIONAL	B	-$213	$37	-$176
WARREN	FRELINGHUYSEN TWP	GH	-$212	-$55	-$267
CAMDEN	GLOUCESTER CITY	B	-$209	-$67	-$276
SUSSEX	HARDYSTON TWP	FG	-$208	-$27	-$235
OCEAN	OCEAN TWP	CD	-$202	-$102	-$304
BERGEN	CARLSTADT BORO	DE	-$200	$245	$45
OCEAN	BRICK TWP	DE	-$197	-$47	-$244
HUNTERDON	CALIFON BORO	I	-$195	$195	$0
MONMOUTH	OCEAN TWP	FG	-$188	$42	-$146
OCEAN	OCEAN GATE BORO	B	-$183	$185	$1

ATLANTIC	VENTNOR CITY	B	-$181	$49	-$132
BERGEN	PALISADES PARK	CD	-$180	$180	$0
BERGEN	EAST RUTHERFORD BORO	CD	-$179	$200	$21
SUSSEX	MONTAGUE TWP	B	-$176	$103	-$73
HUDSON	WEEHAWKEN TWP	CD	-$176	$12	-$163
OCEAN	TOMS RIVER REGIONAL	DE	-$172	-$40	-$212
OCEAN	LAKEWOOD TWP		-$168	$187	$19
GLOUCESTER	GREENWICH TWP	DE	-$167	$61	-$105
HUNTERDON	BLOOMSBURY BORO	GH	-$162	$165	$4
BURLINGTON	WOODLAND TWP	DE	-$161	$141	-$20
HUNTERDON	EAST AMWELL TWP	I	-$159	$38	-$121
MORRIS	MORRIS HILLS REGIONAL	GH	-$158	$194	$36
MORRIS	ROCKAWAY TWP	I	-$156	$164	$8
GLOUCESTER	PITMAN BORO	FG	-$151	$16	-$135
MORRIS	BUTLER BORO	DE	-$146	$165	$19
BURLINGTON	NEW HANOVER TWP	B	-$146	$161	$16
SOMERSET	FRANKLIN TWP	GH	-$142	$172	$30
HUNTERDON	HOLLAND TWP	FG	-$141	$141	$0
MORRIS	PARSIPPANY-TROY HILLS TWP	GH	-$140	$174	$35
HUNTERDON	FRENCHTOWN BORO	FG	-$137	$137	$0
PASSAIC	RINGWOOD BORO	GH	-$137	$4	-$133
CAPE MAY	WILDWOOD CREST BORO	B	-$135	-$5	-$140
OCEAN	EAGLESWOOD TWP	B	-$134	$2	-$132
SOMERSET	HILLSBOROUGH TWP	I	-$129	$129	$0
BURLINGTON	HAINESPORT TWP	FG	-$126	-$11	-$137
MORRIS	ROXBURY TWP	GH	-$126	$126	$0
BERGEN	DUMONT BORO	FG	-$124	$130	$5
BERGEN	RIDGEFIELD BORO	DE	-$123	$148	$25
SUSSEX	SANDYSTON-WALPACK TWP	FG	-$122	$122	$0
MIDDLESEX	PERTH AMBOY CITY	A	-$122	$228	$106
MIDDLESEX	SOUTH PLAINFIELD BORO	FG	-$121	$122	$1
BERGEN	WALDWICK BORO	GH	-$120	$180	$60
MONMOUTH	UNION BEACH	CD	-$120	$33	-$87
ATLANTIC	LINWOOD CITY	GH	-$119	-$72	-$191
UNION	PLAINFIELD CITY	B	-$114	$384	$270
SUSSEX	FRANKLIN BORO	CD	-$114	$102	-$13
MONMOUTH	BELMAR BORO	CD	-$114	$49	-$64
BERGEN	ROCHELLE PARK TWP	FG	-$113	$140	$28
MONMOUTH	FREEHOLD TWP	GH	-$110	$113	$3
BERGEN	OAKLAND BORO	I	-$110	$151	$41

HUNTERDON	HIGH BRIDGE BORO	GH	-$110	$120	$10
MONMOUTH	MARLBORO TWP	I	-$107	$1	-$106
GLOUCESTER	ELK TWP		-$106	-$20	-$125
HUNTERDON	HAMPTON BORO	DE	-$106	$119	$14
MORRIS	MOUNT OLIVE TWP	GH	-$105	$181	$76
CUMBERLAND	VINELAND CITY	A	-$103	-$102	-$205
SOMERSET	BRIDGEWATER-RARITAN REG	I	-$102	$126	$24
HUDSON	HARRISON TOWN	B	-$102	$124	$22
HUNTERDON	DELAWARE VALLEY REGIONAL	GH	-$101	$101	$0
BERGEN	SADDLE BROOK TWP	DE	-$101	$126	$24
MONMOUTH	HOWELL TWP	FG	-$101	$101	$0
HUNTERDON	FLEMINGTON-RARITAN REG	I	-$100	$100	$0
MONMOUTH	RED BANK REGIONAL	FG	-$100	$122	$22
CAMDEN	BERLIN TWP	CD	-$100	$116	$16
MONMOUTH	MIDDLETOWN TWP	GH	-$99	-$24	-$123
HUNTERDON	DELAWARE TWP	GH	-$98	-$108	-$206
MIDDLESEX	SOUTH BRUNSWICK TWP	I	-$97	$97	$0
HUNTERDON	BETHLEHEM TWP	I	-$96	$96	$0
MORRIS	JEFFERSON TWP	GH	-$95	$95	$0
BURLINGTON	MOUNT HOLLY TWP	B	-$95	$110	$15
ESSEX	IRVINGTON TOWNSHIP	A	-$95	$116	$21
MORRIS	WASHINGTON TWP	I	-$93	$93	$0
ATLANTIC	ESTELL MANOR CITY	DE	-$89	$0	-$90
BERGEN	MIDLAND PARK BORO	GH	-$86	$99	$13
MIDDLESEX	EAST BRUNSWICK TWP	I	-$85	$113	$28
BERGEN	HILLSDALE BORO	GH	-$84	$110	$26
MORRIS	LINCOLN PARK BORO	FG	-$84	$86	$2
HUNTERDON	ALEXANDRIA TWP	GH	-$83	$48	-$35
OCEAN	SOUTHERN REGIONAL	DE	-$83	$118	$35
BURLINGTON	EASTAMPTON TWP	FG	-$82	-$11	-$94
OCEAN	STAFFORD TWP	DE	-$82	$82	$0
MORRIS	MINE HILL TWP	FG	-$81	$139	$58
MONMOUTH	TINTON FALLS	GH	-$80	-$68	-$149
MONMOUTH	HAZLET TWP	DE	-$80	$80	$0
WARREN	HARMONY TWP	DE	-$80	$95	$15
SOMERSET	GREEN BROOK TWP	GH	-$78	$126	$48
BERGEN	EMERSON BORO	GH	-$78	$123	$44
UNION	UNION TWP	DE	-$76	$110	$33
BERGEN	PARAMUS BORO	GH	-$76	$122	$46
BERGEN	LYNDHURST TWP	DE	-$75	$95	$21

