

18A:7D-1

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(Quality  
Education Act of  
1990')

LAWS OF: 1990

CHAPTER: 52

Bill No: S2721

Sponsor(s): Dalton

Date Introduced: June 4, 1990

Committee: Assembly: ----

Senate: Revenue, Finance and Appropriations; Education

Amended during passage: Yes Amendments during passage  
denoted by asterisks.

Date of Passage: Assembly: June 21, 1990

Senate: June 20, 1990

Date of Approval: July 23, 1990

Following statements are attached if available:

Sponsor statement: Yes

Committee Statement: Assembly: No

Senate: Yes 6-14-90--2 Statements

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[FIRST REPRINT]

SENATE, No. 2721

STATE OF NEW JERSEY

INTRODUCED JUNE 4, 1990

By Senator DALTON

1 AN ACT concerning State aid for public schools and revising the  
2 statutory law.

3

4 BE IT ENACTED *by the Senate and General Assembly of the*  
5 *State of New Jersey:*

6 1. (New section) This act shall be known and may be cited as  
7 the "Quality Education Act of 1990."

8 2. (New section) a. The Legislature finds and declares that:

9 (1) The New Jersey Constitution provides that the  
10 maintenance and support of a thorough and efficient system of  
11 free public schools for the instruction of all children in the State  
12 between the ages of 5 and 18 is a legislative responsibility;

13 (2) In 1973 the Supreme Court of New Jersey determined that  
14 the constitutional requirement was not being met and that action  
15 needed to be taken to correct this deficiency;

16 (3) In 1975, the Legislature and Governor enacted the "Public  
17 School Education Act of 1975," P.L.1975, c.212, which contained  
18 a school aid formula using a guaranteed tax base system;

19 (4) Because of changes in the relative distribution of wealth  
20 among New Jersey's municipalities and the aid formula's use of  
21 prior year budget data, a substantial number of school districts  
22 have found it difficult to raise sufficient money to provide a  
23 thorough and efficient system of education, even when they  
24 impose a substantial tax burden on the property owners in the  
25 district; <sup>1</sup>[and]<sup>1</sup>

26 (5) The ability of all school districts to plan for and provide a  
27 thorough and efficient education has been further diminished  
28 because the State has appropriated adequate funds to fully  
29 implement the formula in only three of the fourteen years in  
30 which the formula has been operative <sup>1</sup>; and

31 (6) On June 5, 1990, the New Jersey Supreme Court ruled that  
32 as applied the "Public School Education Act of 1975" is  
33 unconstitutional insofar as it does not ensure sufficient funding to  
34 provide a thorough and efficient education to pupils residing in  
35 poorer urban districts<sup>1</sup>.

36 b. The Legislature, therefore, in order to ensure the provisions  
37 of a thorough and efficient education to all the children of this  
38 State, does establish a new school aid formula so that:

39 (1) A district's ability to raise local revenue to support its

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in the  
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup> Senate SED committee amendments adopted June 14, 1990.

1 schools will be better determined by using a combination of the  
2 district's property wealth and aggregate personal income;

3 (2) The combination of State aid, local effort, local initiative  
4 and State monitoring will ensure that in each school district there  
5 is sufficient money to provide a thorough and efficient education  
6 to every child;

7 (3) The calculation of State school aid will provide for  
8 districts' budget needs in the current year, so that districts  
9 which must increase their expenditures in order to provide a  
10 thorough and efficient education will receive appropriate State  
11 support; <sup>1</sup>[and]<sup>1</sup>

12 (4) The formula will be fully funded in all years because the  
13 growth in the formula will be tied to growth in Statewide  
14 personal income, so that the primary State revenue source will  
15 increase in proportion to growth in the State's obligation for  
16 school aid <sup>1</sup>; and

17 (5) The formula will provide that by the 1995-1996 school  
18 year, the per pupil expenditures in the poorer urban districts will  
19 be substantially equal to those in the wealthy suburban districts<sup>1</sup>.

20 3. (New section) For the purposes of this act, unless the  
21 context clearly requires a different meaning:

22 "Adjusted resident enrollment" means the number of pupils  
23 who on the last school day prior to October 16 of the prebudget  
24 year are residents of the district and are enrolled in: (1) the  
25 public schools of the district, except as a post-graduate or  
26 evening school pupil; (2) another school district to which the  
27 district of residence pays tuition; (3) a county vocational school  
28 district; or (4) a county special services school district.

29 "Bilingual education pupil" means a pupil enrolled in a program  
30 of bilingual education approved by the State board.

31 "County vocational school, special <sup>1</sup>[needs] education services<sup>1</sup>  
32 pupil" means a pupil who is attending a county vocational school  
33 and who is receiving specific services pursuant to chapter 46 of  
34 Title 18A of the New Jersey Statutes.

35 "CPI" means the average annual increase, expressed as a  
36 decimal, in the consumer price index for all urban consumers in  
37 the New York City and Philadelphia areas during the three fiscal  
38 years preceding the prebudget year as reported by the United  
39 States Department of Labor.

40 "Current expense" means all expenses of the school district, as  
41 enumerated in N.J.S. 18A:22-8, other than those required for  
42 interest and debt redemption charges and any budgeted capital  
43 outlay.

44 "Debt service" means and includes payments of principal and  
45 interest upon school bonds and other obligations issued to finance  
46 the acquisition of school sites and the acquisition, construction or  
47 reconstruction of school buildings, including furnishings,  
48 equipment and the costs of issuance of such obligations and shall

1 include payments of principal and interest upon bonds heretofore  
2 issued to fund or refund such obligations, and upon municipal  
3 bonds and other obligations which the commissioner approves as  
4 having been issued for such purposes. Debt service pursuant to  
5 the provisions of P.L.1978, c.74 (C.18A:58-33.22 et seq.),  
6 P.L.1971, c.10 (C.18A:58-33.6 et seq.) and P.L.1968, c.177  
7 (C.18A:58-33.2 et seq.) is excluded.

8 "District income" means the aggregate income of the residents  
9 of the taxing district or taxing districts, based upon data provided  
10 by the Bureau of the Census in the United States Department of  
11 Commerce for the most recent year prior to the budget year.

12 With respect to regional districts and their constituent  
13 districts, however, the district income as described above shall be  
14 allocated among the regional and constituent districts in  
15 proportion to the number of pupils in each of them.

16 "Equalized valuation" means the equalized valuation of the  
17 taxing district or taxing districts as certified by the Director of  
18 the Division of Taxation on October 1 of the prebudget year.

19 With respect to regional districts and their constituent  
20 districts, however, the equalized valuations as described above  
21 shall be allocated among the regional and constituent districts in  
22 proportion to the number of pupils in each of them. <sup>1</sup>With respect  
23 to certain operating school districts, other than school districts  
24 that received funds through a municipal budget in 1989 as  
25 determined pursuant to column 1 (c) of Section C of the Abstract  
26 of Ratables, that are composed of one or more taxing districts,  
27 where 20% or more of the land area of the taxing district is  
28 situated within the development district subject to an  
29 intermunicipal tax sharing agreement pursuant to P.L. 1968, c.  
30 404 (C. 13:17-1 et seq.), the equalized valuation shall equal the  
31 product of .70 and the amount of equalized valuation certified by  
32 the director.<sup>1</sup>

33 "Evening school pupils" means the equated full-time resident  
34 enrollment of pupils enrolled in a public evening school  
35 established pursuant to N.J.S.18A:48-1.

36 "Maximum Statewide foundation aid" shall be determined  
37 annually by subtracting the total State aid payable pursuant to  
38 sections 14 <sup>1</sup>[and] <sup>1</sup>16<sup>1</sup>, 80 and 81<sup>1</sup> of this amendatory and  
39 supplementary act from the maximum State school aid.

40 "Maximum State school aid" shall be determined for the  
41 1992-93 school year and annually thereafter by multiplying the  
42 total State school aid calculated pursuant to sections 4, 14 <sup>1</sup>[and]  
43 <sup>1</sup>16<sup>1</sup>, 80 and 81<sup>1</sup> of this amendatory and supplementary act for  
44 the prebudget year and the sum of <sup>1</sup>[1.0] 1.01<sup>1</sup> and the PCI.

45 The calculation of maximum State school aid shall assume that  
46 each district receives the maximum aid to which it is entitled.

47 "Net debt service" means the balance after deducting all  
48 revenues from the school debt service budget of the school

1 district and the school debt service amount included in the  
2 municipal budget, except the amounts to be raised by local  
3 taxation and State aid.

4 "Postgraduate pupils" means pupils who have graduated from  
5 high school and are enrolled in a secondary school for additional  
6 high school level courses.

7 "Prebudget year" means the school year preceding the year in  
8 which the school budget will be implemented.

9 "Pupils eligible for free meals or free milk" means those  
10 children who have been determined to be eligible to receive a  
11 free meal or free milk under the National School Lunch Act, 42  
12 U.S.C. §1751 et seq., and the Child Nutrition Act of 1966, 42  
13 U.S.C. §1771 et seq., as of October 15 of the prebudget year.

14 "PCI" means the average annual percentage increase,  
15 expressed as a decimal, in State per capita personal income over  
16 the four fiscal years ending on June 30 prior to the prebudget  
17 year. The per capita personal income for each of the four years  
18 shall be the average of the per capita personal income for the  
19 four quarters in each fiscal year utilizing the quarterly data for  
20 State personal income and State population as published by the  
21 United States Department of Commerce.

22 "Resident enrollment" means the number of pupils who on the  
23 last school day prior to October 16 of the prebudget year are  
24 residents of the district and are enrolled in: (1) the public schools  
25 of the district, including evening schools; (2) another school  
26 district, State college demonstration school or private school to  
27 which the district of residence pays tuition; (3) a State facility;  
28 (4) a county vocational school district; (5) a county special  
29 services school district; or (6) are receiving home instruction.

30 Handicapped children between three and five years of age and  
31 receiving programs and services pursuant to N.J.S.18A:46-6 shall  
32 be included in the resident enrollment of the district.

33 "School district" means any local or regional school district  
34 established pursuant to chapter 8 or chapter 13 of Title 18A of  
35 the New Jersey Statutes.

36 "Special education services pupil" means a pupil <sup>1</sup>[, other than  
37 a pupil who is attending a county vocational school,]<sup>1</sup> receiving  
38 specific services pursuant to chapter 46 of Title 18A of the New  
39 Jersey Statutes.

40 <sup>1</sup>"Special needs district" means any school district, other than  
41 a school district in which the equalized valuation per pupil is  
42 more than twice the average Statewide equalized valuation per  
43 pupil, which, as of June 5, 1990: a. was classified by the  
44 Department of Education as an urban school district and was  
45 included in the department's district factor group A or B; or b. in  
46 which the quotient produced by dividing the number of pupils  
47 eligible for AFDC by the resident enrollment, less the number of  
48 preschool, evening school and post-graduate pupils, is greater

1 than or equal to 0.15 and the number of pupils eligible for AFDC  
 2 is greater than 1,000. For this calculation, pupils eligible for  
 3 AFDC means those children aged 5-17 and resident in the district  
 4 who are members of families which are eligible for "Aid to  
 5 Families with Dependent Children" pursuant to P.L.1959, c.86  
 6 (C.44:10-1 et seq.), as of September 30 of the prebudget year.<sup>1</sup>

7 "State facility" means a State residential facility for the  
 8 retarded; a day training center which is operated by or under  
 9 contract with the State and in which all the children have been  
 10 placed by the State, including a private school approved by the  
 11 Department of Education which is operated under contract with  
 12 the Bureau of Special Residential Services in the Division of  
 13 Developmental Disabilities in the Department of Human Services;  
 14 a State residential youth center; a State training school or  
 15 correctional facility; a State child treatment center or  
 16 psychiatric hospital.

17 "Statewide equalized valuation" means the equalized valuation  
 18 of all taxing districts in the State as certified by the Director of  
 19 the Division of Taxation on October 1 of the prebudget year. In  
 20 the event that the equalized table certified by the Director of  
 21 the Division of Taxation shall be revised by the tax court after  
 22 December 15 of the prebudget year, the revised valuations shall  
 23 be used in the recomputation of aid for an individual school  
 24 district filing an appeal, but shall have no effect upon the  
 25 calculation of the property value multiplier.

26 "Total Statewide income" means the sum of the district  
 27 incomes of all taxing districts in the State.

28 "Total Statewide local fair share" means the total Statewide  
 29 local foundation budget minus the maximum Statewide  
 30 Foundation Aid.

31 "Total Statewide local foundation budget" means the sum of  
 32 the foundation budgets of all districts in the State, assuming that  
 33 each district's local levy, as defined in section 5 of this  
 34 amendatory and supplementary act, equals its local fair share or  
 35 the largest amount permitted pursuant to the provisions of  
 36 section 23 of this amendatory and supplementary act.

37 4. (New section) Each district's foundation aid for current  
 38 expense and capital outlay purposes shall be determined as  
 39 follows:

$$41 \quad A = B - L - S$$

42  
 43 where

- 44  
 45 A is the foundation aid;  
 46 B is the foundation budget, determined pursuant to section 5 of  
 47 this amendatory and supplementary act;  
 48 L is the local levy, which equals the lesser of the district's

1 local fair share or the sum of the district's budget year levies for  
2 current expense and capital outlay;

3 S is the excess surplus, equal to any beginning general fund free  
4 balance for the prebudget year which exceeds 15% of the  
5 district's foundation budget for the prebudget year, after  
6 deducting from the balance any federal funds provided to a  
7 district pursuant to Pub.L.81-874, 20 U.S.C. §236 et seq.

8 5. (New section) The foundation budget for each district shall  
9 be determined as follows:

$$10 \quad B = MB \times (L/FS)$$

11 where

12 B is the district's foundation budget;

13 MB is the district's maximum foundation budget, as calculated  
14 pursuant to section 6 of this amendatory and supplementary act;

15 L is the district's local levy, which equals the lesser of the  
16 district's local fair share or the sum of the district's budget year  
17 levies for current expense and capital outlay;

18 FS is the district's local fair share, as determined pursuant to  
19 section 7 of this amendatory and supplementary act.

20 6. (New section) The district's maximum foundation budget  
21 shall be calculated in accordance with the following formula:

$$22 \quad {}^1[MB = F \times (U + R + BL) + C]$$

$$23 \quad \underline{MB = (F \times U) + C}^1$$

24 where

25 MB is the maximum foundation budget;

26 F is the State foundation amount as defined pursuant to  
27 subsection <sup>1</sup>[c.] b.<sup>1</sup> of this section ;

28 U is the number of foundation aid units for pupils in the  
29 district's resident enrollment as calculated pursuant to  
30 subsection a. of this section;

31 <sup>1</sup>[R is the number of foundation aid units for at risk pupils as  
32 calculated in subsection b. of this section;

33 BL is the number of foundation aid units for bilingual  
34 education, which shall be determined by multiplying the number  
35 of pupils in bilingual education programs by 0.18;]<sup>1</sup> and

36 C is the facilities component, which shall be determined by  
37 multiplying the district's adjusted resident enrollment by the  
38 facilities aid amount, as defined in subsection <sup>1</sup>[c.] b.<sup>1</sup> of this  
39 section.

40 a. For pupils in the district's resident enrollment, the number  
41 of foundation aid units shall be determined by adding the products  
42 obtained by multiplying the pupils in each grade category or  
43

1 program category by the appropriate foundation weight. <sup>1</sup>For  
 2 special needs districts, the appropriate foundation weight for  
 3 each grade category shall be multiplied by the special needs  
 4 weight, which shall equal 1.05. <sup>1</sup> Pupils counted in a program  
 5 category shall not also be counted in a grade category.

6		
7	Grade Category	Foundation
8		Weight
9	Full Day Kindergarten or preschool...	1.00
10	Half Day Kindergarten or preschool...	0.50
11	Grades 1-5.....	1.00
12	Grades 6-8.....	1.10
13	Grades 9-12.....	1.33
14		
15	Program Category	
16		
17	Special education services pupil.....	1.00
18	Evening school.....	0.50
19	Post-graduate.....	0.50
20	County vocational school.....	1.59

21 <sup>1</sup>[County vocational school,  
 22 special needs pupil ..... 1.59]<sup>1</sup>

23 b. <sup>1</sup>[The number of foundation aid units for at risk pupils shall  
 24 be determined as follows: add the products obtained by  
 25 multiplying the number of pupils eligible for free meals or free  
 26 milk in each grade category by the appropriate foundation  
 27 weight, as listed in subsection a. Multiply the total by 0.18.

28 c.]<sup>1</sup> As used in this section:

29 <sup>1</sup>The<sup>1</sup> State foundation amount for the 1991-92 school year  
 30 shall equal \$6,835.00, and thereafter shall equal the product of  
 31 the State foundation amount for the prebudget year and the  
 32 <sup>1</sup>[greater of (1) the sum of 1.0 and the CPI, or (2) the]<sup>1</sup> sum of  
 33 <sup>1</sup>[0.98] 1.0<sup>1</sup> and the PCI.

34 <sup>1</sup>[Facilities] The facilities<sup>1</sup> aid amount for the 1991-1992  
 35 school year shall equal \$110.00, and thereafter shall equal the  
 36 product of the facilities aid amount for the prebudget year and  
 37 the <sup>1</sup>[greater of (1) the sum of 1.0 and the CPI, or (2) the]<sup>1</sup> sum  
 38 of <sup>1</sup>[0.98] 1.0<sup>1</sup> and the PCI.

39 <sup>1</sup>[d.] c.<sup>1</sup> For the purposes of calculating foundation aid units  
 40 pursuant to <sup>1</sup>[subsections a. and b. of]<sup>1</sup> this section, pupils in  
 41 ungraded classes shall be assigned to the most appropriate grade  
 42 category in accordance with procedures to be established by the  
 43 commissioner.

44 <sup>1</sup>d. The county vocational school program categories shall be  
 45 applicable to full and part-time post secondary pupils attending  
 46 county vocational schools, provided that the weight for part-time  
 47 pupils may be adjusted in accordance with procedures to be  
 48 established by the commissioner.<sup>1</sup>

49 7. (New section) Each school district's local fair share shall  
 50 be calculated as follows:



1  $^1[FS = ((V \times MV) + (I \times IM))/2]$   
 2  $FS = ((V \times VM) + (I \times IM))/2^1$   
 3

4 where

5  
 6 FS is the local fair share;

7 V is the district's total equalized valuation;

8 VM is the property value multiplier, as determined pursuant to  
 9 section 8 of this amendatory and supplementary act;

10 I is the district's adjusted income, as determined pursuant to  
 11 section 9 of this amendatory and supplementary act; and

12 IM is the income multiplier, as determined pursuant to section  
 13 8 of this amendatory and supplementary act.

14 8. (New section) The values for the property value multiplier  
 15 and the income multiplier shall be annually determined by the  
 16 commissioner as follows:

17 The property value multiplier shall be determined such that  
 18 foundation aid equals the maximum Statewide foundation aid had  
 19 foundation aid been determined according to sections 4 through 7  
 20 of this amendatory and supplementary act, had each school  
 21 district's local fair share equalled the product of the property  
 22 value multiplier and the district's equalized valuation; and had  
 23 each district's local levy equalled its local fair share or the  
 24 largest amount permitted pursuant to section 23 of this  
 25 amendatory and supplementary act.

26 The income multiplier shall be determined such that foundation  
 27 aid equals the maximum Statewide foundation aid had foundation  
 28 aid been determined according to sections 4 through 7 of this  
 29 amendatory and supplementary act, had each school district's  
 30 local fair share equalled the product of the income multiplier and  
 31 the district's adjusted income, as determined pursuant to section  
 32 9 of this amendatory and supplementary act; and had each  
 33 district's local levy equalled its local fair share or the largest  
 34 amount permitted pursuant to section 23 of this amendatory and  
 35 supplementary act.

36 In the event that these multipliers, when used in accordance  
 37 with the provisions of sections 4 through 7 of this amendatory and  
 38 supplementary act and assuming that each district's local levy  
 39 equals its local fair share or the largest amount permitted  
 40 pursuant to section 23 of this amendatory and supplementary act,  
 41 do not result in foundation aid equal to the maximum Statewide  
 42 foundation aid, the commissioner shall adjust the above  
 43 multipliers appropriately giving equal weight to each.

44 9. (New section) Each district's adjusted income shall equal  
 45 the district income, unless the district meets the conditions in  
 46 subsection a.

