

**Assembly Budget Committee
Committee Room 11, 4th Floor, State House Annex
April 15, 2025, 10 a.m.**

**New Jersey Department of Education
Lily Laux, Ph.D., Commissioner**

Good morning, Chairwoman Pintor Marin, Vice Chairwoman Park, and members of the Assembly Budget Committee.

I'm grateful for the opportunity to be here today to discuss Governor Sherrill's FY27 proposed budget and our shared work to ensure New Jersey's education system delivers for every student.

Since I moved here, I have made it a point to be in a school every single week. From Vineland to Burlington, from Trenton to Red Bank, and from Union to Newark, I am seeing what you all know well: strong educators, determined students, and schools doing remarkable work every day, often under real constraints. Those visits keep me grounded in what is working, where barriers remain, and what state-level decisions mean for our students.

I get asked a lot why I'm here. And I always start in the same place, because I think it matters.

Public schools changed my life.

I was raised by a single mom who never had the opportunity to go to college herself. When I was young, my parents divorced, and my mom needed to find us a place to live. She moved us to a town where she had no connections, but she had been told the public schools were okay. And once we got there, I had teachers who believed I could succeed and who made sure I did.

That experience is what led me to become a middle school reading teacher in Memphis, Tennessee. My students were curious, funny, and hardworking. They made real academic growth. But too many of them still finished behind, not because of anything they were doing wrong, but because the system wasn't delivering what they needed. That distance between what students are capable of and what our systems deliver has been the throughline of my work ever since. It's why I moved into systems-level leadership, and it's why, when Governor

Sherrill called, I heard a leader who was serious about closing that distance. That's why I'm here.

New Jersey has an incredible opportunity in front of us.

You are legislators who are deeply focused on what is best for your communities. This is a state that values public education and is willing to invest in it. At the same time, the challenges we face are real: unfinished COVID recovery, funding volatility, rising costs, a strained teacher pipeline, and too many students still not reading on grade level.

What I've learned through this work is that systems can help students succeed, or they can get in the way. My job is to make sure they help.

That means this: my responsibility is to support all students. And it also means being honest that students and communities with greater needs will require greater support. That is not about winners and losers. It is about children — all of our children.

We are committed to being transparent about how we identify needs and how we direct resources. And we must couple finance with performance. Resources matter, but how we use them matters just as much.

Governor Sherrill has also been clear, and I fully share this commitment: strong investment must be paired with stronger fiscal support and real accountability to ensure we get the outcomes we expect and need for our students.

We need clearer data for communities. Better tools to help districts engage residents and make informed decisions about how to prioritize limited resources. This is an area of real passion for me. At the state level, it is our job to make sure communities have the information they need, in a way that is clear and understandable.

That also means we will be asking: Where are schools serving students well, particularly diverse learners, students with disabilities, multilingual learners, and students living in poverty? And where are systems making success harder than it needs to be?

We are not working with unlimited dollars. That means helping communities think creatively and responsibly, whether that's sharing services for transportation and special education, or rethinking district structures, so that resources are directed toward expanding real opportunities for students, like afterschool programming, advanced coursework, and student supports.

This FY27 budget reflects that balanced approach.

It delivers a historic \$12.4 billion in K–12 State aid, including an increase of \$372 million from the prior year. This is a record investment. At the same time, it acknowledges a reality that we all understand: funding alone cannot resolve every systemic cost pressure.

The Governor’s budget includes thoughtful, stakeholder-driven improvements to the School Funding Reform Act, including using a three-year average for local fair share to reduce volatility, and using actual special education enrollment so aid more accurately reflects district needs.

To protect students and communities from disruptive funding shocks, the budget limits State aid reductions to 3 percent. This prevents an additional \$188 million in cuts and avoids scenarios where districts would otherwise lose up to 60 percent of their aid in a single year.

As a result, every county in New Jersey sees a net gain in State aid. The budget also makes targeted investments beyond the formula, including expanding preschool, strengthening school-based mental health services, and doubling funding for high impact tutoring.

High Impact Tutoring is a good example of how we approach investment. We know from research and experience that high-quality, targeted tutoring can accelerate student learning when it is implemented well. This budget doubles investment in tutoring that is aligned to classroom instruction, grounded in data, and embedded into the school day where possible. Our responsibility at the state level is not only to fund approaches that work, but to ensure they are implemented with fidelity, so students see real results.

