

18A:7F-43

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2007 **CHAPTER:** 260
NJSA: 18A:7F-43 (The "School Funding Reform Act of 2008.")
BILL NO: A500 (Substituted for S4000)
SPONSOR(S) Roberts and others

DATE INTRODUCED: January 3, 2008

COMMITTEE: **ASSEMBLY:** Budget

SENATE:

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** January 7, 2008

SENATE: January 7, 2008

DATE OF APPROVAL: January 13, 2008

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (Corrected Copy of introduced bill enacted)

A500

[SPONSOR'S STATEMENT:](#) (Page 107 of corrected introduced bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

S4000

[SPONSOR'S STATEMENT:](#) (Page 107 of corrected introduced bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

[GOVERNOR'S PRESS RELEASE ON SIGNING:](#) [Yes](#)

[GOVERNOR'S COMMENTS ON SCHOOL FUNDING REFORM](#) [Yes](#)

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: Yes

HEARINGS: Yes

NEWSPAPER ARTICLES: Yes

974.90 Final Report. By New Jersey. Legislature. Joint Legislative Committee on Public School Funding Reform. S372 Trenton, N.J.: New Jersey State Legislature, Office of Legislative Services, 2006. 2007h
<http://www.njstatelib.org/digit/s372/s3722007h.pdf>

974.90 Committee meeting: transcript of proceedings / New Jersey State Legislature, Joint Legislative Committee on S372 Public School Funding Reform. 2006r by New Jersey. Legislature. Joint Legislative Committee on Public School Funding Reform.
<http://www.njstatelib.org/digit/S372/S3722006r.pdf>

The New Jersey Joint Legislative Committee on Public School Funding Reform held twelve public hearings throughout the state in 2006. Below please find a list of hearing dates and links to the PDF version of the testimony:

- [August 10, 2006](#)
- [August 22, 2006](#)
- [August 29, 2006](#)
- [September 5, 2006](#)
- [September 12, 2006](#)
- [September 19, 2006](#)
- [September 26, 2006](#)
- [October 3, 2006](#)
- [October 10, 2006](#)
- [October 17, 2006](#)
- [October 24, 2006](#)
- [November 27, 2006](#)

News Articles:

- "Gov. Corzine signs law revamping school funding formula," Asbury Park Press, 1-14-08, p. __
- "Schools get paid," The Trentonian, 1-14-08, p.5
- "Ed-funding reforms now law," Home News Tribune, 1-14-08, p.A3
- "Public school funding revised," The Record, 1-14-08, p.A03
- "Ed-funding reforms now law," Courier News, 1-14-08, p. __
- "Signed into law, school aid plan faces test," The Star Ledger, 1-14-08, p.13
- "Governor's new school funding law goes before justices," The Times, 1-14-08, p.A10
- "Abbot Districts should prepare to tighten belts," The Press, 1-14-08, p.A4
- "School funding plan signed into law; now moves to state Supreme Court," The Jersey Journal, 1-14-08, p.A11

§§1-21 -
C.18A:7F-43 to
18A:7F-63
§21 - Note to
18A:7G-5
§§82,83 - Notes to
§§1-81
§84 - Repealer
§85 - Note

P.L. 2007, CHAPTER 260, *approved January 13, 2008*
Assembly, No. 500
(Corrected Copy)

1 AN ACT providing for the maintenance and support of a thorough
2 and efficient system of free public schools and revising parts of
3 the statutory law.

4

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

7

8 1. (New section) This act shall be known and may be cited as
9 the “School Funding Reform Act of 2008.”

10

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

12 a. The Constitution of the State of New Jersey states that the
13 Legislature shall provide for the maintenance and support of a
14 thorough and efficient system of free public schools for the
15 instruction of all children in the State between the ages of five and
16 eighteen years. (N.J. Const. art. VIII, sec. 4, par.1).

17 b. The State, in addition to any constitutional mandates, has a
18 moral obligation to ensure that New Jersey’s children, wherever
19 they reside, are provided the skills and knowledge necessary to
20 succeed. Any school funding formula should provide resources in
21 a manner that optimizes the likelihood that children will receive an
22 education that will make them productive members of society.

23 c. Although the Supreme Court of New Jersey has held that
24 prior school funding statutes did not establish a system of public
25 education that was thorough and efficient as to certain districts, the
26 Court has consistently held that the Legislature has the
27 responsibility to substantively define what constitutes a thorough
28 and efficient system of education responsive to that constitutional
29 requirement.

30 d. Every child in New Jersey must have an opportunity for an
31 education based on academic standards that satisfy constitutional
32 requirements regardless of where the child resides, and public funds
33 allocated to this purpose must be expended to support schools that
34 are thorough and efficient in delivering those educational standards.
35 In turn, school districts must be assured the financial support

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.

1 necessary to provide those constitutionally compelled educational
2 standards. Any school funding formula should provide State aid for
3 every school district based on the characteristics of the student
4 population and up-to-date measures of the individual district's
5 ability to pay.

6 e. New Jersey's current public school funding formula,
7 established under the provisions of the "Comprehensive
8 Educational Improvement and Financing Act of 1996," (CEIFA)
9 P.L.1996, c.138, has not been used to calculate State aid for public
10 schools since the 2001-02 school year. Any new school funding
11 formula should account for changes in enrollment and other
12 significant developments, providing relief to those districts that
13 have experienced substantial enrollment increases.

14 f. The decisions in the Abbott cases have resulted in frequent
15 litigation and a fragmented system of funding under which limited
16 resources cannot be distributed equitably to all districts where at-
17 risk children reside, instead dividing the districts sharply into
18 Abbott and non-Abbott categories for funding purposes without
19 regard to a district's particular pupil characteristics and leading to
20 needlessly adversarial relationships among school districts and
21 between districts and the State.

22 g. In the absence of a clear, unitary, enforceable statutory
23 formula to govern appropriations for education, crucial funding
24 decisions are made annually, in competition for limited State
25 resources with other needs and requirements as part of the annual
26 budget negotiation process, utilizing many different classes and
27 categories of aid, leading to an uncertain, unpredictable, and
28 untenable funding situation for the State and school districts alike.

29 h. This bill represents the culmination of five years of diligent
30 efforts by both the Executive and Legislative branches of State
31 government to develop an equitable and predictable way to
32 distribute State aid that addresses the deficiencies found in past
33 formulas as identified by the Supreme Court. Working together
34 toward this common goal, the Department of Education and the
35 Legislature engaged nationally recognized experts in education
36 funding and provided significant opportunities for stakeholder
37 involvement and public input to assist in formulating and refining a
38 comprehensive school funding model that has been validated by
39 experts. The formula accounts for the individual characteristics of
40 school districts and the realities of their surroundings, including the
41 need for additional resources to address the increased disadvantages
42 created by high concentrations of children at-risk.

43 i. The formula established under this bill is the product of a
44 careful and deliberative process that first involved determining the
45 educational inputs necessary to provide a high-quality education,
46 including specifically addressing the supplemental needs of at-risk
47 students and those with limited English proficiency (LEP), and a
48 determination of the actual cost of providing those programs. The

1 formula provides adequate funding that is realistically geared to the
2 core curriculum content standards, thus linking those standards to
3 the actual funding needed to deliver that content.

4 j. In recognition of the unique problems and cost disadvantages
5 faced by districts with high concentrations of at-risk students, it is
6 appropriate to reflect in the formula a greater weight as the district's
7 proportion of at-risk students increases. In addition, the new
8 formula recognizes the disadvantages of an expanded group of
9 students by including in the definition of at-risk those students who
10 qualify for free or reduced-price lunch. Expanding the definition of
11 at-risk students in this manner will significantly increase the
12 resources flowing to districts with high concentrations of these low-
13 income students.

14 k. In light of the demonstrable, beneficial results and success of
15 the current Abbott preschool program, it is appropriate to build
16 upon this success by incorporating in the formula an expanded high-
17 quality preschool program for all children who qualify for free and
18 reduced price meals in all districts. It is appropriate for the formula
19 to acknowledge that at-risk children do not always receive the same
20 educational exposure at an early age as their peers and to provide
21 the additional resources necessary through high-quality preschool to
22 prepare every child to learn and succeed.

23 l. It is appropriate to reflect in this formula the inherent value of
24 educating a child in the least restrictive environment and, whenever
25 possible, in that child's neighborhood school alongside his peers.
26 The new funding formula should provide incentives for keeping
27 classified students in district.

28 m. It is also appropriate to recognize in the formula the need for
29 all schools to incorporate effective security measures, which may
30 vary from district to district depending upon the at-risk student
31 population and other factors, and to provide categorical funding to
32 address these important requirements.

33 n. In recognition of the potentially wide variability in special
34 education costs, even for the same category of disability, from
35 district to district, it is appropriate for the new funding formula to
36 mitigate the impact of that variability by establishing a census
37 model based on the actual Statewide average excess cost of
38 educating special education students and by providing for an
39 increase in State aid for extraordinary costs incurred by districts.

40 o. It is imperative that any new school funding formula work in
41 conjunction with the key school accountability measures that have
42 been enacted in recent years to promote greater oversight,
43 transparency, and efficiency in the delivery of educational services.
44 These accountability measures include the New Jersey Quality
45 Single Accountability Continuum, the "School District Fiscal
46 Accountability Act," P.L.2006, c.15 (C.18A:7A-54 et seq.),
47 P.L.2007, c.63 (C.40A:65-1 et al.) which established the duties and

1 responsibilities of the executive county superintendent of schools,
2 and P.L.2007, c.53 (C.18A:55-3 et al.).

3 p. Together with a renewed legislative focus on and commitment
4 to providing sufficient means to maintain and support a high-quality
5 system of free public schools in the State, a new funding formula
6 supported by significantly increased State resources will ensure
7 compliance with all statutory and constitutional mandates. Districts
8 that were formerly designated as Abbott districts will be provided
9 sufficient resources to continue those Court-identified programs,
10 positions, and services that have proven effective while being
11 provided the flexibility to shift resources and programmatic focus
12 based on the needs of their students and current research.

13 q. The time has come for the State to resolve the question of the
14 level of funding required to provide a thorough and efficient system
15 of education for all New Jersey school children. The development
16 and implementation of an equitable and adequate school funding
17 formula will not only ensure that the State's students have access to
18 a constitutional education as defined by the core curriculum content
19 standards, but also may help to reduce property taxes and assist
20 communities in planning to meet their educational expenses. The
21 development of a predictable, transparent school funding formula is
22 essential for school districts to plan effectively and deliver the
23 quality education that our citizens expect and our Constitution
24 requires.

25

26 3. (New section) As used in this act and P.L.1996, c.138,
27 unless the context clearly requires a different meaning:

28 "At-risk pupils" means those resident pupils from households
29 with a household income at or below the most recent federal
30 poverty guidelines available on October 15 of the prebudget year
31 multiplied by 1.85;

32 "Base per pupil amount" means the cost per elementary pupil of
33 delivering the core curriculum content standards and extracurricular
34 and cocurricular activities necessary for a thorough and efficient
35 education;

36 "Bilingual education pupil" means a resident pupil enrolled in a
37 program of bilingual education or in an English as a second
38 language program approved by the State Board of Education;

39 "Budgeted local share" means the district's local tax levy
40 contained in the budget certified for taxation purposes;

41 "Capital outlay" means capital outlay as defined in GAAP;

42 "Combination pupil" means a resident pupil who is both an at-
43 risk pupil and a bilingual education pupil;

44 "Commissioner" means the Commissioner of Education;

45 "Concentration of at-risk pupils" shall be based on prebudget
46 year pupil data and means, for a school district or a county
47 vocational school district, the number of at-risk pupils among those
48 counted in resident enrollment, divided by resident enrollment;

1 “County special services school district” means any entity
2 established pursuant to article 8 of chapter 46 of Title 18A of the
3 New Jersey Statutes;

4 “County vocational school district” means any entity established
5 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
6 Statutes;

7 “CPI” means the increase, expressed as a decimal, in the average
8 annualized consumer price index for the New York City and
9 Philadelphia areas in the fiscal year preceding the prebudget year
10 relative to the previous fiscal year as reported by the United States
11 Department of Labor;

12 “Debt Service” means payments of principal and interest upon
13 school bonds and other obligations issued to finance the purchase or
14 construction of school facilities, additions to school facilities, or the
15 reconstruction, remodeling, alteration, modernization, renovation or
16 repair of school facilities, including furnishings, equipment,
17 architect fees, and the costs of issuance of such obligations and
18 shall include payments of principal and interest upon bonds
19 heretofore issued to fund or refund such obligations, and upon
20 municipal bonds and other obligations which the commissioner
21 approves as having been issued for such purposes;

22 “District income” means the aggregate income of the residents of
23 the taxing district or taxing districts, based upon data provided by
24 the Division of Taxation in the New Jersey Department of the
25 Treasury and contained on the New Jersey State Income Tax forms
26 for the calendar year ending two years prior to the prebudget year.
27 The commissioner may supplement data contained on the State
28 Income Tax forms with data available from other State or federal
29 agencies in order to better correlate the data to that collected on the
30 federal census. With respect to regional districts and their
31 constituent districts, however, the district income as described
32 above shall be allocated among the regional and constituent districts
33 in proportion to the number of pupils resident in each of them;

34 “Equalized valuation” means the equalized valuation of the
35 taxing district or taxing districts, as certified by the Director of the
36 Division of Taxation on October 1, or subsequently revised by the
37 tax court by January 15, of the prebudget year. With respect to
38 regional districts and their constituent districts, however, the
39 equalized valuations as described above shall be allocated among
40 the regional and constituent districts in proportion to the number of
41 pupils resident in each of them. In the event that the equalized table
42 certified by the director shall be revised by the tax court after
43 January 15 of the prebudget year, the revised valuations shall be
44 used in the recomputation of aid for an individual school district
45 filing an appeal, but shall have no effect upon the calculation of the
46 property value rate, Statewide average equalized school tax rate, or
47 Statewide equalized total tax rate;

- 1 “Full-day preschool” means a preschool day consisting of a six-
2 hour comprehensive educational program in accordance with the
3 district’s kindergarten through grade 12 school calendar;
- 4 "GAAP" means the generally accepted accounting principles
5 established by the Governmental Accounting Standards Board as
6 prescribed by the State board pursuant to N.J.S.18A:4-14;
- 7 “General special education services pupil” means a pupil
8 receiving specific services pursuant to chapter 46 of Title 18A of
9 the New Jersey Statutes;
- 10 “Geographic cost adjustment” means an adjustment that reflects
11 county differences in the cost of providing educational services that
12 are outside the control of the district;
- 13 "Household income" means income as defined in 7 CFR245.2
14 and 245.6 or any subsequent superseding federal law or regulation;
- 15 “Net budget” means the sum of the district’s general fund tax
16 levy, State aid received pursuant to the provisions of this act other
17 than preschool education aid, miscellaneous revenue estimated
18 pursuant to GAAP, and designated general fund balance;
- 19 “Prebudget year” means the school fiscal year preceding the year
20 in which the school budget is implemented;
- 21 “Nonpreschool ECPA” means the amount of early childhood
22 program aid, excluding prior year carry-forward amounts, included
23 in a district’s 2007-2008 school year budget certified for taxes that
24 was allocated to grades K through 3;
- 25 “Report” means the Educational Adequacy Report issued by the
26 commissioner pursuant to section 4 of this act;
- 27 "Resident enrollment" means the number of pupils other than
28 preschool pupils, post-graduate pupils, and post-secondary
29 vocational pupils who, on the last school day prior to October 16 of
30 the current school year, are residents of the district and are enrolled
31 in: (1) the public schools of the district, excluding evening schools,
32 (2) another school district, other than a county vocational school
33 district in the same county on a full-time basis, or a State college
34 demonstration school or private school to which the district of
35 residence pays tuition, or (3) a State facility in which they are
36 placed by the district; or are residents of the district and are: (1)
37 receiving home instruction, or (2) in a shared-time vocational
38 program and are regularly attending a school in the district and a
39 county vocational school district. In addition, resident enrollment
40 shall include the number of pupils who, on the last school day prior
41 to October 16 of the prebudget year, are residents of the district and
42 in a State facility in which they were placed by the State. Pupils in
43 a shared-time vocational program shall be counted on an equated
44 full-time basis in accordance with procedures to be established by
45 the commissioner. Resident enrollment shall include regardless of
46 nonresidence, the enrolled children of teaching staff members of the
47 school district or county vocational school district who are
48 permitted, by contract or local district policy, to enroll their

1 children in the educational program of the school district or county
2 vocational school district without payment of tuition. Disabled
3 children between three and five years of age and receiving programs
4 and services pursuant to N.J.S.18A:46-6 shall be included in the
5 resident enrollment of the district;

6 “School district” means any local or regional school district
7 established pursuant to chapter 8 or chapter 13 of Title 18A of the
8 New Jersey Statutes;

9 “Spending growth limitation” means the annual rate of growth
10 permitted in the net budget of a school district, county vocational
11 school district, or county special services school district as
12 measured between the net budget of the prebudget year and the net
13 budget of the budget year as calculated pursuant to the provisions of
14 section 5 of P.L.1996, c.138 (C.18A:7F-5);

15 “State facility” means a State developmental center, a State
16 Division of Youth and Family Services’ residential center, a State
17 residential mental health center, a Department of Children and
18 Families Regional Day School, a State training school/secure care
19 facility, a State juvenile community program, a juvenile detention
20 center or a boot camp under the supervisory authority of the
21 Juvenile Justice Commission pursuant to P.L.1995, c.284
22 (C.52:17B-169 et seq.), or an institution operated by or under
23 contract with the Department of Corrections, Children and Families
24 or Human Services, or the Juvenile Justice Commission;

25 “Statewide equalized school tax rate” means the amount
26 calculated by dividing the general fund tax levy for all school
27 districts, which excludes county vocational school districts and
28 county special services school districts as defined pursuant to this
29 section, in the State for the prebudget year by the equalized
30 valuations certified in the year prior to the prebudget year of all
31 taxing districts in the State except taxing districts for which there
32 are not school tax levies.

33

34 4. (New section) a. The State Board of Education shall review
35 and update the core curriculum content standards every five years.
36 The standards shall ensure that all children are provided the
37 educational opportunity needed to equip them for the role of citizen
38 and labor market competitor.

39 The Commissioner of Education shall develop and establish,
40 through the report issued pursuant to subsection b. of this section,
41 efficiency standards which define the types of programs, services,
42 activities, and materials necessary to achieve a thorough and
43 efficient education.

44 b. By September 1 of 2010 and by September 1 every three
45 years thereafter, the Governor, after consultation with the
46 commissioner, shall recommend to the Legislature through the
47 issuance of the Educational Adequacy Report for the three school
48 years to which the report is applicable:

- 1 (1) the base per pupil amount based upon the core curriculum
- 2 content standards established pursuant to subsection a. of this
- 3 section;
- 4 (2) the per pupil amounts for full-day preschool;
- 5 (3) the weights for grade level, county vocational school
- 6 districts, at-risk pupils, bilingual pupils, and combination pupils;
- 7 (4) the cost coefficients for security aid and transportation aid;
- 8 (5) the State average classification rate for general special
- 9 education services pupils and for speech-only pupils;
- 10 (6) the excess cost for general special education services pupils
- 11 and for speech-only pupils; and
- 12 (7) the extraordinary special education aid thresholds.

13 The base per pupil amount, the per pupil amounts for full-day
14 preschool, the excess costs for general special education services
15 pupils and for speech-only pupils, and the cost-coefficients for
16 security aid and transportation aid shall be adjusted by the CPI for
17 each of the two school years following the first school year to
18 which the report is applicable.

19 The amounts shall be deemed approved for the two successive
20 fiscal years beginning one year from the subsequent July 1, unless
21 between the date of transmittal and the subsequent November 30,
22 the Legislature adopts a concurrent resolution stating that the
23 Legislature is not in agreement with all or any specific part of the
24 report. The concurrent resolution shall advise the Governor of the
25 Legislature's specific objections to the report and shall direct the
26 commissioner to submit to the Legislature a revised report which
27 responds to those objections by January 1.

28

29 5. (New section) a. Notwithstanding any provision of this act
30 to the contrary, the total stabilized aid for each district shall not be
31 increased by more than the district's State aid growth limit. In the
32 event that total stabilized aid exceeds the prebudget year total by a
33 rate greater than the State aid growth limit, the commissioner shall
34 adjust the components of total stabilized aid so that they total
35 exactly the prebudget year total increased by the State aid growth
36 limit.

37 b. For the 2008-2009 school year, the prebudget year total shall
38 include Core Curriculum Standards Aid, Supplemental Core
39 Curriculum Standards Aid, Education Opportunity Aid, Above
40 Average Enrollment Growth Aid, High Expectations for Learning
41 Proficiency Aid, Instructional Supplement Aid, Demonstrably
42 Effective Program Aid, Stabilization Aid, Supplemental
43 Stabilization Aid, Adult and Postsecondary Education Grants,
44 Bilingual Education Aid, Special Education Aid, County Vocational
45 Program Aid, Transportation Aid, School Choice Aid, Consolidated
46 Aid, Additional Formula Aid, Full-day Kindergarten Supplemental
47 Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid,
48 Nonpreschool ECPA, Extraordinary Special Education Aid paid in

1 2006-2007, and Aid for Enrollment Adjustments, taking into
2 consideration the June 2008 payment made in July 2008. For the
3 2009-2010 school year and thereafter, the prebudget year total shall
4 be the total for the same aid categories as included in total
5 stabilized aid.

6 c. For the 2008-2009 school year, total stabilized aid shall
7 include equalization aid, special education categorical aid,
8 extraordinary special education aid projected for 2008-2009,
9 security aid, and transportation aid.

10 For the 2009-2010 school year and thereafter, total stabilized aid
11 shall include equalization aid, special education categorical aid,
12 security aid, and transportation aid.

13 d. For the purposes of this section, "State aid growth limit"
14 means 10% in the case of a district spending above adequacy and
15 20% in the case of a district spending below adequacy.

16 (1) For purposes of determining if a school district or county
17 vocational school district is spending above or below adequacy and
18 its applicable State aid growth limit, the district's spending shall
19 equal the sum for the prebudget year of its equalization aid
20 calculated pursuant to section 11 of this act, special education
21 categorical aid calculated pursuant to section 13 of this act, security
22 categorical aid calculated pursuant to section 14 of this act, and
23 general fund local levy.

24 (2) Notwithstanding any provision of this section to the
25 contrary, for the purposes of determining a district's increase in
26 State aid between the 2007-2008 and 2008-2009 school years, the
27 commissioner shall compare the State aid received by the district
28 for the 2007-2008 school year under the State aid categories listed
29 under subsection b. of this section, other than transportation aid,
30 and the district's general fund levy for that school year to the sum
31 of the district's adequacy budget calculated pursuant to section 9 of
32 this act, special education categorical aid calculated pursuant to
33 section 13 of this act, extraordinary special education aid projected
34 for the 2008-2009 school year, and security aid calculated pursuant
35 to section 14 of this act.

36 (3) Notwithstanding any provision of this section to the
37 contrary, the commissioner may increase the State aid growth limit
38 in the case of a county vocational school district that has revised
39 one or more of its programs from a shared-time program to a full-
40 time program between the 2001-2002 and 2007-2008 school years
41 or shall make such revision in the 2008-2009 school year. In the
42 event that the commissioner increases the State aid growth limit for
43 a county vocational school district, the commissioner shall adjust
44 the State aid amount provided for the district in the December 12,
45 2007 report.

46

47 6. (New section) Beginning in the 2009-2010 school year and
48 for each school year thereafter, the amount of equalization aid for

1 the budget year shall equal the total Statewide equalization aid
2 calculated pursuant to section 11 of this act for the prebudget year
3 and prior to the application of section 5 of this act indexed by the
4 sum of 1.0, the CPI, and the State average enrollment growth
5 percentage between the prebudget year and the budget year as
6 projected by the commissioner.

7
8 7. (New section) The commissioner shall determine, based on
9 the standards established pursuant to section 4 of this act, a base per
10 pupil amount, and shall develop appropriate weights reflecting the
11 differing costs of providing education at the kindergarten,
12 elementary, middle school, and high school levels, which weights
13 shall be applied in determining a district's base cost as set forth in
14 section 8 of this act. The base per pupil amount for the 2008-2009
15 school year shall be \$9,649. The weight for kindergarten shall be
16 0.5 in the case of a pupil enrolled in a half-day kindergarten
17 program and 1.0 in the case of a pupil enrolled in a full-day
18 kindergarten program, and shall be 1.0 for the elementary (grades
19 1-5) level, 1.04 for the middle school (grades 6-8) level, and 1.17
20 for the high school (grades 9-12) level.

21 The base per pupil amount shall be adjusted by the CPI in the
22 2009-2010 and 2010-2011 school years as required pursuant to
23 subsection b. of section 4 of this act. For subsequent school years,
24 the base per pupil amount and the grade level weights shall be
25 established in the Educational Adequacy Report, with the base per
26 pupil amount adjusted by the CPI for each of the two school years
27 following the first school year to which the report is applicable.

28
29 8. (New section) a. The weighted enrollment for each school
30 district and county vocational school district shall be calculated as
31 follows:

$$32 \text{ WENR} = (\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR}) + (\text{MW} \times \text{MENR}) + (\text{HW} \\ 33 \times \text{HENR})$$

34 where

35 PW is the applicable weight for kindergarten enrollment;

36 EW is the weight for elementary enrollment;

37 MW is the weight for middle school enrollment;

38 HW is the weight for high school enrollment;

39 PENR is the resident enrollment for kindergarten;

40 EENR is the resident enrollment for grades 1 - 5;

41 MENR is the resident enrollment for grades 6 - 8; and

42 HENR is the resident enrollment for grades 9 - 12.

43 For the purposes of this section, ungraded pupils shall be counted in
44 their age-equivalent grade.

45 b. The base cost for each school district shall be calculated as
46 follows:

$$47 \text{ BC} = \text{BPA} \times \text{WENR}; \text{ and}$$

1 the base cost for each county vocational school district shall be
2 calculated as follows:

$$3 \quad BC = BPA \times WENR \times 1.31$$

4 where

5 BPA is the base per pupil amount; and

6 WENR is the weighted enrollment of the school district or
7 county vocational school district.

8

9 9. (New section) a. The adequacy budget for each school
10 district and county vocational school district shall be calculated as
11 follows:

$$12 \quad AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + SE \text{ Census}) \times$$
$$13 \quad GCA$$

14 where

15 BC is the district's or county vocational school district's base
16 cost as calculated pursuant to section 8 of this act;

17 AR Cost is the cost of providing educational and other services
18 for at-risk pupils as calculated pursuant to subsection b. of this
19 section;

20 LEP Cost is the cost of providing educational and other services
21 for bilingual education pupils as calculated pursuant to subsection c.
22 of this section;

23 COMB Cost is the cost of providing educational and other
24 services for pupils who are both at-risk and bilingual as calculated
25 pursuant to subsection d. of this section;

26 SE Census is the cost of providing programs and services to
27 general special education services pupils and speech-only pupils as
28 calculated pursuant to subsection e. of this section; and

29 GCA is geographic cost adjustment.

30 The GCA shall be the geographic cost adjustment developed by
31 the commissioner and revised by the commissioner ever five years
32 in accordance with receipt of census data.

33 b. AR Cost shall be calculated as follows:

$$34 \quad AR \text{ Cost} = BPA \times ARWENR \times AR \text{ Weight}$$

35 where

36 BPA is the base per pupil amount;

37 ARWENR is the weighted enrollment for at-risk pupils of the
38 school district or county vocational school district, which shall not
39 include combination pupils; and

40 AR Weight is the at-risk weight.

41 For the 2008-2009 through 2010-2011 school years the at-risk
42 weight shall be as follows:

43 for a district in which the concentration of at-risk pupils is less
44 than 20% of resident enrollment, the at-risk weight shall equal 0.47;

45 for a district in which the concentration of at-risk pupils is equal
46 to 20% but less than 60% of resident enrollment, the at-risk weight
47 shall equal the district's $((\text{at-risk } \% - 0.20) \times 0.25) + 0.47$; and

1 for a district in which the concentration of at-risk pupils is equal
2 to or greater than 60% of resident enrollment, the at-risk weight
3 shall equal 0.57.

4 For subsequent school years, the AR weight shall be established
5 in the Educational Adequacy Report.

6 c. LEP Cost shall be calculated as follows:

7 $LEP\ Cost = BPA \times LWENR \times LEP\ Weight$

8 where

9 BPA is the base per pupil amount;

10 LWENR is the weighted enrollment for the bilingual education
11 pupils of the school district or county vocational school district,
12 which shall not include combination pupils; and

13 LEP Weight is the bilingual pupil weight.

14 For the 2008-2009 through 2010-2011 school years the LEP weight
15 shall be 0.5. For subsequent school years, the LEP weight shall be
16 established in the Educational Adequacy Report.

17 d. COMB Cost shall be calculated as follows:

18 $COMB\ Cost = BPA \times CWENR \times (AR\ Weight + COMB\ Weight)$

19 where

20 BPA is the base per pupil amount;

21 CWENR is the weighted enrollment for pupils who are both at-
22 risk and bilingual;

23 AR Weight is the at-risk weight; and

24 COMB Weight is the combination pupil weight.

25 For the 2008-2009 through 2010-2011 school years the COMB
26 weight shall be 0.125. For subsequent school years, the COMB
27 weight shall be established in the Educational Adequacy Report.

28 e. SE Census shall be calculated as follows:

29 $SE\ Census = (RE \times SEACR \times AEC \times 2/3) + (RE \times SACR \times SEC)$

30 where

31 RE is the resident enrollment of the school district or county
32 vocational school district;

33 SEACR is the State average classification rate for general special
34 education services pupils;

35 AEC is the excess cost for general special education services
36 pupils;

37 SACR is the State average classification rate for speech-only
38 pupils; and

39 SEC is the excess cost for speech-only pupils.

40 For the 2008-2009 through 2010-2011 school years the State
41 average classification rate shall be 14.69% for general special
42 education services pupils and 1.897% for speech-only pupils. For
43 subsequent school years, the State average classification rates shall
44 be established in the Educational Adequacy Report.

45 For the 2008-2009 school year the excess cost shall be \$10,898
46 for general special education services pupils and \$1,082 for speech-
47 only pupils. The excess cost amounts shall be adjusted by the CPI
48 in the 2009-2010 and 2010-2011 school years as required pursuant

1 to subsection b. of section 4 of this act. For subsequent school
2 years, the excess cost amounts shall be established in the
3 Educational Adequacy Report, with the amounts adjusted by the
4 CPI for each of the two school years following the first school year
5 to which the report is applicable.

6
7 10. (New section) Each school district and county vocational
8 school district shall receive equalization aid predicated on a local
9 share determined by district property wealth and district income.

10 a. Each district's local share shall be calculated as follows:

$$11 \text{ LSHARE} = (\text{EQVAL} \times \text{PVR} \times 50\%) + (\text{INC} \times \text{INR} \times 50\%)$$

12 where

13 EQVAL is the district's prebudget year equalized valuation;

14 PVR is the Statewide property value rate determined pursuant to
15 subsection c. of this section;

16 INC is the district's income; and

17 INR is the Statewide income rate determined pursuant to
18 subsection c. of this section.

19 b. The local share for each county vocational school district
20 shall be calculated as follows:

$$21 \text{ LSHARE} = (\text{COLSHARE}/\text{COAB}) \times \text{AB}$$

22 where

23 COLSHARE is the sum of the local shares for all school districts
24 in the county calculated pursuant to subsection a. of this section;

25 COAB is the sum of the adequacy budgets for all school districts
26 in the county calculated pursuant to section 9 of this act; and

27 AB is the county vocational school district's adequacy budget
28 calculated pursuant to section 9 of this act.

29 c. For the 2008-2009 school year, the property value rate shall
30 be set at 0.0092690802 and the income value rate shall be set at
31 0.04546684. For subsequent school years the values for the
32 property value rate and the income value rate shall be annually
33 determined by the commissioner as follows:

34 the property value rate shall be determined such that equalization
35 aid equals the Statewide available equalization aid for all districts
36 determined according to this act had each school district's local
37 share equaled the product of the property value rate and the
38 district's equalized valuation and each county vocational school
39 district's local share equaled the product of the county vocational
40 school district's adequacy budget and the average local share,
41 expressed as a percent, of the school districts located in the county;
42 and

43 the income rate shall be determined such that equalization aid
44 equals the Statewide available equalization aid for all districts
45 determined according to this act had each school district's local
46 share equaled the product of the income rate and the district's
47 income and each county vocational school district's local share
48 equaled the product of the county vocational school district's

1 adequacy budget and the average local share, expressed as a
2 percent, of the school districts located in the county.

3 In the event that these rates, when used in accordance with the
4 provisions of this section and assuming that each district's general
5 fund levy is equal to its local share, do not result in equalization aid
6 for all districts equal to the Statewide available equalization aid, the
7 commissioner shall adjust these rates appropriately, giving equal
8 weight to each.

9

10 11. (New section) Each school district's and county vocational
11 school district's equalization aid shall be calculated as follows:

12 $EQAID = AB - LSHARE$ provided that EQAID shall not be less
13 than zero; and

14 where

15 AB is the district's adequacy budget calculated pursuant to
16 section 9 of this act; and

17 LSHARE is the district's local share calculated pursuant to
18 section 10 of this act.

19 Each district's equalization aid for general fund expenses shall
20 be expended to provide a thorough and efficient system of
21 education consistent with the core curriculum content standards
22 established pursuant to section 4 of this act.

23 A school district may make an appeal to the commissioner on the
24 amount of its equalization aid on the basis that the calculation of
25 income within the local share formula under section 10 of this act
26 does not accurately reflect the district's income wealth.

27

28 12. (New section) a. District factor group A and B school
29 districts, and district factor group CD school districts with a
30 concentration of at-risk pupils equal to or greater than 40%, shall
31 provide free access to full-day preschool for all three- and four-year
32 old pupils. All other school districts shall provide free access to
33 full-day preschool for at-risk pupils. Preschool education aid shall
34 reflect the cost of the pupil's placement in either a district program,
35 a licensed child care provider program, or a Head Start Program.

36 (1) Preschool education aid shall be calculated for district factor
37 group A and B school districts, and for district factor group CD
38 school districts with a concentration of at-risk pupils equal to or
39 greater than 40%, as follows:

40 $Aid = (IDE \times IDA) + (PRE \times PRA) + (HSE \times HSA)$

41 where

42 IDE is the number of district pupils, other than preschool
43 disabled pupils, in an in-district preschool program;

44 IDA is the per pupil aid amount for an in-district preschool
45 program;

46 PRE is the number of district pupils, other than preschool
47 disabled pupils, in a preschool program operated by a licensed child
48 care provider;

1 PRA is the per pupil aid amount for a preschool program
2 operated by a licensed child care provider;

3 HSE is the number of district pupils, other than preschool
4 disabled pupils, in a Head Start Program; and

5 HSA is the per pupil aid amount for a Head Start Program.

6 A CD school district with a concentration of at-risk pupils equal to
7 or greater than 40% shall be eligible to receive preschool education
8 aid pursuant to the provisions of this paragraph for a minimum of
9 three school years from the time of initial determination of
10 eligibility even if the district's concentration of at-risk pupils falls
11 below a 40% concentration of at-risk pupils. In the event that the
12 district falls below a 40% concentration of at-risk pupils for two
13 consecutive school years, in the third school year the district shall
14 receive preschool education aid for each at-risk pupil and for any
15 four-year old pupil for whom the district received preschool
16 education aid in the prior school year, and that pupil shall receive
17 free preschool education.

18 (2) Preschool education aid shall be calculated for all other
19 districts as follow:

$$20 \text{ Aid} = (\text{ARID} \times \text{IDA}) + (\text{ARP} \times \text{PRA}) + (\text{ARHS} \times \text{HSA})$$

21 where

22 ARID is the number of at-risk district pupils, other than
23 preschool disabled pupils, in an in-district preschool program;

24 IDA is the per pupil aid amount for an in-district preschool
25 program;

26 ARP is the number of at-risk district pupils, other than preschool
27 disabled pupils, in a preschool program operated by a licensed child
28 care provider;

29 PRA is the per pupil aid amount for a preschool program
30 operated by a licensed child care provider;

31 ARHS is the number of at-risk district pupils, other than
32 preschool disabled pupils, in a Head Start Program; and

33 HSA is the per pupil aid amount for a Head Start Program.

34 b. In accordance with regulations adopted by the commissioner,
35 all districts shall submit a five-year plan that provides for the full
36 implementation of full day preschool for all eligible three- and four-
37 year olds by the 2013-2014 school year. For the purposes of this
38 section, "full implementation" means serving 90% of eligible pupils
39 in accordance with the preschool quality standards adopted by the
40 commissioner or such greater percentage as determined by the
41 commissioner. A school district shall annually update the five-year
42 plan based on actual implementation experience and shall revise its
43 pupil projections in accordance with that experience.

44 c. (1) In the case of a school district that did not receive any
45 form of preschool aid in the 2007-2008 school year, the 2008-2009
46 school year shall be a preschool planning year. Beginning in the
47 2009-2010 school year, the school district shall receive preschool
48 education aid calculated in accordance with the provisions of

1 subsection a. of this section based upon projected preschool
2 enrollment.

3 In the 2009-2010 school year the school district may also receive
4 start-up funds in accordance with regulations adopted by the
5 commissioner.

6 (2) In the case of a school district that received Early Launch to
7 Learning Initiative aid in the 2007-2008 school year, for the 2008-
8 2009 school year the district shall receive preschool education aid
9 in an amount equal to the district's allocation of Early Launch to
10 Learning Initiative aid in the 2007-2008 school year. Beginning in
11 the 2009-2010 school year, the school district shall receive
12 preschool education aid calculated in accordance with the
13 provisions of subsection a. of this section based upon projected
14 preschool enrollment.

15 In the 2009-2010 school year the school district may also receive
16 start-up funds in accordance with regulations adopted by the
17 commissioner.

18 (3) In the case of a school district that received early childhood
19 program aid in the 2007-2008 school year but did not receive
20 preschool expansion aid or education opportunity aid in that year,
21 for the 2008-2009 school year the district shall receive preschool
22 education aid equal to the greater of the district's 2007-2008
23 amount of early childhood program aid for preschool or the
24 district's 2007-2008 per pupil allocation of early childhood program
25 aid as included in the district's original 2007-2008 budget certified
26 for taxes, inflated by the CPI, and multiplied by the district's
27 projected preschool enrollment; except that if the district is able to
28 demonstrate in the five-year plan submitted to the commissioner
29 that it has the capacity to offer a full-day three- or four-year-old
30 program, or a full-day three- and four-year-old program, in the
31 2008-2009 school year, the commissioner may approve the funding
32 of the full-day program calculated in accordance with the provisions
33 of subsection a. of this section based upon projected preschool
34 enrollment. The district shall be informed of the commissioner's
35 determination upon approval of the five-year plan. Beginning in the
36 2009-2010 school year, the school district shall receive preschool
37 education aid calculated in accordance with the provisions of
38 subsection a. of this section based upon projected preschool
39 enrollment.

40 In the 2009-2010 school year the school district may also receive
41 start-up funds in accordance with regulations adopted by the
42 commissioner.

43 (4) In the case of a school district that received preschool
44 expansion aid or education opportunity aid in the 2007-2008 school
45 year, for the 2008-2009 school year the district shall receive
46 preschool education aid in an amount equal to the preschool budget
47 approved by the commissioner for the 2008-2009 school year.
48 Preschool education aid for the 2008-2009 school year shall be

1 adjusted following receipt of the Application for State School Aid
2 in October 2008. Beginning in the 2009-2010 school year, the
3 school district shall receive preschool education aid calculated in
4 accordance with the provisions of subsection a. of this section based
5 upon projected preschool enrollment; except that for any school
6 year the district shall not receive preschool aid in an amount less
7 than either the total amount of preschool aid the district received in
8 the 2008-2009 school year after the State aid adjustment or the
9 district's 2008-2009 school year preschool per pupil aid amount
10 multiplied by the projected number of preschool pupils after the
11 State aid adjustment, whichever is greater.

12 In the 2009-2010 school year the school district may also receive
13 start-up funds in accordance with regulations adopted by the
14 commissioner.

15 d. For the 2008-2009 school year, the preschool per pupil aid
16 amounts shall be \$11,506 for pupils enrolled in an in-district
17 program, \$12,934 for pupils enrolled in a licensed child care
18 provider program, and \$7,146 for pupils enrolled in a Head Start
19 Program. The preschool per pupil aid amounts shall be adjusted by
20 the CPI in the 2009-2010 and 2010-2011 school years as required
21 pursuant to subsection b. of section 4 of this act. For subsequent
22 school years, the preschool per pupil aid amounts shall be
23 established in the Educational Adequacy Report, with the amounts
24 adjusted by the CPI for each of the two school years following the
25 first school year to which the report is applicable.

26 e. A district shall appropriate preschool education aid in a
27 special revenue fund for expenditure. In the event that any
28 preschool education aid is not expended during the budget year, the
29 aid may be carried forward in accordance with regulations adopted
30 by the commissioner.

31 f. In the event that a district has fully implemented a full-day
32 preschool program for three- and four-year old pupils in accordance
33 with its five-year plan and meets the preschool quality standards or
34 has provided preschool education to the number of eligible students
35 to be served during a school year in accordance with that plan and
36 its annual updates and the preschool quality standards, the district
37 may appropriate preschool education aid to support kindergarten
38 through grade 12 or to provide preschool education for three- and
39 four-year old pupils for whom the district is not required to provide
40 preschool education upon the approval of the commissioner. The
41 district shall request approval in its annual plan update and any
42 approval granted by the commissioner shall be made during the
43 annual school budget process.

44 g. A school district shall maintain the preschool quality standards
45 as adopted by the commissioner as a condition of receipt of
46 preschool education aid.

1 13. (New section) a. Special education categorical aid for each
2 school district and county vocational school district shall be
3 calculated as follows:

$$4 \quad SE = (RE \times SEACR \times AEC \times 1/3) \times GCA$$

5 where

6 RE is the resident enrollment of the school district or county
7 vocational school district;

8 SEACR is the State average classification rate for general special
9 education services pupils;

10 AEC is the excess cost for general special education services
11 pupils; and

12 GCA is the geographic cost adjustment as developed by the
13 commissioner.

14 For the 2008-2009 school year the excess cost shall be \$10,898 for
15 general special education services pupils. The excess cost amount
16 shall be adjusted by the CPI in the 2009-2010 and 2010-2011
17 school years as required pursuant to subsection b. of section 4 of
18 this act. For subsequent school years, the excess cost amount shall
19 be established in the Educational Adequacy Report, with the
20 amount adjusted by the CPI for each of the two school years
21 following the first school year to which the report is applicable.

22 b. Extraordinary special education aid for an individual
23 classified pupil shall be available when the student is educated in a
24 general education classroom, special education program, including
25 but not limited to a resource program or special class program, or
26 any combination of general education and special education
27 programs and services, subject to the requirements and thresholds
28 set forth in this section.

29 (1) In those instances in which a pupil is educated in an in-
30 district public school program with non-disabled peers, whether run
31 by a public school or by a private school for the disabled, and the
32 cost of providing direct instructional and support services for an
33 individual classified pupil exceeds \$40,000, for those direct
34 instructional and support services costs in excess of \$40,000 a
35 district shall receive extraordinary special education State aid equal
36 to 90% of the amount of that excess in accordance with the
37 provisions of paragraph (4) of this subsection.

38 (2) In those instances in which a pupil is educated in a separate
39 public school program for students with disabilities and the cost of
40 providing direct instructional and support services for an individual
41 classified pupil exceeds \$40,000, for those direct instructional and
42 support services costs in excess of \$40,000 a district shall receive
43 extraordinary special education State aid equal to 75% of the
44 amount of that excess in accordance with the provisions of
45 paragraph (4) of this subsection.

46 (3) In those instances in which a pupil is educated in a separate
47 private school for students with disabilities and the tuition for an
48 individual classified pupil exceeds \$55,000, for tuition costs in

1 excess of \$55,000 a district shall receive extraordinary special
2 education State aid equal to 75% of the amount of that excess in
3 accordance with the provisions of paragraph (4) of this subsection.

4 (4) Extraordinary special education State aid for an individual
5 classified pupil shall be calculated as follows:

$$6 \quad EA = ((ADC - \$40,000) \times .90) + (((AIC - \$40,000) + (ASC - \\ 7 \quad \$55,000)) \times .75)$$

8 where

9 ADC equals the district's actual cost for the direct instructional
10 and support services in an in-district public school program as set
11 forth in paragraph (1) of this subsection;

12 AIC equals the district's actual cost for direct instructional and
13 support services in a separate public school program as set forth in
14 paragraph (2) of this subsection; and

15 ASC equals the district's actual cost for tuition paid to a separate
16 private school as set forth in paragraph (3) of this subsection.

17 (5) The receipt of extraordinary special education State aid for
18 an individual classified pupil shall be conditioned upon a
19 demonstration by the district that the pupil's Individualized
20 Education Plan requires the provision of intensive services,
21 pursuant to factors determined by the commissioner.

22 c. In order to receive funding pursuant to this section, a district
23 shall file an application with the department that details the
24 expenses incurred on behalf of the particular classified pupil for
25 which the district is seeking reimbursement. Additional State aid
26 awarded for extraordinary special education costs shall be recorded
27 by the district as revenue in the current school year and paid to the
28 district in the subsequent school year.

29 d. A school district may apply to the commissioner to receive
30 emergency special education aid for any classified pupil who
31 enrolls in the district prior to March of the budget year and who is
32 in a placement with a cost in excess of \$40,000 or \$55,000, as
33 applicable. The commissioner may debit from the student's former
34 district of residence any special education aid which was paid to
35 that district on behalf of the student.

36 e. The department shall review expenditures of federal and State
37 special education aid by a district in every instance in which special
38 education monitoring identifies a failure on the part of the district to
39 provide services consistent with a pupil's Individualized Education
40 Plan.

41 f. The commissioner shall commission an independent study of
42 the special education census funding methodology to determine if
43 adjustments in the special education funding formulas are needed in
44 future years to address the variations in incidence of students with
45 severe disabilities requiring high cost programs and to make
46 recommendations for any such adjustments. The study and
47 recommendations shall be completed by June 30, 2010.

1 g. A school district may apply to the commissioner to receive
 2 additional special education categorical aid if the district has an
 3 unusually high rate of low-incidence disabilities, such as autism,
 4 deaf/blindness, severe cognitive impairment, and medically fragile.
 5 In applying for the aid the district shall: demonstrate the impact of
 6 the unusually high rate of low-incidence disabilities on the school
 7 district budget and the extent to which the costs to the district are
 8 not sufficiently addressed through special education aid and
 9 extraordinary special education aid; and provide details of all
 10 special education expenditures, including details on the use of
 11 federal funds to support those expenditures.

12

13 14. (New section) Security categorical aid for each school
 14 district and county vocational school district shall be calculated as
 15 follows:

$$16 \quad SA = ((RE \times \$70) + (AREN R \times ARSA)) \times GCA$$

17 where

18 RE means the school district's or county vocational school
 19 district's resident enrollment;

20 ARENR means the district's number of at-risk pupils;

21 ARSA means the at-risk security amount; and

22 GCA is the geographic cost adjustment as developed by the
 23 commissioner.

24 For the 2008-2009 through 2010-2011 school years the at-risk
 25 security amount shall be calculated as follows:

26 for a district in which the concentration of at-risk pupils is less
 27 than 40% of resident enrollment, the at-risk security amount shall
 28 equal the district's $(AR\% \times \$10.15 \times 100)$; and

29 for a district in which the concentration of at-risk pupils is equal
 30 to or greater than 40%, the at-risk security amount shall equal
 31 \$406.

32 The security cost coefficients, \$70, \$10.15 and \$406, used to
 33 determine the security amount, shall be adjusted by the CPI in the
 34 2009-2010 and 2010-2011 school years as required pursuant to
 35 subsection b. of section 4 of this act. For subsequent school years,
 36 the cost coefficients shall be established in the Educational
 37 Adequacy Report, with adjustments by the CPI for each of the two
 38 school years following the first school year to which the report is
 39 applicable.

40

41 15. (New section) a. Each school district's and county
 42 vocational school district's State aid for transportation shall consist
 43 of base aid (BA) and an incentive factor (IF) determined as follows:

$$44 \quad BA = (BA1 \times IF) + BA2$$

45 where

$$46 \quad BA1 = CP1 \times P1 + CD1 \times P1 \times D1;$$

$$47 \quad BA2 = CP2 \times P2 + CD2 \times P2 \times D2;$$

1 P1 is the total number of regular education public pupils and
2 regular nonpublic pupils eligible for transportation pursuant to
3 N.J.S.18A:39-1, excluding preschool pupils except pupils that
4 qualify for free full-day preschool pursuant to section 12 of this act,
5 and of special education pupils eligible for transportation pursuant
6 to N.J.S.18A:46-23 with no special transportation requirements,
7 who are resident in the district as of the last school day prior to
8 October 16 of the prebudget year;

9 D1 is the average home-to-school mileage for P1 pupils;

10 P2 is the total number of special education pupils eligible for
11 transportation pursuant to N.J.S.18A:46-23 with special
12 transportation requirements who are resident in the district as of the
13 last school day prior to October 16 of the prebudget year;

14 D2 is the average home-to-school mileage for P2 pupils; and

15 CP1, CD1, CP2 and CD2 are cost coefficients with values set
16 forth in subsection b. of this section.

17 IF is the incentive factor, which modifies base aid paid for pupils
18 transported on regular vehicles according to each district's
19 percentile rank in regular vehicle capacity utilization. Students
20 within the district who receive courtesy busing services shall be
21 included in the calculation of the district's regular vehicle capacity
22 utilization if the courtesy busing services are provided to a student
23 who would otherwise be required to walk to and from school along
24 a route designated as a hazardous route by the school district
25 pursuant to section 2 of P.L.1999, c.310 (C.18A:39-1.5). For the
26 2008-2009 school year, IF = 1. The Governor shall submit to the
27 Legislature at least 60 days prior to the FY 2011 budget address
28 proposed transportation incentive factors applicable to the 2010-
29 2011 school year and thereafter along with supporting data. The
30 incentive factors shall be deemed approved by the Legislature
31 unless a concurrent resolution is passed within 60 days of the date
32 of submission.

33 b. For the 2008-2009 school year, the cost coefficients in
34 subsection a. of this section shall have the following values:

35 CP1 = \$383.88;

36 CD1 = \$10.50;

37 CP2 = \$2,675.77; and

38 CD2 = \$5.10.

39 The cost coefficients shall be adjusted by the CPI in the 2009-
40 2010 and 2010-2011 school years as required pursuant to subsection
41 b. of section 4 of this act. For subsequent school years, the cost
42 coefficients shall be established in the Educational Adequacy
43 Report with the amounts adjusted by the CPI for each of the two
44 school years following the first school year to which the report is
45 applicable.

46 c. For the 2008-2009 school year each district and county
47 vocational district shall receive State transportation aid in an
48 amount equal to the school district's or county vocational school

1 district's State aid entitlement calculated pursuant to subsections a.
2 and b. of this section multiplied by 81.4876%.

3 d. Each executive county superintendent of schools shall
4 complete a study of pupil transportation services in the county no
5 later than 18 months after the effective date of P.L. , c. (C.)
6 (pending before the Legislature as this bill). The purpose of the
7 study shall be to determine ways to provide pupil transportation
8 services in a more cost-effective and efficient manner. The study
9 shall be transmitted upon completion to the Commissioner of
10 Education and to the Legislature pursuant to section 2 of P.L.1991,
11 c.164 (C.52:14-19.1).

12

13 16. (New section) a. (1) For the 2008-2009 school year, each
14 school district and county vocational school district shall receive
15 adjustment aid in such amount as to ensure that the district receives
16 the greater of the amount of State aid calculated for the district
17 pursuant to the provisions of this act or the State aid received by the
18 district for the 2007-2008 school year multiplied by 102%. The
19 State aid received by the district for the 2007-2008 school year shall
20 include the following aid categories: Core Curriculum Standards
21 Aid, Supplemental Core Curriculum Standards Aid, Education
22 Opportunity Aid, Above Average Enrollment Growth Aid, High
23 Expectations for Learning Proficiency Aid, Instructional
24 Supplement Aid, Demonstrably Effective Program Aid,
25 Stabilization Aid, Supplemental Stabilization Aid, Adult and
26 Postsecondary Education Grants, Bilingual Education Aid, Special
27 Education Aid, County Vocational Program Aid, Transportation
28 Aid, School Choice Aid, Consolidated Aid, Additional Formula
29 Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk
30 Aid, Abbott-Bordered District Aid, Nonpreschool ECPA,
31 Extraordinary Special Education Aid paid in 2006-2007, and Aid
32 for Enrollment Adjustments, taking into consideration the June
33 2008 payment made in July 2008.

34 (2) For the 2009-2010 and 2010-2011 school years a school
35 district or county vocational school district shall receive adjustment
36 aid in such amount as to ensure that the district receives the greater
37 of the amount of State aid calculated for the district pursuant to the
38 provisions of this act or the State aid, other than educational
39 adequacy aid, received by the district for the 2008-2009 school
40 year.

41 (3) For the 2011-2012 school year and for each school year
42 thereafter, a school district or county vocational school district that
43 does not have a decline in its weighted enrollment, adjusted for
44 bilingual education pupils and at-risk pupils, between the 2008-2009
45 school year and the budget year that is greater than 5% shall receive
46 adjustment aid in such amount as to ensure that the district receives the
47 greater of the amount of State aid calculated pursuant to the provisions

1 of this act or the State aid, other than educational adequacy aid,
2 received by the district for the 2008-2009 school year.

3 (4) For the 2011-2012 school year and for each school year
4 thereafter, a school district or county vocational school district that has
5 a decline in its weighted enrollment, adjusted for bilingual education
6 pupils and at-risk pupils, between the 2008-2009 school year and the
7 budget year that is greater than 5% shall have its adjustment aid
8 reduced in an amount equal to the district's 2008-2009 per pupil
9 adjustment aid amount multiplied by the decline in its resident
10 enrollment that is greater than 5%.

11 b. In the case of a school district that received education
12 opportunity aid in the 2007-2008 school year and for which the sum
13 of the district's 2007-2008 State aid under the State aid categories
14 listed under paragraph (1) of subsection a. of this section and
15 general fund local levy is less than the sum of the district's
16 adequacy budget as calculated pursuant to section 9 of this act,
17 special education categorical aid calculated pursuant to section 13
18 of this act, and security aid calculated pursuant to section 14 of this
19 act, the district shall receive educational adequacy aid if it meets the
20 following criteria:

21 (1) the district fails to meet educational adequacy standards as
22 determined by the commissioner; or

23 (2) the district is located in a municipality with an equalized total
24 tax rate that is greater than 130% of the Statewide average
25 equalized total tax rate; or

26 (3) the district has an equalized school tax rate that is greater
27 than 110% of the Statewide average equalized school tax rate and is
28 located in a municipality with an equalized total tax rate that is
29 greater than 120% of the Statewide average equalized total tax rate;
30 and

31 (4) the district will not meet adequacy in the 2008-2009 school
32 year based on the State aid increase received by the district for that
33 school year.

34 An eligible district shall receive educational adequacy aid for the
35 2008-2009 school year in accordance with the following formula:

36 $EA \text{ aid} = ((AB + SE + SA) - (GFL + A08)) \times .33 - ls - SA;$

37 where AB is the district's adequacy budget as calculated
38 pursuant of section 9 of this act;

39 SE is the district's special education categorical aid calculated
40 pursuant to section 13 of this act;

41 SA is the district's security categorical aid calculated pursuant to
42 section 14 of this act;

43 GFL is the district's prebudget year general fund local levy;

44 A08 is the sum of the district's 2007-2008 State aid under the
45 State aid categories listed under paragraph (1) of subsection a. of
46 this section;

47 ls is the district's prebudget year general fund local levy,
48 multiplied by 4% in the case of a district which meets the criteria of

1 paragraph (2) or paragraph (3) of this subsection, or in the case of a
2 district which does not meet those criteria multiplied by 6%; and

3 SA is any increase in State aid between the prebudget and budget
4 years.

5 An eligible district shall receive educational adequacy aid for the
6 2009-2010 school year in accordance with the following formula:

7 $EA\ aid = ((AB - (GFL + PEQAID)) \times .50) - ls$; and

8 An eligible district shall receive educational adequacy aid for the
9 2010-2011 school year in accordance with the following formula;

10 $EA\ aid = (AB - (GFL + PEQAID) - ls)$

11 where

12 AB is the district's adequacy budget as calculated pursuant to
13 section 9 of this act;

14 GFL is the district's prebudget year general fund local levy;

15 PEQAID is the district's prebudget year equalization aid
16 calculated pursuant to section 11 of this act; and

17 ls is the district's prebudget year general fund local levy,
18 multiplied by 4% in the case of a district which meets the criteria of
19 paragraph (2) or paragraph (3) of this subsection, or in the case of a
20 district which does not meet those criteria multiplied by 8% for the
21 2009-2010 school year and by 10% for the 2010-2011 school year;

22 For the 2011-2012 school year and for each school year
23 thereafter, the district shall receive the amount of educational
24 adequacy aid that the district received in the 2010-2011 school year.

25

26 17. (New section) The Commissioner of Education shall
27 complete by the end of the 2010-2011 school year a study of the tax
28 levy growth limitation enacted pursuant to sections 2 through 5 of
29 P.L.2007, c.62 (C.18A:7F-37-18A:7F-40), for the purpose of
30 analyzing any effects that the tax levy growth limitation has had on
31 disparities in spending among the districts. The study shall include
32 a recommendation by the commissioner on whether the tax levy
33 growth limitation should be continued after the 2011-2012 school
34 year, or whether the spending growth limitation under the
35 provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5) would be
36 more effective in addressing any identified disparities in school
37 district spending, or whether a revised growth limitation method
38 might be warranted.

39

40 18. (New section) The Commissioner of Education shall not
41 authorize the disbursement of funds to any district until the
42 commissioner is satisfied that all educational expenditures in the
43 district will be spent effectively and efficiently in order to enable
44 students to achieve the core curriculum content standards. The
45 commissioner shall be authorized to take any affirmative action as
46 is necessary to ensure the effective and efficient expenditure of
47 funds by school districts and county vocational school districts.

1 19. (New section) Notwithstanding any law or regulation to the
2 contrary, for the 2008-2009 school year a district's district aid
3 percentage calculated for purposes of the provisions of section 10 of
4 P.L.2000, c.72 (C.18A:7G-10) shall equal the percentage calculated
5 for the 2001-2002 school year.

6
7 20. (New section) For the purpose of calculating all forms of
8 State aid pursuant to P.L. , c. (C.) (pending before the
9 Legislature as this bill) for a choice student in a choice district, the
10 student shall be counted in the resident enrollment of the receiving
11 district. The receiving district shall receive school choice aid for
12 each choice student equal to the adequacy budget local levy per
13 pupil amount.

14 For purposes of this section, "adequacy budget local levy per
15 pupil amount" means the adequacy budget calculated pursuant to
16 section 9 of P.L. , c. (C.) (pending before the Legislature as
17 this bill) minus equalization aid calculated pursuant to section 11 of
18 P.L. , c. (C.) (pending before the Legislature as this bill)
19 divided by the resident enrollment.

20
21 21. (New section) a. Notwithstanding any provision of
22 P.L.2000,c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-
23 235 et al.) to the contrary, an SDA district as defined in section 3 of
24 P.L.2000, c.72 (C.18A:7G-3) may include in its annual capital
25 outlay budget and construct one or more school facilities projects if
26 the cost of each project does not exceed \$500,000 and the
27 commissioner approves the inclusion of the project upon a
28 demonstration by the district that its budget includes sufficient
29 funds to finance the project. A district may also withdraw funds
30 from a capital reserve account for such purpose with the approval of
31 the commissioner.

32 b. A school facilities project, the cost of which does not exceed
33 \$500,000 and that is not financed and constructed pursuant to
34 subsection a. of this section, shall continue to be financed and
35 constructed in accordance with the provisions of P.L.2000, c.72
36 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.).

37
38 22. Section 10 of P.L.1975, c.212 (C.18A:7A-10) is amended to
39 read as follows:

40 10. For the purpose of evaluating the thoroughness and
41 efficiency of all the public schools of the State, the commissioner,
42 with the approval of the State board and after review by the Joint
43 Committee on the Public Schools, shall develop and administer the
44 New Jersey Quality Single Accountability Continuum for
45 evaluating the performance of each school district. The goal of the
46 New Jersey Quality Single Accountability Continuum shall be to
47 ensure that all districts are operating at a high level of performance.
48 The system shall be based on an assessment of the degree to which

1 the thoroughness and efficiency standards established pursuant to
2 section [4 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.)
3 (pending before the Legislature as this bill) are being achieved and
4 an evaluation of school district capacity in the following five key
5 components of school district effectiveness: instruction and
6 program; personnel; fiscal management; operations; and
7 governance. A school district's capacity and effectiveness shall be
8 determined using quality performance indicators comprised of
9 standards for each of the five key components of school district
10 effectiveness. The quality performance indicators shall take into
11 consideration a school district's performance over time, to the
12 extent feasible. Based on a district's compliance with the indicators,
13 the commissioner shall assess district capacity and effectiveness
14 and place the district on a performance continuum that will
15 determine the type and level of oversight and technical assistance
16 and support the district receives.

17 (cf: P.L.2007, c.16, s.2)

18

19 23. Section 24 of P.L.2007, c.16 (C.18A:7A-14a) is amended to
20 read as follows:

21 24. The Legislature finds and declares that:

22 a. It is the constitutional obligation of the Legislature to
23 provide all children in New Jersey with a thorough and efficient
24 system of free public schools;

25 b. The breadth and scope of such a system are defined by the
26 Legislature through the commissioner and the State board pursuant
27 to [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c. (C.)
28 (pending before the Legislature as this bill) so as to insure quality
29 educational programs for all children;

30 c. It is imperative that the program in every school district in
31 this State includes all of the major elements identified as essential
32 for that system consistent with standards adopted pursuant to
33 section 10 of P.L.1975, c.212 (C.18A:7A-10);

34 d. It is the responsibility of the State to insure that any school
35 district which is shown to be deficient in one or more of these major
36 elements takes corrective actions without delay in order to remedy
37 those deficiencies;

38 e. This responsibility can be fulfilled, in addition to the
39 mechanism for ensuring compliance established pursuant to section
40 6 of P.L.1996, c.138 (C.18A:7F-6), through an effective and
41 efficient system of evaluation and monitoring which will insure
42 quality and comprehensive instructional programming in every
43 school district and provide for immediate and direct corrective
44 action to insure that identified deficiencies do not persist, and which
45 does so within the context of the maximum of local governance and
46 management and the minimum of paperwork and unnecessary
47 procedural requirements.

48 (cf: P.L.2007, c.16, s.24)

1 24. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
2 read as follows:

3 2. a. In addition to the powers provided pursuant to P.L.2005,
4 c.235 [and] , P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.
5 (C.) (pending before the Legislature as this bill) or any other law,
6 the Commissioner of Education shall have the authority to appoint a
7 State monitor and additional staff, as necessary, to provide direct
8 oversight of a board of education's business operations and
9 personnel matters if: the school district receives an adverse or a
10 disclaimer of opinion by its independent auditor in the annual audit
11 required pursuant to N.J.S.18A:23-1; or any two or more of the
12 following circumstances apply to the school district:

13 (1) the school district ends the fiscal year with a deficit balance
14 as calculated for budgetary purposes in the general fund, special
15 revenue fund, or capital projects fund, with the exception of a
16 capital projects fund deficit caused by the issuance of bond
17 anticipation notes;

18 (2) the school district receives a qualified opinion by its
19 independent auditor in the annual audit required pursuant to
20 N.J.S.18A:23-1;

21 (3) the school district receives an adverse, disclaimer, or
22 qualified opinion by its independent auditor under the single audit
23 section for State or federal awards in the annual audit required
24 pursuant to N.J.S.18A:23-1;

25 (4) the school district receives any audit findings by its
26 independent auditor identified as material weaknesses in internal
27 controls;

28 (5) the school district fails to develop and implement a plan
29 acceptable to the commissioner or his designee to address a
30 potential or actual deficit balance in the general fund, special
31 revenue fund, or capital projects fund, with the exception of a
32 capital projects fund deficit caused by the issuance of bond
33 anticipation notes;

34 (6) the school district fails to implement a plan from the prior
35 year which causes any findings from the independent auditor to be
36 repeated;

37 (7) the school district is required to return federal funds once it
38 is determined that the school district's expenditures are not in
39 compliance with the grant requirements; or

40 (8) the school district submits the annual audit after the
41 submission date required pursuant to N.J.S.18A:23-1.

42 b. The State monitor shall:

43 (1) oversee the fiscal management and expenditures of school
44 district funds, including, but not limited to, budget reallocations and
45 reductions, approvals of purchase orders, budget transfers, and
46 payment of bills and claims;

- 1 (2) oversee the operation and fiscal management of school
2 district facilities, including the development and implementation of
3 recommendations for redistricting and restructuring of schools;
- 4 (3) ensure development and implementation of an acceptable
5 plan to address the circumstances set forth in subsection a. of this
6 section which resulted in the appointment of the State monitor. The
7 plan shall include measurable benchmarks and specific activities to
8 address the deficiencies of the school district;
- 9 (4) oversee all district staffing, including the ability to hire,
10 promote, and terminate employees;
- 11 (5) have authority to override a chief school administrator's
12 action and a vote by the board of education on any of the matters set
13 forth in this subsection, except that all actions of the State monitor
14 shall be subject to the education, labor, and employment laws and
15 regulations, including the "New Jersey Employer-Employee
16 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
17 bargaining agreements entered into by the school district;
- 18 (6) attend all meetings of the board of education, including
19 closed sessions; and
- 20 (7) meet with the board of education on at least a quarterly basis
21 to discuss with the members of the board the past actions of the
22 board which led to the appointment of the State monitor and to
23 provide board members with education and training that address the
24 deficiencies identified in board actions.
- 25 c. The Commissioner of Education shall notify the State Board
26 of Education following the appointment of a State monitor pursuant
27 to subsection a. of this section. The State monitor shall report
28 directly to the commissioner or his designee on a weekly basis. The
29 State monitor shall also report monthly to the board of education
30 and members of the public at the regularly scheduled board of
31 education meeting.
- 32 d. For purposes of the "New Jersey Tort Claims Act,"
33 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
34 officer, but for all other purposes the State monitor shall be
35 considered an employee of the district.
- 36 e. The State monitor shall provide oversight in the school
37 district until the commissioner determines that all remedial actions
38 required under the plan have been implemented and the necessary
39 local capacity and fiscal controls have been restored to school
40 district operations.
- 41 f. The salary of the State monitor shall be fixed by the
42 commissioner and adjusted from time to time as the commissioner
43 deems appropriate. The school district shall assume the total cost of
44 the State monitor and necessary additional staff appointed pursuant
45 to subsection a. of this section. The State monitor shall have the
46 authority to appoint legal counsel if legal action is taken against
47 him while acting in his official duties as a State monitor or as

1 needed upon approval of the commissioner.

2 (cf: P.L.2007, c.53, s.16)

3

4 25. Section 14 of P.L.2007, c.53 (C.18A:7A-60) is amended to
5 read as follows:

6 14. a. In addition to the powers provided pursuant to P.L.2005,
7 c.235 [and], P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.
8 (C.) (pending before the Legislature as this bill) or any other law,
9 the Commissioner of Education may appoint an external entity, in
10 accordance with State procurement laws, to perform a compliance
11 audit of the spending of the district's general fund budget upon
12 identification that the district may be spending State education
13 funds for purposes that are not in compliance with State education
14 law and regulation. The scope of the compliance audit shall be
15 determined by the commissioner based upon the specific
16 circumstances of the district.

17 b. The final report of a compliance audit conducted pursuant to
18 subsection a. of this section shall include specific findings and
19 recommendations, as applicable, and shall be submitted to the
20 commissioner. The commissioner may use the audit report as
21 evidence for the appointment of a State monitor pursuant to the
22 provisions of subsection a. of section 2 of P.L.2006, c.15
23 (C.18A:7A-55).

24 c. The school district shall reimburse the Department of
25 Education for the total cost of the compliance audit conducted
26 pursuant to subsection a. of this section if the final audit report
27 includes findings that the district has spent State education funds
28 for purposes that are not in compliance with State education law
29 and regulation.

30 (cf: P.L.2007, c.53, s.14)

31

32 26. Section 9 of P.L.1979, c.207 (C.18A:7B-5) is amended to
33 read as follows:

34 9. The Commissioner of Education, with the approval of the
35 State Board of Education, shall promulgate rules and regulations to
36 ensure a thorough and efficient education, consistent with the
37 provisions of [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c.
38 (C.) (pending before the Legislature as this bill), for the children
39 in State facilities. In the case of county juvenile detention centers,
40 the Office of Education in the Juvenile Justice Commission shall
41 develop, in consultation with the commissioner, appropriate
42 standards, to be effective for Fiscal Year 1999, for the provision of
43 a thorough and efficient education by the county for facilities
44 established under chapter 10 and chapter 11 of Title 9 of the
45 Revised Statutes.

46 The commissioner shall continually review the operation of
47 educational programs in State facilities. If he finds that the
48 operation of any of these programs does not meet the educational

1 standard required by the regulations, he shall direct that a remedial
2 plan be prepared by the education director of the facility in which
3 the program is located, together with the director of educational
4 services of the department which is operating or contracting with
5 the facility. The plan shall be submitted to the Commissioner of
6 Education for his approval. If he approves the plan, it shall be
7 implemented in a timely and effective manner. If he finds the plan
8 or its implementation to be insufficient, he may, until the
9 insufficiency is corrected, withhold and place in a special account
10 any State aid funds which otherwise would have been forwarded
11 pursuant to section 6 of this act.

12 (cf: P.L.1996, c.138, s.42)

13

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

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

18 a. The district of residence for children in resource family
19 homes shall be the district in which the resource family parents
20 reside. If a child in a resource family home is subsequently placed
21 in a State facility or by a State agency, the district of residence of
22 the child shall then be determined as if no such resource family
23 placement had occurred.

24 b. The district of residence for children who are in residential
25 State facilities, or who have been placed by State agencies in group
26 homes, skill development homes, private schools or out-of-State
27 facilities, shall be the present district of residence of the parent or
28 guardian with whom the child lived prior to his most recent
29 admission to a State facility or most recent placement by a State
30 agency.

31 If this cannot be determined, the district of residence shall be the
32 district in which the child resided prior to such admission or
33 placement.

34 c. The district of residence for children whose parent or
35 guardian temporarily moves from one school district to another as
36 the result of being homeless shall be the district in which the parent
37 or guardian last resided prior to becoming homeless. For the
38 purpose of this amendatory and supplementary act, "homeless" shall
39 mean an individual who temporarily lacks a fixed, regular and
40 adequate residence.

41 d. If the district of residence cannot be determined according to
42 the criteria contained herein, or if the criteria contained herein
43 identify a district of residence outside of the State, the State shall
44 assume fiscal responsibility for the tuition of the child. The tuition
45 shall equal the approved per pupil cost established pursuant to
46 P.L.1996, c.138 (C.18A:7F-1 et seq.). This amount shall be
47 appropriated in the same manner as other State aid under this act.
48 The Department of Education shall pay the amount to the

1 Department of Human Services, the Department of Children and
2 Families, the Department of Corrections or the Juvenile Justice
3 Commission established pursuant to section 2 of P.L.1995, c.284
4 (C.52:17B-170) or, in the case of a homeless child, the Department
5 of Education shall pay **【the appropriate T&E amount and any**
6 **appropriate additional cost factor for special education pursuant to**
7 **section 19 of P.L.1996, c.138 (C.18A:7F-19)】** to the school district
8 in which the child is enrolled the weighted base per pupil amount
9 calculated pursuant to section 7 of P.L. , c. (C.) (pending
10 before the Legislature as this bill) and the appropriate security
11 categorical aid per pupil and special education categorical aid per
12 pupil.

13 e. If the State has assumed fiscal responsibility for the tuition
14 of a child in a private educational facility approved by the
15 Department of Education to serve children who are classified as
16 needing special education services, the department shall pay to the
17 Department of Human Services, the Department of Children and
18 Families or the Juvenile Justice Commission, as appropriate, the aid
19 specified in subsection d. of this section and in addition, such aid as
20 required to make the total amount of aid equal to the actual cost of
21 the tuition.
22 (cf: P.L.2006, c.47, s.85)

23
24 28. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to
25 read as follows:

26 5. As used in this section, "cost of living" means the CPI as
27 defined in section 3 of **【P.L.1996, c.138 (C.18A:7F-3)】** P.L. , c.
28 (C.) (pending before the Legislature as this bill).

29 a. **【Biennially, within 30 days following the approval of the**
30 **Report on the Cost of Providing a Thorough and Efficient**
31 **Education, the commissioner shall notify each district of the T&E**
32 **amount, the T&E flexible amount, the T&E range, early childhood**
33 **program amount, demonstrably effective program amount,**
34 **instructional supplement amount, and categorical amounts per pupil**
35 **for the subsequent two fiscal years】** Within 30 days following the
36 approval of the Educational Adequacy Report, the commissioner
37 shall notify each district of the base per pupil amount, the per pupil
38 amounts for full-day preschool, the weights for grade level, county
39 vocational school districts, at-risk pupils, bilingual pupils, and
40 combination pupils, the cost coefficients for security aid and for
41 transportation aid, the State average classification rate and the
42 excess cost for general special education services pupils, the State
43 average classification rate and the excess cost for speech-only
44 pupils, and the geographic cost adjustment for each of the school
45 years to which the report is applicable.

46 Annually, within two days following the transmittal of the State
47 budget message to the Legislature by the Governor pursuant to

1 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
2 shall notify each district of the maximum amount of aid payable to
3 the district in the succeeding school year pursuant to the provisions
4 of **[this act]** P.L. , c. (C.) (pending before the Legislature as
5 this bill), and shall notify each district of the district's **[T&E**
6 **budget, maximum T&E budget, and minimum permissible T&E]**
7 adequacy budget for the succeeding school year.

8 **[Beginning in the 1998-99]** For the 2008-2009 school year and
9 thereafter, unless otherwise specified within **[this act]** P.L. , c.
10 (C.) (pending before the Legislature as this bill), aid amounts
11 payable for the budget year shall be based on budget year pupil
12 counts, which shall be projected by the commissioner using data
13 from prior years. Adjustments for the actual pupil counts of the
14 budget year shall be made to State aid amounts payable during the
15 school year succeeding the budget year. Additional amounts
16 payable shall be reflected as revenue and an account receivable for
17 the budget year.