47 a. If for any school district:

1           RV < 0.5 and RI/RV > 1.5;

2

3 then the district's adjusted income shall equal the greater of:

4

5           (1) P - (\$15,000 x E); or

6

7           (2) 1.5 x RV x SI x E

8

9 where

10

11           P means the district income;

12

13           SI means the State average income per pupil, calculated by  
14 dividing total Statewide income by the Statewide resident  
15 enrollment;

16

17           RV means the ratio of district equalized valuation per pupil to  
18 the State average equalized valuation per pupil, calculated by  
19 dividing the district's equalized valuation per pupil by the  
20 Statewide equalized valuation per pupil;

21

22           RI means the ratio of district income per pupil to the  
23 Statewide average income per pupil, calculated by dividing the  
24 district's income per pupil by the State average income per pupil;

25

26           E means resident enrollment.

27

28           b. As used in this section:

29

30           "District income per pupil" equals the district income divided  
31 by the resident enrollment;

32

33           "Equalized valuation per pupil" equals the district's equalized  
34 valuation divided by the resident enrollment;

35

36           "State average equalized valuation per pupil" equals the  
37 Statewide equalized valuation divided by the resident enrollment  
38 of all school districts in the State.

39

40           10. (New section) Of the foundation aid determined for a  
41 district pursuant to this amendatory and supplementary act, an  
42 amount calculated as follows shall be anticipated as revenue in  
43 the district's capital outlay budget:

44

45           Divide the district's foundation aid by the district's foundation  
46 budget. Multiply the quotient by the facilities component of the  
47 district's maximum foundation budget as determined pursuant to  
section 6 of this amendatory and supplementary act.

48

49           11. (New section) On or before April 1, 1992, and on or before  
50 April 1 of each subsequent even numbered year, the Governor,  
51 after consultation with the Department of Education, shall  
52 recommend to the Legislature any revision in the schedule of  
53 foundation weights, including the <sup>1</sup>[weights for bilingual and at  
54 risk pupils] special needs weight<sup>1</sup> but excluding the weights for  
55 county vocational school programs, in section 6 of this  
56 amendatory and supplementary act and any revisions in the

1 at-risk weights in section 80 of this amendatory and  
2 supplementary act and the bilingual weight in section 81 of this  
3 amendatory and supplementary act<sup>1</sup> which is deemed proper,  
4 together with appropriate supporting information. The revised  
5 <sup>1</sup>[foundation]<sup>1</sup> weights shall be deemed approved for the fiscal  
6 year beginning 1 year from the subsequent July 1 at the end of 60  
7 calendar days after the date on which they are transmitted to the  
8 Senate and General Assembly, or if the Legislature is not in  
9 session on the sixtieth day, then on the next succeeding day on  
10 which it shall be meeting in the course of a regular or special  
11 session, unless between the date of transmittal and the end of the  
12 above period, the Legislature passes a concurrent resolution  
13 stating that the Legislature does not favor the revised schedule  
14 of <sup>1</sup>[foundation]<sup>1</sup> weights, in which case the <sup>1</sup>[foundation]<sup>1</sup>  
15 weights then in effect shall continue in effect.

16 12. (New section) a. The commissioner shall undertake a study  
17 of the cost of providing county vocational school programs and  
18 shall, based upon the results of that study, propose classifications  
19 and program weights for these programs based upon the average  
20 cost of providing each class of program. The classification system  
21 shall include not more than three classes of vocational programs  
22 <sup>1</sup>[and three classes of vocational special needs programs]<sup>1</sup>. The  
23 classification and weights shall be such that had they been in  
24 effect for the 1991-1992 school year the total number of  
25 foundation units generated Statewide by the classification and  
26 weights would not have exceeded the product of the number of  
27 county vocational school students in the State and 1.59.

28 b. On or before April 1, 1992 the Governor, after consultation  
29 with the Department of Education, shall recommend to the  
30 Legislature the weights and classifications for county vocational  
31 school programs which are deemed proper, together with  
32 appropriate supporting information. The weights and  
33 classifications shall be deemed approved for the 1993-94 school  
34 year at the end of 60 calendar days after the date on which they  
35 are transmitted to the Senate and General Assembly, or if the  
36 Legislature is not in session on the sixtieth day, then on the next  
37 succeeding day on which it shall be meeting in the course of a  
38 regular or special session, unless, between the date of transmittal  
39 and the end of the above period, the Legislature passes a  
40 concurrent resolution stating that the Legislature does not favor  
41 the weights and classifications, in which case the weight of 1.59  
42 for all vocational programs shall continue in effect.

43 c. On or before April 1, 1994, and on or before April 1 of each  
44 subsequent even numbered year, the Governor, after consultation  
45 with the Department of Education, shall recommend to the  
46 Legislature any revision in the weights or classifications of  
47 county vocational school programs which is deemed proper,  
48 together with appropriate supporting information. The revised

1 weights or classifications shall be deemed approved for the fiscal  
 2 year beginning 1 year from the subsequent July 1 at the end of 60  
 3 calendar days after the date on which they are transmitted to the  
 4 Senate and General Assembly, or if the Legislature is not in  
 5 session on the sixtieth day, then on the next succeeding day on  
 6 which it shall be meeting in the course of a regular or special  
 7 session, unless between the date of transmittal and the end of the  
 8 above period, the Legislature passes a concurrent resolution  
 9 stating that the Legislature does not favor the revised weights  
 10 and classifications, in which case the weights and classifications  
 11 then in effect shall continue in effect.

12 13. (New section) a. For the purpose of calculating  
 13 foundation aid for the 1991-92 school year pursuant to section 4  
 14 of this amendatory and supplementary act, excess free balances  
 15 for all districts shall be \$0.00.

16 b. For the purpose of computing the maximum Statewide  
 17 foundation aid for the 1991-92 school year pursuant to section 3  
 18 of this amendatory and supplementary act, maximum State school  
 19 aid shall equal <sup>1</sup>[\$4,150,000,000] \$4,250,000,000<sup>1</sup>.

20 14. (New section) Each district's special education aid shall be  
 21 determined in accordance with the following calculations:

22 a. The number of special education aid units shall be  
 23 determined by adding the products obtained by multiplying the  
 24 pupils in each category by the appropriate additional cost factors.  
 25 The additional cost factors shall be the following:

27 Special Education	Additional Cost Factors
28 Categories	
29	
30 Educable.....	0.60
31 Trainable.....	0.99
32 Orthopedically handicapped.....	1.70
33 Neurologically impaired.....	0.42
34 Perceptually impaired.....	0.12
35 Visually handicapped.....	2.79
36 Auditorily handicapped.....	1.63
37 Communication handicapped.....	0.84
38 Emotionally disturbed.....	1.09
39 Socially maladjusted.....	0.67
40 Chronically ill.....	2.23
41 Multiply handicapped.....	1.05
42 Resource room.....	0.45
43 Autistic.....	1.84
44 Preschool Handicapped.....	0.30
45 <sup>1</sup> County special services school district	1.38
46 Regional Day schools.....	1.38
47 County Vocational School, Special	
48 Education Services.....	0.59 <sup>1</sup>
49 Residential facility for the retarded	1.72
50 Day training center.....	2.37
51 Residential youth center.....	1.39
52 Training school or correctional facility	0.56

1 Special Education	Additional Cost Factors
2 Categories	
3	
4 Child treatment center or psychiatric	
5 hospital.....	1.03
6 Supplementary and speech instruction	0.18 based on the
7	number of pupils
8	actually receiving
9	such instruction in
10	the prior school year
11	

12 b. The number of <sup>1</sup>[categorical] special education<sup>1</sup> aid units  
 13 for home instruction shall be determined by multiplying the  
 14 number of hours of instruction actually provided in the prior  
 15 school year by 0.0025.

16 c. For the purposes of this section, special education aid for  
 17 pupils attending county vocational schools or county special  
 18 services school districts shall be <sup>1</sup>[paid] credited<sup>1</sup> to districts in  
 19 which the pupils reside <sup>1</sup>and paid to the county vocational school  
 20 pursuant to the provisions of subsection e. of section 71 of P.L. .  
 21 ..c. . (C. .. )(now pending before the Legislature as this  
 22 amendatory and supplementary act) or county special services  
 23 school pursuant to subsection d. of section 3 of P.L.1971, c.271  
 24 (C.18A:46-31). Special education aid for supplementary, speech  
 25 and home instruction for pupils attending county vocational  
 26 schools or county special services schools shall be paid to the  
 27 districts in which the pupils reside<sup>1</sup>.

28 Special education aid for all other pupils shall be paid to  
 29 districts in which the pupils reside except in the case of home,  
 30 supplementary or speech instruction where aid shall be paid to  
 31 the district providing the service. No school, other than a county  
 32 vocational school or a county special services school district, may  
 33 charge tuition for home, supplementary or speech instruction for  
 34 costs covered by special education aid as provided in this section.

35 d. Special education aid shall equal the number of special  
 36 education aid units multiplied by the State foundation amount, as  
 37 defined pursuant to section 6 of this amendatory and  
 38 supplementary act.

39 15. (New section) On or before April 1, 1992, and on or before  
 40 April 1 of each subsequent even numbered year, the Governor,  
 41 after consultation with the Department of Education, shall  
 42 recommend to the Legislature any revision in the schedule of  
 43 additional cost factors in section 14 of this amendatory and  
 44 supplementary act which is deemed proper, together with  
 45 appropriate supporting information concerning the average excess  
 46 cost of providing special education services. The revised  
 47 additional cost factors shall be deemed approved for the fiscal  
 48 year beginning 1 year from the subsequent July 1 at the end of 60  
 49 calendar days after the date on which they are transmitted to the  
 50 Senate and General Assembly, or if the Legislature is not in

1 session on the sixtieth day, then on the next succeeding day on  
 2 which it shall be meeting in the course of a regular or special  
 3 session, unless between the date of transmittal and the end of the  
 4 above period, the Legislature passes a concurrent resolution  
 5 stating that the Legislature does not favor the revised schedule  
 6 of additional cost factors. in which case the additional cost  
 7 factors then in effect shall continue in effect.

8 16. (New section) Each district's State aid for transportation  
 9 shall equal the sum of A1, A2 and A3 determined as follows:

10  
 11  $A1 = R \times C + (R \times D \times W)$

12  $A2 = RS \times CS + (RS \times DS \times WS)$

13  $A3 = (R + RS) \times ((P \times PM) + (E \times EM))$

14  
 15 where

16  
 17 R is the number of pupils eligible for transportation pursuant to  
 18 N.J.S.18A:39-1 as of the last school day prior to October 16 of  
 19 the prebudget year;

20 C is the per pupil constant, which <sup>1</sup>shall equal 502.27 for school  
 21 districts located in very high cost counties,<sup>1</sup> shall equal 365.10  
 22 for school districts located in high cost counties and shall equal  
 23 254.41 for school districts located in any other county;

24 D is the average distance between the home and school of the  
 25 pupils eligible for transportation pursuant to N.J.S.18A:39-1;

26 W is the regular transportation mileage weight, which shall  
 27 equal 21.57 for school districts located in the <sup>1</sup>very high cost  
 28 counties and<sup>1</sup> high cost counties and shall equal 14.19 for school  
 29 districts located in any other county;

30 RS is the number of pupils eligible for transportation pursuant  
 31 to N.J.S.18A:46-23 as of the last school day prior to October 16  
 32 of the prebudget year;

33 CS is the per pupil constant for N.J.S.18A:46-23  
 34 transportation, which <sup>1</sup>shall equal 1051.72 for school districts  
 35 located in very high cost counties,<sup>1</sup> shall equal 914.55 for school  
 36 districts located in high cost counties and shall equal 803.86 for  
 37 school districts located in any other county;

38 PM means the population density multiplier, which equals  
 39 .00541;

40 P means population density, calculated as the district's  
 41 population according to the most recent data available from the  
 42 Bureau of the Census divided by the number of square miles in  
 43 the school district;

44 DS is the average distance between the home and school of the  
 45 pupils eligible for transportation pursuant to N.J.S.18A:46-23;

46 WS is the mileage weight for N.J.S.18A:46-23 transportation,  
 47 which shall equal 64.05 for school districts located in <sup>1</sup>very high  
 48 cost counties and<sup>1</sup> high cost counties and shall equal 56.68 for

1 school districts located in any other county;

2 EM means the district size multiplier, which equals .00762; and

3 E means the resident enrollment of the district.

4 As used in this section a high cost county is a county in which  
5 for the 1988-89 school year the average cost per pupil mile for  
6 approved transportation, other than for handicapped pupils or  
7 pupils whose parent or guardian receives a payment in lieu of  
8 transportation pursuant to N.J.S.18A:39-1, exceeded the  
9 Statewide average by more than 15%.

10 <sup>1</sup>As used in this section a very high cost county is a county in  
11 which for the 1988-89 school year the average cost per pupil mile  
12 for approved transportation, other than for handicapped pupils or  
13 pupils whose parent or guardian receives a payment in lieu of  
14 transportation pursuant to N.J.S.18A:39-1, exceeded the  
15 Statewide average by more than 85%.<sup>1</sup>

16 Whenever the parent or guardian of a pupil receives a payment  
17 in lieu of transportation pursuant to N.J.S.18A:39-1, the State aid  
18 for transportation received by the district for that pupil shall not  
19 exceed the amount of the payment.

20 For any school year in which the numerical values in this  
21 section have not been altered pursuant to section 17 of this  
22 amendatory and supplementary act, the State aid amount  
23 calculated for a district pursuant to this section shall be  
24 increased by the product of the amount calculated and the CPI.

25 17. (New section) On or before April 1, 1992, and on or before  
26 April 1 of each subsequent even numbered year, the Governor,  
27 after consultation with the Department of Education, shall  
28 recommend to the Legislature any revision in any numerical value  
29 in section 16 of this amendatory and supplementary act, including  
30 the numerical criteria for a high cost county <sup>1</sup>and a very high  
31 cost county<sup>1</sup>, which is deemed proper, together with appropriate  
32 supporting information. The revised values shall be deemed  
33 approved for the fiscal year beginning 1 year from the subsequent  
34 July 1 at the end of 60 calendar days after the date on which they  
35 are transmitted to the Senate and General Assembly, or if the  
36 Legislature is not in session on the sixtieth day, then on the next  
37 succeeding day on which it shall be meeting in the course of a  
38 regular or special session, unless between the date of transmittal  
39 and the end of the above period, the Legislature passes a  
40 concurrent resolution stating that the Legislature does not favor  
41 the revised schedule of values, in which case the values then in  
42 effect shall continue in effect.

43 18. (New section) Each district's State aid for debt service  
44 shall be calculated as follows:

45  
46 
$$A = DB \times (MB - FS) / MB$$

47  
48 where

1 A is the district's State aid for debt service;

2 DB is the district's net debt service budget;

3 MB is the district's maximum foundation budget, as  
4 determined pursuant to section 6 of this amendatory and  
5 supplementary act; and

6 FS is the district's local fair share, as determined pursuant to  
7 section 7 of this amendatory and supplementary act.

8 19. (New section) The amounts payable to each school district  
9 pursuant to this act shall be paid by the State Treasurer upon the  
10 certification of the commissioner and warrant of the Director of  
11 the Division of Budget and Accounting. Five percent of the  
12 appropriation for foundation, special education <sup>1</sup>[and] <sup>1</sup>  
13 transportation <sup>1</sup>, at-risk and bilingual<sup>1</sup> aid shall be paid on the  
14 first and fifteenth of each month from September through June.  
15 If a local board of education requires funds prior to the first  
16 payment, the board shall file a written request with the  
17 Commissioner of Education stating the need for the funds. The  
18 commissioner shall review each request and forward those for  
19 which need has been demonstrated to the appropriate officials for  
20 payment.

21 Debt service funds shall be paid as required to meet due dates  
22 for payment of principal and interest.

23 Each school district shall file an annual written request for  
24 debt service payments to the commissioner 30 days prior to the  
25 beginning of the fiscal year for which the appropriation is made.  
26 Such request shall include the amount of interest bearing school  
27 debt, if any, of the municipality or district then remaining  
28 unpaid, together with the rate of interest payable thereon, the  
29 date or dates on which the bonds or other evidences of  
30 indebtedness were issued, and the date or dates upon which they  
31 fall due. In the case of Type I school districts, the board  
32 secretary shall secure the schedule of outstanding obligations  
33 from the clerk of the municipality.

34 20. (New section) Annually, on or before October 20, the  
35 secretary of the board of education, with the approval of the  
36 superintendent of schools, or if there is no superintendent of  
37 schools, with the approval of the county superintendent of  
38 schools, shall file with the commissioner a report stating the  
39 number of pupils enrolled by grade, the number of these pupils in  
40 approved programs of special education, bilingual education and  
41 vocational education, and the number of pupils in State facilities,  
42 county vocational schools, county special services schools, State  
43 college demonstration schools, evening schools, approved private  
44 schools for the handicapped, other public or private schools to  
45 which the district is paying tuition, or who are receiving home  
46 instruction on the last school day prior to October 16. In  
47 addition, districts shall file annual reports providing such  
48 information as the commissioner may require for pupils receiving



1 special education services.

2 21. (New section) Annually, on or before December 15 the  
3 commissioner shall notify each district of the maximum amount  
4 of aid payable to the district under the provisions of this  
5 amendatory and supplementary act in the succeeding year <sup>1</sup>and  
6 shall notify each district that is subject to the provisions of  
7 section 85 of this amendatory and supplementary act of the  
8 district's maximum permissible local levy budget for the  
9 succeeding year<sup>1</sup>. The actual aid payment to each district shall  
10 be determined after the district's budget is adopted.

11 22. (New section) Annually, on or before January 15, local  
12 boards of education shall submit to the commissioner a copy of  
13 their proposed budgets for the next school year. The  
14 commissioner shall review each item of appropriation within the  
15 current expense and capital outlay budgets and shall determine  
16 the adequacy of the budgets with regard to the annual reports  
17 submitted pursuant to section 11 of P.L.1975, c.212  
18 (C.18A:7A-11) and such other criteria as may be established by  
19 the State board.

20 Whenever a district's proposed budget includes a foundation  
21 budget which exceeds the district's foundation budget from the  
22 prebudget year by more than 10%, the board shall submit with the  
23 budget a plan to improve the quality and range of the district's  
24 educational program with the additional funds. <sup>1</sup>The plan shall  
25 utilize policies and programs whose educational effectiveness has  
26 been demonstrated.<sup>1</sup> Permissible uses of the additional funds  
27 shall include the reduction of class size, expansion of the  
28 curriculum, expansion of support services, enhancement of  
29 inservice training and such other uses as the commissioner may  
30 approve.

31 23. (New section) For the purpose of calculating foundation  
32 aid, the foundation budget, as calculated pursuant to section 5 of  
33 this amendatory and supplementary act, shall not be greater than  
34 <sup>1</sup>[120%] 130%<sup>1</sup> of the foundation budget for the prebudget year.  
35 Accordingly, the value for the local levy, as used in sections 4  
36 and 5 of this amendatory and supplementary act, shall be limited  
37 to an amount that will generate a permissible foundation budget.  
38 Nothing in this section shall restrict the local school levies  
39 adopted pursuant to chapter 22 of Title 18A of the New Jersey  
40 Statutes.

41 24. (New section) For the purpose of calculating the  
42 foundation aid growth limitation in section 23 of this amendatory  
43 and supplementary act for the 1991-92 school year, each  
44 district's foundation budget for the 1990-91 school year shall  
45 equal the balance in the current expense and capital outlay  
46 budgets after deducting (1) State aid for handicapped pupils  
47 pursuant to section 20 of P.L.1975, c.212 (C.18A:7A-20), (2) State  
48 aid for approved transportation, (3) all other revenue in the

1 current expense and capital outlay budgets except the amount to  
 2 be provided by local taxation, equalization support, budgeted  
 3 capital outlay support, and State support for bilingual education,  
 4 compensatory education and local vocational education. This  
 5 amount shall be increased to include State support paid on the  
 6 district's behalf in the 1990-1991 school year pursuant to  
 7 N.J.S.18A:66-33 and N.J.S.18A:66-66. In addition, the  
 8 commissioner shall adjust this amount for each district which  
 9 sent or received pupils during the 1990-91 school year to reflect  
 10 the change in the definition of resident enrollment contained in  
 11 this amendatory and supplementary act. All of the expenses of  
 12 and aid for a county vocational school district or a county special  
 13 services school district shall be reallocated to the districts of  
 14 residence on a per pupil basis. Aid paid on behalf of receiving  
 15 districts pursuant to N.J.S.18A:66-33 and N.J.S.18A:66-66 shall  
 16 be reallocated to districts of residence on a per pupil basis. Aid  
 17 payments pursuant to N.J.S.18A:66-66 shall be estimated for  
 18 each district.