MORRIS	PEQUANNOCK TWP	GH	-$75	$75	$0
SUSSEX	FREDON TWP	GH	-$73	$73	$0
CUMBERLAND	STOW CREEK TWP	CD	-$72	-$94	-$166
MONMOUTH	KEYPORT BORO	CD	-$71	$107	$36
BERGEN	LEONIA BORO	GH	-$71	$71	$0
UNION	WINFIELD TWP	B	-$70	$109	$39
MONMOUTH	FARMINGDALE BORO	DE	-$70	$77	$6
MONMOUTH	LONG BRANCH CITY	B	-$70	$223	$153
BERGEN	HARRINGTON PARK BORO	I	-$69	$104	$36
WARREN	NORTH WARREN REGIONAL	FG	-$68	-$4	-$72
BERGEN	RIVER DELL REGIONAL	I	-$66	$113	$47
PASSAIC	WEST MILFORD TWP	FG	-$65	$60	-$6
BERGEN	MAYWOOD BORO	FG	-$65	$74	$9
UNION	KENILWORTH BORO	DE	-$65	$263	$198
ESSEX	NUTLEY TOWN	FG	-$63	$102	$39
BERGEN	NEW MILFORD BORO	FG	-$61	$104	$43
WARREN	HOPE TWP	FG	-$59	$59	$0
MORRIS	HANOVER TWP	I	-$58	$91	$33
UNION	CRANFORD TWP	I	-$58	$79	$21
PASSAIC	BLOOMINGDALE BORO	FG	-$57	$57	$0
MORRIS	ROCKAWAY BORO	FG	-$57	$187	$131
BERGEN	PASCACK VALLEY REGIONAL	I	-$56	$98	$42
BERGEN	RUTHERFORD BORO	GH	-$55	$57	$2
HUNTERDON	HUNTERDON CENTRAL REG	I	-$55	$55	$0
MORRIS	RANDOLPH TWP	I	-$54	$54	$0
GLOUCESTER	DELSEA REGIONAL H.S DIST.	CD	-$52	$52	$0
SOMERSET	BRANCHBURG TWP	I	-$52	$91	$39
PASSAIC	LAKELAND REGIONAL	FG	-$51	$51	$0
MONMOUTH	UPPER FREEHOLD REGIONAL	GH	-$51	$51	$0
MIDDLESEX	OLD BRIDGE TWP	FG	-$49	$49	$0
CAPE MAY	WOODBINE BORO	A	-$48	-$81	-$129
UNION	GARWOOD BORO	DE	-$48	$81	$32
ESSEX	FAIRFIELD TWP	GH	-$48	$97	$49
BERGEN	RAMSEY BORO	I	-$47	$79	$32
MORRIS	MORRIS PLAINS BORO	I	-$46	$64	$18
WARREN	FRANKLIN TWP	DE	-$46	$46	$0
BERGEN	BOGOTA BORO	DE	-$44	$188	$144
HUDSON	HOBOKEN CITY	FG	-$43	-$281	-$324
BERGEN	GARFIELD CITY	B	-$42	$123	$80
HUNTERDON	UNION TWP	GH	-$40	$43	$3

HUNTERDON	LEBANON BORO	I	-$39	$44	$5
CAMDEN	WINSLOW TWP	CD	-$37	$6	-$32
MONMOUTH	MANASQUAN BORO	GH	-$37	$54	$17
ATLANTIC	GREATER EGG HARBOR REG	CD	-$37	$39	$1
BURLINGTON	LENAPE REGIONAL	GH	-$37	$37	$0
BURLINGTON	MANSFIELD TWP	DE	-$36	$57	$22
BERGEN	WESTWOOD REGIONAL	GH	-$35	$64	$29
UNION	CLARK TWP	FG	-$34	$69	$34
ATLANTIC	BUENA REGIONAL	A	-$34	$34	$0
BERGEN	NORTHERN VALLEY REGIONAL	I	-$34	$68	$34
MIDDLESEX	MIDDLESEX BORO	FG	-$34	$148	$114
HUNTERDON	FRANKLIN TWP	I	-$33	$59	$26
MERCER	HAMILTON TWP	FG	-$33	$33	$0
SUSSEX	BYRAM TWP	I	-$32	$32	$0
WARREN	KNOWLTON TWP	FG	-$32	$26	-$6
MONMOUTH	NEPTUNE CITY	CD	-$31	$31	$0
HUNTERDON	N HUNT/VOORHEES REGIONAL	I	-$30	$30	$0
ESSEX	NEWARK CITY	A	-$30	$182	$152
ATLANTIC	PORT REPUBLIC CITY	FG	-$30	-$29	-$59
HUNTERDON	CLINTON TWP	I	-$29	$30	$1
BURLINGTON	CINNAMINSON TWP	FG	-$29	$37	$8
MORRIS	DENVILLE TWP	I	-$29	$54	$25
BERGEN	HAWORTH BORO	I	-$29	$56	$28
BERGEN	CLOSTER BORO	I	-$27	$74	$46
CAMDEN	WOODLYNNE BORO	B	-$27	$241	$214
OCEAN	LAKEHURST BORO	B	-$26	-$34	-$60
OCEAN	LACEY TWP	DE	-$26	$9	-$17
PASSAIC	PASSAIC VALLEY REGIONAL	DE	-$26	$82	$56
HUDSON	UNION CITY	A	-$26	$225	$199
BURLINGTON	SHAMONG TWP	GH	-$25	$25	$0
ESSEX	SOUTH ORANGE-MAPLEWOOD	I	-$25	$63	$38
MIDDLESEX	MILLTOWN BORO	FG	-$23	$69	$46
PASSAIC	WANAQUE BORO	DE	-$23	$23	$0
BERGEN	GLEN ROCK BORO	J	-$22	$61	$39
SOMERSET	MONTGOMERY TWP	J	-$21	$63	$43
BERGEN	PARK RIDGE BORO	I	-$21	$56	$35
MERCER	W WINDSOR-PLAINSBORO REG	J	-$21	$51	$30
BERGEN	ENGLEWOOD CITY	DE	-$20	-$32	-$52
BURLINGTON	LUMBERTON TWP	FG	-$20	-$3	-$23
WARREN	PHILLIPSBURG TOWN	B	-$19	$19	$0