18 Notwithstanding any other provision of this act to the contrary,
19 each district's State aid payable for the **[1997-98 school year, with**
20 **the exception of transportation and facilities aids pursuant to**
21 **sections 25, 26, and 27 of this act]** 2008-2009 school year, with the
22 exception of aid for school facilities projects, shall be based on
23 simulations employing the various formulas and State aid amounts
24 contained in **[this act using projections based on the October 1995**
25 **pupil counts, December 1995 special education census data and**
26 **October 1995 equalized valuations. Transportation aid shall be**
27 **calculated based on the provisions of this act using pupil data used**
28 **for the 1996-97 school year and adjusted to reflect the total amount**
29 **of State aid disbursed in the 1996-97 school year]** P.L. , c. (C.)
30 (pending before the Legislature as this bill). The commissioner
31 shall prepare a report dated **[December 19, 1996]** December 12,
32 2007 reflecting the State aid amounts payable by category for each
33 district and shall submit the report to the Legislature prior to the
34 adoption of **[this act]** P.L. , c. (C.) (pending before the
35 Legislatre as this bill). **[The]** Except as otherwise provided
36 pursuant to this subsection and paragraph (3) of subsection d. of
37 section 5 of P.L. , c. (C.) (pending before the Legislature as
38 this bill), the amounts contained in the commissioner's report shall
39 be the final amounts payable and shall not be subsequently adjusted
40 **[because of changes in pupil counts or equalized valuations]** other
41 than to reflect the phase-in of the required general fund local levy
42 pursuant to paragraph (4) of subsection b. of section 16 of P.L. , c.
43 (C.) (pending before the Legislature as this bill) and to reflect
44 school choice aid to which a district may be entitled pursuant to
45 section 20 of that act . The projected pupil counts and equalized
46 valuations used for the calculation of State aid shall also be used for
47 the calculation of **[maximum T&E budget, minimum T&E budget]**

1 adequacy budget, local share, and required local share[, and
2 spending growth limitation]. **[State aid notification of debt service**
3 **aid pursuant to section 27 of this act shall include a statement that**
4 **debt service aid shall be determined in the budget]** For 2008-2009,
5 extraordinary special education State aid shall be included as a
6 projected amount in the commissioner's report dated December 12,
7 2007 pending the final approval of applications for the aid. If the
8 actual award of extraordinary special education State aid is greater
9 than the projected amount, the district shall receive the increase in
10 the aid payable in the subsequent school year pursuant to the
11 provisions of subsection c. of section 13 of P.L. , c. (C.)
12 (pending before the Legislature as this bill). If the actual award of
13 extraordinary special education State aid is less than the projected
14 amount, other State aid categories shall be adjusted accordingly so
15 that the district shall not receive less State aid than as provided in
16 accordance with the provisions of sections 5 and 16 of P.L. , c.
17 (C.) (pending before the Legislature as this bill).

18 In the event that the commissioner determines, following the
19 enactment of P.L. , c. (C.) (pending before the Legislature as
20 this bill) but prior to the issuance of State aid notices for the 2008-
21 2009 school year, that a significant district-specific change in data
22 warrants an increase in State aid for that district, the commissioner
23 may adjust the State aid amount provided for the district in the
24 December 12, 2007 report to reflect the increase.

25 **[Any school district which enrolls students who reside on federal**
26 **property which were not included in the calculation of core**
27 **curriculum standards aid for 1997-98 shall have its core curriculum**
28 **standards aid recalculated for these additional enrollments through**
29 **the 1997-98 school year using the property value multiplier, income**
30 **value multiplier, equalized valuation, and district income which**
31 **were used in the original Statewide calculation of core curriculum**
32 **standards aid. The additional aid resulting from the recalculations**
33 **shall be divided by 20 and the product shall be added to each of the**
34 **remaining core curriculum standards aid payments for the 1997-98**
35 **school year. Additionally, the core curriculum standards aid**
36 **calculation and payment schedule for 1998-99 shall be adjusted for**
37 **such enrollments arriving after the last school day prior to October**
38 **16, 1997.]**

39 **b. Each district shall have a required local share. For [Abbott]**
40 **districts that receive educational adequacy aid pursuant to**
41 **subsection b. of section 16 of P.L. , c. (C.) (pending before the**
42 **Legislature as this bill), the required local share [for the purpose of**
43 **determining its estimated minimum equalized tax rate and**
44 **supplemental core curriculum standards aid shall equal the district's**
45 **local share calculated at the middle of the T&E range (T&E amount**
46 **x WENR, where WENR is the district's weighted enrollment**
47 **pursuant to section 13 of this act).**

1 Notwithstanding the above provision, no Abbott district shall
2 raise a general fund tax levy which is less than the prior year
3 general fund tax levy unless the sum of the levy and the other
4 components of the T&E program budget equals or exceeds its
5 maximum T&E budget calculated pursuant to section 13 of this act.

6 For district factor group A districts, the required local share shall
7 equal the district's local share calculated at its minimum T&E
8 budget pursuant to section 13 of this act] shall be calculated in
9 accordance with the provisions of that subsection.

10 For all other districts, the required local share shall equal the
11 lesser of the local share calculated at the district's [minimum T&E]
12 adequacy budget pursuant to section [13] 9 of [this act] P.L. , c.
13 (C.) (pending before the Legislature as this bill), or the district's
14 budgeted local share for the prebudget year.

15 In order to meet this requirement, each district shall raise a
16 general fund tax levy which[, when added to the general fund
17 balance designated for the budget year, miscellaneous local general
18 fund revenues estimated consistent with GAAP to be realized
19 during the budget year, supplemental core curriculum standards aid
20 calculated pursuant to section 17 of this act and stabilization aid and
21 supplemental school tax reduction aid calculated pursuant to section
22 10 of this act,] equals its required local share [or, for Abbott
23 districts, the amount required when the calculation of required local
24 share would result in a general fund tax levy which is less than the
25 general fund tax levy of the prebudget year. For 1997-98, the
26 budgeted local share for the prebudget year shall be the district's
27 general fund tax levy.]

28 [For the 1997-98 school year, any tax increase which would be
29 required of an Abbott district or district factor group A district to
30 meet its required local share, after consideration of supplemental
31 core curriculum standards aid, stabilization aid, and supplemental
32 school tax reduction aid shall be fully funded by the State and
33 recorded as supplemental core curriculum standards aid. The
34 commissioner, in consultation with the Commissioner of the
35 Department of Community Affairs and the Director of the Division
36 of Local Government Services in the Department of Community
37 Affairs, shall examine the fiscal ability of the Abbott districts and
38 the district factor group A districts eligible for supplemental core
39 curriculum standards aid to absorb any reduction in such aid and
40 shall make recommendations to the Legislature and the Governor
41 regarding the continuation of supplemental core curriculum
42 standards aid to those districts. In making those recommendations,
43 the commissioner shall consider the ratable base of the municipality
44 or municipalities in which the district is located, the tax burden
45 placed upon the local community due to other required municipal
46 services, and the fiscal ability of the school district to raise its
47 required local share. The commissioner shall not implement any of

1 those recommendations until the recommendations are enacted into
2 law.]

3 No municipal governing body or bodies or board of school
4 estimate, as appropriate, shall certify a general fund tax levy which
5 does not meet the required local share provisions of this section.

6 c. Annually, on or before March 4, each district board of
7 education shall adopt, and submit to the commissioner for approval,
8 together with such supporting documentation as the commissioner
9 may prescribe, a budget that provides [no less than the minimum
10 permissible T&E budget, plus categorical amounts required] for a
11 thorough and efficient education [as established pursuant to the
12 report, special revenue funds and debt service funds].
13 Notwithstanding the provisions of this subsection to the contrary,
14 the commissioner may adjust the date for the submission of district
15 budgets if the commissioner determines that the availability of
16 preliminary aid numbers for the subsequent school year warrants
17 such adjustment.

18 Notwithstanding any provision of this section to the contrary, for
19 the 2005-2006 school year each district board of education shall
20 submit a proposed budget in which the advertised per pupil
21 administrative costs do not exceed the lower of the following:

22 (1) the district's advertised per pupil administrative costs for the
23 2004-2005 school year inflated by the cost of living or 2.5 percent,
24 whichever is greater; or

25 (2) the per pupil administrative cost limits for the district's
26 region as determined by the commissioner based on audited
27 expenditures for the 2003-2004 school year.

28 The executive county superintendent of schools may disapprove
29 the school district's 2005-2006 proposed budget if he determines
30 that the district has not implemented all potential efficiencies in the
31 administrative operations of the district. The executive county
32 superintendent shall work with each school district in the county
33 during the 2004-2005 school year to identify administrative
34 inefficiencies in the operations of the district that might cause the
35 superintendent to reject the district's proposed 2005-2006 school
36 year budget.

37 For the 2006-2007 school year and each school year thereafter,
38 each district board of education shall submit a proposed budget in
39 which the advertised per pupil administrative costs do not exceed
40 the lower of the following:

41 (1) the district's prior year per pupil administrative costs; except
42 that the district may submit a request to the commissioner for
43 approval to exceed the district's prior year per pupil administrative
44 costs due to increases in enrollment, administrative positions
45 necessary as a result of mandated programs, administrative
46 vacancies, nondiscretionary fixed costs, and such other items as
47 defined in accordance with regulations adopted pursuant to section

1 7 of P.L.2004, c.73. In the event that the commissioner approves a
2 district's request to exceed its prior year per pupil administrative
3 costs, the increase authorized by the commissioner shall not exceed
4 the cost of living or 2.5 percent, whichever is greater; or
5 (2) the prior year per pupil administrative cost limits for the
6 district's region inflated by the cost of living or 2.5 percent,
7 whichever is greater.

8 d. (1) A district [proposing a budget which includes spending
9 which exceeds the maximum T&E budget established pursuant to
10 section 13 of this act] shall submit, as appropriate, to the board of
11 school estimate or to the voters of the district at the annual school
12 budget election conducted pursuant to the provisions of P.L.1995,
13 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added
14 to the other components of its net budget does not exceed the
15 prebudget year net budget by more than the spending growth
16 limitation calculated as follows: the sum of the cost of living or 2.5
17 percent, whichever is greater, multiplied by the prebudget year net
18 budget, and adjustments for changes in enrollment, certain capital
19 outlay expenditures, expenditures for pupil transportation services
20 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
21 connection with the opening of a new school facility during the
22 budget year, and special education costs per pupil in excess of
23 \$40,000. The adjustment for special education costs shall equal any
24 increase in the sum of per pupil amounts in excess of \$40,000 for
25 the budget year less the sum of per pupil amounts in excess of
26 \$40,000 for the prebudget year indexed by the cost of living or 2.5
27 percent, whichever is greater. The adjustment for enrollments shall
28 equal the increase in [unweighted] weighted resident enrollments
29 between the prebudget year and budget year multiplied by the per
30 pupil general fund tax levy amount for the prebudget year indexed
31 by the cost of living or 2.5 percent, whichever is greater. The
32 adjustment for capital outlay shall equal any increase between the
33 capital outlay portion of the general fund budget for the budget year
34 less any withdrawals from the capital reserve account and the
35 capital outlay portion of the general fund budget for the prebudget
36 year indexed by the cost of living or 2.5 percent, whichever is
37 greater. Any district with a capital outlay adjustment to its
38 spending growth limitation shall be restricted from transferring any
39 funds from capital outlay accounts to current expense accounts.
40 The adjustment for capital outlay shall not become part of the
41 prebudget year net budget for purposes of calculating the spending
42 growth limitation of the subsequent year. The adjustment for pupil
43 transportation costs provided pursuant to N.J.S.18A:39-1.1 shall
44 equal any increase between the cost of providing such pupil
45 transportation services for the budget year and the cost of providing
46 such pupil transportation services for the prebudget year indexed by
47 the cost of living or 2.5 percent, whichever is greater. The
48 adjustment for the opening of a new school facility shall include

1 costs associated with the new facility related to new teaching staff
2 members, support staff, materials and equipment, custodial and
3 maintenance expenditures, and such other required costs as
4 determined by the commissioner.

5 (2) [A district proposing a budget set at or below the minimum
6 T&E budget established pursuant to section 13 of this act shall
7 submit, as appropriate, to the board of school estimate or to the
8 voters of the district at the annual school budget election conducted
9 pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a
10 general fund tax levy which when added to the other components of
11 the net T&E budget shall not exceed the prebudget year net T&E
12 budget or in 1997-98 the prebudget year net budget by more than
13 the spending growth limitation calculated as follows: the sum of the
14 cost of living or 2.5 percent, whichever is greater, multiplied by the
15 prebudget year net budget, and adjustments for changes in
16 enrollment, certain capital outlay expenditures, expenditures for
17 pupil transportation services provided pursuant to N.J.S.18A:39-1.1,
18 expenditures incurred in connection with the opening of a new
19 school facility during the budget year, and special education costs
20 per pupil in excess of \$40,000. The enrollment adjustment shall
21 equal the increase in weighted resident enrollment between the
22 prebudget year and the budget year multiplied by the T&E amount
23 less the T&E flexible amount. The adjustments for special
24 education costs, pupil transportation services, and capital outlay
25 expenditures shall be calculated pursuant to the provisions of
26 paragraph (1) of this subsection. The adjustment for the opening of
27 a new school facility shall include costs associated with the new
28 facility related to new teaching staff members, support staff,
29 materials and equipment, custodial and maintenance expenditures,
30 and such other required costs as determined by the commissioner.

31 Notwithstanding the provisions of this paragraph, no district
32 shall raise a net budget which is less than the local share required
33 under the required local share provisions of this act plus the other
34 components of its net budget.] (Deleted by amendment, P.L. _____,
35 c.)

36 (3) [A district proposing a budget set at or below the maximum
37 T&E budget, but including amounts in excess of the minimum T&E
38 budget established pursuant to section 13 of this act, shall submit,
39 as appropriate, to the board of school estimate or to the voters at the
40 annual school budget election conducted pursuant to the provisions
41 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy
42 which when added to the other components of its net T&E budget
43 does not exceed the prebudget year net T&E budget or in 1997-98
44 the prebudget year net budget by more than the spending growth
45 limitation calculated as follows: the sum of the cost of living or 2.5
46 percent, whichever is greater, multiplied by the prebudget year net
47 budget, and adjustments for changes in enrollment, certain capital
48 outlay expenditures, expenditures for pupil transportation services

1 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
2 connection with the opening of a new school facility during the
3 budget year, and special education costs per pupil in excess of
4 \$40,000 per pupil. The enrollment adjustment shall equal the
5 increase in the unweighted resident enrollment between the
6 prebudget year and the budget year multiplied by the prebudget year
7 T&E program budget per pupil indexed by the cost of living or 2.5
8 percent, whichever is greater. For the 1997-98 school year, the
9 T&E program budget for the prebudget year shall equal the sum of
10 the general fund tax levy, foundation aid, and transition aid. The
11 adjustment for special education costs, pupil transportation services,
12 and capital outlay expenditures shall be made pursuant to the
13 provisions of paragraph (1) of this subsection. The adjustment for
14 the opening of a new school facility shall include costs associated
15 with the new facility related to new teaching staff members, support
16 staff, materials and equipment, custodial and maintenance
17 expenditures, and such other required costs as determined by the
18 commissioner. **】** (Deleted by amendment, P.L. , c.)

19 (4) Any debt service payment made by a school district during
20 the budget year shall not be included in the calculation of the
21 district's spending growth limitation.

22 (5) **【**For the 1997-98 school year, a district's spending growth
23 limitation shall be increased by the excess of county special
24 services school district tuition over prebudget year county special
25 services school district tuition indexed by the CPI or three percent,
26 whichever is greater. **】** (Deleted by amendment, P.L. , c.)

27 (6) **【**For the purpose of determining a district's spending growth
28 limitation for the 1997-98 school year, a district may apply to the
29 commissioner to add all or a part of the district's original designated
30 general fund balance for 1996-97 to the spending growth limitation
31 if it can demonstrate through current accounting records and
32 historical trend data that the fund balance will actually be spent in
33 the budget year. **】** (Deleted by amendment, P.L. , c.)

34 (7) (Deleted by amendment, P.L.2004, c.73)

35 (8) If an increase in tuition for the budget year charged to a
36 sending district by the receiving district pursuant to the provisions
37 of N.J.S.18A:38-19 would reduce the sending district's per pupil net
38 budget amount below the prior year's per pupil net budget amount
39 in order to comply with the district's spending growth limitation, the
40 district may apply to the commissioner for an adjustment to that
41 limitation.

42 (9) Any district may submit at the annual school budget election
43 a separate proposal or proposals for additional funds, including
44 interpretive statements, specifically identifying the program
45 purposes for which the proposed funds shall be used, to the voters,
46 who may, by voter approval, authorize the raising of an additional
47 general fund tax levy for such purposes. In the case of a district

1 with a board of school estimate, one proposal for the additional
2 spending shall be submitted to the board of school estimate. Any
3 proposal or proposals submitted to the voters or the board of school
4 estimate shall not: include any programs and services that were
5 included in the district's prebudget year net budget unless the
6 proposal is approved by the commissioner upon submission by the
7 district of sufficient reason for an exemption to this requirement; or
8 include any new programs and services necessary for students to
9 achieve the thoroughness standards established pursuant to
10 subsection a. of section 4 of [P.L.1996, c.138 (C.18A:7F-4)]
11 P.L. , c. (C.) (pending before the Legislature as this bill).

12 The executive county superintendent of schools may prohibit the
13 submission of a separate proposal or proposals to the voters or
14 board of school estimate if he determines that the district has not
15 implemented all potential efficiencies in the administrative
16 operations of the district, which efficiencies would eliminate the
17 need for the raising of additional general fund tax levy.

18 [Any] Except as otherwise provided pursuant to paragraph (3) of
19 subsection c. of section 4 of P.L.2007, c.62 (C.18A:7F-39), any
20 proposal or proposals rejected by the voters shall be submitted to
21 the municipal governing body or bodies for a determination as to
22 the amount, if any, that should be expended notwithstanding voter
23 rejection. The decision of the municipal governing body or bodies
24 or board of school estimate, as appropriate, shall be final and no
25 appeals shall be made to the commissioner.

26 (10) Notwithstanding any provision of law to the contrary, if a
27 district proposes a budget [which exceeds the maximum T&E] with
28 a general fund tax levy and equalization aid which exceed the
29 adequacy budget, the following statement shall be published in the
30 legal notice of public hearing on the budget pursuant to
31 N.J.S.18A:22-28, posted at the public hearing held on the budget
32 pursuant to N.J.S.18A:22-29, and printed on the sample ballot
33 required pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

34 "Your school district has proposed programs and services in
35 addition to the core curriculum content standards adopted by the
36 State Board of Education. Information on this budget and the
37 programs and services it provides is available from your local
38 school district."

39 (11) Any reduction that may be required to be made to programs
40 and services included in a district's prebudget year net budget in
41 order for the district to limit the growth in its budget between the
42 prebudget and budget years by its spending growth limitation as
43 calculated pursuant to this subsection, shall only include reductions
44 to excessive administration or programs and services that are
45 inefficient or ineffective.

46 e. (1) Any general fund tax levy rejected by the voters for a
47 proposed budget that includes a general fund tax levy and
48 equalization aid in excess of the [maximum T&E] adequacy budget

1 shall be submitted to the governing body of each of the
2 municipalities included within the district for determination of the
3 amount that should be expended notwithstanding voter rejection. In
4 the case of a district having a board of school estimate, the general
5 fund tax levy shall be submitted to the board for determination of
6 the amount that should be expended. If the governing body or
7 bodies or board of school estimate, as appropriate, reduce the
8 district's proposed **[net]** budget, the district may appeal any of the
9 reductions to the commissioner on the grounds that the reductions
10 will negatively impact on the stability of the district given the need
11 for long term planning and budgeting. In considering the appeal,
12 the commissioner shall consider enrollment increases or decreases
13 within the district; the history of voter approval or rejection of
14 district budgets; the impact on the local levy; and whether the
15 reductions will impact on the ability of the district to fulfill its
16 contractual obligations. A district may not appeal any reductions
17 on the grounds that the amount is necessary for a thorough and
18 efficient education.

19 (2) Any general fund tax levy rejected by the voters for a
20 proposed budget that includes a general fund tax levy and
21 equalization aid at or below the **[maximum T&E]** adequacy budget
22 shall be submitted to the governing body of each of the
23 municipalities included within the district for determination of the
24 amount that should be expended notwithstanding voter rejection. In
25 the case of a district having a board of school estimate, the general
26 fund tax levy shall be submitted to the board for determination.
27 Any reductions may be appealed to the commissioner on the
28 grounds that the amount is necessary for a thorough and efficient
29 education or that the reductions will negatively impact on the
30 stability of the district given the need for long term planning and
31 budgeting. In considering the appeal, the commissioner shall also
32 consider the factors outlined in paragraph (1) of this subsection.

33 **[In the case of a school district in which the proposed budget is**
34 **below, or after a reduction made by the municipal governing body**
35 **or board of school estimate is below, the minimum T&E budget**
36 **calculated pursuant to section 13 of this act any reductions made by**
37 **the municipal governing body or board of school estimate shall be**
38 **automatically reviewed by the commissioner. In reviewing the**
39 **budget, the commissioner shall also consider the factors outlined in**
40 **paragraph (1) of this subsection.]** In addition, the municipal
41 governing body or board of school estimate shall be required to
42 demonstrate clearly to the commissioner that the proposed budget
43 reductions shall not adversely affect the ability of the school district
44 to provide a thorough and efficient education or the stability of the
45 district given the need for long term planning and budgeting.

46 (3) In lieu of any budget reduction appeal provided for pursuant
47 to paragraphs (1) and (2) of this subsection, the State board may
48 establish pursuant to the "Administrative Procedure Act," P.L.1968,

1 c.410 (C.52:14B-1 et seq.), an expedited budget review process
2 based on a district's application to the commissioner for an order to
3 restore a budget reduction.

4 (4) When the voters, municipal governing body or bodies, or the
5 board of school estimate authorize the general fund tax levy, the
6 district shall submit the resulting budget to the commissioner within
7 15 days of the action of the voters or municipal governing body or
8 bodies, whichever is later, or of the board of school estimate as the
9 case may be.

10 f. **【Any district which is not an Abbott district but which was**
11 **classified as a special needs district under the "Quality Education**
12 **Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), may appeal any**
13 **budget reduction made by the municipal governing body or board of**
14 **school estimate, as appropriate, to the commissioner.】** (Deleted by
15 amendment, P.L. , c.)

16 g. **【The commissioner shall annually review the budget of any**
17 **district which was classified as a special needs district under the**
18 **"Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et**
19 **al.), to determine if any educationally meritorious program or**
20 **service established through State resources provided as a result of**
21 **that funding law is proposed to be reduced or eliminated. If the**
22 **commissioner determines that the program or service is in jeopardy**
23 **and that a reallocation of resources is possible without jeopardizing**
24 **other educationally meritorious programs or services, he may**
25 **require the school board to fund the program or service through a**
26 **reallocation of resources.】** (Deleted by amendment, P.L. , c.)
27 (cf: P.L. 2004, c.73, s.1)

28
29 29. Section 36 of P.L.2000, c.126 (C.18A:7F-5a) is amended to
30 read as follows:

31 36. a. Notwithstanding any provision of P.L.1996, c.138
32 (C.18A:7F-1 et seq.) or P.L. , c. (C.) (pending before the
33 Legislature as this bill) to the contrary and except as otherwise
34 provided pursuant to subsection b. of this section, any school
35 district which increases its net budget between the prebudget and
36 budget years in an amount less than that authorized pursuant to
37 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), shall be
38 permitted to include the amount of the difference between its actual
39 net budget and its permitted net budget in either of the next two
40 succeeding budget years; except that beginning with any difference
41 in the 2004-2005 budget year and any difference in a subsequent
42 budget year, only 50% of the difference may be included in either
43 of the next two succeeding budget years.

44 b. For the 2005-2006 school year and thereafter, the executive
45 county superintendent of schools may disapprove a school district's
46 proposed budget which includes the amount of any difference
47 authorized pursuant to subsection a. of this section if the executive
48 county superintendent determines that the district has not

1 implemented all potential efficiencies in the administrative
2 operations of the district, which efficiencies would eliminate the
3 need for the inclusion of the differential amount. The executive
4 county superintendent shall work with each school district in the
5 county during the 2004-2005 school year and each subsequent
6 school year to identify administrative inefficiencies in the
7 operations of the district that might cause the county superintendent
8 to reject the district's proposed budget.

9 (cf: P.L. 2004, c.73, s.2)

10

11 30. Section 6 of P.L.1996, c.138 (C.18A:7F-6) is amended to
12 read as follows:

13 6. a. The commissioner shall not approve any budget submitted
14 pursuant to subsection c. of section 5 of this act unless he is
15 satisfied that the district has adequately implemented within the
16 budget the thoroughness and efficiency standards set forth pursuant
17 to section 4 of **[this act]** P.L. , c. (C.) (pending before the
18 Legislature as this bill). In those instances in which a district
19 submits a budget with a general fund tax levy and equalization aid
20 set at less than its **[minimum T&E]** adequacy budget, the
21 commissioner may, when he deems it necessary to ensure
22 implementation of standards, direct additional expenditures, in
23 specific accounts and for specific purposes, up to the district's
24 **[T&E]** adequacy budget. A district which submits a budget with a
25 general fund tax levy and equalization aid set at less than its
26 **[minimum T&E]** adequacy budget and which fails to meet core
27 curriculum content standards in any school year shall be required to
28 increase expenditures so as to meet at least the **[minimum T&E]**
29 adequacy budget within the next two budget years. **[In those**
30 instances in which a district submits a budget at or above its
31 minimum T&E budget, the commissioner may likewise, when he
32 deems it necessary to ensure implementation of standards, direct
33 additional expenditures, in specific accounts and for specific
34 purposes, up to the T&E budget.] In all cases, including those
35 instances in which a district submits a budget with a general fund
36 tax levy and equalization aid above its **[T&E]** adequacy budget,
37 **[up to and including its maximum T&E budget]**, the commissioner
38 may direct such budgetary reallocations and programmatic
39 adjustments, or take such other measures, as he deems necessary to
40 ensure implementation of the required thoroughness and efficiency
41 standards.

42 b. In addition, whenever the commissioner determines, through
43 the results of Statewide assessments conducted pursuant to law and
44 regulation, or during the course of an evaluation of school
45 performance conducted pursuant to section 10 of P.L.1975, c.212
46 (C.18A:7A-10), that a district, or one or more schools within the
47 district, is failing to achieve the core curriculum content standards,

1 the commissioner may summarily take such action as he deems
2 necessary and appropriate, including but not limited to:

- 3 (1) directing the restructuring of curriculum or programs;
- 4 (2) directing staff retraining or reassignment;
- 5 (3) conducting a comprehensive budget evaluation;
- 6 (4) redirecting expenditures;
- 7 (5) enforcing spending at the full **【per pupil T&E per amount】**
8 adequacy budget; and
- 9 (6) notwithstanding any provisions of the "New Jersey
10 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
11 et seq.), to the contrary, reviewing the terms of future collective
12 bargaining agreements.

13 **【For the purpose of evaluating a district's results on Statewide**
14 **assessments pursuant to this subsection, the commissioner shall**
15 **limit the use of these actions to those instances in which a school in**
16 **a district has experienced at least three consecutive years of failing**
17 **test scores.】**

18 The commissioner shall report any action taken under this
19 subsection to the State board within 30 days. A board of education
20 may appeal a determination that the district is failing to achieve the
21 core curriculum content standards and any action of the
22 commissioner to the State board.

23 Nothing in this section shall be construed to limit such general or
24 specific powers as are elsewhere conferred upon the commissioner
25 pursuant to law.

26 Nothing in this act shall be deemed to restrict or limit any rights
27 established pursuant to the "New Jersey Employer-Employee
28 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the
29 commissioner's powers under this act be construed to permit the
30 commissioner to restrict, limit, interfere with, participate, or be
31 directly involved in collective negotiations, contract administration,
32 or processing of grievances, or in relation to any terms and
33 conditions of employment. This provision shall apply to **【a】** an
34 existing State-operated school district or a district that is placed
35 under full State intervention only after the terms and conditions of a
36 contract have been finalized.

37 c. **【Each Abbott district shall submit its proposed budget for**
38 **the next school year to the commissioner not later than the date**
39 **prescribed for submission of all school district budgets pursuant to**
40 **section 5 of P.L.1996, c.138 (C.18A:7F-5). The review of the**
41 **budget shall include, but not be limited to, an assessment of efforts**
42 **to reduce class sizes, increase the breadth of program offerings, and**
43 **direct funds into the classroom. If the commissioner determines**
44 **during the review of an Abbott district budget that funds are not**
45 **appropriately directed so that students in the districts are provided**
46 **the educational opportunity to meet the core curriculum content**
47 **standards, the commissioner shall direct the reallocation of funds**

1 within the budget. The commissioner shall approve any transfer of
2 funds from instructional accounts to non-instructional accounts. In
3 addition, if the commissioner directs the reallocation of funds from
4 or between instructional accounts or from or between non-
5 instructional accounts in the proposed budget, the district shall not
6 transfer any funds to or from those accounts that were subject to
7 reallocation without the prior approval of the commissioner. The
8 commissioner shall, for any Abbott district, when he deems it
9 necessary to ensure implementation of the thoroughness standards,
10 direct additional expenditures above the T&E budget in specific
11 accounts and for specific purposes, up to the maximum T&E budget
12 without approval of the local voters or board of school estimate, as
13 applicable.】 (Deleted by amendment, P.L. , c.)

14 d. In addition to the audit required of school districts pursuant
15 to N.J.S.18A:23-1, the accounts and financial transactions of any
16 school district in which the State aid equals 80% or more of its net
17 budget for the budget year shall be directly audited by the Office of
18 the State Auditor on an annual basis.

19 e. 【Notwithstanding any provision of law to the contrary, in
20 the review of a school district's budget pursuant to subsection c. or
21 e. of section 5 of this act, the commissioner shall not eliminate,
22 reduce, or reallocate funds contained within the budget for pupil
23 transportation services provided pursuant to N.J.S.18A:39-1.1 nor
24 require the district to eliminate these funds from the base budget
25 and to submit a separate proposal to the voters or board of school
26 estimate pursuant to paragraph (9) of subsection d. of section 5 of
27 this act for the inclusion of the funds within the proposed budget.
28 The decision to provide such pupil transportation services shall be
29 made by the board of education of the school district. In the case of
30 a school budget that is defeated by the voters or a budget that is not
31 approved by the board of school estimate, that decision shall be
32 made in consultation with the municipal governing body or board of
33 school estimate, as appropriate, or, in the case of a regional district,
34 the municipal governing bodies.】 Deleted by amendment P.L. , c.
35 (C.) (pending before the Legislature as this bill)

36 (cf: P.L.2003, c.275, s.2)

37

38 31. Section 8 of P.L.1996, c.138 (C.18A:7F-8) is amended to
39 read as follows:

40 8. The amounts payable to each school district and county
41 vocational school district pursuant to this act shall be paid by the
42 State Treasurer upon the certification of the commissioner and
43 warrant of the Director of the Division of Budget and Accounting.
44 Five percent of the appropriation for 【core curriculum standards
45 aid, supplemental core curriculum standards aid, special education,
46 transportation, early childhood programs, demonstrably effective
47 programs, instructional supplement, bilingual, county vocational

1 education program, distance learning network] equalization aid,
2 special education categorical aid, preschool education aid, security
3 aid, transportation aid, adjustment aid, and any other aid pursuant to
4 [this act] P.L. , c. (C.) (pending before the Legislature as this
5 bill) shall be paid on the [first and fifteenth] eighth and twenty-
6 second of each month from September through June. If a local
7 board of education requires funds prior to the first payment, the
8 board shall file a written request with the commissioner stating the
9 need for the funds. The commissioner shall review each request
10 and forward for payment those for which need has been
11 demonstrated.

12 Facilities funds shall be paid as required to meet due dates for
13 payment of principal and interest. Each school district, county
14 vocational school district, and county special services school
15 district shall file an annual report regarding facilities payments to
16 the commissioner. The report shall include the amount of interest
17 bearing school debt, if any, of the municipality or district then
18 remaining unpaid, together with the rate of interest payable thereon,
19 the date or dates on which the bonds or other evidences of
20 indebtedness were issued, and the date or dates upon which they fall
21 due. In the case of a Type I school district, the board secretary shall
22 secure the schedule of outstanding obligations from the clerk of the
23 municipality.

24 (cf: P.L.1996, c.138, s.8)

25

26 32. Section 9 of P.L.1996, c.138 (C.18A:7F-9) is amended to
27 read as follows:

28 9. In order to receive any State aid pursuant to [this act] P.L. ,
29 c. (C.) (pending before the Legislature as this bill), a school
30 district, county vocational school district, or county special services
31 school district shall comply with the rules and standards for the
32 equalization of opportunity which have been or may hereafter be
33 prescribed by law or formulated by the commissioner pursuant to
34 law, including those implementing this act and P.L. , c. (C.)
35 (pending before the Legislature as this bill) or related to the core
36 curriculum content standards required by [this act] P.L. , c.
37 (C.) (pending before the Legislature as this bill), and shall further
38 comply with any directive issued by the commissioner pursuant to
39 section 6 of this act. The commissioner is hereby authorized to
40 withhold all or part of a district's State aid for failure to comply
41 with any rule, standard or directive. No State aid shall be paid to
42 any district which has not provided public school facilities for at
43 least 180 days during the preceding school year, but the
44 commissioner, for good cause shown, may remit the penalty.

45 (cf: P.L.1996, c.138, s.9)

1 33. Section 32 of P.L.1996, c.138 (C.18A:7F-32) is amended to
2 read as follows:

3 32. a. When State aid is calculated for any year and a part of
4 any district becomes a new school district or a part of another
5 school district, or comes partly under the authority of a regional
6 board of education, the commissioner shall adjust the State aid
7 calculations among the districts affected, or between the district and
8 the regional board, as the case may be, on an equitable basis in
9 accordance with the intent of this act.

10 Whenever an all-purpose regional school district is approved by
11 the voters during any calendar year, the regional district shall
12 become effective on the succeeding July 1 for the purpose of
13 calculating State aid, and the commissioner shall request
14 supplemental appropriations for such additional State aid as may be
15 required. After a regional school district becomes entitled to State
16 aid, it shall continue to be entitled to aid as calculated for a regional
17 district notwithstanding the subsequent consolidation of the
18 constituent municipalities of the regional school district.

19 b. For a period of five years following regionalization, each
20 regional school district formed after the effective date of **[this act]**
21 P.L. , c. (C.) (pending before the Legislature as this bill)
22 shall be eligible to receive supplemental State aid equal to the
23 difference between the regional district's **[core curriculum**
24 **standards]** equalization aid calculated pursuant to section **[15 of**
25 **this act]** 11 of P.L. , c. (C.) (pending before the Legislature
26 as this bill) for the budget year and the sum of **[core curriculum**
27 **standards]** equalization aid received by each constituent district of
28 that regional school district in the year prior to regionalization,
29 multiplied by the transition weight. For the purpose of this section,
30 the transition weight shall equal 1.0 for the first year following
31 regionalization, .80 for the second year following regionalization,
32 .60 for the third year following regionalization, .40 for the fourth
33 year following regionalization, and .20 for the fifth year following
34 regionalization.

35 (cf: P.L.1996, c.138, s.32)

36

37 34. Section 33 of P.L.1996, c.138 (C.18A:7F-33) is amended to
38 read as follows:

39 33. Annually, on or before October 20, the secretary of the
40 board of education, with approval of the superintendent of schools,
41 or if there is no superintendent of schools, with the approval of the
42 executive county superintendent of schools, shall file with the
43 commissioner a report prescribed by the commissioner containing
44 all data necessary to effectuate the aid provisions of **[this act]**
45 P.L. , c. (C.) (pending before the Legislature as this bill),
46 which shall include but not be limited to, the number of pupils
47 enrolled by grade, the number of these pupils classified as eligible

1 for special education services **【other than speech corrections】** and
2 speech-only services, the number of pupils in approved programs
3 for bilingual education, the number of **【low-income】** at-risk pupils,
4 the number of combination pupils, and the number of pupils in State
5 facilities, county vocational schools, State college demonstration
6 schools, evening schools, other public or private schools to which
7 the district is paying tuition, or who are receiving home instruction
8 on the last school day prior to October 16. In addition, districts
9 shall file annual reports providing such information as the
10 commissioner may require for pupils receiving special education
11 services.

12 (cf: P.L.1996, c.138, s.33)

13

14 35. Section 84 of P.L.1996, c.138 (C.18A:7F-34) is amended to
15 read as follows:

16 84. The **【State Board】** Commissioner of Education shall adopt,
17 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
18 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate
19 the provisions of this act.

20 (cf: P.L.1996, c.138, s.84)

21

22 36. Section 2 of P.L.2007, c.62 (C.18A:7F-37) is amended to
23 read as follows:

24 2. For the purposes of sections 2 through 7 of P.L.2007, c.62
25 (C.18A:7F-37 through C.18A:7F-42):

26 "Adjusted tax levy" means the amount raised by property
27 taxation for the purposes of the school district, excluding any debt
28 service payment.

29 "Commissioner" means the Commissioner of Education.

30 "New Jersey Quality Single Accountability Continuum" or
31 "NJQSAC" means the monitoring and evaluation process of school
32 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

33 "Prebudget year adjusted tax levy" means the amount raised by
34 property taxation in the prebudget year for the purposes of the
35 school district, excluding any debt service payment, less any
36 amounts raised after approval of a waiver by the commissioner or
37 separate question by the voters or board of school estimate in the
38 prebudget year unless such approval explicitly allows the approved
39 increases to be permanent.

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

43 "Unrestricted State aid" means, for the 2007-2008 school year,
44 State aid that is included in a school district's State aid notice and
45 allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any
46 other law for appropriation in a school district's general fund plus
47 early childhood program aid allocated pursuant to section 16 of
48 P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably

1 effective program aid and instructional supplement aid allocated
2 pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any
3 other law; and for the 2008-2009 through 2011-2012 school years,
4 State aid that is included in a school district's State aid notice and
5 allocated pursuant to P.L. , c. (C.) (pending before the
6 Legislature as this bill) or any other law for appropriation in a
7 school district's general fund plus preschool education aid allocated
8 pursuant to section 12 of P.L. , c. (C.) (pending before the
9 Legislature as this bill) or any other law.

10 "Weighted resident enrollment" means weighted resident
11 enrollment as calculated pursuant to [subsection a. of section 13 of
12 P.L.1996, c.138 (C.18A:7F-13)] section 9 of P.L. , c. (C.)
13 (pending before the Legislature as this bill) and as projected by the
14 commissioner.

15 (cf: P.L.2007, c.62, s.2)

16

17 37. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to
18 read as follows:

19 3. a. (1) Notwithstanding the provisions of any other law to the
20 contrary, a school district shall not adopt a budget pursuant to
21 sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6)
22 with an increase in its adjusted tax levy that exceeds the tax levy
23 growth limitation calculated as follows: the sum of the prebudget
24 year adjusted tax levy and the adjustment for increases in
25 enrollment multiplied by four percent, and adjustments for a
26 reduction in total unrestricted State aid from the prebudget year, an
27 increase in health care costs, and beginning in the 2008-2009 school
28 year, amounts approved by a waiver granted by the commissioner
29 pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).

30 (2) Notwithstanding any provision of paragraph (1) of this
31 subsection to the contrary, beginning in the 2008-2009 school year
32 the tax levy growth limitation for a district which is spending above
33 adequacy as determined pursuant to subsection d. of section 5 of
34 P.L. , c. (C.) (pending before the Legislature as this bill) and
35 has a prebudget year general fund tax levy greater than its local
36 share as calculated pursuant to section 10 of that act and which
37 receives an increase in State aid between the prebudget and budget
38 years that is greater than 2% or the CPI, whichever is greater, shall
39 be reduced by the amount of the State aid increase that exceeds 2%
40 or the CPI, whichever is greater. For the purposes of this
41 paragraph, the CPI shall not exceed 4%. The reduction shall be
42 made following the calculation of any adjustments for increases in
43 enrollment, a reduction in total unrestricted State aid, and an
44 increase in health care costs calculated pursuant to subsections b.,
45 c., and d. of this section and prior to the request or approval of
46 waivers pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39). In
47 the event that the reduction would bring the district's spending
48 below adequacy, notwithstanding the requirements of this paragraph

1 to the contrary the amount of the reduction made to the district's tax
2 levy growth limitation shall not be greater than the amount that
3 brings the district's spending to adequacy.

4 b. (1) The allowable adjustment for increases in enrollment
5 authorized pursuant to subsection a. of this section shall equal the
6 per pupil prebudget year adjusted tax levy multiplied by EP, where
7 EP equals the sum of:

8 (a) 0.50 for each unit of weighted resident enrollment that
9 constitutes an increase from the prebudget year over 1%, but not
10 more than 2.5%;

11 (b) 0.75 for each unit of weighted resident enrollment that
12 constitutes an increase from the prebudget year over 2.5%, but not
13 more than 4%; and

14 (c) 1.00 for each unit of weighted resident enrollment that
15 constitutes an increase from the prebudget year over 4%.

16 (2) A school district may request approval from the
17 commissioner to calculate EP equal to 1.00 for any increase in
18 weighted resident enrollment if it can demonstrate that the
19 calculation pursuant to paragraph (1) of this subsection would result
20 in an average class size that exceeds 10% above the facilities
21 efficiency standards established pursuant to P.L.2000, c.72
22 (C.18A:7G-1 et al.).

23 c. The allowable adjustment for a reduction in total
24 unrestricted State aid authorized pursuant to subsection a. of this
25 section shall equal any reduction in total unrestricted State aid from
26 the prebudget to the budget year.

27 d. The allowable adjustment for increases in health care costs
28 authorized pursuant to subsection a. of this section shall equal that
29 portion of the actual increase in total health care costs for the
30 budget year, less any withdrawals from the current expense
31 emergency reserve account for increases in total health care costs,
32 that exceeds four percent of the total health care costs in the
33 prebudget year, but that is not in excess of the product of the total
34 health care costs in the prebudget year multiplied by the average
35 percentage increase of the State Health Benefits Program, P.L.1961,
36 c.49 (C.52:14-17.25 et seq.), as annually determined by the
37 Division of Pensions and Benefits in the Department of the
38 Treasury.

39 e. In addition to the adjustments authorized pursuant to
40 subsection a. of this section, for the purpose of determining a school
41 district's allowable tax levy growth limitation for the 2007-2008
42 school year, a school district may apply to the commissioner for an
43 adjustment for increases in special education costs over \$40,000 per
44 pupil, increases in tuition, capital outlay increases, and incremental
45 increases in costs for opening a new school facility in the budget
46 year.

47 (1) The allowable adjustment for increases in special education
48 costs over \$40,000 per pupil shall equal any increase in the sum of

1 per pupil amounts in excess of \$40,000 for the budget year less the
2 sum of per pupil amounts in excess of \$40,000 for the prebudget
3 year indexed by four percent.

4 (2) The allowable adjustment for increases in tuition shall equal
5 any increase in the tuition for the budget year charged to a sending
6 district by the receiving district pursuant to the provisions of
7 N.J.S.18A:38-19 or charged by a county vocational school district
8 pursuant to the provisions of section 71 of P.L.1990, c.52
9 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget
10 year charged to a sending district by the receiving district pursuant
11 to the provisions of N.J.S.18A:38-19 or charged by a county
12 vocational school district pursuant to the provisions of section 71 of
13 P.L.1990, c.52 (C.18A:54-20.1).

14 (3) The allowable adjustment for increases in capital outlay
15 shall equal any increase in capital outlay, less any withdrawals from
16 the capital reserve account, over the prebudget year in excess of
17 four percent.

18 f. The adjusted tax levy shall be increased or decreased
19 accordingly whenever the responsibility and associated cost of a
20 school district activity is transferred to another school district or
21 governmental entity.

22 (cf: P.L.2007, c.62, s.3)

23

24 38. Section 2 of P.L.2000, c.72 (C.18A:7G-2) is amended to
25 read as follows:

26 2. The Legislature finds and declares that:

27 a. The Constitution of the State of New Jersey requires the
28 Legislature to provide for the maintenance and support of a
29 thorough and efficient system of free public schools and this
30 legislative responsibility includes ensuring that students are
31 educated in physical facilities that are safe, healthy, and conducive
32 to learning.

33 b. Inadequacies in the quality, utility, and safety of educational
34 facilities have arisen among local school districts of this State. In
35 order to ensure that the Legislature's constitutional responsibility
36 for adequate educational facilities is met, there is a need to establish
37 an efficiency standard for educational facilities at the elementary,
38 middle, and secondary school levels which will assure that the core
39 curriculum content standards are taught to all of the children of the
40 State in a setting which facilitates and promotes that learning.

41 c. Educational infrastructure inadequacies are greatest in the
42 **【Abbott】** SDA districts where maintenance has been deferred and
43 new construction has not been initiated due to concerns about cost.
44 To remedy the facilities inadequacies of the **【Abbott】** SDA
45 districts, the State must promptly engage in a facilities needs
46 assessment and fund the entire cost of repairing, renovating, and
47 constructing the new school facilities determined by the
48 Commissioner of Education to be required to meet the school

1 facilities efficiency standards in the **【Abbott】** SDA districts. In
2 other districts, the State must also identify need in view of
3 anticipated growth in school population, and must contribute to the
4 cost of the renovation and construction of new facilities to ensure
5 the provision of a thorough and efficient education in those
6 districts.

7 d. While providing that the educational infrastructure meets the
8 requirements of a thorough and efficient education, the State must
9 also protect the interests of taxpayers who will bear the burden of
10 this obligation. Design of school facilities should incorporate
11 maximum operating efficiencies and new technologies to advance
12 the energy efficiency of school facilities and the efficiency of other
13 school building systems, construction should be achieved in as
14 efficient a manner as possible, and a mechanism to assure proper
15 maintenance of new facilities should be established and
16 implemented, in order to reduce the overall cost of the program and
17 to preserve this infrastructure investment.

18 (cf: P.L.2000, c.72, s.2)

19

20 39. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to
21 read as follows:

22 3. As used in sections 1 through 30 and 57 through 71 of
23 P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of
24 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the
25 context clearly requires a different meaning:

26 **【"Abbott district" means an Abbott district as defined in section
27 3 of P.L.1996, c.138 (C.18A:7F-3)】;**

28 "Area cost allowance" means \$138 per square foot for the school
29 year 2000-2001 and shall be inflated by an appropriate cost index
30 for the 2001-2002 school year. For the 2002-2003 school year and
31 subsequent school years, the area cost allowance shall be **【as
32 established in the biennial Report on the Cost of Providing a
33 Thorough and Efficient Education and inflated by an appropriate
34 cost index for the second year to which the report applies】**
35 established by the commissioner pursuant to subsection h. of
36 section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance
37 used in determining preliminary eligible costs of school facilities
38 projects shall be that of the year of application for approval of the
39 project;

40 "Capital maintenance project" means a school facilities project
41 intended to extend the useful life of a school facility, including up-
42 grades and replacements of building systems, such as structure,
43 enclosure, mechanical, plumbing and electrical systems;

44 "Commissioner" means the Commissioner of Education;

45 "Core curriculum content standards" means the standards
46 established pursuant to the provisions of subsection a. of section **【4**

1 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.) (pending
2 before the Legislature as this bill);

3 "Cost index" means the average annual increase, expressed as a
4 decimal, in actual construction cost factors for the New York City
5 and Philadelphia areas during the second fiscal year preceding the
6 budget year as determined pursuant to regulations promulgated by
7 the development authority pursuant to section 26 of P.L.2000, c.72
8 (C.18A:7G-26);

9 "Debt service" means and includes payments of principal and
10 interest upon school bonds issued to finance the acquisition of
11 school sites and the purchase or construction of school facilities,
12 additions to school facilities, or the reconstruction, remodeling,
13 alteration, modernization, renovation or repair of school facilities,
14 including furnishings, equipment, architect fees and the costs of
15 issuance of such obligations and shall include payments of principal
16 and interest upon school bonds heretofore issued to fund or refund
17 such obligations, and upon municipal bonds and other obligations
18 which the commissioner approves as having been issued for such
19 purposes. Debt service pursuant to the provisions of P.L.1978, c.74
20 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.)
21 and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

22 "Demonstration project" means a school facilities project
23 selected by the State Treasurer for construction by a redevelopment
24 entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

25 "Development authority" means the New Jersey Schools
26 Development Authority established pursuant to section 3 of
27 P.L.2007, c.137 (C.52:18A-237);

28 "District" means a local or regional school district established
29 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
30 Statutes, a county special services school district established
31 pursuant to article 8 of chapter 46 of Title 18A of the New Jersey
32 Statutes, a county vocational school district established pursuant to
33 article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and
34 a district under full State intervention pursuant to P.L.1987, c.399
35 (C.18A:7A-34 et al.);

36 "District aid percentage" means the number expressed as a
37 percentage derived from dividing the district's [core curriculum
38 standards] equalization aid calculated pursuant to section [15 of
39 P.L.1996, c.138 (C.18A:7F-15)] 11 of P.L. , c. (C.) (pending
40 before the Legislature as this bill) as of the date of the
41 commissioner's determination of preliminary eligible costs by the
42 district's [T & E budget] adequacy budget calculated pursuant to
43 [subsection d. of section 13 of P.L.1996, c.138 (C.18A:7F-13)]
44 section 9 of P.L. , c. (C.) (pending before the Legislature as this
45 bill) as of the date of the commissioner's determination of
46 preliminary eligible costs;

1 "Excess costs" means the additional costs, if any, which shall be
2 borne by the district, of a school facilities project which result from
3 design factors that are not required to meet the facilities efficiency
4 standards and not approved pursuant to paragraph (1) of subsection
5 g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized
6 as community design features included in final eligible costs
7 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-
8 6);

9 "Facilities efficiency standards" means the standards developed
10 by the commissioner pursuant to subsection h. of section 4 of
11 P.L.2000, c.72 (C.18A:7G-4);

12 "Final eligible costs" means for school facilities projects to be
13 constructed by the development authority, the final eligible costs of
14 the school facilities project as determined by the commissioner, in
15 consultation with the development authority, pursuant to section 5
16 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the
17 final eligible costs of the project as determined by the commissioner
18 and reviewed by the development authority which may include the
19 cost of community design features determined by the commissioner
20 to be an integral part of the school facility and which do not exceed
21 the facilities efficiency standards, and which were reviewed by the
22 development authority and approved by the State Treasurer
23 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); and for
24 districts other than **[Abbott]** SDA districts, final eligible costs as
25 determined pursuant to paragraph (1) of subsection h. of section 5
26 P.L.2000, c.72 (C.18A:7G-5);

27 "Financing authority" means the New Jersey Economic
28 Development Authority established pursuant to P.L.1974, c.80
29 (C.34:1B-1 et seq.);

30 "FTE" means a full-time equivalent student which shall be
31 calculated as follows: **[in districts that qualify for early childhood**
32 **program aid pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-**
33 **16), each student in grades kindergarten through 12 shall be counted**
34 **at 100% of the actual count of students, and each preschool student**
35 **approved by the commissioner to be served in the district shall be**
36 **counted at 50% or 100% of the actual count of preschool students**
37 **for an approved half-day or full-day program, respectively; in**
38 **districts that do not qualify for early childhood program aid**
39 **pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-16),]** each
40 student in grades 1 through 12 shall be counted at 100% of the
41 actual count of students, in the case of districts which operate a
42 half-day kindergarten program each kindergarten student shall be
43 counted at 50% of the actual count of kindergarten students, in the
44 case of districts which operate a full-day kindergarten program or
45 which currently operate a half-day kindergarten program but
46 propose to build facilities to house a full-day kindergarten program
47 each kindergarten student shall be counted at 100% of the actual
48 count of kindergarten students, and each preschool **[students shall**

1 not be counted] student who is enrolled in a full-day preschool
2 program pursuant to section 12 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) shall be counted at 100% of the
4 actual count of preschool students. In addition, each preschool
5 **[handicapped] disabled** child who is entitled to receive a full-time
6 program pursuant to N.J.S.18A:46-6 shall be counted at 100% of
7 the actual count of these students in the district;

8 "Functional capacity" means the number of students that can be
9 housed in a building in order to have sufficient space for it to be
10 educationally adequate for the delivery of programs and services
11 necessary for student achievement of the core curriculum content
12 standards. Functional capacity is determined by dividing the
13 existing gross square footage of a school building by the minimum
14 area allowance per FTE student pursuant to subsection b. of section
15 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students
16 contained therein. The difference between the projected enrollment
17 determined pursuant to subsection a. of section 8 of P.L.2000, c.72
18 (C.18A:7G-8) and the functional capacity is the unhoused students
19 that are the basis upon which the additional costs of space to
20 provide educationally adequate facilities for the entire projected
21 enrollment are determined. The existing gross square footage for
22 the purposes of defining functional capacity is exclusive of existing
23 spaces that are not contained in the facilities efficiency standards
24 but which are used to deliver programs and services aligned to the
25 core curriculum content standards, used to provide support services
26 directly to students, or other existing spaces that the district can
27 demonstrate would be structurally or fiscally impractical to convert
28 to other uses contained in the facilities efficiency standards;

29 "Lease purchase payment" means and includes payment of
30 principal and interest for lease purchase agreements in excess of
31 five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2
32 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to
33 finance the purchase or construction of school facilities, additions
34 to school facilities, or the reconstruction, remodeling, alteration,
35 modernization, renovation or repair of school facilities, including
36 furnishings, equipment, architect fees and issuance costs. Approved
37 lease purchase agreements in excess of five years shall be accorded
38 the same accounting treatment as school bonds;

39 "Local share" means, in the case of a school facilities project to
40 be constructed by the development authority, the total costs less the
41 State share as determined pursuant to section 5 of P.L.2000, c.72
42 (C.18A:7G-5); in the case of a demonstration project, the total costs
43 less the State share as determined pursuant to sections 5 and 6 of
44 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
45 school facilities project which shall be financed pursuant to section
46 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State
47 share as determined pursuant to that section;

1 "Local unit" means a county, municipality, board of education or
2 any other political subdivision or instrumentality authorized to
3 construct, operate and maintain a school facilities project and to
4 borrow money for those purposes pursuant to law;

5 "Local unit obligations" means bonds, notes, refunding bonds,
6 refunding notes, lease obligations and all other obligations of a
7 local unit which are issued or entered into for the purpose of paying
8 for all or a portion of the costs of a school facilities project,
9 including moneys payable to the development authority;

10 "Long-range facilities plan" means the plan required to be
11 submitted to the commissioner by a district pursuant to section 4 of
12 P.L.2000, c.72 (C.18A:7G-4);

13 "Maintenance" means expenditures which are approved for
14 repairs and replacements for the purpose of keeping a school
15 facility open and safe for use or in its original condition, including
16 repairs and replacements to a school facility's heating, lighting,
17 ventilation, security and other fixtures to keep the facility or
18 fixtures in effective working condition. Maintenance shall not
19 include capital maintenance or contracted custodial or janitorial
20 services, expenditures for the cleaning of a school facility or its
21 fixtures, the care and upkeep of grounds or parking lots, and the
22 cleaning of, or repairs and replacements to, movable furnishings or
23 equipment, or other expenditures which are not required to maintain
24 the original condition over the school facility's useful life.
25 Approved maintenance expenditures shall be as determined by the
26 commissioner pursuant to regulations to be adopted by the
27 commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-
28 26);

29 "Other allowable costs" means the costs of temporary facilities,
30 site development, acquisition of land or other real property interests
31 necessary to effectuate the school facilities project, fees for the
32 services of design professionals, including architects, engineers,
33 construction managers and other design professionals, legal fees,
34 financing costs and the administrative costs of the development
35 authority and the financing authority or the district incurred in
36 connection with the school facilities project;

37 "Other facilities" means athletic stadiums, swimming pools, any
38 associated structures or related equipment tied to such facilities
39 including, but not limited to, grandstands and night field lights,
40 greenhouses, facilities used for non-instructional or non-educational
41 purposes, and any structure, building, or facility used solely for
42 school administration;

43 "Preliminary eligible costs" means the initial eligible costs of a
44 school facilities project as calculated pursuant to the formulas set
45 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise
46 provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and
47 which shall be deemed to include the costs of construction and other
48 allowable costs;

1 "Redevelopment entity" means a redevelopment entity
2 authorized by a municipal governing body to implement plans and
3 carry out redevelopment projects in the municipality pursuant to the
4 "Local Redevelopment and Housing Law," P.L.1992, c.79
5 (C.40A:12A-1 et al.);

6 "School bonds" means, in the case of a school facilities project
7 which is to be constructed by the development authority, a
8 redevelopment entity, or a district under section 15 of P.L.2000,
9 c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a
10 district to finance the local share; and, in the case of a school
11 facilities project which is not to be constructed by the development
12 authority or a redevelopment entity, or financed under section 15 of
13 P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations
14 issued by a district to finance the total costs;

15 "School enrollment" means the number of FTE students other
16 than evening school students, including post-graduate students and
17 post-secondary vocational students, who, on the last school day
18 prior to October 16 of the current school year, are recorded in the
19 registers of the school;

20 "School facility" means and includes any structure, building or
21 facility used wholly or in part for educational purposes by a district
22 and facilities that physically support such structures, buildings and
23 facilities, such as district wastewater treatment facilities, power
24 generating facilities, and steam generating facilities, but shall
25 exclude other facilities;

26 "School facilities project" means the planning, acquisition,
27 demolition, construction, improvement, alteration, modernization,
28 renovation, reconstruction or capital maintenance of all or any part
29 of a school facility or of any other personal property necessary for,
30 or ancillary to, any school facility, and shall include fixtures,
31 furnishings and equipment, and shall also include, but is not limited
32 to, site acquisition, site development, the services of design
33 professionals, such as engineers and architects, construction
34 management, legal services, financing costs and administrative
35 costs and expenses incurred in connection with the project;

36 "SDA district" is a district that received education opportunity
37 aid or preschool expansion aid in the 2007-2008 school year;

38 "Special education services pupil" means a pupil receiving
39 specific services pursuant to chapter 46 of Title 18A of the New
40 Jersey Statutes;

41 "State aid" means State municipal aid and State school aid;

42 "State debt service aid" means for school bonds issued for school
43 facilities projects approved by the commissioner after the effective
44 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect
45 not to have a redevelopment entity construct the project or which
46 elect not to finance the project under section 15 of P.L.2000, c.72
47 (C.18A:7G-15), the amount of State aid determined pursuant to
48 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or

1 certificates of participation issued for school facilities projects
2 approved by the commissioner prior to the effective date of
3 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid
4 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-
5 10);

6 "State municipal aid" means business personal property tax
7 replacement revenues, State urban aid and State revenue sharing, as
8 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3),
9 or other similar forms of State aid payable to the local unit and to
10 the extent permitted by federal law, federal moneys appropriated or
11 apportioned to the municipality or county by the State;

12 "State school aid" means the funds made available to school
13 districts pursuant to **sections 15 and 17 of P.L.1996, c.138**
14 **(C.18A:7F-15 and 17)]** section 11 of P.L. , c. (C.) (pending
15 before the Legislature as this bill);

16 "State share" means the State's proportionate share of the final
17 eligible costs of a school facilities project to be constructed by the
18 development authority as determined pursuant to section 5 of
19 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration
20 project, the State's proportionate share of the final eligible costs of
21 the project as determined pursuant to sections 5 and 6 of P.L.2000,
22 c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school
23 facilities project to be financed pursuant to section 15 of P.L.2000,
24 c.72 (C.18A:7G-15), the State share as determined pursuant to that
25 section;

26 "Total costs" means, in the case of a school facilities project
27 which is to be constructed by the development authority or a
28 redevelopment entity or financed pursuant to section 15 of
29 P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess
30 costs if any; and in the case of a school facilities project which is
31 not to be constructed by the development authority or a
32 redevelopment entity or financed pursuant to section 15 of
33 P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as
34 determined by the district.
35 (cf: P.L.2007, c.137, s.18)

36
37 40. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to
38 read as follows:

39 4. a. By December 15, 2000 and by October 1, 2005, each
40 district shall prepare and submit to the commissioner a long-range
41 facilities plan that details the district's school facilities needs and
42 the district's plan to address those needs for the ensuing five years.
43 Following the approval of the 2005 long-range facilities plan, each
44 district shall amend its long-range facilities plan at least once every
45 five years to update enrollment projections, building capacities, and
46 health and safety conditions. The long-range facilities plan shall
47 incorporate the facilities efficiency standards and shall be filed with
48 the commissioner for approval in accordance with those standards.

1 For those Abbott districts that have submitted long-range facilities
2 plans to the commissioner prior to the effective date of P.L.2000,
3 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require
4 an additional filing by October 1, 2000.

5 b. Notwithstanding any other law or regulation to the contrary,
6 an application for a school facilities project pursuant to section 5 of
7 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the
8 district has filed a long-range facilities plan that is consistent with
9 the application and the plan has been approved by the
10 commissioner; except that prior to October 1, 2000, the
11 commissioner may approve an application if the project is necessary
12 to protect the health or safety of occupants of the school facility, or
13 is related to required early childhood education programs, or is
14 related to a school facility in which the functional capacity is less
15 than 90% of the facilities efficiency standards based on current
16 school enrollment, or the district received bids on the school
17 facilities project prior to the effective date of P.L.2000, c.72
18 (C.18A:7G-1 et al.) and the district demonstrates that further delay
19 will negatively affect the cost of the project.

20 c. An amendment to a long-range facilities plan may be
21 submitted at any time to the commissioner for review and
22 determination on the approval or disapproval of the amendment.

23 d. Each long-range facilities plan shall include a cohort
24 survival methodology or other methodology approved by the
25 commissioner, accompanied by a certification by a qualified
26 demographer retained by the district that serves as the basis for
27 identifying the capacity and program needs detailed in the long-
28 range facilities plan.

29 e. The long-range facilities plan shall include an educational
30 adequacy inventory of all existing school facilities in the district
31 including the adequacy of school facilities to educate within the
32 district the existing and projected number of pupils with disabilities,
33 the identification of all deficiencies in the district's current
34 inventory of school facilities, which includes the identification of
35 those deficiencies that involve emergent health and safety concerns,
36 and the district's proposed plan for future construction and
37 renovation. The long-range facilities plan submissions shall
38 conform to the guidelines, criteria and format prescribed by the
39 commissioner.

40 f. Each district shall determine the number of "unhoused
41 students" for the ensuing five-year period calculated pursuant to the
42 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

43 g. Each district shall submit the long-range facilities plan to the
44 planning board of the municipality or municipalities in which the
45 district is situate for the planning board's review and findings and
46 the incorporation of the plan's goals and objectives into the
47 municipal master plan adopted by the municipality pursuant to
48 section 19 of P.L.1975, c.291 (C.40:55D-28).

1 h. The commissioner shall develop, for the March 2002 Report
2 on the Cost of Providing a Thorough and Efficient Education issued
3 by the commissioner pursuant to section 4 of P.L.1996, c.138
4 (C.18A:7F-4), facilities efficiency standards for elementary, middle,
5 and high schools consistent with the core curriculum school
6 delivery assumptions in the report and sufficient for the
7 achievement of the core curriculum content standards, including the
8 provision of required programs in Abbott districts and early
9 childhood education programs in the districts in which these
10 programs are required by the State. The area allowances per FTE
11 student in each class of the district shall be derived from these
12 facilities efficiency standards. The commissioner shall revise the
13 facilities efficiency standards and the area cost allowance in
14 accordance with such schedule as the commissioner deems
15 necessary. The commissioner shall publish the revised facilities
16 efficiency standards and the area cost allowance in the New Jersey
17 Register and, within a reasonable period of time after 30 days
18 following publication, shall file the revised facilities efficiency
19 standards and the area cost allowance with the Office of
20 Administrative Law for publication in the New Jersey Register and
21 those standards shall become effective immediately upon filing.
22 During the 30-day period the commissioner shall provide an
23 opportunity for public comment on the proposed facilities
24 efficiency standards and the area cost allowance.

25 The facilities efficiency standards developed by the
26 commissioner shall not be construction design standards but rather
27 shall represent the instructional spaces, specialized instructional
28 areas, and administrative spaces that are determined by the
29 commissioner to be educationally adequate to support the
30 achievement of the core curriculum content standards including the
31 provision of required programs in Abbott districts and early
32 childhood education programs in the districts in which these
33 programs are required by the State. A district may design, at its
34 discretion, the educational and other spaces to be included within
35 the school facilities project. The design of the project may
36 eliminate spaces in the facilities efficiency standards, include
37 spaces not in the facilities efficiency standards, or size spaces
38 differently than in the facilities efficiency standards upon a
39 demonstration of the adequacy of the school facilities project to
40 deliver the core curriculum content standards pursuant to paragraph
41 (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

42 Within a reasonable period of time after the effective date of
43 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish
44 the facilities efficiency standards developed for the 2000-2001,
45 2001-2002, and 2002-2003 school years in the New Jersey Register.
46 Within a reasonable period of time after 30 days after publication in
47 the New Jersey Register, the commissioner shall file the facilities
48 efficiency standards with the Office of Administrative Law and

1 those standards shall become effective immediately upon filing with
2 the Office of Administrative Law. During the 30-day period the
3 commissioner shall provide an opportunity for public comment on
4 the proposed facilities efficiency standards.

5 i. Within 90 days of the commissioner's receipt of a long-range
6 facilities plan for review, the commissioner shall determine whether
7 the plan is fully and accurately completed and whether all
8 information necessary for a decision on the plan has been filed by
9 the district. If the commissioner determines that the plan is
10 complete, the commissioner shall promptly notify the district in
11 writing and shall have 60 days from the date of that notification to
12 determine whether to approve the plan or not. If the commissioner
13 determines that the plan is not complete, the commissioner shall
14 notify the district in writing. The district shall provide to the
15 commissioner whatever information the commissioner determines is
16 necessary to make the plan accurate and complete. The district
17 shall submit that information to the commissioner, and the
18 commissioner shall have 60 days from the date of receipt of
19 accurate and complete information to determine whether to approve
20 the plan or not.

21 j. Notwithstanding any provision in subsection i. of this
22 section, if at any time the number of long-range facilities plans filed
23 by school districts with the commissioner and pending review
24 exceeds 20% of the number of school districts in New Jersey, the
25 commissioner may extend by 60 days the deadline for reviewing
26 each plan pending at that time.

27 k. [By March 1, 2002 and every five years thereafter, the
28 commissioner shall recommend to the Legislature criteria to be used
29 in the designation of districts as Abbott districts. The criteria may
30 include, but not be limited to: the number of residents per 1,000
31 within the municipality or municipalities in which the district is
32 situate who receive TANF; the district's equalized valuation per
33 resident pupil as equalized valuation is defined in section 3 of
34 P.L.1996, c.138 (C.18A:7F-3); the district's income per resident
35 pupil as district income is defined in section 3 of P.L.1996, c.138
36 (C.18A:7F-3); the population per square mile of the municipality or
37 municipalities in which the district is situate; and the municipal
38 overburden of the municipality or municipalities in which the
39 district is situate as that term is defined by the New Jersey Supreme
40 Court in *Abbott v. Burke*.] (Deleted by amendment, P.L. , c.)
41 (pending before the Legislature as this bill)

42 l. By July 1, 2001, the commissioner shall provide the
43 Legislature with recommendations to address the circumstances of
44 districts which are contiguous with two or more Abbott districts.
45 The recommendations shall address the issues of the financing of
46 school facilities projects and the funding of the educational and
47 other programs required within these districts as a result of their
48 unique demographic situation.

1 m. By July 1, 2001, the commissioner shall study the Safe
2 Schools Design Guidelines, prepared by the Florida Center for
3 Community Design and Research, which address the issues of
4 school safety and security through the design of school facilities.
5 Based upon the commissioner's study, the commissioner shall issue
6 recommendations to districts on the appropriateness of including
7 the Safe Schools Design Guidelines in the design and construction
8 of school facilities projects.

9 (cf: P.L.2007, c.137, s.19)

10
11 41. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to
12 read as follows:

13 5. a. The development authority shall undertake and the
14 financing authority shall finance the school facilities projects of
15 **【Abbott】** SDA districts.

16 b. In the case of a district other than an **【Abbott】** SDA district,
17 State support for the project shall be determined pursuant to section
18 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
19 applicable.

20 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
21 contrary, the procedures for obtaining approval of a school facilities
22 project shall be as set forth in this act; provided that any district
23 whose school facilities project is not constructed by the
24 development authority shall also be required to comply with the
25 provisions of N.J.S.18A:18A-16.

26 d. (1) Any district seeking to initiate a school facilities project
27 shall apply to the commissioner for approval of the project. The
28 application may include, but not be limited to: a description of the
29 school facilities project; a schematic drawing of the project or, at
30 the option of the district, preliminary plans and specifications; a
31 delineation and description of each of the functional components of
32 the project; educational specifications detailing the programmatic
33 needs of each proposed space; the number of unhoused students to
34 be housed in the project; the area allowances per FTE student as
35 calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8);
36 and the estimated cost to complete the project as determined by the
37 district.

38 (2) In the case of an **【Abbott】** SDA district school facilities
39 project, based upon its educational priority ranking and the
40 Statewide strategic plan established pursuant to subsection m. of
41 this section, the commissioner may authorize the development
42 authority to undertake preconstruction activities which may include,
43 but need not be limited to, site identification, investigation, and
44 acquisition, feasibility studies, land-related design work, design
45 work, site remediation, demolition, and acquisition of temporary
46 facilities. Upon receipt of the authorization, the development
47 authority may initiate the preconstruction activities required to

1 prepare the application for commissioner approval of the school
2 facilities project.

3 e. The commissioner shall review each proposed school
4 facilities project to determine whether it is consistent with the
5 district's long-range facilities plan and whether it complies with the
6 facilities efficiency standards and the area allowances per FTE
7 student derived from those standards; and in the case of an
8 **【Abbott】** SDA district the commissioner shall also review the
9 project's educational priority ranking and the Statewide strategic
10 plan developed pursuant to subsection m. of this section. The
11 commissioner shall make a decision on a district's application
12 within 90 days from the date he determines that the application is
13 fully and accurately completed and that all information necessary
14 for a decision has been filed by the district, or from the date of the
15 last revision made by the district. If the commissioner is not able to
16 make a decision within 90 days, he shall notify the district in
17 writing explaining the reason for the delay and indicating the date
18 on which a decision on the project will be made, provided that the
19 date shall not be later than 60 days from the expiration of the
20 original 90 days set forth in this subsection. If the decision is not
21 made by the subsequent date indicated by the commissioner, then
22 the project shall be deemed approved and the preliminary eligible
23 costs for new construction shall be calculated by using the proposed
24 square footage of the building as the approved area for unhoused
25 students.

26 f. If the commissioner determines that the school facilities
27 project complies with the facilities efficiency standards and the
28 district's long-range facilities plan and does not exceed the area
29 allowance per FTE student derived from those standards, the
30 commissioner shall calculate the preliminary eligible costs of the
31 project pursuant to the formulas set forth in section 7 of P.L.2000,
32 c.72 (C.18A:7G-7); except that (1) in the case of a county special
33 services school district or a county vocational school district, the
34 commissioner shall calculate the preliminary eligible costs to equal
35 the amount determined by the board of school estimate and
36 approved by the board of chosen freeholders pursuant to section 14
37 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as
38 appropriate, and (2) in the case of an **【Abbott】** SDA district, the
39 commissioner shall calculate the preliminary eligible costs to equal
40 the estimated cost as determined by the development authority.

41 g. If the commissioner determines that the school facilities
42 project is inconsistent with the facilities efficiency standards or
43 exceeds the area allowances per FTE student derived from those
44 standards, the commissioner shall notify the district.

45 (1) The commissioner shall approve area allowances in excess
46 of the area allowances per FTE student derived from the facilities
47 efficiency standards if the board of education or State district
48 superintendent, as appropriate, demonstrates that school facilities

1 needs related to required programs cannot be addressed within the
2 facilities efficiency standards and that all other proposed spaces are
3 consistent with those standards. The commissioner shall approve
4 area allowances in excess of the area allowances per FTE student
5 derived from the facilities efficiency standards if the additional area
6 allowances are necessary to accommodate centralized facilities to
7 be shared among two or more school buildings within the district
8 and the centralized facilities represent a more cost effective
9 alternative.

10 (2) The commissioner may waive a facilities efficiency standard
11 if the board of education or State district superintendent, as
12 appropriate, demonstrates to the commissioner's satisfaction that the
13 waiver will not adversely affect the educational adequacy of the
14 school facility, including the ability to deliver the programs and
15 services necessary to enable all students to achieve the core
16 curriculum content standards.

17 (3) To house the district's central administration, a district may
18 request an adjustment to the approved areas for unhoused students
19 of 2.17 square feet for each FTE student in the projected total
20 district school enrollment if the proposed administrative offices will
21 be housed in a school facility and the district demonstrates either
22 that the existing central administrative offices are obsolete or that it
23 is more practical to convert those offices to instructional space. To
24 the extent that existing administrative space will continue to be used
25 for administrative purposes, the space shall be included in the
26 formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

27 If the commissioner approves excess facilities efficiency
28 standards or additional area allowances pursuant to paragraph (1),
29 (2), or (3) of this subsection, the commissioner shall calculate the
30 preliminary eligible costs based upon the additional area allowances
31 or excess facilities efficiency standards pursuant to the formulas set
32 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that
33 the commissioner does not approve the excess facilities efficiency
34 standards or additional area allowances, the district may either:
35 modify its submission so that the school facilities project meets the
36 facilities efficiency standards; or pay for the excess costs.

37 (4) The commissioner shall approve spaces in excess of, or
38 inconsistent with, the facilities efficiency standards, hereinafter
39 referred to as nonconforming spaces, upon a determination by the
40 district that the spaces are necessary to comply with State or federal
41 law concerning individuals with disabilities, including that the
42 spaces are necessary to provide in-district programs and services for
43 current disabled pupils who are being served in out-of-district
44 placements or in-district programs and services for the projected
45 disabled pupil population. A district may apply for additional State
46 aid for nonconforming spaces that will permit pupils with
47 disabilities to be educated to the greatest extent possible in the same
48 buildings or classes with their nondisabled peers. The

1 nonconforming spaces may: (a) allow for the return of pupils with
2 disabilities from private facilities; (b) permit the retention of pupils
3 with disabilities who would otherwise be placed in private facilities;
4 (c) provide space for regional programs in a host school building
5 that houses both disabled and nondisabled pupils; and (d) provide
6 space for the coordination of regional programs by a county special
7 services school district, educational services commission, jointure
8 commission, or other agency authorized by law to provide regional
9 educational services in a school building that houses both disabled
10 and nondisabled pupils. A district's State support ratio shall be
11 adjusted to equal the lesser of the sum of its district aid percentage
12 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
13 100% for any nonconforming spaces approved by the commissioner
14 pursuant to this paragraph.

15 h. Upon approval of a school facilities project and
16 determination of the preliminary eligible costs:

17 (1) In the case of a district other than an [Abbott] SDA district,
18 the commissioner shall notify the district whether the school
19 facilities project is approved and, if so approved, the preliminary
20 eligible costs and the excess costs, if any. Following the
21 determination of preliminary eligible costs and the notification of
22 project approval, the district may appeal to the commissioner for an
23 increase in those costs if the detailed plans and specifications
24 completed by a design professional for the school facilities project
25 indicate that the cost of constructing that portion of the project
26 which is consistent with the facilities efficiency standards and does
27 not exceed the area allowances per FTE student exceeds the
28 preliminary eligible costs as determined by the commissioner for
29 the project by 10% or more. The district shall file its appeal within
30 30 days of the preparation of the plans and specifications. If the
31 district chooses not to file an appeal, then the final eligible costs
32 shall equal the preliminary eligible costs.