19 25. (New section) a. State transition aid shall be calculated in  
 20 accordance with the following formula:

$$21 \quad T = F \times (B - A)$$

22  
 23 where

24  
 25 T means transition aid;

26  
 27 F means transition aid factor, which shall equal 1.0 for the  
 28 1991-92 school year, 0.75 for the 1992-93 school year, 0.50 for  
 29 the 1993-94 school year, 0.25 for the 1994-95 school year, and  
 30 0.0 thereafter;

31  
 32 A means the district State aid amount, which shall equal the  
 33 sum of State aid received by or paid on behalf of a school district  
 34 during <sup>1</sup>[a] the 1991-92<sup>1</sup> school year pursuant to sections 4, 14  
 35 <sup>1</sup>[and], <sup>1</sup> 80 and 81<sup>1</sup> of this amendatory and supplementary  
 36 act; and

37 B means base aid amount, which shall equal <sup>1</sup>the product of  
 38 1.065 and<sup>1</sup> the sum of State aid received by or paid on behalf of a  
 39 school district during the 1990-1991 school year pursuant to  
 40 sections 18, 19, 20 and 24 of P.L.1975, c.212 (C.18A:7A-18,  
 41 18A:7A-19, 18A:7A-20, 18A:7A-24), N.J.S.18A:46-23, section 16  
 42 of P.L.1971, c.271 (C.18A:46-44), N.J.S.18A:58-6,  
 43 N.J.S.18A:58-7, N.J.S.18A:66-33 and N.J.S.18A:66-66, less any  
 44 debt service aid received by or on behalf of the district. The  
 45 commissioner shall adjust this amount for each district which  
 46 sends or receives pupils to reflect the change in the definition of  
 47 resident enrollment contained in this amendatory and  
 48 supplementary act. All of the above aid received by a county

1 vocational school district or a county special services school  
2 district shall be reallocated to the districts of residence on a per  
3 pupil basis. Aid paid on behalf of receiving districts pursuant to  
4 N.J.S.18A:66-33 and N.J.S.18A:66-66 shall be reallocated to  
5 districts of residence on a per pupil basis. Aid payments pursuant  
6 to N.J.S.18A:66-66 shall be estimated for each district and the  
7 commissioner shall adjust the base aid amount when the amount  
8 of actual payments are known.

9 b. If, in any year, the transition aid calculated pursuant to this  
10 section for any district is less than zero, the district shall not  
11 receive transition aid in that year. Five percent of the  
12 appropriation for State transition aid shall be paid on the first  
13 and fifteenth of each month from September to June.

14 26. (New Section) <sup>1</sup>a.<sup>1</sup> There is established within the  
15 Property Tax Relief Fund, N.J.S.54A:9-25, a special account to  
16 be known as the "Transition School Aid Account." The State  
17 Treasurer shall deposit into this account the additional revenues  
18 derived from the "New Jersey Gross Income Tax Act,"  
19 N.J.S.54A:1-1 et seq., during the period from January 1, 1991  
20 through June 30, 1991 <sup>1</sup>as calculated herein<sup>1</sup>. The additional  
21 revenues shall be calculated by the State Treasurer as the  
22 difference between the revenues derived from the imposition of  
23 the "New Jersey Gross Income Tax Act" as amended pursuant to  
24 <sup>1</sup>sections 12 through 17 of<sup>1</sup> P.L.1990, c. ...(C. ....) (now pending  
25 before the Legislature as the Assembly Committee Substitute for  
26 Assembly Bill Nos. 3607 and 3609 of 1990) and the revenues that  
27 would have been derived during <sup>1</sup>[the] that<sup>1</sup> period from the  
28 imposition of the "New Jersey Gross Income Tax Act" <sup>1</sup>[in effect  
29 prior to the enactment of] as if those sections of<sup>1</sup> P.L.1990, c.....  
30 (C.....)(now pending before the Legislature as the Assembly  
31 Committee Substitute for Assembly Bill Nos. 3607 and 3609 of  
32 1990) <sup>1</sup>were not in effect<sup>1</sup>.

33 <sup>1</sup>b.<sup>1</sup> In addition, the State Treasurer shall deposit into the  
34 Transition School Aid Account the moneys <sup>1</sup>made<sup>1</sup> available,  
35 during the period from January 1, 1991 through June 30, 1991, as  
36 a result of the repeal of N.J.S.54A:4-3 and sections 1 through 14  
37 of P.L.1985, c.304 (C.54A:3A-1 through 54A:3A-14) pursuant to  
38 <sup>1</sup>section 19 of<sup>1</sup> P.L.1990, c. .... (C. ....)(now pending before  
39 the Legislature as the Assembly Committee Substitute for  
40 Assembly Bill Nos. 3607 and 3609 of 1990), as calculated by the  
41 State Treasurer.

42 <sup>1</sup>c. In addition, the Treasurer shall deposit into the Transition  
43 School Aid Account any additional funds appropriated for  
44 transition aid.<sup>1</sup>

45 <sup>1</sup>d.<sup>1</sup> All funds deposited in the Transition School Aid Account  
46 shall be used for the payment of transition aid to schools pursuant  
47 to this act during the period from July 1, 1991 through June 30,  
48 1995. However, if at any time prior to June 30, 1995, the

1 Treasurer determines that the total funds in the account exceed  
2 the total amount payable from the fund through June 30, 1995  
3 pursuant to this act, the Treasurer may redeposit those excess  
4 funds in the Property Tax Relief Fund.

5 The Transition School Aid Account shall expire on June 30,  
6 1995, and any funds remaining in the account on that date shall  
7 be redeposited in the Property Tax Relief Fund.

8 27. (New section) In order to receive any State aid pursuant to  
9 this amendatory and supplementary act, a school district shall  
10 comply with the rules and standards for the equalization of  
11 opportunity which have been or which may hereafter be  
12 prescribed by law, or formulated by the commissioner or the  
13 State board pursuant to law. The commissioner is hereby  
14 authorized to withhold all or part of that State aid for failure to  
15 comply with any rule or standard. No State aid shall be paid to  
16 any district which has not provided public school facilities for at  
17 least 180 days during the preceding school year, but the  
18 commissioner, for good cause shown, may remit the penalty.

19 28. (New section) When State aid shall have been calculated  
20 for any year and a part of any district becomes a new school  
21 district or a part of another school district, or comes partly under  
22 the authority of a regional board of education, the commissioner  
23 shall adjust the State aid calculations among the districts  
24 affected, or between the district and the regional board, as the  
25 case may be, on an equitable basis in accordance with the intent  
26 of this amendatory and supplementary act.

27 Whenever an all-purpose regional district is approved by the  
28 voters during any calendar year, the regional district shall  
29 become effective on the succeeding July 1 for the purpose of  
30 calculating State aid, and the commissioner shall request  
31 supplemental appropriations for such additional State aid as may  
32 be required.

33 After a regional school district becomes entitled to State aid,  
34 it shall continue to be entitled to such aid as calculated for a  
35 regional district notwithstanding the subsequent consolidation of  
36 the constituent municipalities of the regional school district.

37 29. Section 12 of P.L.1968, c.243 (C.18A:6-62) is amended to  
38 read as follows:

39 12. The representative assembly shall annually, on or before  
40 January 15, adopt a budget for the ensuing fiscal year, which  
41 shall contain the estimated cost of providing each service or  
42 program, and submit such budget within three days of adoption to  
43 the county superintendent for approval.

44 By December 1 prior to the adoption of the budget the board  
45 shall notify each member board of education of the fees to be  
46 charged for each service and program for the ensuing school year  
47 and of the method by which the commission expenses shall be  
48 funded.

1 The commission expenses may be paid from one or more of the  
2 following sources:

- 3 a. unappropriated balances from the prebudget year;
- 4 b. anticipated surpluses to be generated by fees for programs  
5 or services;
- 6 c. payments by member districts;
- 7 d. anticipated miscellaneous revenues.

8 If payments shall be made by member districts to pay for all or  
9 part of the commission expenses, each member district's share  
10 shall be determined as the proportion which the total public  
11 school enrollment in the school district on [September 30] the last  
12 school day prior to October 16 of the year in which the budget is  
13 made bears to the total public school enrollment for all member  
14 districts on [said September 30] the last school day prior to  
15 October 16 or in any other manner agreed to by two-thirds of the  
16 members of the representative assembly. Payment of the member  
17 district's share of the commission expense, when so determined,  
18 shall be an obligation of a member school district, and payments  
19 shall be made during the school year for which such budget shall  
20 have been made in a manner determined by the representative  
21 assembly.

22 (cf: P.L.1989, c.254, s.12.

23 30. Section 3 of P.L.1975, c.212 (C.18A:7A-3) is amended to  
24 read as follows:

25 3. For the purposes of this act, unless the context clearly  
26 requires a different meaning:

27 ["Adjusted net current expense budget" means the balance  
28 after deducting (1) State support for categorical programs  
29 pursuant to section 20 of P.L.1975, c.212 (C.18A:7A-20), (2) the  
30 difference between the transportation amount in the current  
31 expense budget and 10% of the estimated approved transportation  
32 amount, and (3) all other revenue in the current expense budget  
33 except the amount to be raised by local taxation, equalization  
34 State support, and State support for approved transportation,  
35 appropriation from free balances, and miscellaneous revenue.

36 "Adjusted net current expenses per pupil" means the quotient  
37 resulting from dividing the adjusted net current budget by the  
38 resident enrollment.

39 "Adjusted State average net current expense budget per pupil"  
40 means the quotient resulting from dividing the total adjusted net  
41 current expense budgets of all districts in the State by the total  
42 resident enrollment in the State.]

43 "Administrative order" means a written directive ordering  
44 specific corrective action by a district which has shown  
45 insufficient educational progress within a reasonable period of  
46 time in meeting goals and standards.

47 "[Approved special class pupil" means a pupil enrolled in any  
48 class for atypical pupils pursuant to chapter 46 of Title 18A of

1 the New Jersey Statutes.

2 "Approved special education services pupil" means a pupil  
3 receiving specific services pursuant to chapter 46 of Title 18A of  
4 the New Jersey Statutes but excluding pupils attending county  
5 special services school districts.

6 "Bilingual education pupil" means a pupil enrolled in a program  
7 of bilingual education approved by the State board.

8 "Budgeted capital outlay" means those capital outlay  
9 expenditures that are included in the annual school budget.

10 "Categorical programs" means those programs and services  
11 recognized in this act as requiring per pupil expenditures over and  
12 above those applicable to regular programs, as provided in section  
13 20 of this act.

14 "Current expense" means all expenses of the school district, as  
15 enumerated in N.J.S.18A:22-8, other than those required for  
16 interest and debt redemption charges and any budgeted capital  
17 project.

18 "Debt service" means and includes payments of principal and  
19 interest upon school bonds and other obligations issued to finance  
20 the acquisition of school sites and the acquisition, construction or  
21 reconstruction of school buildings, including furnishings,  
22 equipment and the costs of issuance of such obligations and shall  
23 include payments of principal and interest upon bonds heretofore  
24 issued to fund or refund such obligations, and upon municipal  
25 bonds and other obligations which the commissioner approves as  
26 having been issued for such purposes. Debt service pursuant to  
27 the provisions of P.L.1971, c.10 (C.18A:58-33.6 et seq.) and  
28 P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded.

29 "District equalized valuation per pupil" means the quotient  
30 resulting from dividing the total equalized valuations in the  
31 school district by the resident enrollment of the district; provided  
32 that in the determination of the equalized valuation per pupil of a  
33 county vocational school the total equalized valuations in the  
34 county shall be divided by the total resident enrollment in all  
35 school districts of the county to obtain the county vocational  
36 school equalized valuation per pupil.

37 "Equalized valuation" means the equalized valuation of the  
38 taxing district or taxing districts as certified by the Director of  
39 the Division of Taxation on October 1 of the prebudget year.

40 With respect to regional districts and their constituent  
41 districts, however, the equalized valuations as described above  
42 shall be allocated among the regional and constituent districts in  
43 proportion to the number of pupils in each of them.

44 "Evening school pupils" means the equated full-time resident  
45 enrollment of pupils enrolled in an accredited evening high  
46 school, an evening vocational high school, and in other evening  
47 schools except schools offering programs for self-improvement  
48 and social enrichment.]

1 "Goals" means a written statement of educational aspirations  
2 for learner achievement and the educational process stated in  
3 general terms.

4 ["Guaranteed valuation per pupil" means the product, rounded  
5 to the nearest dollar, of 1.344 times the State average valuation  
6 per pupil for the year in which the calculation of aid is made.]

7 "Joint Committee on the Public Schools" means the committee  
8 created pursuant to P.L.1975, c.16 (C.52:9R-1 et seq.).

9 ["Local vocational pupils" means the full-time equivalent of  
10 pupils enrolled in approved categorical vocational programs in  
11 school districts designated as local area vocational school  
12 districts.

13 "Minimum aid guaranteed valuation per pupil" means the  
14 product, rounded to the nearest whole dollar, of 11.5 times the  
15 State average equalized valuation per pupil for the year in which  
16 the calculation of aid is made.]

17 "Needs assessment" means a written analysis of the current  
18 status of an educational system in terms of achieving its goals.

19 ["Net current expense budget" means the balance after  
20 deducting (1) State support for categorical programs pursuant to  
21 section 20 of this act, (2) the difference between the  
22 transportation amount in the current expense budget and 10% of  
23 the estimated approved transportation amount, and (3) all other  
24 revenue in the current expense budget except the amount to be  
25 raised by local taxation, equalization State support, the State  
26 support for approved transportation.

27 "Net current expense per pupil" means the quotient resulting  
28 from dividing the net current expense budget by the resident  
29 enrollment.

30 "Net debt service and budgeted capital outlay" means the  
31 balance after deducting all revenues from the school debt service  
32 and budgeted capital outlay budgets of the school district and the  
33 school debt service amount included in the municipal budget,  
34 except the amount to be raised by local taxation and State  
35 support.]

36 "Objective" means a written statement of the intended  
37 outcome of a specific educational process.

38 ["Prebudget year" means the school year preceding the year in  
39 which the school budget will be implemented.

40 "Resident enrollment" means the number of pupils who are  
41 residents of the district and are enrolled in day or approved  
42 evening schools on the last school day of September of the  
43 prebudget year and are attending: (1) the public schools of the  
44 district; (2) another school district or a State college  
45 demonstration school to which the district of residence pays  
46 tuition; or (3) a State facility; provided that a district shall count  
47 pupils regularly attending both the schools of the district and of a  
48 county vocational school in the same county on an equated

1 full-time basis.

2 Handicapped children between three and five years of age and  
3 receiving programs and services pursuant to N.J.S. 18A:46-6 shall  
4 be included in the resident enrollment of the district on an  
5 equated full-time basis.]

6 "Standards" means the process and stated levels of proficiency  
7 used in determining the extent to which goals and objectives are  
8 being met.

9 ["State average net current expense budget per pupil" means  
10 the quotient resulting from dividing the total net current expense  
11 budgets of all districts in the State by the total resident  
12 enrollment in the State.

13 "State average valuation per pupil" means the quotient  
14 resulting from dividing the total equalized valuations in the State  
15 as certified by the Director of the Division of Taxation on  
16 October 1 by the total resident enrollment in the State. In the  
17 event that the equalized table certified by the Director of the  
18 Division of Taxation shall be revised by the tax court on or before  
19 January 30 of the next succeeding year, such revised valuation  
20 shall be used in any recomputation of aid for an individual district  
21 filing such appeal but will have no effect upon the State average  
22 valuation per pupil.

23 "State compensatory education pupil" means a pupil who is  
24 enrolled in preventive and remedial programs offered during the  
25 normal school day, or in programs offered beyond the normal  
26 school day or during summer vacation, which are integrated and  
27 coordinated with programs operated during the regular school day  
28 and year. Said programs shall be approved by the State board,  
29 supplemental to the regular programs and designed to assist  
30 pupils who have academic, social, economic or environmental  
31 needs that prevent them from succeeding in regular school  
32 programs.

33 "State facility" means a State residential facility for the  
34 retarded; a day training center which is operated by or under  
35 contract with the State and in which all the children have been  
36 placed by the State, including a private school approved by the  
37 Department of Education which is operated under contract with  
38 the Bureau of Special Residential Services in the Division of  
39 Developmental Disabilities in the Department of Human Services;  
40 a State residential youth center; a State training school or  
41 correctional facility; a State child treatment center or  
42 psychiatric hospital.

43 "State support limit" means the sixty-fifth percentile net  
44 current expense budget per pupil for the prebudget year when all  
45 district figures are ranked from low to high. The State support  
46 limit shall be calculated and applied separately for (a) limited  
47 purpose regional districts offering grades 9 through 12, (b) limited  
48 purpose regional districts offering grades 7 through 12, provided,



1 however, that the figure used for such districts shall be not less  
2 than 90% of the sixty-fifth percentile for limited purpose  
3 regional districts offering grades 9 through 12, (c) constituent  
4 districts of limited purpose regional districts offering grades 9  
5 through 12, (d) constituent districts of limited purpose regional  
6 districts offering grades 7 through 12, provided, however, that  
7 the figure used for such districts shall be not less than 90% of the  
8 sixty-fifth percentile for constituent districts of limited purpose  
9 regional districts offering grades 9 through 12, and (e) all other  
10 districts.]

11 (cf: P.L.1986, c.10, s.1)

12 31. Section 14 of P.L.1975, c.212 (C.18A:7A-14) is amended to  
13 read as follows

14 14. a. The commissioner shall review the results of the  
15 evaluations conducted and reports submitted pursuant to sections  
16 10 and 11 of [this act] P.L.1975, c.212 (C.18A:7A-10 and  
17 18A:7A-11). If the commissioner shall find that a school district  
18 satisfies the evaluation criteria, the commissioner shall  
19 recommend that the State board certify the school district as  
20 providing a thorough and efficient system of education. If the  
21 commissioner shall find that a school district has failed to show  
22 sufficient progress toward the goals, guidelines, objectives and  
23 standards, including the State goal and any local interim goal  
24 concerning pupil proficiency in basic communications and  
25 computational skills, established in and pursuant to this act, the  
26 commissioner shall advise the local board of education of such  
27 determination, and shall direct that the district enter level II  
28 monitoring, as defined pursuant to law and regulation.

29 b. When a district enters level II monitoring, the commissioner  
30 shall direct the local board to prepare an improvement plan and  
31 submit the plan to the commissioner for approval. The  
32 improvement plan shall be based upon the school district's own  
33 internal review and assessment of those remedial activities  
34 necessary to correct those deficiencies noted in the evaluations  
35 and reports. If the commissioner approves the plan, the  
36 commissioner shall assure its implementation in a timely and  
37 effective manner. If the commissioner finds that the district is  
38 unsuccessful in correcting the deficiencies noted in the  
39 evaluation process, the commissioner shall direct that the district  
40 enter level III monitoring, as defined pursuant to law and  
41 regulation. However, if the commissioner determines that a  
42 district is making reasonable progress toward correcting  
43 deficiencies, the commissioner may grant an extension for a  
44 specific period of time. During this extension the district will  
45 remain under level II monitoring. At the end of the extension the  
46 commissioner shall determine whether the district is eligible for  
47 certification or if the district must be directed to enter level III  
48 monitoring.

1 c. When a district enters level III monitoring the commissioner  
2 shall establish procedures whereby parents of students in the  
3 district may meet with the commissioner or the commissioner's  
4 representative to discuss their concerns and the commissioner  
5 shall designate the county superintendent to appoint an external  
6 review team whose members shall be qualified by training and  
7 experience to examine the conditions in the specific district. In  
8 conjunction with the Department of Education, the team shall  
9 examine all aspects of the district's operations including but not  
10 limited to education, governance, management and finance. In  
11 addition, the team should examine factors external to the  
12 district's schools which may contribute to the district's  
13 deficiencies in educational achievement and may recommend  
14 measures to mitigate the effects of those external factors in the  
15 schools. The team will report its findings and conclusions,  
16 including directives to be utilized by the district in the  
17 preparation of a corrective action plan to achieve certification.  
18 to the commissioner. The commissioner will direct the district to  
19 use the report of the external review team to establish a  
20 corrective action plan. The corrective action plan must be  
21 submitted to and approved by the commissioner. The  
22 commissioner shall assure that the local district's budget  
23 provides the resources necessary to implement the approved  
24 plan. The entire cost of those activities associated with the  
25 review team shall be paid by the Department of Education. If the  
26 commissioner finds, based upon the findings and directives of the  
27 review team and the Department of Education, that conditions  
28 within the district may preclude the successful implementation of  
29 a corrective action plan or that the district has failed to make  
30 reasonable progress in the implementation of a corrective action  
31 plan to achieve certification, the commissioner shall direct that a  
32 comprehensive compliance investigation be conducted by the  
33 Department of Education. If the commissioner directs that a  
34 comprehensive compliance investigation be conducted, the  
35 commissioner may order any necessary action to insure the  
36 security of the books, papers, vouchers and records of the district.