BERGEN	FAIR LAWN BORO	GH	-$18	$144	$125
BERGEN	WOOD-RIDGE BORO	FG	-$18	$58	$39
SUSSEX	LENAPE VALLEY REGIONAL	GH	-$18	$88	$70
SALEM	ALLOWAY TWP	DE	-$18	-$40	-$59
BURLINGTON	WESTAMPTON	GH	-$18	$34	$16
PASSAIC	PASSAIC CITY	A	-$18	$141	$123
OCEAN	TUCKERTON BORO	CD	-$17	$17	$0
WARREN	POHATCONG TWP	DE	-$16	$16	$0
MIDDLESEX	METUCHEN BORO	I	-$16	$55	$38
ESSEX	CALDWELL-WEST CALDWELL	I	-$16	$72	$56
SUSSEX	SPARTA TWP	I	-$16	$16	$0
MORRIS	LONG HILL TWP	I	-$16	$34	$19
SUSSEX	GREEN TWP	I	-$16	$88	$73
OCEAN	POINT PLEASANT BEACH	FG	-$15	$31	$16
UNION	SCOTCH PLAINS-FANWOOD REG	I	-$14	$52	$38
OCEAN	BARNEGAT TWP	CD	-$14	$15	$1
GLOUCESTER	WOODBURY HEIGHTS BORO	FG	-$14	$14	$0
CAMDEN	COLLINGSWOOD BORO	FG	-$13	-$62	-$75
BURLINGTON	WILLINGBORO TWP	DE	-$13	$19	$6
MONMOUTH	MATAWAN-ABERDEEN REGIONAL	FG	-$13	$50	$37
CUMBERLAND	MILLVILLE CITY	A	-$12	-$152	-$165
CAMDEN	HADDON HEIGHTS BORO	GH	-$12	-$67	-$79
ATLANTIC	MAINLAND REGIONAL	DE	-$12	$15	$4
MORRIS	MOUNT ARLINGTON BORO	GH	-$11	$36	$25
SALEM	OLDMANS TWP	CD	-$11	$33	$22
MERCER	TRENTON CITY	A	-$11	$150	$139
HUDSON	SECAUCUS TOWN	DE	-$10	$79	$70
SALEM	QUINTON TWP	A	-$9	$14	$4
MIDDLESEX	SOUTH AMBOY CITY	CD	-$7	$7	$0
BERGEN	RIVER VALE TWP	I	-$7	$52	$45
WARREN	ALPHA BORO	B	-$7	$7	$0
GLOUCESTER	NATIONAL PARK BORO	B	-$7	$55	$48
BURLINGTON	BURLINGTON TWP	FG	-$6	$119	$113
UNION	LINDEN CITY	B	-$6	$363	$357
MERCER	LAWRENCE TWP	GH	-$5	$33	$29
SOMERSET	SOUTH BOUND BROOK	B	-$4	$177	$173
MORRIS	BOONTON TOWN	FG	-$4	$142	$139
MORRIS	WEST MORRIS REGIONAL	I	-$3	-$42	-$45
BURLINGTON	NORTH HANOVER TWP	CD	-$3	$80	$77
CAMDEN	WATERFORD TWP	DE	-$3	$3	$0

HUNTERDON	READINGTON TWP	I	-$1	$24	$23
SALEM	SALEM CITY	A	-$1	-$5	-$6
ATLANTIC	ATLANTIC CITY	A	$0	$906	$906
ESSEX	GLEN RIDGE BORO	I	$1	$45	$46
MORRIS	MORRIS SCHOOL DISTRICT	GH	$1	$7	$8
OCEAN	CENTRAL REGIONAL	B	$1	$33	$34
MONMOUTH	FREEHOLD REGIONAL	GH	$2	-$2	$0
GLOUCESTER	GLASSBORO	B	$2	$7	$9
ATLANTIC	SOMERS POINT CITY	CD	$3	$13	$16
CAMDEN	CAMDEN CITY	A	$3	-$2	$1
WARREN	GREAT MEADOWS REGIONAL	GH	$3	-$32	-$29
WARREN	WARREN HILLS REGIONAL	FG	$3	$20	$23
CAMDEN	BLACK HORSE PIKE REGIONAL	DE	$3	$13	$16
MONMOUTH	MILLSTONE TWP	I	$3	-$3	$0
CAMDEN	HADDON TWP	FG	$5	-$3	$2
BURLINGTON	FLORENCE TWP	DE	$5	$1	$6
ESSEX	MONTCLAIR TOWN	I	$7	-$3	$5
OCEAN	MANCHESTER TWP	B	$8	-$71	-$63
UNION	RAHWAY CITY	CD	$8	$201	$209
PASSAIC	WAYNE TWP	GH	$9	$33	$42
BURLINGTON	MEDFORD TWP	I	$10	-$10	$0
MORRIS	EAST HANOVER TWP	GH	$10	$24	$34
OCEAN	POINT PLEASANT BORO	FG	$11	-$47	-$36
GLOUCESTER	MANTUA TWP	FG	$13	-$13	$0
MORRIS	KINNELON BORO	I	$13	$25	$38
BERGEN	NORWOOD BORO	I	$13	$5	$19
CAMDEN	CLEMENTON BORO	B	$14	$1	$15
UNION	ROSELLE PARK BORO	DE	$15	$215	$229
OCEAN	BEACH HAVEN BORO	FG	$15	-$15	$0
MIDDLESEX	MONROE TWP	FG	$16	$66	$82
ESSEX	VERONA BORO	I	$16	$29	$46
ATLANTIC	NORTHFIELD CITY	DE	$16	-$11	$6
BURLINGTON	EVESHAM TWP	I	$17	-$17	$0
BURLINGTON	DELANCO TWP	CD	$17	-$17	$0
WARREN	BELVIDERE TOWN	DE	$17	-$17	$0
CAMDEN	OAKLYN BORO	CD	$18	-$18	$0
UNION	NEW PROVIDENCE BORO	I	$18	$32	$51
ATLANTIC	FOLSOM BORO	CD	$19	-$12	$7
UNION	BERKELEY HEIGHTS TWP	I	$20	$28	$48
ESSEX	CEDAR GROVE TWP	I	$21	$28	$49