33 The appeal shall outline the reasons why the preliminary eligible
34 costs calculated for the project are inadequate and estimate the
35 amount of the adjustment which needs to be made to the
36 preliminary eligible costs. The commissioner shall forward the
37 appeal information to the development authority for its review and
38 recommendation. If the additional costs are the result of factors
39 that are within the control of the district or are the result of design
40 factors that are not required to meet the facilities efficiency
41 standards, the development authority shall recommend to the
42 commissioner that the preliminary eligible costs be accepted as the
43 final eligible costs. If the development authority determines the
44 additional costs are not within the control of the district or are the
45 result of design factors required to meet the facilities efficiency
46 standards, the development authority shall recommend to the
47 commissioner a final eligible cost based on its experience for
48 districts with similar characteristics, provided that, notwithstanding

1 anything to the contrary, the commissioner shall not approve an
2 adjustment to the preliminary eligible costs which exceeds 10% of
3 the preliminary eligible costs. The commissioner shall make a
4 determination on the appeal within 30 days of its receipt. If the
5 commissioner does not approve an adjustment to the school
6 facilities project's preliminary eligible costs, the commissioner shall
7 issue his findings in writing on the reasons for the denial and on
8 why the preliminary eligible costs as originally calculated are
9 sufficient.

10 (2) In the case of an **[Abbott]** SDA district, the commissioner
11 shall promptly prepare and submit to the development authority a
12 preliminary project report which shall consist, at a minimum, of the
13 following information: a complete description of the school
14 facilities project; the actual location of the project; the total square
15 footage of the project together with a breakdown of total square
16 footage by functional component; the preliminary eligible costs of
17 the project; the project's priority ranking determined pursuant to
18 subsection m. of this section; any other factors to be considered by
19 the development authority in undertaking the project; and the name
20 and address of the person from the district to contact in regard to
21 the project.

22 i. Upon receipt by the development authority of the
23 preliminary project report, the development authority, upon
24 consultation with the district, shall prepare detailed plans and
25 specifications and schedules which contain the development
26 authority's estimated cost and schedule to complete the school
27 facilities project. The development authority shall transmit to the
28 commissioner its recommendations in regard to the project which
29 shall, at a minimum, contain the detailed plans and specifications;
30 whether the school facilities project can be completed within the
31 preliminary eligible costs; and any other factors which the
32 development authority determines should be considered by the
33 commissioner.

34 (1) In the event that the development authority determines that
35 the school facilities project can be completed within the preliminary
36 eligible costs: the final eligible costs shall be deemed to equal the
37 preliminary eligible costs; the commissioner shall be deemed to
38 have given final approval to the project; and the preliminary project
39 report shall be deemed to be the final project report delivered to the
40 development authority pursuant to subsection j. of this section.

41 (2) In the event that the development authority determines that
42 the school facilities project cannot be completed within the
43 preliminary eligible costs, prior to the submission of its
44 recommendations to the commissioner, the development authority
45 shall, in consultation with the district and the commissioner,
46 determine whether changes can be made in the project which will
47 result in a reduction in costs while at the same time meeting the
48 facilities efficiency standards approved by the commissioner.

1 (a) If the development authority determines that changes in the
2 school facilities project are possible so that the project can be
3 accomplished within the scope of the preliminary eligible costs
4 while still meeting the facilities efficiency standards, the
5 development authority shall so advise the commissioner, whereupon
6 the commissioner shall: calculate the final eligible costs to equal the
7 preliminary eligible costs; give final approval to the project with the
8 changes noted; and issue a final project report to the development
9 authority pursuant to subsection j. of this section.

10 (b) If the development authority determines that it is not
11 possible to make changes in the school facilities project so that it
12 can be completed within the preliminary eligible costs either
13 because the additional costs are the result of factors outside the
14 control of the district or the additional costs are required to meet the
15 facilities efficiency standards, the development authority shall
16 recommend to the commissioner that the preliminary eligible costs
17 be increased accordingly, whereupon the commissioner shall:
18 calculate the final eligible costs to equal the sum of the preliminary
19 eligible costs plus the increase recommended by the development
20 authority; give final approval to the project; and issue a final project
21 report to the development authority pursuant to subsection j. of this
22 section.

23 (c) If the additional costs are the result of factors that are within
24 the control of the district or are the result of design factors that are
25 not required to meet the facilities efficiency standards or approved
26 pursuant to paragraph (1) of subsection g. of this section, the
27 development authority shall recommend to the commissioner that
28 the preliminary eligible costs be accepted, whereupon the
29 commissioner shall: calculate the final eligible costs to equal the
30 preliminary eligible costs and specify the excess costs which are to
31 be borne by the district; give final approval to the school facilities
32 project; and issue a final project report to the development authority
33 pursuant to subsection j. of this section; provided that the
34 commissioner may approve final eligible costs which are in excess
35 of the preliminary eligible costs if, in his judgment, the action is
36 necessary to meet the educational needs of the district.

37 (d) For a school facilities project undertaken by the
38 development authority, the development authority shall be
39 responsible for any costs of construction, but only from the
40 proceeds of bonds issued by the financing authority pursuant to
41 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
42 235 et al.), which exceed the amount originally projected by the
43 development authority and approved for financing by the
44 development authority, provided that the excess is the result of an
45 underestimate of labor or materials costs by the development
46 authority. After receipt by the development authority of the final
47 project report, the district shall be responsible only for the costs

1 associated with changes, if any, made at the request of the district to
2 the scope of the school facilities project.

3 j. The development authority shall not commence the
4 construction of a school facilities project unless the commissioner
5 transmits to the development authority a final project report and the
6 district complies with the approval requirements for the local share,
7 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).
8 The final project report shall contain all of the information
9 contained in the preliminary project report and, in addition, shall
10 contain: the final eligible costs; the excess costs, if any; the total
11 costs which equals the final eligible costs plus excess costs, if any;
12 the State share; and the local share.

13 k. For the **[Abbott]** SDA districts, the State share shall be
14 100% of the final eligible costs. For all other districts, the State
15 share shall be an amount equal to 115% of the district aid
16 percentage; except that the State share shall not be less than 40% of
17 the final eligible costs.

18 If any district which is included in district factor group A or B,
19 other than an **[Abbott]** SDA district, is having difficulty financing
20 the local share of a school facilities project, the district may apply
21 to the commissioner to receive 100% State support for the project
22 and the commissioner may request the approval of the Legislature
23 to increase the State share of the project to 100%.

24 l. The local share for school facilities projects constructed by
25 the authority or a redevelopment entity shall equal the final eligible
26 costs plus any excess costs less the State share.

27 m. (1) Within 90 days of the effective date of P.L.2007, c.137
28 (C.52:18A-235 et al.), the commissioner shall develop an
29 educational facilities needs assessment for each **[Abbott]** SDA
30 district. The assessment shall be updated periodically by the
31 commissioner in accordance with the schedule the commissioner
32 deems appropriate for the district; except that each assessment shall
33 at a minimum be updated within five years of the development of
34 the district's most recent prior educational needs assessment. The
35 assessment shall be transmitted to the development authority to be
36 used to initiate the planning activities required prior to the
37 establishment of the educational priority ranking of school facilities
38 projects pursuant to paragraph (2) of this subsection.

39 (2) Following the approval of an **[Abbott]** SDA district's long-
40 range facilities plan or of an amendment to that plan, but prior to
41 authorization of preconstruction activities for a school facilities
42 project included in the plan or amendment, the commissioner shall
43 establish, in consultation with the **[Abbott]** SDA district, an
44 educational priority ranking of all school facilities projects in the
45 **[Abbott]** SDA district based upon the commissioner's
46 determination of critical need in accordance with priority project
47 categories developed by the commissioner. The priority project

1 categories shall include, but not be limited to, health and safety,
2 overcrowding in the early childhood, elementary, middle, and high
3 school grade levels, spaces necessary to provide in-district
4 programs and services for current disabled students who are being
5 served in out-of-district placements or in-district programs and
6 services for the projected disabled student population,
7 rehabilitation, and educational adequacy.

8 (3) Upon the commissioner's determination of the educational
9 priority ranking of school facilities projects in **【Abbott】** SDA
10 districts pursuant to paragraph (2) of this subsection, the
11 development authority, in consultation with the commissioner, the
12 **【Abbott】** SDA districts, and the governing bodies of the
13 municipalities in which the **【Abbott】** SDA districts are situate, shall
14 establish a Statewide strategic plan to be used in the sequencing of
15 **【Abbott】** SDA district school facilities projects based upon the
16 projects' educational priority rankings and issues which impact the
17 development authority's ability to complete the projects including,
18 but not limited to, the construction schedule and other appropriate
19 factors. The development authority shall revise the Statewide
20 strategic plan and the sequencing of **【Abbott】** SDA district school
21 facilities projects in accordance with that plan no less than once
22 every five years.

23 Any amendment to an **【Abbott】** SDA district's long-range
24 facilities plan that is submitted to the commissioner in the period
25 between the five-year updates of the long-range facilities plan shall
26 be considered by the development authority, in consultation with
27 the commissioner, for incorporation into the Statewide strategic
28 plan. In making a determination on whether or not to amend the
29 Statewide strategic plan, the development authority shall consider
30 the cost of the amendment, the impact of the amendment upon the
31 school development plans for other districts, and other appropriate
32 factors.

33 n. The provisions of the "Public School Contracts Law,"
34 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
35 project constructed by a district but shall not be applicable to
36 projects constructed by the development authority or a
37 redevelopment entity pursuant to the provisions of this act.

38 o. In the case of a school facilities project of a district other
39 than an **【Abbott】** SDA district, any proceeds of school bonds issued
40 by the district for the purpose of funding the project which remain
41 unspent upon completion of the project shall be used by the district
42 to reduce the outstanding principal amount of the school bonds.

43 p. Upon completion by the development authority of a school
44 facilities project, if the cost of construction and completion of the
45 project is less than the total costs, the district shall be entitled to
46 receive a portion of the local share based on a pro rata share of the
47 difference based on the ratio of the State share to the local share.

1 q. The development authority shall determine the cause of any
2 costs of construction which exceed the amount originally projected
3 by the development authority and approved for financing by the
4 financing authority.

5 r. (Deleted by amendment, P.L.2007, c.137).

6 s. (Deleted by amendment, P.L.2007, c.137).

7 (cf: P.L.2007, c.137, s.20)

8

9 42. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to
10 read as follows:

11 9. a. State debt service aid for capital investment in school
12 facilities for a district other than an **[Abbott]** SDA district which
13 elects not to finance the project under section 15 of P.L.2000, c.72
14 (C.18A:7G-15), shall be distributed upon a determination of
15 preliminary eligible costs by the commissioner, according to the
16 following formula:

17 Aid is the sum of A for each issuance of school bonds issued for
18 a school facilities project approved by the commissioner after the
19 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

20

21 where

22

23 $A = B \times AC/P \times (DAP \times 1.15) \times M$, with $AC/P = 1$

24

25 whenever AC/P would otherwise yield a number greater than one,

26

27 and where:

28

29 B is the district's debt service for the individual issuance for the
30 fiscal year;

31

32 AC is the preliminary eligible costs determined pursuant to
33 section 7 of P.L.2000, c.72 (C.18A:7G-7);

34

35 P is the principal of the individual issuance plus any other
36 funding sources approved for the school facilities project;

37

38 DAP is the district's district aid percentage as defined pursuant to
39 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where $(DAP \times 1.15)$
40 shall not be less than 40%; and

41

42 M is a factor representing the degree to which a district has
43 fulfilled maintenance requirements for a school facilities project
44 determined pursuant to subsection b. of this section.

45

46 For county special services school districts, DAP shall be that of
47 the county vocational school district in the same county.

1 b. The maintenance factor (M) shall be 1.0 except when one of
 2 the following conditions applies, in which case the maintenance
 3 factor shall be as specified:

4 (1) Effective ten years from the date of the enactment of
 5 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
 6 for reconstruction, remodeling, alteration, modernization,
 7 renovation or repair, or for an addition to a school facility, shall be
 8 zero for all school facilities projects for which the district fails to
 9 demonstrate over the ten years preceding issuance a net investment
 10 in maintenance of the related school facility of at least 2% of the
 11 replacement cost of the school facility, determined pursuant to
 12 subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the
 13 area cost allowance of the year ten years preceding the year in
 14 which the school bonds are issued.

15 (2) For new construction, additions, and school facilities aided
 16 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
 17 supported by financing issued for projects approved by the
 18 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
 19 1 et al.), beginning in the fourth year after occupancy of the school
 20 facility, the maintenance factor shall be reduced according to the
 21 following schedule for all school facilities projects for which the
 22 district fails to demonstrate in the prior fiscal year an investment in
 23 maintenance of the related school facility of at least two-tenths of
 24 1% of the replacement cost of the school facility, determined
 25 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-
 26 7).

28 Maintenance Percentage	Maintenance Factor (M)
29	
30 .199% - .151%	75%
31	
32 .150% - .100%	50%
33	
34 Less than .100%	Zero
35	

36 (3) Within one year of the enactment of P.L.2000, c.72
 37 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
 38 requiring districts to develop a long-range maintenance plan and
 39 specifying the expenditures that qualify as an appropriate
 40 investment in maintenance for the purposes of this subsection.

41 c. Any district which obtained approval from the commissioner
 42 since September 1, 1998 and prior to the effective date of P.L.2000,
 43 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
 44 school facilities project or obtained approval from the Department
 45 of Community Affairs or the appropriately licensed municipal code
 46 official since September 1, 1998 of the final construction plans and
 47 specifications, and the district has issued debt, may elect to have the
 48 final eligible costs of the project determined pursuant to section 5 of

1 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
2 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

3 Any district which received approval from the commissioner for
4 a school facilities project at any time prior to the effective date of
5 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
6 than short term notes, may submit an application pursuant to section
7 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
8 the project determined pursuant to that section and to have the New
9 Jersey Economic Development Authority construct the project; or,
10 at its discretion, the district may choose to receive debt service aid
11 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
12 10) or to receive a grant under section 15 of P.L.2000, c.72
13 (C.18A:7G-15).

14 For the purposes of this subsection, the "issuance of debt" shall
15 include lease purchase agreements in excess of five years.
16 (cf: P.L.2007, c.137, s.22)

17

18 43. Section 10 of P.L.2000, c.72 (C.18A:7G-10) is amended to
19 read as follows:

20 10. For each issuance of school bonds or certificates of
21 participation issued for a school facilities project approved by the
22 commissioner prior to the effective date of P.L.2000, c.72
23 (C.18A:7G-1 et al.):

24 Aid is the sum of A

25 where

26 $A = B \times \frac{[\text{CCSAID/TEBUD}] \text{EQAID/AB}}{[\text{CCSAID/TEBUD}] \text{EQAID/AB}}$

27 and where

28 B is the district's total debt service or lease purchase payment for
29 the individual issuance for the fiscal year;

30 CCSAID EQAID is the district's core curriculum standards
31 aid equalization aid amount determined pursuant to section 15 of
32 P.L.1996, c.138 (C.18A:7F-15) 11 of P.L. , c. (C.) (pending
33 before the Legislature as this bill); and

34 TEBUD AB is the district's T&E adequacy budget
35 determined pursuant to section 13 of P.L.1996, c.138 (C.18A:7F-
36 13) 9 of P.L. , c. (C.) (pending before the Legislature as this
37 bill).

38 For county special services school districts, CCSAID/TEBUD
39 EQAID/AB shall be that of the county vocational school district in
40 the same county.

41 (cf: P.L.2000, c.72, s.10)

42

43 44. Section 13 of P.L.2000, c.72 (C.18A:7G-13) is amended to
44 read as follows:

45 13. a. The financing authority shall be responsible for the
46 issuance of bonds pursuant to section 14 of P.L.2000, c.72
47 (C.18A:7G-14) and the development authority shall be responsible

1 for the planning, design, construction management, acquisition,
2 construction, and completion of school facilities projects. In the
3 case of a capital maintenance project, the development authority
4 may, in its discretion, authorize an **[Abbott]** SDA district to
5 undertake the design, acquisition, construction and all other
6 appropriate actions necessary to complete the capital maintenance
7 project and shall enter into a grant agreement with the district for
8 the payment of the State share. The development authority may
9 also authorize an **[Abbott]** SDA district to undertake the design,
10 acquisition, construction and all other appropriate actions necessary
11 to complete any other school facilities project in accordance with
12 the procedures established pursuant to subsection e. of this section.

13 b. The financing authority shall undertake the financing of
14 school facilities projects pursuant to the provisions of this act. The
15 financing authority shall finance the State share of a school
16 facilities project and may, in its discretion and upon consultation
17 with the district, finance the local share of the project. In the event
18 that the financing authority finances only the State share of a
19 project, the development authority shall not commence acquisition
20 or construction of the project until the development authority
21 receives the local share from the district.

22 c. In order to implement the arrangements established for
23 school facilities projects which are to be constructed by the
24 development authority and financed pursuant to this section, a
25 district shall enter into an agreement with the development
26 authority and the commissioner containing the terms and conditions
27 determined by the parties to be necessary to effectuate the project.

28 d. Upon completion by the development authority of a school
29 facilities project, the district shall enter into an agreement with the
30 development authority to provide for the maintenance of the project
31 by the district. In the event that the school facilities project is
32 constructed by a district, upon the completion of the project, the
33 district shall submit to the commissioner a plan to provide for the
34 maintenance of the project by the district. Any agreement or plan
35 shall contain, in addition to any other terms and provisions, a
36 requirement for the establishment of a maintenance reserve fund
37 consistent with the appropriation and withdrawal requirements for
38 capital reserve accounts established pursuant to section 57 of
39 P.L.2000, c.72 (C.18A:7G-31), the funding levels of which shall be
40 as set forth in regulations adopted by the commissioner pursuant to
41 section 26 of P.L.2000, c.72 (C.18A:7G-26).

42 e. (1) Within one year of the effective date of P.L.2007, c.137
43 (C.52:18A-235 et al.), the commissioner, in consultation with the
44 development authority, shall adopt pursuant to the "Administrative
45 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
46 regulations by which the commissioner shall determine whether an
47 **[Abbott]** SDA district is eligible to be considered by the
48 development authority to manage a school facilities project or

1 projects. In making the determination, the commissioner shall
2 consider the district's fiscal integrity and operations, the district's
3 performance in each of the five key components of school district
4 effectiveness under the New Jersey Quality Single Accountability
5 Continuum (NJQSAC) in accordance with section 10 of P.L.1975,
6 c.212 (C.18A:7A-10), and other relevant factors.

7 (2) Within one year of the effective date of P.L.2007, c.137
8 (C.52:18A-235 et al.), the development authority, in consultation
9 with the commissioner, shall adopt pursuant to the "Administrative
10 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
11 regulations by which the development authority shall determine the
12 capacity of an **[Abbott]** SDA district, deemed eligible by the
13 commissioner pursuant to paragraph (1) of this subsection, to
14 manage a school facilities project or projects identified by the
15 development authority. In making the determination, the
16 development authority shall consider the experience of the
17 **[Abbott]** SDA district, the size, complexity, and cost of the project,
18 time constraints, and other relevant factors.

19 (3) The development authority, in consultation with the
20 commissioner, shall develop and implement training programs,
21 seminars, or symposia to provide technical assistance to **[Abbott]**
22 SDA districts deemed to lack the capacity to manage a school
23 facility project or projects; except that nothing herein shall be
24 construed to require the development authority or the commissioner
25 to authorize an **[Abbott]** SDA district to hire additional staff in
26 order to achieve capacity.

27 (4) If the development authority determines to delegate a school
28 facilities project to an **[Abbott]** SDA district in accordance with
29 paragraph (2) of this subsection, the development authority, the
30 commissioner, and the district shall enter into a grant agreement.

31 (cf: P.L.2007, c.137, s.24)

32
33 45. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
34 read as follows:

35 14. Notwithstanding any other provisions of law to the contrary:

36 a. The financing authority shall have the power, pursuant to the
37 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
38 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
39 issue bonds and refunding bonds, incur indebtedness and borrow
40 money secured, in whole or in part, by moneys received pursuant to
41 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
42 18 and C.18A:7G-19) for the purposes of: financing all or a portion
43 of the costs of school facilities projects and any costs related to the
44 issuance thereof, including, but not limited to, the administrative,
45 insurance, operating and other expenses of the financing authority
46 to undertake the financing, and the development authority to
47 undertake the planning, design, and construction of school facilities

1 projects; lending moneys to local units to pay the costs of all or a
2 portion of school facilities projects and any costs related to the
3 issuance thereof; funding the grants to be made pursuant to section
4 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
5 of school facilities projects to permit the refinancing of debt by the
6 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).
7 The aggregate principal amount of the bonds, notes or other
8 obligations issued by the financing authority shall not exceed:
9 \$100,000,000 for the State share of costs for county vocational
10 school district school facilities projects; \$6,000,000,000 for the
11 State share of costs for Abbott district school facilities projects; and
12 \$2,500,000,000 for the State share of costs for school facilities
13 projects in all other districts. This limitation shall not include any
14 bonds, notes or other obligations issued for refunding purposes.

15 The financing authority may establish reserve funds to further
16 secure bonds and refunding bonds issued pursuant to this section
17 and may issue bonds to pay for the administrative, insurance and
18 operating costs of the financing authority and the development
19 authority in carrying out the provisions of this act. In addition to its
20 bonds and refunding bonds, the financing authority shall have the
21 power to issue subordinated indebtedness, which shall be
22 subordinate in lien to the lien of any or all of its bonds or refunding
23 bonds as the financing authority may determine.

24 b. The financing authority shall issue the bonds or refunding
25 bonds in such manner as it shall determine in accordance with the
26 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
27 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
28 provided that notwithstanding any other law to the contrary, no
29 resolution adopted by the financing authority authorizing the
30 issuance of bonds or refunding bonds pursuant to this section shall
31 be adopted or otherwise made effective without the approval in
32 writing of the State Treasurer; and refunding bonds issued to refund
33 bonds issued pursuant to this section shall be issued on such terms
34 and conditions as may be determined by the financing authority and
35 the State Treasurer. The financing authority may, in any resolution
36 authorizing the issuance of bonds or refunding bonds issued
37 pursuant to this section, pledge the contract with the State Treasurer
38 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
39 18), or any part thereof, or may pledge all or any part of the
40 repayments of loans made to local units pursuant to section 19 of
41 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
42 bonds or refunding bonds, and covenant as to the use and
43 disposition of money available to the financing authority for
44 payment of the bonds and refunding bonds. All costs associated
45 with the issuance of bonds and refunding bonds by the financing
46 authority for the purposes set forth in this act may be paid by the
47 financing authority from amounts it receives from the proceeds of
48 the bonds or refunding bonds, and from amounts it receives

1 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
2 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
3 shall not be limited to, any costs relating to the issuance of the
4 bonds or refunding bonds, administrative costs of the financing
5 authority attributable to the making and administering of loans and
6 grants to fund school facilities projects, and costs attributable to the
7 agreements entered into pursuant to subsection d. of this section.

8 c. Each issue of bonds or refunding bonds of the financing
9 authority shall be special obligations of the financing authority
10 payable out of particular revenues, receipts or funds, subject only to
11 any agreements with the holders of bonds or refunding bonds, and
12 may be secured by other sources of revenue, including, but not
13 limited to, one or more of the following:

14 (1) Pledge of the revenues and other receipts to be derived from
15 the payment of local unit obligations and any other payment made
16 to the financing authority pursuant to agreements with any local
17 unit, or a pledge or assignment of any local unit obligations, and the
18 rights and interest of the financing authority therein;

19 (2) Pledge of rentals, receipts and other revenues to be derived
20 from leases or other contractual arrangements with any person or
21 entity, public or private, including one or more local units, or a
22 pledge or assignment of those leases or other contractual
23 arrangements and the rights and interests of the financing authority
24 therein;

25 (3) Pledge of all moneys, funds, accounts, securities and other
26 funds, including the proceeds of the bonds;

27 (4) Pledge of the receipts to be derived from payments of State
28 aid to the financing authority pursuant to section 21 of P.L.2000,
29 c.72 (C.18A:7G-21);

30 (5) Pledge of the contract or contracts with the State Treasurer
31 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

32 (6) Pledge of any sums remitted to the local unit by donation
33 from any person or entity, public or private, subject to the approval
34 of the State Treasurer;

35 (7) A mortgage on all or any part of the property, real or
36 personal, comprising a school facilities project then owned or
37 thereafter to be acquired, or a pledge or assignment of mortgages
38 made to the financing authority by any person or entity, public or
39 private, including one or more local units and rights and interests of
40 the financing authority therein; and

41 (8) The receipt of any grants, reimbursements or other payments
42 from the federal government.

43 d. The resolution authorizing the issuance of bonds or
44 refunding bonds pursuant to this section may also provide for the
45 financing authority to enter into any revolving credit agreement,
46 agreement establishing a line of credit or letter of credit,
47 reimbursement agreement, interest rate exchange agreement,
48 currency exchange agreement, interest rate floor or cap, options,

1 puts or calls to hedge payment, currency, rate, spread or similar
2 exposure or similar agreements, float agreements, forward
3 agreements, insurance contracts, surety bonds, commitments to
4 purchase or sell bonds, purchase or sale agreements, or
5 commitments or other contracts or agreements and other security
6 agreements approved by the financing authority in connection with
7 the issuance of the bonds or refunding bonds pursuant to this
8 section. In addition, the financing authority may, in anticipation of
9 the issuance of the bonds or the receipt of appropriations, grants,
10 reimbursements or other funds, including, without limitation, grants
11 from the federal government for school facilities projects, issue
12 notes, the principal of or interest on which, or both, shall be payable
13 out of the proceeds of notes, bonds or other obligations of the
14 financing authority or appropriations, grants, reimbursements or
15 other funds or revenues of the financing authority.

16 e. The financing authority is authorized to engage, subject to
17 the approval of the State Treasurer and in such manner as the State
18 Treasurer shall determine, the services of financial advisors and
19 experts, placement agents, underwriters, appraisers, and other
20 advisors, consultants and agents as may be necessary to effectuate
21 the financing of school facilities projects.

22 f. Bonds and refunding bonds issued by the financing authority
23 pursuant to this section shall be special and limited obligations of
24 the financing authority payable from, and secured by, funds and
25 moneys determined by the financing authority in accordance with
26 this section. Notwithstanding any other provision of law or
27 agreement to the contrary, any bonds and refunding bonds issued by
28 the financing authority pursuant to this section shall not be secured
29 by the same property as bonds and refunding bonds issued by the
30 financing authority to finance projects other than school facilities
31 projects. Neither the members of the financing authority nor any
32 other person executing the bonds or refunding bonds shall be
33 personally liable with respect to payment of interest and principal
34 on these bonds or refunding bonds. Bonds or refunding bonds
35 issued pursuant to this section shall not be a debt or liability of the
36 State or any agency or instrumentality thereof, except as otherwise
37 provided by this subsection, either legal, moral or otherwise, and
38 nothing contained in this act shall be construed to authorize the
39 financing authority to incur any indebtedness on behalf of or in any
40 way to obligate the State or any political subdivision thereof, and
41 all bonds and refunding bonds issued by the financing authority
42 shall contain a statement to that effect on their face.

43 g. The State hereby pledges and covenants with the holders of
44 any bonds or refunding bonds issued pursuant to this act that it will
45 not limit or alter the rights or powers vested in the financing
46 authority by this act, nor limit or alter the rights or powers of the
47 State Treasurer in any manner which would jeopardize the interest
48 of the holders or any trustee of the holders, or inhibit or prevent

1 performance or fulfillment by the financing authority or the State
2 Treasurer with respect to the terms of any agreement made with the
3 holders of the bonds or refunding bonds or agreements made
4 pursuant to subsection d. of this section; except that the failure of
5 the Legislature to appropriate moneys for any purpose of this act
6 shall not be deemed a violation of this section.

7 h. The financing authority and the development authority may
8 charge to and collect from local units, districts, the State and any
9 other person, any fees and charges in connection with the financing
10 authority's or development authority's actions undertaken with
11 respect to school facilities projects, including, but not limited to,
12 fees and charges for the financing authority's administrative,
13 organization, insurance, operating and other expenses incident to
14 the financing of school facilities projects, and the development
15 authority's administrative, organization, insurance, operating,
16 planning, design, construction management, acquisition,
17 construction, completion and placing into service and maintenance
18 of school facilities projects. Notwithstanding any provision of this
19 act to the contrary, no **[Abbott]** SDA district shall be responsible
20 for the payment of any fees and charges related to the development
21 authority's operating expenses.

22 i. Upon the issuance by the financing authority of bonds
23 pursuant to this section, other than refunding bonds, the net
24 proceeds of the bonds shall be transferred to the development
25 authority.

26 (cf: P.L.2007, c.137, s.25)

27

28 46. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
29 read as follows:

30 15. In the case of a district other than an **[Abbott]** SDA district,
31 for any project approved by the commissioner after the effective
32 date of this act, the district may elect to receive a one-time grant for
33 the State share of the project rather than annual debt service aid
34 under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share
35 payable to the district shall equal the product of the project's final
36 eligible costs and 115% of the district aid percentage or 40%,
37 whichever is greater. The development authority shall provide
38 grant funding for the State's share of the final eligible costs of a
39 school facilities project pursuant to an agreement between the
40 district and the development authority which shall, in addition to
41 other terms and conditions, set forth the terms of disbursement of
42 the State share. The funding of the State share shall not commence
43 until the district secures financing for the local share.

44 (cf: P.L.2007, c.137, s.26)

45

46 47. Section 21 of P.L.2000, c.72 (C.18A:7G-21) is amended to
47 read as follows:

1 21. a. In the event that a local unit has failed or is unable to pay
2 to the financing authority or the development authority in full when
3 due any local unit obligations issued by the local unit to the
4 financing authority, including, but not limited to, any lease or
5 sublease obligations, or any other moneys owed by the district to
6 the financing authority, to assure the continued operation and
7 solvency of the authority, the State Treasurer shall pay directly to
8 the financing authority an amount sufficient to satisfy the
9 deficiency from State aid payable to the local unit; provided that if
10 the local unit is a school district, the State aid shall not include any
11 State aid which may otherwise be restricted pursuant to the
12 provisions of [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. _____, c.
13 (C.) (pending before the Legislature as this bill). As used in this
14 section, local unit obligations include the principal or interest on
15 local unit obligations or payment pursuant to a lease or sublease of
16 a school facilities project to a local unit, including the subrogation
17 of the financing authority to the right of the holders of those
18 obligations, any fees or charges payable to the financing authority,
19 and any amounts payable by a local unit under a service contract or
20 other contractual arrangement the payments under which are
21 pledged to secure any local unit obligations issued to the financing
22 authority by another local unit.

23 b. If the financing authority requires, and if there has been a
24 failure or inability of a local unit to pay its local unit obligations to
25 the financing authority for a period of 30 days, the chairman or the
26 executive director of the financing authority shall certify to the
27 State Treasurer, with written notice to the fiscal officer of the local
28 unit, the amount remaining unpaid, and the State Treasurer shall
29 pay that amount to the financing authority; or if the right to receive
30 those payments has been pledged or assigned to a trustee for the
31 benefit of the holders of bonds or refunding bonds of the financing
32 authority, to that trustee, out of the State aid payable to the local
33 unit, until the amount so certified has been paid. Notwithstanding
34 any provision of this act to the contrary, the State Treasurer's
35 obligation to pay the financing authority pursuant to this section
36 shall not extend beyond the amount of State aid payable to the local
37 unit.

38 c. The amount paid to the financing authority pursuant to this
39 section shall be deducted from the appropriation or apportionment
40 of State aid payable to the local unit and shall not obligate the State
41 to make, nor entitle the local unit to receive, any additional
42 appropriation or apportionment. The obligation of the State
43 Treasurer to make payments to the financing authority or trustee
44 and the right of the financing authority or trustee to receive those
45 payments shall be subject and subordinate to the rights of holders of
46 qualified bonds issued prior to the effective date of this act pursuant
47 to P.L.1976, c.38 (C.40A:3-1 et seq.) and P.L.1976, c.39

1 (C.18A:24-85 et seq.).
2 (cf: P.L.2007, c.137, s.32)

3

4 48. Section 15 of P.L.2007, c.137 (C.18A:7G-46) is amended to
5 read as follows:

6 15. If land is necessary to be acquired in connection with a
7 school facilities project in an **[Abbott]** SDA district, the board of
8 education of the district and the governing body of the municipality
9 in which the district is situate shall jointly submit to the
10 commissioner and to the development authority a complete
11 inventory of all district- and municipal-owned land located in the
12 municipality. The inventory shall include a map of the district
13 showing the location of each of the identified parcels of land. The
14 board of education and the governing body of the municipality shall
15 provide an analysis of why any district- or municipal-owned land is
16 not suitable as a site for a school facilities project identified in the
17 district's long-range facilities plan. The inventory shall be updated
18 as needed in connection with any subsequent school facilities
19 projects for which it is necessary to acquire land.

20 (cf: P.L.2007, c.137, s.15)

21

22 49. Section 16 of P.L.2007, c.137 (C.18A:7G-47) is amended to
23 read as follows:

24 16. a. Whenever the board of education of an **[Abbott]** SDA
25 district submits to the New Jersey Schools Development Authority
26 established pursuant to P.L.2007, c.137 (C.52:18A-235 et al.)
27 information on a proposed preferred site for the construction of a
28 school facilities project, the development authority shall file a copy
29 of a map, plan or report indicating the proposed preferred site with
30 the county clerk of the county within which the site is located and
31 with the municipal clerk, planning board, and building inspector of
32 the municipality within which the site is located.

33 b. Whenever a map, plan, or report indicating a proposed
34 preferred site for the construction of an **[Abbott]** SDA district
35 school facilities project is filed by the development authority
36 pursuant to subsection a. of this section, any municipal approving
37 authority before granting any site plan approval, building permit, or
38 approval of a subdivision plat, or exercising any other approval
39 power with respect to the development or improvement of any lot,
40 tract, or parcel of land which is located wholly or partially within
41 the proposed preferred site shall refer the site plan, application for a
42 building permit or subdivision plat or any other application for
43 proposed development or improvement to the development
44 authority for review and recommendation as to the effect of the
45 proposed development or improvement upon the construction of the
46 school facilities project.

47 c. A municipal approving authority shall not issue any site plan
48 approval or building permit or approve a subdivision plat or

1 exercise any other approval power with respect to the development
2 or improvement of the lot, tract, or parcel of land without the
3 recommendation of the development authority until 45 days
4 following referral to the development authority pursuant to
5 subsection b. of this section. Within that 45-day period, the
6 development authority may:

7 (1) give notice to the municipal approving authority and to the
8 owner of the lot, tract, or parcel of land of probable intention to
9 acquire the whole or any part thereof, and no further action shall be
10 taken by the approving authority for a further period of 180 days
11 following receipt of notice from the development authority. If
12 within the 180-day period the development authority has not
13 acquired, agreed to acquire, or commenced an action to condemn
14 the property, the municipal approving authority shall be free to act
15 upon the pending application in such manner as may be provided by
16 law; or

17 (2) give notice to the municipal approving authority and to the
18 owner of the lot, tract, or parcel of land that the development
19 authority has no objection to the granting of the permit or approval
20 for which application has been made. Upon receipt of the notice the
21 municipal approving authority shall be free to act upon the pending
22 application in such manner as may be provided by law.

23 (cf: P.L.2007, c.137, s.16)

24

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

26 18A:13-23. The annual or special appropriations for regional
27 districts, including the amounts to be raised for interest upon, and
28 the redemption of, bonds payable by the district, shall be
29 apportioned among the municipalities included within the regional
30 district, as may be approved by the voters of each municipality at
31 the annual school election or a special school election, upon the
32 basis of:

33 a. the portion of each municipality's equalized valuation
34 allocated to the regional district, calculated as described in the
35 definition of equalized valuation in section [3 of P.L.1996, c.138
36 (C.18A:7F-3)] 3 of P.L. , c. (C.) (pending before the
37 Legislature as this bill);

38 b. the proportional number of pupils enrolled from each
39 municipality on the 15th day of October of the prebudget year in the
40 same manner as would apply if each municipality comprised
41 separate constituent school districts; or

42 c. any combination of apportionment based upon equalized
43 valuations pursuant to subsection a. of this section or pupil
44 enrollments pursuant to subsection b. of this section.

45 (cf: P.L.1996, c.138, s.50)

46

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

1 18A:21-3. The account shall be established by resolution of the
2 board of school estimate or the board of education, as the case may
3 be, in such form as shall be prescribed by the commissioner, a true
4 copy of which shall be filed with the department. **【**For any school
5 year an amount not to exceed 1.5 percent of the amount of core
6 curriculum standards aid, as calculated pursuant to section 15 of
7 P.L.1996, c.138 (C.18A:7F-15), plus any additional sum expressly
8 approved by the voters of the district or the board of school
9 estimate, and any undesignated general fund balance amount,
10 authorized under section 7 of P.L.1996, c.138 (C.18A:7F-7), may
11 be appropriated to the account.**】** The account shall **【also】** include
12 the earnings attributable to the investment of the assets of the
13 account.

14 (cf: P.L.1996, c.138, s.51)

15

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

17 18A:22-8. The budget shall be prepared in such detail and upon
18 such forms as shall be prescribed by the commissioner and to it
19 shall be annexed a statement so itemized as to make the same
20 readily understandable, in which shall be shown:

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

22 (1) The total expenditure for each item for the preceding school
23 year, the amount appropriated for the current school year adjusted
24 for transfers as of February 1 of the current school year, and the
25 amount estimated to be necessary to be appropriated for the ensuing
26 school year, indicated separately for each item as determined by the
27 commissioner;

28 (2) The amount of the surplus account available at the beginning
29 of the preceding school year, at the beginning of the current school
30 year and the amount anticipated to be available for the ensuing
31 school year;

32 (3) The amount of revenue available for budget purposes for the
33 preceding school year, the amount available for the current school
34 year as of February 1 of the current school year and the amount
35 anticipated to be available for the ensuing school year in the
36 following categories:

37 (a) Total to be raised by local property taxes

38 (b) Total State aid

39 (i) **【Core curriculum standards】** Equalization aid

40 (ii) Special education categorical aid

41 (iii) Transportation aid

42 (iv) **【Early childhood program】** Preschool education aid

43 (v) **【Demonstrably effective program aid**

44 (vi) Instructional supplement aid

45 (vii) Supplemental core curriculum standards aid

46 (viii) Distance learning network aid

47 (ix) Bilingual aid

- 1 (x) Security aid
2 (vi) Adjustment aid
3 (vii) Other (detailed at the discretion of the commissioner)
4 (c) Total federal aid
5 (i) Elementary and Secondary Education Act of 1965 (20
6 U.S.C.s.2701 et seq.)
7 (ii) Handicapped
8 (iii) Impact Aid
9 (iv) Vocational
10 (v) Other (detailed at the discretion of the commissioner)
11 (d) Other sources (detailed at the discretion of the
12 commissioner).
13 b. (Deleted by amendment, P.L.1993, c.117).
14 c. In the event that the total expenditure for any item of
15 appropriation is equal to \$0.00 for: (1) the preceding school year,
16 (2) the current school year, and (3) the amount estimated to be
17 necessary to be appropriated for the ensuing school year, that item
18 shall not be required to be published pursuant to N.J.S.18A:22-11.
19 d. The instruction function of the budget shall be divided at a
20 minimum into elementary (K-5), middle school (6-8), and high
21 school (9-12) cost centers, each of which shall be further divided by
22 the core curriculum content areas. The commissioner shall phase in
23 these requirements as soon as practicable.
24 e. The budget as adopted for the school year pursuant to section
25 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public
26 inspection on the school district's Internet site, if one exists, and
27 made available in print in a "user-friendly" format using plain
28 language. The Commissioner of Education shall promulgate a
29 "user-friendly," plain language budget summary format for the use
30 of school districts for this purpose.
31 (cf: P.L.2007, c.53, s.18)

32
33 53. Section 2 of P.L.1979, c.294 (C.18A:22-8.1) is amended to
34 read as follows:

35 2. Except as otherwise provided pursuant to this section,
36 whenever a school district desires to transfer amounts among line
37 items and program categories, the transfers shall be by resolution of
38 the board of education approved by a two-thirds affirmative vote of
39 the authorized membership of the board; however, a board may, by
40 resolution, designate the chief school administrator to approve such
41 transfers as are necessary between meetings of the board. Transfers
42 approved by the chief school administrator shall be reported to the
43 board, ratified and duly recorded in the minutes at a subsequent
44 meeting of the board, but not less than monthly. Transfers of
45 surplus amounts or any other unbudgeted or underbudgeted revenue
46 to line items and program categories shall require the approval of
47 the Commissioner of Education and shall only be approved between
48 April 1 and June 30 for line items and program categories necessary

1 to achieve the thoroughness standards established pursuant to
2 **【subsection a. of section 4 of P.L.1996, c.138 (C18A:7F-4)】** section
3 4 of P.L. , c. (C.) (pending before the Legislature as this bill);
4 except that upon a two-thirds affirmative vote of the authorized
5 membership of a board of education, the board may petition the
6 commissioner for authority to transfer such revenue prior to April 1
7 due to an emergent circumstance and the commissioner may
8 authorize the transfer if he determines that the transfer is necessary
9 to meet such emergency. Transfers from any general fund
10 appropriation account that, on a cumulative basis, exceed 10% of
11 the amount of the account included in the school district's budget as
12 certified for taxes shall require the approval of the commissioner. In
13 a school district wherein the Commissioner of Education has
14 directed an in-depth evaluation pursuant to subsection e. of section
15 14 of P.L.1975, c.212 (C.18A:7A-14), the board of education shall
16 obtain the written approval of the executive county superintendent
17 of schools prior to implementing any board authorized transfer of
18 funds.

19 (cf: P.L.2005, c.235, s.34)

20

21 54. N.J.S.18A:22-38 is amended to read as follows:

22 18A:22-38. If the governing body or bodies fail to certify any
23 amount determined to be necessary pursuant to section 5 of
24 P.L.1996, c.138 (C.18A:7F-5) for any item rejected at the annual
25 school election, or in the event that the governing bodies of the
26 municipalities comprising a school district, shall certify different
27 amounts, then the commissioner shall determine the amount or
28 amounts which in his judgment, are necessary to be appropriated,
29 for each of the items appearing in the budget, submitted to the
30 governing body or bodies, and certify to the county board of
31 taxation the totals of the amount determined to be necessary for
32 **【each of the following:**

33 a. General fund expenses of schools; or

34 b. Appropriations to capital reserve account **】** the general fund
35 expenses of the schools;

36 and the **【amounts】** amount certified shall be included in the taxes to
37 be assessed, levied and collected in the municipality or
38 municipalities for those purposes. **【For any district submitting a**
39 **budget in excess of the maximum T&E budget, the commissioner**
40 **shall certify a general fund tax levy pursuant to paragraph (1) of**
41 **subsection e. of section 5 of P.L.1996, c.138 (C.18A:7F-5).】**

42 (cf: P.L.1996, c.138, s.60)

43

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

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

- 1 a. "Commissioner" means the Commissioner of Education of the
2 State of New Jersey;
- 3 b. "Debt service" means and includes payments of principal and
4 interest upon qualified bonds issued pursuant to the terms of this act
5 or amounts required in order to satisfy sinking fund payment
6 requirements with respect to such bonds;
- 7 c. "Local Finance Board" means the Local Finance Board in the
8 Division of Local Government Services in the Department of
9 Community Affairs, established pursuant to P.L.1974, c.35
10 (C.52:27D-18.1);
- 11 d. "Paying agent" means any bank, trust company or national
12 banking association having the power to accept and administer
13 trusts, named or designated in any qualified bond of a school
14 district or municipality as the agent for the payment of the principal
15 of and interest thereon and shall include the holder of any sinking
16 fund established for the payment of such bonds;
- 17 e. "Qualified bonds" means those bonds of a school district or
18 municipality authorized and issued in conformity with the
19 provisions of this act;
- 20 f. "State board" means the State Board of Education of the State
21 of New Jersey;
- 22 g. "School district" means a Type I, Type II, regional, or
23 consolidated school district as defined in Title 18A of the New
24 Jersey Statutes;
- 25 h. "State school aid" means the funds made available to local
26 school districts pursuant to [sections 15 and 17 of P.L.1996, c.138
27 (C.18A:7F-15 and C.18A:7F-17)] section 11 of P.L. , c. (C.)
28 (pending before the Legislature as this bill).
29 (cf: P.L.1996, c.138, s.61)

30
31 56. Section 7 of P.L.1985, c.321 (C.18A:29-5.6) is amended to
32 read as follows:

- 33 7. a. The actual salary paid to each teacher under each district's
34 or educational services commission's 1984-85 approved salary
35 guide shall be considered a base salary for purposes of this act.
- 36 b. In addition to all other funds to which the local district or
37 educational services commission is entitled under the provisions of
38 [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c. (C.) (pending
39 before the Legislature as this bill) and other pertinent statutes, each
40 board of education or board of directors of an educational services
41 commission shall receive from the State during the 1985-86
42 academic year and for two years thereafter an amount equal to the
43 sum of the amounts by which the actual salary prescribed for each
44 current full-time teaching staff member under the salary schedule
45 adopted by the local board of education or board of directors for the
46 1984-85 academic year in the manner prescribed by law is less than
47 \$18,500.00, provided that the teaching staff member has been
48 certified by the local board of education or board of directors as

1 performing his duties in an acceptable manner for the 1984-85
2 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local
3 board of education or board of directors shall receive from the State
4 on behalf of the newly employed full-time teaching staff members
5 for the 1985-86 academic year and for two years thereafter an
6 amount equal to the sum of the amounts by which the actual salary
7 prescribed for each newly employed full-time teaching staff
8 member under the salary schedule adopted by the local board of
9 education or board of directors for the 1984-85 academic year is
10 less than \$18,500.00. All adjustments for teachers who are hired or
11 who leave employment during the school year and who make less
12 than \$18,500.00 shall be made in the school year following the year
13 in which they were hired or left employment.

14 c. For the 1988-89 academic year and thereafter, this act shall be
15 funded in accordance with the recommendations of the State and
16 Local Expenditure and Revenue Policy Commission created
17 pursuant to P.L.1984, c.213. If the commission's recommendations
18 for funding this program are not enacted into law, this act shall be
19 funded in accordance with subsection d. of this section and sections
20 9 and 10 of this act.

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

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

31 (cf: P.L.1996, c.138, s.62)

32

33 57. Section 11 of P.L.1995, c.426 (C.18A:36A-11) is amended
34 to read as follows:

35 11. a. A charter school shall operate in accordance with its
36 charter and the provisions of law and regulation which govern other
37 public schools; except that, upon the request of the board of trustees
38 of a charter school, the commissioner may exempt the school from
39 State regulations concerning public schools, except those pertaining
40 to assessment, testing, civil rights and student health and safety, if
41 the board of trustees satisfactorily demonstrates to the
42 commissioner that the exemption will advance the educational goals
43 and objectives of the school.

44 b. A charter school shall comply with the provisions of chapter
45 46 of Title 18A of the New Jersey Statutes concerning the provision
46 of services to handicapped students; except that the fiscal
47 responsibility for any student currently enrolled in or determined to

1 require a private day or residential school shall remain with the
2 district of residence.

3 Within 15 days of the signing of the individualized education
4 plan, a charter school shall provide notice to the resident district of
5 any individualized education plan which results in a private day or
6 residential placement. The resident district may challenge the
7 placement within 30 days in accordance with the procedures
8 established by law.

9 c. A charter school shall comply with applicable State and
10 federal anti-discrimination statutes.

11 (cf: P.L.1995, c.426, s.11)

12

13 58. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended
14 to read as follows:

15 12. a. [As used in this section:

16 "Maximum T&E amount" means the T&E amount plus the T&E
17 flexible amount for the budget year weighted for kindergarten,
18 elementary, middle school and high school respectively as set forth
19 in section 12 of P.L.1996, c.138 (C.18A:7F-12);

20 "Program budget" means the sum in the prebudget year inflated
21 by the CPI rate published most recent to the budget calculation of
22 core curriculum standards aid; supplemental core curriculum
23 standards aid; stabilization aid, including supplemental stabilization
24 aid and supplemental school tax reduction aid; designated general
25 fund balance; miscellaneous local general fund revenue; and the
26 district's general fund tax levy.] (Deleted by amendment, P.L. ,
27 c.) (pending before the Legislature as this bill)

28 b. The school district of residence shall pay directly to the
29 charter school for each student enrolled in the charter school who
30 resides in the district an amount equal to [the lower of either 90%
31 of the program budget per pupil for the specific grade level in the
32 district or 90% of the maximum T&E amount. The per pupil
33 amount paid to the charter school shall not exceed the program
34 budget per pupil for the specific grade level in the district in which
35 the charter school is located] 90% of the sum of the budget year
36 equalization aid per pupil and the prebudget year general fund tax
37 levy per pupil inflated by the CPI rate most recent to the
38 calculation. In addition, the school district of residence shall pay
39 directly to the charter school the security categorical aid attributable
40 to the student and a percentage of the district's special education
41 categorical aid equal to the percentage of the district's special
42 education students enrolled in the charter school and , if applicable,
43 100% of preschool education aid. The district of residence shall
44 also pay directly to the charter school [any categorical aid
45 attributable to the student, provided the student is receiving
46 appropriate categorical services, and] any federal funds attributable
47 to the student.

1 c. **【**For any student enrolled in a charter school in which 90%
2 of the program budget per pupil for the specific grade level is
3 greater than 90% of the maximum T&E amount, the State shall pay
4 the difference between the two amounts.**】** (Deleted by amendment,
5 P.L. , c.) (pending before the Legislature as this bill)

6 d. Notwithstanding the provisions of subsection b. of this
7 section, in the case of a student who was not included in the
8 district's projected resident enrollment for the school year, the State
9 shall pay 100% of the amount required pursuant to subsection b. of
10 this section for the first year of the student's enrollment in the
11 charter school.

12 e. The State shall make payments required pursuant to
13 **【**subsections c. and**】** subsection d. of this section directly to the
14 charter school.

15 (cf: P.L.2000, c.142, s.2)

16

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

19 3. a. In the event the designated district is composed of more
20 than one municipality, when allocating equalized valuations or
21 district incomes, pursuant to the provisions of section **【**3 of
22 P.L.1996, c.138 (C.18A:7F-3)**】** 3 of P.L. , c. (C.) (pending
23 before the Legislature as this bill), for the purpose of calculating
24 State aid, persons attending schools in the designated district
25 pursuant to section 2 of this act shall be assigned to each
26 municipality comprising the designated district in direct proportion
27 to the number of persons ordinarily attending school from each
28 municipality in the designated district without considering the
29 persons attending pursuant to this act.

30 b. In the event the designated district is a constituent district of a
31 limited purpose regional district, when allocating equalized
32 valuations or district incomes, pursuant to the provisions of section
33 **【**3 of P.L.1996, c.138 (C.18A:7F-3)**】** 3 of P.L. , c. (C.)
34 (pending before the Legislature as this bill), for the purpose of
35 apportioning the amounts to be raised by taxes for the limited
36 purpose regional district of which the designated district is a
37 constituent district, persons attending schools in the designated
38 district pursuant to section 2 of this act shall not be counted.

39 (cf: P.L.1996, c.138, s.63)

40

41 60. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended to
42 read as follows:

43 4. The county superintendent of schools shall, within 120 days
44 of the effective date of this act, certify to the Commissioner of
45 Education which local school district shall be the designated district
46 for persons of school age residing in a multi-district federal enclave.
47 The district certified as the designated district shall count all pupils

1 who reside in a multi-district federal enclave in the resident
2 enrollment of the district for all State aid purposes and shall be
3 designated by the commissioner to receive State aid and all federal
4 funds provided under Pub.L.81-874, (20 U.S.C. s.236 et seq.).

5 For the purposes of calculating State aid pursuant to **[P.L.1996,**
6 **c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.) (pending before the
7 Legislature as this bill), whenever pupils residing in one district are
8 attending the schools of the designated district, the district income
9 of the resident district shall be allocated between the resident
10 district and the designated district in proportion to the number of
11 pupils residing in the resident district attending the schools of the
12 resident district and designated district.

13 (cf: P.L.1996, c.138, s.64)

14

15 61. N.J.S.18A:38-19 is amended to read as follows:

16 18A:38-19. **[a.]** Whenever the pupils of any school district are
17 attending public school in another district, within or without the
18 State, pursuant to this article, the board of education of the
19 receiving district shall determine a tuition rate to be paid by the
20 board of education of the sending district to an amount not in excess
21 of the actual cost per pupil as determined under rules prescribed by
22 the commissioner and approved by the State board, and such tuition
23 shall be paid by the custodian of school moneys of the sending
24 district out of any moneys in his hands available for current
25 expenses of the district upon order issued by the board of education
26 of the sending district, signed by its president and secretary, in
27 favor of the custodian of school moneys of the receiving district.

28 **[b.** Notwithstanding the provisions of subsection a. of this
29 section, whenever the pupils of any school district are attending
30 public school in an Abbott district as defined pursuant to section 3
31 of P.L.1996, c.138 (C.18A:7F-3), any expenditures associated with
32 amounts appropriated to the Abbott district as Abbott v. Burke
33 parity remedy aid or additional Abbott v. Burke State aid shall not
34 be included in the actual cost per pupil for the calculation of the
35 tuition to be paid by the sending district.]

36 (cf: P.L.2001, c.285, s.1)

37

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

40 2. For the 2002-2003 school year, the maximum amount of
41 nonpublic school transportation costs per pupil provided for in
42 N.J.S.18A:39-1 shall equal \$735 and this amount shall be increased
43 in each subsequent year in direct proportion to the increase in the
44 State transportation aid per pupil in the year prior to the prebudget
45 year compared to the amount for the prebudget year or by the CPI,
46 whichever is greater.

1 As used in this section, State transportation aid per pupil shall
2 equal the total State transportation aid payments made pursuant to
3 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. , c.
4 (C.) (pending before the Legislature as this bill) divided by the
5 number of pupils eligible for transportation. "CPI" means the
6 average annual increase, expressed as a decimal, in the consumer
7 price index for the New York City and Philadelphia areas during the
8 fiscal year preceding the prebudget year as reported by the United
9 States Department of Labor.

10 In the 2002-2003 school year and thereafter, any additional costs
11 incurred by a school district due to the increase in the maximum
12 amount of nonpublic school transportation costs per pupil pursuant
13 to this section shall be borne by the State.

14 (cf: P.L.2001, c.437, s.1)

15
16 63. N.J.S.18A:39-1.1 is amended to read as follows:

17 18A:39-1.1. In addition to the provision of transportation for
18 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board
19 of education of any district may provide, by contract or otherwise,
20 in accordance with law and the rules and regulations of the State
21 board, for the transportation of other pupils to and from school.

22 Districts shall not receive State transportation aid pursuant to
23 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. , c.
24 (C.) (pending before the Legislature as this bill) for the
25 transportation of pupils pursuant to this section.

26 (cf: P.L.1996, c.138, s.67)

27
28 64. Section 1 of P.L.1995, c.106 (C.18A:39-1.3) is amended to
29 read as follows:

30 1. Any board of education which transports pupils to and from
31 school pursuant to N.J.S.18A:39-1 or a cooperative transportation
32 services agency may enter into a contract for the transportation of
33 public school pupils who are not eligible for transportation services
34 pursuant to N.J.S.18A:39-1 or any other law, and may require that if
35 the parent, guardian or other person having legal custody of the
36 child elects to have the pupil transported pursuant to the contract,
37 then the parent, guardian or other person having legal custody of the
38 child shall pay all or a part of the costs of that transportation,
39 including, but not limited to, the cost of fuel, driver salaries and
40 insurance. A board of education or a cooperative transportation
41 services agency may also enter into a contract for the transportation
42 of pupils who attend not for profit nonpublic schools and who are
43 not eligible for transportation services pursuant to N.J.S.18A:39-1
44 or any other law or who receive in-lieu-of transportation payments,
45 and may require that if the parent, guardian or other person having
46 legal custody of the child elects to have the pupil transported
47 pursuant to the contract, then the parent, guardian or other person
48 having legal custody of the child shall pay all or a part of the costs

1 of that transportation, including, but not limited to, the cost of fuel,
2 driver salaries and insurance.

3 The costs of the transportation shall be paid at the time and in the
4 manner determined by the board of education or the cooperative
5 transportation services agency, provided that the parent, guardian or
6 other person having legal custody of the pupil attending the public
7 or nonpublic school shall pay no more than the per pupil cost of the
8 route for the transportation provided pursuant to this section.

9 Boards of education shall not receive State transportation aid
10 pursuant to section [25 of P.L.1996, c.138 (C.18A:7F-25)] 15 of
11 P.L. , c. (C.) (pending before the Legislature as this bill) for
12 the transportation of pupils pursuant to this section; however, the
13 pupils shall be included in the calculation of the district's regular
14 vehicle capacity utilization for purposes of the application of the
15 incentive factor pursuant to that section.

16 A board of education shall notify the Department of Education
17 when it elects to provide transportation for pupils under the
18 provisions of this act.

19 (cf: P.L.2001, c.65, s.1)

20

21 65. Section 1 of P.L.2000, c.114 (C.18A:39-1.7) is amended to
22 read as follows:

23 1. A board of education responsible for the transportation of
24 public school pupils to and from school pursuant to N.J.S.18A:39-1
25 or a cooperative transportation services agency as identified by the
26 Commissioner of Education may permit nonpublic school pupils
27 who live in or outside of the district and who are not eligible for
28 pupil transportation pursuant to N.J.S.18A:39-1 because the
29 distance from the pupil's residence to the nonpublic school is
30 greater than the mileage limit established pursuant to N.J.S.18A:39-
31 1 or any other law to purchase transportation to the nonpublic
32 school from the board of education or the cooperative transportation
33 services agency provided that:

34 a. there is available space on the appropriate bus route; and

35 b. the parent, guardian or other person having legal custody of
36 the pupil attending the nonpublic school agrees to transport the
37 pupil to an existing bus stop as determined by the board of
38 education or the cooperative transportation services agency.

39 The parent, guardian or other person having legal custody of the
40 pupil attending the nonpublic school shall pay no more than the per
41 pupil cost of the route for the transportation provided pursuant to
42 this section. The costs of the transportation shall be paid at the time
43 and in the manner determined by the board of education or
44 cooperative transportation services agency.

45 A board of education or the cooperative transportation services
46 agency shall notify the Department of Education when it elects to
47 provide transportation for pupils under the provisions of this
48 section.

1 Boards of education shall not receive State transportation aid
2 pursuant to section [25 of P.L.1996, c.138 (C.18A:7F-25)] 15 of
3 P.L. , c. (C.) (pending before the Legislature as this bill) for
4 the transportation of pupils pursuant to this section; however these
5 pupils shall be included in the calculation of the district's regular
6 vehicle capacity utilization for purposes of the application of the
7 incentive factor pursuant to that section.

8 Prior to providing transportation pursuant to this section to a
9 nonpublic school pupil who lives within the district, a board of
10 education shall determine if the pupil is eligible for transportation
11 or an in-lieu-of payment pursuant to section 1 of P.L.1999, c.350
12 (C.18A:39-1.6). If the board of education determines that the pupil
13 is eligible for transportation or an in-lieu-of payment pursuant to
14 section 1 of P.L.1999, c.350 (C.18A:39-1.6), then that provision of
15 law shall govern the transportation services provided to the pupil by
16 the board of education.

17 (cf: P.L.2000, c.114, s.1)

18

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

20 18A:39-3. a. No contract for the transportation of pupils to and
21 from school shall be made, when the amount to be paid during the
22 school year for such transportation shall exceed \$7,500.00 or the
23 amount determined pursuant to subsection b. of this section, and
24 have the approval of the executive county superintendent of
25 schools, unless the board of education making such contract shall
26 have first publicly advertised for bids therefor in a newspaper
27 published in the district or, if no newspaper is published therein, in
28 a newspaper circulating in the district, once, at least 10 days prior to
29 the date fixed for receiving proposals for such transportation, and
30 shall have awarded the contract to the lowest responsible bidder.

31 Nothing in this chapter shall require the advertisement and
32 letting on proposals or bids of annual extensions, approved by the
33 executive county superintendent, of any contract for transportation
34 entered into through competitive bidding when--

35 (1) Such annual extensions impose no additional cost upon the
36 board of education, regardless of the fact that the route description
37 has changed; or

38 (2) The increase in the contractual amount as a result of such
39 extensions does not exceed the rise in the Consumer Price Index as
40 defined in section [3 of P.L.1996, c.138 (C.18A:7F-3)] 3 of P.L. ,
41 c. (C.) (pending before the Legislature as this bill) for that
42 school year, regardless of the fact that the route description has
43 changed or an aide has been added or removed; or

44 (3) (Deleted by amendment, P.L.1982, c.74.)

45 (4) The increase in the contractual amount as a result of an
46 extension exceeds the rise in the Consumer Price Index as defined
47 in section [3 of P.L.1996, c.138 (C.18A:7F-3)] 3 of P.L. , c.

1 (C.) (pending before the Legislature as this bill) for that school
2 year, but the following apply to the extensions:

3 (a) The increase is directly attributable to a route change to
4 accommodate new student riders or safety concerns as provided for
5 in the original bid, or the increase is directly attributable to the
6 addition of an aide as provided for in the original bid; and

7 (b) The school destination remains unchanged from the original
8 contract.

9 Any such extension as described in this paragraph shall require
10 the approval of the executive county superintendent of schools.

11 Nothing in this chapter shall require the immediate bid of any
12 contract renewal for the remainder of a school year in which the
13 only change, in addition to route description, is the bus type.
14 However, any such extension shall be approved by the executive
15 county superintendent of schools and shall be bid for the next
16 school year.

17 b. The Governor, in consultation with the Department of the
18 Treasury, shall, no later than March 1 of each odd-numbered year,
19 adjust the threshold amount set forth in subsection a. of this section,
20 or subsequent to 1985 the threshold amount resulting from any
21 adjustment under this subsection or section 17 of P.L.1985. c.469,
22 in direct proportion to the rise or fall of the Consumer Price Index
23 for all urban consumers in the New York City and the Philadelphia
24 areas as reported by the United States Department of Labor. The
25 Governor shall, no later than June 1 of each odd-numbered year,
26 notify all local school districts of the adjustment. The adjustment
27 shall become effective on July 1 of each odd-numbered year.

28 (cf: P.L.2003, c.69, s.1)

29

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

31 18A:39-15. If the executive county superintendent of the county
32 in which the districts are situate shall approve the necessity, the
33 cost, and the method of providing joint transportation and the
34 agreement whereby the same is to be provided, each board of
35 education providing joint transportation shall be entitled to State
36 transportation aid pursuant to section [25 of P.L.1996, c.138
37 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
38 Legislature as this bill).

39 (cf: P.L.1996, c.138, s.68)

40

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

43 11. The Commissioner of Education, in consultation with the
44 Commissioner of Health and Senior Services, shall develop and
45 administer a program which provides for the employment of
46 substance awareness coordinators in certain school districts.

47 a. Within 90 days of the effective date of this act, the
48 Commissioner of Education shall forward to each local school

1 board a request for a proposal for the employment of a substance
2 awareness coordinator. A board which wants to participate in the
3 program shall submit a proposal to the commissioner which outlines
4 the district's plan to provide substance abuse prevention,
5 intervention and treatment referral services to students through the
6 employment of a substance awareness coordinator. Nothing shall
7 preclude a district which employs a substance awareness
8 coordinator at the time of the effective date of this act from
9 participating in this program. The commissioner shall select school
10 districts to participate in the program through a competitive grant
11 process. The participating districts shall include urban, suburban
12 and rural districts from the north, central and southern geographic
13 regions of the State with at least one school district per county. In
14 addition to all other State aid to which the local district is entitled
15 under the provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]**
16 P.L. , c. (C.) (pending before the Legislature as this bill) and
17 other pertinent statutes, each board of education participating in the
18 program shall receive from the State, for a three-year period, the
19 amount necessary to pay the salary of its substance awareness
20 coordinator.

21 b. The position of substance awareness coordinator shall be
22 separate and distinct from any other employment position in the
23 district, including, but not limited to district guidance counselors,
24 school social workers and school psychologists. The State Board of
25 Education shall approve the education and experience criteria
26 necessary for employment as a substance awareness coordinator.
27 The criteria shall include a requirement for certification by the State
28 Board of Examiners. In addition to the criteria established by the
29 State board, the Department of Education and the Department of
30 Health and Senior Services shall jointly conduct orientation and
31 training programs for substance awareness coordinators, and shall
32 also provide for continuing education programs for coordinators.

33 c. It shall be the responsibility of substance awareness
34 coordinators to assist local school districts in the effective
35 implementation of this act. Coordinators shall assist with the in
36 service training of school district staff concerning substance abuse
37 issues and the district program to combat substance abuse; serve as
38 an information resource for substance abuse curriculum
39 development and instruction; assist the district in revising and
40 implementing substance abuse policies and procedures; develop and
41 administer intervention services in the district; provide counseling
42 services to pupils regarding substance abuse problems; and, where
43 necessary and appropriate, cooperate with juvenile justice officials
44 in the rendering of substance abuse treatment services.

45 d. The Commissioner of Education, in consultation with the
46 Commissioner of Health and Senior Services, shall implement a
47 plan to collect data on the effectiveness of the program in treating
48 problems associated with substance abuse and in reducing the

1 incidence of substance abuse in local school districts. Six months
2 prior to the expiration of the program authorized pursuant to this
3 section, the Commissioner of Education shall submit to the
4 Governor and the Legislature an evaluation of the program and a
5 recommendation on the advisability of its continuation or expansion
6 to all school districts in the State.

7 (cf: P.L.1996, c.138, s.70)

8

9 69. N.J.S.18A:44-4 is amended to read as follows:

10 18A:44-4. a. Except as otherwise provided pursuant to
11 subsection b. of this section, the expenses of preschool schools or
12 departments and of kindergarten schools or departments shall be
13 paid out of any moneys available for the general fund expenses of
14 the schools, and in the same manner and under the same restrictions
15 as the expenses of other schools or departments are paid, except
16 when wholly or partly subsidized by restricted funding sources or
17 restricted endowments.

18 b. **[In the case of a non-Abbott school district which is not**
19 **required to operate a preschool program pursuant to section 16 of**
20 **P.L.1996, c.138 (C.18A:7F-16) and which does not receive early**
21 **childhood program aid pursuant to that section, the]** A district may
22 collect tuition from the parents or guardians of students enrolled in
23 a preschool school or department [in an amount not to] **for whom**
24 the district does not receive preschool education aid pursuant to
25 section 12 of P.L. , c. (C.) (pending before the Legislature as
26 this bill). The amount of tuition may not exceed the per pupil cost
27 of the preschool program.

28 (cf: P.L.2004, c.125, s.1)

29

30 70. Section 2 of P.L.2000, c.139 (C.18A:44-6) is amended to
31 read as follows:

32 2. a. There is established a Division of Early Childhood
33 Education in the Department of Education. The administrator and
34 head of the division shall be a person qualified by training and
35 experience to perform the duties of the division and shall devote
36 his entire time to the performance of those duties.

37 b. The division shall be responsible for:

38 (1) setting required standards for early childhood education
39 programs in **[the Abbott districts, districts receiving Early**
40 **Childhood Program Aid and all other]** districts that operate
41 preschool programs for three- and four-year olds that emphasize the
42 quality necessary to meet children's needs, including, but not
43 limited to, standards for teacher qualifications, program design and
44 facilities;

45 (2) identifying and disseminating information on model early
46 childhood education programs that meet and exceed high standards
47 for program quality;

- 1 (3) the coordination of early childhood programs and services in
2 consultation with the Department of Human Services;
- 3 (4) identifying the amount of funds necessary to implement
4 successful early childhood education programs based on a
5 comprehensive needs assessment;
- 6 (5) providing assistance, as needed, to school districts in
7 implementing early childhood education programs;
- 8 (6) implementing the early childhood education orders of the
9 New Jersey Supreme Court;
- 10 (7) overseeing the evaluation and monitoring of early childhood
11 education programs in [the Abbott districts, districts receiving
12 Early Childhood Program Aid and all other] districts that operate
13 preschool programs for three- and four-year olds; and
- 14 (8) providing, in consultation with the Department of Human
15 Services [and the Abbott Implementation Advisory Council], an
16 annual report to the Legislature and public on early childhood
17 education.
18 (cf: P.L.2000, c.139, s.2)

19

20 71. N.J.S.18A:46-14 is amended to read as follows:

21 18A:46-14. The facilities and programs of education required
22 under this chapter shall be provided by one or more of the
23 following:

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

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

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

31 d. A jointure commission program;

32 e. A State of New Jersey operated program;

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

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

45 h. Individual instruction at home or in school whenever in the
46 judgment of the board of education with the consent of the
47 commissioner it is impracticable to provide a suitable special

1 education program for a child pursuant to subsection a., b., c., d., e.,
2 f. or g. otherwise.

3 Whenever a child study team determines that a suitable special
4 education program for a child cannot be provided pursuant to
5 subsection a., b., c., d., e., f., g. or h. of this section, and that the
6 most appropriate placement for that child is in an academic program
7 in an accredited nonpublic school within the State or, to meet
8 particular circumstances, in any other state in the United States, the
9 services of which are nonsectarian, and which is not specifically
10 approved for the education of handicapped pupils, that child may be
11 placed in that academic program by the board of education, with the
12 consent of the commissioner, or by order of a court of competent
13 jurisdiction. An academic program which meets the requirements
14 of the child's Individual Education Plan as determined by the child
15 study team and which provides the child with a thorough and
16 efficient education, shall be considered an approved placement for
17 the purposes of chapter 46 of this Title, and the board of education
18 shall be entitled to receive State aid for that child as provided
19 pursuant to [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c.
20 (C.) (pending before the Legislature as this bill), and all other
21 pertinent statutes.

22 Whenever any child shall be confined to a hospital, convalescent
23 home, or other institution in New Jersey or in any other state in the
24 United States and is enrolled in an education program approved
25 under this article, or shall be placed in any other State facility as
26 defined in section [3 of P.L.1996, c.138 (C.18A:7F-3)] 3 of P.L. ,
27 c. (C.) (pending before the Legislature as this bill), the board
28 of education of the district in which the child resides shall pay the
29 tuition of that child. The board of education may also furnish (a)
30 the facilities or programs provided in this article to any person over
31 the age of 20 who does not hold a diploma of a high school
32 approved in this State or in any other state in the United States, (b)
33 suitable approved facilities and programs for children under the age
34 of five.
35 (cf: P.L.1996, c.138, s.74)

36
37 72. N.J.S.18A:46-23 is amended to read as follows:

38 18A:46-23. The board of education shall furnish transportation
39 to all children found under this chapter to be handicapped who shall
40 qualify therefor pursuant to law and it shall furnish the
41 transportation for a lesser distance also to any handicapped child, if
42 it finds upon the advice of the examiner, the handicap to be such as
43 to make transportation necessary or advisable.

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

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

5 The school district shall be entitled to State aid for the
6 transportation pursuant to section [25 of P.L.1996, c.138
7 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
8 Legislature as this bill) when the necessity for the transportation
9 and the cost and method thereof have been approved by the
10 executive county superintendent of the county in which the district
11 paying the cost of the transportation is situated.
12 (cf: P.L.1996, c.138, s.76)

13

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

16 3. a. Any school established pursuant to P.L.1971, c.271
17 (C.18A:46-29 et seq.) shall accept all eligible pupils within the
18 county, so far as facilities permit. Pupils residing outside the
19 county may be accepted should facilities be available only after
20 provision has been made for all eligible pupils within the county.
21 Any child accepted shall be classified pursuant to chapter 46 of
22 Title 18A of the New Jersey Statutes.

23 b. The board of education of any county special services school
24 district may receive such funds as may be appropriated by the
25 county pursuant to section 13 of P.L.1971, c.271 (C.18A:46-41) and
26 shall be entitled to collect and receive from the sending districts in
27 which the pupils attending the county special services school reside,
28 for the tuition of those pupils, a sum not to exceed the actual cost
29 per pupil as determined for each special education program or for
30 the special services school district, according to rules prescribed by
31 the commissioner and approved by the State board. Whenever
32 funds have been appropriated by the county, the county special
33 services school district may charge a fee in addition to tuition for
34 any pupils who are not residents of the county. The fee shall not
35 exceed the amount of the county's per pupil appropriation to the
36 county special services school district. For each special education
37 program or for the special services school district, the tuition shall
38 be at the same rate per pupil for each sending district whether
39 within or without the county. Ten percent of the tuition amount and
40 the nonresident fee amount, if any, shall be paid on the first of each
41 month from September to June to the receiving district by each
42 sending district. The annual aggregate amount of all tuition may be
43 anticipated by the board of education of the county special services
44 school district with respect to the annual budget of the county
45 special services school district. The amounts of all annual
46 payments or tuition to be paid by any other school district shall be
47 raised in each year in the annual budget of the other school district
48 and paid to the county special services school district.

1 Tuition charged to the resident district shall be deducted from the
2 resident district's State aid and transferred directly to the county
3 special services district by the Department of Education according
4 to procedures established by the commissioner. The transfers shall
5 equal 1/20th of the tuition charged and shall occur on the same
6 schedule of State aid payments for the resident districts. Beginning
7 in May of the preceding year the county special services district
8 shall report to the department and the resident districts the current
9 enrollments and tuition rates by district. Enrollment changes
10 reported at least 30 days in advance of a scheduled transfer shall be
11 honored.

12 Unless specifically designated, county special services school
13 districts shall not receive State aid under the provisions of
14 **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.) (pending
15 before the Legislature as this bill). The county special services
16 general fund budget, exclusive of any county contribution, shall not
17 exceed the general fund budget, exclusive of any county
18 contribution, in the prebudget year adjusted by the CPI or three
19 percent, whichever is greater, plus an enrollment factor.

20 An undesignated general fund balance of 10 percent of the
21 general fund budget exclusive of tuition adjustments of prior years
22 may be maintained. For the years 1997-98 through 2001-2002,
23 State aid shall be provided to fund tuition losses when placements
24 drop by more than five percent between the budget year and
25 prebudget year. State aid shall equal the difference between 95
26 percent of the prebudget year enrollment on May 1 preceding the
27 prebudget year multiplied by the budget year tuition rate and actual
28 enrollments on May 1 preceding the budget year multiplied by the
29 budget year tuition rate.

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

38 d. (Deleted by amendment, P.L.1991, c.62).
39 (cf: P.L.1996, c.138, s.77)
40

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

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

45 a. The per pupil aid amount for providing the equivalent service
46 to children of limited English-speaking ability enrolled in the public
47 schools, shall be \$1274.03. The appropriate per pupil aid amount
48 for compensatory education shall be \$628.71.

1 b. The appropriate per pupil aid amount shall then be multiplied
2 by the number of auxiliary services received for each pupil enrolled
3 in the nonpublic schools who were identified as eligible to receive
4 each auxiliary service as of the last school day of June of the
5 prebudget year, to obtain each district's State aid for the next school
6 year.

7 c. The per pupil aid amount for home instruction shall be
8 determined by multiplying the **【T&E amount】** base per pupil
9 amount by a cost factor of 0.0037 by the number of hours of home
10 instruction actually provided in the prior school year.