37 d. Whenever a district in Level III monitoring shall be required  
38 to implement an approved corrective action plan pursuant to this  
39 section, the commissioner shall determine the cost to the district  
40 of implementation of those portions of the corrective action plan  
41 which are directly responsive to the district's deficiencies as  
42 identified in the report of the external review team or, where  
43 applicable, by the commissioner. In making this fiscal  
44 assessment, the commissioner shall identify those aspects of the  
45 corrective action plan which are already contained in the  
46 district's current expense budget. Where appropriate, the  
47 commissioner shall reallocate funds within the district's budget  
48 to support the corrective action plan. Once reallocated, any

1 transfers among line items of the district's budget may occur  
2 only with the commissioner's approval. The commissioner shall  
3 further determine the amount of additional revenue, if any,  
4 needed to implement the corrective action plan and shall  
5 recertify a budget for the district. [The State shall provide  
6 additional State aid at the district's State support level on a  
7 current year basis for any portion of the budget recertified by the  
8 commissioner pursuant to this subsection that exceeds the  
9 original budget of the district for that fiscal year. Whenever the  
10 commissioner shall determine that conditions in a district in  
11 Level III monitoring preclude successful implementation of a  
12 corrective action plan and shall order such a district into  
13 comprehensive compliance investigation, the district shall not be  
14 eligible for the additional State education aid made available  
15 pursuant to this subsection.]

16 e. A comprehensive compliance investigation shall entail a  
17 thorough and detailed examination of a district's educational  
18 programs, fiscal practices, governance and management. Based  
19 on the investigation, the commissioner shall issue a report which  
20 will document any irregularities and list all those aspects of the  
21 corrective action plan established pursuant to subsection c. of  
22 this section which have not been successfully implemented by the  
23 district or the conditions which would preclude the district from  
24 successfully implementing a plan. A copy of this report shall be  
25 given to the district. The commissioner shall also order the local  
26 board to show cause why an administrative order, subject to the  
27 provisions of section 15 of this act and section 1 of P.L.1987,  
28 c.399 (C.18A:7A-34) should not be implemented. The plenary  
29 hearing before a judge of the Office of Administrative Law,  
30 pursuant to the "Administrative Procedure Act," P.L.1968, c.410  
31 (C.52:14B-1 et seq.), upon said order to show cause shall be  
32 conducted in the manner prescribed by subdivision B of article 2  
33 of chapter 6 of Title 18A of the New Jersey Statutes.

34 In the proceeding the State shall have the burden of showing  
35 that the recommended administrative order is not arbitrary,  
36 unreasonable or capricious.

37 (cf: P.L.1987, c.398, s.2)

38 32. Section 17 of P.L.1987, c.399 (C.18A:7A-50) is amended to  
39 read as follows:

40 17. The State district superintendent of a State-operated  
41 school district shall develop a budget on or before the first  
42 Tuesday in March and shall present this budget to the board of  
43 education to elicit the board's comments and recommendations.  
44 This budget shall conform in all respects with the requirements of  
45 chapter 22 of Title 18A of the New Jersey Statutes [and shall be  
46 subject to the limitations on spending by local school districts  
47 otherwise required by P.L.1975, c.212 (C.18A:7A-1 et seq.). The  
48 State-operated district shall receive current year funding of all

1 State education aid based upon the budget prepared by the State  
2 district superintendent pursuant to section 19 of this act. For the  
3 purposes of this act "current year funding" shall mean that State  
4 aid shall be calculated on the basis of the budget for the school  
5 year in which the expenditures are made] and shall be subject to  
6 the limitations on spending by local school districts otherwise  
7 required by P.L. . . .c. . . . (C. . . .)(now pending before the  
8 Legislature as this bill)<sup>1</sup>.

9 (cf: P.L.1987, c.399, s.17)

10 33. Section 19 of P.L.1987, c.399 (C.18A:7A-52) is amended to  
11 read as follows:

12 19. a. After the public hearing provided for by section 18 of  
13 this amendatory and supplementary act but not later than March  
14 18, the State district superintendent shall fix and determine the  
15 amount of money necessary to be appropriated for the ensuing  
16 school year and shall certify the amounts to be raised by special  
17 district tax for school purposes as well as the sum necessary for  
18 interest and debt redemption, if any, to the county board of  
19 taxation and the amount or amounts so certified shall be included  
20 in the taxes assessed, levied and collected in the municipality or  
21 municipalities comprising the district. Within 15 days after the  
22 certification by the State district superintendent, the governing  
23 body of the municipality or municipalities comprising the district  
24 shall notify the State district superintendent of its intent to  
25 appeal to the commissioner the amount determined to be  
26 necessary to be appropriated for each item appearing in the  
27 proposed budget. The commissioner, upon receipt of the appeal  
28 from the governing body of the municipality or municipalities  
29 comprising the district and upon completion of the hearing  
30 process, shall determine the amount necessary for the district to  
31 provide a thorough and efficient educational program including  
32 the implementation of the plan to correct deficiencies.

33 b. Notwithstanding that the State-operated district shall  
34 receive [current year funding of] State education aid for its  
35 budget as prepared by the State district superintendent and as  
36 approved by the commissioner pursuant to subsection a. of this  
37 section, the governing body of the municipality or municipalities  
38 comprising the district may apply to the Director of the Division  
39 of Local Government Services in the Department of Community  
40 Affairs for a determination that the local share of revenues  
41 needed to support the district's budget results in an unreasonable  
42 tax burden. The director's findings of an unreasonable tax  
43 burden in a State-operated school district may be based on the  
44 overall school, county and municipal tax rates including any  
45 overlapping obligation of the community, cash deficit,  
46 insufficient percentage of tax collections, insufficient collection  
47 of other revenues, overanticipation of the revenues of prior  
48 years, nonliquidation of interfund transfers, reliance on

1 emergency authorizations, continual rollover of tax anticipation  
2 notes, or other factors indicating a constrained ability to raise  
3 sufficient revenues to meet its budgetary requirements. In  
4 addition, the director's review may include but need not be  
5 limited to an analysis of the ratable base of the community, the  
6 per capita income of the residents of the district and the  
7 percentage of residents on a fixed income, cash reserves and  
8 receivables of the district including the availability of any  
9 deferred tax, the ability of the community to dispose of property  
10 for which no public purpose is anticipated and all other current  
11 revenue raising capacity including procedures for collection  
12 which may permit greater anticipation of revenue.

13 c. Based upon his review, the director shall certify the amount  
14 of revenues which can be raised locally to support the budget of  
15 the State-operated district. Any difference between the amount  
16 which the director certifies and the total amount of local  
17 revenues required by the budget approved by the commissioner  
18 shall be paid by the State in the fiscal year in which the  
19 expenditures are made, subject to the availability of  
20 appropriations.

21 (cf: P.L.1987, c.399, s.19)

22 34. Section 6 of P.L.1979, c.207 (C.18A:7B-2) is amended to  
23 read as follows:

24 6. a. For each child who is resident in a district and in a State  
25 facility on the last school day [in September] prior to October 16  
26 of the prebudget year, the Commissioner of Education shall  
27 deduct from the State aid payable to such district an amount  
28 equal to the State [average net current expense budget per pupil]  
29 foundation amount plus the appropriate [categorical program  
30 support] special education aid.

31 b. If, for any district, the amount to be deducted pursuant to  
32 subsection a. of this section is greater than State aid payable to  
33 the district, the district shall pay to the Department of Education  
34 the difference between the amount to be deducted and the State  
35 aid payable to the district.

36 [This] c. The amount deducted pursuant to subsection a. of this  
37 section and the amount paid to the Department of Education  
38 pursuant to subsection b. of this section shall be forwarded to the  
39 Department of Human Services if the facility is operated by or  
40 under contract with that department, or to the Department of  
41 Corrections if the facility is operated by that department, and  
42 shall serve as payment by the district of tuition for the child.  
43 This amount shall be used solely for the support of educational  
44 programs and shall be maintained in a separate account for that  
45 purpose. No district shall be responsible for the tuition of any  
46 child admitted to a State facility after [September 30] the last  
47 school day prior to October 16 of the prebudget year.

48 (cf: P.L.1979, c.207, s.6)

1       35. Section 19 of P.L.1979, c.207 (C.18A:7B-12) is amended to  
2 read as follows:

3       19. For school funding purposes, the Commissioner of  
4 Education shall determine district of residence as follows:

5       a. The district of residence for children in foster homes shall  
6 be the district in which the foster parents reside. If a child in a  
7 foster home is subsequently placed in a State facility or by a  
8 State agency, the district of residence of the child shall then be  
9 determined as if no such foster placement had occurred.

10       b. The district of residence for children who are in residential  
11 State facilities, or who have been placed by State agencies in  
12 group homes, private schools or out-of-State facilities, shall be  
13 the present district of residence of the parent or guardian with  
14 whom the child lived prior to his most recent admission to a State  
15 facility or most recent placement by a State agency.

16       If this cannot be determined, the district of residence shall be  
17 the district in which the child resided prior to such admission or  
18 placement.

19       c. The district of residence for children whose parent or  
20 guardian temporarily move from one school district to another as  
21 the result of being homeless shall be the district in which the  
22 parent or guardian last resided prior to becoming homeless. For  
23 the purpose of this amendatory and supplementary act,  
24 "homeless" shall mean an individual who temporarily lacks a  
25 fixed, regular and adequate residence.

26       d. If the district of residence cannot be determined according  
27 to the criteria contained herein, or if the criteria contained  
28 herein identify a district of residence outside of the State, the  
29 State shall assume fiscal responsibility for the tuition of the  
30 child. The tuition shall equal the State [average net current  
31 expense budget per pupil] foundation amount plus the appropriate  
32 [categorical program support] special education aid, if any. This  
33 amount shall be appropriated in the same manner as other State  
34 aid under this act. The Department of Education shall pay the  
35 amount to the Department of Human Services or the Department  
36 of Corrections or, in the case of a homeless child, to the school  
37 district in which the child is enrolled.

38 (cf: P.L.1989, c.290, s.1)

39       36. Section 4 of P.L.1988, c.168 (C.18A:7C-6.2) is amended to  
40 read as follows:

41       4. The Commissioner of Education shall develop and  
42 administer to all eighth grade pupils in the school year which  
43 begins in September 1990, and annually thereafter, a test to  
44 assess progress toward mastery of State graduation proficiency  
45 standards. For any student not meeting established examination  
46 standards, the local board of education shall provide for  
47 appropriate remediation in areas of demonstrated deficiency.  
48 Appropriate remediation may include after school, weekend and

1 summer programs [, for which a district shall be entitled to  
2 receive State aid pursuant to sections 18 and 20 of P.L.1975,  
3 c.212 (C.18A:7A-18 and C.18A:7A-20)].

4 (cf: P.L.1988, c.168, s.4)

5 37. N.J.S.18A:13-23 is amended to read as follows:

6 18A:13-23. The annual or special appropriations for regional  
7 districts, including the amounts to be raised for interest upon,  
8 and the redemption of, bonds payable by the district, shall be  
9 apportioned among the municipalities included within the regional  
10 district upon the basis of the portion of each municipality's  
11 equalized valuation allocated to the regional district, calculated  
12 as described in the definition of equalized valuation in section 3  
13 of [this 1974 amendatory and supplementary act] P.L. . . .c. . .  
14 (C. . . .)(now pending before the Legislature as this bill).

15 (cf: P.L.1975, c.212, s.29)

16 38. N.J.S.18A:21-2 is amended to read as follows:

17 18A:21-2. The board of school estimate of any district having  
18 such a board and the board of education of any other district may  
19 establish a capital reserve [fund] account pursuant to this article  
20 which may be maintained and used as in this article provided.

21 (cf: N.J.S.18A:21-2)

22 39. N.J.S.18A:21-3 is amended to read as follows:

23 18A:21-3. Such [fund] account shall be established by  
24 resolution of the board of school estimate or the board of  
25 education, as the case may be, in such form as shall be prescribed  
26 by the commissioner, a true copy of which shall be filed with the  
27 department. [The fund shall consist of (a) such sums, not  
28 exceeding \$45,00 per pupil in resident enrollment (including the  
29 amount of state building aid as well as funds to be raised locally),  
30 as shall annually] For any school year an amount not to exceed  
31 the amount of foundation aid anticipated in the capital outlay  
32 budget, as calculated pursuant to section 10 of P.L. . . .,c . . .  
33 (C. . . .)(now pending before the Legislature as this bill), plus any  
34 additional sum expressly approved by the voters of the district or  
35 the board of school estimate may be appropriated [for that  
36 purpose; and (b)] to the account. The account shall also include  
37 the earnings attributable to the investment of the assets of the  
38 [fund, as determined by the state treasurer] account.

39 (cf: N.J.S.18A:21-3)

40 40. N.J.S.18A:21-4 is amended to read as follows:

41 18A:21-4. A board of education may in any school year draw  
42 against its capital reserve [fund] account, up to the amount of the  
43 balance therein, to the extent that such withdrawal is anticipated  
44 as a revenue in the school budget for the then current school  
45 year; provided, that [such budget anticipation and withdrawal  
46 may not be greater than the amount by which capital outlay and  
47 debt service included in such budget exceeds state school building  
48 aid applicable thereto, as determined pursuant to the state school  
49 building aid law] no money drawn from the account may be used

1 for current expenses or debt service payments.

2 (cf: N.J.S.18A:21-4)

3 41. N.J.S.18A:21-5 is amended to read as follows:

4 18A:21-5. The capital reserve [fund] account of each district  
5 shall be [kept in the custody of the state treasurer for investment  
6 and reinvestment without segregation of assets as between the  
7 funds of the several school districts. It shall also be credited  
8 with the amount of state school building aid and other moneys  
9 which the district is entitled or required pursuant to law to have  
10 credited to its capital reserve fund; and shall be debited with the  
11 amount of annual withdrawals made by the district, pursuant to  
12 law] maintained by the local district, in accordance with  
13 procedures to be established by the commissioner.

14 (cf: N.J.S.18A:21-5)

15 42. (New section) Within 90 days of the enactment of this  
16 amendatory and supplementary act, the State Treasurer shall  
17 transfer any funds on deposit in a school building aid capital  
18 reserve fund, pursuant to N.J.S.18A:58-25, to the school district  
19 that deposited the funds. The district shall place the funds so  
20 received in its capital reserve account.

21 43. N.J.S.18A:22-8 is amended to read as follows:

22 18A:22-8. The budget shall be prepared in such detail and upon  
23 such forms as shall be prescribed by the commissioner and to it  
24 shall be annexed a statement so itemized as to make the same  
25 readily understandable, in which shall be shown:

26 a. In tabular form there shall be set forth the following:

27 (1) The total expenditure for each item for the preceding  
28 school year, the amount appropriated for the current school year  
29 adjusted for transfers as of December 1 of the current school  
30 year, and the amount estimated to be necessary to be  
31 appropriated for the ensuing school year, indicated separately for  
32 at least the following items:

33 (a) Salaries--administration

34 (b) Salaries--teaching

35 (c) Salaries--for the operation of plant and maintenance

36 (d) Categorical programs

37 (i) Salaries

38 (ii) Other

39 (e) Supplies for the operation of plant--including fuel

40 (f) Textbooks

41 (g) Instructional supplies

42 (h) Other supplies

43 (i) School libraries and audio visual materials

44 (j) Transportation of pupils

45 (k) Insurance

46 (l) Legal fees

47 (m) Consulting fees, including negotiating fees

48 (n) Contracts for maintenance



- 1 (o) Property  
 2 (p) Maintenance  
 3 (q) Evening schools  
 4 (r) Classes for the foreign born  
 5 (s) Vocational evening schools and courses  
 6 (t) Tuition paid to other districts  
 7 (u) Interest and debt redemption charges, in type II districts[.]  
 8 (v) Pension contributions  
 9 (w) Social Security payments  
 10 (x) Any other major purposes including any capital project  
 11 which the State Board of Education desires to include in the  
 12 annual budget;
- 13 (2) The amount of the surplus account available at the  
 14 beginning of the preceding school year, at the beginning of the  
 15 current school year and the amount anticipated to be available  
 16 for the ensuing school year;
- 17 (3) The amount of revenue available for budget purposes for  
 18 the preceding school year, the amount available for the current  
 19 school year as of December 1 of the current school year and the  
 20 amount anticipated to be available for the ensuing school year in  
 21 the following categories:
- 22 (a) Total to be raised by local property taxes  
 23 (b) Total State aid  
 24 (i) [Equalization] Foundation aid  
 25 (ii) [Categorical] Special education aid  
 26 (iii) Transportation aid  
 27 (iv) <sup>1</sup>At-risk aid  
 28 (v) Bilingual aid  
 29 (vi)<sup>1</sup> Other  
 30 <sup>1</sup>[(v)] (vii)<sup>1</sup> Transition aid  
 31 (c) Total Federal aid  
 32 (i) Elementary and Secondary Education Act of 1965  
 33 (20 U.S.C. §2701 et seq.)  
 34 (ii) Handicapped  
 35 (iii) Impact Aid  
 36 (iv) Vocational  
 37 (v) Other  
 38 (d) Other Sources.
- 39 b. In addition, the commissioner may provide for a program  
 40 budget system.
- 41 c. In the event that the total expenditure for any item of  
 42 appropriation is equal to \$0.00 for: (1) the preceding school year,  
 43 (2) the current school year, and (3) the amount estimated to be  
 44 necessary to be appropriated for the ensuing school year, that  
 45 item shall not be required to be published pursuant to  
 46 N.J.S.18A:22-11.  
 47 (cf: P.L.1989, c.217, s.1)  
 48 44. Section 3 of P.L.1979, c.294 (C.18A:22-8.2) is amended to

1 read as follows:

2 3. No transfer may be made under this section from  
3 appropriations for:

4 a. Interest and debt redemption charges;

5 b. Capital reserve [fund] account;

6 c. Items classified as current expenses except to other items  
7 so classified or to capital outlay;

8 d. Items classified as capital [projects] outlay except to other  
9 items so classified or to current expense.

10 (cf: P.L.1979, c.294, s.3)

11 45. Section 4 of P.L.1979, c.294 (C.18A:22-8.3) is amended to  
12 read as follows:

13 4. On or after [December 1] November 15 of each school year,  
14 all adjustments to State aid amounts payable for the succeeding  
15 school year, pursuant to [P.L.1975, c.212 (C.18A:7A-1 et seq.)]  
16 P.L. . . . c. . . . (C. . . .)(now pending before the Legislature as this  
17 bill), due to corrections in the count of pupils enrolled in various  
18 grades and programs, shall be made to the State aid amounts  
19 payable during the school year following the succeeding school  
20 year.

21 (cf: P.L.1979, c.294, s.4)

22 46. N.J.S.18A:22-10 is amended to read as follows:

23 18A:22-10. Upon the preparation of its budget, each board of  
24 education shall fix a date, place and time for the holding of a  
25 public hearing upon said budget and the amounts of money  
26 necessary to be appropriated for the use of the public schools for  
27 the ensuing school year and the various items and purposes for  
28 which the same are to be appropriated[, which hearing in] In  
29 districts having a board of school estimate, the hearing shall be  
30 held before said board of school estimate between the first  
31 Tuesday in March and March 18 and in districts having no board  
32 of school estimate the hearing shall be held before the board of  
33 education between the first Tuesday in March and March 18.