MORRIS	MONTVILLE TWP	I	$22	$38	$60
BURLINGTON	RANCOCAS VALLEY REGIONAL	DE	$24	-$9	$15
BERGEN	BERGENFIELD BORO	FG	$26	$117	$143
BURLINGTON	RIVERTON	GH	$26	-$26	$0
BERGEN	ORADELL BORO	I	$26	$9	$35
UNION	SPRINGFIELD TWP	GH	$27	$31	$59
MIDDLESEX	CARTERET BORO	B	$27	$200	$227
MONMOUTH	WALL TWP	GH	$28	$3	$31
OCEAN	JACKSON TWP	DE	$28	-$28	$0
CAMDEN	VOORHEES TWP	I	$30	-$30	$0
MIDDLESEX	EDISON TWP	GH	$31	$77	$108
MORRIS	RIVERDALE BORO	FG	$31	$13	$44
SOMERSET	WARREN TWP	I	$31	$13	$45
BURLINGTON	BORDENTOWN REGIONAL	FG	$32	$79	$111
UNION	ROSELLE BORO	B	$32	$186	$218
MIDDLESEX	CRANBURY TWP	J	$34	$12	$46
GLOUCESTER	WENONAH BORO	I	$35	-$35	$0
PASSAIC	TOTOWA BORO	CD	$37	$14	$51
WARREN	OXFORD TWP	DE	$38	$44	$82
SOMERSET	NORTH PLAINFIELD BORO	DE	$38	$282	$320
CAMDEN	GLOUCESTER TWP	DE	$38	-$25	$13
WARREN	GREENWICH TWP	I	$39	-$39	$0
WARREN	LOPATCONG TWP	DE	$40	-$20	$19
CAMDEN	BERLIN BORO	DE	$40	-$9	$31
MONMOUTH	WEST LONG BRANCH BORO	FG	$40	-$1	$39
BERGEN	TENAFLY BORO	I	$40	$9	$50
ESSEX	ROSELAND BORO	I	$41	-$4	$37
SOMERSET	SOMERVILLE BORO	FG	$41	$206	$247
MIDDLESEX	PISCATAWAY TWP	GH	$43	$111	$154
BURLINGTON	MOUNT LAUREL TWP	I	$44	-$22	$21
MORRIS	HANOVER PARK REGIONAL	GH	$44	$41	$85
OCEAN	PLUMSTED TWP	DE	$45	-$45	$0
SALEM	WOODSTOWN-PILESGROVE REG	FG	$45	-$55	-$10
CAMDEN	STRATFORD BORO	DE	$45	$63	$108
MERCER	HOPEWELL VALLEY REGIONAL	I	$46	-$11	$35
BERGEN	FORT LEE BORO	FG	$47	-$9	$38
BERGEN	HASBROUCK HEIGHTS BORO	FG	$47	$140	$187
BERGEN	TEANECK TWP	GH	$47	-$22	$25
CAMDEN	EASTERN CAMDEN COUNTY REG	GH	$48	-$48	$0
BERGEN	MONTVALE BORO	I	$50	-$6	$44

SOMERSET	BERNARDS TWP	J	$50	$2	$51
PASSAIC	POMPTON LAKES BORO	FG	$53	$79	$132
HUDSON	NORTH BERGEN TWP	B	$54	$132	$186
BERGEN	CRESSKILL BORO	I	$54	-$13	$41
GLOUCESTER	HARRISON TWP	GH	$55	-$55	$0
MIDDLESEX	SPOTSWOOD	DE	$55	$82	$136
MONMOUTH	SHREWSBURY BORO	I	$56	-$28	$27
GLOUCESTER	CLEARVIEW REGIONAL	FG	$56	-$56	$0
BERGEN	CLIFFSIDE PARK BORO	B	$57	$53	$110
MORRIS	CHESTER TWP	J	$58	-$25	$33
SUSSEX	NEWTON TOWN	CD	$59	$167	$226
MONMOUTH	SHORE REGIONAL	GH	$59	-$14	$45
ESSEX	WEST ESSEX REGIONAL	I	$60	$1	$61
OCEAN	BERKELEY TWP	B	$60	-$33	$27
SALEM	UPPER PITTSGROVE TWP	CD	$62	-$62	$0
MORRIS	MOUNTAIN LAKES BORO	J	$62	-$50	$12
UNION	WESTFIELD TOWN	I	$63	-$25	$38
BERGEN	MAHWAH TWP	I	$64	-$34	$30
WARREN	MANSFIELD TWP	FG	$64	-$24	$40
UNION	HILLSIDE TWP	CD	$67	$169	$236
BURLINGTON	PALMYRA BORO	DE	$69	-$1	$67
CAMDEN	MOUNT EPHRAIM BORO	CD	$69	$10	$79
CAMDEN	BROOKLAWN BORO	B	$69	-$69	$0
UNION	ELIZABETH CITY	A	$70	$239	$309
BURLINGTON	NORTHERN BURLINGTON REG	DE	$72	$83	$154
MORRIS	BOONTON TWP	I	$72	-$30	$41
ATLANTIC	GALLOWAY TWP	CD	$72	$14	$86
MORRIS	NETCONG BORO	DE	$73	$213	$286
GLOUCESTER	WEST DEPTFORD TWP	DE	$73	-$2	$71
BERGEN	RIDGEWOOD VILLAGE	J	$74	-$24	$50
BURLINGTON	RIVERSIDE TWP	B	$76	$133	$209
MIDDLESEX	JAMESBURG BORO	DE	$76	$263	$339
GLOUCESTER	FRANKLIN TWP	CD	$76	-$15	$61
MONMOUTH	SPRING LAKE HEIGHTS BORO	FG	$77	-$60	$17
MIDDLESEX	SOUTH RIVER BORO	CD	$78	$60	$138
PASSAIC	LITTLE FALLS TWP	FG	$78	-$34	$44
CUMBERLAND	HOPEWELL TWP	CD	$80	-$79	$0
BERGEN	OLD TAPPAN BORO	I	$81	-$51	$30
ATLANTIC	MULLICA TWP	B	$81	-$61	$20
BERGEN	NORTHERN HIGHLANDS REG	J	$82	-$27	$56