11 (cf: P.L.1996, c.138, s.78)

12

13 75. N.J.S.18A:56-16 is amended to read as follows:

14 18A:56-16. In the event that a school district or a county or
15 municipality anticipates that it will be unable to meet the payment
16 of principal or interest on any of its bonds issued for school
17 purposes after December 4, 1958, it shall certify such liability to the
18 commissioner and the Director of the Division of Local Finance at
19 least 10 days prior to the date any such payment is due. If the
20 commissioner and director shall approve said certification, they
21 shall immediately certify the same to the trustees of the fund for the
22 support of public schools. Upon the receipt thereof, or in the event
23 any such district, county or municipality fails to certify its
24 anticipated inability to meet any such payments, upon notice and
25 verification of such inability, the trustees shall, within the limits of
26 the school bond guaranty reserve established within the fund
27 purchase any such bonds at a price equivalent to the face amount
28 thereof or pay to the holder of any such bond the interest due or to
29 become due thereon, as the case may be, and such purchases and
30 payments of interest may continue so long as the district, county or
31 municipality remains unable to make such payments. Upon making
32 any such payment of interest, the trustees of the fund shall be
33 subrogated to all rights of the bondholder against the issuer in
34 respect to the collection of such interest and if such interest is
35 represented by a coupon such coupon shall be delivered to the
36 trustees of the fund.

37 The State Treasurer shall act as agent of the trustees of the fund
38 in making any such payments or purchases, and he shall prescribe,
39 in consultation with the commissioner, such rules and regulations as
40 may be necessary and proper to effectuate the purposes of this
41 section.

42 The amount of any payment of interest or purchase price
43 pursuant to this section shall be deducted from the appropriation or
44 apportionment of State aid, other than any State aid which may be
45 otherwise restricted pursuant to the provisions of **【P.L.1996, c.138**
46 **(C.18A:7F-1 et seq.)】** P.L. , c. (C.) (pending before the
47 Legislature as this bill), payable to the district, county or
48 municipality and shall not obligate the State to make, nor entitle the

1 district, county or municipality to receive, any additional
2 appropriation or apportionment. Any amount so deducted shall be
3 applied by the State Treasurer to satisfy the obligation of the
4 district, county or municipality arising as a result of the payment of
5 interest or purchase price pursuant to this section.

6 (cf: P.L.2003, c.118, s.1)

7

8 76. 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 [P.L.1996, c.138 (C.18A:7F-1
11 et al.)] P.L. , c. (C.) (pending before the Legislature as this
12 bill) may be expended for the purchase and loan of textbooks for
13 public school pupils in an amount which shall not exceed the State
14 average budgeted textbook expense for the prebudget year per pupil
15 in resident enrollment. Nothing contained herein shall prohibit a
16 board of education in any district from purchasing textbooks in
17 excess of the amounts provided pursuant to this act.

18 (cf: P.L.1996, c.138, s.83)

19

20 77. Section 4 of P.L.2000, c.77 (C.30:5B-6.13) is amended to
21 read as follows:

22 4. a. In the case of a child care center established after the
23 effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.), the owner or
24 sponsor of the center, prior to the center's opening, shall ensure that
25 a request for a criminal history record background check on each
26 staff member is sent to the Department of Human Services for
27 processing by the Division of State Police in the Department of Law
28 and Public Safety and the Federal Bureau of Investigation.

29 A staff member shall not be left alone as the only adult caring for
30 a child at the center until the criminal history record background
31 has been reviewed by the department pursuant to P.L.2000, c.77
32 (C.30:5B-6.10 et al.).

33 b. In the case of a child care center licensed or granted life-
34 safety approval prior to the effective date of P.L.2000, c.77
35 (C.30:5B-6.10 et al.), the owner or sponsor of the center, at the time
36 of the center's first renewal of license or life-safety approval next
37 following that effective date, shall ensure that a request for a
38 criminal history record background check for each staff member is
39 sent to the department for processing by the Division of State Police
40 and the Federal Bureau of Investigation.

41 c. Within two weeks after a new staff member begins
42 employment at a child care center, the owner or sponsor of the
43 center shall ensure that a request for a criminal history record
44 background check is sent to the department for processing by the
45 Division of State Police and the Federal Bureau of Investigation.

46 A new staff member shall not be left alone as the only adult
47 caring for a child at the center until the criminal history record

1 background has been reviewed by the department pursuant to
2 P.L.2000, c.77 (C.30:5B-6.10 et al.).

3 d. In the case of child care centers under contract to implement
4 early childhood education programs in **【the Abbott districts as**
5 **defined in P.L.1996, c.138 (C.18A:7F-3) and in other】** school
6 districts, the department shall ensure that a criminal history record
7 background check is conducted on all current staff members as soon
8 as practicable, but no later than six months after the effective date
9 of P.L.2000, c.77 (C.30:5B-6.10 et al.).
10 (cf: P.L.2004, c.130, s.99)

11

12 78. Section 10 of P.L.2000, c.77 (C.30:5B-6.18) is amended to
13 read as follows:

14 10. Notwithstanding the provisions of any other law to the
15 contrary, the provisions of P.L.1986, c.116 (C.18A:6-7.1 et seq.)
16 shall not apply to employees of a child care center licensed or life-
17 safety approved by the Department of Human Services pursuant to
18 P.L.1983, c.492 (C.30:5B-1 et seq.) if the center contracts with a
19 school district **【, including, but not limited to, an Abbott district as**
20 **defined in P.L.1996, c.138 (C.18A:7F-3),】** to implement an early
21 childhood education program.
22 (cf: P.L.2000, c.77, s.10)

23

24 79. Section 2 of P.L.1999, c.279 (C.34:15F-2) is amended to
25 read as follows:

26 2. As used in this act:

27 **【"Abbott district" means an Abbott district as defined in section**
28 **3 of P.L.1996, c.138 (C.18A:7F-3);】**

29 "Commissioner" means the Commissioner of Labor and
30 Workforce Development;

31 "Department" means the Department of Labor and Workforce
32 Development;

33 "Educational foundation" means a nonprofit organization that
34 may be created by or on behalf of a board of education or a
35 nonprofit organization that has experience in the establishment of
36 mentoring programs or the provision of services to at-risk youth;

37 "Joint committee" means the Joint Committee on Mentoring;

38 "Mentor" means a volunteer from the community who agrees to
39 participate in a mentoring program; **【and】**

40 "Program" means the At-Risk Youth Mentoring Program
41 established by this act; and

42 "SDA district" means an SDA district as defined pursuant to
43 section 3 of P.L.2000, c.72 (C.18A:7G-3).

44 (cf: P.L.2004, c.61, s.2)

45

46 80. Section 2 of P.L.2003, c.113 (C.46:15-7.1) is amended to
47 read as follows:

- 1 2. a. For each conveyance or transfer of property, the grantor
2 shall pay a supplemental fee of:
- 3 (1) (a) \$0.25 for each \$500.00 of consideration or fractional
4 part thereof not in excess of \$150,000.00 recited in the deed;
- 5 (b) \$0.85 for each \$500.00 of consideration or fractional part
6 thereof in excess of \$150,000.00 but not in excess of \$200,000.00
7 recited in the deed; and
- 8 (c) \$1.40 for each \$500.00 of consideration or fractional part
9 thereof in excess of \$200,000.00 recited in the deed, plus
- 10 (2) for a transfer described in subsection (b) of section 4 of
11 P.L.1975, c.176 (C.46:15-10.1), an additional \$1.00 for each
12 \$500.00 of consideration or fractional part thereof not in excess of
13 \$150,000.00 recited in the deed which fee shall be collected by the
14 county recording officer at the time the deed is offered for
15 recording, except as provided by subsection b. of this section.
- 16 b. The supplemental fee imposed by subsection a. of this
17 section shall not be imposed on a conveyance or transfer that is
18 made by a deed described in section 6 of P.L.1968, c.49 (C.46:15-
19 10) or on a transfer described in paragraph (1) or paragraph (2) of
20 subsection (a) of section 4 of P.L.1975, c.176 (C.46:15-10.1).
- 21 c. The proceeds of the supplemental fees collected by the
22 county recording officer pursuant to subsection a. of this section
23 shall be accounted for and remitted to the county treasurer. An
24 amount equal to \$0.25 of the supplemental fee for each \$500.00 of
25 consideration or fractional part thereof recited in the deed so
26 collected pursuant to this section shall be retained by the county
27 treasurer for the purposes set forth in subsection d. of this section,
28 and the balance shall be remitted to the State Treasurer for deposit
29 to the Extraordinary Aid Account, which shall be established as an
30 account in the General Fund. Payments shall be made to the State
31 Treasurer on the tenth day of each month following the month of
32 collection.
- 33 d. From the proceeds of the supplemental fees collected by the
34 county recording officer pursuant to subsection a. of this section
35 and retained by the county treasurer pursuant to subsection c. of this
36 section, a county that received funding in State fiscal year 2003 for
37 the support of public health services pursuant to the provisions of
38 the Public Health Priority Funding Act of 1977, P.L.1966, c.36
39 (C.26:2F-1 et seq.) shall, at a minimum, fund its priority health
40 services under that act in subsequent years at the same level as the
41 level at which those services were funded in State fiscal year 2003
42 pursuant to the annual appropriations act for that fiscal year as the
43 Commissioner of the Department of Health and Senior Services
44 shall determine. In any county, amounts of supplemental fees
45 retained that are in excess of the amounts required to be used for the
46 funding of the county's priority health services under this subsection
47 shall be used by the county for general county purposes.

1 e. The Legislature shall annually appropriate the entire balance
2 of the Extraordinary Aid Account for the purposes of providing
3 extraordinary special education aid pursuant to section **19** of
4 P.L.1996, c.138 (C.18A:7F-19) **13** of P.L. , c. (C.) (pending
5 before the Legislature as this bill) and "Municipal Property Tax
6 Relief Act" extraordinary aid pursuant to section 4 of P.L.1991,
7 c.63 (C.52:27D-118.35).

8 f. Every deed subject to the supplemental fee required by this
9 section, which is in fact recorded, shall be conclusively deemed to
10 have been entitled to recording, notwithstanding that the amount of
11 the consideration shall have been incorrectly stated, or that the
12 correct amount of the supplemental fee, if any, shall not have been
13 paid, and no such defect shall in any way affect or impair the
14 validity of the title conveyed or render the same unmarketable; but
15 the person or persons required to pay that supplemental fee at the
16 time of recording shall be and remain liable to the county recording
17 officer for the payment of the proper amount thereof.

18 (cf: P.L.2003, c.113, s.2)

19
20 81. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
21 read as follows:

22 2. As used in this act:

23 "Assistance" means the contribution of moneys to aid in the
24 provision of neighborhood preservation and revitalization services
25 or community services.

26 "Business entity" means any business firm or individual which is
27 authorized to conduct or operate a trade or business in the State and
28 is subject to taxes on business related income.

29 "Certificate for neighborhood revitalization State tax credits"
30 means the certificate in the form prescribed by the Treasurer and
31 issued by the commissioner to a business entity that specifies the
32 dollar amount of neighborhood preservation and revitalization State
33 tax credits that business entity may take as an annual credit against
34 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et
35 seq.).

36 "Commissioner" means the Commissioner of Community
37 Affairs.

38 "Department" means the Department of Community Affairs.

39 "Eligible neighborhood" means a contiguous area located in one
40 or more municipalities that, at the time of the application to the
41 department for approval of a neighborhood preservation and
42 revitalization plan, are either eligible to receive aid under the
43 "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et
44 seq.) or coextensive with a school district which qualified prior to
45 the effective date of P.L. , c. (C.) (pending before the
46 Legislature as this bill) for designation as an "Abbott district"
47 pursuant to the "Comprehensive Educational Improvement and
48 Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

1 "Housing and economic development activities" means those
2 activities carried out in furtherance of a neighborhood preservation
3 and revitalization plan in an eligible neighborhood approved
4 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the
5 housing and economic conditions of the neighborhood; and shall
6 include, without limitation, measures to foster the rehabilitation and
7 construction of housing affordable to low and moderate income
8 households within the neighborhood, including planning, design,
9 rehabilitation, construction, and management of low and moderate
10 income housing, home buyer counseling, and related activities
11 needed to effectuate the rehabilitation and construction of housing
12 affordable to low and moderate income households; measures to
13 increase business activity within the neighborhood, including the
14 rehabilitation and construction of commercial facilities and the
15 provision of assistance to small business entities; and measures to
16 increase the income and labor force participation of neighborhood
17 residents, including provision of education, training, child care and
18 transportation assistance to enable low income neighborhood
19 residents to obtain or retain employment.

20 "Low income household" means a household whose gross
21 household income is less than 50 percent of the median gross
22 household income for the region in which the neighborhood is
23 located for households of similar size as determined by the
24 department.

25 "Moderate income household" means a household whose gross
26 household income is greater than or equal to 50 percent but less
27 than 80 percent of the median gross household income of the region
28 in which the neighborhood is located for households of similar size
29 as determined by the department.

30 "Neighborhood preservation and revitalization activities" means
31 housing and economic development activities and other
32 neighborhood preservation and revitalization activities.

33 "Neighborhood Revitalization Plan" means a plan for the
34 preservation or revitalization of an eligible neighborhood.

35 "Nonprofit organization" means a private nonprofit corporation
36 that has been determined by the Internal Revenue Service of the
37 United States Department of the Treasury to be exempt from
38 income taxation under 26 U.S.C.s.501(c)(3).

39 "Other Neighborhood Revitalization Activities" means those
40 activities, other than housing and economic development activities,
41 carried out in furtherance of a State-approved neighborhood
42 preservation and revitalization plan in a qualified low and moderate
43 income neighborhood, and may include, without limitation,
44 improvements to infrastructure, street scape, public open space, and
45 transportation systems; provision of social and community services,
46 health care, crime prevention, recreation activities, community and
47 environmental health services; and community outreach and
48 organizing activities.

1 "Qualified nonprofit organization" means a nonprofit
2 organization that has demonstrated a commitment to the
3 neighborhood for which it is submitting a plan or project, as
4 reflected in its past activities or proposed activities in a preservation
5 and revitalization plan.

6 "Qualified project" means one or more housing and economic
7 development activities and which may also include one or more
8 other neighborhood revitalization activities to be carried out in
9 accordance with a neighborhood revitalization plan as approved by
10 the commissioner with funds provided by a business entity eligible
11 to receive a certificate for neighborhood revitalization State tax
12 credits.

13 (cf: P.L.2003, c.59, s.1)

14
15 82. Section 7 of P.L.2004, c.73 is amended to read as follows:

16 7. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-
17 1 et seq.) to the contrary, the commissioner may adopt, immediately
18 upon filing with the Office of Administrative Law, such rules and
19 regulations as the commissioner deems necessary to implement the
20 provisions of P.L.2004, c.73 which shall be effective for a period
21 not to exceed 12 months. Determinations made by the
22 commissioner pursuant to P.L.2004, c.73 and the rules and
23 regulations adopted by the commissioner to implement that act shall
24 be considered to be final agency action and appeal of that action
25 shall be directly to the Appellate Division of the Superior Court.
26 The regulations shall thereafter be amended, adopted or readopted
27 by the **【State Board】** Commissioner of Education in accordance
28 with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).
29

30 83. Notwithstanding any provision of P.L.1968, c.410
31 (C.52:14B-1 et seq.) to the contrary, the Commissioner of
32 Education may adopt, immediately upon filing with the Office of
33 Administrative Law, such rules and regulations as the commissioner
34 deems necessary to implement the provisions of P.L. , c. (C.)
35 (pending before the Legislature as this act) which shall be effective
36 for a period not to exceed 12 months. The regulations shall
37 thereafter be amended, adopted or readopted by the commissioner
38 in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1
39 et seq.).
40

41 84. The following sections are repealed:

42 Sections 1 through 4, 10 through 23, and 25 through 31 of
43 P.L.1996, c.138 (C.18A:7F-1 through 18A:7F-4, 18A:7F-10
44 through 18A:7F-23, 18A:7F-25 through 18A:7F-31);

45 Sections 1 and 2 of P.L.2005, c.122 (C.18A:7F-10.1 and 18A:7F-
46 10.2);

47 Section 2 of P.L.1999, c.110 (C.18A:7F-13.1);

48 Section 1 of P.L.1999, c.438 (C.18A:7F-32.1);

1 P.L.1999, c.142 (C.18A:7F-35 and 18A:7F-36);
2 N.J.S.18A:8-1.1;
3 P.L.1995, c.95 (C.18A:22-8.6);
4 Section 10 of P.L.1999, c.279 (C.34:15F-10).

5
6 85. This act shall take effect immediately and shall first apply to
7 the 2008-2009 school year.

8
9

10 STATEMENT

11

12 This bill, the “School Funding Reform Act of 2008,” establishes
13 a new system for the funding of public school districts. The goal of
14 the new formula is to create a fair, equitable, and predictable
15 funding formula based on student characteristics, regardless of the
16 community in which a student resides.

17 The bill maintains current requirements for the establishment and
18 update by the State Board of Education of the core curriculum
19 content standards that define the substance of a thorough education;
20 however it repeals the sections of the “Comprehensive Educational
21 Improvement and Financing Act of 1996,” (CEIFA) P.L.1996,
22 c.138, which established the State aid formulas that supported
23 school district programs to implement the standards, and establishes
24 revised formulas for that purpose.

25 The bill continues the requirement that the Governor issue a
26 report to the Legislature concerning a thorough and efficient
27 education. Under the bill, the Educational Adequacy Report will be
28 issued every three years. The report will establish the base per
29 pupil amount, which is the amount per elementary school pupil
30 necessary to provide a thorough and efficient education, the weights
31 that will be applied to that amount to reflect the differing cost of
32 educating a pupil at the middle and high school levels and at county
33 vocational school districts, and various other factors related to the
34 State aid formulas established under the bill. The per pupil amounts
35 and cost factors will apply to the three successive fiscal years
36 beginning one year from the subsequent July 1 with annual
37 adjustments for inflation by the CPI for the two school years
38 following the first school year to which the report is applicable.

39 The base per pupil amount established in the report will serve as
40 the basis for determining a school district’s base cost. The base
41 cost will be determined by multiplying the base per pupil amount by
42 the district’s weighted enrollment. In the case of a county
43 vocational school district, an additional weight is applied to reflect
44 the higher cost of the programs provided by these districts. For the
45 2008-2009 school year, the base per pupil amount will equal
46 \$9,649, with adjustment by the CPI for each of the two school years
47 following the first school year to which the report is applicable.

1 A district's base cost is then applied to the calculation of a
2 district's adequacy budget. The base cost is adjusted to reflect the
3 additional costs associated with the education of at-risk students,
4 bilingual students, students who are both at-risk and bilingual
5 (combination students), a percentage of the costs associated with
6 providing services to general special education services students,
7 and all of the costs associated with providing services to speech-
8 only students. A geographic cost adjustment is also applied to
9 reflect county differences in the cost of providing educational
10 services.

11 Under the bill, an at-risk student would include students who are
12 eligible for free or reduced-priced lunches. This is a significant
13 change from past State funding practices that have historically
14 included only students eligible for free lunches. Since it is widely
15 accepted that a district with a high concentration of at-risk students
16 incurs greater costs than a similar district with a lower
17 concentration of at-risk students, the weight for a district's at-risk
18 students is based on a sliding scale with the weight increasing as the
19 proportion of at-risk students increases. In districts with an at-risk
20 concentration of less than 20%, each at-risk student will receive a
21 weight of .47. This weight will increase to a maximum weight of
22 .57 for districts with an at-risk concentration greater than or equal
23 to 60%. In the case of a bilingual student, a weight of .5 is applied;
24 and in the case of a pupil who is both bilingual and at-risk, the pupil
25 will receive the full at-risk weight plus one-quarter of the weight for
26 a bilingual pupil, .125, to address non-overlapping resources.

27 In the case of special education pupils, two-thirds of the census-
28 based costs associated with general special education services
29 pupils and 100% of the census-based costs associated with speech-
30 only pupils are included within the adequacy budget calculation.
31 The formula uses the census approach for funding special education
32 students based on the State average classification rate. This rate is
33 then applied to the district's resident enrollment, and the resulting
34 number of students is then multiplied by the average excess special
35 education cost. For the 2008-2009 through 2010-2011 school years,
36 the State average classification rate for general special education
37 services students is set at 14.69%. For the 2008-2009 school year
38 the excess cost for general special education services students will
39 be \$10,898 and the amount will be inflated by the CPI in each of the
40 next two school years. In the case of students who receive speech-
41 only services, a State average classification rate of 1.897% will be
42 applied. The excess cost will be \$1,082 for the 2008-2009 school
43 year with the amount adjusted by the CPI as described above.

44 Under the bill, a local share is calculated for each school
45 district's and county vocational school district's adequacy budget.
46 The local share represents the ability of the district to support its
47 adequacy budget based upon the district's property and personal
48 income wealth. A district will receive State equalization aid, the

1 wealth equalized portion of a district's State aid, to support that
2 portion of the adequacy budget which cannot be supported locally
3 in accordance with the local share calculation.

4 The bill establishes two categorical State aid programs. One of
5 those programs will support the one-third of the census-based cost
6 of providing services to general special education students which is
7 not supported through the adequacy budget. Again, a census
8 approach is used which considers the State average classification
9 rate and excess cost, and a geographical cost adjustment is applied.

10 The second categorical aid program is for security costs. Under
11 the formula the base per pupil security amount is set at \$70.
12 Districts may also receive an additional per pupil amount for each
13 at-risk student based on a sliding scale formula that increases the
14 additional per pupil amount in accordance with the district's
15 concentration of at-risk students, up to a maximum of \$406 in
16 districts with at least 40% of the students deemed at-risk. Again, a
17 geographical cost adjustment is applied to the security categorical
18 aid formula.

19 The bill also includes preschool education State aid which will
20 fund a significant expansion of early childhood programs. Under
21 the bill, all A and B district factor group districts, and all CD
22 district factor group districts with a concentration of at-risk pupils
23 equal to or greater than 40%, will be required to offer full-day
24 preschool for all three- and four-year old students. All other school
25 districts will be required to offer full-day preschool for at-risk
26 three- and four-year old students. The district will receive
27 preschool education aid to support each pupil for whom the district
28 is required to provide free preschool. The per pupil aid amount
29 reflects the differing costs of placement in an in-district preschool
30 program, a program provided by a licensed child care provider, or a
31 Head Start Program. For the 2008-2009 school year, the per pupil
32 aid amount will equal \$11,506 for pupils enrolled in an in-district
33 program, \$12,934 for pupils enrolled in a licensed child care
34 provider program, and \$7,146 for pupils enrolled in a Head Start
35 Program. As with other State aid categories, the per pupil amounts
36 will be annually adjusted by the CPI and then revised in the
37 Educational Adequacy Report

38 In accordance with regulations adopted by the commissioner, all
39 districts will be required to submit a five-year plan that provides for
40 the full implementation of full day preschool for all eligible three-
41 and four-year olds by the 2013-2014 school year. The district must
42 annually update the plan based on actual implementation
43 experience. In the case of a school district that did not receive any
44 form of preschool aid in the 2007-2008 school year, the 2008-2009
45 school year will be a planning year. Beginning in the 2009-2010
46 school year, such districts will receive preschool education aid as
47 calculated under the bill and may also receive start-up funds in that
48 school year. The bill also includes provisions which deal

1 specifically with the amount of preschool education aid which will
2 be provided in the 2008-2009 school year for districts which
3 received Early Launch to Learning Initiative aid, early childhood
4 program aid, and preschool expansion or education opportunity aid
5 in the 2007-2008 school year.

6 This bill continues extraordinary special education aid with a
7 number of revisions. The threshold will be \$40,000 for an
8 individual classified pupil if that pupil is educated in an in-district
9 public school program with non-disabled peers or if that pupil is
10 educated in a separate public school program for students with
11 disabilities. In the case of an in-district public school program the
12 extraordinary special education aid will equal 90% of the district's
13 actual costs for instructional and support services for the pupil that
14 exceed the threshold and in the case of a separate public school
15 program the extraordinary special education aid will equal 75% of
16 the district's actual costs for that pupil that exceed the threshold.
17 The threshold is set at \$55,000 in the case of a pupil educated in a
18 separate private school for students with disabilities. In this case
19 the extraordinary special education aid will equal 75% of the tuition
20 for that pupil that exceeds the threshold. Receipt of extraordinary
21 special education aid will be conditioned upon a demonstration by
22 the district that the pupil's individualized education plan requires
23 the provision of intensive services.

24 Under the bill, transportation aid is funded in the same manner as
25 under CEIFA with a formula that represents a level of funding to
26 reimburse districts for the cost of efficiently transporting eligible
27 pupils based on regular or specialized modes of transportation,
28 eligible pupils transported, and average miles per eligible pupil. In
29 light of the fiscal impact of using updated pupil figures for
30 transportation services, in the 2008-2009 school year a school
31 district will receive 81.4876% of its entitlement.

32 The bill also establishes the State aid category of adjustment aid.
33 For the 2008-2009 school year, each district will receive adjustment
34 aid in such amount as to ensure that the district receives the greater
35 of the amount of State aid calculated for the district in accordance
36 with the bill's provisions or the district's 2007-2008 State aid
37 increased by 2%. In the 2009-2010 and 2010-2011 school years,
38 districts will receive adjustment aid in such amount as to ensure that
39 the district receives the greater of the amount of State aid calculated
40 for the district in accordance with the bill's provisions or the
41 amount of State aid, other than educational adequacy aid, that the
42 district received for the 2008-2009 school year. For the 2011-2012
43 school year and for each subsequent school year, a district that has a
44 decline in its weighted enrollment, adjusted for bilingual and at-risk
45 pupils, between the 2008-2009 school year and the budget year that
46 is not greater than 5% will receive adjustment aid in such amount as
47 to ensure that the district receives the greater of the amount of State
48 aid calculated under the bill or the amount of State aid that the

1 district received in the 2008-2009 school year. In the case of a
2 school district that has had such a decline in enrollment that is
3 greater than 5%, the district will experience a reduction in
4 adjustment aid in accordance with its percentage decline in resident
5 enrollment that exceeds 5%.

6 The bill also establishes the State aid category of educational
7 adequacy aid for certain school districts that received education
8 opportunity aid in the 2007-2008 school year and are spending
9 below adequacy. If the commissioner determines that the district is
10 not meeting educational adequacy standards or that it meets certain
11 municipal overburden criteria, educational adequacy aid will be
12 provided to assist the district in meeting their adequacy budget
13 level. Under the aid formula such a district is required to increase
14 its general fund tax levy over the prior year levy.

15 The bill addresses issues associated with the funding of charter
16 school students as well as the remaining choice students. The bill
17 also amends the school construction law, the "Educational Facilities
18 Construction and Financing Act," to establish the category of SDA
19 district, which is a district that received education opportunity aid
20 or preschool expansion aid in the 2007-2008 school year. For these
21 school districts the State share for their school facilities projects
22 will remain at 100% and they will be constructed by the New Jersey
23 Schools Development Authority. The bill also revises numerous
24 sections of law that are related to school funding and school
25 budgeting procedures.

26 The bill also:

- 27 • Provides that in the case of a district that is spending above
28 adequacy and taxing above its local share and that receives
29 an increase in State aid between the prebudget and budget
30 years that exceeds 2% or the CPI, whichever is greater, the
31 district's tax levy growth limitation must be reduced by the
32 amount of State aid that exceeds 2% or the CPI, whichever is
33 greater. For the purposes of this provision, the CPI will be
34 capped at 4%;
- 35 • Permits the Commissioner of Education to increase the State
36 aid growth limit for a county vocational school district that
37 has revised one or more of its programs from a shared-time
38 program to a full-time program between the 2001-2002 and
39 2007-2008 school years or will make such revision in the
40 2008-2009 school year;
- 41 • Permits school districts to apply for additional special
42 education categorical aid if the district has an unusually high
43 rate of low-incidence disabilities, such as autism,
44 deaf/blindness, severe cognitive impairment, and medically
45 fragile;
- 46 • Requires the commissioner to complete a study to determine
47 whether the tax levy growth limitation enacted in 2007 is
48 more effective in addressing disparities in school district

- 1 spending than the spending growth limitation under the
2 provisions of CEIFA or whether a revised growth limitation
3 is warranted;
- 4 • Requires the commissioner to be satisfied that all
5 educational expenditures in a district are being spent
6 effectively and efficiently prior to authorizing the
7 disbursement of State funds to the district and authorizes the
8 commissioner to take any affirmative action necessary to
9 ensure districts are expending funds in this manner;
 - 10 • Permits SDA districts, those districts that received education
11 opportunity aid or preschool expansion aid in the 2007-2008
12 school year, to include in their annual capital outlay budget
13 one or more school facilities projects of up to \$500,000 each
14 upon the commissioner's approval;
 - 15 • Amends the "School District Fiscal Accountability Act" to
16 provide that for all purposes other than for the purposes of
17 the "New Jersey Tort Claims Act," the State monitor
18 appointed to a district will be considered an employee of the
19 district, and to provide that the State monitor will have the
20 authority to appoint legal counsel under certain
21 circumstances;
 - 22 • Permits the commissioner to adjust the date for the
23 submission of district budgets if the availability of
24 preliminary aid numbers for the subsequent school year
25 warrants such adjustment;
 - 26 • Deletes a provision included in CEIFA that required the
27 commissioner to wait for three consecutive years of failing
28 test scores prior to being permitted to take certain actions
29 such as directing the restructuring of curriculum and
30 enforcing spending at the full adequacy budget;
 - 31 • Deletes a provision included in CEIFA that prevented the
32 commissioner in reviewing a district's budget from
33 eliminating, reducing, or reallocating funds for courtesy
34 busing or from requiring the district to eliminate these funds
35 from their base budget and include them in a separate
36 proposal to be approved by the voters or board of school
37 estimate;
 - 38 • Revises the permanent statutes to reflect a change that has
39 been included in the annual appropriations act that provides
40 that State aid will be paid to districts on the eighth and the
41 twenty-second of each month from September through June
42 rather than on the first and fifteenth;
 - 43 • Permits the commissioner to enact emergency rules to
44 effectuate the provisions of the bill and provides that those
45 rules will be in effect for no longer than 12 months after
46 which the rules will be readopted or amended by the
47 commissioner pursuant to the "Administrative Procedure
48 Act";

- 1 • Provides that the area cost allowance under EFCFA will be
- 2 established and revised by the commissioner according to a
- 3 schedule that she deems necessary and eliminates the
- 4 statutory requirement that the area cost allowance be
- 5 automatically inflated by the cost index;
- 6 • Requires that a charter school provide notice to the resident
- 7 district within 15 days of the signing of the Individualized
- 8 Education Plan (IEP) in the case of an IEP that results in a
- 9 private day or residential placement and permits the resident
- 10 district to challenge the placement within 30 days according
- 11 to a process set forth in existing law;
- 12 • Repeals various sections of law:
- 13 State aid formula provisions of CEIFA;
- 14 N.J.S.A.18A:8-1.1 – provides to a specific district a
- 15 special apportionment of annual appropriations;
- 16 N.J.S.A.18A:22-8.6 – prevents the commissioner
- 17 from reducing a line item in a district’s budget relating to
- 18 courtesy busing under certain conditions; and
- 19 N.J.S.A.34:15F-10 - permits districts to appeal to the
- 20 commissioner to use funds under a specific CEIFA State aid
- 21 program for mentoring.

22
23
24
25
26

The “School Funding Reform Act of 2008.”

[Corrected Copy]

ASSEMBLY, No. 500

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JANUARY 3, 2008

Sponsored by:

Assemblyman JOSEPH J. ROBERTS, JR.

District 5 (Camden and Gloucester)

Assemblyman JOSEPH VAS

District 19 (Middlesex)

Assemblyman HERB CONAWAY, M.D.

District 7 (Burlington and Camden)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Assemblyman JOSEPH CRYAN

District 20 (Union)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman PATRICK J. DIEGNAN, JR.

District 18 (Middlesex)

Assemblyman DAVID R. MAYER

District 4 (Camden and Gloucester)

Assemblyman NEIL M. COHEN

District 20 (Union)

Co-Sponsored by:

Assemblyman Chivukula and Senator Buono

SYNOPSIS

The "School Funding Reform Act of 2008."

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 1/8/2008)

A500 ROBERTS, VAS

2

1 AN ACT providing for the maintenance and support of a thorough
2 and efficient system of free public schools and revising parts of
3 the statutory law.

4

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

7

8 1. (New section) This act shall be known and may be cited as
9 the “School Funding Reform Act of 2008.”

10

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

12 a. The Constitution of the State of New Jersey states that the
13 Legislature shall provide for the maintenance and support of a
14 thorough and efficient system of free public schools for the
15 instruction of all children in the State between the ages of five and
16 eighteen years. (N.J. Const. art. VIII, sec. 4, par.1).

17 b. The State, in addition to any constitutional mandates, has a
18 moral obligation to ensure that New Jersey’s children, wherever
19 they reside, are provided the skills and knowledge necessary to
20 succeed. Any school funding formula should provide resources in
21 a manner that optimizes the likelihood that children will receive an
22 education that will make them productive members of society.

23 c. Although the Supreme Court of New Jersey has held that
24 prior school funding statutes did not establish a system of public
25 education that was thorough and efficient as to certain districts, the
26 Court has consistently held that the Legislature has the
27 responsibility to substantively define what constitutes a thorough
28 and efficient system of education responsive to that constitutional
29 requirement.

30 d. Every child in New Jersey must have an opportunity for an
31 education based on academic standards that satisfy constitutional
32 requirements regardless of where the child resides, and public funds
33 allocated to this purpose must be expended to support schools that
34 are thorough and efficient in delivering those educational standards.
35 In turn, school districts must be assured the financial support
36 necessary to provide those constitutionally compelled educational
37 standards. Any school funding formula should provide State aid for
38 every school district based on the characteristics of the student
39 population and up-to-date measures of the individual district’s
40 ability to pay.

41 e. New Jersey’s current public school funding formula,
42 established under the provisions of the “Comprehensive
43 Educational Improvement and Financing Act of 1996,” (CEIFA)
44 P.L.1996, c.138, has not been used to calculate State aid for public

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.

1 schools since the 2001-02 school year. Any new school funding
2 formula should account for changes in enrollment and other
3 significant developments, providing relief to those districts that
4 have experienced substantial enrollment increases.

5 f. The decisions in the Abbott cases have resulted in frequent
6 litigation and a fragmented system of funding under which limited
7 resources cannot be distributed equitably to all districts where at-
8 risk children reside, instead dividing the districts sharply into
9 Abbott and non-Abbott categories for funding purposes without
10 regard to a district's particular pupil characteristics and leading to
11 needlessly adversarial relationships among school districts and
12 between districts and the State.

13 g. In the absence of a clear, unitary, enforceable statutory
14 formula to govern appropriations for education, crucial funding
15 decisions are made annually, in competition for limited State
16 resources with other needs and requirements as part of the annual
17 budget negotiation process, utilizing many different classes and
18 categories of aid, leading to an uncertain, unpredictable, and
19 untenable funding situation for the State and school districts alike.

20 h. This bill represents the culmination of five years of diligent
21 efforts by both the Executive and Legislative branches of State
22 government to develop an equitable and predictable way to
23 distribute State aid that addresses the deficiencies found in past
24 formulas as identified by the Supreme Court. Working together
25 toward this common goal, the Department of Education and the
26 Legislature engaged nationally recognized experts in education
27 funding and provided significant opportunities for stakeholder
28 involvement and public input to assist in formulating and refining a
29 comprehensive school funding model that has been validated by
30 experts. The formula accounts for the individual characteristics of
31 school districts and the realities of their surroundings, including the
32 need for additional resources to address the increased disadvantages
33 created by high concentrations of children at-risk.

34 i. The formula established under this bill is the product of a
35 careful and deliberative process that first involved determining the
36 educational inputs necessary to provide a high-quality education,
37 including specifically addressing the supplemental needs of at-risk
38 students and those with limited English proficiency (LEP), and a
39 determination of the actual cost of providing those programs. The
40 formula provides adequate funding that is realistically geared to the
41 core curriculum content standards, thus linking those standards to
42 the actual funding needed to deliver that content.

43 j. In recognition of the unique problems and cost disadvantages
44 faced by districts with high concentrations of at-risk students, it is
45 appropriate to reflect in the formula a greater weight as the district's
46 proportion of at-risk students increases. In addition, the new
47 formula recognizes the disadvantages of an expanded group of
48 students by including in the definition of at-risk those students who

1 qualify for free or reduced-price lunch. Expanding the definition of
2 at-risk students in this manner will significantly increase the
3 resources flowing to districts with high concentrations of these low-
4 income students.

5 k. In light of the demonstrable, beneficial results and success of
6 the current Abbott preschool program, it is appropriate to build
7 upon this success by incorporating in the formula an expanded high-
8 quality preschool program for all children who qualify for free and
9 reduced price meals in all districts. It is appropriate for the formula
10 to acknowledge that at-risk children do not always receive the same
11 educational exposure at an early age as their peers and to provide
12 the additional resources necessary through high-quality preschool to
13 prepare every child to learn and succeed.

14 l. It is appropriate to reflect in this formula the inherent value of
15 educating a child in the least restrictive environment and, whenever
16 possible, in that child's neighborhood school alongside his peers.
17 The new funding formula should provide incentives for keeping
18 classified students in district.

19 m. It is also appropriate to recognize in the formula the need for
20 all schools to incorporate effective security measures, which may
21 vary from district to district depending upon the at-risk student
22 population and other factors, and to provide categorical funding to
23 address these important requirements.

24 n. In recognition of the potentially wide variability in special
25 education costs, even for the same category of disability, from
26 district to district, it is appropriate for the new funding formula to
27 mitigate the impact of that variability by establishing a census
28 model based on the actual Statewide average excess cost of
29 educating special education students and by providing for an
30 increase in State aid for extraordinary costs incurred by districts.

31 o. It is imperative that any new school funding formula work in
32 conjunction with the key school accountability measures that have
33 been enacted in recent years to promote greater oversight,
34 transparency, and efficiency in the delivery of educational services.
35 These accountability measures include the New Jersey Quality
36 Single Accountability Continuum, the "School District Fiscal
37 Accountability Act," P.L.2006, c.15 (C.18A:7A-54 et seq.),
38 P.L.2007, c.63 (C.40A:65-1 et al.) which established the duties and
39 responsibilities of the executive county superintendent of schools,
40 and P.L.2007, c.53 (C.18A:55-3 et al.).

41 p. Together with a renewed legislative focus on and commitment
42 to providing sufficient means to maintain and support a high-quality
43 system of free public schools in the State, a new funding formula
44 supported by significantly increased State resources will ensure
45 compliance with all statutory and constitutional mandates. Districts
46 that were formerly designated as Abbott districts will be provided
47 sufficient resources to continue those Court-identified programs,
48 positions, and services that have proven effective while being

1 provided the flexibility to shift resources and programmatic focus
2 based on the needs of their students and current research.

3 q. The time has come for the State to resolve the question of the
4 level of funding required to provide a thorough and efficient system
5 of education for all New Jersey school children. The development
6 and implementation of an equitable and adequate school funding
7 formula will not only ensure that the State's students have access to
8 a constitutional education as defined by the core curriculum content
9 standards, but also may help to reduce property taxes and assist
10 communities in planning to meet their educational expenses. The
11 development of a predictable, transparent school funding formula is
12 essential for school districts to plan effectively and deliver the
13 quality education that our citizens expect and our Constitution
14 requires.

15

16 3. (New section) As used in this act and P.L.1996, c.138,
17 unless the context clearly requires a different meaning:

18 "At-risk pupils" means those resident pupils from households
19 with a household income at or below the most recent federal
20 poverty guidelines available on October 15 of the prebudget year
21 multiplied by 1.85;

22 "Base per pupil amount" means the cost per elementary pupil of
23 delivering the core curriculum content standards and extracurricular
24 and cocurricular activities necessary for a thorough and efficient
25 education;

26 "Bilingual education pupil" means a resident pupil enrolled in a
27 program of bilingual education or in an English as a second
28 language program approved by the State Board of Education;

29 "Budgeted local share" means the district's local tax levy
30 contained in the budget certified for taxation purposes;

31 "Capital outlay" means capital outlay as defined in GAAP;

32 "Combination pupil" means a resident pupil who is both an at-
33 risk pupil and a bilingual education pupil;

34 "Commissioner" means the Commissioner of Education;

35 "Concentration of at-risk pupils" shall be based on prebudget
36 year pupil data and means, for a school district or a county
37 vocational school district, the number of at-risk pupils among those
38 counted in resident enrollment, divided by resident enrollment;

39 "County special services school district" means any entity
40 established pursuant to article 8 of chapter 46 of Title 18A of the
41 New Jersey Statutes;

42 "County vocational school district" means any entity established
43 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
44 Statutes;

45 "CPI" means the increase, expressed as a decimal, in the average
46 annualized consumer price index for the New York City and
47 Philadelphia areas in the fiscal year preceding the prebudget year

1 relative to the previous fiscal year as reported by the United States
2 Department of Labor;

3 “Debt Service” means payments of principal and interest upon
4 school bonds and other obligations issued to finance the purchase or
5 construction of school facilities, additions to school facilities, or the
6 reconstruction, remodeling, alteration, modernization, renovation or
7 repair of school facilities, including furnishings, equipment,
8 architect fees, and the costs of issuance of such obligations and
9 shall include payments of principal and interest upon bonds
10 heretofore issued to fund or refund such obligations, and upon
11 municipal bonds and other obligations which the commissioner
12 approves as having been issued for such purposes;

13 “District income” means the aggregate income of the residents of
14 the taxing district or taxing districts, based upon data provided by
15 the Division of Taxation in the New Jersey Department of the
16 Treasury and contained on the New Jersey State Income Tax forms
17 for the calendar year ending two years prior to the prebudget year.
18 The commissioner may supplement data contained on the State
19 Income Tax forms with data available from other State or federal
20 agencies in order to better correlate the data to that collected on the
21 federal census. With respect to regional districts and their
22 constituent districts, however, the district income as described
23 above shall be allocated among the regional and constituent districts
24 in proportion to the number of pupils resident in each of them;

25 “Equalized valuation” means the equalized valuation of the
26 taxing district or taxing districts, as certified by the Director of the
27 Division of Taxation on October 1, or subsequently revised by the
28 tax court by January 15, of the prebudget year. With respect to
29 regional districts and their constituent districts, however, the
30 equalized valuations as described above shall be allocated among
31 the regional and constituent districts in proportion to the number of
32 pupils resident in each of them. In the event that the equalized table
33 certified by the director shall be revised by the tax court after
34 January 15 of the prebudget year, the revised valuations shall be
35 used in the recomputation of aid for an individual school district
36 filing an appeal, but shall have no effect upon the calculation of the
37 property value rate, Statewide average equalized school tax rate, or
38 Statewide equalized total tax rate;

39 “Full-day preschool” means a preschool day consisting of a six-
40 hour comprehensive educational program in accordance with the
41 district’s kindergarten through grade 12 school calendar;

42 "GAAP" means the generally accepted accounting principles
43 established by the Governmental Accounting Standards Board as
44 prescribed by the State board pursuant to N.J.S.18A:4-14;

45 “General special education services pupil” means a pupil
46 receiving specific services pursuant to chapter 46 of Title 18A of
47 the New Jersey Statutes;

- 1 “Geographic cost adjustment” means an adjustment that reflects
2 county differences in the cost of providing educational services that
3 are outside the control of the district;
- 4 "Household income" means income as defined in 7 CFR245.2
5 and 245.6 or any subsequent superseding federal law or regulation;
- 6 “Net budget” means the sum of the district’s general fund tax
7 levy, State aid received pursuant to the provisions of this act other
8 than preschool education aid, miscellaneous revenue estimated
9 pursuant to GAAP, and designated general fund balance;
- 10 “Prebudget year” means the school fiscal year preceding the year
11 in which the school budget is implemented;
- 12 “Nonpreschool ECPA” means the amount of early childhood
13 program aid, excluding prior year carry-forward amounts, included
14 in a district’s 2007-2008 school year budget certified for taxes that
15 was allocated to grades K through 3;
- 16 “Report” means the Educational Adequacy Report issued by the
17 commissioner pursuant to section 4 of this act;
- 18 "Resident enrollment" means the number of pupils other than
19 preschool pupils, post-graduate pupils, and post-secondary
20 vocational pupils who, on the last school day prior to October 16 of
21 the current school year, are residents of the district and are enrolled
22 in: (1) the public schools of the district, excluding evening schools,
23 (2) another school district, other than a county vocational school
24 district in the same county on a full-time basis, or a State college
25 demonstration school or private school to which the district of
26 residence pays tuition, or (3) a State facility in which they are
27 placed by the district; or are residents of the district and are: (1)
28 receiving home instruction, or (2) in a shared-time vocational
29 program and are regularly attending a school in the district and a
30 county vocational school district. In addition, resident enrollment
31 shall include the number of pupils who, on the last school day prior
32 to October 16 of the prebudget year, are residents of the district and
33 in a State facility in which they were placed by the State. Pupils in
34 a shared-time vocational program shall be counted on an equated
35 full-time basis in accordance with procedures to be established by
36 the commissioner. Resident enrollment shall include regardless of
37 nonresidence, the enrolled children of teaching staff members of the
38 school district or county vocational school district who are
39 permitted, by contract or local district policy, to enroll their
40 children in the educational program of the school district or county
41 vocational school district without payment of tuition. Disabled
42 children between three and five years of age and receiving programs
43 and services pursuant to N.J.S.18A:46-6 shall be included in the
44 resident enrollment of the district;
- 45 “School district” means any local or regional school district
46 established pursuant to chapter 8 or chapter 13 of Title 18A of the
47 New Jersey Statutes;

1 “Spending growth limitation” means the annual rate of growth
2 permitted in the net budget of a school district, county vocational
3 school district, or county special services school district as
4 measured between the net budget of the prebudget year and the net
5 budget of the budget year as calculated pursuant to the provisions of
6 section 5 of P.L.1996, c.138 (C.18A:7F-5);

7 “State facility” means a State developmental center, a State
8 Division of Youth and Family Services’ residential center, a State
9 residential mental health center, a Department of Children and
10 Families Regional Day School, a State training school/secure care
11 facility, a State juvenile community program, a juvenile detention
12 center or a boot camp under the supervisory authority of the
13 Juvenile Justice Commission pursuant to P.L.1995, c.284
14 (C.52:17B-169 et seq.), or an institution operated by or under
15 contract with the Department of Corrections, Children and Families
16 or Human Services, or the Juvenile Justice Commission;

17 “Statewide equalized school tax rate” means the amount
18 calculated by dividing the general fund tax levy for all school
19 districts, which excludes county vocational school districts and
20 county special services school districts as defined pursuant to this
21 section, in the State for the prebudget year by the equalized
22 valuations certified in the year prior to the prebudget year of all
23 taxing districts in the State except taxing districts for which there
24 are not school tax levies.

25

26 4. (New section) a. The State Board of Education shall review
27 and update the core curriculum content standards every five years.
28 The standards shall ensure that all children are provided the
29 educational opportunity needed to equip them for the role of citizen
30 and labor market competitor.

31 The Commissioner of Education shall develop and establish,
32 through the report issued pursuant to subsection b. of this section,
33 efficiency standards which define the types of programs, services,
34 activities, and materials necessary to achieve a thorough and
35 efficient education.

36 b. By September 1 of 2010 and by September 1 every three
37 years thereafter, the Governor, after consultation with the
38 commissioner, shall recommend to the Legislature through the
39 issuance of the Educational Adequacy Report for the three school
40 years to which the report is applicable:

41 (1) the base per pupil amount based upon the core curriculum
42 content standards established pursuant to subsection a. of this
43 section;

44 (2) the per pupil amounts for full-day preschool;

45 (3) the weights for grade level, county vocational school
46 districts, at-risk pupils, bilingual pupils, and combination pupils;

47 (4) the cost coefficients for security aid and transportation aid;

1 (5) the State average classification rate for general special
2 education services pupils and for speech-only pupils;

3 (6) the excess cost for general special education services pupils
4 and for speech-only pupils; and

5 (7) the extraordinary special education aid thresholds.

6 The base per pupil amount, the per pupil amounts for full-day
7 preschool, the excess costs for general special education services
8 pupils and for speech-only pupils, and the cost-coefficients for
9 security aid and transportation aid shall be adjusted by the CPI for
10 each of the two school years following the first school year to
11 which the report is applicable.

12 The amounts shall be deemed approved for the two successive
13 fiscal years beginning one year from the subsequent July 1, unless
14 between the date of transmittal and the subsequent November 30,
15 the Legislature adopts a concurrent resolution stating that the
16 Legislature is not in agreement with all or any specific part of the
17 report. The concurrent resolution shall advise the Governor of the
18 Legislature's specific objections to the report and shall direct the
19 commissioner to submit to the Legislature a revised report which
20 responds to those objections by January 1.

21

22 5. (New section) a. Notwithstanding any provision of this act
23 to the contrary, the total stabilized aid for each district shall not be
24 increased by more than the district's State aid growth limit. In the
25 event that total stabilized aid exceeds the prebudget year total by a
26 rate greater than the State aid growth limit, the commissioner shall
27 adjust the components of total stabilized aid so that they total
28 exactly the prebudget year total increased by the State aid growth
29 limit.

30 b. For the 2008-2009 school year, the prebudget year total shall
31 include Core Curriculum Standards Aid, Supplemental Core
32 Curriculum Standards Aid, Education Opportunity Aid, Above
33 Average Enrollment Growth Aid, High Expectations for Learning
34 Proficiency Aid, Instructional Supplement Aid, Demonstrably
35 Effective Program Aid, Stabilization Aid, Supplemental
36 Stabilization Aid, Adult and Postsecondary Education Grants,
37 Bilingual Education Aid, Special Education Aid, County Vocational
38 Program Aid, Transportation Aid, School Choice Aid, Consolidated
39 Aid, Additional Formula Aid, Full-day Kindergarten Supplemental
40 Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid,
41 Nonpreschool ECPA, Extraordinary Special Education Aid paid in
42 2006-2007, and Aid for Enrollment Adjustments, taking into
43 consideration the June 2008 payment made in July 2008. For the
44 2009-2010 school year and thereafter, the prebudget year total shall
45 be the total for the same aid categories as included in total
46 stabilized aid.

1 c. For the 2008-2009 school year, total stabilized aid shall
2 include equalization aid, special education categorical aid,
3 extraordinary special education aid projected for 2008-2009,
4 security aid, and transportation aid.

5 For the 2009-2010 school year and thereafter, total stabilized aid
6 shall include equalization aid, special education categorical aid,
7 security aid, and transportation aid.

8 d. For the purposes of this section, "State aid growth limit"
9 means 10% in the case of a district spending above adequacy and
10 20% in the case of a district spending below adequacy.

11 (1) For purposes of determining if a school district or county
12 vocational school district is spending above or below adequacy and
13 its applicable State aid growth limit, the district's spending shall
14 equal the sum for the prebudget year of its equalization aid
15 calculated pursuant to section 11 of this act, special education
16 categorical aid calculated pursuant to section 13 of this act, security
17 categorical aid calculated pursuant to section 14 of this act, and
18 general fund local levy.

19 (2) Notwithstanding any provision of this section to the
20 contrary, for the purposes of determining a district's increase in
21 State aid between the 2007-2008 and 2008-2009 school years, the
22 commissioner shall compare the State aid received by the district
23 for the 2007-2008 school year under the State aid categories listed
24 under subsection b. of this section, other than transportation aid,
25 and the district's general fund levy for that school year to the sum
26 of the district's adequacy budget calculated pursuant to section 9 of
27 this act, special education categorical aid calculated pursuant to
28 section 13 of this act, extraordinary special education aid projected
29 for the 2008-2009 school year, and security aid calculated pursuant
30 to section 14 of this act.

31 (3) Notwithstanding any provision of this section to the
32 contrary, the commissioner may increase the State aid growth limit
33 in the case of a county vocational school district that has revised
34 one or more of its programs from a shared-time program to a full-
35 time program between the 2001-2002 and 2007-2008 school years
36 or shall make such revision in the 2008-2009 school year. In the
37 event that the commissioner increases the State aid growth limit for
38 a county vocational school district, the commissioner shall adjust
39 the State aid amount provided for the district in the December 12,
40 2007 report.

41
42 6. (New section) Beginning in the 2009-2010 school year and
43 for each school year thereafter, the amount of equalization aid for
44 the budget year shall equal the total Statewide equalization aid
45 calculated pursuant to section 11 of this act for the prebudget year
46 and prior to the application of section 5 of this act indexed by the
47 sum of 1.0, the CPI, and the State average enrollment growth

1 percentage between the prebudget year and the budget year as
 2 projected by the commissioner.

3
 4 7. (New section) The commissioner shall determine, based on
 5 the standards established pursuant to section 4 of this act, a base per
 6 pupil amount, and shall develop appropriate weights reflecting the
 7 differing costs of providing education at the kindergarten,
 8 elementary, middle school, and high school levels, which weights
 9 shall be applied in determining a district's base cost as set forth in
 10 section 8 of this act. The base per pupil amount for the 2008-2009
 11 school year shall be \$9,649. The weight for kindergarten shall be
 12 0.5 in the case of a pupil enrolled in a half-day kindergarten
 13 program and 1.0 in the case of a pupil enrolled in a full-day
 14 kindergarten program, and shall be 1.0 for the elementary (grades
 15 1-5) level, 1.04 for the middle school (grades 6-8) level, and 1.17
 16 for the high school (grades 9-12) level.

17 The base per pupil amount shall be adjusted by the CPI in the
 18 2009-2010 and 2010-2011 school years as required pursuant to
 19 subsection b. of section 4 of this act. For subsequent school years,
 20 the base per pupil amount and the grade level weights shall be
 21 established in the Educational Adequacy Report, with the base per
 22 pupil amount adjusted by the CPI for each of the two school years
 23 following the first school year to which the report is applicable.

24
 25 8. (New section) a. The weighted enrollment for each school
 26 district and county vocational school district shall be calculated as
 27 follows:

28
$$\text{WENR} = (\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR}) + (\text{MW} \times \text{MENR}) + (\text{HW}$$

 29
$$\times \text{HENR})$$

30 where

31 PW is the applicable weight for kindergarten enrollment;

32 EW is the weight for elementary enrollment;

33 MW is the weight for middle school enrollment;

34 HW is the weight for high school enrollment;

35 PENR is the resident enrollment for kindergarten;

36 EENR is the resident enrollment for grades 1 - 5;

37 MENR is the resident enrollment for grades 6 - 8; and

38 HENR is the resident enrollment for grades 9 - 12.

39 For the purposes of this section, ungraded pupils shall be counted in
 40 their age-equivalent grade.

41 b. The base cost for each school district shall be calculated as
 42 follows:

43
$$\text{BC} = \text{BPA} \times \text{WENR}; \text{ and}$$

44 the base cost for each county vocational school district shall be
 45 calculated as follows:

46
$$\text{BC} = \text{BPA} \times \text{WENR} \times 1.31$$

47 where

48 BPA is the base per pupil amount; and

1 WENR is the weighted enrollment of the school district or
2 county vocational school district.

3

4 9. (New section) a. The adequacy budget for each school
5 district and county vocational school district shall be calculated as
6 follows:

7 $AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + SE \text{ Census}) \times$
8 GCA

9 where

10 BC is the district's or county vocational school district's base
11 cost as calculated pursuant to section 8 of this act;

12 AR Cost is the cost of providing educational and other services
13 for at-risk pupils as calculated pursuant to subsection b. of this
14 section;

15 LEP Cost is the cost of providing educational and other services
16 for bilingual education pupils as calculated pursuant to subsection c.
17 of this section;

18 COMB Cost is the cost of providing educational and other
19 services for pupils who are both at-risk and bilingual as calculated
20 pursuant to subsection d. of this section;

21 SE Census is the cost of providing programs and services to
22 general special education services pupils and speech-only pupils as
23 calculated pursuant to subsection e. of this section; and

24 GCA is geographic cost adjustment.

25 The GCA shall be the geographic cost adjustment developed by
26 the commissioner and revised by the commissioner ever five years
27 in accordance with receipt of census data.

28 b. AR Cost shall be calculated as follows:

29 $AR \text{ Cost} = BPA \times ARWENR \times AR \text{ Weight}$

30 where

31 BPA is the base per pupil amount;

32 ARWENR is the weighted enrollment for at-risk pupils of the
33 school district or county vocational school district, which shall not
34 include combination pupils; and

35 AR Weight is the at-risk weight.

36 For the 2008-2009 through 2010-2011 school years the at-risk
37 weight shall be as follows:

38 for a district in which the concentration of at-risk pupils is less
39 than 20% of resident enrollment, the at-risk weight shall equal 0.47;

40 for a district in which the concentration of at-risk pupils is equal
41 to 20% but less than 60% of resident enrollment, the at-risk weight
42 shall equal the district's $((\text{at-risk } \% - 0.20) \times 0.25) + 0.47$; and

43 for a district in which the concentration of at-risk pupils is equal
44 to or greater than 60% of resident enrollment, the at-risk weight
45 shall equal 0.57.

46 For subsequent school years, the AR weight shall be established
47 in the Educational Adequacy Report.

48 c. LEP Cost shall be calculated as follows:

1 LEP Cost = BPA x LWENR x LEP Weight

2 where

3 BPA is the base per pupil amount;

4 LWENR is the weighted enrollment for the bilingual education
5 pupils of the school district or county vocational school district,
6 which shall not include combination pupils; and

7 LEP Weight is the bilingual pupil weight.

8 For the 2008-2009 through 2010-2011 school years the LEP weight
9 shall be 0.5. For subsequent school years, the LEP weight shall be
10 established in the Educational Adequacy Report.

11 d. COMB Cost shall be calculated as follows:

12 COMB Cost = BPA x CWENR x (AR Weight + COMB Weight)

13 where

14 BPA is the base per pupil amount;

15 CWENR is the weighted enrollment for pupils who are both at-
16 risk and bilingual;

17 AR Weight is the at-risk weight; and

18 COMB Weight is the combination pupil weight.

19 For the 2008-2009 through 2010-2011 school years the COMB
20 weight shall be 0.125. For subsequent school years, the COMB
21 weight shall be established in the Educational Adequacy Report.

22 e. SE Census shall be calculated as follows:

23 SE Census = (RE x SEACR x AEC x 2/3) + (RE x SACR x SEC)

24 where

25 RE is the resident enrollment of the school district or county
26 vocational school district;

27 SEACR is the State average classification rate for general special
28 education services pupils;

29 AEC is the excess cost for general special education services
30 pupils;

31 SACR is the State average classification rate for speech-only
32 pupils; and

33 SEC is the excess cost for speech-only pupils.

34 For the 2008-2009 through 2010-2011 school years the State
35 average classification rate shall be 14.69% for general special
36 education services pupils and 1.897% for speech-only pupils. For
37 subsequent school years, the State average classification rates shall
38 be established in the Educational Adequacy Report.

39 For the 2008-2009 school year the excess cost shall be \$10,898
40 for general special education services pupils and \$1,082 for speech-
41 only pupils. The excess cost amounts shall be adjusted by the CPI
42 in the 2009-2010 and 2010-2011 school years as required pursuant
43 to subsection b. of section 4 of this act. For subsequent school
44 years, the excess cost amounts shall be established in the
45 Educational Adequacy Report, with the amounts adjusted by the
46 CPI for each of the two school years following the first school year
47 to which the report is applicable.

1 10. (New section) Each school district and county vocational
2 school district shall receive equalization aid predicated on a local
3 share determined by district property wealth and district income.

4 a. Each district's local share shall be calculated as follows:

5 $LSHARE = (EQVAL \times PVR \times 50\%) + (INC \times INR \times 50\%)$

6 where

7 EQVAL is the district's prebudget year equalized valuation;

8 PVR is the Statewide property value rate determined pursuant to
9 subsection c. of this section;

10 INC is the district's income; and

11 INR is the Statewide income rate determined pursuant to
12 subsection c. of this section.

13 b. The local share for each county vocational school district
14 shall be calculated as follows:

15 $LSHARE = (COLSHARE/COAB) \times AB$

16 where

17 COLSHARE is the sum of the local shares for all school districts
18 in the county calculated pursuant to subsection a. of this section;

19 COAB is the sum of the adequacy budgets for all school districts
20 in the county calculated pursuant to section 9 of this act; and

21 AB is the county vocational school district's adequacy budget
22 calculated pursuant to section 9 of this act.

23 c. For the 2008-2009 school year, the property value rate shall
24 be set at 0.0092690802 and the income value rate shall be set at
25 0.04546684. For subsequent school years the values for the
26 property value rate and the income value rate shall be annually
27 determined by the commissioner as follows:

28 the property value rate shall be determined such that equalization
29 aid equals the Statewide available equalization aid for all districts
30 determined according to this act had each school district's local
31 share equaled the product of the property value rate and the
32 district's equalized valuation and each county vocational school
33 district's local share equaled the product of the county vocational
34 school district's adequacy budget and the average local share,
35 expressed as a percent, of the school districts located in the county;
36 and

37 the income rate shall be determined such that equalization aid
38 equals the Statewide available equalization aid for all districts
39 determined according to this act had each school district's local
40 share equaled the product of the income rate and the district's
41 income and each county vocational school district's local share
42 equaled the product of the county vocational school district's
43 adequacy budget and the average local share, expressed as a
44 percent, of the school districts located in the county.

45 In the event that these rates, when used in accordance with the
46 provisions of this section and assuming that each district's general
47 fund levy is equal to its local share, do not result in equalization aid
48 for all districts equal to the Statewide available equalization aid, the

1 commissioner shall adjust these rates appropriately, giving equal
2 weight to each.

3

4 11. (New section) Each school district's and county vocational
5 school district's equalization aid shall be calculated as follows:

6 $EQAID = AB - LSHARE$ provided that EQAID shall not be less
7 than zero; and

8 where

9 AB is the district's adequacy budget calculated pursuant to
10 section 9 of this act; and

11 LSHARE is the district's local share calculated pursuant to
12 section 10 of this act.

13 Each district's equalization aid for general fund expenses shall
14 be expended to provide a thorough and efficient system of
15 education consistent with the core curriculum content standards
16 established pursuant to section 4 of this act.

17 A school district may make an appeal to the commissioner on the
18 amount of its equalization aid on the basis that the calculation of
19 income within the local share formula under section 10 of this act
20 does not accurately reflect the district's income wealth.

21

22 12. (New section) a. District factor group A and B school
23 districts, and district factor group CD school districts with a
24 concentration of at-risk pupils equal to or greater than 40%, shall
25 provide free access to full-day preschool for all three- and four-year
26 old pupils. All other school districts shall provide free access to
27 full-day preschool for at-risk pupils. Preschool education aid shall
28 reflect the cost of the pupil's placement in either a district program,
29 a licensed child care provider program, or a Head Start Program.

30 (1) Preschool education aid shall be calculated for district factor
31 group A and B school districts, and for district factor group CD
32 school districts with a concentration of at-risk pupils equal to or
33 greater than 40%, as follows:

34 $Aid = (IDE \times IDA) + (PRE \times PRA) + (HSE \times HSA)$

35 where

36 IDE is the number of district pupils, other than preschool
37 disabled pupils, in an in-district preschool program;

38 IDA is the per pupil aid amount for an in-district preschool
39 program;

40 PRE is the number of district pupils, other than preschool
41 disabled pupils, in a preschool program operated by a licensed child
42 care provider;

43 PRA is the per pupil aid amount for a preschool program
44 operated by a licensed child care provider;

45 HSE is the number of district pupils, other than preschool
46 disabled pupils, in a Head Start Program; and

47 HSA is the per pupil aid amount for a Head Start Program.

1 A CD school district with a concentration of at-risk pupils equal to
2 or greater than 40% shall be eligible to receive preschool education
3 aid pursuant to the provisions of this paragraph for a minimum of
4 three school years from the time of initial determination of
5 eligibility even if the district's concentration of at-risk pupils falls
6 below a 40% concentration of at-risk pupils. In the event that the
7 district falls below a 40% concentration of at-risk pupils for two
8 consecutive school years, in the third school year the district shall
9 receive preschool education aid for each at-risk pupil and for any
10 four-year old pupil for whom the district received preschool
11 education aid in the prior school year, and that pupil shall receive
12 free preschool education.

13 (2) Preschool education aid shall be calculated for all other
14 districts as follow:

$$15 \text{ Aid} = (\text{ARID} \times \text{IDA}) + (\text{ARP} \times \text{PRA}) + (\text{ARHS} \times \text{HSA})$$

16 where

17 ARID is the number of at-risk district pupils, other than
18 preschool disabled pupils, in an in-district preschool program;

19 IDA is the per pupil aid amount for an in-district preschool
20 program;

21 ARP is the number of at-risk district pupils, other than preschool
22 disabled pupils, in a preschool program operated by a licensed child
23 care provider;

24 PRA is the per pupil aid amount for a preschool program
25 operated by a licensed child care provider;

26 ARHS is the number of at-risk district pupils, other than
27 preschool disabled pupils, in a Head Start Program; and

28 HSA is the per pupil aid amount for a Head Start Program.

29 b. In accordance with regulations adopted by the commissioner,
30 all districts shall submit a five-year plan that provides for the full
31 implementation of full day preschool for all eligible three- and four-
32 year olds by the 2013-2014 school year. For the purposes of this
33 section, "full implementation" means serving 90% of eligible pupils
34 in accordance with the preschool quality standards adopted by the
35 commissioner or such greater percentage as determined by the
36 commissioner. A school district shall annually update the five-year
37 plan based on actual implementation experience and shall revise its
38 pupil projections in accordance with that experience.

39 c. (1) In the case of a school district that did not receive any
40 form of preschool aid in the 2007-2008 school year, the 2008-2009
41 school year shall be a preschool planning year. Beginning in the
42 2009-2010 school year, the school district shall receive preschool
43 education aid calculated in accordance with the provisions of
44 subsection a. of this section based upon projected preschool
45 enrollment.

46 In the 2009-2010 school year the school district may also receive
47 start-up funds in accordance with regulations adopted by the
48 commissioner.

1 (2) In the case of a school district that received Early Launch to
2 Learning Initiative aid in the 2007-2008 school year, for the 2008-
3 2009 school year the district shall receive preschool education aid
4 in an amount equal to the district's allocation of Early Launch to
5 Learning Initiative aid in the 2007-2008 school year. Beginning in
6 the 2009-2010 school year, the school district shall receive
7 preschool education aid calculated in accordance with the
8 provisions of subsection a. of this section based upon projected
9 preschool enrollment.

10 In the 2009-2010 school year the school district may also receive
11 start-up funds in accordance with regulations adopted by the
12 commissioner.

13 (3) In the case of a school district that received early childhood
14 program aid in the 2007-2008 school year but did not receive
15 preschool expansion aid or education opportunity aid in that year,
16 for the 2008-2009 school year the district shall receive preschool
17 education aid equal to the greater of the district's 2007-2008
18 amount of early childhood program aid for preschool or the
19 district's 2007-2008 per pupil allocation of early childhood program
20 aid as included in the district's original 2007-2008 budget certified
21 for taxes, inflated by the CPI, and multiplied by the district's
22 projected preschool enrollment; except that if the district is able to
23 demonstrate in the five-year plan submitted to the commissioner
24 that it has the capacity to offer a full-day three- or four-year-old
25 program, or a full-day three- and four-year-old program, in the
26 2008-2009 school year, the commissioner may approve the funding
27 of the full-day program calculated in accordance with the provisions
28 of subsection a. of this section based upon projected preschool
29 enrollment. The district shall be informed of the commissioner's
30 determination upon approval of the five-year plan. Beginning in the
31 2009-2010 school year, the school district shall receive preschool
32 education aid calculated in accordance with the provisions of
33 subsection a. of this section based upon projected preschool
34 enrollment.

35 In the 2009-2010 school year the school district may also receive
36 start-up funds in accordance with regulations adopted by the
37 commissioner.

38 (4) In the case of a school district that received preschool
39 expansion aid or education opportunity aid in the 2007-2008 school
40 year, for the 2008-2009 school year the district shall receive
41 preschool education aid in an amount equal to the preschool budget
42 approved by the commissioner for the 2008-2009 school year.
43 Preschool education aid for the 2008-2009 school year shall be
44 adjusted following receipt of the Application for State School Aid
45 in October 2008. Beginning in the 2009-2010 school year, the
46 school district shall receive preschool education aid calculated in
47 accordance with the provisions of subsection a. of this section based
48 upon projected preschool enrollment; except that for any school

1 year the district shall not receive preschool aid in an amount less
2 than either the total amount of preschool aid the district received in
3 the 2008-2009 school year after the State aid adjustment or the
4 district's 2008-2009 school year preschool per pupil aid amount
5 multiplied by the projected number of preschool pupils after the
6 State aid adjustment, whichever is greater.

7 In the 2009-2010 school year the school district may also receive
8 start-up funds in accordance with regulations adopted by the
9 commissioner.

10 d. For the 2008-2009 school year, the preschool per pupil aid
11 amounts shall be \$11,506 for pupils enrolled in an in-district
12 program, \$12,934 for pupils enrolled in a licensed child care
13 provider program, and \$7,146 for pupils enrolled in a Head Start
14 Program. The preschool per pupil aid amounts shall be adjusted by
15 the CPI in the 2009-2010 and 2010-2011 school years as required
16 pursuant to subsection b. of section 4 of this act. For subsequent
17 school years, the preschool per pupil aid amounts shall be
18 established in the Educational Adequacy Report, with the amounts
19 adjusted by the CPI for each of the two school years following the
20 first school year to which the report is applicable.

21 e. A district shall appropriate preschool education aid in a
22 special revenue fund for expenditure. In the event that any
23 preschool education aid is not expended during the budget year, the
24 aid may be carried forward in accordance with regulations adopted
25 by the commissioner.

26 f. In the event that a district has fully implemented a full-day
27 preschool program for three- and four-year old pupils in accordance
28 with its five-year plan and meets the preschool quality standards or
29 has provided preschool education to the number of eligible students
30 to be served during a school year in accordance with that plan and
31 its annual updates and the preschool quality standards, the district
32 may appropriate preschool education aid to support kindergarten
33 through grade 12 or to provide preschool education for three- and
34 four-year old pupils for whom the district is not required to provide
35 preschool education upon the approval of the commissioner. The
36 district shall request approval in its annual plan update and any
37 approval granted by the commissioner shall be made during the
38 annual school budget process.

39 g. A school district shall maintain the preschool quality standards
40 as adopted by the commissioner as a condition of receipt of
41 preschool education aid.

42

43 13. (New section) a. Special education categorical aid for each
44 school district and county vocational school district shall be
45 calculated as follows:

46 $SE = (RE \times SEACR \times AEC \times 1/3) \times GCA$

47 where

1 RE is the resident enrollment of the school district or county
2 vocational school district;

3 SEACR is the State average classification rate for general special
4 education services pupils;

5 AEC is the excess cost for general special education services
6 pupils; and

7 GCA is the geographic cost adjustment as developed by the
8 commissioner.

9 For the 2008-2009 school year the excess cost shall be \$10,898 for
10 general special education services pupils. The excess cost amount
11 shall be adjusted by the CPI in the 2009-2010 and 2010-2011
12 school years as required pursuant to subsection b. of section 4 of
13 this act. For subsequent school years, the excess cost amount shall
14 be established in the Educational Adequacy Report, with the
15 amount adjusted by the CPI for each of the two school years
16 following the first school year to which the report is applicable.

17 b. Extraordinary special education aid for an individual
18 classified pupil shall be available when the student is educated in a
19 general education classroom, special education program, including
20 but not limited to a resource program or special class program, or
21 any combination of general education and special education
22 programs and services, subject to the requirements and thresholds
23 set forth in this section.

24 (1) In those instances in which a pupil is educated in an in-
25 district public school program with non-disabled peers, whether run
26 by a public school or by a private school for the disabled, and the
27 cost of providing direct instructional and support services for an
28 individual classified pupil exceeds \$40,000, for those direct
29 instructional and support services costs in excess of \$40,000 a
30 district shall receive extraordinary special education State aid equal
31 to 90% of the amount of that excess in accordance with the
32 provisions of paragraph (4) of this subsection.

33 (2) In those instances in which a pupil is educated in a separate
34 public school program for students with disabilities and the cost of
35 providing direct instructional and support services for an individual
36 classified pupil exceeds \$40,000, for those direct instructional and
37 support services costs in excess of \$40,000 a district shall receive
38 extraordinary special education State aid equal to 75% of the
39 amount of that excess in accordance with the provisions of
40 paragraph (4) of this subsection.

41 (3) In those instances in which a pupil is educated in a separate
42 private school for students with disabilities and the tuition for an
43 individual classified pupil exceeds \$55,000, for tuition costs in
44 excess of \$55,000 a district shall receive extraordinary special
45 education State aid equal to 75% of the amount of that excess in
46 accordance with the provisions of paragraph (4) of this subsection.

47 (4) Extraordinary special education State aid for an individual
48 classified pupil shall be calculated as follows:

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20

1 EA = ((ADC-\$40,000) x .90) + (((AIC - \$40,000) + (ASC -
2 \$55,000)) x .75)

3 where

4 ADC equals the district's actual cost for the direct instructional
5 and support services in an in-district public school program as set
6 forth in paragraph (1) of this subsection;

7 AIC equals the district's actual cost for direct instructional and
8 support services in a separate public school program as set forth in
9 paragraph (2) of this subsection; and

10 ASC equals the district's actual cost for tuition paid to a separate
11 private school as set forth in paragraph (3) of this subsection.

12 (5) The receipt of extraordinary special education State aid for
13 an individual classified pupil shall be conditioned upon a
14 demonstration by the district that the pupil's Individualized
15 Education Plan requires the provision of intensive services,
16 pursuant to factors determined by the commissioner.

17 c. In order to receive funding pursuant to this section, a district
18 shall file an application with the department that details the
19 expenses incurred on behalf of the particular classified pupil for
20 which the district is seeking reimbursement. Additional State aid
21 awarded for extraordinary special education costs shall be recorded
22 by the district as revenue in the current school year and paid to the
23 district in the subsequent school year.

24 d. A school district may apply to the commissioner to receive
25 emergency special education aid for any classified pupil who
26 enrolls in the district prior to March of the budget year and who is
27 in a placement with a cost in excess of \$40,000 or \$55,000, as
28 applicable. The commissioner may debit from the student's former
29 district of residence any special education aid which was paid to
30 that district on behalf of the student.

31 e. The department shall review expenditures of federal and State
32 special education aid by a district in every instance in which special
33 education monitoring identifies a failure on the part of the district to
34 provide services consistent with a pupil's Individualized Education
35 Plan.

36 f. The commissioner shall commission an independent study of
37 the special education census funding methodology to determine if
38 adjustments in the special education funding formulas are needed in
39 future years to address the variations in incidence of students with
40 severe disabilities requiring high cost programs and to make
41 recommendations for any such adjustments. The study and
42 recommendations shall be completed by June 30, 2010.

43 g. A school district may apply to the commissioner to receive
44 additional special education categorical aid if the district has an
45 unusually high rate of low-incidence disabilities, such as autism,
46 deaf/blindness, severe cognitive impairment, and medically fragile.
47 In applying for the aid the district shall: demonstrate the impact of
48 the unusually high rate of low-incidence disabilities on the school

1 district budget and the extent to which the costs to the district are
 2 not sufficiently addressed through special education aid and
 3 extraordinary special education aid; and provide details of all
 4 special education expenditures, including details on the use of
 5 federal funds to support those expenditures.