34 (cf: P.L.1978, c.136, s.8)

35 47. Section 2 of P.L.1976, c.39 (C.18A:24-87) is amended to  
36 read as follows:

37 2. For the purposes of this act, unless the context clearly  
38 requires a different meaning:

39 a. "Commissioner" means the Commissioner of Education of  
40 the State of New Jersey;

41 b. "Debt service" means and includes payments of principal  
42 and interest upon qualified bonds issued pursuant to the terms of  
43 this act or amounts required in order to satisfy sinking fund  
44 payment requirements with respect to such bonds;

45 c. "Local finance board" means the Local Finance Board in the  
46 Division of Local Government Services in the Department of  
47 Community Affairs, established pursuant to P.L.1974, c.35  
48 (C.52:27D-18.1);

1 d. "Paying agent" means any bank, trust company or national  
2 banking association having the power to accept and administer  
3 trusts, named or designated in any qualified bond of a school  
4 district or municipality as the agent for the payment of the  
5 principal of and interest thereon and shall include the holder of  
6 any sinking fund established for the payment of such bonds:

7 e. "Qualified Bonds" means those bonds of a school district or  
8 municipality authorized and issued in conformity with the  
9 provisions of this act;

10 f. "State board" means the State Board of Education of the  
11 State of New Jersey;

12 g. "School District" means a Type I, Type II, regional, or  
13 consolidated school district as defined in Title 18A of the New  
14 Jersey Statutes;

15 h. "State school aid" means the funds made available to local  
16 school districts pursuant to [N.J.S.18A:58-3, 18A:58-4, 18A:58-5  
17 and 18A:58-5.1 and section 18 of the Public School Education Act  
18 of 1975, P.L.1975, c.212 (C.18A:7A-18) or pursuant to any other  
19 law enacted providing for funds to school districts in lieu of or in  
20 substitution for the funds presently provided pursuant to  
21 N.J.S.18A:58-3, 18A:58-4, 18A:58-5 and 18A:58-5.1 and section  
22 18 of the Public School Education Act of 1975, P.L.1975, c.212  
23 (C.18A:7A-18)] section 4 of P.L. . . . , c. . . . (C. . . .)(now pending  
24 before the Legislature as this bill).

25 (cf: P.L.1978, c.76, s.2)

26 48. Section 7 of P.L.1985, c.321 (C.18A:29-5.6) is amended to  
27 read as follows:

28 7. a. The actual salary paid to each teacher under each  
29 district's or educational services commission's 1984-85 approved  
30 salary guide shall be considered a base salary for purposes of this  
31 act.

32 b. In addition to all other funds to which the local district or  
33 educational services commission is entitled under the provisions  
34 of [P.L.1975, c.212 (C.18A:7A-1 et seq.)] P.L. . . . , c. . . . (C. . . .  
35 )(now pending before the Legislature as this bill) and other  
36 pertinent statutes, each board of education or board of directors  
37 of an educational services commission shall receive from the  
38 State during the 1985-86 academic year and for two years  
39 thereafter an amount equal to the sum of the amounts by which  
40 the actual salary prescribed for each current full-time teaching  
41 staff member under the salary schedule adopted by the local  
42 board of education or board of directors for the 1984-85  
43 academic year in the manner prescribed by law is less than  
44 \$18,500.00, provided that the teaching staff member has been  
45 certified by the local board of education or board of directors as  
46 performing his duties in an acceptable manner for the 1984-85  
47 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each  
48 local board of education or board of directors shall receive from

1 the State on behalf of the newly employed full-time teaching  
2 staff members for the 1985-86 academic year and for two years  
3 thereafter an amount equal to the sum of the amounts by which  
4 the actual salary prescribed for each newly employed full-time  
5 teaching staff member under the salary schedule adopted by the  
6 local board of education or board of directors for the 1984-85  
7 academic year is less than \$18,500.00. All adjustments for  
8 teachers who are hired or who leave employment during the  
9 school year and who make less than \$18,500.00 shall be made in  
10 the school year following the year in which they were hired or  
11 left employment.

12 c. For the 1988-89 academic year and thereafter, this act  
13 shall be funded in accordance with the recommendations of the  
14 State and Local Expenditure and Revenue Policy Commission  
15 created pursuant to P.L.1984, c.213. If the commission's  
16 recommendations for funding this program are not enacted into  
17 law, this act shall be funded in accordance with subsection d. of  
18 this section and sections 9 and 10 of this act.

19 d. For the purpose of funding this act in the 1988-89 academic  
20 year as determined pursuant to this section, each teacher's  
21 salary based on the 1984-85 salary guide shall be increased by the  
22 product of the base salary multiplied by 21%.

23 e. In each subsequent year the product of the base salary times  
24 7% shall be cumulatively added to each teacher's salary as  
25 calculated in subsection d. of this section in determining the aid  
26 payable. In any year subsequent to the 1987-88 academic year in  
27 which the base salary plus the cumulative increases under this  
28 section exceed \$18,500.00, aid will no longer be payable.

29 (cf: P.L.1986, c.9, s.3)

30 49. Section 3 of P.L.1988, c.12 (C 18A:38-7.9) is amended to  
31 read as follows:

32 3. a. In the event the designated district is composed of more  
33 than one municipality, when allocating equalized valuations or  
34 district incomes, pursuant to the provisions of section 3 of  
35 [P.L.1975, c.212 (C.18A:7A-3)] P.L. . . . , c. . . .(C. . . .)(now  
36 pending before the Legislature as this bill), for the purpose of  
37 calculating State aid, persons attending schools in the designated  
38 district pursuant to section 2 of this act shall be assigned to each  
39 municipality comprising the designated district in direct  
40 proportion to the number of persons ordinarily attending school  
41 from each municipality in the designated district without  
42 considering the persons attending pursuant to this act.

43 b. In the event the designated district is a constituent district  
44 of a limited purpose regional district, when allocating equalized  
45 valuations or district incomes, pursuant to the provisions of  
46 section 3 of [P.L.1975, c.212 (C.18A:7A-3)] P.L. . . . , c. . . .(C. . . .)  
47 (now pending before the Legislature as this bill), for the purpose  
48 of apportioning the amounts to be raised by taxes for the limited

1 purpose regional district of which the designated district is a  
2 constituent district, persons attending schools in the designated  
3 district pursuant to section 2 of this act shall not be counted.

4 (cf: P.L.1988, c.12, s.3.)

5 50. N.J.S.18A:39-1 is amended to read as follows:

6 18A:39-1. Whenever in any district there are elementary school  
7 pupils [residing remote from any schoolhouse, the board of  
8 education of the district may makes rules and contracts for the  
9 transportation of such pupils to and from school, including the  
10 transportation of school pupils to and from school other than a  
11 public school, except such school as is operated for profit in  
12 whole or in part] who live more than two miles from their public  
13 school of attendance or secondary school pupils who live more  
14 than 2½ miles from their public school of attendance, the district  
15 shall provide transportation to and from school for these pupils.

16 When any school district provides any transportation for public  
17 school pupils to and from school pursuant to this section,  
18 transportation shall be supplied to school pupils residing in such  
19 school district in going to and from any remote school other than  
20 a public school, not operated for profit in whole or in part,  
21 located within the State not more than 20 miles from the  
22 residence of the pupil; except that if the district is located in a  
23 county of the third class with a population of not less than 80,000  
24 and not more than 120,000 transportation shall be provided to a  
25 nonpublic school located outside the State not more than 20 miles  
26 from the residence of the pupil, if there is no appropriate  
27 nonpublic school within the State located closer to the residence  
28 of the pupil; provided the per pupil cost of the lowest bid  
29 received does not exceed [\$325.00] \$675 for 1991-92 school year  
30 and if such bid shall exceed said cost then the parent, guardian or  
31 other person having legal custody of the pupil shall be eligible to  
32 receive said amount toward the cost of his transportation to a  
33 qualified school other than a public school, regardless of whether  
34 such transportation is along established public school routes. It  
35 shall be the obligation of the parent, guardian or other person  
36 having legal custody of the pupil attending a remote school, other  
37 than a public school, not operating for profit in whole or in part,  
38 to register said pupil with the office of the secretary of the board  
39 of education at the time and in the manner specified by rules and  
40 regulations of the State board in order to be eligible for the  
41 transportation provided by this section. If the registration of any  
42 such pupil is not completed by September 1 of the school year and  
43 if it is necessary for the board of education to enter into a  
44 contract establishing a new route in order to provide such  
45 transportation, then the board shall not be required to provide it,  
46 but in lieu thereof the parent, guardian or other person having  
47 legal custody of the pupil shall be eligible to receive [\$325.00]  
48 \$675 or the amount determined pursuant to section 2 of P.L.1981,

1 c.57 (C.18A:39-1a), or an amount computed by multiplying 1/180  
2 times the number of school days remaining in the school year at  
3 the time of registration, times [~~\$325.00~~] \$675 or the amount  
4 determined pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a),  
5 whichever is the smaller amount. Whenever any regional school  
6 district provides any transportation for pupils attending schools  
7 other than public schools pursuant to this section, said regional  
8 district shall assume responsibility for the transportation of all  
9 such pupils, and the cost of such transportation for pupils below  
10 the grade level for which the regional district was organized shall  
11 be prorated by the regional district among the constituent  
12 districts on a per pupil basis, after approval of such costs by the  
13 county superintendent. This section shall not require school  
14 districts to provide any transportation for pupils attending a  
15 school other than a public school, where the only transportation  
16 presently provided by said district is for school children  
17 transported pursuant to chapter 46 of [this] Title 18A of the New  
18 Jersey Statutes or for pupils transported to a vocational,  
19 technical or other public school offering a specialized program.  
20 Any transportation to a school, other than a public school, shall  
21 be pursuant to the same rules and regulations promulgated by the  
22 State board as governs transportation to any public school.

23 The board of education may make rules and contracts for the  
24 pupil transportation provided pursuant to this section.

25 Nothing in this section shall be so construed as to prohibit a  
26 board of education from making contracts for the transportation  
27 of pupils to a school in an adjoining district, when such pupils are  
28 transferred to the district by order of the county superintendent,  
29 or when any pupils shall attend school in a district other than that  
30 in which they shall reside by virtue of an agreement made by the  
31 respective boards of education.

32 Nothing herein contained shall limit or diminish in any way any  
33 of the provisions for transportation for children pursuant to  
34 chapter 46 of this Title.

35 (cf: P.L.1985, c.513, s.1)

36 51. Section 2 of P.L.1981, c.57 (C.18A:39-1a) is amended to  
37 read as follows:

38 2. Beginning in the [1982-83] 1992-1993 school year and in  
39 each subsequent year, the maximum amount of nonpublic school  
40 transportation costs per pupil provided for in N.J.S.18A:39-1 shall  
41 be increased or decreased [by an amount equal to the percentage  
42 increase or decrease in the total amount of estimated approved  
43 transportation costs per pupil for] in direct proportion to the  
44 increase or decrease in the State transportation aid per pupil in  
45 the year prior to the prebudget year compared to the amount  
46 [estimated] for the prebudget year. As used in this section, State  
47 transportation aid per pupil shall equal the total State aid  
48 payments made pursuant to section 16 of this amendatory and

1 supplementary act divided by the number of pupils eligible for  
2 transportation.

3 (cf: P.L.1981, c.57, s.2)

4 52. N.J.S.18A:39-1.1 is amended to read as follows:

5 18A:39-1.1. I

6 n addition to the provision of transportation for pupils [living  
7 remote from any school house, and for handicapped children]  
8 pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board of  
9 education of any district may provide, by contract or otherwise,  
10 in accordance with law and the rules and regulations of the state  
11 board, for the transportation of other pupils to and from school.

12 [The cost of transporting] Districts shall not receive State aid  
13 pursuant to section 16 of P.L. . . .c. . . (C. . . .)(now pending  
14 before the Legislature as this bill) for the transportation of pupils  
15 pursuant to this section [shall not be included in calculating the  
16 amount of state aid for transportation of pupils].

17 (cf: N.J.S.18A:39-1.1)

18 53. N.J.S.18A:39-15 is amended to read as follows:

19 18A:39-15. If the county superintendent of the county in which  
20 the districts are situate shall approve the necessity, the cost, and  
21 the method of providing such joint transportation and the  
22 agreement whereby the same is to be provided, each such board  
23 of education providing joint transportation shall be entitled to  
24 State aid [in an amount equal to 90% of its proportionate share of  
25 the cost of such transportation pursuant to the terms of such  
26 agreement] pursuant to section 16 of P.L. . . .c. . . (C. . . .)(now  
27 pending before the Legislature as this bill).

28 (cf: P.L.1978, c.158, s.1)

29 54. Section 11 of P.L.1987, c.387 (C.18A:40A-18) is amended  
30 to read as follows:

31 11. The Commissioner of Education, in consultation with the  
32 Commissioner of Health, shall develop and administer a program  
33 which provides for the employment of substance awareness  
34 coordinators in certain school districts.

35 a. Within 90 days of the effective date of this act, the  
36 Commissioner of Education shall forward to each local school  
37 board a request for a proposal for the employment of a substance  
38 awareness coordinator. A board which wants to participate in the  
39 program shall submit a proposal to the commissioner which  
40 outlines the district's plan to provide substance abuse prevention,  
41 intervention and treatment referral services to students through  
42 the employment of a substance awareness coordinator. Nothing  
43 shall preclude a district which employs a substance awareness  
44 coordinator at the time of the effective date of this act from  
45 participating in this program. The commissioner shall select  
46 school districts to participate in the program through a  
47 competitive grant process. The participating districts shall  
48 include urban, suburban and rural districts from the north, central

1 and southern geographic regions of the State with at least one  
2 school district per county. In addition to all other State aid to  
3 which the local district is entitled under the provisions of  
4 [P.L.1975, c.212 (C.18A:7A-1 et seq.)] P.L. . . . c. . . . (C. . . .  
5 .)(now pending before the Legislature as this bill) and other  
6 pertinent statutes, each board of education participating in the  
7 program shall receive from the State, for a three year period, the  
8 amount necessary to pay the salary of its substance awareness  
9 coordinator.

10 b. The position of substance awareness coordinator shall be  
11 separate and distinct from any other employment position in the  
12 district, including, but not limited to district guidance  
13 counsellors, school social workers and school psychologists. The  
14 State Board of Education shall approve the education and  
15 experience criteria necessary for employment as a substance  
16 awareness coordinator. The criteria shall include a requirement  
17 for certification by the State Board of Examiners. In addition to  
18 the criteria established by the State board, the Department of  
19 Education and the Department of Health shall jointly conduct  
20 orientation and training programs for substance awareness  
21 coordinators, and shall also provide for continuing education  
22 programs for coordinators.

23 c. It shall be the responsibility of substance awareness  
24 coordinators to assist local school districts in the effective  
25 implementation of this act. Coordinators shall assist with the  
26 inservice training of school district staff concerning substance  
27 abuse issues and the district program to combat substance abuse;  
28 serve as an information resource for substance abuse curriculum  
29 development and instruction; assist the district in revising and  
30 implementing substance abuse policies and procedures; develop  
31 and administer intervention services in the district; provide  
32 counseling services to pupils regarding substance abuse problems;  
33 and, where necessary and appropriate, cooperate with juvenile  
34 justice officials in the rendering of substance abuse treatment  
35 services.

36 d. The Commissioner of Education, in consultation with the  
37 Commissioner of Health shall implement a plan to collect data on  
38 the effectiveness of the program in treating problems associated  
39 with substance abuse and in reducing the incidence of substance  
40 abuse in local school districts. Six months prior to the expiration  
41 of the program authorized pursuant to this section, the  
42 Commissioner of Education shall submit to the Governor and the  
43 Legislature an evaluation of the program and a recommendation  
44 on the advisability of its continuation or expansion to all school  
45 districts in the State.

46 (cf: P.L.1987, c.387, s.11)

47 55. N.J.S.18A:46-1 is amended to read as follows:

48 18A:46-1. As used in this chapter a handicapped child shall



1 mean and include any child who is mentally retarded, visually  
2 handicapped, auditorily handicapped, communication  
3 handicapped, neurologically or perceptually impaired,  
4 orthopedically handicapped, chronically ill, emotionally disturbed,  
5 socially maladjusted, multiply handicapped, autistic, or  
6 pre-school handicapped.

7 (cf: P.L.1981, c.415, s.6)

8 56. N.J.S.18A:46-2 is amended to read as follows:

9 18A:46-2. The commissioner shall be responsible for the  
10 coordination of the work of the county departments of child study  
11 and the general administration of special educational services in  
12 the public schools of this State.

13 In order to carry out the provisions of this chapter, he shall  
14 appoint to his staff persons qualified to administer educational  
15 services in the general field of education for handicapped  
16 children including each of the following disability groups: (1)  
17 mentally retarded, (2) orthopedically handicapped, (3)  
18 communication handicapped, (4) visually handicapped, (5)  
19 neurologically or perceptually impaired, (6) chronically ill, (7)  
20 emotionally disturbed, (8) socially maladjusted, (9) the auditorily  
21 handicapped, (10) autistic and [(10)] (11) the pre-school  
22 handicapped, and a consultant experienced in child psychiatry,  
23 and specialists in school psychology, health service, school social  
24 work, learning disabilities and special education and such other  
25 qualified personnel as he shall deem necessary and he shall fix  
26 their compensation with the approval of the State board.

27 The commissioner shall appoint biannually an advisory council  
28 with the approval of the State board which will consist of not less  
29 than seven nor more than 15 members representative of public  
30 and private professional and lay interests. The advisory council  
31 shall advise in the promulgation of rules, regulations and the  
32 implementation of this chapter and the establishment of  
33 standards and qualifications for the professional personnel. The  
34 council shall serve without remuneration.

35 (cf: P.L.1981, c.415, s.7)

36 57. N.J.S.18A:46-8 is amended to read as follows:

37 18A:46-8. Each board of education shall provide for the  
38 examination and classification of each child residing in the  
39 district and identified pursuant to N.J.S.18A:46-6<sup>1</sup>, except that  
40 the board of education of a county vocational school district shall  
41 provide for the examination and classification of each child who  
42 is attending the county vocational school on a full-time basis and  
43 is identified pursuant to N.J.S. 18A:46-6<sup>1</sup>. Such examination and  
44 classification shall be accomplished according to procedures  
45 prescribed by the commissioner and approved by the State board,  
46 under one of the following categories: mentally retarded, visually  
47 handicapped, auditorily handicapped, communication  
48 handicapped, neurologically or perceptually impaired,

1 orthopedically handicapped, chronically ill, emotionally disturbed,  
2 socially maladjusted, autistic, multiply handicapped or pre-school  
3 handicapped. The examination and classification of such  
4 nonpublic school children shall be in a location determined by the  
5 local board of education of the district in which the nonpublic  
6 school is located and approved by the commissioner pursuant to  
7 rules and regulations promulgated by the State board.

8 The classification of communication handicapped shall be made  
9 by the basic child study team and an approved speech  
10 correctionist or speech pathologist, without child study  
11 consultation. Such children shall be reported to the basic child  
12 study team.

13 The proposed classification shall be reported to the parent or  
14 guardian of the child and an opportunity provided, prior to  
15 implementation of the classification, for consultation by such  
16 parent or guardian with the appropriate special educational  
17 services personnel of the district. Pursuant to rules of the State  
18 board, the parent or guardian shall also be provided an  
19 opportunity for further review of the classification in the  
20 Department of Education.

21 (cf: P.L.1984, c.123, s.2)

22 58. N.J.S.18A:46-14 is amended to read as follows"

23 18A:46-14. The facilities and programs of education required  
24 under this chapter shall be provided by one or more of the  
25 following:

26 a. A special class or classes in the district, including a class or  
27 classes in hospitals, convalescent homes, or other institutions;

28 b. A special class in the public schools of another district in  
29 this State or any other state in the United States;

30 c. Joint facilities including a class or classes in hospitals,  
31 convalescent homes or other institutions to be provided by  
32 agreement between one or more school districts;

33 d. A jointure commission program;

34 e. A State of New Jersey operated program;

35 f. Instruction at school supplementary to the other programs in  
36 the school, whenever, in the judgment of the board of education  
37 with the consent of the commissioner, the handicapped pupil will  
38 be best served thereby;

39 g. Sending children capable of benefiting from a day school  
40 instructional program to privately operated day classes, in New  
41 Jersey or, with the approval of the commissioner to meet  
42 particular circumstances, in any other state in the United States,  
43 the services of which are nonsectarian whenever in the judgment  
44 of the board of education with the consent of the commissioner it  
45 is impractical to provide services pursuant to subsection a., b., c.,  
46 d., e. or f. otherwise;

47 h. Individual instruction at home or in school whenever in the  
48 judgment of the board of education with the consent of the

1 commissioner it is impracticable to provide a suitable special  
2 education program for a child pursuant to subsection a., b., c., d.,  
3 e., f. or g. otherwise.