BERGEN	ALLENDALE BORO	I	$84	-$39	$45
BURLINGTON	MOORESTOWN TWP	I	$87	-$65	$22
MORRIS	MADISON BORO	I	$87	-$34	$53
SALEM	PITTSGROVE TWP	CD	$87	-$78	$9
MIDDLESEX	HIGHLAND PARK BORO	GH	$89	$56	$145
SOMERSET	WATCHUNG HILLS REGIONAL	I	$89	-$16	$73
MORRIS	FLORHAM PARK BORO	I	$89	-$49	$40
CAMDEN	BARRINGTON BORO	FG	$89	$2	$91
CUMBERLAND	MAURICE RIVER TWP	B	$89	-$83	$7
MONMOUTH	OCEANPORT BORO	GH	$90	-$73	$18
ATLANTIC	EGG HARBOR CITY	A	$91	$45	$136
ESSEX	LIVINGSTON TWP	I	$92	-$33	$59
BERGEN	UPPER SADDLE RIVER BORO	J	$93	-$54	$39
MONMOUTH	BRIELLE BORO	GH	$97	-$59	$38
CAPE MAY	CAPE MAY CITY	CD	$97	-$322	-$224
GLOUCESTER	SWEDESBORO-WOOLWICH	DE	$98	$54	$152
MERCER	EWING TWP	DE	$99	$93	$192
PASSAIC	PATERSON CITY	A	$99	$76	$175
BERGEN	WOODCLIFF LAKE BORO	J	$99	-$63	$36
ESSEX	WEST ORANGE TOWN	GH	$100	$148	$248
CAMDEN	CHERRY HILL TWP	GH	$100	$3	$103
BERGEN	DEMAREST BORO	I	$101	-$67	$35
MIDDLESEX	NEW BRUNSWICK CITY	A	$103	$253	$356
SOMERSET	BEDMINSTER TWP	I	$104	-$77	$27
BERGEN	WYCKOFF TWP	I	$105	-$59	$46
GLOUCESTER	GATEWAY REGIONAL	CD	$105	$86	$190
CAMDEN	STERLING HIGH SCHOOL DIST	DE	$107	$69	$176
BERGEN	RAMAPO-INDIAN HILL REG	I	$110	-$51	$59
CAMDEN	PENNSAUKEN TWP	CD	$112	$61	$173
WARREN	WASHINGTON BORO	DE	$113	$9	$122
SOMERSET	WATCHUNG BORO	I	$114	-$55	$59
CAMDEN	SOMERDALE BORO	CD	$116	$82	$198
CAPE MAY	OCEAN CITY	DE	$117	-$103	$14
MONMOUTH	FAIR HAVEN BORO	I	$118	-$83	$36
MORRIS	SCH DIST OF THE CHATHAMS	J	$120	-$75	$45
BERGEN	RIVER EDGE BORO	I	$121	$140	$261
GLOUCESTER	MONROE TWP	CD	$121	$43	$164
SALEM	PENNS GRV-CARNEY'S PT REG	A	$122	$95	$216
UNION	MOUNTAINSIDE BORO	I	$123	-$54	$69
MERCER	PRINCETON	I	$123	-$108	$15

WARREN	HACKETTSTOWN	DE	$124	$85	$209
CUMBERLAND	COMMERCIAL TWP	A	$125	-$116	$9
CAMDEN	LAWNSIDE BORO	B	$125	$165	$290
CAMDEN	RUNNEMEDE BORO	B	$126	$30	$156
MONMOUTH	RED BANK BORO	CD	$128	$298	$426
MIDDLESEX	SAYREVILLE BORO	DE	$129	$53	$182
SALEM	PENNSVILLE	CD	$129	$53	$182
PASSAIC	HAWTHORNE BORO	DE	$130	$25	$154
ATLANTIC	HAMILTON TWP	CD	$130	-$43	$88
BURLINGTON	EDGEWATER PARK TWP	DE	$131	$75	$206
MONMOUTH	AVON BORO	I	$132	-$110	$22
MONMOUTH	ATLANTIC HIGHLANDS BORO	GH	$132	-$100	$32
WARREN	ALLAMUCHY TWP	I	$136	-$106	$29
CAMDEN	HADDONFIELD	J	$136	-$86	$50
GLOUCESTER	SOUTH HARRISON TWP	FG	$137	-$67	$69
MONMOUTH	HOLMDEL TWP	I	$137	-$83	$55
MORRIS	WHARTON BORO	DE	$138	$240	$377
ESSEX	BELLEVILLE TOWN	CD	$138	$109	$247
OCEAN	ISLAND HEIGHTS BORO	GH	$139	-$146	-$6
BURLINGTON	MEDFORD LAKES BORO	I	$140	$19	$159
GLOUCESTER	PAULSBORO BORO	A	$140	$67	$207
CAMDEN	MAGNOLIA BORO	CD	$142	$17	$158
MERCER	EAST WINDSOR REGIONAL	GH	$144	$171	$315
ATLANTIC	EGG HARBOR TWP	CD	$145	$76	$220
CUMBERLAND	CUMBERLAND REGIONAL	B	$145	-$18	$127
GLOUCESTER	WESTVILLE BORO	B	$145	$62	$207
MORRIS	MENDHAM BORO	J	$149	-$116	$33
BERGEN	NORTH ARLINGTON BORO	DE	$149	$83	$233
ESSEX	CITY OF ORANGE TWP	A	$150	$107	$257
BERGEN	HO HO KUS BORO	J	$151	-$101	$50
BERGEN	EDGEWATER BORO	DE	$152	-$100	$52
SOMERSET	SOMERSET HILLS REGIONAL	I	$153	-$92	$61
MONMOUTH	DEAL BORO		$154	-$154	$0
MONMOUTH	LITTLE SILVER BORO	J	$154	-$105	$49
UNION	SUMMIT CITY	I	$156	-$112	$44
HUNTERDON	TEWKSBURY TWP	J	$158	-$137	$21
CAMDEN	AUDUBON BORO	DE	$158	-$31	$127
GLOUCESTER	DEPTFORD TWP	CD	$167	$2	$170
ATLANTIC	MARGATE CITY	DE	$168	-$191	-$23
MERCER	ROBBINSVILLE TWP	I	$170	$67	$237