6

7 14. (New section) Security categorical aid for each school
 8 district and county vocational school district shall be calculated as
 9 follows:

10 $SA = ((RE \times \$70) + (AREN R \times ARSA)) \times GCA$

11 where

12 RE means the school district's or county vocational school
 13 district's resident enrollment;

14 ARENR means the district's number of at-risk pupils;

15 ARSA means the at-risk security amount; and

16 GCA is the geographic cost adjustment as developed by the
 17 commissioner.

18 For the 2008-2009 through 2010-2011 school years the at-risk
 19 security amount shall be calculated as follows:

20 for a district in which the concentration of at-risk pupils is less
 21 than 40% of resident enrollment, the at-risk security amount shall
 22 equal the district's $(AR\% \times \$10.15 \times 100)$; and

23 for a district in which the concentration of at-risk pupils is equal
 24 to or greater than 40%, the at-risk security amount shall equal
 25 \$406.

26 The security cost coefficients, \$70, \$10.15 and \$406, used to
 27 determine the security amount, shall be adjusted by the CPI in the
 28 2009-2010 and 2010-2011 school years as required pursuant to
 29 subsection b. of section 4 of this act. For subsequent school years,
 30 the cost coefficients shall be established in the Educational
 31 Adequacy Report, with adjustments by the CPI for each of the two
 32 school years following the first school year to which the report is
 33 applicable.

34

35 15. (New section) a. Each school district's and county
 36 vocational school district's State aid for transportation shall consist
 37 of base aid (BA) and an incentive factor (IF) determined as follows:

38 $BA = (BA1 \times IF) + BA2$

39 where

40 $BA1 = CP1 \times P1 + CD1 \times P1 \times D1$;

41 $BA2 = CP2 \times P2 + CD2 \times P2 \times D2$;

42 P1 is the total number of regular education public pupils and
 43 regular nonpublic pupils eligible for transportation pursuant to
 44 N.J.S.18A:39-1, excluding preschool pupils except pupils that
 45 qualify for free full-day preschool pursuant to section 12 of this act,
 46 and of special education pupils eligible for transportation pursuant
 47 to N.J.S.18A:46-23 with no special transportation requirements,

1 who are resident in the district as of the last school day prior to
2 October 16 of the prebudget year;

3 D1 is the average home-to-school mileage for P1 pupils;

4 P2 is the total number of special education pupils eligible for
5 transportation pursuant to N.J.S.18A:46-23 with special
6 transportation requirements who are resident in the district as of the
7 last school day prior to October 16 of the prebudget year;

8 D2 is the average home-to-school mileage for P2 pupils; and

9 CP1, CD1, CP2 and CD2 are cost coefficients with values set
10 forth in subsection b. of this section.

11 IF is the incentive factor, which modifies base aid paid for pupils
12 transported on regular vehicles according to each district's
13 percentile rank in regular vehicle capacity utilization. Students
14 within the district who receive courtesy busing services shall be
15 included in the calculation of the district's regular vehicle capacity
16 utilization if the courtesy busing services are provided to a student
17 who would otherwise be required to walk to and from school along
18 a route designated as a hazardous route by the school district
19 pursuant to section 2 of P.L.1999, c.310 (C.18A:39-1.5). For the
20 2008-2009 school year, IF = 1. The Governor shall submit to the
21 Legislature at least 60 days prior to the FY 2011 budget address
22 proposed transportation incentive factors applicable to the 2010-
23 2011 school year and thereafter along with supporting data. The
24 incentive factors shall be deemed approved by the Legislature
25 unless a concurrent resolution is passed within 60 days of the date
26 of submission.

27 b. For the 2008-2009 school year, the cost coefficients in
28 subsection a. of this section shall have the following values:

29 CP1 = \$383.88;

30 CD1 = \$10.50;

31 CP2 = \$2,675.77; and

32 CD2 = \$5.10.

33 The cost coefficients shall be adjusted by the CPI in the 2009-
34 2010 and 2010-2011 school years as required pursuant to subsection
35 b. of section 4 of this act. For subsequent school years, the cost
36 coefficients shall be established in the Educational Adequacy
37 Report with the amounts adjusted by the CPI for each of the two
38 school years following the first school year to which the report is
39 applicable.

40 c. For the 2008-2009 school year each district and county
41 vocational district shall receive State transportation aid in an
42 amount equal to the school district's or county vocational school
43 district's State aid entitlement calculated pursuant to subsections a.
44 and b. of this section multiplied by 81.4876%.

45 d. Each executive county superintendent of schools shall
46 complete a study of pupil transportation services in the county no
47 later than 18 months after the effective date of P.L. , c. (C.)
48 (pending before the Legislature as this bill). The purpose of the

1 study shall be to determine ways to provide pupil transportation
2 services in a more cost-effective and efficient manner. The study
3 shall be transmitted upon completion to the Commissioner of
4 Education and to the Legislature pursuant to section 2 of P.L.1991,
5 c.164 (C.52:14-19.1).

6
7 16. (New section) a. (1) For the 2008-2009 school year, each
8 school district and county vocational school district shall receive
9 adjustment aid in such amount as to ensure that the district receives
10 the greater of the amount of State aid calculated for the district
11 pursuant to the provisions of this act or the State aid received by the
12 district for the 2007-2008 school year multiplied by 102%. The
13 State aid received by the district for the 2007-2008 school year shall
14 include the following aid categories: Core Curriculum Standards
15 Aid, Supplemental Core Curriculum Standards Aid, Education
16 Opportunity Aid, Above Average Enrollment Growth Aid, High
17 Expectations for Learning Proficiency Aid, Instructional
18 Supplement Aid, Demonstrably Effective Program Aid,
19 Stabilization Aid, Supplemental Stabilization Aid, Adult and
20 Postsecondary Education Grants, Bilingual Education Aid, Special
21 Education Aid, County Vocational Program Aid, Transportation
22 Aid, School Choice Aid, Consolidated Aid, Additional Formula
23 Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk
24 Aid, Abbott-Bordered District Aid, Nonpreschool ECPA,
25 Extraordinary Special Education Aid paid in 2006-2007, and Aid
26 for Enrollment Adjustments, taking into consideration the June
27 2008 payment made in July 2008.

28 (2) For the 2009-2010 and 2010-2011 school years a school
29 district or county vocational school district shall receive adjustment
30 aid in such amount as to ensure that the district receives the greater
31 of the amount of State aid calculated for the district pursuant to the
32 provisions of this act or the State aid, other than educational
33 adequacy aid, received by the district for the 2008-2009 school
34 year.

35 (3) For the 2011-2012 school year and for each school year
36 thereafter, a school district or county vocational school district that
37 does not have a decline in its weighted enrollment, adjusted for
38 bilingual education pupils and at-risk pupils, between the 2008-2009
39 school year and the budget year that is greater than 5% shall receive
40 adjustment aid in such amount as to ensure that the district receives the
41 greater of the amount of State aid calculated pursuant to the provisions
42 of this act or the State aid, other than educational adequacy aid,
43 received by the district for the 2008-2009 school year.

44 (4) For the 2011-2012 school year and for each school year
45 thereafter, a school district or county vocational school district that has
46 a decline in its weighted enrollment, adjusted for bilingual education
47 pupils and at-risk pupils, between the 2008-2009 school year and the
48 budget year that is greater than 5% shall have its adjustment aid

1 reduced in an amount equal to the district's 2008-2009 per pupil
2 adjustment aid amount multiplied by the decline in its resident
3 enrollment that is greater than 5%.

4 b. In the case of a school district that received education
5 opportunity aid in the 2007-2008 school year and for which the sum
6 of the district's 2007-2008 State aid under the State aid categories
7 listed under paragraph (1) of subsection a. of this section and
8 general fund local levy is less than the sum of the district's
9 adequacy budget as calculated pursuant to section 9 of this act,
10 special education categorical aid calculated pursuant to section 13
11 of this act, and security aid calculated pursuant to section 14 of this
12 act, the district shall receive educational adequacy aid if it meets the
13 following criteria:

14 (1) the district fails to meet educational adequacy standards as
15 determined by the commissioner; or

16 (2) the district is located in a municipality with an equalized total
17 tax rate that is greater than 130% of the Statewide average
18 equalized total tax rate; or

19 (3) the district has an equalized school tax rate that is greater
20 than 110% of the Statewide average equalized school tax rate and is
21 located in a municipality with an equalized total tax rate that is
22 greater than 120% of the Statewide average equalized total tax rate;
23 and

24 (4) the district will not meet adequacy in the 2008-2009 school
25 year based on the State aid increase received by the district for that
26 school year.

27 An eligible district shall receive educational adequacy aid for the
28 2008-2009 school year in accordance with the following formula:

29 $EA \text{ aid} = ((AB + SE + SA) - (GFL + A08)) \times .33 - ls - SA;$

30 where AB is the district's adequacy budget as calculated
31 pursuant of section 9 of this act;

32 SE is the district's special education categorical aid calculated
33 pursuant to section 13 of this act;

34 SA is the district's security categorical aid calculated pursuant to
35 section 14 of this act;

36 GFL is the district's prebudget year general fund local levy;

37 A08 is the sum of the district's 2007-2008 State aid under the
38 State aid categories listed under paragraph (1) of subsection a. of
39 this section;

40 ls is the district's prebudget year general fund local levy,
41 multiplied by 4% in the case of a district which meets the criteria of
42 paragraph (2) or paragraph (3) of this subsection, or in the case of a
43 district which does not meet those criteria multiplied by 6%; and

44 SA is any increase in State aid between the prebudget and budget
45 years.

46 An eligible district shall receive educational adequacy aid for the
47 2009-2010 school year in accordance with the following formula:

48 $EA \text{ aid} = ((AB - (GFL + PEQAID)) \times .50) - ls; \text{ and}$

1 An eligible district shall receive educational adequacy aid for the
2 2010-2011 school year in accordance with the following formula;

3
$$EA \text{ aid} = (AB - (GFL + PEQAID) - ls)$$

4 where

5 AB is the district's adequacy budget as calculated pursuant to
6 section 9 of this act;

7 GFL is the district's prebudget year general fund local levy;

8 PEQAID is the district's prebudget year equalization aid
9 calculated pursuant to section 11 of this act; and

10 ls is the district's prebudget year general fund local levy,
11 multiplied by 4% in the case of a district which meets the criteria of
12 paragraph (2) or paragraph (3) of this subsection, or in the case of a
13 district which does not meet those criteria multiplied by 8% for the
14 2009-2010 school year and by 10% for the 2010-2011 school year;

15 For the 2011-2012 school year and for each school year
16 thereafter, the district shall receive the amount of educational
17 adequacy aid that the district received in the 2010-2011 school year.

18

19 17. (New section) The Commissioner of Education shall
20 complete by the end of the 2010-2011 school year a study of the tax
21 levy growth limitation enacted pursuant to sections 2 through 5 of
22 P.L.2007, c.62 (C.18A:7F-37-18A:7F-40), for the purpose of
23 analyzing any effects that the tax levy growth limitation has had on
24 disparities in spending among the districts. The study shall include
25 a recommendation by the commissioner on whether the tax levy
26 growth limitation should be continued after the 2011-2012 school
27 year, or whether the spending growth limitation under the
28 provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5) would be
29 more effective in addressing any identified disparities in school
30 district spending, or whether a revised growth limitation method
31 might be warranted.

32

33 18. (New section) The Commissioner of Education shall not
34 authorize the disbursement of funds to any district until the
35 commissioner is satisfied that all educational expenditures in the
36 district will be spent effectively and efficiently in order to enable
37 students to achieve the core curriculum content standards. The
38 commissioner shall be authorized to take any affirmative action as
39 is necessary to ensure the effective and efficient expenditure of
40 funds by school districts and county vocational school districts.

41

42 19. (New section) Notwithstanding any law or regulation to the
43 contrary, for the 2008-2009 school year a district's district aid
44 percentage calculated for purposes of the provisions of section 10 of
45 P.L.2000, c.72 (C.18A:7G-10) shall equal the percentage calculated
46 for the 2001-2002 school year.

1 20. (New section) For the purpose of calculating all forms of
2 State aid pursuant to P.L. , c. (C.) (pending before the
3 Legislature as this bill) for a choice student in a choice district, the
4 student shall be counted in the resident enrollment of the receiving
5 district. The receiving district shall receive school choice aid for
6 each choice student equal to the adequacy budget local levy per
7 pupil amount.

8 For purposes of this section, “adequacy budget local levy per
9 pupil amount” means the adequacy budget calculated pursuant to
10 section 9 of P.L. , c. (C.) (pending before the Legislature as
11 this bill) minus equalization aid calculated pursuant to section 11 of
12 P.L. , c. (C.) (pending before the Legislature as this bill)
13 divided by the resident enrollment.

14

15 21. (New section) a. Notwithstanding any provision of
16 P.L.2000,c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-
17 235 et al.) to the contrary, an SDA district as defined in section 3 of
18 P.L.2000, c.72 (C.18A:7G-3) may include in its annual capital
19 outlay budget and construct one or more school facilities projects if
20 the cost of each project does not exceed \$500,000 and the
21 commissioner approves the inclusion of the project upon a
22 demonstration by the district that its budget includes sufficient
23 funds to finance the project. A district may also withdraw funds
24 from a capital reserve account for such purpose with the approval of
25 the commissioner.

26 b. A school facilities project, the cost of which does not exceed
27 \$500,000 and that is not financed and constructed pursuant to
28 subsection a. of this section, shall continue to be financed and
29 constructed in accordance with the provisions of P.L.2000, c.72
30 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.).

31

32 22. Section 10 of P.L.1975, c.212 (C.18A:7A-10) is amended to
33 read as follows:

34 10. For the purpose of evaluating the thoroughness and
35 efficiency of all the public schools of the State, the commissioner,
36 with the approval of the State board and after review by the Joint
37 Committee on the Public Schools, shall develop and administer the
38 New Jersey Quality Single Accountability Continuum for
39 evaluating the performance of each school district. The goal of the
40 New Jersey Quality Single Accountability Continuum shall be to
41 ensure that all districts are operating at a high level of performance.
42 The system shall be based on an assessment of the degree to which
43 the thoroughness and efficiency standards established pursuant to
44 section [4 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.)
45 (pending before the Legislature as this bill) are being achieved and
46 an evaluation of school district capacity in the following five key
47 components of school district effectiveness: instruction and
48 program; personnel; fiscal management; operations; and

1 governance. A school district's capacity and effectiveness shall be
2 determined using quality performance indicators comprised of
3 standards for each of the five key components of school district
4 effectiveness. The quality performance indicators shall take into
5 consideration a school district's performance over time, to the
6 extent feasible. Based on a district's compliance with the indicators,
7 the commissioner shall assess district capacity and effectiveness
8 and place the district on a performance continuum that will
9 determine the type and level of oversight and technical assistance
10 and support the district receives.

11 (cf: P.L.2007, c.16, s.2)

12

13 23. Section 24 of P.L.2007, c.16 (C.18A:7A-14a) is amended to
14 read as follows:

15 24. The Legislature finds and declares that:

16 a. It is the constitutional obligation of the Legislature to
17 provide all children in New Jersey with a thorough and efficient
18 system of free public schools;

19 b. The breadth and scope of such a system are defined by the
20 Legislature through the commissioner and the State board pursuant
21 to **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.)
22 (pending before the Legislature as this bill) so as to insure quality
23 educational programs for all children;

24 c. It is imperative that the program in every school district in
25 this State includes all of the major elements identified as essential
26 for that system consistent with standards adopted pursuant to
27 section 10 of P.L.1975, c.212 (C.18A:7A-10);

28 d. It is the responsibility of the State to insure that any school
29 district which is shown to be deficient in one or more of these major
30 elements takes corrective actions without delay in order to remedy
31 those deficiencies;

32 e. This responsibility can be fulfilled, in addition to the
33 mechanism for ensuring compliance established pursuant to section
34 6 of P.L.1996, c.138 (C.18A:7F-6), through an effective and
35 efficient system of evaluation and monitoring which will insure
36 quality and comprehensive instructional programming in every
37 school district and provide for immediate and direct corrective
38 action to insure that identified deficiencies do not persist, and which
39 does so within the context of the maximum of local governance and
40 management and the minimum of paperwork and unnecessary
41 procedural requirements.

42 (cf: P.L.2007, c.16, s.24)

43

44 24. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
45 read as follows:

46 2. a. In addition to the powers provided pursuant to P.L.2005,
47 c.235 **[and]** P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.
48 (C.) (pending before the Legislature as this bill) or any other law,

1 the Commissioner of Education shall have the authority to appoint a
2 State monitor and additional staff, as necessary, to provide direct
3 oversight of a board of education's business operations and
4 personnel matters if: the school district receives an adverse or a
5 disclaimer of opinion by its independent auditor in the annual audit
6 required pursuant to N.J.S.18A:23-1; or any two or more of the
7 following circumstances apply to the school district:

8 (1) the school district ends the fiscal year with a deficit balance
9 as calculated for budgetary purposes in the general fund, special
10 revenue fund, or capital projects fund, with the exception of a
11 capital projects fund deficit caused by the issuance of bond
12 anticipation notes;

13 (2) the school district receives a qualified opinion by its
14 independent auditor in the annual audit required pursuant to
15 N.J.S.18A:23-1;

16 (3) the school district receives an adverse, disclaimer, or
17 qualified opinion by its independent auditor under the single audit
18 section for State or federal awards in the annual audit required
19 pursuant to N.J.S.18A:23-1;

20 (4) the school district receives any audit findings by its
21 independent auditor identified as material weaknesses in internal
22 controls;

23 (5) the school district fails to develop and implement a plan
24 acceptable to the commissioner or his designee to address a
25 potential or actual deficit balance in the general fund, special
26 revenue fund, or capital projects fund, with the exception of a
27 capital projects fund deficit caused by the issuance of bond
28 anticipation notes;

29 (6) the school district fails to implement a plan from the prior
30 year which causes any findings from the independent auditor to be
31 repeated;

32 (7) the school district is required to return federal funds once it
33 is determined that the school district's expenditures are not in
34 compliance with the grant requirements; or

35 (8) the school district submits the annual audit after the
36 submission date required pursuant to N.J.S.18A:23-1.

37 b. The State monitor shall:

38 (1) oversee the fiscal management and expenditures of school
39 district funds, including, but not limited to, budget reallocations and
40 reductions, approvals of purchase orders, budget transfers, and
41 payment of bills and claims;

42 (2) oversee the operation and fiscal management of school
43 district facilities, including the development and implementation of
44 recommendations for redistricting and restructuring of schools;

45 (3) ensure development and implementation of an acceptable
46 plan to address the circumstances set forth in subsection a. of this
47 section which resulted in the appointment of the State monitor. The

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29

1 plan shall include measurable benchmarks and specific activities to
2 address the deficiencies of the school district;

3 (4) oversee all district staffing, including the ability to hire,
4 promote, and terminate employees;

5 (5) have authority to override a chief school administrator's
6 action and a vote by the board of education on any of the matters set
7 forth in this subsection, except that all actions of the State monitor
8 shall be subject to the education, labor, and employment laws and
9 regulations, including the "New Jersey Employer-Employee
10 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
11 bargaining agreements entered into by the school district;

12 (6) attend all meetings of the board of education, including
13 closed sessions; and

14 (7) meet with the board of education on at least a quarterly basis
15 to discuss with the members of the board the past actions of the
16 board which led to the appointment of the State monitor and to
17 provide board members with education and training that address the
18 deficiencies identified in board actions.

19 c. The Commissioner of Education shall notify the State Board
20 of Education following the appointment of a State monitor pursuant
21 to subsection a. of this section. The State monitor shall report
22 directly to the commissioner or his designee on a weekly basis. The
23 State monitor shall also report monthly to the board of education
24 and members of the public at the regularly scheduled board of
25 education meeting.

26 d. For purposes of the "New Jersey Tort Claims Act,"
27 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
28 officer, but for all other purposes the State monitor shall be
29 considered an employee of the district.

30 e. The State monitor shall provide oversight in the school
31 district until the commissioner determines that all remedial actions
32 required under the plan have been implemented and the necessary
33 local capacity and fiscal controls have been restored to school
34 district operations.

35 f. The salary of the State monitor shall be fixed by the
36 commissioner and adjusted from time to time as the commissioner
37 deems appropriate. The school district shall assume the total cost of
38 the State monitor and necessary additional staff appointed pursuant
39 to subsection a. of this section. The State monitor shall have the
40 authority to appoint legal counsel if legal action is taken against
41 him while acting in his official duties as a State monitor or as
42 needed upon approval of the commissioner.

43 (cf: P.L.2007, c.53, s.16)

44

45 25. Section 14 of P.L.2007, c.53 (C.18A:7A-60) is amended to
46 read as follows:

47 14. a. In addition to the powers provided pursuant to P.L.2005,
48 c.235 [and], P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.

1 (C.) (pending before the Legislature as this bill) or any other law,
2 the Commissioner of Education may appoint an external entity, in
3 accordance with State procurement laws, to perform a compliance
4 audit of the spending of the district's general fund budget upon
5 identification that the district may be spending State education
6 funds for purposes that are not in compliance with State education
7 law and regulation. The scope of the compliance audit shall be
8 determined by the commissioner based upon the specific
9 circumstances of the district.

10 b. The final report of a compliance audit conducted pursuant to
11 subsection a. of this section shall include specific findings and
12 recommendations, as applicable, and shall be submitted to the
13 commissioner. The commissioner may use the audit report as
14 evidence for the appointment of a State monitor pursuant to the
15 provisions of subsection a. of section 2 of P.L.2006, c.15
16 (C.18A:7A-55).

17 c. The school district shall reimburse the Department of
18 Education for the total cost of the compliance audit conducted
19 pursuant to subsection a. of this section if the final audit report
20 includes findings that the district has spent State education funds
21 for purposes that are not in compliance with State education law
22 and regulation.

23 (cf: P.L.2007, c.53, s.14)

24

25 26. Section 9 of P.L.1979, c.207 (C.18A:7B-5) is amended to
26 read as follows:

27 9. The Commissioner of Education, with the approval of the
28 State Board of Education, shall promulgate rules and regulations to
29 ensure a thorough and efficient education, consistent with the
30 provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. , c.
31 (C.) (pending before the Legislature as this bill), for the children
32 in State facilities. In the case of county juvenile detention centers,
33 the Office of Education in the Juvenile Justice Commission shall
34 develop, in consultation with the commissioner, appropriate
35 standards, to be effective for Fiscal Year 1999, for the provision of
36 a thorough and efficient education by the county for facilities
37 established under chapter 10 and chapter 11 of Title 9 of the
38 Revised Statutes.

39 The commissioner shall continually review the operation of
40 educational programs in State facilities. If he finds that the
41 operation of any of these programs does not meet the educational
42 standard required by the regulations, he shall direct that a remedial
43 plan be prepared by the education director of the facility in which
44 the program is located, together with the director of educational
45 services of the department which is operating or contracting with
46 the facility. The plan shall be submitted to the Commissioner of
47 Education for his approval. If he approves the plan, it shall be
48 implemented in a timely and effective manner. If he finds the plan

1 or its implementation to be insufficient, he may, until the
2 insufficiency is corrected, withhold and place in a special account
3 any State aid funds which otherwise would have been forwarded
4 pursuant to section 6 of this act.

5 (cf: P.L.1996, c.138, s.42)

6

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

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

11 a. The district of residence for children in resource family
12 homes shall be the district in which the resource family parents
13 reside. If a child in a resource family home is subsequently placed
14 in a State facility or by a State agency, the district of residence of
15 the child shall then be determined as if no such resource family
16 placement had occurred.

17 b. The district of residence for children who are in residential
18 State facilities, or who have been placed by State agencies in group
19 homes, skill development homes, private schools or out-of-State
20 facilities, shall be the present district of residence of the parent or
21 guardian with whom the child lived prior to his most recent
22 admission to a State facility or most recent placement by a State
23 agency.

24 If this cannot be determined, the district of residence shall be the
25 district in which the child resided prior to such admission or
26 placement.

27 c. The district of residence for children whose parent or
28 guardian temporarily moves from one school district to another as
29 the result of being homeless shall be the district in which the parent
30 or guardian last resided prior to becoming homeless. For the
31 purpose of this amendatory and supplementary act, "homeless" shall
32 mean an individual who temporarily lacks a fixed, regular and
33 adequate residence.

34 d. If the district of residence cannot be determined according to
35 the criteria contained herein, or if the criteria contained herein
36 identify a district of residence outside of the State, the State shall
37 assume fiscal responsibility for the tuition of the child. The tuition
38 shall equal the approved per pupil cost established pursuant to
39 P.L.1996, c.138 (C.18A:7F-1 et seq.). This amount shall be
40 appropriated in the same manner as other State aid under this act.
41 The Department of Education shall pay the amount to the
42 Department of Human Services, the Department of Children and
43 Families, the Department of Corrections or the Juvenile Justice
44 Commission established pursuant to section 2 of P.L.1995, c.284
45 (C.52:17B-170) or, in the case of a homeless child, the Department
46 of Education shall pay **【the appropriate T&E amount and any
47 appropriate additional cost factor for special education pursuant to
48 section 19 of P.L.1996, c.138 (C.18A:7F-19)】** to the school district

1 in which the child is enrolled the weighted base per pupil amount
2 calculated pursuant to section 7 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) and the appropriate security
4 categorical aid per pupil and special education categorical aid per
5 pupil.

6 e. If the State has assumed fiscal responsibility for the tuition
7 of a child in a private educational facility approved by the
8 Department of Education to serve children who are classified as
9 needing special education services, the department shall pay to the
10 Department of Human Services, the Department of Children and
11 Families or the Juvenile Justice Commission, as appropriate, the aid
12 specified in subsection d. of this section and in addition, such aid as
13 required to make the total amount of aid equal to the actual cost of
14 the tuition.

15 (cf: P.L.2006, c.47, s.85)

16

17 28. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to
18 read as follows:

19 5. As used in this section, "cost of living" means the CPI as
20 defined in section 3 of **[P.L.1996, c.138 (C.18A:7F-3)]** P.L. , c.
21 (C.) (pending before the Legislature as this bill).

22 a. **[Biennially, within 30 days following the approval of the**
23 **Report on the Cost of Providing a Thorough and Efficient**
24 **Education, the commissioner shall notify each district of the T&E**
25 **amount, the T&E flexible amount, the T&E range, early childhood**
26 **program amount, demonstrably effective program amount,**
27 **instructional supplement amount, and categorical amounts per pupil**
28 **for the subsequent two fiscal years]** Within 30 days following the
29 approval of the Educational Adequacy Report, the commissioner
30 shall notify each district of the base per pupil amount, the per pupil
31 amounts for full-day preschool, the weights for grade level, county
32 vocational school districts, at-risk pupils, bilingual pupils, and
33 combination pupils, the cost coefficients for security aid and for
34 transportation aid, the State average classification rate and the
35 excess cost for general special education services pupils, the State
36 average classification rate and the excess cost for speech-only
37 pupils, and the geographic cost adjustment for each of the school
38 years to which the report is applicable.

39 Annually, within two days following the transmittal of the State
40 budget message to the Legislature by the Governor pursuant to
41 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
42 shall notify each district of the maximum amount of aid payable to
43 the district in the succeeding school year pursuant to the provisions
44 of **[this act]** P.L. , c. (C.) (pending before the Legislature as
45 this bill), and shall notify each district of the district's [T&E
46 budget, maximum T&E budget, and minimum permissible T&E]
47 adequacy budget for the succeeding school year.

1 **【Beginning in the 1998-99】** For the 2008-2009 school year and
2 thereafter, unless otherwise specified within 【this act】 P.L. , c.
3 (C.) (pending before the Legislature as this bill), aid amounts
4 payable for the budget year shall be based on budget year pupil
5 counts, which shall be projected by the commissioner using data
6 from prior years. Adjustments for the actual pupil counts of the
7 budget year shall be made to State aid amounts payable during the
8 school year succeeding the budget year. Additional amounts
9 payable shall be reflected as revenue and an account receivable for
10 the budget year.

11 Notwithstanding any other provision of this act to the contrary,
12 each district's State aid payable for the **【1997-98 school year, with**
13 **the exception of transportation and facilities aids pursuant to**
14 **sections 25, 26, and 27 of this act】** 2008-2009 school year, with the
15 exception of aid for school facilities projects, shall be based on
16 simulations employing the various formulas and State aid amounts
17 contained in **【this act using projections based on the October 1995**
18 **pupil counts, December 1995 special education census data and**
19 **October 1995 equalized valuations. Transportation aid shall be**
20 **calculated based on the provisions of this act using pupil data used**
21 **for the 1996-97 school year and adjusted to reflect the total amount**
22 **of State aid disbursed in the 1996-97 school year】** P.L. , c. (C.)
23 (pending before the Legislature as this bill). The commissioner
24 shall prepare a report dated **【December 19, 1996】** December 12,
25 2007 reflecting the State aid amounts payable by category for each
26 district and shall submit the report to the Legislature prior to the
27 adoption of **【this act】** P.L. , c. (C.) (pending before the
28 Legislature as this bill). **【The】** Except as otherwise provided
29 pursuant to this subsection and paragraph (3) of subsection d. of
30 section 5 of P.L. , c. (C.) (pending before the Legislature as
31 this bill), the amounts contained in the commissioner's report shall
32 be the final amounts payable and shall not be subsequently adjusted
33 **【because of changes in pupil counts or equalized valuations】** other
34 than to reflect the phase-in of the required general fund local levy
35 pursuant to paragraph (4) of subsection b. of section 16 of P.L. , c.
36 (C.) (pending before the Legislature as this bill) and to reflect
37 school choice aid to which a district may be entitled pursuant to
38 section 20 of that act . The projected pupil counts and equalized
39 valuations used for the calculation of State aid shall also be used for
40 the calculation of **【maximum T&E budget, minimum T&E budget】**
41 **adequacy budget,** local share, and required local share**【, and**
42 **spending growth limitation】.** **【State aid notification of debt service**
43 **aid pursuant to section 27 of this act shall include a statement that**
44 **debt service aid shall be determined in the budget】** For 2008-2009,
45 extraordinary special education State aid shall be included as a
46 projected amount in the commissioner's report dated December 12,
47 2007 pending the final approval of applications for the aid. If the

1 actual award of extraordinary special education State aid is greater
2 than the projected amount, the district shall receive the increase in
3 the aid payable in the subsequent school year pursuant to the
4 provisions of subsection c. of section 13 of P.L. , c. (C.)
5 (pending before the Legislature as this bill). If the actual award of
6 extraordinary special education State aid is less than the projected
7 amount, other State aid categories shall be adjusted accordingly so
8 that the district shall not receive less State aid than as provided in
9 accordance with the provisions of sections 5 and 16 of P.L. , c.
10 (C.) (pending before the Legislature as this bill).

11 In the event that the commissioner determines, following the
12 enactment of P.L. , c. (C.) (pending before the Legislature as
13 this bill) but prior to the issuance of State aid notices for the 2008-
14 2009 school year, that a significant district-specific change in data
15 warrants an increase in State aid for that district, the commissioner
16 may adjust the State aid amount provided for the district in the
17 December 12, 2007 report to reflect the increase.

18 **【Any school district which enrolls students who reside on federal**
19 **property which were not included in the calculation of core**
20 **curriculum standards aid for 1997-98 shall have its core curriculum**
21 **standards aid recalculated for these additional enrollments through**
22 **the 1997-98 school year using the property value multiplier, income**
23 **value multiplier, equalized valuation, and district income which**
24 **were used in the original Statewide calculation of core curriculum**
25 **standards aid. The additional aid resulting from the recalculations**
26 **shall be divided by 20 and the product shall be added to each of the**
27 **remaining core curriculum standards aid payments for the 1997-98**
28 **school year. Additionally, the core curriculum standards aid**
29 **calculation and payment schedule for 1998-99 shall be adjusted for**
30 **such enrollments arriving after the last school day prior to October**
31 **16, 1997.】**

32 b. Each district shall have a required local share. For **【Abbott】**
33 districts that receive educational adequacy aid pursuant to
34 subsection b. of section 16 of P.L. , c. (C.) (pending before the
35 Legislature as this bill), the required local share **【for the purpose of**
36 determining its estimated minimum equalized tax rate and
37 supplemental core curriculum standards aid shall equal the district's
38 local share calculated at the middle of the T&E range (T&E amount
39 x WENR, where WENR is the district's weighted enrollment
40 pursuant to section 13 of this act).

41 Notwithstanding the above provision, no Abbott district shall
42 raise a general fund tax levy which is less than the prior year
43 general fund tax levy unless the sum of the levy and the other
44 components of the T&E program budget equals or exceeds its
45 maximum T&E budget calculated pursuant to section 13 of this act.

46 For district factor group A districts, the required local share shall
47 equal the district's local share calculated at its minimum T&E

1 budget pursuant to section 13 of this act] shall be calculated in
2 accordance with the provisions of that subsection.

3 For all other districts, the required local share shall equal the
4 lesser of the local share calculated at the district's [minimum T&E]
5 adequacy budget pursuant to section [13] 9 of [this act] P.L. , c.
6 (C.) (pending before the Legislature as this bill), or the district's
7 budgeted local share for the prebudget year.

8 In order to meet this requirement, each district shall raise a
9 general fund tax levy which[, when added to the general fund
10 balance designated for the budget year, miscellaneous local general
11 fund revenues estimated consistent with GAAP to be realized
12 during the budget year, supplemental core curriculum standards aid
13 calculated pursuant to section 17 of this act and stabilization aid and
14 supplemental school tax reduction aid calculated pursuant to section
15 10 of this act,] equals its required local share [or, for Abbott
16 districts, the amount required when the calculation of required local
17 share would result in a general fund tax levy which is less than the
18 general fund tax levy of the prebudget year. For 1997-98, the
19 budgeted local share for the prebudget year shall be the district's
20 general fund tax levy.]

21 [For the 1997-98 school year, any tax increase which would be
22 required of an Abbott district or district factor group A district to
23 meet its required local share, after consideration of supplemental
24 core curriculum standards aid, stabilization aid, and supplemental
25 school tax reduction aid shall be fully funded by the State and
26 recorded as supplemental core curriculum standards aid. The
27 commissioner, in consultation with the Commissioner of the
28 Department of Community Affairs and the Director of the Division
29 of Local Government Services in the Department of Community
30 Affairs, shall examine the fiscal ability of the Abbott districts and
31 the district factor group A districts eligible for supplemental core
32 curriculum standards aid to absorb any reduction in such aid and
33 shall make recommendations to the Legislature and the Governor
34 regarding the continuation of supplemental core curriculum
35 standards aid to those districts. In making those recommendations,
36 the commissioner shall consider the ratable base of the municipality
37 or municipalities in which the district is located, the tax burden
38 placed upon the local community due to other required municipal
39 services, and the fiscal ability of the school district to raise its
40 required local share. The commissioner shall not implement any of
41 those recommendations until the recommendations are enacted into
42 law.]

43 No municipal governing body or bodies or board of school
44 estimate, as appropriate, shall certify a general fund tax levy which
45 does not meet the required local share provisions of this section.

46 c. Annually, on or before March 4, each district board of
47 education shall adopt, and submit to the commissioner for approval,

1 together with such supporting documentation as the commissioner
2 may prescribe, a budget that provides [no less than the minimum
3 permissible T&E budget, plus categorical amounts required] for a
4 thorough and efficient education [as established pursuant to the
5 report, special revenue funds and debt service funds].
6 Notwithstanding the provisions of this subsection to the contrary,
7 the commissioner may adjust the date for the submission of district
8 budgets if the commissioner determines that the availability of
9 preliminary aid numbers for the subsequent school year warrants
10 such adjustment.

11 Notwithstanding any provision of this section to the contrary, for
12 the 2005-2006 school year each district board of education shall
13 submit a proposed budget in which the advertised per pupil
14 administrative costs do not exceed the lower of the following:

15 (1) the district's advertised per pupil administrative costs for the
16 2004-2005 school year inflated by the cost of living or 2.5 percent,
17 whichever is greater; or

18 (2) the per pupil administrative cost limits for the district's
19 region as determined by the commissioner based on audited
20 expenditures for the 2003-2004 school year.

21 The executive county superintendent of schools may disapprove
22 the school district's 2005-2006 proposed budget if he determines
23 that the district has not implemented all potential efficiencies in the
24 administrative operations of the district. The executive county
25 superintendent shall work with each school district in the county
26 during the 2004-2005 school year to identify administrative
27 inefficiencies in the operations of the district that might cause the
28 superintendent to reject the district's proposed 2005-2006 school
29 year budget.

30 For the 2006-2007 school year and each school year thereafter,
31 each district board of education shall submit a proposed budget in
32 which the advertised per pupil administrative costs do not exceed
33 the lower of the following:

34 (1) the district's prior year per pupil administrative costs; except
35 that the district may submit a request to the commissioner for
36 approval to exceed the district's prior year per pupil administrative
37 costs due to increases in enrollment, administrative positions
38 necessary as a result of mandated programs, administrative
39 vacancies, nondiscretionary fixed costs, and such other items as
40 defined in accordance with regulations adopted pursuant to section
41 7 of P.L.2004, c.73. In the event that the commissioner approves a
42 district's request to exceed its prior year per pupil administrative
43 costs, the increase authorized by the commissioner shall not exceed
44 the cost of living or 2.5 percent, whichever is greater; or

45 (2) the prior year per pupil administrative cost limits for the
46 district's region inflated by the cost of living or 2.5 percent,
47 whichever is greater.

1 d. (1) A district [proposing a budget which includes spending
2 which exceeds the maximum T&E budget established pursuant to
3 section 13 of this act] shall submit, as appropriate, to the board of
4 school estimate or to the voters of the district at the annual school
5 budget election conducted pursuant to the provisions of P.L.1995,
6 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added
7 to the other components of its net budget does not exceed the
8 prebudget year net budget by more than the spending growth
9 limitation calculated as follows: the sum of the cost of living or 2.5
10 percent, whichever is greater, multiplied by the prebudget year net
11 budget, and adjustments for changes in enrollment, certain capital
12 outlay expenditures, expenditures for pupil transportation services
13 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
14 connection with the opening of a new school facility during the
15 budget year, and special education costs per pupil in excess of
16 \$40,000. The adjustment for special education costs shall equal any
17 increase in the sum of per pupil amounts in excess of \$40,000 for
18 the budget year less the sum of per pupil amounts in excess of
19 \$40,000 for the prebudget year indexed by the cost of living or 2.5
20 percent, whichever is greater. The adjustment for enrollments shall
21 equal the increase in [unweighted] weighted resident enrollments
22 between the prebudget year and budget year multiplied by the per
23 pupil general fund tax levy amount for the prebudget year indexed
24 by the cost of living or 2.5 percent, whichever is greater. The
25 adjustment for capital outlay shall equal any increase between the
26 capital outlay portion of the general fund budget for the budget year
27 less any withdrawals from the capital reserve account and the
28 capital outlay portion of the general fund budget for the prebudget
29 year indexed by the cost of living or 2.5 percent, whichever is
30 greater. Any district with a capital outlay adjustment to its
31 spending growth limitation shall be restricted from transferring any
32 funds from capital outlay accounts to current expense accounts.
33 The adjustment for capital outlay shall not become part of the
34 prebudget year net budget for purposes of calculating the spending
35 growth limitation of the subsequent year. The adjustment for pupil
36 transportation costs provided pursuant to N.J.S.18A:39-1.1 shall
37 equal any increase between the cost of providing such pupil
38 transportation services for the budget year and the cost of providing
39 such pupil transportation services for the prebudget year indexed by
40 the cost of living or 2.5 percent, whichever is greater. The
41 adjustment for the opening of a new school facility shall include
42 costs associated with the new facility related to new teaching staff
43 members, support staff, materials and equipment, custodial and
44 maintenance expenditures, and such other required costs as
45 determined by the commissioner.

46 (2) [A district proposing a budget set at or below the minimum
47 T&E budget established pursuant to section 13 of this act shall
48 submit, as appropriate, to the board of school estimate or to the

1 voters of the district at the annual school budget election conducted
2 pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a
3 general fund tax levy which when added to the other components of
4 the net T&E budget shall not exceed the prebudget year net T&E
5 budget or in 1997-98 the prebudget year net budget by more than
6 the spending growth limitation calculated as follows: the sum of the
7 cost of living or 2.5 percent, whichever is greater, multiplied by the
8 prebudget year net budget, and adjustments for changes in
9 enrollment, certain capital outlay expenditures, expenditures for
10 pupil transportation services provided pursuant to N.J.S.18A:39-1.1,
11 expenditures incurred in connection with the opening of a new
12 school facility during the budget year, and special education costs
13 per pupil in excess of \$40,000. The enrollment adjustment shall
14 equal the increase in weighted resident enrollment between the
15 prebudget year and the budget year multiplied by the T&E amount
16 less the T&E flexible amount. The adjustments for special
17 education costs, pupil transportation services, and capital outlay
18 expenditures shall be calculated pursuant to the provisions of
19 paragraph (1) of this subsection. The adjustment for the opening of
20 a new school facility shall include costs associated with the new
21 facility related to new teaching staff members, support staff,
22 materials and equipment, custodial and maintenance expenditures,
23 and such other required costs as determined by the commissioner.

24 Notwithstanding the provisions of this paragraph, no district
25 shall raise a net budget which is less than the local share required
26 under the required local share provisions of this act plus the other
27 components of its net budget.] (Deleted by amendment, P.L.____,
28 c.)

29 (3) [A district proposing a budget set at or below the maximum
30 T&E budget, but including amounts in excess of the minimum T&E
31 budget established pursuant to section 13 of this act, shall submit,
32 as appropriate, to the board of school estimate or to the voters at the
33 annual school budget election conducted pursuant to the provisions
34 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy
35 which when added to the other components of its net T&E budget
36 does not exceed the prebudget year net T&E budget or in 1997-98
37 the prebudget year net budget by more than the spending growth
38 limitation calculated as follows: the sum of the cost of living or 2.5
39 percent, whichever is greater, multiplied by the prebudget year net
40 budget, and adjustments for changes in enrollment, certain capital
41 outlay expenditures, expenditures for pupil transportation services
42 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
43 connection with the opening of a new school facility during the
44 budget year, and special education costs per pupil in excess of
45 \$40,000 per pupil. The enrollment adjustment shall equal the
46 increase in the unweighted resident enrollment between the
47 prebudget year and the budget year multiplied by the prebudget year
48 T&E program budget per pupil indexed by the cost of living or 2.5

1 percent, whichever is greater. For the 1997-98 school year, the
2 T&E program budget for the prebudget year shall equal the sum of
3 the general fund tax levy, foundation aid, and transition aid. The
4 adjustment for special education costs, pupil transportation services,
5 and capital outlay expenditures shall be made pursuant to the
6 provisions of paragraph (1) of this subsection. The adjustment for
7 the opening of a new school facility shall include costs associated
8 with the new facility related to new teaching staff members, support
9 staff, materials and equipment, custodial and maintenance
10 expenditures, and such other required costs as determined by the
11 commissioner.] (Deleted by amendment, P.L. , c.)

12 (4) Any debt service payment made by a school district during
13 the budget year shall not be included in the calculation of the
14 district's spending growth limitation.

15 (5) **[**For the 1997-98 school year, a district's spending growth
16 limitation shall be increased by the excess of county special
17 services school district tuition over prebudget year county special
18 services school district tuition indexed by the CPI or three percent,
19 whichever is greater.] (Deleted by amendment, P.L. , c.)

20 (6) **[**For the purpose of determining a district's spending growth
21 limitation for the 1997-98 school year, a district may apply to the
22 commissioner to add all or a part of the district's original designated
23 general fund balance for 1996-97 to the spending growth limitation
24 if it can demonstrate through current accounting records and
25 historical trend data that the fund balance will actually be spent in
26 the budget year.] (Deleted by amendment, P.L. , c.)

27 (7) (Deleted by amendment, P.L.2004, c.73)

28 (8) If an increase in tuition for the budget year charged to a
29 sending district by the receiving district pursuant to the provisions
30 of N.J.S.18A:38-19 would reduce the sending district's per pupil net
31 budget amount below the prior year's per pupil net budget amount
32 in order to comply with the district's spending growth limitation, the
33 district may apply to the commissioner for an adjustment to that
34 limitation.

35 (9) Any district may submit at the annual school budget election
36 a separate proposal or proposals for additional funds, including
37 interpretive statements, specifically identifying the program
38 purposes for which the proposed funds shall be used, to the voters,
39 who may, by voter approval, authorize the raising of an additional
40 general fund tax levy for such purposes. In the case of a district
41 with a board of school estimate, one proposal for the additional
42 spending shall be submitted to the board of school estimate. Any
43 proposal or proposals submitted to the voters or the board of school
44 estimate shall not: include any programs and services that were
45 included in the district's prebudget year net budget unless the
46 proposal is approved by the commissioner upon submission by the
47 district of sufficient reason for an exemption to this requirement; or

1 include any new programs and services necessary for students to
2 achieve the thoroughness standards established pursuant to
3 subsection a. of section 4 of **[P.L.1996, c.138 (C.18A:7F-4)]**
4 P.L. , c. (C.) (pending before the Legislature as this bill).

5 The executive county superintendent of schools may prohibit the
6 submission of a separate proposal or proposals to the voters or
7 board of school estimate if he determines that the district has not
8 implemented all potential efficiencies in the administrative
9 operations of the district, which efficiencies would eliminate the
10 need for the raising of additional general fund tax levy.

11 **[Any]** Except as otherwise provided pursuant to paragraph (3) of
12 subsection c. of section 4 of P.L.2007, c.62 (C.18A:7F-39), any
13 proposal or proposals rejected by the voters shall be submitted to
14 the municipal governing body or bodies for a determination as to
15 the amount, if any, that should be expended notwithstanding voter
16 rejection. The decision of the municipal governing body or bodies
17 or board of school estimate, as appropriate, shall be final and no
18 appeals shall be made to the commissioner.

19 (10) Notwithstanding any provision of law to the contrary, if a
20 district proposes a budget **[which exceeds the maximum T&E]** with
21 a general fund tax levy and equalization aid which exceed the
22 adequacy budget, the following statement shall be published in the
23 legal notice of public hearing on the budget pursuant to
24 N.J.S.18A:22-28, posted at the public hearing held on the budget
25 pursuant to N.J.S.18A:22-29, and printed on the sample ballot
26 required pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

27 "Your school district has proposed programs and services in
28 addition to the core curriculum content standards adopted by the
29 State Board of Education. Information on this budget and the
30 programs and services it provides is available from your local
31 school district."

32 (11) Any reduction that may be required to be made to programs
33 and services included in a district's prebudget year net budget in
34 order for the district to limit the growth in its budget between the
35 prebudget and budget years by its spending growth limitation as
36 calculated pursuant to this subsection, shall only include reductions
37 to excessive administration or programs and services that are
38 inefficient or ineffective.

39 e. (1) Any general fund tax levy rejected by the voters for a
40 proposed budget that includes a general fund tax levy and
41 equalization aid in excess of the **[maximum T&E]** adequacy budget
42 shall be submitted to the governing body of each of the
43 municipalities included within the district for determination of the
44 amount that should be expended notwithstanding voter rejection. In
45 the case of a district having a board of school estimate, the general
46 fund tax levy shall be submitted to the board for determination of
47 the amount that should be expended. If the governing body or
48 bodies or board of school estimate, as appropriate, reduce the

1 district's proposed **[net]** budget, the district may appeal any of the
2 reductions to the commissioner on the grounds that the reductions
3 will negatively impact on the stability of the district given the need
4 for long term planning and budgeting. In considering the appeal,
5 the commissioner shall consider enrollment increases or decreases
6 within the district; the history of voter approval or rejection of
7 district budgets; the impact on the local levy; and whether the
8 reductions will impact on the ability of the district to fulfill its
9 contractual obligations. A district may not appeal any reductions
10 on the grounds that the amount is necessary for a thorough and
11 efficient education.

12 (2) Any general fund tax levy rejected by the voters for a
13 proposed budget that includes a general fund tax levy and
14 equalization aid at or below the **[maximum T&E]** adequacy budget
15 shall be submitted to the governing body of each of the
16 municipalities included within the district for determination of the
17 amount that should be expended notwithstanding voter rejection. In
18 the case of a district having a board of school estimate, the general
19 fund tax levy shall be submitted to the board for determination.
20 Any reductions may be appealed to the commissioner on the
21 grounds that the amount is necessary for a thorough and efficient
22 education or that the reductions will negatively impact on the
23 stability of the district given the need for long term planning and
24 budgeting. In considering the appeal, the commissioner shall also
25 consider the factors outlined in paragraph (1) of this subsection.

26 **[In the case of a school district in which the proposed budget is**
27 **below, or after a reduction made by the municipal governing body**
28 **or board of school estimate is below, the minimum T&E budget**
29 **calculated pursuant to section 13 of this act any reductions made by**
30 **the municipal governing body or board of school estimate shall be**
31 **automatically reviewed by the commissioner. In reviewing the**
32 **budget, the commissioner shall also consider the factors outlined in**
33 **paragraph (1) of this subsection.]** In addition, the municipal
34 governing body or board of school estimate shall be required to
35 demonstrate clearly to the commissioner that the proposed budget
36 reductions shall not adversely affect the ability of the school district
37 to provide a thorough and efficient education or the stability of the
38 district given the need for long term planning and budgeting.

39 (3) In lieu of any budget reduction appeal provided for pursuant
40 to paragraphs (1) and (2) of this subsection, the State board may
41 establish pursuant to the "Administrative Procedure Act," P.L.1968,
42 c.410 (C.52:14B-1 et seq.), an expedited budget review process
43 based on a district's application to the commissioner for an order to
44 restore a budget reduction.

45 (4) When the voters, municipal governing body or bodies, or the
46 board of school estimate authorize the general fund tax levy, the
47 district shall submit the resulting budget to the commissioner within
48 15 days of the action of the voters or municipal governing body or

1 bodies, whichever is later, or of the board of school estimate as the
2 case may be.

3 f. **【Any district which is not an Abbott district but which was**
4 **classified as a special needs district under the "Quality Education**
5 **Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), may appeal any**
6 **budget reduction made by the municipal governing body or board of**
7 **school estimate, as appropriate, to the commissioner.】** (Deleted by
8 amendment, P.L. , c.)

9 g. **【The commissioner shall annually review the budget of any**
10 **district which was classified as a special needs district under the**
11 **"Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et**
12 **al.), to determine if any educationally meritorious program or**
13 **service established through State resources provided as a result of**
14 **that funding law is proposed to be reduced or eliminated. If the**
15 **commissioner determines that the program or service is in jeopardy**
16 **and that a reallocation of resources is possible without jeopardizing**
17 **other educationally meritorious programs or services, he may**
18 **require the school board to fund the program or service through a**
19 **reallocation of resources.】** (Deleted by amendment, P.L. , c.)
20 (cf: P.L. 2004, c.73, s.1)

21

22 29. Section 36 of P.L.2000, c.126 (C.18A:7F-5a) is amended to
23 read as follows:

24 36. a. Notwithstanding any provision of P.L.1996, c.138
25 (C.18A:7F-1 et seq.) or P.L. , c. (C.) (pending before the
26 Legislature as this bill) to the contrary and except as otherwise
27 provided pursuant to subsection b. of this section, any school
28 district which increases its net budget between the prebudget and
29 budget years in an amount less than that authorized pursuant to
30 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), shall be
31 permitted to include the amount of the difference between its actual
32 net budget and its permitted net budget in either of the next two
33 succeeding budget years; except that beginning with any difference
34 in the 2004-2005 budget year and any difference in a subsequent
35 budget year, only 50% of the difference may be included in either
36 of the next two succeeding budget years.

37 b. For the 2005-2006 school year and thereafter, the executive
38 county superintendent of schools may disapprove a school district's
39 proposed budget which includes the amount of any difference
40 authorized pursuant to subsection a. of this section if the executive
41 county superintendent determines that the district has not
42 implemented all potential efficiencies in the administrative
43 operations of the district, which efficiencies would eliminate the
44 need for the inclusion of the differential amount. The executive
45 county superintendent shall work with each school district in the
46 county during the 2004-2005 school year and each subsequent
47 school year to identify administrative inefficiencies in the

1 operations of the district that might cause the county superintendent
2 to reject the district's proposed budget.

3 (cf: P.L. 2004, c.73, s.2)

4

5 30. Section 6 of P.L.1996, c.138 (C.18A:7F-6) is amended to
6 read as follows:

7 6. a. The commissioner shall not approve any budget submitted
8 pursuant to subsection c. of section 5 of this act unless he is
9 satisfied that the district has adequately implemented within the
10 budget the thoroughness and efficiency standards set forth pursuant
11 to section 4 of **[this act]** P.L. ., c. (C.) (pending before the
12 Legislature as this bill). In those instances in which a district
13 submits a budget with a general fund tax levy and equalization aid
14 set at less than its **[minimum T&E]** adequacy budget, the
15 commissioner may, when he deems it necessary to ensure
16 implementation of standards, direct additional expenditures, in
17 specific accounts and for specific purposes, up to the district's
18 **[T&E]** adequacy budget. A district which submits a budget with a
19 general fund tax levy and equalization aid set at less than its
20 **[minimum T&E]** adequacy budget and which fails to meet core
21 curriculum content standards in any school year shall be required to
22 increase expenditures so as to meet at least the **[minimum T&E]**
23 adequacy budget within the next two budget years. **[In those**
24 **instances in which a district submits a budget at or above its**
25 **minimum T&E budget, the commissioner may likewise, when he**
26 **deems it necessary to ensure implementation of standards, direct**
27 **additional expenditures, in specific accounts and for specific**
28 **purposes, up to the T&E budget.]** In all cases, including those
29 instances in which a district submits a budget with a general fund
30 tax levy and equalization aid above its **[T&E]** adequacy budget,
31 **[up to and including its maximum T&E budget]**, the commissioner
32 may direct such budgetary reallocations and programmatic
33 adjustments, or take such other measures, as he deems necessary to
34 ensure implementation of the required thoroughness and efficiency
35 standards.

36 b. In addition, whenever the commissioner determines, through
37 the results of Statewide assessments conducted pursuant to law and
38 regulation, or during the course of an evaluation of school
39 performance conducted pursuant to section 10 of P.L.1975, c.212
40 (C.18A:7A-10), that a district, or one or more schools within the
41 district, is failing to achieve the core curriculum content standards,
42 the commissioner may summarily take such action as he deems
43 necessary and appropriate, including but not limited to:

- 44 (1) directing the restructuring of curriculum or programs;
45 (2) directing staff retraining or reassignment;
46 (3) conducting a comprehensive budget evaluation;
47 (4) redirecting expenditures;

1 (5) enforcing spending at the full **[per pupil T&E per amount]**
2 adequacy budget; and

3 (6) notwithstanding any provisions of the "New Jersey
4 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
5 et seq.), to the contrary, reviewing the terms of future collective
6 bargaining agreements.

7 **[For the purpose of evaluating a district's results on Statewide**
8 **assessments pursuant to this subsection, the commissioner shall**
9 **limit the use of these actions to those instances in which a school in**
10 **a district has experienced at least three consecutive years of failing**
11 **test scores.]**

12 The commissioner shall report any action taken under this
13 subsection to the State board within 30 days. A board of education
14 may appeal a determination that the district is failing to achieve the
15 core curriculum content standards and any action of the
16 commissioner to the State board.

17 Nothing in this section shall be construed to limit such general or
18 specific powers as are elsewhere conferred upon the commissioner
19 pursuant to law.

20 Nothing in this act shall be deemed to restrict or limit any rights
21 established pursuant to the "New Jersey Employer-Employee
22 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the
23 commissioner's powers under this act be construed to permit the
24 commissioner to restrict, limit, interfere with, participate, or be
25 directly involved in collective negotiations, contract administration,
26 or processing of grievances, or in relation to any terms and
27 conditions of employment. This provision shall apply to **[a] an**
28 **existing State-operated school district or a district that is placed**
29 **under full State intervention only after the terms and conditions of a**
30 **contract have been finalized.**

31 c. **[Each Abbott district shall submit its proposed budget for**
32 **the next school year to the commissioner not later than the date**
33 **prescribed for submission of all school district budgets pursuant to**
34 **section 5 of P.L.1996, c.138 (C.18A:7F-5). The review of the**
35 **budget shall include, but not be limited to, an assessment of efforts**
36 **to reduce class sizes, increase the breadth of program offerings, and**
37 **direct funds into the classroom. If the commissioner determines**
38 **during the review of an Abbott district budget that funds are not**
39 **appropriately directed so that students in the districts are provided**
40 **the educational opportunity to meet the core curriculum content**
41 **standards, the commissioner shall direct the reallocation of funds**
42 **within the budget. The commissioner shall approve any transfer of**
43 **funds from instructional accounts to non-instructional accounts. In**
44 **addition, if the commissioner directs the reallocation of funds from**
45 **or between instructional accounts or from or between non-**
46 **instructional accounts in the proposed budget, the district shall not**
47 **transfer any funds to or from those accounts that were subject to**

1 reallocation without the prior approval of the commissioner. The
2 commissioner shall, for any Abbott district, when he deems it
3 necessary to ensure implementation of the thoroughness standards,
4 direct additional expenditures above the T&E budget in specific
5 accounts and for specific purposes, up to the maximum T&E budget
6 without approval of the local voters or board of school estimate, as
7 applicable.】 (Deleted by amendment, P.L. , c.)

8 d. In addition to the audit required of school districts pursuant
9 to N.J.S.18A:23-1, the accounts and financial transactions of any
10 school district in which the State aid equals 80% or more of its net
11 budget for the budget year shall be directly audited by the Office of
12 the State Auditor on an annual basis.

13 e. 【Notwithstanding any provision of law to the contrary, in
14 the review of a school district's budget pursuant to subsection c. or
15 e. of section 5 of this act, the commissioner shall not eliminate,
16 reduce, or reallocate funds contained within the budget for pupil
17 transportation services provided pursuant to N.J.S.18A:39-1.1 nor
18 require the district to eliminate these funds from the base budget
19 and to submit a separate proposal to the voters or board of school
20 estimate pursuant to paragraph (9) of subsection d. of section 5 of
21 this act for the inclusion of the funds within the proposed budget.
22 The decision to provide such pupil transportation services shall be
23 made by the board of education of the school district. In the case of
24 a school budget that is defeated by the voters or a budget that is not
25 approved by the board of school estimate, that decision shall be
26 made in consultation with the municipal governing body or board of
27 school estimate, as appropriate, or, in the case of a regional district,
28 the municipal governing bodies.】 Deleted by amendment P.L. , c.
29 (C.) (pending before the Legislature as this bill)
30 (cf: P.L.2003, c.275, s.2)

31
32 31. Section 8 of P.L.1996, c.138 (C.18A:7F-8) is amended to
33 read as follows:

34 8. The amounts payable to each school district and county
35 vocational school district pursuant to this act shall be paid by the
36 State Treasurer upon the certification of the commissioner and
37 warrant of the Director of the Division of Budget and Accounting.
38 Five percent of the appropriation for 【core curriculum standards
39 aid, supplemental core curriculum standards aid, special education,
40 transportation, early childhood programs, demonstrably effective
41 programs, instructional supplement, bilingual, county vocational
42 education program, distance learning network】 equalization aid,
43 special education categorical aid, preschool education aid, security
44 aid, transportation aid, adjustment aid, and any other aid pursuant to
45 【this act】 P.L. , c. (C.) (pending before the Legislature as this
46 bill) shall be paid on the 【first and fifteenth】 eighth and twenty-
47 second of each month from September through June. If a local

1 board of education requires funds prior to the first payment, the
2 board shall file a written request with the commissioner stating the
3 need for the funds. The commissioner shall review each request
4 and forward for payment those for which need has been
5 demonstrated.

6 Facilities funds shall be paid as required to meet due dates for
7 payment of principal and interest. Each school district, county
8 vocational school district, and county special services school
9 district shall file an annual report regarding facilities payments to
10 the commissioner. The report shall include the amount of interest
11 bearing school debt, if any, of the municipality or district then
12 remaining unpaid, together with the rate of interest payable thereon,
13 the date or dates on which the bonds or other evidences of
14 indebtedness were issued, and the date or dates upon which they fall
15 due. In the case of a Type I school district, the board secretary shall
16 secure the schedule of outstanding obligations from the clerk of the
17 municipality.

18 (cf: P.L.1996, c.138, s.8)

19

20 32. Section 9 of P.L.1996, c.138 (C.18A:7F-9) is amended to
21 read as follows:

22 9. In order to receive any State aid pursuant to **[this act]** P.L. ____,
23 c. ____ (C. ____) (pending before the Legislature as this bill), a school
24 district, county vocational school district, or county special services
25 school district shall comply with the rules and standards for the
26 equalization of opportunity which have been or may hereafter be
27 prescribed by law or formulated by the commissioner pursuant to
28 law, including those implementing this act and P.L. ____, c. ____ (C. ____)
29 (pending before the Legislature as this bill) or related to the core
30 curriculum content standards required by **[this act]** P.L. ____, c.
31 (C. ____) (pending before the Legislature as this bill), and shall further
32 comply with any directive issued by the commissioner pursuant to
33 section 6 of this act. The commissioner is hereby authorized to
34 withhold all or part of a district's State aid for failure to comply
35 with any rule, standard or directive. No State aid shall be paid to
36 any district which has not provided public school facilities for at
37 least 180 days during the preceding school year, but the
38 commissioner, for good cause shown, may remit the penalty.

39 (cf: P.L.1996, c.138, s.9)

40

41 33. Section 32 of P.L.1996, c.138 (C.18A:7F-32) is amended to
42 read as follows:

43 32. a. When State aid is calculated for any year and a part of
44 any district becomes a new school district or a part of another
45 school district, or comes partly under the authority of a regional
46 board of education, the commissioner shall adjust the State aid
47 calculations among the districts affected, or between the district and

1 the regional board, as the case may be, on an equitable basis in
2 accordance with the intent of this act.

3 Whenever an all-purpose regional school district is approved by
4 the voters during any calendar year, the regional district shall
5 become effective on the succeeding July 1 for the purpose of
6 calculating State aid, and the commissioner shall request
7 supplemental appropriations for such additional State aid as may be
8 required. After a regional school district becomes entitled to State
9 aid, it shall continue to be entitled to aid as calculated for a regional
10 district notwithstanding the subsequent consolidation of the
11 constituent municipalities of the regional school district.

12 b. For a period of five years following regionalization, each
13 regional school district formed after the effective date of **[this act]**
14 P.L. , c. (C.) (pending before the Legislature as this bill)
15 shall be eligible to receive supplemental State aid equal to the
16 difference between the regional district's **[core curriculum**
17 **standards]** equalization aid calculated pursuant to section **[15 of**
18 **this act]** 11 of P.L. , c. (C.) (pending before the Legislature
19 as this bill) for the budget year and the sum of **[core curriculum**
20 **standards]** equalization aid received by each constituent district of
21 that regional school district in the year prior to regionalization,
22 multiplied by the transition weight. For the purpose of this section,
23 the transition weight shall equal 1.0 for the first year following
24 regionalization, .80 for the second year following regionalization,
25 .60 for the third year following regionalization, .40 for the fourth
26 year following regionalization, and .20 for the fifth year following
27 regionalization.

28 (cf: P.L.1996, c.138, s.32)

29

30 34. Section 33 of P.L.1996, c.138 (C.18A:7F-33) is amended to
31 read as follows:

32 33. Annually, on or before October 20, the secretary of the
33 board of education, with approval of the superintendent of schools,
34 or if there is no superintendent of schools, with the approval of the
35 executive county superintendent of schools, shall file with the
36 commissioner a report prescribed by the commissioner containing
37 all data necessary to effectuate the aid provisions of **[this act]**
38 P.L. , c. (C.) (pending before the Legislature as this bill),
39 which shall include but not be limited to, the number of pupils
40 enrolled by grade, the number of these pupils classified as eligible
41 for special education services **[other than speech corrections]** and
42 speech-only services, the number of pupils in approved programs
43 for bilingual education, the number of **[low-income]** at-risk pupils,
44 the number of combination pupils, and the number of pupils in State
45 facilities, county vocational schools, State college demonstration
46 schools, evening schools, other public or private schools to which
47 the district is paying tuition, or who are receiving home instruction

1 on the last school day prior to October 16. In addition, districts
2 shall file annual reports providing such information as the
3 commissioner may require for pupils receiving special education
4 services.

5 (cf: P.L.1996, c.138, s.33)

6

7 35. Section 84 of P.L.1996, c.138 (C.18A:7F-34) is amended to
8 read as follows:

9 84. The **【State Board】** Commissioner of Education shall adopt,
10 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
11 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate
12 the provisions of this act.

13 (cf: P.L.1996, c.138, s.84)

14

15 36. Section 2 of P.L.2007, c.62 (C.18A:7F-37) is amended to
16 read as follows:

17 2. For the purposes of sections 2 through 7 of P.L.2007, c.62
18 (C.18A:7F-37 through C.18A:7F-42):

19 "Adjusted tax levy" means the amount raised by property
20 taxation for the purposes of the school district, excluding any debt
21 service payment.

22 "Commissioner" means the Commissioner of Education.

23 "New Jersey Quality Single Accountability Continuum" or
24 "NJQSAC" means the monitoring and evaluation process of school
25 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

26 "Prebudget year adjusted tax levy" means the amount raised by
27 property taxation in the prebudget year for the purposes of the
28 school district, excluding any debt service payment, less any
29 amounts raised after approval of a waiver by the commissioner or
30 separate question by the voters or board of school estimate in the
31 prebudget year unless such approval explicitly allows the approved
32 increases to be permanent.

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

36 "Unrestricted State aid" means, for the 2007-2008 school year,
37 State aid that is included in a school district's State aid notice and
38 allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any
39 other law for appropriation in a school district's general fund plus
40 early childhood program aid allocated pursuant to section 16 of
41 P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably
42 effective program aid and instructional supplement aid allocated
43 pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any
44 other law; and for the 2008-2009 through 2011-2012 school years,
45 State aid that is included in a school district's State aid notice and
46 allocated pursuant to P.L. , c. (C.) (pending before the
47 Legislature as this bill) or any other law for appropriation in a
48 school district's general fund plus preschool education aid allocated

1 pursuant to section 12 of P.L. , c. (C.) (pending before the
2 Legislature as this bill) or any other law.

3 "Weighted resident enrollment" means weighted resident
4 enrollment as calculated pursuant to [subsection a. of section 13 of
5 P.L.1996, c.138 (C.18A:7F-13)] section 9 of P.L. , c. (C.)
6 (pending before the Legislature as this bill) and as projected by the
7 commissioner.

8 (cf: P.L.2007, c.62, s.2)

9

10 37. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to
11 read as follows:

12 3. a. (1) Notwithstanding the provisions of any other law to the
13 contrary, a school district shall not adopt a budget pursuant to
14 sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6)
15 with an increase in its adjusted tax levy that exceeds the tax levy
16 growth limitation calculated as follows: the sum of the prebudget
17 year adjusted tax levy and the adjustment for increases in
18 enrollment multiplied by four percent, and adjustments for a
19 reduction in total unrestricted State aid from the prebudget year, an
20 increase in health care costs, and beginning in the 2008-2009 school
21 year, amounts approved by a waiver granted by the commissioner
22 pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).

23 (2) Notwithstanding any provision of paragraph (1) of this
24 subsection to the contrary, beginning in the 2008-2009 school year
25 the tax levy growth limitation for a district which is spending above
26 adequacy as determined pursuant to subsection d. of section 5 of
27 P.L. , c. (C.) (pending before the Legislature as this bill) and
28 has a prebudget year general fund tax levy greater than its local
29 share as calculated pursuant to section 10 of that act and which
30 receives an increase in State aid between the prebudget and budget
31 years that is greater than 2% or the CPI, whichever is greater, shall
32 be reduced by the amount of the State aid increase that exceeds 2%
33 or the CPI, whichever is greater. For the purposes of this
34 paragraph, the CPI shall not exceed 4%. The reduction shall be
35 made following the calculation of any adjustments for increases in
36 enrollment, a reduction in total unrestricted State aid, and an
37 increase in health care costs calculated pursuant to subsections b.,
38 c., and d. of this section and prior to the request or approval of
39 waivers pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39). In
40 the event that the reduction would bring the district's spending
41 below adequacy, notwithstanding the requirements of this paragraph
42 to the contrary the amount of the reduction made to the district's tax
43 levy growth limitation shall not be greater than the amount that
44 brings the district's spending to adequacy.

45 b. (1) The allowable adjustment for increases in enrollment
46 authorized pursuant to subsection a. of this section shall equal the
47 per pupil prebudget year adjusted tax levy multiplied by EP, where
48 EP equals the sum of:

- 1 (a) 0.50 for each unit of weighted resident enrollment that
2 constitutes an increase from the prebudget year over 1%, but not
3 more than 2.5%;
- 4 (b) 0.75 for each unit of weighted resident enrollment that
5 constitutes an increase from the prebudget year over 2.5%, but not
6 more than 4%; and
- 7 (c) 1.00 for each unit of weighted resident enrollment that
8 constitutes an increase from the prebudget year over 4%.
- 9 (2) A school district may request approval from the
10 commissioner to calculate EP equal to 1.00 for any increase in
11 weighted resident enrollment if it can demonstrate that the
12 calculation pursuant to paragraph (1) of this subsection would result
13 in an average class size that exceeds 10% above the facilities
14 efficiency standards established pursuant to P.L.2000, c.72
15 (C.18A:7G-1 et al.).
- 16 c. The allowable adjustment for a reduction in total
17 unrestricted State aid authorized pursuant to subsection a. of this
18 section shall equal any reduction in total unrestricted State aid from
19 the prebudget to the budget year.
- 20 d. The allowable adjustment for increases in health care costs
21 authorized pursuant to subsection a. of this section shall equal that
22 portion of the actual increase in total health care costs for the
23 budget year, less any withdrawals from the current expense
24 emergency reserve account for increases in total health care costs,
25 that exceeds four percent of the total health care costs in the
26 prebudget year, but that is not in excess of the product of the total
27 health care costs in the prebudget year multiplied by the average
28 percentage increase of the State Health Benefits Program, P.L.1961,
29 c.49 (C.52:14-17.25 et seq.), as annually determined by the
30 Division of Pensions and Benefits in the Department of the
31 Treasury.
- 32 e. In addition to the adjustments authorized pursuant to
33 subsection a. of this section, for the purpose of determining a school
34 district's allowable tax levy growth limitation for the 2007-2008
35 school year, a school district may apply to the commissioner for an
36 adjustment for increases in special education costs over \$40,000 per
37 pupil, increases in tuition, capital outlay increases, and incremental
38 increases in costs for opening a new school facility in the budget
39 year.
- 40 (1) The allowable adjustment for increases in special education
41 costs over \$40,000 per pupil shall equal any increase in the sum of
42 per pupil amounts in excess of \$40,000 for the budget year less the
43 sum of per pupil amounts in excess of \$40,000 for the prebudget
44 year indexed by four percent.
- 45 (2) The allowable adjustment for increases in tuition shall equal
46 any increase in the tuition for the budget year charged to a sending
47 district by the receiving district pursuant to the provisions of
48 N.J.S.18A:38-19 or charged by a county vocational school district

1 pursuant to the provisions of section 71 of P.L.1990, c.52
2 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget
3 year charged to a sending district by the receiving district pursuant
4 to the provisions of N.J.S.18A:38-19 or charged by a county
5 vocational school district pursuant to the provisions of section 71 of
6 P.L.1990, c.52 (C.18A:54-20.1).

7 (3) The allowable adjustment for increases in capital outlay
8 shall equal any increase in capital outlay, less any withdrawals from
9 the capital reserve account, over the prebudget year in excess of
10 four percent.

11 f. The adjusted tax levy shall be increased or decreased
12 accordingly whenever the responsibility and associated cost of a
13 school district activity is transferred to another school district or
14 governmental entity.

15 (cf: P.L.2007, c.62, s.3)

16

17 38. Section 2 of P.L.2000, c.72 (C.18A:7G-2) is amended to
18 read as follows:

19 2. The Legislature finds and declares that:

20 a. The Constitution of the State of New Jersey requires the
21 Legislature to provide for the maintenance and support of a
22 thorough and efficient system of free public schools and this
23 legislative responsibility includes ensuring that students are
24 educated in physical facilities that are safe, healthy, and conducive
25 to learning.

26 b. Inadequacies in the quality, utility, and safety of educational
27 facilities have arisen among local school districts of this State. In
28 order to ensure that the Legislature's constitutional responsibility
29 for adequate educational facilities is met, there is a need to establish
30 an efficiency standard for educational facilities at the elementary,
31 middle, and secondary school levels which will assure that the core
32 curriculum content standards are taught to all of the children of the
33 State in a setting which facilitates and promotes that learning.

34 c. Educational infrastructure inadequacies are greatest in the
35 **【Abbott】 SDA** districts where maintenance has been deferred and
36 new construction has not been initiated due to concerns about cost.
37 To remedy the facilities inadequacies of the **【Abbott】 SDA**
38 districts, the State must promptly engage in a facilities needs
39 assessment and fund the entire cost of repairing, renovating, and
40 constructing the new school facilities determined by the
41 Commissioner of Education to be required to meet the school
42 facilities efficiency standards in the **【Abbott】 SDA** districts. In
43 other districts, the State must also identify need in view of
44 anticipated growth in school population, and must contribute to the
45 cost of the renovation and construction of new facilities to ensure
46 the provision of a thorough and efficient education in those
47 districts.

1 d. While providing that the educational infrastructure meets the
2 requirements of a thorough and efficient education, the State must
3 also protect the interests of taxpayers who will bear the burden of
4 this obligation. Design of school facilities should incorporate
5 maximum operating efficiencies and new technologies to advance
6 the energy efficiency of school facilities and the efficiency of other
7 school building systems, construction should be achieved in as
8 efficient a manner as possible, and a mechanism to assure proper
9 maintenance of new facilities should be established and
10 implemented, in order to reduce the overall cost of the program and
11 to preserve this infrastructure investment.