4 Whenever a child study team determines that a suitable special  
5 education program for a child cannot be provided pursuant to  
6 subsection a., b., c., d., e., f., g. or h. of this section, and that the  
7 most appropriate placement for that child is in an academic  
8 program in an accredited nonpublic school within the State or, to  
9 meet particular circumstances, in any other state in the United  
10 States, the services of which are nonsectarian, and which is not  
11 specifically approved for the education of handicapped pupils,  
12 that child may be placed in that academic program by the board  
13 of education, with the consent of the commissioner, or by order  
14 of a court of competent jurisdiction. An academic program  
15 which meets the requirements of the child's Individual Education  
16 Plan as determined by the child study team and which provides  
17 the child with a thorough and efficient education, shall be  
18 considered an approved placement for the purposes of Chapter 46  
19 of this Title, and the board of education shall be entitled to  
20 receive State aid for that child as provided pursuant to [P.L.1975,  
21 c.212 (C.18A:7A-1 et seq.)] P.L. . . . , c. . . . (C. . . .)(now pending  
22 before the Legislature as this bill), and all other pertinent  
23 statutes.

24 Whenever any child shall be confined to a hospital,  
25 convalescent home, or other institution in New Jersey or in any  
26 other state in the United States and is enrolled in an education  
27 program approved under this article, or shall be placed in any  
28 other State facility as defined in section [three of P.L.1975, c.212  
29 (C.18A:7A-3)] 3 of P.L. . . . , c. . . . (C. . . .)(now pending before the  
30 Legislature as this bill), the board of education of the district in  
31 which the child resides shall pay the tuition of said child.

32 The board of education may also furnish (a) the facilities or  
33 programs provided in this article to any person over the age of 20  
34 who does not hold a diploma of a high school approved in this  
35 State or in any other state in the United States, (b) suitable  
36 approved facilities and programs for children under the age of 5.  
37 (cf: P.L.1989, c.152, s.1).

38 59. N.J.S.18A:46-23 is amended to read as follows:

39 18A:46-23. The board of education shall furnish transportation  
40 to all children found under this chapter to be handicapped who  
41 shall qualify therefor pursuant to law and it shall furnish such  
42 transportation for a lesser distance also to any handicapped child,  
43 if it finds upon the advice of the examiner, his handicap to be  
44 such as to make transportation necessary or advisable.

45 The board of education shall furnish transportation to all  
46 children being sent by local boards of education to an approved  
47 12-month program pursuant to N.J.S.18A:46-14, or any other  
48 program approved pursuant to N.J.S.18A:46-14 and who qualify

1 therefor pursuant to law, during the entire time the child is  
2 attending such a program. The board shall furnish such  
3 transportation for a lesser distance also to such handicapped  
4 child, if it finds upon the advice of the examiner, his handicap to  
5 be such as to make such transportation necessary or advisable.

6 The school district shall be entitled to State aid for such  
7 transportation [in the amount of 90% of the cost to the district of  
8 furnishing such transportation to a program approved under this  
9 chapter in New Jersey] pursuant to section 16 of P.L. . . ., c. . . (C.  
10 . . .)(now pending before the Legislature as this bill) when the  
11 necessity for such transportation and the cost and method thereof  
12 have been approved by the county superintendent of the county in  
13 which the district paying the cost of such transportation is  
14 situated.

15 (cf: P.L.1979, c.429, s.1)

16 60. Section 3 of P.L.1971, c.271 (C.18A:46-31) is amended to  
17 read as follows:

18 3. a. [The board of education of a county special services  
19 school district established under this act, may receive pupils from  
20 other counties so far as their facilities will permit, provided a  
21 rate of tuition not exceeding 50% of the cost of such education is  
22 paid by the sending districts.]

23 Any school established pursuant to this act shall accept all  
24 eligible pupils within the county, so far as facilities permit.  
25 Pupils residing outside the county may be accepted should  
26 facilities be available only after provision has been made for all  
27 eligible pupils within the county. Any child accepted shall be  
28 classified pursuant to chapter 46 of Title 18A of the New Jersey  
29 Statutes.

30 b. The board of education of any county special services school  
31 district [and the board of education of any other school district  
32 within the county thereof are each hereby authorized and  
33 empowered to undertake and to enter into agreements with  
34 respect to the attendance at schools of the special services  
35 school district, of residents or pupils of such other school district  
36 and as to the payments to be made or the rate of tuition to be  
37 charged on account of such students. Payments] <sup>1</sup>may receive  
38 such funds as may be appropriated by the county pursuant to  
39 section 13 of P.L.1971, c.271 (C.18A:46-41) and<sup>1</sup> shall be entitled  
40 to collect and receive from the sending districts in which the  
41 pupils attending the county special services school reside, for the  
42 tuition of such pupils, a sum <sup>1</sup>[equal to] not to exceed<sup>1</sup> the lesser  
43 of:

44 (1) the actual cost per pupil as determined for each special  
45 education category, according to rules prescribed by the  
46 commissioner and approved by the State board; or

47 (2) the foundation amount per pupil plus the appropriate per  
48 pupil special education aid.

1 <sup>1</sup>Whenever funds have been appropriated by the county, the  
2 county special services school district may charge a fee in  
3 addition to tuition for any pupils who are not residents of the  
4 county. The fee shall not exceed the amount of the county's per  
5 pupil appropriation to the county special services school district.<sup>1</sup>  
6 For each special education category, the tuition shall be at the  
7 same rate per pupil for each sending district whether within or  
8 without the county <sup>1</sup>[, and 10%] . Ten percent<sup>1</sup> of the tuition  
9 amount <sup>1</sup>and the nonresident fee amount, if any,<sup>1</sup> shall be [made  
10 quarterly] paid on the first of each month from September to  
11 June to the receiving district by each sending district. [The  
12 payment or rate of tuition per student shall not exceed 50% of  
13 the pro rata annual cost of the operation and maintenance of the  
14 county special services school district remaining after deduction  
15 from such cost of all amounts of aid received by the county  
16 special services school district or the county thereof on account  
17 of such district or credited thereto from the State of New Jersey  
18 or the United States of America or agencies thereof, but  
19 excluding from such cost any amount on account of required  
20 payments of interest or principal on bonds or notes of the county  
21 issued for the purpose of such district.] The annual aggregate  
22 amount of all [of such payments or] tuition may be anticipated by  
23 the board of education of the county special services school  
24 district [and by the board of chosen freeholders of the county]  
25 with respect to the annual budget of the county special services  
26 school district. The amounts of all annual payments or tuition to  
27 be paid by any such other school district shall be raised in each  
28 year in the annual budget of such other school district and paid to  
29 the county special services school district.

30 c. The board of education of any county special services school  
31 district, with the approval of the board of chosen freeholders of  
32 the county, may provide for the establishment, maintenance and  
33 operation of dormitory and other boarding care facilities for  
34 pupils in conjunction with any one or more of its schools for  
35 special services, and the board shall provide for the  
36 establishment, maintenance and operation of such health care  
37 services and facilities for the pupils as the board shall deem  
38 necessary.

39 <sup>1</sup>d. The State shall deduct from each sending district's  
40 foundation aid and special education aid an amount equal to the  
41 foundation aid and special education aid payable to the district  
42 for each county special services school district pupil, and shall  
43 pay that amount to the board of education of the county special  
44 services school district on behalf of the sending district. In the  
45 event that the amount deducted is less than the tuition due  
46 pursuant to subsection b. of this section, the county special  
47 services school district shall advise the board of education of the  
48 sending district of the total amount due and the balance due after

1 deducting the aid payable by the State pursuant to this  
2 subsection. This balance shall be paid by the board of education  
3 of the sending district. All payments shall be made pursuant to  
4 the schedule established by subsection b. of this section.<sup>1</sup>

5 (cf: P.L.1971, c.271, s.3)

6 61. Section 13 of P.L.1971, c.271 (C.18A:46-41) is amended to  
7 read as follows:

8 13. a. Between March 25 and April 8 in each year the board of  
9 school estimate shall fix and determine by official action taken  
10 at a public meeting of the board the amount of money necessary  
11 to be appropriated for the use of the county special services  
12 school district for the ensuing school year [exclusive of the  
13 amount to be received from the State as provided in section 16 of  
14 this act].

15 b. The board of school estimate shall, on or before the last  
16 named date, make two certificates of the amount, signed by at  
17 least three of its members, one of which certificate shall be  
18 delivered to the board of education of the county special services  
19 school district and the other to the board of chosen freeholders of  
20 the county.

21 c. The board of chosen freeholders shall, upon receipt of the  
22 certificate, appropriate, in the same manner as other  
23 appropriations are made by it, the amount so certified, and the  
24 amount shall be assessed, levied, and collected in the same  
25 manner as moneys appropriated for other purposes in the county  
26 are assessed, levied, and collected, unless such amount is to be  
27 raised as otherwise hereinafter provided in this act.

28 (cf: P.L.1978, c.136, s.16)

29 62. Section 2 of P.L.1977, c.192 (C.18A:46A-2) is amended to  
30 read as follows:

31 2. As used in this act:

32 a. "Commissioner" means the State Commissioner of  
33 Education.

34 b. "Nonpublic school" means an elementary or secondary  
35 school within the State, other than a public school, offering  
36 education for grades kindergarten through 12, or any combination  
37 of them, wherein any child may legally fulfill compulsory school  
38 attendance requirements and which complies with the  
39 requirements of Title VI of the Civil Rights Act of 1964  
40 (P.L.88-352).

41 c. "Auxiliary services" means [compensatory education  
42 services;] supportive services for acquiring communication  
43 proficiency in the English language for children of limited  
44 English-speaking ability; supplementary instruction services; and,  
45 home instruction services.

46 [d. "Support limit" means the maximum amount which may be  
47 appropriated each year for the purposes of this act for each pupil  
48 enrolled in nonpublic schools of the State.]

49 (cf: P.L.1977, c.192, s.2)

1       63. Section 4 of P.L.1977, c.192 (C.18A:46A-4) is amended to  
2 read as follows:

3       4. Auxiliary services shall be provided only to those children  
4 who would be eligible for such services [and for the appropriate  
5 categorical program support] if they were enrolled in the public  
6 schools of the State.

7 (cf: P.L.1977, c.192, s.4)

8       64. Section 7 of P.L.1977, c.192 (C.18A:46A-7) is amended to  
9 read as follows:

10       7. Any board of education may contract with an educational  
11 improvement center, an educational [service] services  
12 commission or other public or private agency, other than a church  
13 or sectarian school, approved by the commissioner for the  
14 provision of auxiliary services.

15 (cf: P.L.1977, c.192, s.7)

16       65. Section 9 of P.L.1977, c.192 (C.18A:46A-9) is amended to  
17 read as follows

18       9. The apportionment of State aid among local school districts  
19 shall be calculated by the commissioner as follows:

20       a. The [Statewide average cost of] per pupil aid amount for  
21 providing the equivalent service to children enrolled in the public  
22 schools, shall be determined by multiplying the bilingual program  
23 weight from section <sup>1</sup>[6] 81<sup>1</sup> of P.L. . . . , c. . . (C. . . . .) (now  
24 pending before the Legislature as this bill) or the appropriate cost  
25 factor from section 14 of P.L. . . . , c. . . (C. . . . .) (now pending  
26 before the Legislature as this bill) by the State foundation  
27 amount as defined in section 6 of P.L. . . . , c. . . (C. . . . .)(now  
28 pending before the Legislature as this bill).

29       b. The appropriate [average cost] per pupil aid amount shall  
30 then <sup>1</sup>[by] be<sup>1</sup> multiplied by the number of pupils enrolled in the  
31 nonpublic schools who have been identified as eligible to receive  
32 each auxiliary service as of the last school day of October of the  
33 current school year, to obtain each district's State aid for the  
34 next school year.

35 (cf: P.L.1984, c.122, s.3)

36       66. Section 13 of P.L.1977, c.192 (C.18A:46A-10) is amended  
37 to read as follows:

38       [By November 5, 1984 and by each] Annually, on or before  
39 November 5 [thereafter], each board shall file a report on the  
40 number of such pupils who have been identified as eligible to  
41 receive each auxiliary service as of the last school day in October.

42 (cf: P.L.1984, c.122, s.4)

43       67. Section 15 of P.L.1977, c.192 (C.18A:46A-12) is amended  
44 to read as follows:

45       15. By [November 1, 1978 and by each November 1,  
46 thereafter,] December 15 the commissioner shall notify each  
47 district of the amount of aid apportioned to it pursuant to this  
48 act for the next school year and each district shall include such

1 amount in its budget for the next school year.

2 (cf: P.L.1977, c.192, s.15)

3 68. N.J.S.18A:50-11 is amended to read as follows:

4 18A:50-11. On or before November 15 of each year, the  
5 commissioner shall estimate the amount necessary to be  
6 appropriated to carry out the provisions of this chapter for the  
7 succeeding school year, and shall determine for budget purposes  
8 the amounts estimated so to be payable to each of the districts  
9 for such succeeding school year.

10 On or before September 15 of the succeeding school year, the  
11 commissioner shall make his final determination of the payments  
12 to be made under this chapter for said school year. [The sums so]  
13 An amount equal to 25% of the sum payable to each district shall  
14 be paid to the [districts at the same time and in the manner as  
15 other state aid under section 18A:58-15] district on October 1,  
16 December 1, March 1 and May 1.

17 If such payments to any district should exceed the amount to  
18 which such district is entitled under section 18A:50-7, such  
19 excess shall be deducted by the commissioner from succeeding  
20 state aid payments to said district.

21 (cf: N.J.S.18A:50-11)

22 69. N.J.S.18A:50-14 is amended to read as follows:

23 18A:50-14. The apportionment of funds available shall be  
24 designated according to a plan submitted by the local educational  
25 agency to the Office of Adult and Continuing Education and High  
26 School Equivalency, of the New Jersey State Department of  
27 Education. Such plan submitted by the local educational agency  
28 shall include the costs of instructors' salaries, guidance and  
29 counseling services, as well as such items as instructional  
30 materials and other equipment needed in the operation and  
31 promotion of a local program. Payment by the State, in the form  
32 of aid to each program, shall be in an amount equal to these  
33 annual costs.

34 On or before November 15 of each year, the commissioner shall  
35 estimate the amount necessary to be appropriated to carry out  
36 the provisions of this act for the succeeding fiscal year, including  
37 costs for adequate State supervisory and administrative control,  
38 and needed personnel training.

39 The commissioner shall determine the amounts to be payable to  
40 each of the agencies eligible under this act for the succeeding  
41 fiscal year based upon the per student cost per hour of instruction.

42 On or before September 15 of the succeeding fiscal year, the  
43 commissioner shall make this final determination of the payments  
44 to be made under this act for said school year. [The sums so  
45 payable] An amount equal to 25% of the sum payable to each  
46 eligible agency shall be paid to the eligible [agencies at the same  
47 time and in the same manner as other State aid under N.J.S.  
48 18A:58-15] agency on October 1, December 1, March 1 and May 1.



1 If such payments to any agency should exceed the amount to  
2 which such [district] agency is entitled under this act, such excess  
3 shall be deducted by the commissioner from succeeding State aid  
4 payments to said agencies.

5 (cf: P.L.1972. c.131, s.2)

6 70. N.J.S.18A:51-7 is amended to read as follows:

7 18A:51-7. The commission shall assess against the  
8 participating school districts a sum which, together with any  
9 anticipated State aid and private donations, shall be required for  
10 the establishment and maintenance of the county educational  
11 audiovisual aids center during the first year and for the  
12 maintenance and operation of the same, during each year  
13 thereafter, which total annual assessment shall be apportioned  
14 among the participating school districts in the proportion which  
15 the resident enrollment of the pupils of each such district shall  
16 bear to the total resident enrollment of the pupils of all of the  
17 participating school districts [ Said resident enrollment shall be  
18 calculated and determined upon the basis of the current school  
19 year in the same manner as the same was calculated and] , as  
20 determined by the commissioner [, for apportionment of current  
21 expense State aid for schools among the participating school  
22 districts].

23 (cf: P.L.1968, c.294, s.1)

24 71. (New section) a. The board of education of each school  
25 district or regional school district in any county in which there is  
26 a county vocational school district shall send to any of the  
27 schools of the county vocational school district each pupil who  
28 resides in the school district or regional school district and who  
29 has applied for admission to and has been accepted for  
30 attendance at any of the schools of the county vocational school  
31 district. The board of education shall pay tuition for each of  
32 these pupils to the county vocational school district pursuant to  
33 subsection c. of this section. The provisions of this section shall  
34 not apply to the board of education of a school district or  
35 regional school district maintaining a vocational school or schools  
36 pursuant to article 2 of chapter 54 of Title 18A of the New  
37 Jersey Statutes.

38 b. The board of education of a county vocational school  
39 district shall receive pupils from districts without the county so  
40 far as their facilities may permit.

41 c. The board of education of a county vocational school  
42 district shall receive such funds as may be appropriated by the  
43 county pursuant to N.J.S. 18A:54-29.2 and<sup>1</sup> shall be entitled to  
44 collect and receive from the sending districts in which the each  
45 pupil attending the vocational school resides, for the tuition of  
46 that pupil, a sum <sup>1</sup>[equal to] not to exceed<sup>1</sup> the lesser of:

47 (1) the actual cost per pupil as determined for each  
48 vocational program classification, according to rules prescribed

1 by the commissioner and approved by the State board; or

2 (2) the weighted per pupil foundation amount established for  
3 the pupil's vocational program classification, according to the  
4 provisions of section 6 of P.L. . . . , c. . . (C. . . . .) (now pending  
5 before the Legislature as this bill).

6 <sup>1</sup>Whenever funds have been appropriated by the county, the  
7 county vocational school district may charge a fee in addition to  
8 tuition for any pupils who are not residents of the county. The fee  
9 shall not exceed the amount of the county's per pupil  
10 appropriation to the county vocational school district.<sup>1</sup>

11 d. The tuition <sup>1</sup>and nonresident fee, if any,<sup>1</sup> shall be  
12 established not later than January 15 in advance of the school  
13 year by the board of education <sup>1</sup>[, and] . The tuition<sup>1</sup> for each  
14 program category shall be at the same rate per pupil for each  
15 sending district whether within or without the county, and 10% of  
16 the tuition amount <sup>1</sup>and nonresident fee, if any,<sup>1</sup> shall be paid on  
17 the first of each month from September to June by <sup>1</sup>or on behalf  
18 of<sup>1</sup> the board of education of each sending district.

19 <sup>1</sup>e. The State shall deduct from each sending district's  
20 foundation aid and special education aid an amount equal to the  
21 foundation aid and special education aid payable to the district  
22 for each county vocational school pupil, and shall pay that  
23 amount to the board of education of the county vocational school  
24 district on behalf of the sending district. In the event that the  
25 amount deducted is less than the tuition due pursuant to  
26 subsection c. of this section, the county vocational school district  
27 shall advise the board of education of the sending district of the  
28 total amount due and the balance due after deducting the aid  
29 payable by the State pursuant to this subsection. This balance  
30 shall be paid by the board of education of the sending district. All  
31 payments shall be made pursuant to the schedule established by  
32 subsection d. of this section.<sup>1</sup>

33 72. N.J.S.18A:54-20 is amended to read as follows:

34 18A:54-20. The board of education of a county vocational  
35 school district may:

36 a. Purchase, sell, and improve school grounds, erect, purchase,  
37 lease, enlarge, improve, and repair school buildings, including any  
38 building or buildings for school purposes owned by any  
39 municipality or school district in such county, with or without  
40 furnishings and equipment, and purchase school furniture and  
41 other necessary equipment;

42 b. Take and condemn land and other property for school  
43 purposes in the manner provided by law regulating the  
44 ascertainment and payment of compensation for property  
45 condemned and taken for public uses. If either party shall feel  
46 aggrieved by any proceedings and award thereunder, he may  
47 appeal in the manner provided by law for appeals from such  
48 proceedings and award;

1 c. Insure school buildings, furniture, and other school property,  
2 and receive, lease, and hold in trust any and all real and personal  
3 property for the benefit of the school district;

4 d. Employ and dismiss principals, teachers, janitors,  
5 mechanics, and laborers; fix, alter, and order paid their salaries  
6 and compensation, and prescribe the course of study to be  
7 pursued;

8 e. Appoint a treasurer, who shall not be a member of the board  
9 of education and fix his salary and term of office. The treasurer  
10 shall give bond in such amounts and with such security as the  
11 board shall determine;

12 f. Make, amend, and repeal rules, not inconsistent with this  
13 title, or with the rules of the state board, for its own  
14 government, for the transaction of business, and for the  
15 government and management of the school and school property  
16 under its control;

17 g. Suspend and expel pupils from school;

18 h. Provide textbooks and other necessary supplies and  
19 apparatus;

20 i. Adopt an official seal by which all its official acts may be  
21 authenticated;

22 j. Make an annual report to the commissioner on or before  
23 August 1 in the manner and form prescribed by him;

24 k. Appoint a secretary and fix his salary and term of office;  
25 and

26 l. Borrow by temporary loan such sum as may be necessary to  
27 meet the current expenses of such school district, not exceeding  
28 80% of the anticipated [receipts of money which may be  
29 distributed to such county for the purpose of carrying out the  
30 provisions of this chapter] tuition payments to be received from  
31 sending districts. Such temporary obligation, if any, shall be paid  
32 first out of the moneys received under this chapter.