SALEM	ELSINBORO TWP	DE	$171	-$61	$110
HUDSON	EAST NEWARK BORO	A	$175	$248	$423
HUDSON	WEST NEW YORK TOWN	A	$175	$56	$230
ESSEX	NORTH CALDWELL BORO	J	$175	-$108	$67
PASSAIC	WOODLAND PARK	DE	$176	$35	$211
CAMDEN	PINE HILL BORO	B	$178	$65	$243
OCEAN	LAVALLETTE BORO	DE	$180	-$198	-$18
GLOUCESTER	EAST GREENWICH TWP	FG	$184	-$32	$152
OCEAN	LONG BEACH ISLAND	FG	$186	-$174	$12
CUMBERLAND	UPPER DEERFIELD TWP	B	$189	-$5	$184
PASSAIC	NORTH HALEDON BORO	FG	$191	-$168	$23
ATLANTIC	ABSECON CITY	CD	$191	-$2	$189
MONMOUTH	COLTS NECK TWP	I	$191	-$173	$18
CAPE MAY	WEST CAPE MAY BORO	DE	$192	-$192	$0
BERGEN	LODI BOROUGH	B	$196	$232	$427
HUDSON	KEARNY TOWN	B	$196	$225	$422
CAMDEN	LAUREL SPRINGS BORO	DE	$197	$60	$257
BURLINGTON	DELRAN TWP	FG	$201	$119	$320
CAPE MAY	STONE HARBOR BORO	FG	$202	-$308	-$106
MONMOUTH	RUMSON-FAIR HAVEN REG	J	$202	-$145	$57
OCEAN	BAY HEAD BORO	I	$203	-$183	$20
ESSEX	BLOOMFIELD TWP	DE	$206	$138	$344
CUMBERLAND	DEERFIELD TWP	B	$207	$5	$212
ESSEX	ESSEX FELLS BORO	J	$212	-$179	$33
BURLINGTON	MAPLE SHADE TWP	CD	$215	$60	$275
BERGEN	FRANKLIN LAKES BORO	I	$215	-$193	$22
MONMOUTH	MONMOUTH BEACH BORO	I	$218	-$207	$11
GLOUCESTER	WOODBURY CITY	B	$222	$34	$256
GLOUCESTER	CLAYTON BORO	CD	$229	$45	$274
ESSEX	MILLBURN TWP	J	$232	-$176	$56
MORRIS	MENDHAM TWP	J	$232	-$177	$55
MIDDLESEX	DUNELLEN BORO	FG	$238	$155	$393
HUDSON	BAYONNE CITY	CD	$244	$107	$351
BERGEN	HACKENSACK CITY	CD	$258	$168	$426
PASSAIC	HALEDON BORO	B	$261	$108	$369
CUMBERLAND	FAIRFIELD TWP	A	$263	-$169	$94
MIDDLESEX	WOODBRIDGE TWP	DE	$273	$138	$411
CAMDEN	LINDENWOLD BORO	B	$273	$124	$397
BERGEN	ENGLEWOOD CLIFFS BORO	I	$275	-$211	$64
BERGEN	WALLINGTON BORO	B	$276	$134	$410

MONMOUTH	RUMSON BORO	J	$278	-$229	$49
PASSAIC	PROSPECT PARK BORO	B	$281	$57	$338
MONMOUTH	SEA GIRT BORO	I	$285	-$265	$20
MONMOUTH	SPRING LAKE BORO	I	$295	-$277	$18
PASSAIC	CLIFTON CITY	CD	$300	$51	$351
CUMBERLAND	LAWRENCE TWP	A	$303	-$84	$219
CAMDEN	BELLMAWR BORO	B	$304	$57	$361
BERGEN	RIDGEFIELD PARK TWP	DE	$311	$231	$542
CAMDEN	MERCHANTVILLE BORO	DE	$316	-$22	$294
MORRIS	DOVER TOWN	A	$322	$159	$480
CAPE MAY	AVALON BORO	FG	$330	-$330	$0
SOMERSET	MANVILLE BORO	CD	$333	$242	$575
GLOUCESTER	KINGSWAY REGIONAL	FG	$339	$10	$348
MORRIS	HARDING TOWNSHIP	J	$344	-$253	$91
BERGEN	LITTLE FERRY BORO	CD	$355	$192	$547
MONMOUTH	FREEHOLD BORO	B	$360	$294	$654
ATLANTIC	HAMMONTON TOWN	B	$364	-$2	$362
MIDDLESEX	NORTH BRUNSWICK TWP	FG	$378	$122	$500
PASSAIC	PASSAIC CO MANCHESTER REG	B	$386	$327	$713
HUDSON	GUTTENBERG TOWN	B	$401	$193	$594
CUMBERLAND	BRIDGETON CITY	A	$411	$39	$451
BERGEN	ALPINE BORO	I	$428	-$385	$43
BERGEN	SADDLE RIVER BORO	J	$491	-$402	$90
BURLINGTON	CHESTERFIELD TWP	GH	$528	$73	$601
BERGEN	ELMWOOD PARK	CD	$528	$159	$688
BERGEN	FAIRVIEW BORO	A	$574	$241	$815
SOMERSET	BOUND BROOK BORO	B	$714	$325	$1,040
MONMOUTH	ALLENHURST				-$725
CAPE MAY	CAPE MAY POINT				-$489
CAMDEN	CHESILHURST	A			-$433
OCEAN	SEASIDE PARK BORO	DE			-$343
MONMOUTH	LAKE COMO				-$294
ATLANTIC	CORBIN CITY				-$279
CAPE MAY	SEA ISLE CITY	B			-$203
ATLANTIC	LONGPORT				-$140
OCEAN	OCEAN COUNTY VOCATIONAL				$0
MONMOUTH	MONMOUTH CO VOCATIONAL				$0
BERGEN	BERGEN COUNTY VOCATIONAL				$0
SUSSEX	SUSSEX COUNTY VOCATIONAL				$0
MORRIS	MORRIS COUNTY VOCATIONAL				$0