12 (cf: P.L.2000, c.72, s.2)

13

14 39. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to
15 read as follows:

16 3. As used in sections 1 through 30 and 57 through 71 of
17 P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of
18 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the
19 context clearly requires a different meaning:

20 ["Abbott district" means an Abbott district as defined in section
21 3 of P.L.1996, c.138 (C.18A:7F-3)];

22 "Area cost allowance" means \$138 per square foot for the school
23 year 2000-2001 and shall be inflated by an appropriate cost index
24 for the 2001-2002 school year. For the 2002-2003 school year and
25 subsequent school years, the area cost allowance shall be [as
26 established in the biennial Report on the Cost of Providing a
27 Thorough and Efficient Education and inflated by an appropriate
28 cost index for the second year to which the report applies]
29 established by the commissioner pursuant to subsection h. of
30 section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance
31 used in determining preliminary eligible costs of school facilities
32 projects shall be that of the year of application for approval of the
33 project;

34 "Capital maintenance project" means a school facilities project
35 intended to extend the useful life of a school facility, including up-
36 grades and replacements of building systems, such as structure,
37 enclosure, mechanical, plumbing and electrical systems;

38 "Commissioner" means the Commissioner of Education;

39 "Core curriculum content standards" means the standards
40 established pursuant to the provisions of subsection a. of section [4
41 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.) (pending
42 before the Legislature as this bill);

43 "Cost index" means the average annual increase, expressed as a
44 decimal, in actual construction cost factors for the New York City
45 and Philadelphia areas during the second fiscal year preceding the
46 budget year as determined pursuant to regulations promulgated by

1 the development authority pursuant to section 26 of P.L.2000, c.72
2 (C.18A:7G-26);

3 "Debt service" means and includes payments of principal and
4 interest upon school bonds issued to finance the acquisition of
5 school sites and the purchase or construction of school facilities,
6 additions to school facilities, or the reconstruction, remodeling,
7 alteration, modernization, renovation or repair of school facilities,
8 including furnishings, equipment, architect fees and the costs of
9 issuance of such obligations and shall include payments of principal
10 and interest upon school bonds heretofore issued to fund or refund
11 such obligations, and upon municipal bonds and other obligations
12 which the commissioner approves as having been issued for such
13 purposes. Debt service pursuant to the provisions of P.L.1978, c.74
14 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.)
15 and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

16 "Demonstration project" means a school facilities project
17 selected by the State Treasurer for construction by a redevelopment
18 entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

19 "Development authority" means the New Jersey Schools
20 Development Authority established pursuant to section 3 of
21 P.L.2007, c.137 (C.52:18A-237);

22 "District" means a local or regional school district established
23 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
24 Statutes, a county special services school district established
25 pursuant to article 8 of chapter 46 of Title 18A of the New Jersey
26 Statutes, a county vocational school district established pursuant to
27 article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and
28 a district under full State intervention pursuant to P.L.1987, c.399
29 (C.18A:7A-34 et al.);

30 "District aid percentage" means the number expressed as a
31 percentage derived from dividing the district's [core curriculum
32 standards] equalization aid calculated pursuant to section [15 of
33 P.L.1996, c.138 (C.18A:7F-15)] 11 of P.L. , c. (C.) (pending
34 before the Legislature as this bill) as of the date of the
35 commissioner's determination of preliminary eligible costs by the
36 district's [T & E budget] adequacy budget calculated pursuant to
37 [subsection d. of section 13 of P.L.1996, c.138 (C.18A:7F-13)]
38 section 9 of P.L. , c. (C.) (pending before the Legislature as this
39 bill) as of the date of the commissioner's determination of
40 preliminary eligible costs;

41 "Excess costs" means the additional costs, if any, which shall be
42 borne by the district, of a school facilities project which result from
43 design factors that are not required to meet the facilities efficiency
44 standards and not approved pursuant to paragraph (1) of subsection
45 g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized
46 as community design features included in final eligible costs

1 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-
2 6);

3 "Facilities efficiency standards" means the standards developed
4 by the commissioner pursuant to subsection h. of section 4 of
5 P.L.2000, c.72 (C.18A:7G-4);

6 "Final eligible costs" means for school facilities projects to be
7 constructed by the development authority, the final eligible costs of
8 the school facilities project as determined by the commissioner, in
9 consultation with the development authority, pursuant to section 5
10 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the
11 final eligible costs of the project as determined by the commissioner
12 and reviewed by the development authority which may include the
13 cost of community design features determined by the commissioner
14 to be an integral part of the school facility and which do not exceed
15 the facilities efficiency standards, and which were reviewed by the
16 development authority and approved by the State Treasurer
17 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); and for
18 districts other than **Abbott** SDA districts, final eligible costs as
19 determined pursuant to paragraph (1) of subsection h. of section 5
20 P.L.2000, c.72 (C.18A:7G-5);

21 "Financing authority" means the New Jersey Economic
22 Development Authority established pursuant to P.L.1974, c.80
23 (C.34:1B-1 et seq.);

24 "FTE" means a full-time equivalent student which shall be
25 calculated as follows: **in districts that qualify for early childhood**
26 **program aid pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-**
27 **16), each student in grades kindergarten through 12 shall be counted**
28 **at 100% of the actual count of students, and each preschool student**
29 **approved by the commissioner to be served in the district shall be**
30 **counted at 50% or 100% of the actual count of preschool students**
31 **for an approved half-day or full-day program, respectively; in**
32 **districts that do not qualify for early childhood program aid**
33 **pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-16),]** each
34 student in grades 1 through 12 shall be counted at 100% of the
35 actual count of students, in the case of districts which operate a
36 half-day kindergarten program each kindergarten student shall be
37 counted at 50% of the actual count of kindergarten students, in the
38 case of districts which operate a full-day kindergarten program or
39 which currently operate a half-day kindergarten program but
40 propose to build facilities to house a full-day kindergarten program
41 each kindergarten student shall be counted at 100% of the actual
42 count of kindergarten students, and each preschool **[students shall**
43 **not be counted]** student who is enrolled in a full-day preschool
44 program pursuant to section 12 of P.L. , c. (C.) (pending
45 before the Legislature as this bill) shall be counted at 100% of the
46 actual count of preschool students. In addition, each preschool
47 **[handicapped]** disabled child who is entitled to receive a full-time

1 program pursuant to N.J.S.18A:46-6 shall be counted at 100% of
2 the actual count of these students in the district;

3 "Functional capacity" means the number of students that can be
4 housed in a building in order to have sufficient space for it to be
5 educationally adequate for the delivery of programs and services
6 necessary for student achievement of the core curriculum content
7 standards. Functional capacity is determined by dividing the
8 existing gross square footage of a school building by the minimum
9 area allowance per FTE student pursuant to subsection b. of section
10 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students
11 contained therein. The difference between the projected enrollment
12 determined pursuant to subsection a. of section 8 of P.L.2000, c.72
13 (C.18A:7G-8) and the functional capacity is the unhoused students
14 that are the basis upon which the additional costs of space to
15 provide educationally adequate facilities for the entire projected
16 enrollment are determined. The existing gross square footage for
17 the purposes of defining functional capacity is exclusive of existing
18 spaces that are not contained in the facilities efficiency standards
19 but which are used to deliver programs and services aligned to the
20 core curriculum content standards, used to provide support services
21 directly to students, or other existing spaces that the district can
22 demonstrate would be structurally or fiscally impractical to convert
23 to other uses contained in the facilities efficiency standards;

24 "Lease purchase payment" means and includes payment of
25 principal and interest for lease purchase agreements in excess of
26 five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2
27 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to
28 finance the purchase or construction of school facilities, additions
29 to school facilities, or the reconstruction, remodeling, alteration,
30 modernization, renovation or repair of school facilities, including
31 furnishings, equipment, architect fees and issuance costs. Approved
32 lease purchase agreements in excess of five years shall be accorded
33 the same accounting treatment as school bonds;

34 "Local share" means, in the case of a school facilities project to
35 be constructed by the development authority, the total costs less the
36 State share as determined pursuant to section 5 of P.L.2000, c.72
37 (C.18A:7G-5); in the case of a demonstration project, the total costs
38 less the State share as determined pursuant to sections 5 and 6 of
39 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
40 school facilities project which shall be financed pursuant to section
41 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State
42 share as determined pursuant to that section;

43 "Local unit" means a county, municipality, board of education or
44 any other political subdivision or instrumentality authorized to
45 construct, operate and maintain a school facilities project and to
46 borrow money for those purposes pursuant to law;

47 "Local unit obligations" means bonds, notes, refunding bonds,
48 refunding notes, lease obligations and all other obligations of a

1 local unit which are issued or entered into for the purpose of paying
2 for all or a portion of the costs of a school facilities project,
3 including moneys payable to the development authority;

4 "Long-range facilities plan" means the plan required to be
5 submitted to the commissioner by a district pursuant to section 4 of
6 P.L.2000, c.72 (C.18A:7G-4);

7 "Maintenance" means expenditures which are approved for
8 repairs and replacements for the purpose of keeping a school
9 facility open and safe for use or in its original condition, including
10 repairs and replacements to a school facility's heating, lighting,
11 ventilation, security and other fixtures to keep the facility or
12 fixtures in effective working condition. Maintenance shall not
13 include capital maintenance or contracted custodial or janitorial
14 services, expenditures for the cleaning of a school facility or its
15 fixtures, the care and upkeep of grounds or parking lots, and the
16 cleaning of, or repairs and replacements to, movable furnishings or
17 equipment, or other expenditures which are not required to maintain
18 the original condition over the school facility's useful life.
19 Approved maintenance expenditures shall be as determined by the
20 commissioner pursuant to regulations to be adopted by the
21 commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-
22 26);

23 "Other allowable costs" means the costs of temporary facilities,
24 site development, acquisition of land or other real property interests
25 necessary to effectuate the school facilities project, fees for the
26 services of design professionals, including architects, engineers,
27 construction managers and other design professionals, legal fees,
28 financing costs and the administrative costs of the development
29 authority and the financing authority or the district incurred in
30 connection with the school facilities project;

31 "Other facilities" means athletic stadiums, swimming pools, any
32 associated structures or related equipment tied to such facilities
33 including, but not limited to, grandstands and night field lights,
34 greenhouses, facilities used for non-instructional or non-educational
35 purposes, and any structure, building, or facility used solely for
36 school administration;

37 "Preliminary eligible costs" means the initial eligible costs of a
38 school facilities project as calculated pursuant to the formulas set
39 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise
40 provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and
41 which shall be deemed to include the costs of construction and other
42 allowable costs;

43 "Redevelopment entity" means a redevelopment entity
44 authorized by a municipal governing body to implement plans and
45 carry out redevelopment projects in the municipality pursuant to the
46 "Local Redevelopment and Housing Law," P.L.1992, c.79
47 (C.40A:12A-1 et al.);

1 "School bonds" means, in the case of a school facilities project
2 which is to be constructed by the development authority, a
3 redevelopment entity, or a district under section 15 of P.L.2000,
4 c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a
5 district to finance the local share; and, in the case of a school
6 facilities project which is not to be constructed by the development
7 authority or a redevelopment entity, or financed under section 15 of
8 P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations
9 issued by a district to finance the total costs;

10 "School enrollment" means the number of FTE students other
11 than evening school students, including post-graduate students and
12 post-secondary vocational students, who, on the last school day
13 prior to October 16 of the current school year, are recorded in the
14 registers of the school;

15 "School facility" means and includes any structure, building or
16 facility used wholly or in part for educational purposes by a district
17 and facilities that physically support such structures, buildings and
18 facilities, such as district wastewater treatment facilities, power
19 generating facilities, and steam generating facilities, but shall
20 exclude other facilities;

21 "School facilities project" means the planning, acquisition,
22 demolition, construction, improvement, alteration, modernization,
23 renovation, reconstruction or capital maintenance of all or any part
24 of a school facility or of any other personal property necessary for,
25 or ancillary to, any school facility, and shall include fixtures,
26 furnishings and equipment, and shall also include, but is not limited
27 to, site acquisition, site development, the services of design
28 professionals, such as engineers and architects, construction
29 management, legal services, financing costs and administrative
30 costs and expenses incurred in connection with the project;

31 "SDA district" is a district that received education opportunity
32 aid or preschool expansion aid in the 2007-2008 school year;

33 "Special education services pupil" means a pupil receiving
34 specific services pursuant to chapter 46 of Title 18A of the New
35 Jersey Statutes;

36 "State aid" means State municipal aid and State school aid;

37 "State debt service aid" means for school bonds issued for school
38 facilities projects approved by the commissioner after the effective
39 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect
40 not to have a redevelopment entity construct the project or which
41 elect not to finance the project under section 15 of P.L.2000, c.72
42 (C.18A:7G-15), the amount of State aid determined pursuant to
43 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or
44 certificates of participation issued for school facilities projects
45 approved by the commissioner prior to the effective date of
46 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid
47 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-
48 10);

1 "State municipal aid" means business personal property tax
2 replacement revenues, State urban aid and State revenue sharing, as
3 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3),
4 or other similar forms of State aid payable to the local unit and to
5 the extent permitted by federal law, federal moneys appropriated or
6 apportioned to the municipality or county by the State;

7 "State school aid" means the funds made available to school
8 districts pursuant to [sections 15 and 17 of P.L.1996, c.138
9 (C.18A:7F-15 and 17)] section 11 of P.L. , c. (C.) (pending
10 before the Legislature as this bill);

11 "State share" means the State's proportionate share of the final
12 eligible costs of a school facilities project to be constructed by the
13 development authority as determined pursuant to section 5 of
14 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration
15 project, the State's proportionate share of the final eligible costs of
16 the project as determined pursuant to sections 5 and 6 of P.L.2000,
17 c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school
18 facilities project to be financed pursuant to section 15 of P.L.2000,
19 c.72 (C.18A:7G-15), the State share as determined pursuant to that
20 section;

21 "Total costs" means, in the case of a school facilities project
22 which is to be constructed by the development authority or a
23 redevelopment entity or financed pursuant to section 15 of
24 P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess
25 costs if any; and in the case of a school facilities project which is
26 not to be constructed by the development authority or a
27 redevelopment entity or financed pursuant to section 15 of
28 P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as
29 determined by the district.

30 (cf: P.L.2007, c.137, s.18)

31

32 40. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to
33 read as follows:

34 4. a. By December 15, 2000 and by October 1, 2005, each
35 district shall prepare and submit to the commissioner a long-range
36 facilities plan that details the district's school facilities needs and
37 the district's plan to address those needs for the ensuing five years.
38 Following the approval of the 2005 long-range facilities plan, each
39 district shall amend its long-range facilities plan at least once every
40 five years to update enrollment projections, building capacities, and
41 health and safety conditions. The long-range facilities plan shall
42 incorporate the facilities efficiency standards and shall be filed with
43 the commissioner for approval in accordance with those standards.
44 For those Abbott districts that have submitted long-range facilities
45 plans to the commissioner prior to the effective date of P.L.2000,
46 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require
47 an additional filing by October 1, 2000.

1 b. Notwithstanding any other law or regulation to the contrary,
2 an application for a school facilities project pursuant to section 5 of
3 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the
4 district has filed a long-range facilities plan that is consistent with
5 the application and the plan has been approved by the
6 commissioner; except that prior to October 1, 2000, the
7 commissioner may approve an application if the project is necessary
8 to protect the health or safety of occupants of the school facility, or
9 is related to required early childhood education programs, or is
10 related to a school facility in which the functional capacity is less
11 than 90% of the facilities efficiency standards based on current
12 school enrollment, or the district received bids on the school
13 facilities project prior to the effective date of P.L.2000, c.72
14 (C.18A:7G-1 et al.) and the district demonstrates that further delay
15 will negatively affect the cost of the project.

16 c. An amendment to a long-range facilities plan may be
17 submitted at any time to the commissioner for review and
18 determination on the approval or disapproval of the amendment.

19 d. Each long-range facilities plan shall include a cohort
20 survival methodology or other methodology approved by the
21 commissioner, accompanied by a certification by a qualified
22 demographer retained by the district that serves as the basis for
23 identifying the capacity and program needs detailed in the long-
24 range facilities plan.

25 e. The long-range facilities plan shall include an educational
26 adequacy inventory of all existing school facilities in the district
27 including the adequacy of school facilities to educate within the
28 district the existing and projected number of pupils with disabilities,
29 the identification of all deficiencies in the district's current
30 inventory of school facilities, which includes the identification of
31 those deficiencies that involve emergent health and safety concerns,
32 and the district's proposed plan for future construction and
33 renovation. The long-range facilities plan submissions shall
34 conform to the guidelines, criteria and format prescribed by the
35 commissioner.

36 f. Each district shall determine the number of "unhoused
37 students" for the ensuing five-year period calculated pursuant to the
38 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

39 g. Each district shall submit the long-range facilities plan to the
40 planning board of the municipality or municipalities in which the
41 district is situate for the planning board's review and findings and
42 the incorporation of the plan's goals and objectives into the
43 municipal master plan adopted by the municipality pursuant to
44 section 19 of P.L.1975, c.291 (C.40:55D-28).

45 h. The commissioner shall develop, for the March 2002 Report
46 on the Cost of Providing a Thorough and Efficient Education issued
47 by the commissioner pursuant to section 4 of P.L.1996, c.138
48 (C.18A:7F-4), facilities efficiency standards for elementary, middle,

1 and high schools consistent with the core curriculum school
2 delivery assumptions in the report and sufficient for the
3 achievement of the core curriculum content standards, including the
4 provision of required programs in Abbott districts and early
5 childhood education programs in the districts in which these
6 programs are required by the State. The area allowances per FTE
7 student in each class of the district shall be derived from these
8 facilities efficiency standards. The commissioner shall revise the
9 facilities efficiency standards and the area cost allowance in
10 accordance with such schedule as the commissioner deems
11 necessary. The commissioner shall publish the revised facilities
12 efficiency standards and the area cost allowance in the New Jersey
13 Register and, within a reasonable period of time after 30 days
14 following publication, shall file the revised facilities efficiency
15 standards and the area cost allowance with the Office of
16 Administrative Law for publication in the New Jersey Register and
17 those standards shall become effective immediately upon filing.
18 During the 30-day period the commissioner shall provide an
19 opportunity for public comment on the proposed facilities
20 efficiency standards and the area cost allowance.

21 The facilities efficiency standards developed by the
22 commissioner shall not be construction design standards but rather
23 shall represent the instructional spaces, specialized instructional
24 areas, and administrative spaces that are determined by the
25 commissioner to be educationally adequate to support the
26 achievement of the core curriculum content standards including the
27 provision of required programs in Abbott districts and early
28 childhood education programs in the districts in which these
29 programs are required by the State. A district may design, at its
30 discretion, the educational and other spaces to be included within
31 the school facilities project. The design of the project may
32 eliminate spaces in the facilities efficiency standards, include
33 spaces not in the facilities efficiency standards, or size spaces
34 differently than in the facilities efficiency standards upon a
35 demonstration of the adequacy of the school facilities project to
36 deliver the core curriculum content standards pursuant to paragraph
37 (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

38 Within a reasonable period of time after the effective date of
39 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish
40 the facilities efficiency standards developed for the 2000-2001,
41 2001-2002, and 2002-2003 school years in the New Jersey Register.
42 Within a reasonable period of time after 30 days after publication in
43 the New Jersey Register, the commissioner shall file the facilities
44 efficiency standards with the Office of Administrative Law and
45 those standards shall become effective immediately upon filing with
46 the Office of Administrative Law. During the 30-day period the
47 commissioner shall provide an opportunity for public comment on
48 the proposed facilities efficiency standards.

1 i. Within 90 days of the commissioner's receipt of a long-range
2 facilities plan for review, the commissioner shall determine whether
3 the plan is fully and accurately completed and whether all
4 information necessary for a decision on the plan has been filed by
5 the district. If the commissioner determines that the plan is
6 complete, the commissioner shall promptly notify the district in
7 writing and shall have 60 days from the date of that notification to
8 determine whether to approve the plan or not. If the commissioner
9 determines that the plan is not complete, the commissioner shall
10 notify the district in writing. The district shall provide to the
11 commissioner whatever information the commissioner determines is
12 necessary to make the plan accurate and complete. The district
13 shall submit that information to the commissioner, and the
14 commissioner shall have 60 days from the date of receipt of
15 accurate and complete information to determine whether to approve
16 the plan or not.

17 j. Notwithstanding any provision in subsection i. of this
18 section, if at any time the number of long-range facilities plans filed
19 by school districts with the commissioner and pending review
20 exceeds 20% of the number of school districts in New Jersey, the
21 commissioner may extend by 60 days the deadline for reviewing
22 each plan pending at that time.

23 k. **【By March 1, 2002 and every five years thereafter, the**
24 **commissioner shall recommend to the Legislature criteria to be used**
25 **in the designation of districts as Abbott districts. The criteria may**
26 **include, but not be limited to: the number of residents per 1,000**
27 **within the municipality or municipalities in which the district is**
28 **situate who receive TANF; the district's equalized valuation per**
29 **resident pupil as equalized valuation is defined in section 3 of**
30 **P.L.1996, c.138 (C.18A:7F-3); the district's income per resident**
31 **pupil as district income is defined in section 3 of P.L.1996, c.138**
32 **(C.18A:7F-3); the population per square mile of the municipality or**
33 **municipalities in which the district is situate; and the municipal**
34 **overburden of the municipality or municipalities in which the**
35 **district is situate as that term is defined by the New Jersey Supreme**
36 **Court in Abbott v. Burke.】 (Deleted by amendment, P.L. , c.)**
37 **(pending before the Legislature as this bill)**

38 l. By July 1, 2001, the commissioner shall provide the
39 Legislature with recommendations to address the circumstances of
40 districts which are contiguous with two or more Abbott districts.
41 The recommendations shall address the issues of the financing of
42 school facilities projects and the funding of the educational and
43 other programs required within these districts as a result of their
44 unique demographic situation.

45 m. By July 1, 2001, the commissioner shall study the Safe
46 Schools Design Guidelines, prepared by the Florida Center for
47 Community Design and Research, which address the issues of
48 school safety and security through the design of school facilities.

1 Based upon the commissioner's study, the commissioner shall issue
2 recommendations to districts on the appropriateness of including
3 the Safe Schools Design Guidelines in the design and construction
4 of school facilities projects.
5 (cf: P.L.2007, c.137, s.19)
6

7 41. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to
8 read as follows:

9 5. a. The development authority shall undertake and the
10 financing authority shall finance the school facilities projects of
11 **[Abbott]** SDA districts.

12 b. In the case of a district other than an **[Abbott]** SDA district,
13 State support for the project shall be determined pursuant to section
14 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
15 applicable.

16 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
17 contrary, the procedures for obtaining approval of a school facilities
18 project shall be as set forth in this act; provided that any district
19 whose school facilities project is not constructed by the
20 development authority shall also be required to comply with the
21 provisions of N.J.S.18A:18A-16.

22 d. (1) Any district seeking to initiate a school facilities project
23 shall apply to the commissioner for approval of the project. The
24 application may include, but not be limited to: a description of the
25 school facilities project; a schematic drawing of the project or, at
26 the option of the district, preliminary plans and specifications; a
27 delineation and description of each of the functional components of
28 the project; educational specifications detailing the programmatic
29 needs of each proposed space; the number of unhoused students to
30 be housed in the project; the area allowances per FTE student as
31 calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8);
32 and the estimated cost to complete the project as determined by the
33 district.

34 (2) In the case of an **[Abbott]** SDA district school facilities
35 project, based upon its educational priority ranking and the
36 Statewide strategic plan established pursuant to subsection m. of
37 this section, the commissioner may authorize the development
38 authority to undertake preconstruction activities which may include,
39 but need not be limited to, site identification, investigation, and
40 acquisition, feasibility studies, land-related design work, design
41 work, site remediation, demolition, and acquisition of temporary
42 facilities. Upon receipt of the authorization, the development
43 authority may initiate the preconstruction activities required to
44 prepare the application for commissioner approval of the school
45 facilities project.

46 e. The commissioner shall review each proposed school
47 facilities project to determine whether it is consistent with the
48 district's long-range facilities plan and whether it complies with the

1 facilities efficiency standards and the area allowances per FTE
2 student derived from those standards; and in the case of an
3 **【Abbott】** SDA district the commissioner shall also review the
4 project's educational priority ranking and the Statewide strategic
5 plan developed pursuant to subsection m. of this section. The
6 commissioner shall make a decision on a district's application
7 within 90 days from the date he determines that the application is
8 fully and accurately completed and that all information necessary
9 for a decision has been filed by the district, or from the date of the
10 last revision made by the district. If the commissioner is not able to
11 make a decision within 90 days, he shall notify the district in
12 writing explaining the reason for the delay and indicating the date
13 on which a decision on the project will be made, provided that the
14 date shall not be later than 60 days from the expiration of the
15 original 90 days set forth in this subsection. If the decision is not
16 made by the subsequent date indicated by the commissioner, then
17 the project shall be deemed approved and the preliminary eligible
18 costs for new construction shall be calculated by using the proposed
19 square footage of the building as the approved area for unhoused
20 students.

21 f. If the commissioner determines that the school facilities
22 project complies with the facilities efficiency standards and the
23 district's long-range facilities plan and does not exceed the area
24 allowance per FTE student derived from those standards, the
25 commissioner shall calculate the preliminary eligible costs of the
26 project pursuant to the formulas set forth in section 7 of P.L.2000,
27 c.72 (C.18A:7G-7); except that (1) in the case of a county special
28 services school district or a county vocational school district, the
29 commissioner shall calculate the preliminary eligible costs to equal
30 the amount determined by the board of school estimate and
31 approved by the board of chosen freeholders pursuant to section 14
32 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as
33 appropriate, and (2) in the case of an **【Abbott】** SDA district, the
34 commissioner shall calculate the preliminary eligible costs to equal
35 the estimated cost as determined by the development authority.

36 g. If the commissioner determines that the school facilities
37 project is inconsistent with the facilities efficiency standards or
38 exceeds the area allowances per FTE student derived from those
39 standards, the commissioner shall notify the district.

40 (1) The commissioner shall approve area allowances in excess
41 of the area allowances per FTE student derived from the facilities
42 efficiency standards if the board of education or State district
43 superintendent, as appropriate, demonstrates that school facilities
44 needs related to required programs cannot be addressed within the
45 facilities efficiency standards and that all other proposed spaces are
46 consistent with those standards. The commissioner shall approve
47 area allowances in excess of the area allowances per FTE student
48 derived from the facilities efficiency standards if the additional area

1 allowances are necessary to accommodate centralized facilities to
2 be shared among two or more school buildings within the district
3 and the centralized facilities represent a more cost effective
4 alternative.

5 (2) The commissioner may waive a facilities efficiency standard
6 if the board of education or State district superintendent, as
7 appropriate, demonstrates to the commissioner's satisfaction that the
8 waiver will not adversely affect the educational adequacy of the
9 school facility, including the ability to deliver the programs and
10 services necessary to enable all students to achieve the core
11 curriculum content standards.

12 (3) To house the district's central administration, a district may
13 request an adjustment to the approved areas for unhoused students
14 of 2.17 square feet for each FTE student in the projected total
15 district school enrollment if the proposed administrative offices will
16 be housed in a school facility and the district demonstrates either
17 that the existing central administrative offices are obsolete or that it
18 is more practical to convert those offices to instructional space. To
19 the extent that existing administrative space will continue to be used
20 for administrative purposes, the space shall be included in the
21 formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

22 If the commissioner approves excess facilities efficiency
23 standards or additional area allowances pursuant to paragraph (1),
24 (2), or (3) of this subsection, the commissioner shall calculate the
25 preliminary eligible costs based upon the additional area allowances
26 or excess facilities efficiency standards pursuant to the formulas set
27 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that
28 the commissioner does not approve the excess facilities efficiency
29 standards or additional area allowances, the district may either:
30 modify its submission so that the school facilities project meets the
31 facilities efficiency standards; or pay for the excess costs.

32 (4) The commissioner shall approve spaces in excess of, or
33 inconsistent with, the facilities efficiency standards, hereinafter
34 referred to as nonconforming spaces, upon a determination by the
35 district that the spaces are necessary to comply with State or federal
36 law concerning individuals with disabilities, including that the
37 spaces are necessary to provide in-district programs and services for
38 current disabled pupils who are being served in out-of-district
39 placements or in-district programs and services for the projected
40 disabled pupil population. A district may apply for additional State
41 aid for nonconforming spaces that will permit pupils with
42 disabilities to be educated to the greatest extent possible in the same
43 buildings or classes with their nondisabled peers. The
44 nonconforming spaces may: (a) allow for the return of pupils with
45 disabilities from private facilities; (b) permit the retention of pupils
46 with disabilities who would otherwise be placed in private facilities;
47 (c) provide space for regional programs in a host school building
48 that houses both disabled and nondisabled pupils; and (d) provide

1 space for the coordination of regional programs by a county special
2 services school district, educational services commission, jointure
3 commission, or other agency authorized by law to provide regional
4 educational services in a school building that houses both disabled
5 and nondisabled pupils. A district's State support ratio shall be
6 adjusted to equal the lesser of the sum of its district aid percentage
7 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
8 100% for any nonconforming spaces approved by the commissioner
9 pursuant to this paragraph.

10 h. Upon approval of a school facilities project and
11 determination of the preliminary eligible costs:

12 (1) In the case of a district other than an [Abbott] SDA district,
13 the commissioner shall notify the district whether the school
14 facilities project is approved and, if so approved, the preliminary
15 eligible costs and the excess costs, if any. Following the
16 determination of preliminary eligible costs and the notification of
17 project approval, the district may appeal to the commissioner for an
18 increase in those costs if the detailed plans and specifications
19 completed by a design professional for the school facilities project
20 indicate that the cost of constructing that portion of the project
21 which is consistent with the facilities efficiency standards and does
22 not exceed the area allowances per FTE student exceeds the
23 preliminary eligible costs as determined by the commissioner for
24 the project by 10% or more. The district shall file its appeal within
25 30 days of the preparation of the plans and specifications. If the
26 district chooses not to file an appeal, then the final eligible costs
27 shall equal the preliminary eligible costs.

28 The appeal shall outline the reasons why the preliminary eligible
29 costs calculated for the project are inadequate and estimate the
30 amount of the adjustment which needs to be made to the
31 preliminary eligible costs. The commissioner shall forward the
32 appeal information to the development authority for its review and
33 recommendation. If the additional costs are the result of factors
34 that are within the control of the district or are the result of design
35 factors that are not required to meet the facilities efficiency
36 standards, the development authority shall recommend to the
37 commissioner that the preliminary eligible costs be accepted as the
38 final eligible costs. If the development authority determines the
39 additional costs are not within the control of the district or are the
40 result of design factors required to meet the facilities efficiency
41 standards, the development authority shall recommend to the
42 commissioner a final eligible cost based on its experience for
43 districts with similar characteristics, provided that, notwithstanding
44 anything to the contrary, the commissioner shall not approve an
45 adjustment to the preliminary eligible costs which exceeds 10% of
46 the preliminary eligible costs. The commissioner shall make a
47 determination on the appeal within 30 days of its receipt. If the
48 commissioner does not approve an adjustment to the school

1 facilities project's preliminary eligible costs, the commissioner shall
2 issue his findings in writing on the reasons for the denial and on
3 why the preliminary eligible costs as originally calculated are
4 sufficient.

5 (2) In the case of an **[Abbott]** SDA district, the commissioner
6 shall promptly prepare and submit to the development authority a
7 preliminary project report which shall consist, at a minimum, of the
8 following information: a complete description of the school
9 facilities project; the actual location of the project; the total square
10 footage of the project together with a breakdown of total square
11 footage by functional component; the preliminary eligible costs of
12 the project; the project's priority ranking determined pursuant to
13 subsection m. of this section; any other factors to be considered by
14 the development authority in undertaking the project; and the name
15 and address of the person from the district to contact in regard to
16 the project.

17 i. Upon receipt by the development authority of the
18 preliminary project report, the development authority, upon
19 consultation with the district, shall prepare detailed plans and
20 specifications and schedules which contain the development
21 authority's estimated cost and schedule to complete the school
22 facilities project. The development authority shall transmit to the
23 commissioner its recommendations in regard to the project which
24 shall, at a minimum, contain the detailed plans and specifications;
25 whether the school facilities project can be completed within the
26 preliminary eligible costs; and any other factors which the
27 development authority determines should be considered by the
28 commissioner.

29 (1) In the event that the development authority determines that
30 the school facilities project can be completed within the preliminary
31 eligible costs: the final eligible costs shall be deemed to equal the
32 preliminary eligible costs; the commissioner shall be deemed to
33 have given final approval to the project; and the preliminary project
34 report shall be deemed to be the final project report delivered to the
35 development authority pursuant to subsection j. of this section.

36 (2) In the event that the development authority determines that
37 the school facilities project cannot be completed within the
38 preliminary eligible costs, prior to the submission of its
39 recommendations to the commissioner, the development authority
40 shall, in consultation with the district and the commissioner,
41 determine whether changes can be made in the project which will
42 result in a reduction in costs while at the same time meeting the
43 facilities efficiency standards approved by the commissioner.

44 (a) If the development authority determines that changes in the
45 school facilities project are possible so that the project can be
46 accomplished within the scope of the preliminary eligible costs
47 while still meeting the facilities efficiency standards, the
48 development authority shall so advise the commissioner, whereupon

1 the commissioner shall: calculate the final eligible costs to equal the
2 preliminary eligible costs; give final approval to the project with the
3 changes noted; and issue a final project report to the development
4 authority pursuant to subsection j. of this section.

5 (b) If the development authority determines that it is not
6 possible to make changes in the school facilities project so that it
7 can be completed within the preliminary eligible costs either
8 because the additional costs are the result of factors outside the
9 control of the district or the additional costs are required to meet the
10 facilities efficiency standards, the development authority shall
11 recommend to the commissioner that the preliminary eligible costs
12 be increased accordingly, whereupon the commissioner shall:
13 calculate the final eligible costs to equal the sum of the preliminary
14 eligible costs plus the increase recommended by the development
15 authority; give final approval to the project; and issue a final project
16 report to the development authority pursuant to subsection j. of this
17 section.

18 (c) If the additional costs are the result of factors that are within
19 the control of the district or are the result of design factors that are
20 not required to meet the facilities efficiency standards or approved
21 pursuant to paragraph (1) of subsection g. of this section, the
22 development authority shall recommend to the commissioner that
23 the preliminary eligible costs be accepted, whereupon the
24 commissioner shall: calculate the final eligible costs to equal the
25 preliminary eligible costs and specify the excess costs which are to
26 be borne by the district; give final approval to the school facilities
27 project; and issue a final project report to the development authority
28 pursuant to subsection j. of this section; provided that the
29 commissioner may approve final eligible costs which are in excess
30 of the preliminary eligible costs if, in his judgment, the action is
31 necessary to meet the educational needs of the district.

32 (d) For a school facilities project undertaken by the
33 development authority, the development authority shall be
34 responsible for any costs of construction, but only from the
35 proceeds of bonds issued by the financing authority pursuant to
36 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
37 235 et al.), which exceed the amount originally projected by the
38 development authority and approved for financing by the
39 development authority, provided that the excess is the result of an
40 underestimate of labor or materials costs by the development
41 authority. After receipt by the development authority of the final
42 project report, the district shall be responsible only for the costs
43 associated with changes, if any, made at the request of the district to
44 the scope of the school facilities project.

45 j. The development authority shall not commence the
46 construction of a school facilities project unless the commissioner
47 transmits to the development authority a final project report and the
48 district complies with the approval requirements for the local share,

1 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).
2 The final project report shall contain all of the information
3 contained in the preliminary project report and, in addition, shall
4 contain: the final eligible costs; the excess costs, if any; the total
5 costs which equals the final eligible costs plus excess costs, if any;
6 the State share; and the local share.

7 k. For the **【Abbott】** SDA districts, the State share shall be
8 100% of the final eligible costs. For all other districts, the State
9 share shall be an amount equal to 115% of the district aid
10 percentage; except that the State share shall not be less than 40% of
11 the final eligible costs.

12 If any district which is included in district factor group A or B,
13 other than an **【Abbott】** SDA district, is having difficulty financing
14 the local share of a school facilities project, the district may apply
15 to the commissioner to receive 100% State support for the project
16 and the commissioner may request the approval of the Legislature
17 to increase the State share of the project to 100%.

18 l. The local share for school facilities projects constructed by
19 the authority or a redevelopment entity shall equal the final eligible
20 costs plus any excess costs less the State share.

21 m. (1) Within 90 days of the effective date of P.L.2007, c.137
22 (C.52:18A-235 et al.), the commissioner shall develop an
23 educational facilities needs assessment for each **【Abbott】** SDA
24 district. The assessment shall be updated periodically by the
25 commissioner in accordance with the schedule the commissioner
26 deems appropriate for the district; except that each assessment shall
27 at a minimum be updated within five years of the development of
28 the district's most recent prior educational needs assessment. The
29 assessment shall be transmitted to the development authority to be
30 used to initiate the planning activities required prior to the
31 establishment of the educational priority ranking of school facilities
32 projects pursuant to paragraph (2) of this subsection.

33 (2) Following the approval of an **【Abbott】** SDA district's long-
34 range facilities plan or of an amendment to that plan, but prior to
35 authorization of preconstruction activities for a school facilities
36 project included in the plan or amendment, the commissioner shall
37 establish, in consultation with the **【Abbott】** SDA district, an
38 educational priority ranking of all school facilities projects in the
39 **【Abbott】** SDA district based upon the commissioner's
40 determination of critical need in accordance with priority project
41 categories developed by the commissioner. The priority project
42 categories shall include, but not be limited to, health and safety,
43 overcrowding in the early childhood, elementary, middle, and high
44 school grade levels, spaces necessary to provide in-district
45 programs and services for current disabled students who are being
46 served in out-of-district placements or in-district programs and

1 services for the projected disabled student population,
2 rehabilitation, and educational adequacy.

3 (3) Upon the commissioner's determination of the educational
4 priority ranking of school facilities projects in **【Abbott】 SDA**
5 districts pursuant to paragraph (2) of this subsection, the
6 development authority, in consultation with the commissioner, the
7 **【Abbott】 SDA** districts, and the governing bodies of the
8 municipalities in which the **【Abbott】 SDA** districts are situate, shall
9 establish a Statewide strategic plan to be used in the sequencing of
10 **【Abbott】 SDA** district school facilities projects based upon the
11 projects' educational priority rankings and issues which impact the
12 development authority's ability to complete the projects including,
13 but not limited to, the construction schedule and other appropriate
14 factors. The development authority shall revise the Statewide
15 strategic plan and the sequencing of **【Abbott】 SDA** district school
16 facilities projects in accordance with that plan no less than once
17 every five years.

18 Any amendment to an **【Abbott】 SDA** district's long-range
19 facilities plan that is submitted to the commissioner in the period
20 between the five-year updates of the long-range facilities plan shall
21 be considered by the development authority, in consultation with
22 the commissioner, for incorporation into the Statewide strategic
23 plan. In making a determination on whether or not to amend the
24 Statewide strategic plan, the development authority shall consider
25 the cost of the amendment, the impact of the amendment upon the
26 school development plans for other districts, and other appropriate
27 factors.

28 n. The provisions of the "Public School Contracts Law,"
29 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
30 project constructed by a district but shall not be applicable to
31 projects constructed by the development authority or a
32 redevelopment entity pursuant to the provisions of this act.

33 o. In the case of a school facilities project of a district other
34 than an **【Abbott】 SDA** district, any proceeds of school bonds issued
35 by the district for the purpose of funding the project which remain
36 unspent upon completion of the project shall be used by the district
37 to reduce the outstanding principal amount of the school bonds.

38 p. Upon completion by the development authority of a school
39 facilities project, if the cost of construction and completion of the
40 project is less than the total costs, the district shall be entitled to
41 receive a portion of the local share based on a pro rata share of the
42 difference based on the ratio of the State share to the local share.

43 q. The development authority shall determine the cause of any
44 costs of construction which exceed the amount originally projected
45 by the development authority and approved for financing by the
46 financing authority.

47 r. (Deleted by amendment, P.L.2007, c.137).

1 s. (Deleted by amendment, P.L.2007, c.137).
2 (cf: P.L.2007, c.137, s.20)

3

4 42. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to
5 read as follows:

6 9. a. State debt service aid for capital investment in school
7 facilities for a district other than an [Abbott] SDA district which
8 elects not to finance the project under section 15 of P.L.2000, c.72
9 (C.18A:7G-15), shall be distributed upon a determination of
10 preliminary eligible costs by the commissioner, according to the
11 following formula:

12 Aid is the sum of A for each issuance of school bonds issued for
13 a school facilities project approved by the commissioner after the
14 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

15

16 where

17

18 $A = B \times AC/P \times (DAP \times 1.15) \times M$, with $AC/P = 1$

19

20 whenever AC/P would otherwise yield a number greater than one,

21

22 and where:

23

24 B is the district's debt service for the individual issuance for the
25 fiscal year;

26

27 AC is the preliminary eligible costs determined pursuant to
28 section 7 of P.L.2000, c.72 (C.18A:7G-7);

29

30 P is the principal of the individual issuance plus any other
31 funding sources approved for the school facilities project;

32

33 DAP is the district's district aid percentage as defined pursuant to
34 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where $(DAP \times 1.15)$
35 shall not be less than 40%; and

36

37 M is a factor representing the degree to which a district has
38 fulfilled maintenance requirements for a school facilities project
39 determined pursuant to subsection b. of this section.

40

41 For county special services school districts, DAP shall be that of
42 the county vocational school district in the same county.

43 b. The maintenance factor (M) shall be 1.0 except when one of
44 the following conditions applies, in which case the maintenance
45 factor shall be as specified:

46 (1) Effective ten years from the date of the enactment of
47 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
48 for reconstruction, remodeling, alteration, modernization,

1 renovation or repair, or for an addition to a school facility, shall be
 2 zero for all school facilities projects for which the district fails to
 3 demonstrate over the ten years preceding issuance a net investment
 4 in maintenance of the related school facility of at least 2% of the
 5 replacement cost of the school facility, determined pursuant to
 6 subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the
 7 area cost allowance of the year ten years preceding the year in
 8 which the school bonds are issued.

9 (2) For new construction, additions, and school facilities aided
 10 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
 11 supported by financing issued for projects approved by the
 12 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
 13 1 et al.), beginning in the fourth year after occupancy of the school
 14 facility, the maintenance factor shall be reduced according to the
 15 following schedule for all school facilities projects for which the
 16 district fails to demonstrate in the prior fiscal year an investment in
 17 maintenance of the related school facility of at least two-tenths of
 18 1% of the replacement cost of the school facility, determined
 19 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-
 20 7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

21
 22
 23
 24
 25
 26
 27
 28
 29
 30 (3) Within one year of the enactment of P.L.2000, c.72
 31 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
 32 requiring districts to develop a long-range maintenance plan and
 33 specifying the expenditures that qualify as an appropriate
 34 investment in maintenance for the purposes of this subsection.

35 c. Any district which obtained approval from the commissioner
 36 since September 1, 1998 and prior to the effective date of P.L.2000,
 37 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
 38 school facilities project or obtained approval from the Department
 39 of Community Affairs or the appropriately licensed municipal code
 40 official since September 1, 1998 of the final construction plans and
 41 specifications, and the district has issued debt, may elect to have the
 42 final eligible costs of the project determined pursuant to section 5 of
 43 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
 44 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

45 Any district which received approval from the commissioner for
 46 a school facilities project at any time prior to the effective date of
 47 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
 48 than short term notes, may submit an application pursuant to section

1 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
 2 the project determined pursuant to that section and to have the New
 3 Jersey Economic Development Authority construct the project; or,
 4 at its discretion, the district may choose to receive debt service aid
 5 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
 6 10) or to receive a grant under section 15 of P.L.2000, c.72
 7 (C.18A:7G-15).

8 For the purposes of this subsection, the "issuance of debt" shall
 9 include lease purchase agreements in excess of five years.
 10 (cf: P.L.2007, c.137, s.22)

11

12 43. Section 10 of P.L.2000, c.72 (C.18A:7G-10) is amended to
 13 read as follows:

14 10. For each issuance of school bonds or certificates of
 15 participation issued for a school facilities project approved by the
 16 commissioner prior to the effective date of P.L.2000, c.72
 17 (C.18A:7G-1 et al.):

18 Aid is the sum of A

19 where

20 $A = B \times \text{[CCSAID/TEBUD]} \text{EQAID/AB}$

21 and where

22 B is the district's total debt service or lease purchase payment for
 23 the individual issuance for the fiscal year;

24 [CCSAID] EQAID is the district's [core curriculum standards
 25 aid] equalization aid amount determined pursuant to section [15 of
 26 P.L.1996, c.138 (C.18A:7F-15)] 11 of P.L. , c. (C.) (pending
 27 before the Legislature as this bill); and

28 [TEBUD] AB is the district's [T&E] adequacy budget
 29 determined pursuant to section [13 of P.L.1996, c.138 (C.18A:7F-
 30 13)] 9 of P.L. , c. (C.) (pending before the Legislature as this
 31 bill).

32 For county special services school districts, [CCSAID/TEBUD]
 33 EQAID/AB shall be that of the county vocational school district in
 34 the same county.

35 (cf: P.L.2000, c.72, s.10)

36

37 44. Section 13 of P.L.2000, c.72 (C.18A:7G-13) is amended to
 38 read as follows:

39 13. a. The financing authority shall be responsible for the
 40 issuance of bonds pursuant to section 14 of P.L.2000, c.72
 41 (C.18A:7G-14) and the development authority shall be responsible
 42 for the planning, design, construction management, acquisition,
 43 construction, and completion of school facilities projects. In the
 44 case of a capital maintenance project, the development authority
 45 may, in its discretion, authorize an [Abbott] SDA district to
 46 undertake the design, acquisition, construction and all other
 47 appropriate actions necessary to complete the capital maintenance

1 project and shall enter into a grant agreement with the district for
2 the payment of the State share. The development authority may
3 also authorize an **[Abbott]** SDA district to undertake the design,
4 acquisition, construction and all other appropriate actions necessary
5 to complete any other school facilities project in accordance with
6 the procedures established pursuant to subsection e. of this section.

7 b. The financing authority shall undertake the financing of
8 school facilities projects pursuant to the provisions of this act. The
9 financing authority shall finance the State share of a school
10 facilities project and may, in its discretion and upon consultation
11 with the district, finance the local share of the project. In the event
12 that the financing authority finances only the State share of a
13 project, the development authority shall not commence acquisition
14 or construction of the project until the development authority
15 receives the local share from the district.

16 c. In order to implement the arrangements established for
17 school facilities projects which are to be constructed by the
18 development authority and financed pursuant to this section, a
19 district shall enter into an agreement with the development
20 authority and the commissioner containing the terms and conditions
21 determined by the parties to be necessary to effectuate the project.

22 d. Upon completion by the development authority of a school
23 facilities project, the district shall enter into an agreement with the
24 development authority to provide for the maintenance of the project
25 by the district. In the event that the school facilities project is
26 constructed by a district, upon the completion of the project, the
27 district shall submit to the commissioner a plan to provide for the
28 maintenance of the project by the district. Any agreement or plan
29 shall contain, in addition to any other terms and provisions, a
30 requirement for the establishment of a maintenance reserve fund
31 consistent with the appropriation and withdrawal requirements for
32 capital reserve accounts established pursuant to section 57 of
33 P.L.2000, c.72 (C.18A:7G-31), the funding levels of which shall be
34 as set forth in regulations adopted by the commissioner pursuant to
35 section 26 of P.L.2000, c.72 (C.18A:7G-26).

36 e. (1) Within one year of the effective date of P.L.2007, c.137
37 (C.52:18A-235 et al.), the commissioner, in consultation with the
38 development authority, shall adopt pursuant to the "Administrative
39 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
40 regulations by which the commissioner shall determine whether an
41 **[Abbott]** SDA district is eligible to be considered by the
42 development authority to manage a school facilities project or
43 projects. In making the determination, the commissioner shall
44 consider the district's fiscal integrity and operations, the district's
45 performance in each of the five key components of school district
46 effectiveness under the New Jersey Quality Single Accountability
47 Continuum (NJQSAC) in accordance with section 10 of P.L.1975,
48 c.212 (C.18A:7A-10), and other relevant factors.

1 (2) Within one year of the effective date of P.L.2007, c.137
2 (C.52:18A-235 et al.), the development authority, in consultation
3 with the commissioner, shall adopt pursuant to the "Administrative
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
5 regulations by which the development authority shall determine the
6 capacity of an **[Abbott]** SDA district, deemed eligible by the
7 commissioner pursuant to paragraph (1) of this subsection, to
8 manage a school facilities project or projects identified by the
9 development authority. In making the determination, the
10 development authority shall consider the experience of the
11 **[Abbott]** SDA district, the size, complexity, and cost of the project,
12 time constraints, and other relevant factors.

13 (3) The development authority, in consultation with the
14 commissioner, shall develop and implement training programs,
15 seminars, or symposia to provide technical assistance to **[Abbott]**
16 SDA districts deemed to lack the capacity to manage a school
17 facility project or projects; except that nothing herein shall be
18 construed to require the development authority or the commissioner
19 to authorize an **[Abbott]** SDA district to hire additional staff in
20 order to achieve capacity.

21 (4) If the development authority determines to delegate a school
22 facilities project to an **[Abbott]** SDA district in accordance with
23 paragraph (2) of this subsection, the development authority, the
24 commissioner, and the district shall enter into a grant agreement.

25 (cf: P.L.2007, c.137, s.24)

26

27 45. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
28 read as follows:

29 14. Notwithstanding any other provisions of law to the contrary:

30 a. The financing authority shall have the power, pursuant to the
31 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
32 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
33 issue bonds and refunding bonds, incur indebtedness and borrow
34 money secured, in whole or in part, by moneys received pursuant to
35 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
36 18 and C.18A:7G-19) for the purposes of: financing all or a portion
37 of the costs of school facilities projects and any costs related to the
38 issuance thereof, including, but not limited to, the administrative,
39 insurance, operating and other expenses of the financing authority
40 to undertake the financing, and the development authority to
41 undertake the planning, design, and construction of school facilities
42 projects; lending moneys to local units to pay the costs of all or a
43 portion of school facilities projects and any costs related to the
44 issuance thereof; funding the grants to be made pursuant to section
45 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
46 of school facilities projects to permit the refinancing of debt by the
47 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).

1 The aggregate principal amount of the bonds, notes or other
2 obligations issued by the financing authority shall not exceed:
3 \$100,000,000 for the State share of costs for county vocational
4 school district school facilities projects; \$6,000,000,000 for the
5 State share of costs for Abbott district school facilities projects; and
6 \$2,500,000,000 for the State share of costs for school facilities
7 projects in all other districts. This limitation shall not include any
8 bonds, notes or other obligations issued for refunding purposes.

9 The financing authority may establish reserve funds to further
10 secure bonds and refunding bonds issued pursuant to this section
11 and may issue bonds to pay for the administrative, insurance and
12 operating costs of the financing authority and the development
13 authority in carrying out the provisions of this act. In addition to its
14 bonds and refunding bonds, the financing authority shall have the
15 power to issue subordinated indebtedness, which shall be
16 subordinate in lien to the lien of any or all of its bonds or refunding
17 bonds as the financing authority may determine.

18 b. The financing authority shall issue the bonds or refunding
19 bonds in such manner as it shall determine in accordance with the
20 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
21 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
22 provided that notwithstanding any other law to the contrary, no
23 resolution adopted by the financing authority authorizing the
24 issuance of bonds or refunding bonds pursuant to this section shall
25 be adopted or otherwise made effective without the approval in
26 writing of the State Treasurer; and refunding bonds issued to refund
27 bonds issued pursuant to this section shall be issued on such terms
28 and conditions as may be determined by the financing authority and
29 the State Treasurer. The financing authority may, in any resolution
30 authorizing the issuance of bonds or refunding bonds issued
31 pursuant to this section, pledge the contract with the State Treasurer
32 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
33 18), or any part thereof, or may pledge all or any part of the
34 repayments of loans made to local units pursuant to section 19 of
35 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
36 bonds or refunding bonds, and covenant as to the use and
37 disposition of money available to the financing authority for
38 payment of the bonds and refunding bonds. All costs associated
39 with the issuance of bonds and refunding bonds by the financing
40 authority for the purposes set forth in this act may be paid by the
41 financing authority from amounts it receives from the proceeds of
42 the bonds or refunding bonds, and from amounts it receives
43 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
44 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
45 shall not be limited to, any costs relating to the issuance of the
46 bonds or refunding bonds, administrative costs of the financing
47 authority attributable to the making and administering of loans and

1 grants to fund school facilities projects, and costs attributable to the
2 agreements entered into pursuant to subsection d. of this section.

3 c. Each issue of bonds or refunding bonds of the financing
4 authority shall be special obligations of the financing authority
5 payable out of particular revenues, receipts or funds, subject only to
6 any agreements with the holders of bonds or refunding bonds, and
7 may be secured by other sources of revenue, including, but not
8 limited to, one or more of the following:

9 (1) Pledge of the revenues and other receipts to be derived from
10 the payment of local unit obligations and any other payment made
11 to the financing authority pursuant to agreements with any local
12 unit, or a pledge or assignment of any local unit obligations, and the
13 rights and interest of the financing authority therein;

14 (2) Pledge of rentals, receipts and other revenues to be derived
15 from leases or other contractual arrangements with any person or
16 entity, public or private, including one or more local units, or a
17 pledge or assignment of those leases or other contractual
18 arrangements and the rights and interests of the financing authority
19 therein;

20 (3) Pledge of all moneys, funds, accounts, securities and other
21 funds, including the proceeds of the bonds;

22 (4) Pledge of the receipts to be derived from payments of State
23 aid to the financing authority pursuant to section 21 of P.L.2000,
24 c.72 (C.18A:7G-21);

25 (5) Pledge of the contract or contracts with the State Treasurer
26 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

27 (6) Pledge of any sums remitted to the local unit by donation
28 from any person or entity, public or private, subject to the approval
29 of the State Treasurer;

30 (7) A mortgage on all or any part of the property, real or
31 personal, comprising a school facilities project then owned or
32 thereafter to be acquired, or a pledge or assignment of mortgages
33 made to the financing authority by any person or entity, public or
34 private, including one or more local units and rights and interests of
35 the financing authority therein; and

36 (8) The receipt of any grants, reimbursements or other payments
37 from the federal government.

38 d. The resolution authorizing the issuance of bonds or
39 refunding bonds pursuant to this section may also provide for the
40 financing authority to enter into any revolving credit agreement,
41 agreement establishing a line of credit or letter of credit,
42 reimbursement agreement, interest rate exchange agreement,
43 currency exchange agreement, interest rate floor or cap, options,
44 puts or calls to hedge payment, currency, rate, spread or similar
45 exposure or similar agreements, float agreements, forward
46 agreements, insurance contracts, surety bonds, commitments to
47 purchase or sell bonds, purchase or sale agreements, or
48 commitments or other contracts or agreements and other security

1 agreements approved by the financing authority in connection with
2 the issuance of the bonds or refunding bonds pursuant to this
3 section. In addition, the financing authority may, in anticipation of
4 the issuance of the bonds or the receipt of appropriations, grants,
5 reimbursements or other funds, including, without limitation, grants
6 from the federal government for school facilities projects, issue
7 notes, the principal of or interest on which, or both, shall be payable
8 out of the proceeds of notes, bonds or other obligations of the
9 financing authority or appropriations, grants, reimbursements or
10 other funds or revenues of the financing authority.

11 e. The financing authority is authorized to engage, subject to
12 the approval of the State Treasurer and in such manner as the State
13 Treasurer shall determine, the services of financial advisors and
14 experts, placement agents, underwriters, appraisers, and other
15 advisors, consultants and agents as may be necessary to effectuate
16 the financing of school facilities projects.

17 f. Bonds and refunding bonds issued by the financing authority
18 pursuant to this section shall be special and limited obligations of
19 the financing authority payable from, and secured by, funds and
20 moneys determined by the financing authority in accordance with
21 this section. Notwithstanding any other provision of law or
22 agreement to the contrary, any bonds and refunding bonds issued by
23 the financing authority pursuant to this section shall not be secured
24 by the same property as bonds and refunding bonds issued by the
25 financing authority to finance projects other than school facilities
26 projects. Neither the members of the financing authority nor any
27 other person executing the bonds or refunding bonds shall be
28 personally liable with respect to payment of interest and principal
29 on these bonds or refunding bonds. Bonds or refunding bonds
30 issued pursuant to this section shall not be a debt or liability of the
31 State or any agency or instrumentality thereof, except as otherwise
32 provided by this subsection, either legal, moral or otherwise, and
33 nothing contained in this act shall be construed to authorize the
34 financing authority to incur any indebtedness on behalf of or in any
35 way to obligate the State or any political subdivision thereof, and
36 all bonds and refunding bonds issued by the financing authority
37 shall contain a statement to that effect on their face.

38 g. The State hereby pledges and covenants with the holders of
39 any bonds or refunding bonds issued pursuant to this act that it will
40 not limit or alter the rights or powers vested in the financing
41 authority by this act, nor limit or alter the rights or powers of the
42 State Treasurer in any manner which would jeopardize the interest
43 of the holders or any trustee of the holders, or inhibit or prevent
44 performance or fulfillment by the financing authority or the State
45 Treasurer with respect to the terms of any agreement made with the
46 holders of the bonds or refunding bonds or agreements made
47 pursuant to subsection d. of this section; except that the failure of

1 the Legislature to appropriate moneys for any purpose of this act
2 shall not be deemed a violation of this section.

3 h. The financing authority and the development authority may
4 charge to and collect from local units, districts, the State and any
5 other person, any fees and charges in connection with the financing
6 authority's or development authority's actions undertaken with
7 respect to school facilities projects, including, but not limited to,
8 fees and charges for the financing authority's administrative,
9 organization, insurance, operating and other expenses incident to
10 the financing of school facilities projects, and the development
11 authority's administrative, organization, insurance, operating,
12 planning, design, construction management, acquisition,
13 construction, completion and placing into service and maintenance
14 of school facilities projects. Notwithstanding any provision of this
15 act to the contrary, no **[Abbott]** SDA district shall be responsible
16 for the payment of any fees and charges related to the development
17 authority's operating expenses.

18 i. Upon the issuance by the financing authority of bonds
19 pursuant to this section, other than refunding bonds, the net
20 proceeds of the bonds shall be transferred to the development
21 authority.

22 (cf: P.L.2007, c.137, s.25)

23

24 46. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
25 read as follows:

26 15. In the case of a district other than an **[Abbott]** SDA district,
27 for any project approved by the commissioner after the effective
28 date of this act, the district may elect to receive a one-time grant for
29 the State share of the project rather than annual debt service aid
30 under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share
31 payable to the district shall equal the product of the project's final
32 eligible costs and 115% of the district aid percentage or 40%,
33 whichever is greater. The development authority shall provide
34 grant funding for the State's share of the final eligible costs of a
35 school facilities project pursuant to an agreement between the
36 district and the development authority which shall, in addition to
37 other terms and conditions, set forth the terms of disbursement of
38 the State share. The funding of the State share shall not commence
39 until the district secures financing for the local share.

40 (cf: P.L.2007, c.137, s.26)

41

42 47. Section 21 of P.L.2000, c.72 (C.18A:7G-21) is amended to
43 read as follows:

44 21. a. In the event that a local unit has failed or is unable to pay
45 to the financing authority or the development authority in full when
46 due any local unit obligations issued by the local unit to the
47 financing authority, including, but not limited to, any lease or
48 sublease obligations, or any other moneys owed by the district to

1 the financing authority, to assure the continued operation and
2 solvency of the authority, the State Treasurer shall pay directly to
3 the financing authority an amount sufficient to satisfy the
4 deficiency from State aid payable to the local unit; provided that if
5 the local unit is a school district, the State aid shall not include any
6 State aid which may otherwise be restricted pursuant to the
7 provisions of [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L.____, c.
8 (C.) (pending before the Legislature as this bill). As used in this
9 section, local unit obligations include the principal or interest on
10 local unit obligations or payment pursuant to a lease or sublease of
11 a school facilities project to a local unit, including the subrogation
12 of the financing authority to the right of the holders of those
13 obligations, any fees or charges payable to the financing authority,
14 and any amounts payable by a local unit under a service contract or
15 other contractual arrangement the payments under which are
16 pledged to secure any local unit obligations issued to the financing
17 authority by another local unit.

18 b. If the financing authority requires, and if there has been a
19 failure or inability of a local unit to pay its local unit obligations to
20 the financing authority for a period of 30 days, the chairman or the
21 executive director of the financing authority shall certify to the
22 State Treasurer, with written notice to the fiscal officer of the local
23 unit, the amount remaining unpaid, and the State Treasurer shall
24 pay that amount to the financing authority; or if the right to receive
25 those payments has been pledged or assigned to a trustee for the
26 benefit of the holders of bonds or refunding bonds of the financing
27 authority, to that trustee, out of the State aid payable to the local
28 unit, until the amount so certified has been paid. Notwithstanding
29 any provision of this act to the contrary, the State Treasurer's
30 obligation to pay the financing authority pursuant to this section
31 shall not extend beyond the amount of State aid payable to the local
32 unit.

33 c. The amount paid to the financing authority pursuant to this
34 section shall be deducted from the appropriation or apportionment
35 of State aid payable to the local unit and shall not obligate the State
36 to make, nor entitle the local unit to receive, any additional
37 appropriation or apportionment. The obligation of the State
38 Treasurer to make payments to the financing authority or trustee
39 and the right of the financing authority or trustee to receive those
40 payments shall be subject and subordinate to the rights of holders of
41 qualified bonds issued prior to the effective date of this act pursuant
42 to P.L.1976, c.38 (C.40A:3-1 et seq.) and P.L.1976, c.39
43 (C.18A:24-85 et seq.).
44 (cf: P.L.2007, c.137, s.32)

45
46 48. Section 15 of P.L.2007, c.137 (C.18A:7G-46) is amended to
47 read as follows:

1 15. If land is necessary to be acquired in connection with a
2 school facilities project in an [Abbott] SDA district, the board of
3 education of the district and the governing body of the municipality
4 in which the district is situate shall jointly submit to the
5 commissioner and to the development authority a complete
6 inventory of all district- and municipal-owned land located in the
7 municipality. The inventory shall include a map of the district
8 showing the location of each of the identified parcels of land. The
9 board of education and the governing body of the municipality shall
10 provide an analysis of why any district- or municipal-owned land is
11 not suitable as a site for a school facilities project identified in the
12 district's long-range facilities plan. The inventory shall be updated
13 as needed in connection with any subsequent school facilities
14 projects for which it is necessary to acquire land.

15 (cf: P.L.2007, c.137, s.15)

16

17 49. Section 16 of P.L.2007, c.137 (C.18A:7G-47) is amended to
18 read as follows:

19 16. a. Whenever the board of education of an [Abbott] SDA
20 district submits to the New Jersey Schools Development Authority
21 established pursuant to P.L.2007, c.137 (C.52:18A-235 et al.)
22 information on a proposed preferred site for the construction of a
23 school facilities project, the development authority shall file a copy
24 of a map, plan or report indicating the proposed preferred site with
25 the county clerk of the county within which the site is located and
26 with the municipal clerk, planning board, and building inspector of
27 the municipality within which the site is located.

28 b. Whenever a map, plan, or report indicating a proposed
29 preferred site for the construction of an [Abbott] SDA district
30 school facilities project is filed by the development authority
31 pursuant to subsection a. of this section, any municipal approving
32 authority before granting any site plan approval, building permit, or
33 approval of a subdivision plat, or exercising any other approval
34 power with respect to the development or improvement of any lot,
35 tract, or parcel of land which is located wholly or partially within
36 the proposed preferred site shall refer the site plan, application for a
37 building permit or subdivision plat or any other application for
38 proposed development or improvement to the development
39 authority for review and recommendation as to the effect of the
40 proposed development or improvement upon the construction of the
41 school facilities project.

42 c. A municipal approving authority shall not issue any site plan
43 approval or building permit or approve a subdivision plat or
44 exercise any other approval power with respect to the development
45 or improvement of the lot, tract, or parcel of land without the
46 recommendation of the development authority until 45 days
47 following referral to the development authority pursuant to

1 subsection b. of this section. Within that 45-day period, the
2 development authority may:

3 (1) give notice to the municipal approving authority and to the
4 owner of the lot, tract, or parcel of land of probable intention to
5 acquire the whole or any part thereof, and no further action shall be
6 taken by the approving authority for a further period of 180 days
7 following receipt of notice from the development authority. If
8 within the 180-day period the development authority has not
9 acquired, agreed to acquire, or commenced an action to condemn
10 the property, the municipal approving authority shall be free to act
11 upon the pending application in such manner as may be provided by
12 law; or

13 (2) give notice to the municipal approving authority and to the
14 owner of the lot, tract, or parcel of land that the development
15 authority has no objection to the granting of the permit or approval
16 for which application has been made. Upon receipt of the notice the
17 municipal approving authority shall be free to act upon the pending
18 application in such manner as may be provided by law.

19 (cf: P.L.2007, c.137, s.16)

20

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

22 18A:13-23. The annual or special appropriations for regional
23 districts, including the amounts to be raised for interest upon, and
24 the redemption of, bonds payable by the district, shall be
25 apportioned among the municipalities included within the regional
26 district, as may be approved by the voters of each municipality at
27 the annual school election or a special school election, upon the
28 basis of:

29 a. the portion of each municipality's equalized valuation
30 allocated to the regional district, calculated as described in the
31 definition of equalized valuation in section [3 of P.L.1996, c.138
32 (C.18A:7F-3)] 3 of P.L. , c. (C.) (pending before the
33 Legislature as this bill);

34 b. the proportional number of pupils enrolled from each
35 municipality on the 15th day of October of the prebudget year in the
36 same manner as would apply if each municipality comprised
37 separate constituent school districts; or

38 c. any combination of apportionment based upon equalized
39 valuations pursuant to subsection a. of this section or pupil
40 enrollments pursuant to subsection b. of this section.

41 (cf: P.L.1996, c.138, s.50)

42

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

44 18A:21-3. The account shall be established by resolution of the
45 board of school estimate or the board of education, as the case may
46 be, in such form as shall be prescribed by the commissioner, a true
47 copy of which shall be filed with the department. [For any school
48 year an amount not to exceed 1.5 percent of the amount of core

1 curriculum standards aid, as calculated pursuant to section 15 of
2 P.L.1996, c.138 (C.18A:7F-15), plus any additional sum expressly
3 approved by the voters of the district or the board of school
4 estimate, and any undesignated general fund balance amount,
5 authorized under section 7 of P.L.1996, c.138 (C.18A:7F-7), may
6 be appropriated to the account.】 The account shall 【also】 include
7 the earnings attributable to the investment of the assets of the
8 account.

9 (cf: P.L.1996, c.138, s.51)

10

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

12 18A:22-8. The budget shall be prepared in such detail and upon
13 such forms as shall be prescribed by the commissioner and to it
14 shall be annexed a statement so itemized as to make the same
15 readily understandable, in which shall be shown:

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

17 (1) The total expenditure for each item for the preceding school
18 year, the amount appropriated for the current school year adjusted
19 for transfers as of February 1 of the current school year, and the
20 amount estimated to be necessary to be appropriated for the ensuing
21 school year, indicated separately for each item as determined by the
22 commissioner;

23 (2) The amount of the surplus account available at the beginning
24 of the preceding school year, at the beginning of the current school
25 year and the amount anticipated to be available for the ensuing
26 school year;

27 (3) The amount of revenue available for budget purposes for the
28 preceding school year, the amount available for the current school
29 year as of February 1 of the current school year and the amount
30 anticipated to be available for the ensuing school year in the
31 following categories:

32 (a) Total to be raised by local property taxes

33 (b) Total State aid

34 (i) 【Core curriculum standards】 Equalization aid

35 (ii) Special education categorical aid

36 (iii) Transportation aid

37 (iv) 【Early childhood program】 Preschool education aid

38 (v) 【Demonstrably effective program aid

39 (vi) Instructional supplement aid

40 (vii) Supplemental core curriculum standards aid

41 (viii) Distance learning network aid

42 (ix) Bilingual aid

43 (x)】 Security aid

44 (vi) Adjustment aid

45 (vii) Other (detailed at the discretion of the commissioner)

46 (c) Total federal aid

- 1 (i) Elementary and Secondary Education Act of 1965 (20
2 U.S.C.s.2701 et seq.)
3 (ii) Handicapped
4 (iii) Impact Aid
5 (iv) Vocational
6 (v) Other (detailed at the discretion of the commissioner)
7 (d) Other sources (detailed at the discretion of the
8 commissioner).
9 b. (Deleted by amendment, P.L.1993, c.117).
10 c. In the event that the total expenditure for any item of
11 appropriation is equal to \$0.00 for: (1) the preceding school year,
12 (2) the current school year, and (3) the amount estimated to be
13 necessary to be appropriated for the ensuing school year, that item
14 shall not be required to be published pursuant to N.J.S.18A:22-11.
15 d. The instruction function of the budget shall be divided at a
16 minimum into elementary (K-5), middle school (6-8), and high
17 school (9-12) cost centers, each of which shall be further divided by
18 the core curriculum content areas. The commissioner shall phase in
19 these requirements as soon as practicable.
20 e. The budget as adopted for the school year pursuant to section
21 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public
22 inspection on the school district's Internet site, if one exists, and
23 made available in print in a "user-friendly" format using plain
24 language. The Commissioner of Education shall promulgate a
25 "user-friendly," plain language budget summary format for the use
26 of school districts for this purpose.
27 (cf: P.L.2007, c.53, s.18)

28
29 53. Section 2 of P.L.1979, c.294 (C.18A:22-8.1) is amended to
30 read as follows:

31 2. Except as otherwise provided pursuant to this section,
32 whenever a school district desires to transfer amounts among line
33 items and program categories, the transfers shall be by resolution of
34 the board of education approved by a two-thirds affirmative vote of
35 the authorized membership of the board; however, a board may, by
36 resolution, designate the chief school administrator to approve such
37 transfers as are necessary between meetings of the board. Transfers
38 approved by the chief school administrator shall be reported to the
39 board, ratified and duly recorded in the minutes at a subsequent
40 meeting of the board, but not less than monthly. Transfers of
41 surplus amounts or any other unbudgeted or underbudgeted revenue
42 to line items and program categories shall require the approval of
43 the Commissioner of Education and shall only be approved between
44 April 1 and June 30 for line items and program categories necessary
45 to achieve the thoroughness standards established pursuant to
46 【subsection a. of section 4 of P.L.1996, c.138 (C18A:7F-4)】 section
47 4 of P.L. , c. (C.) (pending before the Legislature as this bill);
48 except that upon a two-thirds affirmative vote of the authorized

1 membership of a board of education, the board may petition the
2 commissioner for authority to transfer such revenue prior to April 1
3 due to an emergent circumstance and the commissioner may
4 authorize the transfer if he determines that the transfer is necessary
5 to meet such emergency. Transfers from any general fund
6 appropriation account that, on a cumulative basis, exceed 10% of
7 the amount of the account included in the school district's budget as
8 certified for taxes shall require the approval of the commissioner. In
9 a school district wherein the Commissioner of Education has
10 directed an in-depth evaluation pursuant to subsection e. of section
11 14 of P.L.1975, c.212 (C.18A:7A-14), the board of education shall
12 obtain the written approval of the executive county superintendent
13 of schools prior to implementing any board authorized transfer of
14 funds.
15 (cf: P.L.2005, c.235, s.34)

16

17 54. N.J.S.18A:22-38 is amended to read as follows:

18 18A:22-38. If the governing body or bodies fail to certify any
19 amount determined to be necessary pursuant to section 5 of
20 P.L.1996, c.138 (C.18A:7F-5) for any item rejected at the annual
21 school election, or in the event that the governing bodies of the
22 municipalities comprising a school district, shall certify different
23 amounts, then the commissioner shall determine the amount or
24 amounts which in his judgment, are necessary to be appropriated,
25 for each of the items appearing in the budget, submitted to the
26 governing body or bodies, and certify to the county board of
27 taxation the totals of the amount determined to be necessary for
28 **【each of the following:**

29 a. General fund expenses of schools; or

30 b. Appropriations to capital reserve account **】** the general fund
31 expenses of the schools;

32 and the **【amounts】** amount certified shall be included in the taxes to
33 be assessed, levied and collected in the municipality or
34 municipalities for those purposes. **【For any district submitting a**
35 **budget in excess of the maximum T&E budget, the commissioner**
36 **shall certify a general fund tax levy pursuant to paragraph (1) of**
37 **subsection e. of section 5 of P.L.1996, c.138 (C.18A:7F-5).】**

38 (cf: P.L.1996, c.138, s.60)

39

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

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

44 a. "Commissioner" means the Commissioner of Education of the
45 State of New Jersey;

46 b. "Debt service" means and includes payments of principal and
47 interest upon qualified bonds issued pursuant to the terms of this act

1 or amounts required in order to satisfy sinking fund payment
2 requirements with respect to such bonds;

3 c. "Local Finance Board" means the Local Finance Board in the
4 Division of Local Government Services in the Department of
5 Community Affairs, established pursuant to P.L.1974, c.35
6 (C.52:27D-18.1);

7 d. "Paying agent" means any bank, trust company or national
8 banking association having the power to accept and administer
9 trusts, named or designated in any qualified bond of a school
10 district or municipality as the agent for the payment of the principal
11 of and interest thereon and shall include the holder of any sinking
12 fund established for the payment of such bonds;

13 e. "Qualified bonds" means those bonds of a school district or
14 municipality authorized and issued in conformity with the
15 provisions of this act;

16 f. "State board" means the State Board of Education of the State
17 of New Jersey;

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

21 h. "State school aid" means the funds made available to local
22 school districts pursuant to [sections 15 and 17 of P.L.1996, c.138
23 (C.18A:7F-15 and C.18A:7F-17)] section 11 of P.L. , c. (C.)
24 (pending before the Legislature as this bill).
25 (cf: P.L.1996, c.138, s.61)
26

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

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

32 b. In addition to all other funds to which the local district or
33 educational services commission is entitled under the provisions of
34 [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c. (C.) (pending
35 before the Legislature as this bill) and other pertinent statutes, each
36 board of education or board of directors of an educational services
37 commission shall receive from the State during the 1985-86
38 academic year and for two years thereafter an amount equal to the
39 sum of the amounts by which the actual salary prescribed for each
40 current full-time teaching staff member under the salary schedule
41 adopted by the local board of education or board of directors for the
42 1984-85 academic year in the manner prescribed by law is less than
43 \$18,500.00, provided that the teaching staff member has been
44 certified by the local board of education or board of directors as
45 performing his duties in an acceptable manner for the 1984-85
46 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local
47 board of education or board of directors shall receive from the State
48 on behalf of the newly employed full-time teaching staff members

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

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

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

21 e. In each subsequent year the product of the base salary times
22 7% shall be cumulatively added to each teacher's salary as
23 calculated in subsection d. of this section in determining the aid
24 payable. In any year subsequent to the 1987-88 academic year in
25 which the base salary plus the cumulative increases under this
26 section exceed \$18,500.00, aid will no longer be payable.

27 (cf: P.L.1996, c.138, s.62)

28

29 57. Section 11 of P.L.1995, c.426 (C.18A:36A-11) is amended
30 to read as follows:

31 11. a. A charter school shall operate in accordance with its
32 charter and the provisions of law and regulation which govern other
33 public schools; except that, upon the request of the board of trustees
34 of a charter school, the commissioner may exempt the school from
35 State regulations concerning public schools, except those pertaining
36 to assessment, testing, civil rights and student health and safety, if
37 the board of trustees satisfactorily demonstrates to the
38 commissioner that the exemption will advance the educational goals
39 and objectives of the school.

40 b. A charter school shall comply with the provisions of chapter
41 46 of Title 18A of the New Jersey Statutes concerning the provision
42 of services to handicapped students; except that the fiscal
43 responsibility for any student currently enrolled in or determined to
44 require a private day or residential school shall remain with the
45 district of residence.

46 Within 15 days of the signing of the individualized education
47 plan, a charter school shall provide notice to the resident district of
48 any individualized education plan which results in a private day or

1 residential placement. The resident district may challenge the
2 placement within 30 days in accordance with the procedures
3 established by law.

4 c. A charter school shall comply with applicable State and
5 federal anti-discrimination statutes.