Even with this record level of funding, we know more work is needed to ensure students and taxpayers see the strongest possible return on that investment. FY27 provides stability while we do the work of modernizing New Jersey’s funding system to better address rising costs in special education, transportation, and contracted services, while holding firm to a core principle: funding follows students and their needs.

The funding formula was groundbreaking when implemented, but it has now been nearly 20 years. We need updated cost studies. We need to revisit how we account for at-risk students and multilingual learners and special education. And we need to take a careful look at the funding methodology as we work to **stabilize and modernize the formula.**

This work will not happen overnight. Comprehensive school finance reform takes time and must be done thoughtfully with stakeholder input. We will begin that process together, while also working by improving transparency in school financial and performance data.

Collaborating with you, educators, families, and our school communities is a central focus of the year ahead.

New Jersey has strategic priorities: funding stability, early learning, literacy, student mental health, and a strong educator workforce. My job is to ensure the Department's operations advance those priorities in ways that make your work more manageable, not more complicated. Where policies or systems are not serving that purpose, we need to change them.

That also means better tools for communities. We need dashboards that show how students are doing, where progress is being made, and where barriers remain. Not data for the sake of compliance, but information that supports sound decision making.

My goal is for the Department to be operationally excellent, responsive, clear, and useful. We need data systems that give you actionable information without creating excessive burden. Guidance should be easy to understand and to find. And we should focus on the things that matter the most, so we get resources where they are most needed.

That same discipline applies as we think about early learning.

We are expanding access to **high-quality preschools** because the evidence is clear. With a 9.3% increase here too is another record level investment of almost \$1.4 Billion. High-quality preschool strengthens school readiness, supports working families, and is one of the most effective long-term investments we can make for students.

Last year, this Legislature passed, and we are implementing, the New Jersey Universal Preschool and Kindergarten Act, building on the State's commitment to early learning. As part of that work, some districts expand preschool through partnerships with community-based providers, childcare centers, and Head Start programs, all held to the same high standards.

The Department's role is to make sure that expansion is done well. That means clear standards, data informed decision making, and coherent expectations from preschool through grade twelve. The goal is to expand access where need is greatest while maintaining

quality across settings, so early childhood delivers on its promise as a foundation for long-term student success.

That foundation connects directly to another priority: **literacy**.

Reading depends on two essential skills. Students must be able to recognize written words, and they must be able to make sense of language and content. Both are necessary, and both must be intentionally developed.

Learning to decode requires direct instruction in how letters represent sounds and how those sounds come together. But effective reading instruction also requires building students' background knowledge across subjects like history and science, because comprehension depends not just on decoding skills but on understanding the content and context of what's being read.

Our focus is on making literacy instruction coherent and practical for educators. That means clear guidance, aligned training, and tools that connect directly to classroom practice. The goal is not compliance. The goal is to ensure that every teacher understands how reading develops, every school can identify student needs early, and every child receives support before gaps widen.

The literacy legislation passed by this body provides an important foundation. The Department takes its responsibility seriously and is working to implement literacy supports as part of a connected system that aligns early learning, teacher preparation, professional learning, coaching, and instructional materials so literacy instruction is effective rather than fragmented.

We are also strengthening student **mental health supports** because students are facing growing and increasingly complex challenges. Schools have become an important point of access for mental health support. That role is critical, but it is not sustainable without direct support for school leaders and educators, and stronger coordination across systems.

Our focus is on building a more coherent system that strengthens connections between schools and community providers, supports educators with appropriate training, and creates clearer pathways for families to access services. I look forward to working with my cabinet colleagues as we implement Governor Sherrill's SPARK initiative to address these complex needs in a coordinated way.

Finally, we are approaching the **educator workforce** with the same discipline. A strong educator workforce is essential to every investment in this budget. Our focus is on reducing barriers to entry, supporting early career educators, and examining where state-level administrative processes can

be streamlined to improve retention, while being mindful of what is within the Department's direct control.

At the end of the day, this budget is about aligning resources with results, stability with accountability, and investment with urgency.

Today's students will soon be shaping New Jersey's future. Whether they are ready depends on the decisions we make now. I am grateful for the opportunity to do this work with you, and I look forward to continuing our partnership on behalf of students and families across the state.

Thank you, and I am happy to answer any questions.