CAPE MAY	CAPE MAY CO VOCATIONAL		$0
HUNTERDON	HUNTERDON CO VOCATIONAL		$0
SOMERSET	SOMERSET CO VOCATIONAL		$0
BURLINGTON	BURLINGTON CO VOCATIONAL		$1
CAPE MAY	WEST WILDWOOD		$6
HUNTERDON	SOUTH-HUNTERDON	I	$21
SALEM	ELMER BORO	CD	$26
MONMOUTH	INTERLAKEN		$34
WARREN	WARREN COUNTY VOCATIONAL		$41
CAMDEN	CAMDEN COUNTY VOCATIONAL		$43
HUDSON	HUDSON COUNTY VOCATIONAL		$46
MIDDLESEX	MIDDLESEX CO VOCATIONAL		$118
BERGEN	ROCKLEIGH		$133
ESSEX	ESSEX CO VOC-TECH		$148
MERCER	MERCER COUNTY VOCATIONAL		$150
GLOUCESTER	NEWFIELD BORO		$156
GLOUCESTER	GLOUCESTER CO VOCATIONAL		$212
SALEM	SALEM COUNTY VOCATIONAL		$300
UNION	UNION COUNTY VOCATIONAL		$454
CAMDEN	HI NELLA		$478
CUMBERLAND	CUMBERLAND CO VOCATIONAL		$522
PASSAIC	PASSAIC COUNTY VOCATIONAL		$608
ATLANTIC	ATLANTIC CO VOCATIONAL		$976

Note: Districts without predicted changes and differences in prediction could not be included in the model due to missing data.

Appendix Figure 1

Regression Model 1 Output

```
. //Model 1: Log Income and Covariates
. regress net_aidPP effort log_incPP pct6to8_ccdpsu pct9to12_ccdpsu pctLEP16 saipe_perpov WLT_GC
> A   [aweight = ENC_RES], vce(robust)
(sum of wgt is   1.3171e+06)

Linear regression                               Number of obs =     541
                                                F(  7,   533) =   32.17
                                                Prob > F      =  0.0000
                                                R-squared     =  0.3600
                                                Root MSE      =  155.13
```

net_aidPP	Coef.	Robust Std. Err.	t	P>|t|	[95% Conf.	Interval]
effort	4510.302	509.0386	8.86	0.000	3510.334	5510.27
log_incPP	-116.4888	47.6656	-2.44	0.015	-210.1242	-22.85327
pct6to8_ccdpsu	41.15696	130.3136	0.32	0.752	-214.8342	297.1481
pct9to12_ccdpsu	18.97727	46.43178	0.41	0.683	-72.23446	110.189
pctLEP16	896.298	255.6064	3.51	0.000	394.1785	1398.418
saipe_perpov	-309.0304	319.8277	-0.97	0.334	-937.3079	319.2471
WLT_GCA	2391.964	581.9222	4.11	0.000	1248.822	3535.107
_cons	-1111.159	919.292	-1.21	0.227	-2917.039	694.7207

Technical Appendix

Data Sources

Aid redistribution in the Sweeny-Prieto proposal was published in a notice with the following attribution: "Prepared by the Office of Legislative Services, Education Section, using data provided by the Department of Education. June 14, 2017." This document was retrieved from the New Jersey School Boards Association website: https://www.njsba.org/wp-content/uploads/2017/06/state-aid-run-june15.pdf

District enrollment and fiscal data comes from the document titled: "Variables from the FY17 Legislature Model (full funding) 'Information Only' Notices." I obtained this from the Education Law Center; my thanks to Dr. Danielle Farrie, Director of Research.

Student characteristics are derived from the New Jersey Department of Education's (NJDOE) district enrollment files for 2015-16: http://www.nj.gov/education/data/enr/enr16/

Special education classification rates are from the NJDOE's files for October 15, 2015: http://www.nj.gov/education/specialed/data/2015.htm.

Both enrollment and special education files treat charter schools as their own districts; I collapse charter enrollments into the school district based on the charter's geographic location. This methodology does present a limitation on the analysis: charter schools can receive students from sending districts other than the one where they are geographically located. A charter in Newark, for example, might enroll students from East Orange; East Orange, however, would still include that child in its aid notice enrollment figure, as the district is fiscally responsible for passing through payments to the charter. Preliminary research suggests this is not a large factor in determining district student demographics when "collapsed" with charter enrollments by geography; however, caution is still warranted in interpreting the results presented here.

District Factor Groups are from the NJDOE: http://www.state.nj.us/education/finance/rda/dfg.shtml

Grade level and additional data is for the 2013-14 school year from:

> Baker, B.D., Srikanth, A., Weber, M.A. (2016). *Rutgers Graduate School of Education/Education Law Center: School Funding Fairness Data System*. Retrieved from: **http://www.schoolfundingfairness.org/data-download**

Weighting and Statistical Significance Tests

Unless otherwise stated, all means are weighted in this analysis. Weighting is based on resident enrollment (ENC_RES) in the FY17 Legislature Model.