6 (cf: P.L.1995, c.426, s.11)

7

8 58. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended
9 to read as follows:

10 12. a. **【As used in this section:**

11 "Maximum T&E amount" means the T&E amount plus the T&E
12 flexible amount for the budget year weighted for kindergarten,
13 elementary, middle school and high school respectively as set forth
14 in section 12 of P.L.1996, c.138 (C.18A:7F-12);

15 "Program budget" means the sum in the prebudget year inflated
16 by the CPI rate published most recent to the budget calculation of
17 core curriculum standards aid; supplemental core curriculum
18 standards aid; stabilization aid, including supplemental stabilization
19 aid and supplemental school tax reduction aid; designated general
20 fund balance; miscellaneous local general fund revenue; and the
21 district's general fund tax levy. **】** (Deleted by amendment, P.L. ,
22 c.) (pending before the Legislature as this bill)

23 b. The school district of residence shall pay directly to the
24 charter school for each student enrolled in the charter school who
25 resides in the district an amount equal to **【**the lower of either 90%
26 of the program budget per pupil for the specific grade level in the
27 district or 90% of the maximum T&E amount. The per pupil
28 amount paid to the charter school shall not exceed the program
29 budget per pupil for the specific grade level in the district in which
30 the charter school is located**】** 90% of the sum of the budget year
31 equalization aid per pupil and the prebudget year general fund tax
32 levy per pupil inflated by the CPI rate most recent to the
33 calculation. In addition, the school district of residence shall pay
34 directly to the charter school the security categorical aid attributable
35 to the student and a percentage of the district's special education
36 categorical aid equal to the percentage of the district's special
37 education students enrolled in the charter school and , if applicable,
38 100% of preschool education aid. The district of residence shall
39 also pay directly to the charter school **【**any categorical aid
40 attributable to the student, provided the student is receiving
41 appropriate categorical services, and**】** any federal funds attributable
42 to the student.

43 c. **【**For any student enrolled in a charter school in which 90%
44 of the program budget per pupil for the specific grade level is
45 greater than 90% of the maximum T&E amount, the State shall pay
46 the difference between the two amounts.**】** (Deleted by amendment,
47 P.L. , c.) (pending before the Legislature as this bill)

1 d. Notwithstanding the provisions of subsection b. of this
2 section, in the case of a student who was not included in the
3 district's projected resident enrollment for the school year, the State
4 shall pay 100% of the amount required pursuant to subsection b. of
5 this section for the first year of the student's enrollment in the
6 charter school.

7 e. The State shall make payments required pursuant to
8 **【subsections c. and】** subsection d. of this section directly to the
9 charter school.

10 (cf: P.L.2000, c.142, s.2)

11
12 59. Section 3 of P.L.1988, c.12 (C.18A:38-7.9) is amended to
13 read as follows:

14 3. a. In the event the designated district is composed of more
15 than one municipality, when allocating equalized valuations or
16 district incomes, pursuant to the provisions of section **【3 of**
17 **P.L.1996, c.138 (C.18A:7F-3)】** 3 of P.L. , c. (C.) (pending
18 before the Legislature as this bill), for the purpose of calculating
19 State aid, persons attending schools in the designated district
20 pursuant to section 2 of this act shall be assigned to each
21 municipality comprising the designated district in direct proportion
22 to the number of persons ordinarily attending school from each
23 municipality in the designated district without considering the
24 persons attending pursuant to this act.

25 b. In the event the designated district is a constituent district of a
26 limited purpose regional district, when allocating equalized
27 valuations or district incomes, pursuant to the provisions of section
28 **【3 of P.L.1996, c.138 (C.18A:7F-3)】** 3 of P.L. , c. (C.)
29 (pending before the Legislature as this bill), for the purpose of
30 apportioning the amounts to be raised by taxes for the limited
31 purpose regional district of which the designated district is a
32 constituent district, persons attending schools in the designated
33 district pursuant to section 2 of this act shall not be counted.

34 (cf: P.L.1996, c.138, s.63)

35
36 60. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended to
37 read as follows:

38 4. The county superintendent of schools shall, within 120 days
39 of the effective date of this act, certify to the Commissioner of
40 Education which local school district shall be the designated district
41 for persons of school age residing in a multi-district federal enclave.
42 The district certified as the designated district shall count all pupils
43 who reside in a multi-district federal enclave in the resident
44 enrollment of the district for all State aid purposes and shall be
45 designated by the commissioner to receive State aid and all federal
46 funds provided under Pub.L.81-874, (20 U.S.C. s.236 et seq.).

1 For the purposes of calculating State aid pursuant to **[P.L.1996,**
2 **c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.) (pending before the
3 Legislature as this bill), whenever pupils residing in one district are
4 attending the schools of the designated district, the district income
5 of the resident district shall be allocated between the resident
6 district and the designated district in proportion to the number of
7 pupils residing in the resident district attending the schools of the
8 resident district and designated district.
9 (cf: P.L.1996, c.138, s.64)

10
11 61. N.J.S.18A:38-19 is amended to read as follows:

12 18A:38-19. **[a.]** Whenever the pupils of any school district are
13 attending public school in another district, within or without the
14 State, pursuant to this article, the board of education of the
15 receiving district shall determine a tuition rate to be paid by the
16 board of education of the sending district to an amount not in excess
17 of the actual cost per pupil as determined under rules prescribed by
18 the commissioner and approved by the State board, and such tuition
19 shall be paid by the custodian of school moneys of the sending
20 district out of any moneys in his hands available for current
21 expenses of the district upon order issued by the board of education
22 of the sending district, signed by its president and secretary, in
23 favor of the custodian of school moneys of the receiving district.

24 **[b.]** Notwithstanding the provisions of subsection a. of this
25 section, whenever the pupils of any school district are attending
26 public school in an Abbott district as defined pursuant to section 3
27 of P.L.1996, c.138 (C.18A:7F-3), any expenditures associated with
28 amounts appropriated to the Abbott district as Abbott v. Burke
29 parity remedy aid or additional Abbott v. Burke State aid shall not
30 be included in the actual cost per pupil for the calculation of the
31 tuition to be paid by the sending district. **]**

32 (cf: P.L.2001, c.285, s.1)

33
34 62. Section 2 of P.L.1981, c.57 (C.18A:39-1a) is amended to
35 read as follows:

36 2. For the 2002-2003 school year, the maximum amount of
37 nonpublic school transportation costs per pupil provided for in
38 N.J.S.18A:39-1 shall equal \$735 and this amount shall be increased
39 in each subsequent year in direct proportion to the increase in the
40 State transportation aid per pupil in the year prior to the prebudget
41 year compared to the amount for the prebudget year or by the CPI,
42 whichever is greater.

43 As used in this section, State transportation aid per pupil shall
44 equal the total State transportation aid payments made pursuant to
45 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. , c.
46 (C.) (pending before the Legislature as this bill) divided by the
47 number of pupils eligible for transportation. "CPI" means the

1 average annual increase, expressed as a decimal, in the consumer
2 price index for the New York City and Philadelphia areas during the
3 fiscal year preceding the prebudget year as reported by the United
4 States Department of Labor.

5 In the 2002-2003 school year and thereafter, any additional costs
6 incurred by a school district due to the increase in the maximum
7 amount of nonpublic school transportation costs per pupil pursuant
8 to this section shall be borne by the State.

9 (cf: P.L.2001, c.437, s.1)

10

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

12 18A:39-1.1. In addition to the provision of transportation for
13 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board
14 of education of any district may provide, by contract or otherwise,
15 in accordance with law and the rules and regulations of the State
16 board, for the transportation of other pupils to and from school.

17 Districts shall not receive State transportation aid pursuant to
18 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. __, c.
19 (C. __) (pending before the Legislature as this bill) for the
20 transportation of pupils pursuant to this section.

21 (cf: P.L.1996, c.138, s.67)

22

23 64. Section 1 of P.L.1995, c.106 (C.18A:39-1.3) is amended to
24 read as follows:

25 1. Any board of education which transports pupils to and from
26 school pursuant to N.J.S.18A:39-1 or a cooperative transportation
27 services agency may enter into a contract for the transportation of
28 public school pupils who are not eligible for transportation services
29 pursuant to N.J.S.18A:39-1 or any other law, and may require that if
30 the parent, guardian or other person having legal custody of the
31 child elects to have the pupil transported pursuant to the contract,
32 then the parent, guardian or other person having legal custody of the
33 child shall pay all or a part of the costs of that transportation,
34 including, but not limited to, the cost of fuel, driver salaries and
35 insurance. A board of education or a cooperative transportation
36 services agency may also enter into a contract for the transportation
37 of pupils who attend not for profit nonpublic schools and who are
38 not eligible for transportation services pursuant to N.J.S.18A:39-1
39 or any other law or who receive in-lieu-of transportation payments,
40 and may require that if the parent, guardian or other person having
41 legal custody of the child elects to have the pupil transported
42 pursuant to the contract, then the parent, guardian or other person
43 having legal custody of the child shall pay all or a part of the costs
44 of that transportation, including, but not limited to, the cost of fuel,
45 driver salaries and insurance.

46 The costs of the transportation shall be paid at the time and in the
47 manner determined by the board of education or the cooperative
48 transportation services agency, provided that the parent, guardian or

1 other person having legal custody of the pupil attending the public
2 or nonpublic school shall pay no more than the per pupil cost of the
3 route for the transportation provided pursuant to this section.

4 Boards of education shall not receive State transportation aid
5 pursuant to section [25 of P.L.1996, c.138 (C.18A:7F-25)] 15 of
6 P.L. , c. (C.) (pending before the Legislature as this bill) for
7 the transportation of pupils pursuant to this section; however, the
8 pupils shall be included in the calculation of the district's regular
9 vehicle capacity utilization for purposes of the application of the
10 incentive factor pursuant to that section.

11 A board of education shall notify the Department of Education
12 when it elects to provide transportation for pupils under the
13 provisions of this act.

14 (cf: P.L.2001, c.65, s.1)

15

16 65. Section 1 of P.L.2000, c.114 (C.18A:39-1.7) is amended to
17 read as follows:

18 1. A board of education responsible for the transportation of
19 public school pupils to and from school pursuant to N.J.S.18A:39-1
20 or a cooperative transportation services agency as identified by the
21 Commissioner of Education may permit nonpublic school pupils
22 who live in or outside of the district and who are not eligible for
23 pupil transportation pursuant to N.J.S.18A:39-1 because the
24 distance from the pupil's residence to the nonpublic school is
25 greater than the mileage limit established pursuant to N.J.S.18A:39-
26 1 or any other law to purchase transportation to the nonpublic
27 school from the board of education or the cooperative transportation
28 services agency provided that:

29 a. there is available space on the appropriate bus route; and

30 b. the parent, guardian or other person having legal custody of
31 the pupil attending the nonpublic school agrees to transport the
32 pupil to an existing bus stop as determined by the board of
33 education or the cooperative transportation services agency.

34 The parent, guardian or other person having legal custody of the
35 pupil attending the nonpublic school shall pay no more than the per
36 pupil cost of the route for the transportation provided pursuant to
37 this section. The costs of the transportation shall be paid at the time
38 and in the manner determined by the board of education or
39 cooperative transportation services agency.

40 A board of education or the cooperative transportation services
41 agency shall notify the Department of Education when it elects to
42 provide transportation for pupils under the provisions of this
43 section.

44 Boards of education shall not receive State transportation aid
45 pursuant to section [25 of P.L.1996, c.138 (C.18A:7F-25)] 15 of
46 P.L. , c. (C.) (pending before the Legislature as this bill) for
47 the transportation of pupils pursuant to this section; however these
48 pupils shall be included in the calculation of the district's regular

1 vehicle capacity utilization for purposes of the application of the
2 incentive factor pursuant to that section.

3 Prior to providing transportation pursuant to this section to a
4 nonpublic school pupil who lives within the district, a board of
5 education shall determine if the pupil is eligible for transportation
6 or an in-lieu-of payment pursuant to section 1 of P.L.1999, c.350
7 (C.18A:39-1.6). If the board of education determines that the pupil
8 is eligible for transportation or an in-lieu-of payment pursuant to
9 section 1 of P.L.1999, c.350 (C.18A:39-1.6), then that provision of
10 law shall govern the transportation services provided to the pupil by
11 the board of education.

12 (cf: P.L.2000, c.114, s.1)

13

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

15 18A:39-3. a. No contract for the transportation of pupils to and
16 from school shall be made, when the amount to be paid during the
17 school year for such transportation shall exceed \$7,500.00 or the
18 amount determined pursuant to subsection b. of this section, and
19 have the approval of the executive county superintendent of
20 schools, unless the board of education making such contract shall
21 have first publicly advertised for bids therefor in a newspaper
22 published in the district or, if no newspaper is published therein, in
23 a newspaper circulating in the district, once, at least 10 days prior to
24 the date fixed for receiving proposals for such transportation, and
25 shall have awarded the contract to the lowest responsible bidder.

26 Nothing in this chapter shall require the advertisement and
27 letting on proposals or bids of annual extensions, approved by the
28 executive county superintendent, of any contract for transportation
29 entered into through competitive bidding when--

30 (1) Such annual extensions impose no additional cost upon the
31 board of education, regardless of the fact that the route description
32 has changed; or

33 (2) The increase in the contractual amount as a result of such
34 extensions does not exceed the rise in the Consumer Price Index as
35 defined in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. ,
36 c. (C.) (pending before the Legislature as this bill) for that
37 school year, regardless of the fact that the route description has
38 changed or an aide has been added or removed; or

39 (3) (Deleted by amendment, P.L.1982, c.74.)

40 (4) The increase in the contractual amount as a result of an
41 extension exceeds the rise in the Consumer Price Index as defined
42 in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. , c.
43 (C.) (pending before the Legislature as this bill) for that school
44 year, but the following apply to the extensions:

45 (a) The increase is directly attributable to a route change to
46 accommodate new student riders or safety concerns as provided for
47 in the original bid, or the increase is directly attributable to the
48 addition of an aide as provided for in the original bid; and

1 (b) The school destination remains unchanged from the original
2 contract.

3 Any such extension as described in this paragraph shall require
4 the approval of the executive county superintendent of schools.

5 Nothing in this chapter shall require the immediate bid of any
6 contract renewal for the remainder of a school year in which the
7 only change, in addition to route description, is the bus type.
8 However, any such extension shall be approved by the executive
9 county superintendent of schools and shall be bid for the next
10 school year.

11 b. The Governor, in consultation with the Department of the
12 Treasury, shall, no later than March 1 of each odd-numbered year,
13 adjust the threshold amount set forth in subsection a. of this section,
14 or subsequent to 1985 the threshold amount resulting from any
15 adjustment under this subsection or section 17 of P.L.1985. c.469,
16 in direct proportion to the rise or fall of the Consumer Price Index
17 for all urban consumers in the New York City and the Philadelphia
18 areas as reported by the United States Department of Labor. The
19 Governor shall, no later than June 1 of each odd-numbered year,
20 notify all local school districts of the adjustment. The adjustment
21 shall become effective on July 1 of each odd-numbered year.

22 (cf: P.L.2003, c.69, s.1)

23

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

25 18A:39-15. If the executive county superintendent of the county
26 in which the districts are situate shall approve the necessity, the
27 cost, and the method of providing joint transportation and the
28 agreement whereby the same is to be provided, each board of
29 education providing joint transportation shall be entitled to State
30 transportation aid pursuant to section [25 of P.L.1996, c.138
31 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
32 Legislature as this bill).

33 (cf: P.L.1996, c.138, s.68)

34

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

37 11. The Commissioner of Education, in consultation with the
38 Commissioner of Health and Senior Services, shall develop and
39 administer a program which provides for the employment of
40 substance awareness coordinators in certain school districts.

41 a. Within 90 days of the effective date of this act, the
42 Commissioner of Education shall forward to each local school
43 board a request for a proposal for the employment of a substance
44 awareness coordinator. A board which wants to participate in the
45 program shall submit a proposal to the commissioner which outlines
46 the district's plan to provide substance abuse prevention,
47 intervention and treatment referral services to students through the
48 employment of a substance awareness coordinator. Nothing shall

1 preclude a district which employs a substance awareness
2 coordinator at the time of the effective date of this act from
3 participating in this program. The commissioner shall select school
4 districts to participate in the program through a competitive grant
5 process. The participating districts shall include urban, suburban
6 and rural districts from the north, central and southern geographic
7 regions of the State with at least one school district per county. In
8 addition to all other State aid to which the local district is entitled
9 under the provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]**
10 P.L. , c. (C.) (pending before the Legislature as this bill) and
11 other pertinent statutes, each board of education participating in the
12 program shall receive from the State, for a three-year period, the
13 amount necessary to pay the salary of its substance awareness
14 coordinator.

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

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

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

1 to all school districts in the State.
2 (cf: P.L.1996, c.138, s.70)

3

4 69. N.J.S.18A:44-4 is amended to read as follows:

5 18A:44-4. a. Except as otherwise provided pursuant to
6 subsection b. of this section, the expenses of preschool schools or
7 departments and of kindergarten schools or departments shall be
8 paid out of any moneys available for the general fund expenses of
9 the schools, and in the same manner and under the same restrictions
10 as the expenses of other schools or departments are paid, except
11 when wholly or partly subsidized by restricted funding sources or
12 restricted endowments.

13 b. **【**In the case of a non-Abbott school district which is not
14 required to operate a preschool program pursuant to section 16 of
15 P.L.1996, c.138 (C.18A:7F-16) and which does not receive early
16 childhood program aid pursuant to that section, the**】** A district may
17 collect tuition from the parents or guardians of students enrolled in
18 a preschool school or department **【**in an amount not to**】** for whom
19 the district does not receive preschool education aid pursuant to
20 section 12 of P.L. , c. (C.) (pending before the Legislature as
21 this bill). The amount of tuition may not exceed the per pupil cost
22 of the preschool program.

23 (cf: P.L.2004, c.125, s.1)

24

25 70. Section 2 of P.L.2000, c.139 (C.18A:44-6) is amended to
26 read as follows:

27 2. a. There is established a Division of Early Childhood
28 Education in the Department of Education. The administrator and
29 head of the division shall be a person qualified by training and
30 experience to perform the duties of the division and shall devote
31 his entire time to the performance of those duties.

32 b. The division shall be responsible for:

33 (1) setting required standards for early childhood education
34 programs in **【**the Abbott districts, districts receiving Early
35 Childhood Program Aid and all other**】** districts that operate
36 preschool programs for three- and four-year olds that emphasize the
37 quality necessary to meet children's needs, including, but not
38 limited to, standards for teacher qualifications, program design and
39 facilities;

40 (2) identifying and disseminating information on model early
41 childhood education programs that meet and exceed high standards
42 for program quality;

43 (3) the coordination of early childhood programs and services in
44 consultation with the Department of Human Services;

45 (4) identifying the amount of funds necessary to implement
46 successful early childhood education programs based on a
47 comprehensive needs assessment;

- 1 (5) providing assistance, as needed, to school districts in
2 implementing early childhood education programs;
- 3 (6) implementing the early childhood education orders of the
4 New Jersey Supreme Court;
- 5 (7) overseeing the evaluation and monitoring of early childhood
6 education programs in [the Abbott districts, districts receiving
7 Early Childhood Program Aid and all other] districts that operate
8 preschool programs for three- and four-year olds; and
- 9 (8) providing, in consultation with the Department of Human
10 Services [and the Abbott Implementation Advisory Council], an
11 annual report to the Legislature and public on early childhood
12 education.
- 13 (cf: P.L.2000, c.139, s.2)

14

15 71. N.J.S.18A:46-14 is amended to read as follows:

16 18A:46-14. The facilities and programs of education required
17 under this chapter shall be provided by one or more of the
18 following:

- 19 a. A special class or classes in the district, including a class or
20 classes in hospitals, convalescent homes, or other institutions;
- 21 b. A special class in the public schools of another district in this
22 State or any other state in the United States;
- 23 c. Joint facilities including a class or classes in hospitals,
24 convalescent homes or other institutions to be provided by
25 agreement between one or more school districts;
- 26 d. A jointure commission program;
- 27 e. A State of New Jersey operated program;
- 28 f. Instruction at school supplementary to the other programs in
29 the school, whenever, in the judgment of the board of education
30 with the consent of the commissioner, the handicapped pupil will be
31 best served thereby;
- 32 g. Sending children capable of benefiting from a day school
33 instructional program to privately operated day classes, in New
34 Jersey or, with the approval of the commissioner to meet particular
35 circumstances, in any other state in the United States, the services
36 of which are nonsectarian whenever in the judgment of the board of
37 education with the consent of the commissioner it is impractical to
38 provide services pursuant to subsection a., b., c., d., e. or f.
39 otherwise;
- 40 h. Individual instruction at home or in school whenever in the
41 judgment of the board of education with the consent of the
42 commissioner it is impracticable to provide a suitable special
43 education program for a child pursuant to subsection a., b., c., d., e.,
44 f. or g. otherwise.

45 Whenever a child study team determines that a suitable special
46 education program for a child cannot be provided pursuant to
47 subsection a., b., c., d., e., f., g. or h. of this section, and that the
48 most appropriate placement for that child is in an academic program

1 in an accredited nonpublic school within the State or, to meet
2 particular circumstances, in any other state in the United States, the
3 services of which are nonsectarian, and which is not specifically
4 approved for the education of handicapped pupils, that child may be
5 placed in that academic program by the board of education, with the
6 consent of the commissioner, or by order of a court of competent
7 jurisdiction. An academic program which meets the requirements
8 of the child's Individual Education Plan as determined by the child
9 study team and which provides the child with a thorough and
10 efficient education, shall be considered an approved placement for
11 the purposes of chapter 46 of this Title, and the board of education
12 shall be entitled to receive State aid for that child as provided
13 pursuant to **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. . . . , c.
14 (C. . .) (pending before the Legislature as this bill), and all other
15 pertinent statutes.

16 Whenever any child shall be confined to a hospital, convalescent
17 home, or other institution in New Jersey or in any other state in the
18 United States and is enrolled in an education program approved
19 under this article, or shall be placed in any other State facility as
20 defined in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. . . . ,
21 c. . . (C. . .) (pending before the Legislature as this bill), the board
22 of education of the district in which the child resides shall pay the
23 tuition of that child. The board of education may also furnish (a)
24 the facilities or programs provided in this article to any person over
25 the age of 20 who does not hold a diploma of a high school
26 approved in this State or in any other state in the United States, (b)
27 suitable approved facilities and programs for children under the age
28 of five.

29 (cf: P.L.1996, c.138, s.74)

30

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

32 18A:46-23. The board of education shall furnish transportation
33 to all children found under this chapter to be handicapped who shall
34 qualify therefor pursuant to law and it shall furnish the
35 transportation for a lesser distance also to any handicapped child, if
36 it finds upon the advice of the examiner, the handicap to be such as
37 to make transportation necessary or advisable.

38 The board of education shall furnish transportation to all children
39 being sent by local boards of education to an approved 12-month
40 program pursuant to N.J.S.18A:46-14, or any other program
41 approved pursuant to N.J.S.18A:46-14 and who qualify therefor
42 pursuant to law, during the entire time the child is attending the
43 program. The board shall furnish transportation for a lesser
44 distance also to a handicapped child, if it finds upon the advice of
45 the examiner, his handicap to be such as to make the transportation
46 necessary or advisable.

47 The school district shall be entitled to State aid for the
48 transportation pursuant to section **[25 of P.L.1996, c.138**

1 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
2 Legislature as this bill) when the necessity for the transportation
3 and the cost and method thereof have been approved by the
4 executive county superintendent of the county in which the district
5 paying the cost of the transportation is situated.
6 (cf: P.L.1996, c.138, s.76)
7

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

10 3. a. Any school established pursuant to P.L.1971, c.271
11 (C.18A:46-29 et seq.) shall accept all eligible pupils within the
12 county, so far as facilities permit. Pupils residing outside the
13 county may be accepted should facilities be available only after
14 provision has been made for all eligible pupils within the county.
15 Any child accepted shall be classified pursuant to chapter 46 of
16 Title 18A of the New Jersey Statutes.

17 b. The board of education of any county special services school
18 district may receive such funds as may be appropriated by the
19 county pursuant to section 13 of P.L.1971, c.271 (C.18A:46-41) and
20 shall be entitled to collect and receive from the sending districts in
21 which the pupils attending the county special services school reside,
22 for the tuition of those pupils, a sum not to exceed the actual cost
23 per pupil as determined for each special education program or for
24 the special services school district, according to rules prescribed by
25 the commissioner and approved by the State board. Whenever
26 funds have been appropriated by the county, the county special
27 services school district may charge a fee in addition to tuition for
28 any pupils who are not residents of the county. The fee shall not
29 exceed the amount of the county's per pupil appropriation to the
30 county special services school district. For each special education
31 program or for the special services school district, the tuition shall
32 be at the same rate per pupil for each sending district whether
33 within or without the county. Ten percent of the tuition amount and
34 the nonresident fee amount, if any, shall be paid on the first of each
35 month from September to June to the receiving district by each
36 sending district. The annual aggregate amount of all tuition may be
37 anticipated by the board of education of the county special services
38 school district with respect to the annual budget of the county
39 special services school district. The amounts of all annual
40 payments or tuition to be paid by any other school district shall be
41 raised in each year in the annual budget of the other school district
42 and paid to the county special services school district.

43 Tuition charged to the resident district shall be deducted from the
44 resident district's State aid and transferred directly to the county
45 special services district by the Department of Education according
46 to procedures established by the commissioner. The transfers shall
47 equal 1/20th of the tuition charged and shall occur on the same
48 schedule of State aid payments for the resident districts. Beginning

1 in May of the preceding year the county special services district
2 shall report to the department and the resident districts the current
3 enrollments and tuition rates by district. Enrollment changes
4 reported at least 30 days in advance of a scheduled transfer shall be
5 honored.

6 Unless specifically designated, county special services school
7 districts shall not receive State aid under the provisions of
8 【P.L.1996, c.138 (C.18A:7F-1 et al.)】 P.L. , c. (C.) (pending
9 before the Legislature as this bill). The county special services
10 general fund budget, exclusive of any county contribution, shall not
11 exceed the general fund budget, exclusive of any county
12 contribution, in the prebudget year adjusted by the CPI or three
13 percent, whichever is greater, plus an enrollment factor.

14 An undesignated general fund balance of 10 percent of the
15 general fund budget exclusive of tuition adjustments of prior years
16 may be maintained. For the years 1997-98 through 2001-2002,
17 State aid shall be provided to fund tuition losses when placements
18 drop by more than five percent between the budget year and
19 prebudget year. State aid shall equal the difference between 95
20 percent of the prebudget year enrollment on May 1 preceding the
21 prebudget year multiplied by the budget year tuition rate and actual
22 enrollments on May 1 preceding the budget year multiplied by the
23 budget year tuition rate.

24 c. The board of education of any county special services school
25 district, with the approval of the board of chosen freeholders of the
26 county, may provide for the establishment, maintenance and
27 operation of dormitory and other boarding care facilities for pupils
28 in conjunction with any one or more of its schools for special
29 services, and the board shall provide for the establishment,
30 maintenance and operation of such health care services and
31 facilities for the pupils as the board shall deem necessary.

32 d. (Deleted by amendment, P.L.1991, c.62).
33 (cf: P.L.1996, c.138, s.77)
34

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

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

39 a. The per pupil aid amount for providing the equivalent service
40 to children of limited English-speaking ability enrolled in the public
41 schools, shall be \$1274.03. The appropriate per pupil aid amount
42 for compensatory education shall be \$628.71.

43 b. The appropriate per pupil aid amount shall then be multiplied
44 by the number of auxiliary services received for each pupil enrolled
45 in the nonpublic schools who were identified as eligible to receive
46 each auxiliary service as of the last school day of June of the
47 prebudget year, to obtain each district's State aid for the next school
48 year.

1 c. The per pupil aid amount for home instruction shall be
2 determined by multiplying the **【T&E amount】** base per pupil
3 amount by a cost factor of 0.0037 by the number of hours of home
4 instruction actually provided in the prior school year.
5 (cf: P.L.1996, c.138, s.78)

6
7 75. N.J.S.18A:56-16 is amended to read as follows:

8 18A:56-16. In the event that a school district or a county or
9 municipality anticipates that it will be unable to meet the payment
10 of principal or interest on any of its bonds issued for school
11 purposes after December 4, 1958, it shall certify such liability to the
12 commissioner and the Director of the Division of Local Finance at
13 least 10 days prior to the date any such payment is due. If the
14 commissioner and director shall approve said certification, they
15 shall immediately certify the same to the trustees of the fund for the
16 support of public schools. Upon the receipt thereof, or in the event
17 any such district, county or municipality fails to certify its
18 anticipated inability to meet any such payments, upon notice and
19 verification of such inability, the trustees shall, within the limits of
20 the school bond guaranty reserve established within the fund
21 purchase any such bonds at a price equivalent to the face amount
22 thereof or pay to the holder of any such bond the interest due or to
23 become due thereon, as the case may be, and such purchases and
24 payments of interest may continue so long as the district, county or
25 municipality remains unable to make such payments. Upon making
26 any such payment of interest, the trustees of the fund shall be
27 subrogated to all rights of the bondholder against the issuer in
28 respect to the collection of such interest and if such interest is
29 represented by a coupon such coupon shall be delivered to the
30 trustees of the fund.

31 The State Treasurer shall act as agent of the trustees of the fund
32 in making any such payments or purchases, and he shall prescribe,
33 in consultation with the commissioner, such rules and regulations as
34 may be necessary and proper to effectuate the purposes of this
35 section.

36 The amount of any payment of interest or purchase price
37 pursuant to this section shall be deducted from the appropriation or
38 apportionment of State aid, other than any State aid which may be
39 otherwise restricted pursuant to the provisions of **【P.L.1996, c.138**
40 **(C.18A:7F-1 et seq.)】** P.L. , c. (C.) (pending before the
41 Legislature as this bill), payable to the district, county or
42 municipality and shall not obligate the State to make, nor entitle the
43 district, county or municipality to receive, any additional
44 appropriation or apportionment. Any amount so deducted shall be
45 applied by the State Treasurer to satisfy the obligation of the
46 district, county or municipality arising as a result of the payment of
47 interest or purchase price pursuant to this section.

48 (cf: P.L.2003, c.118, s.1)

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

3 6. State aid provided pursuant to **【P.L.1996, c.138 (C.18A:7F-1**
4 **et al.)】** P.L. , c. (C.) (pending before the Legislature as this
5 bill) may be expended for the purchase and loan of textbooks for
6 public school pupils in an amount which shall not exceed the State
7 average budgeted textbook expense for the prebudget year per pupil
8 in resident enrollment. Nothing contained herein shall prohibit a
9 board of education in any district from purchasing textbooks in
10 excess of the amounts provided pursuant to this act.

11 (cf: P.L.1996, c.138, s.83)

12

13 77. Section 4 of P.L.2000, c.77 (C.30:5B-6.13) is amended to
14 read as follows:

15 4. a. In the case of a child care center established after the
16 effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.), the owner or
17 sponsor of the center, prior to the center's opening, shall ensure that
18 a request for a criminal history record background check on each
19 staff member is sent to the Department of Human Services for
20 processing by the Division of State Police in the Department of Law
21 and Public Safety and the Federal Bureau of Investigation.

22 A staff member shall not be left alone as the only adult caring for
23 a child at the center until the criminal history record background
24 has been reviewed by the department pursuant to P.L.2000, c.77
25 (C.30:5B-6.10 et al.).

26 b. In the case of a child care center licensed or granted life-
27 safety approval prior to the effective date of P.L.2000, c.77
28 (C.30:5B-6.10 et al.), the owner or sponsor of the center, at the time
29 of the center's first renewal of license or life-safety approval next
30 following that effective date, shall ensure that a request for a
31 criminal history record background check for each staff member is
32 sent to the department for processing by the Division of State Police
33 and the Federal Bureau of Investigation.

34 c. Within two weeks after a new staff member begins
35 employment at a child care center, the owner or sponsor of the
36 center shall ensure that a request for a criminal history record
37 background check is sent to the department for processing by the
38 Division of State Police and the Federal Bureau of Investigation.

39 A new staff member shall not be left alone as the only adult
40 caring for a child at the center until the criminal history record
41 background has been reviewed by the department pursuant to
42 P.L.2000, c.77 (C.30:5B-6.10 et al.).

43 d. In the case of child care centers under contract to implement
44 early childhood education programs in **【the Abbott districts as**
45 **defined in P.L.1996, c.138 (C.18A:7F-3) and in other】** school
46 districts, the department shall ensure that a criminal history record
47 background check is conducted on all current staff members as soon

1 as practicable, but no later than six months after the effective date
2 of P.L.2000, c.77 (C.30:5B-6.10 et al.).

3 (cf: P.L.2004, c.130, s.99)

4

5 78. Section 10 of P.L.2000, c.77 (C.30:5B-6.18) is amended to
6 read as follows:

7 10. Notwithstanding the provisions of any other law to the
8 contrary, the provisions of P.L.1986, c.116 (C.18A:6-7.1 et seq.)
9 shall not apply to employees of a child care center licensed or life-
10 safety approved by the Department of Human Services pursuant to
11 P.L.1983, c.492 (C.30:5B-1 et seq.) if the center contracts with a
12 school district **【**, including, but not limited to, an Abbott district as
13 defined in P.L.1996, c.138 (C.18A:7F-3), **】** to implement an early
14 childhood education program.

15 (cf: P.L.2000, c.77, s.10)

16

17 79. Section 2 of P.L.1999, c.279 (C.34:15F-2) is amended to
18 read as follows:

19 2. As used in this act:

20 **【**"Abbott district" means an Abbott district as defined in section
21 3 of P.L.1996, c.138 (C.18A:7F-3); **】**

22 "Commissioner" means the Commissioner of Labor and
23 Workforce Development;

24 "Department" means the Department of Labor and Workforce
25 Development;

26 "Educational foundation" means a nonprofit organization that
27 may be created by or on behalf of a board of education or a
28 nonprofit organization that has experience in the establishment of
29 mentoring programs or the provision of services to at-risk youth;

30 "Joint committee" means the Joint Committee on Mentoring;

31 "Mentor" means a volunteer from the community who agrees to
32 participate in a mentoring program; **【and】**

33 "Program" means the At-Risk Youth Mentoring Program
34 established by this act; and

35 "SDA district" means an SDA district as defined pursuant to
36 section 3 of P.L.2000, c.72 (C.18A:7G-3).

37 (cf: P.L.2004, c.61, s.2)

38

39 80. Section 2 of P.L.2003, c.113 (C.46:15-7.1) is amended to
40 read as follows:

41 2. a. For each conveyance or transfer of property, the grantor
42 shall pay a supplemental fee of:

43 (1) (a) \$0.25 for each \$500.00 of consideration or fractional
44 part thereof not in excess of \$150,000.00 recited in the deed;

45 (b) \$0.85 for each \$500.00 of consideration or fractional part
46 thereof in excess of \$150,000.00 but not in excess of \$200,000.00
47 recited in the deed; and

- 1 (c) \$1.40 for each \$500.00 of consideration or fractional part
2 thereof in excess of \$200,000.00 recited in the deed, plus
- 3 (2) for a transfer described in subsection (b) of section 4 of
4 P.L.1975, c.176 (C.46:15-10.1), an additional \$1.00 for each
5 \$500.00 of consideration or fractional part thereof not in excess of
6 \$150,000.00 recited in the deed which fee shall be collected by the
7 county recording officer at the time the deed is offered for
8 recording, except as provided by subsection b. of this section.
- 9 b. The supplemental fee imposed by subsection a. of this
10 section shall not be imposed on a conveyance or transfer that is
11 made by a deed described in section 6 of P.L.1968, c.49 (C.46:15-
12 10) or on a transfer described in paragraph (1) or paragraph (2) of
13 subsection (a) of section 4 of P.L.1975, c.176 (C.46:15-10.1).
- 14 c. The proceeds of the supplemental fees collected by the
15 county recording officer pursuant to subsection a. of this section
16 shall be accounted for and remitted to the county treasurer. An
17 amount equal to \$0.25 of the supplemental fee for each \$500.00 of
18 consideration or fractional part thereof recited in the deed so
19 collected pursuant to this section shall be retained by the county
20 treasurer for the purposes set forth in subsection d. of this section,
21 and the balance shall be remitted to the State Treasurer for deposit
22 to the Extraordinary Aid Account, which shall be established as an
23 account in the General Fund. Payments shall be made to the State
24 Treasurer on the tenth day of each month following the month of
25 collection.
- 26 d. From the proceeds of the supplemental fees collected by the
27 county recording officer pursuant to subsection a. of this section
28 and retained by the county treasurer pursuant to subsection c. of this
29 section, a county that received funding in State fiscal year 2003 for
30 the support of public health services pursuant to the provisions of
31 the Public Health Priority Funding Act of 1977, P.L.1966, c.36
32 (C.26:2F-1 et seq.) shall, at a minimum, fund its priority health
33 services under that act in subsequent years at the same level as the
34 level at which those services were funded in State fiscal year 2003
35 pursuant to the annual appropriations act for that fiscal year as the
36 Commissioner of the Department of Health and Senior Services
37 shall determine. In any county, amounts of supplemental fees
38 retained that are in excess of the amounts required to be used for the
39 funding of the county's priority health services under this subsection
40 shall be used by the county for general county purposes.
- 41 e. The Legislature shall annually appropriate the entire balance
42 of the Extraordinary Aid Account for the purposes of providing
43 extraordinary special education aid pursuant to section [19 of
44 P.L.1996, c.138 (C.18A:7F-19)] 13 of P.L. , c. (C.) (pending
45 before the Legislature as this bill) and "Municipal Property Tax
46 Relief Act" extraordinary aid pursuant to section 4 of P.L.1991,
47 c.63 (C.52:27D-118.35).

1 f. Every deed subject to the supplemental fee required by this
2 section, which is in fact recorded, shall be conclusively deemed to
3 have been entitled to recording, notwithstanding that the amount of
4 the consideration shall have been incorrectly stated, or that the
5 correct amount of the supplemental fee, if any, shall not have been
6 paid, and no such defect shall in any way affect or impair the
7 validity of the title conveyed or render the same unmarketable; but
8 the person or persons required to pay that supplemental fee at the
9 time of recording shall be and remain liable to the county recording
10 officer for the payment of the proper amount thereof.

11 (cf: P.L.2003, c.113, s.2)

12

13 81. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
14 read as follows:

15 2. As used in this act:

16 "Assistance" means the contribution of moneys to aid in the
17 provision of neighborhood preservation and revitalization services
18 or community services.

19 "Business entity" means any business firm or individual which is
20 authorized to conduct or operate a trade or business in the State and
21 is subject to taxes on business related income.

22 "Certificate for neighborhood revitalization State tax credits"
23 means the certificate in the form prescribed by the Treasurer and
24 issued by the commissioner to a business entity that specifies the
25 dollar amount of neighborhood preservation and revitalization State
26 tax credits that business entity may take as an annual credit against
27 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et
28 seq.).

29 "Commissioner" means the Commissioner of Community
30 Affairs.

31 "Department" means the Department of Community Affairs.

32 "Eligible neighborhood" means a contiguous area located in one
33 or more municipalities that, at the time of the application to the
34 department for approval of a neighborhood preservation and
35 revitalization plan, are either eligible to receive aid under the
36 "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et
37 seq.) or coextensive with a school district which qualified prior to
38 the effective date of P.L. , c. (C.) (pending before the
39 Legislature as this bill) for designation as an "Abbott district"
40 pursuant to the "Comprehensive Educational Improvement and
41 Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

42 "Housing and economic development activities" means those
43 activities carried out in furtherance of a neighborhood preservation
44 and revitalization plan in an eligible neighborhood approved
45 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the
46 housing and economic conditions of the neighborhood; and shall
47 include, without limitation, measures to foster the rehabilitation and
48 construction of housing affordable to low and moderate income

1 households within the neighborhood, including planning, design,
2 rehabilitation, construction, and management of low and moderate
3 income housing, home buyer counseling, and related activities
4 needed to effectuate the rehabilitation and construction of housing
5 affordable to low and moderate income households; measures to
6 increase business activity within the neighborhood, including the
7 rehabilitation and construction of commercial facilities and the
8 provision of assistance to small business entities; and measures to
9 increase the income and labor force participation of neighborhood
10 residents, including provision of education, training, child care and
11 transportation assistance to enable low income neighborhood
12 residents to obtain or retain employment.

13 "Low income household" means a household whose gross
14 household income is less than 50 percent of the median gross
15 household income for the region in which the neighborhood is
16 located for households of similar size as determined by the
17 department.

18 "Moderate income household" means a household whose gross
19 household income is greater than or equal to 50 percent but less
20 than 80 percent of the median gross household income of the region
21 in which the neighborhood is located for households of similar size
22 as determined by the department.

23 "Neighborhood preservation and revitalization activities" means
24 housing and economic development activities and other
25 neighborhood preservation and revitalization activities.

26 "Neighborhood Revitalization Plan" means a plan for the
27 preservation or revitalization of an eligible neighborhood.

28 "Nonprofit organization" means a private nonprofit corporation
29 that has been determined by the Internal Revenue Service of the
30 United States Department of the Treasury to be exempt from
31 income taxation under 26 U.S.C.s.501(c)(3).

32 "Other Neighborhood Revitalization Activities" means those
33 activities, other than housing and economic development activities,
34 carried out in furtherance of a State-approved neighborhood
35 preservation and revitalization plan in a qualified low and moderate
36 income neighborhood, and may include, without limitation,
37 improvements to infrastructure, street scape, public open space, and
38 transportation systems; provision of social and community services,
39 health care, crime prevention, recreation activities, community and
40 environmental health services; and community outreach and
41 organizing activities.

42 "Qualified nonprofit organization" means a nonprofit
43 organization that has demonstrated a commitment to the
44 neighborhood for which it is submitting a plan or project, as
45 reflected in its past activities or proposed activities in a preservation
46 and revitalization plan.

47 "Qualified project" means one or more housing and economic
48 development activities and which may also include one or more

1 other neighborhood revitalization activities to be carried out in
2 accordance with a neighborhood revitalization plan as approved by
3 the commissioner with funds provided by a business entity eligible
4 to receive a certificate for neighborhood revitalization State tax
5 credits.

6 (cf: P.L.2003, c.59, s.1)

7

8 82. Section 7 of P.L.2004, c.73 is amended to read as follows:

9 7. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-
10 1 et seq.) to the contrary, the commissioner may adopt, immediately
11 upon filing with the Office of Administrative Law, such rules and
12 regulations as the commissioner deems necessary to implement the
13 provisions of P.L.2004, c.73 which shall be effective for a period
14 not to exceed 12 months. Determinations made by the
15 commissioner pursuant to P.L.2004, c.73 and the rules and
16 regulations adopted by the commissioner to implement that act shall
17 be considered to be final agency action and appeal of that action
18 shall be directly to the Appellate Division of the Superior Court.
19 The regulations shall thereafter be amended, adopted or readopted
20 by the **【State Board】** Commissioner of Education in accordance
21 with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

22

23 83. Notwithstanding any provision of P.L.1968, c.410
24 (C.52:14B-1 et seq.) to the contrary, the Commissioner of
25 Education may adopt, immediately upon filing with the Office of
26 Administrative Law, such rules and regulations as the commissioner
27 deems necessary to implement the provisions of P.L. , c. (C.)
28 (pending before the Legislature as this act) which shall be effective
29 for a period not to exceed 12 months. The regulations shall
30 thereafter be amended, adopted or readopted by the commissioner
31 in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1
32 et seq.).

33

34 84. The following sections are repealed:

35 Sections 1 through 4, 10 through 23, and 25 through 31 of
36 P.L.1996, c.138 (C.18A:7F-1 through 18A:7F-4, 18A:7F-10
37 through 18A:7F-23, 18A:7F-25 through 18A:7F-31);

38 Sections 1 and 2 of P.L.2005, c.122 (C.18A:7F-10.1 and 18A:7F-
39 10.2);

40 Section 2 of P.L.1999, c.110 (C.18A:7F-13.1);

41 Section 1 of P.L.1999, c.438 (C.18A:7F-32.1);

42 P.L.1999, c.142 (C.18A:7F-35 and 18A:7F-36);

43 N.J.S.18A:8-1.1;

44 P.L.1995, c.95 (C.18A:22-8.6);

45 Section 10 of P.L.1999, c.279 (C.34:15F-10).

46

47 85. This act shall take effect immediately and shall first apply to
48 the 2008-2009 school year.

STATEMENT

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This bill, the “School Funding Reform Act of 2008,” establishes a new system for the funding of public school districts. The goal of the new formula is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

The bill maintains current requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals the sections of the “Comprehensive Educational Improvement and Financing Act of 1996,” (CEIFA) P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement the standards, and establishes revised formulas for that purpose.

The bill continues the requirement that the Governor issue a report to the Legislature concerning a thorough and efficient education. Under the bill, the Educational Adequacy Report will be issued every three years. The report will establish the base per pupil amount, which is the amount per elementary school pupil necessary to provide a thorough and efficient education, the weights that will be applied to that amount to reflect the differing cost of educating a pupil at the middle and high school levels and at county vocational school districts, and various other factors related to the State aid formulas established under the bill. The per pupil amounts and cost factors will apply to the three successive fiscal years beginning one year from the subsequent July 1 with annual adjustments for inflation by the CPI for the two school years following the first school year to which the report is applicable.

The base per pupil amount established in the report will serve as the basis for determining a school district’s base cost. The base cost will be determined by multiplying the base per pupil amount by the district’s weighted enrollment. In the case of a county vocational school district, an additional weight is applied to reflect the higher cost of the programs provided by these districts. For the 2008-2009 school year, the base per pupil amount will equal \$9,649, with adjustment by the CPI for each of the two school years following the first school year to which the report is applicable.

A district’s base cost is then applied to the calculation of a district’s adequacy budget. The base cost is adjusted to reflect the additional costs associated with the education of at-risk students, bilingual students, students who are both at-risk and bilingual (combination students), a percentage of the costs associated with providing services to general special education services students, and all of the costs associated with providing services to speech-only students. A geographic cost adjustment is also applied to reflect county differences in the cost of providing educational services.

1 Under the bill, an at-risk student would include students who are
2 eligible for free or reduced-priced lunches. This is a significant
3 change from past State funding practices that have historically
4 included only students eligible for free lunches. Since it is widely
5 accepted that a district with a high concentration of at-risk students
6 incurs greater costs than a similar district with a lower
7 concentration of at-risk students, the weight for a district's at-risk
8 students is based on a sliding scale with the weight increasing as the
9 proportion of at-risk students increases. In districts with an at-risk
10 concentration of less than 20%, each at-risk student will receive a
11 weight of .47. This weight will increase to a maximum weight of
12 .57 for districts with an at-risk concentration greater than or equal
13 to 60%. In the case of a bilingual student, a weight of .5 is applied;
14 and in the case of a pupil who is both bilingual and at-risk, the pupil
15 will receive the full at-risk weight plus one-quarter of the weight for
16 a bilingual pupil, .125, to address non-overlapping resources.

17 In the case of special education pupils, two-thirds of the census-
18 based costs associated with general special education services
19 pupils and 100% of the census-based costs associated with speech-
20 only pupils are included within the adequacy budget calculation.
21 The formula uses the census approach for funding special education
22 students based on the State average classification rate. This rate is
23 then applied to the district's resident enrollment, and the resulting
24 number of students is then multiplied by the average excess special
25 education cost. For the 2008-2009 through 2010-2011 school years,
26 the State average classification rate for general special education
27 services students is set at 14.69%. For the 2008-2009 school year
28 the excess cost for general special education services students will
29 be \$10,898 and the amount will be inflated by the CPI in each of the
30 next two school years. In the case of students who receive speech-
31 only services, a State average classification rate of 1.897% will be
32 applied. The excess cost will be \$1,082 for the 2008-2009 school
33 year with the amount adjusted by the CPI as described above.

34 Under the bill, a local share is calculated for each school
35 district's and county vocational school district's adequacy budget.
36 The local share represents the ability of the district to support its
37 adequacy budget based upon the district's property and personal
38 income wealth. A district will receive State equalization aid, the
39 wealth equalized portion of a district's State aid, to support that
40 portion of the adequacy budget which cannot be supported locally
41 in accordance with the local share calculation.

42 The bill establishes two categorical State aid programs. One of
43 those programs will support the one-third of the census-based cost
44 of providing services to general special education students which is
45 not supported through the adequacy budget. Again, a census
46 approach is used which considers the State average classification
47 rate and excess cost, and a geographical cost adjustment is applied.

1 The second categorical aid program is for security costs. Under
2 the formula the base per pupil security amount is set at \$70.
3 Districts may also receive an additional per pupil amount for each
4 at-risk student based on a sliding scale formula that increases the
5 additional per pupil amount in accordance with the district's
6 concentration of at-risk students, up to a maximum of \$406 in
7 districts with at least 40% of the students deemed at-risk. Again, a
8 geographical cost adjustment is applied to the security categorical
9 aid formula.

10 The bill also includes preschool education State aid which will
11 fund a significant expansion of early childhood programs. Under
12 the bill, all A and B district factor group districts, and all CD
13 district factor group districts with a concentration of at-risk pupils
14 equal to or greater than 40%, will be required to offer full-day
15 preschool for all three- and four-year old students. All other school
16 districts will be required to offer full-day preschool for at-risk
17 three- and four-year old students. The district will receive
18 preschool education aid to support each pupil for whom the district
19 is required to provide free preschool. The per pupil aid amount
20 reflects the differing costs of placement in an in-district preschool
21 program, a program provided by a licensed child care provider, or a
22 Head Start Program. For the 2008-2009 school year, the per pupil
23 aid amount will equal \$11,506 for pupils enrolled in an in-district
24 program, \$12,934 for pupils enrolled in a licensed child care
25 provider program, and \$7,146 for pupils enrolled in a Head Start
26 Program. As with other State aid categories, the per pupil amounts
27 will be annually adjusted by the CPI and then revised in the
28 Educational Adequacy Report

29 In accordance with regulations adopted by the commissioner, all
30 districts will be required to submit a five-year plan that provides for
31 the full implementation of full day preschool for all eligible three-
32 and four-year olds by the 2013-2014 school year. The district must
33 annually update the plan based on actual implementation
34 experience. In the case of a school district that did not receive any
35 form of preschool aid in the 2007-2008 school year, the 2008-2009
36 school year will be a planning year. Beginning in the 2009-2010
37 school year, such districts will receive preschool education aid as
38 calculated under the bill and may also receive start-up funds in that
39 school year. The bill also includes provisions which deal
40 specifically with the amount of preschool education aid which will
41 be provided in the 2008-2009 school year for districts which
42 received Early Launch to Learning Initiative aid, early childhood
43 program aid, and preschool expansion or education opportunity aid
44 in the 2007-2008 school year.

45 This bill continues extraordinary special education aid with a
46 number of revisions. The threshold will be \$40,000 for an
47 individual classified pupil if that pupil is educated in an in-district
48 public school program with non-disabled peers or if that pupil is

1 educated in a separate public school program for students with
2 disabilities. In the case of an in-district public school program the
3 extraordinary special education aid will equal 90% of the district's
4 actual costs for instructional and support services for the pupil that
5 exceed the threshold and in the case of a separate public school
6 program the extraordinary special education aid will equal 75% of
7 the district's actual costs for that pupil that exceed the threshold.
8 The threshold is set at \$55,000 in the case of a pupil educated in a
9 separate private school for students with disabilities. In this case
10 the extraordinary special education aid will equal 75% of the tuition
11 for that pupil that exceeds the threshold. Receipt of extraordinary
12 special education aid will be conditioned upon a demonstration by
13 the district that the pupil's individualized education plan requires
14 the provision of intensive services.

15 Under the bill, transportation aid is funded in the same manner as
16 under CEIFA with a formula that represents a level of funding to
17 reimburse districts for the cost of efficiently transporting eligible
18 pupils based on regular or specialized modes of transportation,
19 eligible pupils transported, and average miles per eligible pupil. In
20 light of the fiscal impact of using updated pupil figures for
21 transportation services, in the 2008-2009 school year a school
22 district will receive 81.4876% of its entitlement.

23 The bill also establishes the State aid category of adjustment aid.
24 For the 2008-2009 school year, each district will receive adjustment
25 aid in such amount as to ensure that the district receives the greater
26 of the amount of State aid calculated for the district in accordance
27 with the bill's provisions or the district's 2007-2008 State aid
28 increased by 2%. In the 2009-2010 and 2010-2011 school years,
29 districts will receive adjustment aid in such amount as to ensure that
30 the district receives the greater of the amount of State aid calculated
31 for the district in accordance with the bill's provisions or the
32 amount of State aid, other than educational adequacy aid, that the
33 district received for the 2008-2009 school year. For the 2011-2012
34 school year and for each subsequent school year, a district that has a
35 decline in its weighted enrollment, adjusted for bilingual and at-risk
36 pupils, between the 2008-2009 school year and the budget year that
37 is not greater than 5% will receive adjustment aid in such amount as
38 to ensure that the district receives the greater of the amount of State
39 aid calculated under the bill or the amount of State aid that the
40 district received in the 2008-2009 school year. In the case of a
41 school district that has had such a decline in enrollment that is
42 greater than 5%, the district will experience a reduction in
43 adjustment aid in accordance with its percentage decline in resident
44 enrollment that exceeds 5%.

45 The bill also establishes the State aid category of educational
46 adequacy aid for certain school districts that received education
47 opportunity aid in the 2007-2008 school year and are spending
48 below adequacy. If the commissioner determines that the district is

1 not meeting educational adequacy standards or that it meets certain
2 municipal overburden criteria, educational adequacy aid will be
3 provided to assist the district in meeting their adequacy budget
4 level. Under the aid formula such a district is required to increase
5 its general fund tax levy over the prior year levy.

6 The bill addresses issues associated with the funding of charter
7 school students as well as the remaining choice students. The bill
8 also amends the school construction law, the “Educational Facilities
9 Construction and Financing Act,” to establish the category of SDA
10 district, which is a district that received education opportunity aid
11 or preschool expansion aid in the 2007-2008 school year. For these
12 school districts the State share for their school facilities projects
13 will remain at 100% and they will be constructed by the New Jersey
14 Schools Development Authority. The bill also revises numerous
15 sections of law that are related to school funding and school
16 budgeting procedures.

17 The bill also:

- 18 • Provides that in the case of a district that is spending above
19 adequacy and taxing above its local share and that receives
20 an increase in State aid between the prebudget and budget
21 years that exceeds 2% or the CPI, whichever is greater, the
22 district’s tax levy growth limitation must be reduced by the
23 amount of State aid that exceeds 2% or the CPI, whichever is
24 greater. For the purposes of this provision, the CPI will be
25 capped at 4%;
- 26 • Permits the Commissioner of Education to increase the State
27 aid growth limit for a county vocational school district that
28 has revised one or more of its programs from a shared-time
29 program to a full-time program between the 2001-2002 and
30 2007-2008 school years or will make such revision in the
31 2008-2009 school year;
- 32 • Permits school districts to apply for additional special
33 education categorical aid if the district has an unusually high
34 rate of low-incidence disabilities, such as autism,
35 deaf/blindness, severe cognitive impairment, and medically
36 fragile;
- 37 • Requires the commissioner to complete a study to determine
38 whether the tax levy growth limitation enacted in 2007 is
39 more effective in addressing disparities in school district
40 spending than the spending growth limitation under the
41 provisions of CEIFA or whether a revised growth limitation
42 is warranted;
- 43 • Requires the commissioner to be satisfied that all
44 educational expenditures in a district are being spent
45 effectively and efficiently prior to authorizing the
46 disbursement of State funds to the district and authorizes the
47 commissioner to take any affirmative action necessary to
48 ensure districts are expending funds in this manner;

- 1 • Permits SDA districts, those districts that received education
2 opportunity aid or preschool expansion aid in the 2007-2008
3 school year, to include in their annual capital outlay budget
4 one or more school facilities projects of up to \$500,000 each
5 upon the commissioner’s approval;
- 6 • Amends the “School District Fiscal Accountability Act” to
7 provide that for all purposes other than for the purposes of
8 the “New Jersey Tort Claims Act,” the State monitor
9 appointed to a district will be considered an employee of the
10 district, and to provide that the State monitor will have the
11 authority to appoint legal counsel under certain
12 circumstances;
- 13 • Permits the commissioner to adjust the date for the
14 submission of district budgets if the availability of
15 preliminary aid numbers for the subsequent school year
16 warrants such adjustment;
- 17 • Deletes a provision included in CEIFA that required the
18 commissioner to wait for three consecutive years of failing
19 test scores prior to being permitted to take certain actions
20 such as directing the restructuring of curriculum and
21 enforcing spending at the full adequacy budget;
- 22 • Deletes a provision included in CEIFA that prevented the
23 commissioner in reviewing a district’s budget from
24 eliminating, reducing, or reallocating funds for courtesy
25 busing or from requiring the district to eliminate these funds
26 from their base budget and include them in a separate
27 proposal to be approved by the voters or board of school
28 estimate;
- 29 • Revises the permanent statutes to reflect a change that has
30 been included in the annual appropriations act that provides
31 that State aid will be paid to districts on the eighth and the
32 twenty-second of each month from September through June
33 rather than on the first and fifteenth;
- 34 • Permits the commissioner to enact emergency rules to
35 effectuate the provisions of the bill and provides that those
36 rules will be in effect for no longer than 12 months after
37 which the rules will be readopted or amended by the
38 commissioner pursuant to the “Administrative Procedure
39 Act”;
- 40 • Provides that the area cost allowance under EFCFA will be
41 established and revised by the commissioner according to a
42 schedule that she deems necessary and eliminates the
43 statutory requirement that the area cost allowance be
44 automatically inflated by the cost index;
- 45 • Requires that a charter school provide notice to the resident
46 district within 15 days of the signing of the Individualized
47 Education Plan (IEP) in the case of an IEP that results in a
48 private day or residential placement and permits the resident

- 1 district to challenge the placement within 30 days according
2 to a process set forth in existing law;
- 3 • Repeals various sections of law:
 - 4 State aid formula provisions of CEIFA;
 - 5 N.J.S.A.18A:8-1.1 – provides to a specific district a
6 special apportionment of annual appropriations;
 - 7 N.J.S.A.18A:22-8.6 – prevents the commissioner
8 from reducing a line item in a district’s budget relating to
9 courtesy busing under certain conditions; and
 - 10 N.J.S.A.34:15F-10 - permits districts to appeal to the
11 commissioner to use funds under a specific CEIFA State aid
12 program for mentoring.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 500

STATE OF NEW JERSEY

DATED: JANUARY 3, 2008

The Assembly Budget Committee reports favorably Assembly Bill No. 500.

Assembly Bill No. 500, the "School Funding Reform Act of 2008," establishes a new system for the funding of public school districts. The goal of the new formula is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

The bill maintains current requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals the sections of the "Comprehensive Educational Improvement and Financing Act of 1996," (CEIFA) P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement the standards, and establishes revised formulas for that purpose.

The bill continues the requirement that the Governor issue a report to the Legislature concerning a thorough and efficient education. Under the bill, the Educational Adequacy Report will be issued every three years. The report will establish the base per pupil amount, which is the amount per elementary school pupil necessary to provide a thorough and efficient education, the weights that will be applied to that amount to reflect the differing cost of educating a pupil at the middle and high school levels and at county vocational school districts, and various other factors related to the State aid formulas established under the bill. The per pupil amounts and cost factors will apply to the three successive fiscal years beginning one year from the subsequent July 1 with annual adjustments for inflation by the CPI for the two school years following the first school year to which the report is applicable.

The base per pupil amount established in the report will serve as the basis for determining a school district's base cost. The base cost will be determined by multiplying the base per pupil amount by the district's weighted enrollment. In the case of a county vocational school district, an additional weight is applied to reflect the higher cost of the programs provided by these districts. For the 2008-2009 school year, the base per pupil amount will equal \$9,649, with adjustment by

the CPI for each of the two school years following the first school year to which the report is applicable.

A district's base cost is then applied to the calculation of a district's adequacy budget. The base cost is adjusted to reflect the additional costs associated with the education of at-risk students, bilingual students, students who are both at-risk and bilingual (combination students), a percentage of the costs associated with providing services to general special education services students, and all of the costs associated with providing services to speech-only students. A geographic cost adjustment is also applied to reflect county differences in the cost of providing educational services.

Under the bill, an at-risk student would include students who are eligible for free or reduced-priced lunches. This is a significant change from past State funding practices that have historically included only students eligible for free lunches. Since it is widely accepted that a district with a high concentration of at-risk students incurs greater costs than a similar district with a lower concentration of at-risk students, the weight for a district's at-risk students is based on a sliding scale with the weight increasing as the proportion of at-risk students increases. In districts with an at-risk concentration of less than 20%, each at-risk student will receive a weight of .47. This weight will increase to a maximum weight of .57 for districts with an at-risk concentration greater than or equal to 60%. In the case of a bilingual student, a weight of .5 is applied; and in the case of a pupil who is both bilingual and at-risk, the pupil will receive the full at-risk weight plus one-quarter of the weight for a bilingual pupil, .125, to address non-overlapping resources.

In the case of special education pupils, two-thirds of the census-based costs associated with general special education services pupils and 100% of the census-based costs associated with speech-only pupils are included within the adequacy budget calculation. The formula uses the census approach for funding special education students based on the State average classification rate. This rate is then applied to the district's resident enrollment, and the resulting number of students is then multiplied by the average excess special education cost. For the 2008-2009 through 2010-2011 school years, the State average classification rate for general special education services students is set at 14.69%. For the 2008-2009 school year the excess cost for general special education services students will be \$10,898 and the amount will be inflated by the CPI in each of the next two school years. In the case of students who receive speech-only services, a State average classification rate of 1.897% will be applied. The excess cost will be \$1,082 for the 2008-2009 school year with the amount adjusted by the CPI as described above.

Under the bill, a local share is calculated for each school district's and county vocational school district's adequacy budget. The local share represents the ability of the district to support its adequacy

budget based upon the district's property and personal income wealth. A district will receive State equalization aid, the wealth equalized portion of a district's State aid, to support that portion of the adequacy budget which cannot be supported locally in accordance with the local share calculation.

The bill establishes two categorical State aid programs. One of those programs will support the one-third of the census-based cost of providing services to general special education students which is not supported through the adequacy budget. Again, a census approach is used which considers the State average classification rate and excess cost, and a geographical cost adjustment is applied.

The second categorical aid program is for security costs. Under the formula the base per pupil security amount is set at \$70. Districts may also receive an additional per pupil amount for each at-risk student based on a sliding scale formula that increases the additional per pupil amount in accordance with the district's concentration of at-risk students, up to a maximum of \$406 in districts with at least 40% of the students deemed at-risk. Again, a geographical cost adjustment is applied to the security categorical aid formula.

The bill also includes preschool education State aid which will fund a significant expansion of early childhood programs. Under the bill, all A and B district factor group districts, and all CD district factor group districts with a concentration of at-risk pupils equal to or greater than 40%, will be required to offer full-day preschool for all three- and four-year old students. All other school districts will be required to offer full-day preschool for at-risk three- and four-year old students. The district will receive preschool education aid to support each pupil for whom the district is required to provide free preschool. The per pupil aid amount reflects the differing costs of placement in an in-district preschool program, a program provided by a licensed child care provider, or a Head Start Program. For the 2008-2009 school year, the per pupil aid amount will equal \$11,506 for pupils enrolled in an in-district program, \$12,934 for pupils enrolled in a licensed child care provider program, and \$7,146 for pupils enrolled in a Head Start Program. As with other State aid categories, the per pupil amounts will be annually adjusted by the CPI and then revised in the Educational Adequacy Report

In accordance with regulations adopted by the commissioner, all districts will be required to submit a five-year plan that provides for the full implementation of full day preschool for all eligible three- and four-year olds by the 2013-2014 school year. The district must annually update the plan based on actual implementation experience. In the case of a school district that did not receive any form of preschool aid in the 2007-2008 school year, the 2008-2009 school year will be a planning year. Beginning in the 2009-2010 school year, such districts will receive preschool education aid as calculated under the bill and may also receive start-up funds in that school year. The bill

also includes provisions which deal specifically with the amount of preschool education aid which will be provided in the 2008-2009 school year for districts which received Early Launch to Learning Initiative aid, early childhood program aid, and preschool expansion or education opportunity aid in the 2007-2008 school year.

This bill continues extraordinary special education aid with a number of revisions. The threshold will be \$40,000 for an individual classified pupil if that pupil is educated in an in-district public school program with non-disabled peers or if that pupil is educated in a separate public school program for students with disabilities. In the case of an in-district public school program the extraordinary special education aid will equal 90% of the district's actual costs for instructional and support services for the pupil that exceed the threshold and in the case of a separate public school program the extraordinary special education aid will equal 75% of the district's actual costs for that pupil that exceed the threshold. The threshold is set at \$55,000 in the case of a pupil educated in a separate private school for students with disabilities. In this case the extraordinary special education aid will equal 75% of the tuition for that pupil that exceeds the threshold. Receipt of extraordinary special education aid will be conditioned upon a demonstration by the district that the pupil's individualized education plan requires the provision of intensive services.

Under the bill, transportation aid is funded in the same manner as under CEIFA with a formula that represents a level of funding to reimburse districts for the cost of efficiently transporting eligible pupils based on regular or specialized modes of transportation, eligible pupils transported, and average miles per eligible pupil. In light of the fiscal impact of using updated pupil figures for transportation services, in the 2008-2009 school year a school district will receive 81.4876% of its entitlement.

The bill also establishes the State aid category of adjustment aid. For the 2008-2009 school year, each district will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated for the district in accordance with the bill's provisions or the district's 2007-2008 State aid increased by 2%. In the 2009-2010 and 2010-2011 school years, districts will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated for the district in accordance with the bill's provisions or the amount of State aid, other than educational adequacy aid, that the district received for the 2008-2009 school year. For the 2011-2012 school year and for each subsequent school year, a district that has a decline in its weighted enrollment, adjusted for bilingual and at-risk pupils, between the 2008-2009 school year and the budget year that is not greater than 5% will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated under

the bill or the amount of State aid that the district received in the 2008-2009 school year. In the case of a school district that has had such a decline in enrollment that is greater than 5%, the district will experience a reduction in adjustment aid in accordance with its percentage decline in resident enrollment that exceeds 5%.

The bill also establishes the State aid category of educational adequacy aid for certain school districts that received education opportunity aid in the 2007-2008 school year and are spending below adequacy. If the commissioner determines that the district is not meeting educational adequacy standards or that it meets certain municipal overburden criteria, educational adequacy aid will be provided to assist the district in meeting their adequacy budget level. Under the aid formula such a district is required to increase its general fund tax levy over the prior year levy.

The bill addresses issues associated with the funding of charter school students as well as the remaining choice students. The bill also amends the school construction law, the "Educational Facilities Construction and Financing Act," to establish the category of SDA district, which is a district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year. For these school districts the State share for their school facilities projects will remain at 100% and they will be constructed by the New Jersey Schools Development Authority. The bill also revises numerous sections of law that are related to school funding and school budgeting procedures.

The bill also:

- Provides that in the case of a district that is spending above adequacy and taxing above its local share and that receives an increase in State aid between the prebudget and budget years that exceeds 2% or the CPI, whichever is greater, the district's tax levy growth limitation must be reduced by the amount of State aid that exceeds 2% or the CPI, whichever is greater. For the purposes of this provision, the CPI will be capped at 4%;
- Permits the Commissioner of Education to increase the State aid growth limit for a county vocational school district that has revised one or more of its programs from a shared-time program to a full-time program between the 2001-2002 and 2007-2008 school years or will make such revision in the 2008-2009 school year;
- Permits school districts to apply for additional special education categorical aid if the district has an unusually high rate of low-incidence disabilities, such as autism, deaf/blindness, severe cognitive impairment, and medically fragile;
- Requires the commissioner to complete a study to determine whether the tax levy growth limitation enacted in 2007 is more effective in addressing disparities in school district spending

than the spending growth limitation under the provisions of CEIFA or whether a revised growth limitation is warranted;

- Requires the commissioner to be satisfied that all educational expenditures in a district are being spent effectively and efficiently prior to authorizing the disbursement of State funds to the district and authorizes the commissioner to take any affirmative action necessary to ensure districts are expending funds in this manner;
- Permits SDA districts, those districts that received education opportunity aid or preschool expansion aid in the 2007-2008 school year, to include in their annual capital outlay budget one or more school facilities projects of up to \$500,000 each upon the commissioner's approval;
- Amends the "School District Fiscal Accountability Act" to provide that for all purposes other than for the purposes of the "New Jersey Tort Claims Act," the State monitor appointed to a district will be considered an employee of the district, and to provide that the State monitor will have the authority to appoint legal counsel under certain circumstances;
- Permits the commissioner to adjust the date for the submission of district budgets if the availability of preliminary aid numbers for the subsequent school year warrants such adjustment;
- Deletes a provision included in CEIFA that required the commissioner to wait for three consecutive years of failing test scores prior to being permitted to take certain actions such as directing the restructuring of curriculum and enforcing spending at the full adequacy budget;
- Deletes a provision included in CEIFA that prevented the commissioner in reviewing a district's budget from eliminating, reducing, or reallocating funds for courtesy busing or from requiring the district to eliminate these funds from their base budget and include them in a separate proposal to be approved by the voters or board of school estimate;
- Revises the permanent statutes to reflect a change that has been included in the annual appropriations act that provides that State aid will be paid to districts on the eighth and the twenty-second of each month from September through June rather than on the first and fifteenth;
- Permits the commissioner to enact emergency rules to effectuate the provisions of the bill and provides that those rules will be in effect for no longer than 12 months after which the rules will be readopted or amended by the commissioner pursuant to the "Administrative Procedure Act";
- Provides that the area cost allowance under EFCFA will be established and revised by the commissioner according to a schedule that she deems necessary and eliminates the statutory

requirement that the area cost allowance be automatically inflated by the cost index;

- Requires that a charter school provide notice to the resident district within 15 days of the signing of the Individualized Education Plan (IEP) in the case of an IEP that results in a private day or residential placement and permits the resident district to challenge the placement within 30 days according to a process set forth in existing law;
- Repeals various sections of law:
 - State aid formula provisions of CEIFA;
 - N.J.S.A.18A:8-1.1 – provides to a specific district a special apportionment of annual appropriations;
 - N.J.S.A.18A:22-8.6 – prevents the commissioner from reducing a line item in a district’s budget relating to courtesy busing under certain conditions; and
 - N.J.S.A.34:15F-10 - permits districts to appeal to the commissioner to use funds under a specific CEIFA State aid program for mentoring.

FISCAL IMPACT:

The Office of Legislative Services estimates the cost of implementing the proposed school funding formula to be \$8.365 billion in fiscal year 2008-2009; this represents an increase of \$553.2 million, or 7.1%, relative to comparable categories of State education aid during the 2007-2008 school year. As shown in Table 1, \$7.841 billion support K through 12 education services while the remaining \$523.4 million would provide preschool education aid.

Table 1
State Education Aid for 2008-2009 School Year

K – 12 Aid	
Equalization Aid	\$5,655,850,748
Special Education Aid	\$823,406,235
Security Aid	\$223,695,241
Transportation Aid	\$283,851,795
Adjustment Aid	\$848,289,216
Educational Adequacy Aid ¹	\$6,069,000
Total K – 12 Aid	\$7,841,162,235
Preschool Education Aid	\$523,443,872
Total State Education Aid	\$8,364,606,107

¹ Estimate for Educational Adequacy Aid provided by the Department of Education.

The provisions of the bill included in subsection d. of section 5 (State aid growth limit) restrict the amount by which a school district's State aid can increase from the prebudget to budget year to 20% for a district that is spending below its adequacy level and 10% for a district spending above that amount. This has the effect of significantly reducing the total amount of State aid districts receive and defers increases in State aid to future years. OLS estimates that aid would increase in the 2008-2009 school year by an additional \$1 billion in the absence of the limits. This provision, as well as the proposed expansion of early childhood education programs by the 2013-2014 school year, means that certain cost increases will be deferred into future fiscal years.

Table 2 provides OLS cost estimates for fiscal years 2010 through 2013 and the change in State aid relative to the previous fiscal year. Actual future State expenditures will differ to the extent that certain factors, such as enrollment, inflation, districts' implementation and expansion of early childhood programs, and policy decisions made by the Executive diverge from the assumptions used in the cost estimates.

Table 2
State Education Aid for 2009-2010 through 2012-2013 School
Years Under Provisions of Senate Bill No. 4000

	K – 12		Preschool Ed. Aid		Total	
	Aid	Change	Aid	Change	Aid	Change
FY 2010	\$8.167 b	\$326.2 m	\$653.7 m	\$130.2 m	\$8.821 b	\$456.4 m
FY 2011	\$8.508 b	\$340.5 m	\$704.9 m	\$51.2 m	\$9.213 b	\$391.8 m
FY 2012	\$8.823 b	\$315.4 m	\$780.9 m	\$76.0 m	\$9.604 b	\$391.4 m
FY 2013	\$9.142 b	\$318.2 m	\$867.4 m	\$86.5 m	\$10.0 b	\$404.7 m

The estimated total cost of the bill in fiscal year 2009-2010 is \$8.821 billion, an increase of \$456.4 million over the estimated cost of the previous fiscal year. In addition to inflation, enrollment, and certain districts continuing to receive aid increases equal to the State aid growth limit, other factors causing the aid increases are the initial expansion of preschool education and full funding of transportation aid (which, under the proposal, is prorated in the first year).

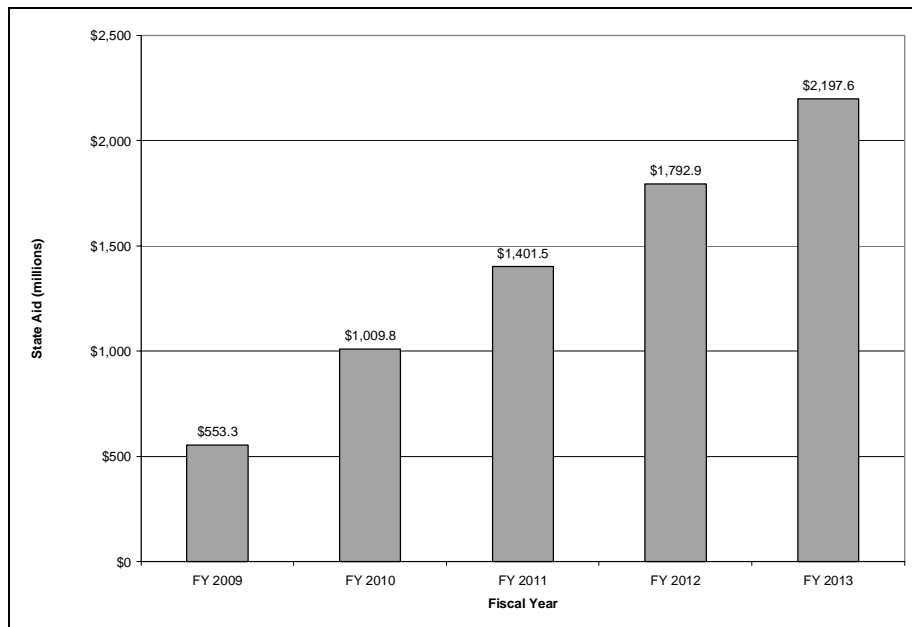
State aid is estimated to increase by an additional \$391.8 million in the subsequent fiscal year (FY 2010-2011). Again, the increases are largely the result of inflation, increases in enrollment, districts receiving aid increases at the State aid growth limit, and the continued expansion of preschool enrollment.

Estimates for the next two fiscal years (FY 2001-2012 and FY 2010-2013) are subject to greater uncertainty. The proposed legislation requires that the Executive Branch issue an Educational

Adequacy Report by March 15, 2010, and every three years thereafter. The first report will establish the base per pupil cost, various weights, and excess costs for general special education services, and speech only services for the 2011-2012 and 2012-2013 school years. To the extent that the report recommends factors that differ from the estimates used in this analysis, actual State expenditures may be greater or lower. As simulated, State aid would increase by \$391.4 million in fiscal year 2011-2012 and by an additional \$404.7 million in the subsequent fiscal year.