33 (cf: N.J.S.18A:54-20)

34 73. (New section) A county vocational school district shall be  
35 eligible to receive State aid for debt service pursuant to section  
36 18 of P.L. c. (C. . . )(now pending before the Legislature as  
37 this bill). For the purpose of calculating this aid, the district's  
38 maximum foundation budget shall be the sum of the maximum  
39 foundation budgets of all the districts in the county and the  
40 district's local fair share shall be the sum of the local fair shares  
41 of all the districts in the county.

42 74. Section 1 of P.L.1983, c.341 (C.18A:54C-4) is amended to  
43 read as follows:

44 1. The assets of the Marine Academy of Science and  
45 Technology operating under the auspices of an area vocational  
46 technical school in a county of the fifth class having a population  
47 of not less than 450,000 shall be transferred to the county  
48 vocational technical school board and shall continue to operate as

1 a full-time program as provided under P.L.1982, c.146  
2 (C.18A:54C-1 et seq.], except that] and the costs shall be paid  
3 [as follows:

4 a. Local districts shall pay tuition in an amount equal to the  
5 district's net current expense budget per pupil for each pupil  
6 attending plus any amount of any category of State aid payable to  
7 the district for that pupil but not to exceed an amount equal to  
8 the per pupil cost of the Marine Academy of Science and  
9 Technology; and

10 b. If the costs of the program exceed the amounts raised by  
11 tuition, the additional costs shall be paid by the county vocational  
12 technical school except that if the additional costs, when  
13 calculated on an average per pupil basis, exceed the average  
14 tuition payment by \$750.00, the county vocational technical  
15 school may assess the local district, for each pupil attending, an  
16 amount equal to the amount by which the additional costs exceed  
17 \$750.00] in the same manner as the costs are paid for other  
18 county vocational school programs pursuant to the provisions of  
19 chapter 54 of Title 18A of the New Jersey Statutes.

20 (cf: P.L.1983, c.341, s.1)

21 75. Section 5 of P.L.1983, c.341 (C.18A:54C-6) is amended to  
22 read as follows:

23 5. The board of education of the county vocational technical  
24 school shall determine the admission policies of the Marine  
25 Academy of Science and Technology, except that the places  
26 available shall be allocated in a fair and equitable manner [and  
27 the method of allocation shall not affect the pupils who enrolled  
28 in the program prior to the 1983-84 school year]. Pupils from  
29 other counties may be admitted so far as the facilities permit [,  
30 except that the local districts' tuition for out-of-county pupils  
31 shall include the total costs as approved by the Commissioner of  
32 Education].

33 (cf: P.L.1983, c.341, s.5)

34 76. Section 5 of P.L.1974, c.79 (C.18A:58-37.5) is amended to  
35 read as follows:

36 5. The commissioner shall, upon request of the local board and  
37 pursuant to the rules and regulations of the State Board of  
38 Education distribute to each school district an amount equal to  
39 the cost of textbooks purchased and loaned by the school district  
40 pursuant to this act, but in no event shall the aid appropriated to  
41 the district exceed the following amount:

42 a. The expenditures for the purchase of textbooks pursuant to  
43 this act made during the school year 1979-80 shall not exceed an  
44 average of \$10.00 for each student residing in the district, who,  
45 on [September 30] the last school day prior to October 16 of the  
46 preceding school year was enrolled in grades kindergarten through  
47 12 of a public or nonpublic school; and,

48 b. The expenditures for the purchase of textbooks made during

1 the school year 1980-81, and in any subsequent year shall not  
2 exceed the State average budgeted textbook expense per public  
3 school pupil for the prebudget year for each student residing in  
4 the district, who, on [September 30] the last school day prior to  
5 October 16 of the preceding school year was enrolled in grades  
6 kindergarten through 12 of a public or nonpublic school.

7 (cf: P.L.1979, c.194, s.1)

8 77. Section 6 of P.L.1974, c.79 (C.18A:58-37.6) is amended to  
9 read as follows:

10 6. State aid provided pursuant to [the "Public School Education  
11 Act of 1975," P.L.1975, c.212 (C.18A:7A-1 et seq.)] P.L. . . . , c. . .  
12 .(C. . . )(now pending before the Legislature as this bill) may be  
13 expended for the purchase and loan of textbooks for public school  
14 pupils in an amount which shall not exceed the State average  
15 budgeted textbook expense for the prebudget year per pupil in  
16 resident enrollment Nothing contained herein shall prohibit a  
17 board of education in any district from purchasing textbooks in  
18 excess of the amounts provided pursuant to this act.

19 (cf: P.L.1979, c.194, s.2)

20 78. N.J.S.18A:66-33 is amended to read as follows:

21 18A:66-33. [a. Each employer as of January 1, 1955, of a  
22 veteran member who was employed as a teacher on January 1,  
23 1955, shall pay the liability for such veteran member as computed  
24 by the actuary in accordance with subsection d. of section  
25 18A:66-18; provided, however, that no annual payment by an  
26 employer other than the state shall be greater than the annual  
27 payment certified as provided below for the fiscal year beginning  
28 July 1, 1958, except as modified from time to time as a result of  
29 additional information received by the board of trustees  
30 subsequent to June 30, 1957 which would affect the computations  
31 provided for in subsection d. of section 18A:66-18.

32 The board of trustees shall annually certify, for a period of 30  
33 years beginning July 1, 1957, to the commissioner of education,  
34 the state treasurer, and to each employer of a veteran member  
35 who was employed as a teacher on January 1, 1955, the  
36 contributions due on behalf of such veteran members as described  
37 above payable by the employer to the contingent reserve fund.  
38 The commissioner shall deduct the amount so certified from the  
39 certification, to the state treasurer and the director of the  
40 division of budget and accounting, of state aid payable to such  
41 employer under the provisions of chapter 85, P.L.1954.

42 The state treasurer, upon warrant of the director of the  
43 division of budget and accounting, shall pay the amounts so  
44 deducted to the retirement system. In the event that no state aid  
45 is payable under chapter 85, P.L.1954, to such employer, the  
46 board of trustees shall certify the amount due on behalf of such  
47 veteran members to the chief fiscal officer of such employer.

48 The contributions so certified by the board of trustees shall be

1 paid to the retirement system on July 1 in each year commencing  
2 with July 1, 1957.

3 b.] Regular interest charges payable, the creation and  
4 maintenance of reserves in the contingent reserve fund and the  
5 maintenance of retirement allowances and other benefits granted  
6 by the board of trustees under the provisions of this article [,  
7 except the amounts payable by other employers under the  
8 provisions of this section,] are hereby made obligations of [the  
9 state] each employer. Except as provided in [section]  
10 N.J.S.18A:66-27, all income, interest, and dividends derived from  
11 deposits and investments authorized by this article shall be used  
12 for payment of these obligations [of the State].

13 Upon the basis of each actuarial determination and appraisal  
14 provided for in this article, the board of trustees shall [prepare  
15 and submit to the governor in each year an itemized estimate of  
16 the amounts necessary to be appropriated by the state to provide  
17 for payment in full on July 1 of the ensuing fiscal year of the  
18 obligations of the state accruing during the year preceding such  
19 payment. The legislature shall make an appropriation sufficient  
20 to provide for such obligations of the state. The amounts so  
21 appropriated shall be paid into the contingent reserve fund]  
22 annually certify, on or before the date of the Governor's annual  
23 budget message, to the Commissioner of Education, the State  
24 Treasurer, and to each employer, including the State, the  
25 contributions due on behalf of its employees for the ensuing fiscal  
26 year and payable by the employer to the contingent reserve fund.  
27 The amounts payable into the contingent reserve fund for each  
28 employer, including the State, shall be paid by the State  
29 Treasurer, upon the certification of the commissioner and the  
30 warrant of the Director of the Division of Budget and  
31 Accounting, to the contingent reserve fund not later than July 1  
32 of the ensuing fiscal year. The commissioner shall deduct the  
33 amount so certified from any State aid payable to the employer.  
34 In the event that no State aid is payable to the employer or in the  
35 event that the amount deducted is less than the amount certified  
36 as due, the commissioner shall certify the net amount due on  
37 behalf of the members to the chief fiscal officer of the employer.  
38 Each employer shall pay the net amount due, if any, to the State  
39 pursuant to a payment schedule established by the commissioner.  
40 The payment schedule shall provide for interest penalties for late  
41 payments.

42 (cf: N.J.S.18A:66-33)

43 79. N.J.S.18A:66-66 is amended to read as follows:

44 18A:66-66. [The amount of the employer's share of the social  
45 security contributions for members shall be provided from the  
46 contingent reserve fund for service from January 1, 1955, to June  
47 30, 1956; thereafter the state of New Jersey shall provide such  
48 amounts by appropriations upon certification by the state

1 treasurer as to the amounts required; provided, however, that the  
2 state's provision for such social security contributions shall be  
3 limited to contributions upon compensation upon which members'  
4 contributions to the retirement system are based.] The employer  
5 shall pay the employer's share of social security contribution  
6 upon all [other] wages.

7 (cf: N.J.S. 18A:66-66)

8 <sup>1</sup>80. (New section) Each district's State aid for programs for  
9 at-risk pupils shall be calculated as follows:

10

11 
$$A = F \times R$$

12

13 where

14

15 A is the district's aid for at-risk pupils;

16 F is the State foundation amount as defined pursuant to section  
17 6 of this amendatory and supplementary act; and

18 R is the number of pupil units for at-risk pupils as determined  
19 as follows:

20 The number of pupil units shall be determined by multiplying  
21 the number of pupils eligible for free meals or free milk in each  
22 grade category by the appropriate weight.

23 

<u>Grade</u>	<u>Weight</u>
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24

25 

<u>Grades preschool - 5.....</u>	<u>0.18</u>
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26 

<u>Grades 6-8.....</u>	<u>0.20</u>
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27 

<u>Grades 9-12.....</u>	<u>0.24</u>
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28 For the purpose of determining State aid for programs for  
29 at-risk pupils, pupils in ungraded classes shall be assigned to the  
30 most appropriate grade category in accordance with procedures  
31 to be established by the commissioner and aid for pupils  
32 attending half-day programs shall be determined by reducing the  
33 appropriate weight by one-half.<sup>1</sup>

34 <sup>1</sup>81. (New section) Each district's State aid for programs for  
35 bilingual pupils shall be calculated as follows:

36

37 
$$A = F \times BL \times BF$$

38

39 where

40

41 A is the district's aid for bilingual pupils;

42 F is the State foundation amount as defined pursuant to  
43 section 6 of this amendatory and supplementary act;

44 BL is the number of pupils in bilingual education programs; and

45 BF is the bilingual aid weight which shall equal 0.18.<sup>1</sup>

46 <sup>1</sup>82. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended  
47 to read as follows:

48 4. The county superintendent of schools shall, within 120 days

1 of the effective date of this act, certify to the Commissioner of  
2 Education which local school district shall be the designated  
3 district for persons of school age residing in a multi-district  
4 federal enclave. The district certified as the designated district  
5 shall count all pupils who reside in a multi-district federal  
6 enclave in the resident enrollment of the district for all State  
7 aid purposes and shall be designated by the commissioner to  
8 receive State aid and all federal funds provided under  
9 Pub.L.81-874, 20 U.S.C. § 236 et seq.

10 For the purposes of calculating State aid pursuant to P.L. . . .  
11 c. . . (C. . . ) (now pending before the Legislature as this bill),  
12 whenever pupils residing in one district are attending the schools  
13 of the designated district, the district income of the resident  
14 district shall be allocated between the resident district and the  
15 designated district in proportion to the number of pupils residing  
16 in the resident district attending the schools of the resident  
17 district and designated district.<sup>1</sup>

18 (cf: P.L.1988, c.105, s.4)

19 <sup>183.</sup> (New section) a. Any special needs district in which the  
20 1991-92 school year local levies for current expense and capital  
21 outlay are less than the district's local fair share, as determined  
22 pursuant to section 7 of this amendatory and supplementary act,  
23 shall develop a plan, in consultation with the commissioner, to  
24 ensure that the district will spend at its maximum foundation  
25 budget level not later than the 1995-96 school year.

26 b. Any school district, other than a special needs district, in  
27 which the 1991-92 school year local levies for current expense  
28 and capital outlay are less than the district's local fair share, as  
29 determined pursuant to section 7 of this amendatory and  
30 supplementary act, shall develop a plan, in consultation with the  
31 commissioner, to ensure that the district will spend at its  
32 maximum foundation budget level not later than the 1995-96  
33 school year, unless the district can demonstrate to the  
34 satisfaction of the commissioner that the district can provide a  
35 thorough and efficient education at a spending level below the  
36 maximum foundation budget level.<sup>1</sup>

37 <sup>184.</sup> (New section) a. Not later than July 1, 1992 the  
38 commissioner shall evaluate the criteria for special needs  
39 districts as defined in section 3 of this amendatory and  
40 supplementary act and shall recommend modification of those  
41 criteria if the commissioner determines that the criteria do not  
42 accurately delineate the districts with special needs

43 b. Not later than July 1, 1995 the commissioner shall report  
44 to the Governor and the Legislature on the impact of the  
45 Quality Education Act of 1990, P.L. . . . , c.....(C. . . ) (Now  
46 pending before the Legislature as this bill). In this report the  
47 commissioner shall indicate whether the per pupil expenditures  
48 in poorer urban school districts are substantially equal to those



1 in the wealthy suburban districts and whether the special  
 2 disadvantages in the poorer urban districts are being addressed  
 3 adequately. If the commissioner determines that substantial  
 4 equality has not been attained or that the special disadvantages  
 5 are not being addressed adequately, the commissioner shall  
 6 recommend to the Governor and Legislature statutory changes  
 7 which will accomplish those objectives.<sup>1</sup>

8 <sup>185. (New section) a. As used in this section "local levy</sup>  
 9 budget" means the sum of the foundation aid received by a  
 10 school district and the district's local levy for current expense  
 11 and capital outlay.

12 b. Whenever a district's local levy budget for the prebudget  
 13 year exceeds the district's maximum foundation budget, as  
 14 determined pursuant to section 6 of this amendatory and  
 15 supplementary act, by more than 50%, the district's local levy  
 16 budget for the budget year shall not exceed the district's local  
 17 levy budget for the prebudget year by more than the product of  
 18 the local levy budget for the prebudget year and the PCI.

19 c. In all other instances, except as provided in subsection d.  
 20 of this section, the district's local levy budget for the budget  
 21 year shall not exceed the district's local levy budget for the  
 22 prebudget year by more than the amount calculated as follows:

$$23 \quad \underline{LB = PCI \times (4 - (2 \times \text{PBY}/\text{MB})) \times \text{PBY}}$$

24 where

25 LB means the maximum increase in the local levy budget;

26 PBY means the local levy budget for the prebudget year;

27 MB means the maximum foundation budget for the budget  
 28 year as determined pursuant to section 6 of this amendatory and  
 29 supplementary act; and

30 PCI means the average annual increase in per capita income  
 31 as defined pursuant to section 3 of this amendatory and  
 32 supplementary act.

33 d. If, for the 1991-92 school year, a district's local levy  
 34 budget for the prebudget year does not exceed the district's  
 35 maximum foundation budget, as determined pursuant to section  
 36 6 of this amendatory and supplementary act or if, in any school  
 37 year, the district is classified as a special needs district, the  
 38 provisions of this section are not applicable to the district.

39 e. The commissioner may approve the request of a local  
 40 board of education for a greater increase, having adjudged that  
 41 (1) a reallocation of resources or any other action taken within  
 42 the permissible level of spending would be insufficient to  
 43 provide a thorough and efficient education, or (2) an increased  
 44 enrollment may reasonably be anticipated in the district.<sup>1</sup>

45 <sup>186. (New section) For the purpose of calculating the budget</sup>  
 46

1 growth limitation in section 85 of this amendatory and  
 2 supplementary act for the 1991-92 school year, each district's  
 3 local levy budget for the 1990-91 school year shall equal the  
 4 balance in the current expense and capital outlay budgets after  
 5 deducting (1) State aid for handicapped pupils pursuant to  
 6 section 20 of P.L.1975, c.212 (C.18A:7A-20), (2) State aid for  
 7 approved transportation, (3) all other revenue in the current  
 8 expense and capital outlay budgets except the amount to be  
 9 provided by local taxation, equalization support, budgeted  
 10 capital outlay support, and State support for bilingual  
 11 education, compensatory education and local vocational  
 12 education. This amount shall be increased to include State  
 13 support paid on the district's behalf in the 1990-1991 school  
 14 year pursuant to N.J.S.18A:66-33 and N.J.S.18A:66-66. In  
 15 addition, the commissioner shall adjust this amount for each  
 16 district which sent or received pupils during the 1990-91 school  
 17 year to reflect the change in the definition of resident  
 18 enrollment contained in this amendatory and supplementary act.  
 19 All of the expenses of and aid for a county vocational school  
 20 district or a county special services school district shall be  
 21 reallocated to the districts of residence on a per pupil basis. Aid  
 22 paid on behalf of receiving districts pursuant to N.J.S.18A:66-33  
 23 and N.J.S.18A:66-66 shall be reallocated to districts of  
 24 residence on a per pupil basis. Aid payments pursuant to  
 25 N.J.S.18A:66-66 shall be estimated for each district.<sup>1</sup>

26 <sup>187.</sup> (New section) a. For the 1991-92 school year, the  
 27 minimum equalized local school tax rate for current expense and  
 28 capital outlay in special needs districts shall be calculated as  
 29 follows:

30  
 31 If  $TR \geq FR$ , then  $LL = FR$ ;

32 If  $TR < FR$  and  $TR \geq VM$ , then  $LL = TR$ ;

33 If  $TR < FR$  and  $TR < VM$ , then  $LL = FR$  or  $VM$ , whichever is  
 34 less;

35  
 36 where

37  
 38 TR is the district's equalized school tax rate for current  
 39 expense and capital outlay in the prebudget year;

40 FR is the quotient resulting from the division of district's  
 41 local fair share as determined pursuant to section 7 of this  
 42 amendatory and supplementary act by the district's equalized  
 43 valuation for the prebudget year;

44 LL is the district's minimum equalized local school tax rate  
 45 for current expense and capital outlay; and

46 VM is the property value multiplier as determined pursuant to  
 47 section 8 of this amendatory and supplementary act.

48 b. For the 1992-93 school year and thereafter, the minimum

1 local school tax rate for current expense and capital outlay in  
2 special needs districts shall be determined in accordance with  
3 the plan established pursuant to section 89 of this amendatory  
4 and supplementary act.