To determine the statistical significance of the correlations between student or district characteristics and Sweeney-Prieto aid changes, I regress the aid change on the percentage of each demographic group.

While I present descriptive statistics showing these correlations in bins, the regressions used to test statistical significance generally used continuous variables (the only exception is the regression on DFGs, which is a categorical variable). While this method presupposes linear relationships, I contend it is a better method as information is not lost while making arbitrary bins.

These statistical significance tests referred to in the body of the report are based on weighted regressions, using Stata's "aweight" option. I report both weighted and unweighted in the Supplement. The issue of using weights in regressions is both complex and subtle.[21] Ultimately, I choose weighted regressions for these tests as I interpret per pupil spending figures as a mean for all pupils within a district, which justifies the use of analytic weights.[22]

I note that while the coefficients for pct. Hispanic, pct. White, pct. Free Lunch, pct. LEP, pct. charter, and grade level change when switching from a weighted to unweighted regression, statistical significance ($p<0.05$) does not. Significance does change for pct. Black, pct. Asian, and pct. Special Education. Ultimately, these tests do not change the descriptive statistics presented in the brief.

Modeling

In all models, *effort* is calculated from figures from the FY17 Legislature Model: 2015-16 General Fund Tax Levy (PBD_GFT) divided by 2013 District Income (WLT_INCM).

I use the log of income per pupil (WLT_INCM / ENC_RES) or the log of property values per pupil (WLT_EQVL / ENC_RES) as the *capacity* measure under the theory that there is a threshold for how much any community will spend on its schools; therefore, very affluent districts will have taxing capacity well beyond what they would ever consider spending.

The percentage of Grade 6-8 and Grade 9-12 students reflects how the SFRA formula weights students in these grades differently than students in the lower grades. The percentage of LEP students is also reflective of the different weight these students are given in the formula.

[21] See: Gary Solon & Steven J. Haider & Jeffrey M. Wooldridge, 2015. "What Are We Weighting For?," Journal of Human Resources, University of Wisconsin Press, vol. 50(2), pages 301-316. Retrieved from http://www.nber.org/papers/w18859

[22] See: http://www.parisschoolofeconomics.eu/docs/dupraz-yannick/using-weights-in-stata(1).pdf

I choose to substitute poverty rates from the Small Area Income and Poverty Estimates in place of free and reduced price lunch measures in the model. Several districts in New Jersey have moved to universal free lunch enrollment[23], removing the incentive for families to register their children for the program; consequently, FRPL rates have fallen in some districts even though there is very little reason to believe poverty rates have dropped. I am unaware of any technical papers released by NJDOE regarding how SFRA calculations are currently made without accurate FRPL data. The poverty measures are reported in the School Funding Fairness Data System; the original data comes from the US Census Bureau for 2014.

The Geographic Cost Adjustment (WLT_GCA) comes from the FY17 Legislature Model.

The body of the brief presents the models as weighted regressions, using the "aweight" option in Stata. Again, I choose to weight the regressions as I interpret the per pupil aid figures as means for all pupils within a district. The Supplement has both weighted and unweighted outputs for all models. I note here that while the R-squares of the unweighted models is high, weighting makes them even higher. If the goal of the models is to explain as much of the variation in aid allocations based on *effort*, *cost*, and *capacity*, weighting gets the models closer to that goal.

Model 1: Effort, Capacity Measured by Income, and Cost Measured by Student/District Factors

In this model, the relationship between Sweeney-Prieto aid changes and *effort* is calculated by using the log of district income (per pupil) as a measure of *capacity*, and student/district characteristics as measures of *cost*.

SweeneyPrietoAidChange = f(effort log_incPP pct6to8 pct9to12 pctLEP16 saipe_perpov WLT_GCA)

The *cost* variables in the model include grade level, LEP percentage, poverty percentage, and the Geographic Cost Adjustment (GCA). For this analysis I chose not to include special education percentage in the models, as SFRA uses a "census" approach to special education and does not allocate funding based on differences in districts' classification rates.

The residuals and fitted values in Appendix Table 1 come from Model 1.

Model 2: Effort, Capacity Measured by Property Value, and Cost Measured by Student/District Factors

This model is like Model 1, but substitutes property values as a measure of *capacity*.

SweeneyPrietoAidChange = f(effort log_valPP pct6to8 pct9to12 pctLEP16 saipe_perpov WLT_GCA)

[23] See: http://www.courierpostonline.com/story/news/local/south-jersey/2014/09/10/two-districts-use-federal-funds-free-student-meals/15407717/ and http://www.nj.com/essex/index.ssf/2014/08/post_29.html

SFRA does use both income and property value as measures of *capacity*. Including both in a regression model, however, induces multicollinearity, as a district with higher income per pupil almost certainly has higher property values per pupil. I choose, therefore, to use two models, keeping the capacity variables separate. As above, the variables to the right of *log_valPP* hold *cost* constant.

Model 3: Effort, Capacity and Cost Measured by SFRA Adequacy Budget

In its listing of aid changes under Sweeny-Prieto, the OLS included a measure of "Aid at Adequacy." This measure purportedly shows the amount of aid a district would receive under SFRA adequacy calculations. Since adequacy is determined by *cost* and *capacity*, I use it as a substitute for the other variables in the models 1 and 2.

$$SweeneyPrietoAidChange = f(effort\ aidAtAdequacyPP)$$

To test how well the covariates in Models 1 and 2 predict *AidAtAdequacyPP*, I regress the adequacy measure on all the covariates in the earlier models (save *effort*). The regression outputs in the Supplement show very high r-squares for both models: 0.907 for Model 1, and 0.918 for Model 2, meaning these models' covariates explain a large portion of the variation in Aid at Adequacy.

Other

All programming was done in Stata 13. Graphics were created in Microsoft Excel.

About the Author

Mark Weber is a doctoral candidate in Education Theory, Organization, and Policy at the Graduate School of Education at Rutgers, the State University of New Jersey. He currently works as a teacher for the Warren Township Schools, NJ.

The author received no funding for this brief. The analysis and conclusions within are entirely his own and do not reflect the opinions of his employers, Rutgers University, or any associations with which he is affiliated.

© 2017. All rights reserved.