5 c. As used in this section equalized school tax rate means the  
6 sum of the district's local levys for current expense and capital  
7 outlay for the prebudget year divided by the district's equalized  
8 valuation for the year prior to the prebudget year.<sup>1</sup>

9 <sup>188.</sup> (New section) For the purpose of calculating foundation  
10 aid, pursuant to section 4 of this amendatory and supplementary  
11 act, in special needs districts, the value of the district's  
12 foundation budget shall equal the district's maximum foundation  
13 budget and the value of the district's local levy shall equal its  
14 local fair share. Notwithstanding the provisions of this section,  
15 foundation aid for special needs districts shall remain subject to  
16 the limitations contained in section 23 of this amendatory and  
17 supplementary act.<sup>1</sup>

18 <sup>189.</sup> (New section) For each school district which is a special  
19 needs school district as defined pursuant to section 3 of this  
20 amendatory and supplementary act, the commissioner shall  
21 establish procedures whereby a representative group of parents  
22 of students in the district may meet with the commissioner or  
23 the commissioner's designee to discuss their concerns and the  
24 county superintendent shall appoint an external review team  
25 whose members shall be qualified by training and experience to  
26 examine the conditions in the specific district. In conjunction  
27 with the Department of Education, the team shall examine all  
28 aspects of the district's operations including, but not limited to,  
29 education, governance, management and finance. The team  
30 shall report its findings and conclusions, including  
31 recommendations to be utilized by the district in the  
32 preparation of an educational improvement plan and  
33 recommendations as to the technical assistance which the  
34 district will require in order to effectively implement the  
35 improvement plan, to the commissioner. The commissioner shall  
36 direct the district to respond to the report of the external  
37 review team in establishing an educational improvement plan.  
38 The plan shall be submitted to and approved by the  
39 commissioner. The commissioner shall assure that the local  
40 district's budget provides the resources necessary to implement  
41 the approved plan, including the necessary technical assistance.  
42 The entire cost of those activities associated with the review  
43 team shall be paid by the Department of Education. If the  
44 commissioner finds that the district is unsuccessful in  
45 implementing the educational improvement plan, the  
46 commissioner shall direct that the district enter level II  
47 monitoring, as defined pursuant to law and regulation.

48 The provisions of this section shall not apply to special needs

1 school districts which are in level II or level III monitoring  
 2 pursuant to section 14 of P.L.1975, c.212 (C.18A:7A-14) as of  
 3 the effective date of this amendatory and supplementary act.<sup>1</sup>

4 <sup>1</sup>[80.] 90.<sup>1</sup> The following sections are repealed:

- 5 P.L.1985, c.372, s.8 (C.18A:6-33.13)  
 6 P.L.1988, c.168, s.6 (C.18A:7A-20.1)  
 7 P.L.1975, c.212, s.17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and  
 8 28 (C.18A:7A-17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and 28)  
 9 P.L.1987, c.266, s.4 (C.18A:7A-27.1)  
 10 P.L.1979, c.207, s.7 (C.18A:7B-3)  
 11 P.L.1976, c.21, s.1 (C.18A:13-23.1)  
 12 P.L.1976, c.138, s.1 (C.18A:13-23.2)  
 13 P.L.1979, c.424, s.1 (C.18A:13-24.3)  
 14 P.L.1985, c.321, s.9 (C.18A:29-5.8)  
 15 P.L.1985, c.321, s.10 (C.18A:29-5.9)  
 16 P.L.1982, c.155 (C.18A:38-7.1 through 7.6)  
 17 P.L.1971, c.271, s.16 (C.18A:46-44)  
 18 P.L.1977, c.192, s.14 (C.18A:46A-11)  
 19 P.L.1973, c.365, s.1 (C.18A:54-11.4)  
 20 N.J.S.18A:54-15  
 21 P.L.1983, c.396, s.3 (C.18A:54-16.10)  
 22 P.L.1984, c.165, s.3 (C.18A:54-16.13)  
 23 N.J.S.18A:54-23  
 24 P.L.1982, c.146, s.4 (C.18A:54C-3)  
 25 P.L.1983, c.341, s.2 (C.18A:54C-5)  
 26 N.J.S.18A:58-6  
 27 N.J.S.18A:58-7  
 28 N.J.S.18A:58-15  
 29 N.J.S.18A:58-16  
 30 N.J.S.18A:58-17  
 31 N.J.S.18A:58-25  
 32 N.J.S.18A:58-26  
 33 N.J.S.18A:58-32  
 34 P.L.1971, c.336 (C.18A:58-59 through 58-67)

35 <sup>1</sup>[81.] 91.<sup>1</sup> This act shall take effect on July 1, 1990 and be  
 36 applicable to State school aid for the 1991-92 school year and  
 37 thereafter. School aid for the 1990-91 school year shall be paid  
 38 in accordance with the appropriate laws in effect on June 30,  
 39 1990.

40  
 41  
 42 EDUCATION

43  
 44 The "Quality Education Act of 1990."

1 School aid for the 1990-91 school year shall be paid in accordance  
2 with the appropriate laws in effect on June 30, 1990.

3  
4  
5 *SPONSOR'S* STATEMENT  
6

7 This bill establishes a new system for funding schools which  
8 will ensure sufficient resources to provide a quality education for  
9 every pupil in the State. The State will provide almost 50% of the  
10 money necessary Statewide to provide this quality education. The  
11 new system distributes aid more equitably because it uses both  
12 property value and personal income to determine a school  
13 district's wealth. Under the new system, 75¢ of every dollar of  
14 State school aid will be distributed to school districts on the basis  
15 of their ability to pay

16 In the 1991-92 school year, State school aid under the bill will  
17 total \$4.5 billion. This amount is more than full funding under the  
18 current law. The \$4.5 billion is nearly \$1.0 billion more than will  
19 be distributed in 1990-91. The bill specifies that in 1991-92, no  
20 district will receive less aid than it did in 1990-91. Most districts,  
21 including most suburban and rural districts, will receive more aid  
22 in 1991-92. For many districts, there will be a substantial  
23 reduction in school taxes.

24 The centerpiece of the new aid plan is a foundation formula. In  
25 a foundation formula, State aid is based on the cost of providing a  
26 quality education and the ability of school districts to raise local  
27 revenue. For each district, the formula determines the amount  
28 of money needed to provide a quality education to the district's  
29 students and the amount the district can afford to raise through  
30 local taxes. State foundation aid makes up the difference  
31 between the money the district needs and the amount it can raise  
32 locally.

33 The formula establishes separate foundation amounts for pupils  
34 in elementary schools, middle schools and high schools. These  
35 amounts represent the per pupil cost of providing a quality  
36 education. Included in the cost are teacher salaries and pensions,  
37 school supplies and equipment, utility costs, maintenance of the  
38 buildings and similar expenses. Because the cost of education is  
39 higher for certain pupils, the foundation amount is increased for  
40 pupils at-risk, pupils in bilingual programs, and pupils in county  
41 vocational schools.

42 The formula establishes a fair standard for determining the  
43 amount of money each district can raise through property taxes.  
44 The standard uses two measures of a district's ability to pay --  
45 value of the property and the personal income of the residents. If  
46 a district raises this fair share amount through local taxes, the  
47 district will receive the maximum foundation aid to which it is  
48 entitled. If a district decides to tax at a lower level, its

1 foundation aid is reduced proportionately.

2 Excluded from the foundation amount -- and funded  
3 separately -- are special education programs, school  
4 transportation and debt service on school construction bonds. The  
5 State will provide aid for the cost of special education and  
6 transportation in all districts. Statewide, the amount of aid for  
7 special education and transportation will increase substantially.  
8 Aid for debt service will depend on a district's ability to pay.

9 The bill does not limit the ability of a local district to establish  
10 its budget at any level approved by the voters or board of school  
11 estimate.

12 Under this bill school districts will be able to plan their budgets  
13 with confidence that they will receive the State aid to which they  
14 are entitled. Annually, the formula ties the total amount of  
15 school aid to changes in Statewide personal income. This ensures  
16 that the State's aid obligations will not outpace the State's  
17 ability to pay.

18

19

20

#### EDUCATION

21

22 The "Quality Education Act of 1990."

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2721

with Senate committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Senate Education Committee favorably reports this bill with committee amendments.

As amended, Senate Bill, No. 2721, the "Quality Education Act of 1990," establishes a new system for distributing State aid to school districts. Beginning with the 1991-92 school year, new formulas for foundation aid, special education aid, bilingual aid, at-risk aid, transportation aid and debt service aid replace the funding sections of P.L.1975, c.212, which are repealed by the bill.

Foundation aid for current expenses and capital outlays is based on a district's foundation budget and its local fair share. The bill establishes a foundation amount which represents the typical per pupil cost of providing a quality education. Included in the per pupil cost are teacher salaries and pensions, school supplies and equipment, utility costs, maintenance of the buildings and similar expenses. Also included in the foundation are the costs of county vocational school programs.

For the 1991-92 school year the per pupil foundation level for elementary school students is \$6835, with additional amounts for students in higher grades, and in certain other programs. The district's foundation budget is determined by summing the weighted foundation amount for each pupil in the district. Each district's local fair share, the amount to be raised by local property taxes to qualify for the maximum level of foundation aid, is determined by a formula that gives equal weight to the amounts of property wealth and personal income in the district. Each district's foundation aid is determined by subtracting its local fair share from its foundation budget. State aid to each school district for debt service is paid in the same proportion as foundation aid.

In addition, the bill establishes a category of "special need district," which is any district which is classified as an urban school district and is in the Department of Education's district factor group A or B, or any district in which 15% or more of the pupils are AFDC eligible and in which there are more than 1,000 of such pupils. In these special needs districts, the foundation weights for each grade category are increased by 5%. Also, these districts are required to increase their budgets to the maximum foundation budget over a five year period, based upon a plan for educational improvement, which is required by the bill.

Under the bill, the commissioner of education is to review the definition of special needs district by July 1, 1992 to determine if changes are necessary. The commissioner is also to assess the impact of the act to determine whether the per pupil expenditures in poorer urban districts are substantially equal to those in the wealthy suburban districts and whether the special disadvantages of the poorer urban districts are being addressed adequately, and to recommend any changes in the law which may be necessary. This review is to be completed by July 1, 1995.

Special education, pupil transportation, bilingual education and education for at risk pupils are not included in the foundation, but are paid to all school districts. Special education aid is determined by additional cost factors in the same manner as under P.L. 1975, c. 212. New categories are added for autistic pupils, county special services school districts, regional day schools and county vocational school special education services. State aid for transportation is based on a formula which reflects the typical cost of transporting handicapped and non-handicapped pupils and includes various elements, such as population density of the region and district size, which affect cost.

All special needs school districts will be required to spend at their maximum foundation budget over a five year period. Other districts will also be required to spend at that level unless the district can demonstrate to the commissioner that it is providing a thorough and efficient education at a lower cost. A district that spends below its foundation budget receives proportionately less foundation aid. A district is permitted to spend above its foundation budget but receives no additional foundation aid. The bill establishes a spending limitation on all districts other than special needs districts. For those whose local budget is 50% or more over the maximum foundation budget in the prebudget year, the maximum increase would be the PCI. For other districts, the increase would be a proportional adjustment over the PCI. There is no spending limitation on special needs districts and, for the 1991-92 school year, on districts spending below their maximum foundation budget.

A district which is spending below its foundation budget level, may only increase its budget by 30% per year for the purposes of receiving foundation aid. Whenever a district increases its foundation budget by more than 10%, the district must submit to the commissioner a plan explaining how the additional funds will result in an improved educational program.

For the 1991-92 school year, the maximum State school aid will be \$4,250,000,000. Annually the total amount of State school aid shall be adjusted by the sum of 1.01 and the three year average change in State per capita income (PCI), and the foundation amount shall be adjusted by the PCI. All of the cost factors and weights in the formulas shall be reviewed and every two years the Governor may propose changes in the factors and weights which shall go into effect unless they are disapproved by the Legislature.



For districts which may be entitled to less State aid under this bill, transition aid shall be paid through the 1994-95 school year. For 1991-92 each district will receive at least as much State aid as it received in the 1990-91 school year as increased by 6.5%. For 1992-93 school year, transition aid will provide 75% of its 1991-92 transition aid. The percentage will decline to 50% for 1993-94 and 25% for 1994-95.

The bill also amends or repeals various sections of law which are inconsistent with the bill.

In order to address the New Jersey Supreme Court's decision in Abbott v. Burke, the committee amendments establish a new category of "special needs district," which is any district which is classified as an urban school district and is in the department of education's district factor group A or B, or any district in which 15% or more of the pupils are AFDC eligible and in which there are more than 1,000 of such pupils. The definition excludes any district in which the equalized valuation per pupil is more than twice the Statewide average. In these special needs districts, the foundation weights for each grade category are increased by 5%. Also, these districts are required to increase their budgets to the maximum foundation budget over a five year period, based upon a plan for educational improvement, a plan which is required by the bill.

To assist districts in developing the educational improvement plan, all special needs districts which are not in level II or III monitoring would have their district reviewed by an external review team, which is to assess all aspects of the district's operation and make recommendations as to the educational improvement plan, and the technical assistance necessary for the district to implement the plan.

In addition, the amendments direct the Commissioner of Education to review the criteria used for the designation of special needs districts by July 1, 1992 and recommend any modifications which may be necessary. By July 1, 1995, the commissioner is to report as to whether the per pupil expenditures in poorer urban districts are substantially equal to those in the wealthy suburban districts and whether the special disadvantages of the poorer urban districts are being addressed adequately, and to recommend any changes in the law which may be necessary.

Apart from special needs districts, the amendments require that all school districts spend at the maximum foundation budget within five years, unless the district can demonstrate to the commissioner that it is providing a thorough and efficient system of education at a lesser budgetary level. The amendments also establish a spending limitation on certain school districts. For those districts whose local budget is 50% or more over the maximum foundation budget in the prebudget year, the maximum increase would be the PCI. For other districts, the increase would be a proportional adjustment over the PCI. There is no spending limitation on special needs districts.

With regard to county vocational schools and county special services school districts, the amendments provide that local districts' state aid entitlements for these pupils will be paid directly to the county schools, with the local district paying any balance due. They also make clear that both county vocational schools and county special services school districts may receive aid from the counties. In addition, the amendments permit those schools which receive an appropriation from the county to charge a fee to out of county residents, a fee which cannot exceed the per pupil appropriation to the school by the county.

In addition, the amendments:

1. Provide for the inclusion of full and part-time post-secondary pupils in the county vocational school programs.
2. Remove the bilingual and at-risk factors from the foundation and establish categorical aid programs for these pupils.
3. Increase the maximum permitted annual increase in the foundation budget to 30%.
4. Increase the annual growth in the maximum State school aid to the sum of the PCI and 1.01, and increase the annual growth in the state foundation amount to the PCI.
5. Add a special education cost factor of 1.38 for county special services school districts and regional day schools, and a cost factor of .59 for county vocational schools special education services.
6. Increase the base State aid amount for transition aid by 6½ percent.
7. Add a new, high cost transportation factor for counties in which transportation costs are more than 85% of the statewide average.

Finally, the total maximum State aid for education for FY 1992 is increased to \$4,250,000,000.

SENATE REVENUE, FINANCE  
AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[FIRST REPRINT]

SENATE, No. 2721

STATE OF NEW JERSEY

DATED: JUNE 14, 1990

The Senate Revenue, Finance and Appropriations Committee favorably reports Senate Bill No. 2721 [1R].

Senate Bill No. 2721 [1R], the "Quality Education Act of 1990," establishes a new system for distributing State aid to school districts. Beginning with the 1991-92 school year, new formulas for foundation aid, special education aid, bilingual aid, at-risk aid, transportation aid and debt service aid replace the funding sections of P.L.1975, c.212, which are repealed by the bill.

Foundation aid for current expenses and capital outlays is based on a district's foundation budget and its local fair share. The bill establishes a foundation amount which represents the typical per pupil cost of providing a quality education. Included in the per pupil cost are teacher salaries and pensions, school supplies and equipment, utility costs, maintenance of the buildings and similar expenses. Also included in the foundation are the costs of county vocational school programs.

For the 1991-92 school year the per pupil foundation level for elementary school students is \$6835, with additional amounts for students in higher grades, and in certain other programs. The district's foundation budget is determined by summing the weighted foundation amount for each pupil in the district. Each district's local fair share, the amount to be raised by local property taxes to qualify for the maximum level of foundation aid, is determined by a formula that gives equal weight to the amounts of property wealth and personal income in the district. Each district's foundation aid is determined by subtracting its local fair share from its foundation budget. State aid to each school district for debt service is paid in the same proportion as foundation aid.

The bill requires that all school districts spend at the maximum foundation budget within five years, unless the district can demonstrate to the commissioner that it is providing a thorough and efficient system of education at a lesser budgetary level. The bill also establishes a spending limitation on certain school districts. For those districts whose local budget is 50% or more over the maximum foundation budget in the prebudget year, the maximum increase would be the per capita income percentage (PCI). For other districts, the increase would be a proportional adjustment over the PCI. There is no spending limitation on special needs districts.

In addition, the bill establishes a category of "special needs

district," which is any district which is classified as an urban school district and is in the Department of Education's district factor group A or B, or any district in which 15% or more of the pupils are AFDC eligible and in which there are more than 1,000 of such pupils. In these special needs districts, the foundation weights for each grade category are increased by 5%. Also, these districts are required to increase their budgets to the maximum foundation budget over a five year period, based upon a plan for educational improvement, which is required by the bill.

Under the bill, the Commissioner of Education is to review the definition of special needs district by July 1, 1992 to determine if changes are necessary. The commissioner is also to assess the impact of the act to determine whether the per pupil expenditures in poorer urban districts are substantially equal to those in the wealthy suburban districts and whether the special disadvantages of the poorer urban districts are being addressed adequately, and to recommend any changes in the law which may be necessary. This review is to be completed by July 1, 1995.

Special education, pupil transportation, bilingual education and education for at risk pupils are not included in the foundation, but are paid to all school districts. Special education aid is determined by additional cost factors in the same manner as under P.L. 1975, c. 212. New categories are added for autistic pupils, county special services school districts, regional day schools and county vocational school special education services. State aid for transportation is based on a formula which reflects the typical cost of transporting handicapped and non-handicapped pupils and includes various elements, such as population density of the region and district size, which affect cost.

All special needs school districts will be required to spend at their maximum foundation budget over a five year period. Other districts will also be required to spend at that level unless the district can demonstrate to the commissioner that it is providing a thorough and efficient education at a lower cost. A district that spends below its foundation budget receives proportionately less foundation aid. A district is permitted to spend above its foundation budget but receives no additional foundation aid. The bill establishes a spending limitation on all districts other than special needs districts. For those whose local budget is 50% or more over the maximum foundation budget in the prebudget year, the maximum increase would be the PCI. For other districts, the increase would be a proportional adjustment over the PCI. There is no spending limitation on special needs districts and, for the 1991-92 school year, on districts spending below their maximum foundation budget.

A district which is spending below its foundation budget level, may only increase its budget by 30% per year for the purposes of receiving foundation aid. Whenever a district increases its foundation budget by more than 10%, the district must submit to the commissioner a plan explaining how the additional funds will result in

an improved educational program.

With regard to county vocational schools and county special services school districts, the bill provides that local districts' state aid entitlements for these pupils will be paid directly to the county schools, with the local district paying any balance due. The bill also clarifies that both county vocational schools and county special services school districts may receive aid from the counties. In addition, the bill permits those schools which receive an appropriation from the county to charge a fee to out of county residents, a fee which cannot exceed the per pupil appropriation to the school by the county.

In addition, the bill:

1. Provides for the inclusion of full and part-time post-secondary pupils in the county vocational school programs.
2. Removes the bilingual and at-risk factors from the foundation and establishes categorical aid programs for these pupils.
3. Increases the maximum permitted annual increase in the foundation budget to 30%.
4. Increases the annual growth in the maximum State school aid to the sum of the PCI and 1.01, and increases the annual growth in the state foundation amount to the PCI.
5. Adds a special education cost factor of 1.38 for county special services school districts and regional day schools, and a cost factor of .59 for county vocational schools special education services.
6. Increases the base State aid amount for transition aid by 6½ percent.
7. Adds a new, high cost transportation factor for counties in which transportation costs are more than 85% of the statewide average.

The bill also amends or repeals various sections of law which are inconsistent with the bill.

This bill is identical to Assembly Bill No. 3605 Aca.

#### FISCAL IMPACT

For the 1991-92 school year, the maximum State school aid will be \$4,250,000,000. Annually the total amount of State school aid shall be adjusted by the sum of 1.01 and the three year average change in State per capita income (PCI), and the foundation amount shall be adjusted by the PCI. All of the cost factors and weights in the formulas shall be reviewed and every two years the Governor may propose changes in the factors and weights which shall go into effect unless they are disapproved by the Legislature.

For districts which may be entitled to less State aid under this bill, transition aid shall be paid through the 1994-95 school year. For 1991-92 each district will receive at least as much State aid as it received in the 1990-91 school year as increased by 6.5%. For 1992-93 school year, transition aid will provide 75% of its 1991-92 transition aid. The percentage will decline to 50% for 1993-94 and 25% for 1994-95.