Figure 1 displays the cumulative State aid increase relative to fiscal year 2007-2008. By the 2012-2013 school year, State aid would have grown to just over \$10.0 billion, a cumulative increase of nearly \$2.2 billion.

Figure 1
Cumulative Change in State Education Aid



It should be noted that multiple factors may lead to actual costs that deviate from the estimates included in the analysis. Such factors include enrollment trends and changes in the rate of inflation and decisions made by the Department of Education as authorized under various provisions of this bill including the provision of start-up costs for preschool programs.

LEGISLATIVE FISCAL ESTIMATE
CORRECTED COPY
ASSEMBLY, No. 500
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JANUARY 24, 2008

SUMMARY

Synopsis: The “School Funding Reform Act of 2008.”

Type of Impact: Increased State expenditure from the Property Tax Relief Fund or the General Fund.

Agencies Affected: Department of Education, local school districts

Fiscal Impact	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Marginal State Cost Relative to 2007-2008	\$560.2 m	\$1.071 b	\$1.533 b	\$1.941 b	\$2.367 b

- Using data provided by the Department of Education, the Office of Legislative Services (OLS) estimates that the proposed legislation would cost a total of \$8.371 billion in the 2008-2009 fiscal year, representing an increase of \$560.2 million, or 7.2 percent, relative to comparable categories of State aid during the 2007-2008 school year. This estimate includes aid provided to support preschool education as well as K through 12 education services. It should be noted that increases in education aid not impacted by this legislation, such as the State’s contribution to the Teachers’ Pension and Annuity Fund and reimbursement of the employer’s share of the Social Security tax, are not included in the estimate.
- The OLS projects that the legislation would provide \$8.882 billion in State aid during the 2009-2010 school year, \$1.071 billion (or 13.7 percent) more than the amount of aid to school districts in the 2007-2008 school year. Aid is projected to grow to \$9.345 billion in 2010-2011, representing an increase of \$1.533 billion (or 19.6 percent) over fiscal year 2007-2008 State aid.
- The bill requires that the Executive Branch issue an Educational Adequacy Report by September 1, 2010, that will establish the base per pupil cost, various weights, and excess costs for general special education services and speech-only services for the 2011-2012 school year. The costs adopted from this report will be adjusted by the Consumer Price Index (CPI) in the two subsequent school years. As such, cost estimates beyond the 2010-

2011 school year are somewhat more uncertain as it is not possible to project the changes that will be proffered in the report. If one assumes that cost changes are consistent with current CPI (2.89 percent), State education aid would total \$9.752 billion in 2011-2012, \$1.941 billion (or 24.8 percent) greater than current aid. In the fifth year of implementation (fiscal year 2012-2013) OLS estimates that State aid under the provisions of this bill will total approximately \$10.179 billion, \$2.367 billion (30.3 percent) more than the current year.

- Various provisions of the bill may yield additional costs at the discretion of the Department of Education and cannot be projected. Such provisions include the following: 1) providing a greater amount of preschool education aid to a district that can demonstrate its ability to provide full-day preschool to three- and four-year old children in the 2008-2009 school year; 2) granting additional start-up funds to districts for preschool programs in the 2009-2010 school year; 3) increasing the State aid growth limit for certain county vocational school districts; and 4) supplementing the amount of special education aid to school districts that educate an unusually high share of students with low-incidence disabilities. The additional costs incurred by the State under these provisions are likely to be marginal.

BILL DESCRIPTION

Corrected Copy to Assembly Bill No. 500 of 2008, the "School Funding Reform Act of 2008", proposes a new mechanism by which State education aid would be distributed to school districts. An adequacy budget is calculated for all school districts based on the characteristics of the resident student population. For fiscal year 2008-2009, the legislation proposes a base per pupil amount, the cost of providing an elementary school student with an education consistent with the core curriculum content standards, of \$9,649. Half-day kindergarten students receive half of this amount, while middle school (grades 6 through 8) and high school students (grades 9 through 12) receive a weight of 1.04 and 1.17, respectively. In addition to the above grade level weights, students enrolled in county vocational school districts receive a weight of 1.31.

Most of the costs of educating students with additional needs are also included in the adequacy budget. At-risk pupils, defined as those pupils who reside in homes in which the household income is less than 185 percent of the federal poverty guidelines, would receive an additional weight ranging between 0.47 to 0.57, depending on the concentration of at-risk pupils in the district, applied to the base per pupil amount that has been adjusted for the student's grade level. Students demonstrating limited English proficiency (LEP) would have an additional weight of 0.50 applied to the grade level adjusted base per pupil amount. Students who are both at-risk and LEP will receive a weight equal to the sum of the appropriate at-risk weight and 0.125. The entire costs of these special needs are included in the districts' adequacy budgets.

The bill proposes two key changes to the provision of special education funding. First, it includes the adoption of census-based funding of special education which entails distributing funding based on a fixed percentage of a school district's total enrollment rather than the number of special education students it actually serves. Second, two-thirds of the excess cost of providing educational services to special education students is supported by State aid distributed through a wealth-equalized formula while the remaining one-third is supported by categorical aid. The legislation establishes an excess cost of special education services of \$10,898 per pupil and adds two-thirds of this amount to the districts' adequacy budgets for 14.69 percent of the

resident enrollment. The costs of students receiving corrective speech services only, are also supported on a wealth-equalized basis using the census methodology. The legislation adds \$1,082 to the districts' adequacy budgets for 1.897 percent of the resident enrollment.

The sum of all of these educational costs is adjusted by a geographic cost adjustment developed by the department. The purpose of the adjustment is to account for differences in costs beyond a district's control that are related to the district's location in the State. This adjustment is the final step in determining a district's adequacy budget.

Once the adequacy budget is established, equalization aid is determined based on the districts' fiscal capacity to support the adequacy budget. Similar to core curriculum standards aid under the "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), P.L.1996, c. 138 (C.18A:7F-1 et. seq.), a district's fiscal capacity is calculated by taking the sum of one-half of equalized property wealth multiplied by a property value weight and one-half of aggregate income multiplied by an income rate. The resulting local share is subtracted from the adequacy budget to yield the district's equalization aid.

The proposed legislation also includes four forms of categorical aid (funding that is allocated irrespective of a school district's wealth). First, as previously noted, two-thirds of the special education excess cost is supported on a wealth-equalized basis; the remaining one-third is supported by categorical aid. Providing categorical aid for one-third of the proposed excess cost to the 14.69 percent of each district's resident enrollment is mathematically equivalent to providing approximately \$534 in State aid for each student prior to applying the geographic cost adjustment. Second, the bill proposes to provide extraordinary special education aid to support 90 percent of the cost over \$40,000 for direct instruction and student support services for students enrolled in public school programs with non-disabled peers, 75 percent of similar cost over \$40,000 for students enrolled in separate public school programs, and 75 percent of the tuition above \$55,000 for students enrolled in nonpublic school special education programs. Third, \$70 is distributed to school districts on a per pupil basis for security aid. Additionally, an amount up to \$406 per at-risk pupil is dispersed for security aid based on the district's concentration of at-risk students. Security aid is also adjusted by the geographic cost adjustment. Fourth, transportation aid is provided in a manner similar to that provided under CEIFA. Districts would receive aid based on the number of students transported between home and school, the average distance, and cost parameters included in the legislation. In the first fiscal year, the bill prorates the amount of aid to which the district is entitled by 81.4876 percent.

In the event that the abovementioned State aid categories do not yield at least 102 percent of a district's total State aid received during the 2007-2008 school year, the district is entitled to receive adjustment aid in the 2008-2009 school year in an amount sufficient to increase its aid relative to the previous year by 2 percent. During the next two subsequent school years, adjustment aid would be allocated to districts to ensure that they do not receive less State aid than was received in the 2008-2009 school year. In subsequent years, adjustment aid will continue to maintain districts' funding at the 2008-2009 school year level unless the district's enrollment declines by more than 5 percent.

Finally, educational adequacy aid is provided to school districts that received educational opportunity aid during the 2007-2008 school year, are spending below the established adequacy budget, and either have equalized tax rates substantially higher than the State average equalized tax rate or failed to meet educational adequacy standards established by the Commissioner of

Education. The combination of educational adequacy aid and required increases in the school tax levy is designed to bring the districts' expenditures up to the adequacy level in three years.

The bill includes a limit on the amount by which a district's State aid can increase annually. Districts that are spending below their adequacy budgets are limited to a 20 percent increase above the previous year while those spending more than the adequacy amount are restricted to a maximum 10 percent increase annually.

In addition to the aid categories noted above, the bill proposes to expand preschool education opportunities. All school districts in district factor groups (DFG) A and B, as well as districts classified as DFG CD with an at-risk pupil concentration of at least 40 percent, will be required to provide full-day early childhood education to all three- and four-year old children. Other districts would be required to offer similar services to all at-risk three- and four-year old children. Districts will develop an implementation plan with the objective of serving 90 percent of the eligible population by the 2013-2014 school year. Preschool education aid will be allocated to school districts in the 2008-2009 school year based on the type of preschool funding they have received in the 2007-2008 school year. Those that received Early Launch to Learning Initiative (ELLI) funding will receive the same amount in preschool aid in the first year. Districts that received early childhood program aid (ECPA) but did not receive education opportunity aid for preschool expansion aid will receive the greater of the district's 2007-2008 ECPA for preschool or the per pupil preschool ECPA allocation adjusted by the CPI for each projected preschool student (the commissioner is authorized to provide a greater level of funding to such a district if it can demonstrate the ability to provide full-day programs to three- and four-year olds consistent with the standards established by the department). Districts that received either preschool expansion aid or education opportunity aid will receive preschool education aid equal to the preschool budget approved by the department. For all other districts, the 2008-2009 school year will be a planning year. Preschool education aid is provided on a per pupil basis based on the setting in which students are served. Districts will receive \$7,146, \$11,509, and \$12,934 per student educated in Head Start, a district-operated program, or licensed child care provider program, respectively.

FISCAL ANALYSIS

EXECUTIVE BRANCH

A fiscal analysis was not received from the Executive Branch. The department has released data detailing the amount of State education aid school districts will receive in the 2008-2009 school year. The report provided by the department shows that the total amount of State aid that would be provided under this bill is \$7.838 billion, an increase of \$532.8 million relative to the prior year. It should be noted that the report does not include the cost of providing preschool education aid pursuant to section 12 of the bill. Furthermore, cost projections beyond the first year of the policy's implementation are not available from the department.

OFFICE OF LEGISLATIVE SERVICES***Methodology***

The OLS fiscal analysis simulated State aid using the Application for State School Aid (ASSA) data submitted by school districts to the department as of December 10, 2007, and provided by the department to OLS. Additionally, OLS received equalized property valuation and aggregate income data that are used to determine the local share and data on students transported between home and school. A final data set detailing the extraordinary special education aid applications for which aid was paid during the 2006-2007 school year was also made available.

Developing cost estimates for the subsequent school years requires making a number of assumptions. Actual State expenditures will deviate from these projections to the extent that actual figures differ from these assumptions. School districts' enrollments are changed each year using the department's projected enrollment growth rate. The percent of students who are at-risk, LEP, or both remains constant in future years and the CPI remains 2.89 percent.

In estimating the future cost of transportation aid, this analysis assumed that the same proportion of students will receive transportation services in the future and the average distance remains constant. The number of students transported changes based on the new projected resident enrollment as well as the projected number of preschool students. Additionally, estimates for fiscal years after 2008-2009 do not prorate the aid.

To estimate preschool expansion aid, the eligible preschool universe is determined based on the first grade enrollment in each district. For districts required to offer services to all three- and four-year olds, the first grade enrollment is doubled to reflect the preschool universe; in other districts, this figure is multiplied by the at-risk concentration to reflect the reduced number of students to whom the district must offer preschool programs. Districts are projected to serve the greater of the number of preschool students currently enrolled or an increasing percent of the preschool universe. This percentage begins at 18 percent in the 2009-2010 school year and increases by 18-percentage points in each subsequent school year to model the progression towards serving 90 percent of the eligible population by the 2013-2014 school year. To the extent that data were available showing the percent of preschool students educated in various settings, the simulation assumed that the same distribution will continue into the future. In the absence of such data, this analysis assumes that the students will be served in district-operated preschool programs. This results in a lower estimate than what would be realized if some of the students attend community provider programs and a higher estimate if students attend Head Start programs.

Estimates

The estimated total State aid for K through 12 programs in fiscal year 2008-2009 is approximately \$7.848 billion. One may note that this estimate is slightly higher than that released by the department in its December 12, 2007, report. The difference is the result of variations in the calculation of extraordinary special education aid. The OLS estimate accounts for the fact that the bill, as introduced, provides a 90 percent reimbursement when students are educated in public settings with non-disabled peers. As such, these estimates should more

closely reflect the actual costs incurred by the State once the aid is adjusted when data become available as is authorized under the bill.

The department's data report did not include the cost of preschool education aid. Using State aid data and preschool enrollment figures, OLS estimated the per pupil preschool ECPA aid amount for districts that received ECPA, but not preschool expansion aid or education opportunity aid. This amount was inflated by 2.89 percent and multiplied by the projected preschool enrollment to estimate the districts' preschool education aid for 2008-2009. The approved preschool budget per pupil in districts receiving education opportunity aid or preschool expansion aid was also inflated by 2.89 percent and multiplied by the current preschool enrollment (the current preschool enrollment is used since there have not been significant enrollment changes in these districts at the preschool level for the past several years). These two changes and the \$3 million allocated as ELLI in the current fiscal year, yield an estimated preschool education aid cost of \$523.4 million in the 2008-2009 school year, an increase of \$17.8 million.

The total amount of State aid for preschool and K through 12 programs will total \$8.371 billion in the 2008-2009 school year, representing an increase of \$560.2 million (7.2 percent) over the 2007-2008 school year. It should be noted that this increase does not include forms of State education aid not impacted by this legislation, such as the State's contribution to the Teachers' Pension and Annuity Fund and reimbursement of the employer's share of the Social Security tax.

It is estimated that State aid will increase to \$8.882 billion in the 2009-2010 school year, a \$1.071 billion, or 13.7 percent, increase over the 2007-2008 school year State aid. There were notable estimated increases in three State aid categories. First, preschool education aid is estimated to increase by \$133.4 million (25.5 percent) relative to the OLS estimate for the previous year. Such a change would be expected since this is the first school year in which districts will be required to begin offering preschool education programs. Second, the transportation aid estimate is \$50.4 million (17.8 percent) more than the prior year's estimate. The cost increase is driven primarily by the fact that this aid category is prorated in the first year, but not in subsequent years. The estimated increase in the number of preschool students for whom transportation aid would be provided is a secondary factor. Third, the estimate of educational adequacy aid provided by the department increases by 527.2 percent to \$51.2 million.

OLS estimates that the total State aid for the 2010-2011 school year will be \$9.345 billion, \$1.533 billion (19.6 percent) more than the current year. Educational adequacy aid and preschool education aid continue to be categories showing significant growth rates. The department's estimate of educational adequacy aid shows that the aid category more than doubles relative to the previous year, growing to \$106.2 million. As districts continue to expand early childhood education opportunities, preschool education aid is projected to increase by an additional 9.5 percent or \$62.2 million.

The legislation requires that the Governor, after consulting with the Commissioner of Education, issue an educational adequacy report by September 1, 2010, that will propose a new base per pupil amount, weights for grade level adjustments and special student needs, and excess costs for general special education services and speech-only students. Upon legislative approval, these factors will form the basis of State aid for the 2011-2012 school year and the various per

pupil amounts will be adjusted for inflation in the two subsequent school years. Cost estimates included in this analysis beyond the 2010-2011 school years are more uncertain since it is not possible to predict the recommendations that will be included in the report. This analysis assumes that the various per pupil amounts continue to increase by 2.89% each year and the student weights remain unchanged.

Under these assumptions, State aid is predicted to grow to \$9.752 billion in the 2011-2012 school year. This is an increase of \$1.941 billion, or nearly 25 percent, more than the amount of State aid provided in the 2007-2008 school year. Preschool education aid would continue to increase at a significant rate based on the projected enrollment increases. This aid category is projected to increase by \$87.1 million (12.1 percent) as districts are projected to enroll more than half of the eligible universe of preschool students in order to meet the objective of 90 percent enrollment by the 2013-2014 school year.

In the final year included in this estimate (2012-2013), projected aid totals \$10.179 billion. This is an increase of \$2.367 billion relative to the current school year. Consistent with the previous pattern, preschool education aid shows the greatest projected rate of growth, 12.1 percent (\$97.4 million) over the prior year's projection.

Section: Education
Analyst: Allen T. Dupree
Senior Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67 (C. 52:13B-1 et seq.).

[Corrected Copy]

SENATE, No. 4000

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED JANUARY 3, 2008

Sponsored by:
Senator BARBARA BUONO
District 18 (Middlesex)

SYNOPSIS

The “School Funding Reform Act of 2008.”

CURRENT VERSION OF TEXT

As introduced.



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2

1 AN ACT providing for the maintenance and support of a thorough
2 and efficient system of free public schools and revising parts of
3 the statutory law.

4

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

7

8 1. (New section) This act shall be known and may be cited as
9 the “School Funding Reform Act of 2008.”

10

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

12 a. The Constitution of the State of New Jersey states that the
13 Legislature shall provide for the maintenance and support of a
14 thorough and efficient system of free public schools for the
15 instruction of all children in the State between the ages of five and
16 eighteen years. (N.J. Const. art. VIII, sec. 4, par.1).

17 b. The State, in addition to any constitutional mandates, has a
18 moral obligation to ensure that New Jersey’s children, wherever
19 they reside, are provided the skills and knowledge necessary to
20 succeed. Any school funding formula should provide resources in
21 a manner that optimizes the likelihood that children will receive an
22 education that will make them productive members of society.

23 c. Although the Supreme Court of New Jersey has held that
24 prior school funding statutes did not establish a system of public
25 education that was thorough and efficient as to certain districts, the
26 Court has consistently held that the Legislature has the
27 responsibility to substantively define what constitutes a thorough
28 and efficient system of education responsive to that constitutional
29 requirement.

30 d. Every child in New Jersey must have an opportunity for an
31 education based on academic standards that satisfy constitutional
32 requirements regardless of where the child resides, and public funds
33 allocated to this purpose must be expended to support schools that
34 are thorough and efficient in delivering those educational standards.
35 In turn, school districts must be assured the financial support
36 necessary to provide those constitutionally compelled educational
37 standards. Any school funding formula should provide State aid for
38 every school district based on the characteristics of the student
39 population and up-to-date measures of the individual district’s
40 ability to pay.

41 e. New Jersey’s current public school funding formula,
42 established under the provisions of the “Comprehensive
43 Educational Improvement and Financing Act of 1996,” (CEIFA)
44 P.L.1996, c.138, has not been used to calculate State aid for public

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.

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1 schools since the 2001-02 school year. Any new school funding
2 formula should account for changes in enrollment and other
3 significant developments, providing relief to those districts that
4 have experienced substantial enrollment increases.

5 f. The decisions in the Abbott cases have resulted in frequent
6 litigation and a fragmented system of funding under which limited
7 resources cannot be distributed equitably to all districts where at-
8 risk children reside, instead dividing the districts sharply into
9 Abbott and non-Abbott categories for funding purposes without
10 regard to a district's particular pupil characteristics and leading to
11 needlessly adversarial relationships among school districts and
12 between districts and the State.

13 g. In the absence of a clear, unitary, enforceable statutory
14 formula to govern appropriations for education, crucial funding
15 decisions are made annually, in competition for limited State
16 resources with other needs and requirements as part of the annual
17 budget negotiation process, utilizing many different classes and
18 categories of aid, leading to an uncertain, unpredictable, and
19 untenable funding situation for the State and school districts alike.

20 h. This bill represents the culmination of five years of diligent
21 efforts by both the Executive and Legislative branches of State
22 government to develop an equitable and predictable way to
23 distribute State aid that addresses the deficiencies found in past
24 formulas as identified by the Supreme Court. Working together
25 toward this common goal, the Department of Education and the
26 Legislature engaged nationally recognized experts in education
27 funding and provided significant opportunities for stakeholder
28 involvement and public input to assist in formulating and refining a
29 comprehensive school funding model that has been validated by
30 experts. The formula accounts for the individual characteristics of
31 school districts and the realities of their surroundings, including the
32 need for additional resources to address the increased disadvantages
33 created by high concentrations of children at-risk.

34 i. The formula established under this bill is the product of a
35 careful and deliberative process that first involved determining the
36 educational inputs necessary to provide a high-quality education,
37 including specifically addressing the supplemental needs of at-risk
38 students and those with limited English proficiency (LEP), and a
39 determination of the actual cost of providing those programs. The
40 formula provides adequate funding that is realistically geared to the
41 core curriculum content standards, thus linking those standards to
42 the actual funding needed to deliver that content.

43 j. In recognition of the unique problems and cost disadvantages
44 faced by districts with high concentrations of at-risk students, it is
45 appropriate to reflect in the formula a greater weight as the district's
46 proportion of at-risk students increases. In addition, the new
47 formula recognizes the disadvantages of an expanded group of
48 students by including in the definition of at-risk those students who

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1 qualify for free or reduced-price lunch. Expanding the definition of
2 at-risk students in this manner will significantly increase the
3 resources flowing to districts with high concentrations of these low-
4 income students.

5 k. In light of the demonstrable, beneficial results and success of
6 the current Abbott preschool program, it is appropriate to build
7 upon this success by incorporating in the formula an expanded high-
8 quality preschool program for all children who qualify for free and
9 reduced price meals in all districts. It is appropriate for the formula
10 to acknowledge that at-risk children do not always receive the same
11 educational exposure at an early age as their peers and to provide
12 the additional resources necessary through high-quality preschool to
13 prepare every child to learn and succeed.

14 l. It is appropriate to reflect in this formula the inherent value of
15 educating a child in the least restrictive environment and, whenever
16 possible, in that child's neighborhood school alongside his peers.
17 The new funding formula should provide incentives for keeping
18 classified students in district.

19 m. It is also appropriate to recognize in the formula the need for
20 all schools to incorporate effective security measures, which may
21 vary from district to district depending upon the at-risk student
22 population and other factors, and to provide categorical funding to
23 address these important requirements.

24 n. In recognition of the potentially wide variability in special
25 education costs, even for the same category of disability, from
26 district to district, it is appropriate for the new funding formula to
27 mitigate the impact of that variability by establishing a census
28 model based on the actual Statewide average excess cost of
29 educating special education students and by providing for an
30 increase in State aid for extraordinary costs incurred by districts.

31 o. It is imperative that any new school funding formula work in
32 conjunction with the key school accountability measures that have
33 been enacted in recent years to promote greater oversight,
34 transparency, and efficiency in the delivery of educational services.
35 These accountability measures include the New Jersey Quality
36 Single Accountability Continuum, the "School District Fiscal
37 Accountability Act," P.L.2006, c.15 (C.18A:7A-54 et seq.),
38 P.L.2007, c.63 (C.40A:65-1 et al.) which established the duties and
39 responsibilities of the executive county superintendent of schools,
40 and P.L.2007, c.53 (C.18A:55-3 et al.).

41 p. Together with a renewed legislative focus on and commitment
42 to providing sufficient means to maintain and support a high-quality
43 system of free public schools in the State, a new funding formula
44 supported by significantly increased State resources will ensure
45 compliance with all statutory and constitutional mandates. Districts
46 that were formerly designated as Abbott districts will be provided
47 sufficient resources to continue those Court-identified programs,
48 positions, and services that have proven effective while being

1 provided the flexibility to shift resources and programmatic focus
2 based on the needs of their students and current research.

3 q. The time has come for the State to resolve the question of the
4 level of funding required to provide a thorough and efficient system
5 of education for all New Jersey school children. The development
6 and implementation of an equitable and adequate school funding
7 formula will not only ensure that the State's students have access to
8 a constitutional education as defined by the core curriculum content
9 standards, but also may help to reduce property taxes and assist
10 communities in planning to meet their educational expenses. The
11 development of a predictable, transparent school funding formula is
12 essential for school districts to plan effectively and deliver the
13 quality education that our citizens expect and our Constitution
14 requires.

15

16 3. (New section) As used in this act and P.L.1996, c.138,
17 unless the context clearly requires a different meaning:

18 "At-risk pupils" means those resident pupils from households
19 with a household income at or below the most recent federal
20 poverty guidelines available on October 15 of the prebudget year
21 multiplied by 1.85;

22 "Base per pupil amount" means the cost per elementary pupil of
23 delivering the core curriculum content standards and extracurricular
24 and cocurricular activities necessary for a thorough and efficient
25 education;

26 "Bilingual education pupil" means a resident pupil enrolled in a
27 program of bilingual education or in an English as a second
28 language program approved by the State Board of Education;

29 "Budgeted local share" means the district's local tax levy
30 contained in the budget certified for taxation purposes;

31 "Capital outlay" means capital outlay as defined in GAAP;

32 "Combination pupil" means a resident pupil who is both an at-
33 risk pupil and a bilingual education pupil;

34 "Commissioner" means the Commissioner of Education;

35 "Concentration of at-risk pupils" shall be based on prebudget
36 year pupil data and means, for a school district or a county
37 vocational school district, the number of at-risk pupils among those
38 counted in resident enrollment, divided by resident enrollment;

39 "County special services school district" means any entity
40 established pursuant to article 8 of chapter 46 of Title 18A of the
41 New Jersey Statutes;

42 "County vocational school district" means any entity established
43 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey
44 Statutes;

45 "CPI" means the increase, expressed as a decimal, in the average
46 annualized consumer price index for the New York City and
47 Philadelphia areas in the fiscal year preceding the prebudget year

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1 relative to the previous fiscal year as reported by the United States
2 Department of Labor;

3 “Debt Service” means payments of principal and interest upon
4 school bonds and other obligations issued to finance the purchase or
5 construction of school facilities, additions to school facilities, or the
6 reconstruction, remodeling, alteration, modernization, renovation or
7 repair of school facilities, including furnishings, equipment,
8 architect fees, and the costs of issuance of such obligations and
9 shall include payments of principal and interest upon bonds
10 heretofore issued to fund or refund such obligations, and upon
11 municipal bonds and other obligations which the commissioner
12 approves as having been issued for such purposes;

13 “District income” means the aggregate income of the residents of
14 the taxing district or taxing districts, based upon data provided by
15 the Division of Taxation in the New Jersey Department of the
16 Treasury and contained on the New Jersey State Income Tax forms
17 for the calendar year ending two years prior to the prebudget year.
18 The commissioner may supplement data contained on the State
19 Income Tax forms with data available from other State or federal
20 agencies in order to better correlate the data to that collected on the
21 federal census. With respect to regional districts and their
22 constituent districts, however, the district income as described
23 above shall be allocated among the regional and constituent districts
24 in proportion to the number of pupils resident in each of them;

25 “Equalized valuation” means the equalized valuation of the
26 taxing district or taxing districts, as certified by the Director of the
27 Division of Taxation on October 1, or subsequently revised by the
28 tax court by January 15, of the prebudget year. With respect to
29 regional districts and their constituent districts, however, the
30 equalized valuations as described above shall be allocated among
31 the regional and constituent districts in proportion to the number of
32 pupils resident in each of them. In the event that the equalized table
33 certified by the director shall be revised by the tax court after
34 January 15 of the prebudget year, the revised valuations shall be
35 used in the recomputation of aid for an individual school district
36 filing an appeal, but shall have no effect upon the calculation of the
37 property value rate, Statewide average equalized school tax rate, or
38 Statewide equalized total tax rate;

39 “Full-day preschool” means a preschool day consisting of a six-
40 hour comprehensive educational program in accordance with the
41 district’s kindergarten through grade 12 school calendar;

42 "GAAP" means the generally accepted accounting principles
43 established by the Governmental Accounting Standards Board as
44 prescribed by the State board pursuant to N.J.S.18A:4-14;

45 “General special education services pupil” means a pupil
46 receiving specific services pursuant to chapter 46 of Title 18A of
47 the New Jersey Statutes;

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- 1 “Geographic cost adjustment” means an adjustment that reflects
2 county differences in the cost of providing educational services that
3 are outside the control of the district;
- 4 "Household income" means income as defined in 7 CFR245.2
5 and 245.6 or any subsequent superseding federal law or regulation;
- 6 “Net budget” means the sum of the district’s general fund tax
7 levy, State aid received pursuant to the provisions of this act other
8 than preschool education aid, miscellaneous revenue estimated
9 pursuant to GAAP, and designated general fund balance;
- 10 “Prebudget year” means the school fiscal year preceding the year
11 in which the school budget is implemented;
- 12 “Nonpreschool ECPA” means the amount of early childhood
13 program aid, excluding prior year carry-forward amounts, included
14 in a district’s 2007-2008 school year budget certified for taxes that
15 was allocated to grades K through 3;
- 16 “Report” means the Educational Adequacy Report issued by the
17 commissioner pursuant to section 4 of this act;
- 18 "Resident enrollment" means the number of pupils other than
19 preschool pupils, post-graduate pupils, and post-secondary
20 vocational pupils who, on the last school day prior to October 16 of
21 the current school year, are residents of the district and are enrolled
22 in: (1) the public schools of the district, excluding evening schools,
23 (2) another school district, other than a county vocational school
24 district in the same county on a full-time basis, or a State college
25 demonstration school or private school to which the district of
26 residence pays tuition, or (3) a State facility in which they are
27 placed by the district; or are residents of the district and are: (1)
28 receiving home instruction, or (2) in a shared-time vocational
29 program and are regularly attending a school in the district and a
30 county vocational school district. In addition, resident enrollment
31 shall include the number of pupils who, on the last school day prior
32 to October 16 of the prebudget year, are residents of the district and
33 in a State facility in which they were placed by the State. Pupils in
34 a shared-time vocational program shall be counted on an equated
35 full-time basis in accordance with procedures to be established by
36 the commissioner. Resident enrollment shall include regardless of
37 nonresidence, the enrolled children of teaching staff members of the
38 school district or county vocational school district who are
39 permitted, by contract or local district policy, to enroll their
40 children in the educational program of the school district or county
41 vocational school district without payment of tuition. Disabled
42 children between three and five years of age and receiving programs
43 and services pursuant to N.J.S.18A:46-6 shall be included in the
44 resident enrollment of the district;
- 45 “School district” means any local or regional school district
46 established pursuant to chapter 8 or chapter 13 of Title 18A of the
47 New Jersey Statutes;

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1 “Spending growth limitation” means the annual rate of growth
2 permitted in the net budget of a school district, county vocational
3 school district, or county special services school district as
4 measured between the net budget of the prebudget year and the net
5 budget of the budget year as calculated pursuant to the provisions of
6 section 5 of P.L.1996, c.138 (C.18A:7F-5);

7 “State facility” means a State developmental center, a State
8 Division of Youth and Family Services’ residential center, a State
9 residential mental health center, a Department of Children and
10 Families Regional Day School, a State training school/secure care
11 facility, a State juvenile community program, a juvenile detention
12 center or a boot camp under the supervisory authority of the
13 Juvenile Justice Commission pursuant to P.L.1995, c.284
14 (C.52:17B-169 et seq.), or an institution operated by or under
15 contract with the Department of Corrections, Children and Families
16 or Human Services, or the Juvenile Justice Commission;

17 “Statewide equalized school tax rate” means the amount
18 calculated by dividing the general fund tax levy for all school
19 districts, which excludes county vocational school districts and
20 county special services school districts as defined pursuant to this
21 section, in the State for the prebudget year by the equalized
22 valuations certified in the year prior to the prebudget year of all
23 taxing districts in the State except taxing districts for which there
24 are not school tax levies.

25

26 4. (New section) a. The State Board of Education shall review
27 and update the core curriculum content standards every five years.
28 The standards shall ensure that all children are provided the
29 educational opportunity needed to equip them for the role of citizen
30 and labor market competitor.

31 The Commissioner of Education shall develop and establish,
32 through the report issued pursuant to subsection b. of this section,
33 efficiency standards which define the types of programs, services,
34 activities, and materials necessary to achieve a thorough and
35 efficient education.

36 b. By September 1 of 2010 and by September 1 every three
37 years thereafter, the Governor, after consultation with the
38 commissioner, shall recommend to the Legislature through the
39 issuance of the Educational Adequacy Report for the three school
40 years to which the report is applicable:

41 (1) the base per pupil amount based upon the core curriculum
42 content standards established pursuant to subsection a. of this
43 section;

44 (2) the per pupil amounts for full-day preschool;

45 (3) the weights for grade level, county vocational school
46 districts, at-risk pupils, bilingual pupils, and combination pupils;

47 (4) the cost coefficients for security aid and transportation aid;

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1 (5) the State average classification rate for general special
2 education services pupils and for speech-only pupils;

3 (6) the excess cost for general special education services pupils
4 and for speech-only pupils; and

5 (7) the extraordinary special education aid thresholds.

6 The base per pupil amount, the per pupil amounts for full-day
7 preschool, the excess costs for general special education services
8 pupils and for speech-only pupils, and the cost-coefficients for
9 security aid and transportation aid shall be adjusted by the CPI for
10 each of the two school years following the first school year to
11 which the report is applicable.

12 The amounts shall be deemed approved for the two successive
13 fiscal years beginning one year from the subsequent July 1, unless
14 between the date of transmittal and the subsequent November 30,
15 the Legislature adopts a concurrent resolution stating that the
16 Legislature is not in agreement with all or any specific part of the
17 report. The concurrent resolution shall advise the Governor of the
18 Legislature's specific objections to the report and shall direct the
19 commissioner to submit to the Legislature a revised report which
20 responds to those objections by January 1.

21

22 5. (New section) a. Notwithstanding any provision of this act
23 to the contrary, the total stabilized aid for each district shall not be
24 increased by more than the district's State aid growth limit. In the
25 event that total stabilized aid exceeds the prebudget year total by a
26 rate greater than the State aid growth limit, the commissioner shall
27 adjust the components of total stabilized aid so that they total
28 exactly the prebudget year total increased by the State aid growth
29 limit.

30 b. For the 2008-2009 school year, the prebudget year total shall
31 include Core Curriculum Standards Aid, Supplemental Core
32 Curriculum Standards Aid, Education Opportunity Aid, Above
33 Average Enrollment Growth Aid, High Expectations for Learning
34 Proficiency Aid, Instructional Supplement Aid, Demonstrably
35 Effective Program Aid, Stabilization Aid, Supplemental
36 Stabilization Aid, Adult and Postsecondary Education Grants,
37 Bilingual Education Aid, Special Education Aid, County Vocational
38 Program Aid, Transportation Aid, School Choice Aid, Consolidated
39 Aid, Additional Formula Aid, Full-day Kindergarten Supplemental
40 Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid,
41 Nonpreschool ECPA, Extraordinary Special Education Aid paid in
42 2006-2007, and Aid for Enrollment Adjustments, taking into
43 consideration the June 2008 payment made in July 2008. For the
44 2009-2010 school year and thereafter, the prebudget year total shall
45 be the total for the same aid categories as included in total
46 stabilized aid.

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1 c. For the 2008-2009 school year, total stabilized aid shall
2 include equalization aid, special education categorical aid,
3 extraordinary special education aid projected for 2008-2009,
4 security aid, and transportation aid.

5 For the 2009-2010 school year and thereafter, total stabilized aid
6 shall include equalization aid, special education categorical aid,
7 security aid, and transportation aid.

8 d. For the purposes of this section, "State aid growth limit"
9 means 10% in the case of a district spending above adequacy and
10 20% in the case of a district spending below adequacy.

11 (1) For purposes of determining if a school district or county
12 vocational school district is spending above or below adequacy and
13 its applicable State aid growth limit, the district's spending shall
14 equal the sum for the prebudget year of its equalization aid
15 calculated pursuant to section 11 of this act, special education
16 categorical aid calculated pursuant to section 13 of this act, security
17 categorical aid calculated pursuant to section 14 of this act, and
18 general fund local levy.

19 (2) Notwithstanding any provision of this section to the
20 contrary, for the purposes of determining a district's increase in
21 State aid between the 2007-2008 and 2008-2009 school years, the
22 commissioner shall compare the State aid received by the district
23 for the 2007-2008 school year under the State aid categories listed
24 under subsection b. of this section, other than transportation aid,
25 and the district's general fund levy for that school year to the sum
26 of the district's adequacy budget calculated pursuant to section 9 of
27 this act, special education categorical aid calculated pursuant to
28 section 13 of this act, extraordinary special education aid projected
29 for the 2008-2009 school year, and security aid calculated pursuant
30 to section 14 of this act.

31 (3) Notwithstanding any provision of this section to the
32 contrary, the commissioner may increase the State aid growth limit
33 in the case of a county vocational school district that has revised
34 one or more of its programs from a shared-time program to a full-
35 time program between the 2001-2002 and 2007-2008 school years
36 or shall make such revision in the 2008-2009 school year. In the
37 event that the commissioner increases the State aid growth limit for
38 a county vocational school district, the commissioner shall adjust
39 the State aid amount provided for the district in the December 12,
40 2007 report.

41
42 6. (New section) Beginning in the 2009-2010 school year and
43 for each school year thereafter, the amount of equalization aid for
44 the budget year shall equal the total Statewide equalization aid
45 calculated pursuant to section 11 of this act for the prebudget year
46 and prior to the application of section 5 of this act indexed by the
47 sum of 1.0, the CPI, and the State average enrollment growth

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1 percentage between the prebudget year and the budget year as
2 projected by the commissioner.

3
4 7. (New section) The commissioner shall determine, based on
5 the standards established pursuant to section 4 of this act, a base per
6 pupil amount, and shall develop appropriate weights reflecting the
7 differing costs of providing education at the kindergarten,
8 elementary, middle school, and high school levels, which weights
9 shall be applied in determining a district's base cost as set forth in
10 section 8 of this act. The base per pupil amount for the 2008-2009
11 school year shall be \$9,649. The weight for kindergarten shall be
12 0.5 in the case of a pupil enrolled in a half-day kindergarten
13 program and 1.0 in the case of a pupil enrolled in a full-day
14 kindergarten program, and shall be 1.0 for the elementary (grades
15 1-5) level, 1.04 for the middle school (grades 6-8) level, and 1.17
16 for the high school (grades 9-12) level.

17 The base per pupil amount shall be adjusted by the CPI in the
18 2009-2010 and 2010-2011 school years as required pursuant to
19 subsection b. of section 4 of this act. For subsequent school years,
20 the base per pupil amount and the grade level weights shall be
21 established in the Educational Adequacy Report, with the base per
22 pupil amount adjusted by the CPI for each of the two school years
23 following the first school year to which the report is applicable.

24
25 8. (New section) a. The weighted enrollment for each school
26 district and county vocational school district shall be calculated as
27 follows:

28
$$\text{WENR} = (\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR}) + (\text{MW} \times \text{MENR}) + (\text{HW}$$

29
$$\times \text{HENR})$$

30 where

31 PW is the applicable weight for kindergarten enrollment;

32 EW is the weight for elementary enrollment;

33 MW is the weight for middle school enrollment;

34 HW is the weight for high school enrollment;

35 PENR is the resident enrollment for kindergarten;

36 EENR is the resident enrollment for grades 1 - 5;

37 MENR is the resident enrollment for grades 6 - 8; and

38 HENR is the resident enrollment for grades 9 - 12.

39 For the purposes of this section, ungraded pupils shall be counted in
40 their age-equivalent grade.

41 b. The base cost for each school district shall be calculated as
42 follows:

43
$$\text{BC} = \text{BPA} \times \text{WENR}; \text{ and}$$

44 the base cost for each county vocational school district shall be
45 calculated as follows:

46
$$\text{BC} = \text{BPA} \times \text{WENR} \times 1.31$$

47 where

48 BPA is the base per pupil amount; and

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12

1 WENR is the weighted enrollment of the school district or
2 county vocational school district.

3

4 9. (New section) a. The adequacy budget for each school
5 district and county vocational school district shall be calculated as
6 follows:

7 $AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + SE \text{ Census}) \times$
8 GCA

9 where

10 BC is the district's or county vocational school district's base
11 cost as calculated pursuant to section 8 of this act;

12 AR Cost is the cost of providing educational and other services
13 for at-risk pupils as calculated pursuant to subsection b. of this
14 section;

15 LEP Cost is the cost of providing educational and other services
16 for bilingual education pupils as calculated pursuant to subsection c.
17 of this section;

18 COMB Cost is the cost of providing educational and other
19 services for pupils who are both at-risk and bilingual as calculated
20 pursuant to subsection d. of this section;

21 SE Census is the cost of providing programs and services to
22 general special education services pupils and speech-only pupils as
23 calculated pursuant to subsection e. of this section; and

24 GCA is geographic cost adjustment.

25 The GCA shall be the geographic cost adjustment developed by
26 the commissioner and revised by the commissioner ever five years
27 in accordance with receipt of census data.

28 b. AR Cost shall be calculated as follows:

29 $AR \text{ Cost} = BPA \times ARWENR \times AR \text{ Weight}$

30 where

31 BPA is the base per pupil amount;

32 ARWENR is the weighted enrollment for at-risk pupils of the
33 school district or county vocational school district, which shall not
34 include combination pupils; and

35 AR Weight is the at-risk weight.

36 For the 2008-2009 through 2010-2011 school years the at-risk
37 weight shall be as follows:

38 for a district in which the concentration of at-risk pupils is less
39 than 20% of resident enrollment, the at-risk weight shall equal 0.47;

40 for a district in which the concentration of at-risk pupils is equal
41 to 20% but less than 60% of resident enrollment, the at-risk weight
42 shall equal the district's $((\text{at-risk } \% - 0.20) \times 0.25) + 0.47$; and

43 for a district in which the concentration of at-risk pupils is equal
44 to or greater than 60% of resident enrollment, the at-risk weight
45 shall equal 0.57.

46 For subsequent school years, the AR weight shall be established
47 in the Educational Adequacy Report.

48 c. LEP Cost shall be calculated as follows:

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13

1 LEP Cost = BPA x LWENR x LEP Weight

2 where

3 BPA is the base per pupil amount;

4 LWENR is the weighted enrollment for the bilingual education
5 pupils of the school district or county vocational school district,
6 which shall not include combination pupils; and

7 LEP Weight is the bilingual pupil weight.

8 For the 2008-2009 through 2010-2011 school years the LEP weight
9 shall be 0.5. For subsequent school years, the LEP weight shall be
10 established in the Educational Adequacy Report.

11 d. COMB Cost shall be calculated as follows:

12 COMB Cost = BPA x CWENR x (AR Weight + COMB Weight)

13 where

14 BPA is the base per pupil amount;

15 CWENR is the weighted enrollment for pupils who are both at-
16 risk and bilingual;

17 AR Weight is the at-risk weight; and

18 COMB Weight is the combination pupil weight.

19 For the 2008-2009 through 2010-2011 school years the COMB
20 weight shall be 0.125. For subsequent school years, the COMB
21 weight shall be established in the Educational Adequacy Report.

22 e. SE Census shall be calculated as follows:

23 SE Census = (RE x SEACR x AEC x 2/3) + (RE x SACR x SEC)

24 where

25 RE is the resident enrollment of the school district or county
26 vocational school district;

27 SEACR is the State average classification rate for general special
28 education services pupils;

29 AEC is the excess cost for general special education services
30 pupils;

31 SACR is the State average classification rate for speech-only
32 pupils; and

33 SEC is the excess cost for speech-only pupils.

34 For the 2008-2009 through 2010-2011 school years the State
35 average classification rate shall be 14.69% for general special
36 education services pupils and 1.897% for speech-only pupils. For
37 subsequent school years, the State average classification rates shall
38 be established in the Educational Adequacy Report.

39 For the 2008-2009 school year the excess cost shall be \$10,898
40 for general special education services pupils and \$1,082 for speech-
41 only pupils. The excess cost amounts shall be adjusted by the CPI
42 in the 2009-2010 and 2010-2011 school years as required pursuant
43 to subsection b. of section 4 of this act. For subsequent school
44 years, the excess cost amounts shall be established in the
45 Educational Adequacy Report, with the amounts adjusted by the
46 CPI for each of the two school years following the first school year
47 to which the report is applicable.

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1 10. (New section) Each school district and county vocational
2 school district shall receive equalization aid predicated on a local
3 share determined by district property wealth and district income.

4 a. Each district's local share shall be calculated as follows:

5 $LSHARE = (EQVAL \times PVR \times 50\%) + (INC \times INR \times 50\%)$

6 where

7 EQVAL is the district's prebudget year equalized valuation;

8 PVR is the Statewide property value rate determined pursuant to
9 subsection c. of this section;

10 INC is the district's income; and

11 INR is the Statewide income rate determined pursuant to
12 subsection c. of this section.

13 b. The local share for each county vocational school district
14 shall be calculated as follows:

15 $LSHARE = (COLSHARE/COAB) \times AB$

16 where

17 COLSHARE is the sum of the local shares for all school districts
18 in the county calculated pursuant to subsection a. of this section;

19 COAB is the sum of the adequacy budgets for all school districts
20 in the county calculated pursuant to section 9 of this act; and

21 AB is the county vocational school district's adequacy budget
22 calculated pursuant to section 9 of this act.

23 c. For the 2008-2009 school year, the property value rate shall
24 be set at 0.0092690802 and the income value rate shall be set at
25 0.04546684. For subsequent school years the values for the
26 property value rate and the income value rate shall be annually
27 determined by the commissioner as follows:

28 the property value rate shall be determined such that equalization
29 aid equals the Statewide available equalization aid for all districts
30 determined according to this act had each school district's local
31 share equaled the product of the property value rate and the
32 district's equalized valuation and each county vocational school
33 district's local share equaled the product of the county vocational
34 school district's adequacy budget and the average local share,
35 expressed as a percent, of the school districts located in the county;
36 and

37 the income rate shall be determined such that equalization aid
38 equals the Statewide available equalization aid for all districts
39 determined according to this act had each school district's local
40 share equaled the product of the income rate and the district's
41 income and each county vocational school district's local share
42 equaled the product of the county vocational school district's
43 adequacy budget and the average local share, expressed as a
44 percent, of the school districts located in the county.

45 In the event that these rates, when used in accordance with the
46 provisions of this section and assuming that each district's general
47 fund levy is equal to its local share, do not result in equalization aid
48 for all districts equal to the Statewide available equalization aid, the

1 commissioner shall adjust these rates appropriately, giving equal
2 weight to each.

3

4 11. (New section) Each school district's and county vocational
5 school district's equalization aid shall be calculated as follows:

6 $EQAID = AB - LSHARE$ provided that EQAID shall not be less
7 than zero; and

8 where

9 AB is the district's adequacy budget calculated pursuant to
10 section 9 of this act; and

11 LSHARE is the district's local share calculated pursuant to
12 section 10 of this act.

13 Each district's equalization aid for general fund expenses shall
14 be expended to provide a thorough and efficient system of
15 education consistent with the core curriculum content standards
16 established pursuant to section 4 of this act.

17 A school district may make an appeal to the commissioner on the
18 amount of its equalization aid on the basis that the calculation of
19 income within the local share formula under section 10 of this act
20 does not accurately reflect the district's income wealth.

21

22 12. (New section) a. District factor group A and B school
23 districts, and district factor group CD school districts with a
24 concentration of at-risk pupils equal to or greater than 40%, shall
25 provide free access to full-day preschool for all three- and four-year
26 old pupils. All other school districts shall provide free access to
27 full-day preschool for at-risk pupils. Preschool education aid shall
28 reflect the cost of the pupil's placement in either a district program,
29 a licensed child care provider program, or a Head Start Program.

30 (1) Preschool education aid shall be calculated for district factor
31 group A and B school districts, and for district factor group CD
32 school districts with a concentration of at-risk pupils equal to or
33 greater than 40%, as follows:

34 $Aid = (IDE \times IDA) + (PRE \times PRA) + (HSE \times HSA)$

35 where

36 IDE is the number of district pupils, other than preschool
37 disabled pupils, in an in-district preschool program;

38 IDA is the per pupil aid amount for an in-district preschool
39 program;

40 PRE is the number of district pupils, other than preschool
41 disabled pupils, in a preschool program operated by a licensed child
42 care provider;

43 PRA is the per pupil aid amount for a preschool program
44 operated by a licensed child care provider;

45 HSE is the number of district pupils, other than preschool
46 disabled pupils, in a Head Start Program; and

47 HSA is the per pupil aid amount for a Head Start Program.

1 A CD school district with a concentration of at-risk pupils equal to
2 or greater than 40% shall be eligible to receive preschool education
3 aid pursuant to the provisions of this paragraph for a minimum of
4 three school years from the time of initial determination of
5 eligibility even if the district's concentration of at-risk pupils falls
6 below a 40% concentration of at-risk pupils. In the event that the
7 district falls below a 40% concentration of at-risk pupils for two
8 consecutive school years, in the third school year the district shall
9 receive preschool education aid for each at-risk pupil and for any
10 four-year old pupil for whom the district received preschool
11 education aid in the prior school year, and that pupil shall receive
12 free preschool education.

13 (2) Preschool education aid shall be calculated for all other
14 districts as follow:

$$15 \text{ Aid} = (\text{ARID} \times \text{IDA}) + (\text{ARP} \times \text{PRA}) + (\text{ARHS} \times \text{HSA})$$

16 where

17 ARID is the number of at-risk district pupils, other than
18 preschool disabled pupils, in an in-district preschool program;

19 IDA is the per pupil aid amount for an in-district preschool
20 program;

21 ARP is the number of at-risk district pupils, other than preschool
22 disabled pupils, in a preschool program operated by a licensed child
23 care provider;

24 PRA is the per pupil aid amount for a preschool program
25 operated by a licensed child care provider;

26 ARHS is the number of at-risk district pupils, other than
27 preschool disabled pupils, in a Head Start Program; and

28 HSA is the per pupil aid amount for a Head Start Program.

29 b. In accordance with regulations adopted by the commissioner,
30 all districts shall submit a five-year plan that provides for the full
31 implementation of full day preschool for all eligible three- and four-
32 year olds by the 2013-2014 school year. For the purposes of this
33 section, "full implementation" means serving 90% of eligible pupils
34 in accordance with the preschool quality standards adopted by the
35 commissioner or such greater percentage as determined by the
36 commissioner. A school district shall annually update the five-year
37 plan based on actual implementation experience and shall revise its
38 pupil projections in accordance with that experience.

39 c. (1) In the case of a school district that did not receive any
40 form of preschool aid in the 2007-2008 school year, the 2008-2009
41 school year shall be a preschool planning year. Beginning in the
42 2009-2010 school year, the school district shall receive preschool
43 education aid calculated in accordance with the provisions of
44 subsection a. of this section based upon projected preschool
45 enrollment.

46 In the 2009-2010 school year the school district may also receive
47 start-up funds in accordance with regulations adopted by the
48 commissioner.

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1 (2) In the case of a school district that received Early Launch to
2 Learning Initiative aid in the 2007-2008 school year, for the 2008-
3 2009 school year the district shall receive preschool education aid
4 in an amount equal to the district's allocation of Early Launch to
5 Learning Initiative aid in the 2007-2008 school year. Beginning in
6 the 2009-2010 school year, the school district shall receive
7 preschool education aid calculated in accordance with the
8 provisions of subsection a. of this section based upon projected
9 preschool enrollment.

10 In the 2009-2010 school year the school district may also receive
11 start-up funds in accordance with regulations adopted by the
12 commissioner.

13 (3) In the case of a school district that received early childhood
14 program aid in the 2007-2008 school year but did not receive
15 preschool expansion aid or education opportunity aid in that year,
16 for the 2008-2009 school year the district shall receive preschool
17 education aid equal to the greater of the district's 2007-2008
18 amount of early childhood program aid for preschool or the
19 district's 2007-2008 per pupil allocation of early childhood program
20 aid as included in the district's original 2007-2008 budget certified
21 for taxes, inflated by the CPI, and multiplied by the district's
22 projected preschool enrollment; except that if the district is able to
23 demonstrate in the five-year plan submitted to the commissioner
24 that it has the capacity to offer a full-day three- or four-year-old
25 program, or a full-day three- and four-year-old program, in the
26 2008-2009 school year, the commissioner may approve the funding
27 of the full-day program calculated in accordance with the provisions
28 of subsection a. of this section based upon projected preschool
29 enrollment. The district shall be informed of the commissioner's
30 determination upon approval of the five-year plan. Beginning in the
31 2009-2010 school year, the school district shall receive preschool
32 education aid calculated in accordance with the provisions of
33 subsection a. of this section based upon projected preschool
34 enrollment.

35 In the 2009-2010 school year the school district may also receive
36 start-up funds in accordance with regulations adopted by the
37 commissioner.

38 (4) In the case of a school district that received preschool
39 expansion aid or education opportunity aid in the 2007-2008 school
40 year, for the 2008-2009 school year the district shall receive
41 preschool education aid in an amount equal to the preschool budget
42 approved by the commissioner for the 2008-2009 school year.
43 Preschool education aid for the 2008-2009 school year shall be
44 adjusted following receipt of the Application for State School Aid
45 in October 2008. Beginning in the 2009-2010 school year, the
46 school district shall receive preschool education aid calculated in
47 accordance with the provisions of subsection a. of this section based
48 upon projected preschool enrollment; except that for any school

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1 year the district shall not receive preschool aid in an amount less
2 than either the total amount of preschool aid the district received in
3 the 2008-2009 school year after the State aid adjustment or the
4 district's 2008-2009 school year preschool per pupil aid amount
5 multiplied by the projected number of preschool pupils after the
6 State aid adjustment, whichever is greater.

7 In the 2009-2010 school year the school district may also receive
8 start-up funds in accordance with regulations adopted by the
9 commissioner.

10 d. For the 2008-2009 school year, the preschool per pupil aid
11 amounts shall be \$11,506 for pupils enrolled in an in-district
12 program, \$12,934 for pupils enrolled in a licensed child care
13 provider program, and \$7,146 for pupils enrolled in a Head Start
14 Program. The preschool per pupil aid amounts shall be adjusted by
15 the CPI in the 2009-2010 and 2010-2011 school years as required
16 pursuant to subsection b. of section 4 of this act. For subsequent
17 school years, the preschool per pupil aid amounts shall be
18 established in the Educational Adequacy Report, with the amounts
19 adjusted by the CPI for each of the two school years following the
20 first school year to which the report is applicable.

21 e. A district shall appropriate preschool education aid in a
22 special revenue fund for expenditure. In the event that any
23 preschool education aid is not expended during the budget year, the
24 aid may be carried forward in accordance with regulations adopted
25 by the commissioner.

26 f. In the event that a district has fully implemented a full-day
27 preschool program for three- and four-year old pupils in accordance
28 with its five-year plan and meets the preschool quality standards or
29 has provided preschool education to the number of eligible students
30 to be served during a school year in accordance with that plan and
31 its annual updates and the preschool quality standards, the district
32 may appropriate preschool education aid to support kindergarten
33 through grade 12 or to provide preschool education for three- and
34 four-year old pupils for whom the district is not required to provide
35 preschool education upon the approval of the commissioner. The
36 district shall request approval in its annual plan update and any
37 approval granted by the commissioner shall be made during the
38 annual school budget process.

39 g. A school district shall maintain the preschool quality
40 standards as adopted by the commissioner as a condition of receipt
41 of preschool education aid.

42

43 13. (New section) a. Special education categorical aid for each
44 school district and county vocational school district shall be
45 calculated as follows:

46
$$SE = (RE \times SEACR \times AEC \times 1/3) \times GCA$$

47 where

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1 RE is the resident enrollment of the school district or county
2 vocational school district;

3 SEACR is the State average classification rate for general special
4 education services pupils;

5 AEC is the excess cost for general special education services
6 pupils; and

7 GCA is the geographic cost adjustment as developed by the
8 commissioner.

9 For the 2008-2009 school year the excess cost shall be \$10,898 for
10 general special education services pupils. The excess cost amount
11 shall be adjusted by the CPI in the 2009-2010 and 2010-2011
12 school years as required pursuant to subsection b. of section 4 of
13 this act. For subsequent school years, the excess cost amount shall
14 be established in the Educational Adequacy Report, with the
15 amount adjusted by the CPI for each of the two school years
16 following the first school year to which the report is applicable.

17 b. Extraordinary special education aid for an individual
18 classified pupil shall be available when the student is educated in a
19 general education classroom, special education program, including
20 but not limited to a resource program or special class program, or
21 any combination of general education and special education
22 programs and services, subject to the requirements and thresholds
23 set forth in this section.

24 (1) In those instances in which a pupil is educated in an in-
25 district public school program with non-disabled peers, whether run
26 by a public school or by a private school for the disabled, and the
27 cost of providing direct instructional and support services for an
28 individual classified pupil exceeds \$40,000, for those direct
29 instructional and support services costs in excess of \$40,000 a
30 district shall receive extraordinary special education State aid equal
31 to 90% of the amount of that excess in accordance with the
32 provisions of paragraph (4) of this subsection.

33 (2) In those instances in which a pupil is educated in a separate
34 public school program for students with disabilities and the cost of
35 providing direct instructional and support services for an individual
36 classified pupil exceeds \$40,000, for those direct instructional and
37 support services costs in excess of \$40,000 a district shall receive
38 extraordinary special education State aid equal to 75% of the
39 amount of that excess in accordance with the provisions of
40 paragraph (4) of this subsection.

41 (3) In those instances in which a pupil is educated in a separate
42 private school for students with disabilities and the tuition for an
43 individual classified pupil exceeds \$55,000, for tuition costs in
44 excess of \$55,000 a district shall receive extraordinary special
45 education State aid equal to 75% of the amount of that excess in
46 accordance with the provisions of paragraph (4) of this subsection.

47 (4) Extraordinary special education State aid for an individual
48 classified pupil shall be calculated as follows:

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1 EA = ((ADC-\$40,000) x .90) + (((AIC - \$40,000) + (ASC -
2 \$55,000)) x .75)

3 where

4 ADC equals the district's actual cost for the direct instructional
5 and support services in an in-district public school program as set
6 forth in paragraph (1) of this subsection;

7 AIC equals the district's actual cost for direct instructional and
8 support services in a separate public school program as set forth in
9 paragraph (2) of this subsection; and

10 ASC equals the district's actual cost for tuition paid to a separate
11 private school as set forth in paragraph (3) of this subsection.

12 (5) The receipt of extraordinary special education State aid for
13 an individual classified pupil shall be conditioned upon a
14 demonstration by the district that the pupil's Individualized
15 Education Plan requires the provision of intensive services,
16 pursuant to factors determined by the commissioner.

17 c. In order to receive funding pursuant to this section, a district
18 shall file an application with the department that details the
19 expenses incurred on behalf of the particular classified pupil for
20 which the district is seeking reimbursement. Additional State aid
21 awarded for extraordinary special education costs shall be recorded
22 by the district as revenue in the current school year and paid to the
23 district in the subsequent school year.

24 d. A school district may apply to the commissioner to receive
25 emergency special education aid for any classified pupil who
26 enrolls in the district prior to March of the budget year and who is
27 in a placement with a cost in excess of \$40,000 or \$55,000, as
28 applicable. The commissioner may debit from the student's former
29 district of residence any special education aid which was paid to
30 that district on behalf of the student.

31 e. The department shall review expenditures of federal and State
32 special education aid by a district in every instance in which special
33 education monitoring identifies a failure on the part of the district to
34 provide services consistent with a pupil's Individualized Education
35 Plan.

36 f. The commissioner shall commission an independent study of
37 the special education census funding methodology to determine if
38 adjustments in the special education funding formulas are needed in
39 future years to address the variations in incidence of students with
40 severe disabilities requiring high cost programs and to make
41 recommendations for any such adjustments. The study and
42 recommendations shall be completed by June 30, 2010.

43 g. A school district may apply to the commissioner to receive
44 additional special education categorical aid if the district has an
45 unusually high rate of low-incidence disabilities, such as autism,
46 deaf/blindness, severe cognitive impairment, and medically fragile.
47 In applying for the aid the district shall: demonstrate the impact of
48 the unusually high rate of low-incidence disabilities on the school

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1 district budget and the extent to which the costs to the district are
2 not sufficiently addressed through special education aid and
3 extraordinary special education aid; and provide details of all
4 special education expenditures, including details on the use of
5 federal funds to support those expenditures.

6

7 14. (New section) Security categorical aid for each school
8 district and county vocational school district shall be calculated as
9 follows:

10 $SA = ((RE \times \$70) + (AREN \times ARSA)) \times GCA$

11 where

12 RE means the school district's or county vocational school
13 district's resident enrollment;

14 ARENR means the district's number of at-risk pupils;

15 ARSA means the at-risk security amount; and

16 GCA is the geographic cost adjustment as developed by the
17 commissioner.

18 For the 2008-2009 through 2010-2011 school years the at-risk
19 security amount shall be calculated as follows:

20 for a district in which the concentration of at-risk pupils is less
21 than 40% of resident enrollment, the at-risk security amount shall
22 equal the district's $(AR\% \times \$10.15 \times 100)$; and

23 for a district in which the concentration of at-risk pupils is equal
24 to or greater than 40%, the at-risk security amount shall equal
25 \$406.

26 The security cost coefficients, \$70, \$10.15 and \$406, used to
27 determine the security amount, shall be adjusted by the CPI in the
28 2009-2010 and 2010-2011 school years as required pursuant to
29 subsection b. of section 4 of this act. For subsequent school years,
30 the cost coefficients shall be established in the Educational
31 Adequacy Report, with adjustments by the CPI for each of the two
32 school years following the first school year to which the report is
33 applicable.

34

35 15. (New section) a. Each school district's and county
36 vocational school district's State aid for transportation shall consist
37 of base aid (BA) and an incentive factor (IF) determined as follows:

38 $BA = (BA1 \times IF) + BA2$

39 where

40 $BA1 = CP1 \times P1 + CD1 \times P1 \times D1$;

41 $BA2 = CP2 \times P2 + CD2 \times P2 \times D2$;

42 P1 is the total number of regular education public pupils and
43 regular nonpublic pupils eligible for transportation pursuant to
44 N.J.S.18A:39-1, excluding preschool pupils except pupils that
45 qualify for free full-day preschool pursuant to section 12 of this act,
46 and of special education pupils eligible for transportation pursuant
47 to N.J.S.18A:46-23 with no special transportation requirements,

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22

1 who are resident in the district as of the last school day prior to
2 October 16 of the prebudget year;

3 D1 is the average home-to-school mileage for P1 pupils;

4 P2 is the total number of special education pupils eligible for
5 transportation pursuant to N.J.S.18A:46-23 with special
6 transportation requirements who are resident in the district as of the
7 last school day prior to October 16 of the prebudget year;

8 D2 is the average home-to-school mileage for P2 pupils; and

9 CP1, CD1, CP2 and CD2 are cost coefficients with values set
10 forth in subsection b. of this section.

11 IF is the incentive factor, which modifies base aid paid for pupils
12 transported on regular vehicles according to each district's
13 percentile rank in regular vehicle capacity utilization. Students
14 within the district who receive courtesy busing services shall be
15 included in the calculation of the district's regular vehicle capacity
16 utilization if the courtesy busing services are provided to a student
17 who would otherwise be required to walk to and from school along
18 a route designated as a hazardous route by the school district
19 pursuant to section 2 of P.L.1999, c.310 (C.18A:39-1.5). For the
20 2008-2009 school year, IF = 1. The Governor shall submit to the
21 Legislature at least 60 days prior to the FY 2011 budget address
22 proposed transportation incentive factors applicable to the 2010-
23 2011 school year and thereafter along with supporting data. The
24 incentive factors shall be deemed approved by the Legislature
25 unless a concurrent resolution is passed within 60 days of the date
26 of submission.

27 b. For the 2008-2009 school year, the cost coefficients in
28 subsection a. of this section shall have the following values:

29 CP1 = \$383.88;

30 CD1 = \$10.50;

31 CP2 = \$2,675.77; and

32 CD2 = \$5.10.

33 The cost coefficients shall be adjusted by the CPI in the 2009-
34 2010 and 2010-2011 school years as required pursuant to subsection
35 b. of section 4 of this act. For subsequent school years, the cost
36 coefficients shall be established in the Educational Adequacy
37 Report with the amounts adjusted by the CPI for each of the two
38 school years following the first school year to which the report is
39 applicable.

40 c. For the 2008-2009 school year each district and county
41 vocational district shall receive State transportation aid in an
42 amount equal to the school district's or county vocational school
43 district's State aid entitlement calculated pursuant to subsections a.
44 and b. of this section multiplied by 81.4876%.

45 d. Each executive county superintendent of schools shall
46 complete a study of pupil transportation services in the county no
47 later than 18 months after the effective date of P.L. , c. (C.)
48 (pending before the Legislature as this bill). The purpose of the

1 study shall be to determine ways to provide pupil transportation
2 services in a more cost-effective and efficient manner. The study
3 shall be transmitted upon completion to the Commissioner of
4 Education and to the Legislature pursuant to section 2 of P.L.1991,
5 c.164 (C.52:14-19.1).

6
7 16. (New section) a. (1) For the 2008-2009 school year, each
8 school district and county vocational school district shall receive
9 adjustment aid in such amount as to ensure that the district receives
10 the greater of the amount of State aid calculated for the district
11 pursuant to the provisions of this act or the State aid received by the
12 district for the 2007-2008 school year multiplied by 102%. The
13 State aid received by the district for the 2007-2008 school year shall
14 include the following aid categories: Core Curriculum Standards
15 Aid, Supplemental Core Curriculum Standards Aid, Education
16 Opportunity Aid, Above Average Enrollment Growth Aid, High
17 Expectations for Learning Proficiency Aid, Instructional
18 Supplement Aid, Demonstrably Effective Program Aid,
19 Stabilization Aid, Supplemental Stabilization Aid, Adult and
20 Postsecondary Education Grants, Bilingual Education Aid, Special
21 Education Aid, County Vocational Program Aid, Transportation
22 Aid, School Choice Aid, Consolidated Aid, Additional Formula
23 Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk
24 Aid, Abbott-Bordered District Aid, Nonpreschool ECPA,
25 Extraordinary Special Education Aid paid in 2006-2007, and Aid
26 for Enrollment Adjustments, taking into consideration the June
27 2008 payment made in July 2008.

28 (2) For the 2009-2010 and 2010-2011 school years a school
29 district or county vocational school district shall receive adjustment
30 aid in such amount as to ensure that the district receives the greater
31 of the amount of State aid calculated for the district pursuant to the
32 provisions of this act or the State aid, other than educational
33 adequacy aid, received by the district for the 2008-2009 school
34 year.

35 (3) For the 2011-2012 school year and for each school year
36 thereafter, a school district or county vocational school district that
37 does not have a decline in its weighted enrollment, adjusted for
38 bilingual education pupils and at-risk pupils, between the 2008-2009
39 school year and the budget year that is greater than 5% shall receive
40 adjustment aid in such amount as to ensure that the district receives the
41 greater of the amount of State aid calculated pursuant to the provisions
42 of this act or the State aid, other than educational adequacy aid,
43 received by the district for the 2008-2009 school year.

44 (4) For the 2011-2012 school year and for each school year
45 thereafter, a school district or county vocational school district that has
46 a decline in its weighted enrollment, adjusted for bilingual education
47 pupils and at-risk pupils, between the 2008-2009 school year and the
48 budget year that is greater than 5% shall have its adjustment aid

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1 reduced in an amount equal to the district's 2008-2009 per pupil
2 adjustment aid amount multiplied by the decline in its resident
3 enrollment that is greater than 5%.

4 b. In the case of a school district that received education
5 opportunity aid in the 2007-2008 school year and for which the sum
6 of the district's 2007-2008 State aid under the State aid categories
7 listed under paragraph (1) of subsection a. of this section and
8 general fund local levy is less than the sum of the district's
9 adequacy budget as calculated pursuant to section 9 of this act,
10 special education categorical aid calculated pursuant to section 13
11 of this act, and security aid calculated pursuant to section 14 of this
12 act, the district shall receive educational adequacy aid if it meets the
13 following criteria:

14 (1) the district fails to meet educational adequacy standards as
15 determined by the commissioner; or

16 (2) the district is located in a municipality with an equalized total
17 tax rate that is greater than 130% of the Statewide average
18 equalized total tax rate; or

19 (3) the district has an equalized school tax rate that is greater
20 than 110% of the Statewide average equalized school tax rate and is
21 located in a municipality with an equalized total tax rate that is
22 greater than 120% of the Statewide average equalized total tax rate;
23 and

24 (4) the district will not meet adequacy in the 2008-2009 school
25 year based on the State aid increase received by the district for that
26 school year.

27 An eligible district shall receive educational adequacy aid for the
28 2008-2009 school year in accordance with the following formula:

29 $EA \text{ aid} = ((AB + SE + SA) - (GFL + A08)) \times .33 - ls - SA;$

30 where AB is the district's adequacy budget as calculated
31 pursuant of section 9 of this act;

32 SE is the district's special education categorical aid calculated
33 pursuant to section 13 of this act;

34 SA is the district's security categorical aid calculated pursuant to
35 section 14 of this act;

36 GFL is the district's prebudget year general fund local levy;

37 A08 is the sum of the district's 2007-2008 State aid under the
38 State aid categories listed under paragraph (1) of subsection a. of
39 this section;

40 ls is the district's prebudget year general fund local levy,
41 multiplied by 4% in the case of a district which meets the criteria of
42 paragraph (2) or paragraph (3) of this subsection, or in the case of a
43 district which does not meet those criteria multiplied by 6%; and

44 SA is any increase in State aid between the prebudget and budget
45 years.

46 An eligible district shall receive educational adequacy aid for the
47 2009-2010 school year in accordance with the following formula:

48 $EA \text{ aid} = ((AB - (GFL + PEQAID)) \times .50) - ls;$ and

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1 An eligible district shall receive educational adequacy aid for the
2 2010-2011 school year in accordance with the following formula;

3
$$EA \text{ aid} = (AB - (GFL + PEQAID) - ls)$$

4 where

5 AB is the district's adequacy budget as calculated pursuant to
6 section 9 of this act;

7 GFL is the district's prebudget year general fund local levy;

8 PEQAID is the district's prebudget year equalization aid
9 calculated pursuant to section 11 of this act; and

10 ls is the district's prebudget year general fund local levy,
11 multiplied by 4% in the case of a district which meets the criteria of
12 paragraph (2) or paragraph (3) of this subsection, or in the case of a
13 district which does not meet those criteria multiplied by 8% for the
14 2009-2010 school year and by 10% for the 2010-2011 school year;

15 For the 2011-2012 school year and for each school year
16 thereafter, the district shall receive the amount of educational
17 adequacy aid that the district received in the 2010-2011 school year.

18

19 17. (New section) The Commissioner of Education shall
20 complete by the end of the 2010-2011 school year a study of the tax
21 levy growth limitation enacted pursuant to sections 2 through 5 of
22 P.L.2007, c.62 (C.18A:7F-37-18A:7F-40), for the purpose of
23 analyzing any effects that the tax levy growth limitation has had on
24 disparities in spending among the districts. The study shall include
25 a recommendation by the commissioner on whether the tax levy
26 growth limitation should be continued after the 2011-2012 school
27 year, or whether the spending growth limitation under the
28 provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5) would be
29 more effective in addressing any identified disparities in school
30 district spending, or whether a revised growth limitation method
31 might be warranted.

32

33 18. (New section) The Commissioner of Education shall not
34 authorize the disbursement of funds to any district until the
35 commissioner is satisfied that all educational expenditures in the
36 district will be spent effectively and efficiently in order to enable
37 students to achieve the core curriculum content standards. The
38 commissioner shall be authorized to take any affirmative action as
39 is necessary to ensure the effective and efficient expenditure of
40 funds by school districts and county vocational school districts.

41

42 19. (New section) Notwithstanding any law or regulation to the
43 contrary, for the 2008-2009 school year a district's district aid
44 percentage calculated for purposes of the provisions of section 10 of
45 P.L.2000, c.72 (C.18A:7G-10) shall equal the percentage calculated
46 for the 2001-2002 school year.

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26

1 20. (New section) For the purpose of calculating all forms of
2 State aid pursuant to P.L. , c. (C.) (pending before the
3 Legislature as this bill) for a choice student in a choice district, the
4 student shall be counted in the resident enrollment of the receiving
5 district. The receiving district shall receive school choice aid for
6 each choice student equal to the adequacy budget local levy per
7 pupil amount.

8 For purposes of this section, “adequacy budget local levy per
9 pupil amount” means the adequacy budget calculated pursuant to
10 section 9 of P.L. , c. (C.) (pending before the Legislature as
11 this bill) minus equalization aid calculated pursuant to section 11 of
12 P.L. , c. (C.) (pending before the Legislature as this bill)
13 divided by the resident enrollment.

14

15 21. (New section) a. Notwithstanding any provision of
16 P.L.2000,c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-
17 235 et al.) to the contrary, an SDA district as defined in section 3 of
18 P.L.2000, c.72 (C.18A:7G-3) may include in its annual capital
19 outlay budget and construct one or more school facilities projects if
20 the cost of each project does not exceed \$500,000 and the
21 commissioner approves the inclusion of the project upon a
22 demonstration by the district that its budget includes sufficient
23 funds to finance the project. A district may also withdraw funds
24 from a capital reserve account for such purpose with the approval of
25 the commissioner.

26 b. A school facilities project, the cost of which does not exceed
27 \$500,000 and that is not financed and constructed pursuant to
28 subsection a. of this section, shall continue to be financed and
29 constructed in accordance with the provisions of P.L.2000, c.72
30 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.).

31

32 22. Section 10 of P.L.1975, c.212 (C.18A:7A-10) is amended to
33 read as follows:

34 10. For the purpose of evaluating the thoroughness and
35 efficiency of all the public schools of the State, the commissioner,
36 with the approval of the State board and after review by the Joint
37 Committee on the Public Schools, shall develop and administer the
38 New Jersey Quality Single Accountability Continuum for
39 evaluating the performance of each school district. The goal of the
40 New Jersey Quality Single Accountability Continuum shall be to
41 ensure that all districts are operating at a high level of performance.
42 The system shall be based on an assessment of the degree to which
43 the thoroughness and efficiency standards established pursuant to
44 section [4 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.)
45 (pending before the Legislature as this bill) are being achieved and
46 an evaluation of school district capacity in the following five key
47 components of school district effectiveness: instruction and
48 program; personnel; fiscal management; operations; and

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1 governance. A school district's capacity and effectiveness shall be
2 determined using quality performance indicators comprised of
3 standards for each of the five key components of school district
4 effectiveness. The quality performance indicators shall take into
5 consideration a school district's performance over time, to the
6 extent feasible. Based on a district's compliance with the indicators,
7 the commissioner shall assess district capacity and effectiveness
8 and place the district on a performance continuum that will
9 determine the type and level of oversight and technical assistance
10 and support the district receives.

11 (cf: P.L.2007, c.16, s.2)

12

13 23. Section 24 of P.L.2007, c.16 (C.18A:7A-14a) is amended to
14 read as follows:

15 24. The Legislature finds and declares that:

16 a. It is the constitutional obligation of the Legislature to
17 provide all children in New Jersey with a thorough and efficient
18 system of free public schools;

19 b. The breadth and scope of such a system are defined by the
20 Legislature through the commissioner and the State board pursuant
21 to **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.)
22 (pending before the Legislature as this bill) so as to insure quality
23 educational programs for all children;

24 c. It is imperative that the program in every school district in
25 this State includes all of the major elements identified as essential
26 for that system consistent with standards adopted pursuant to
27 section 10 of P.L.1975, c.212 (C.18A:7A-10);

28 d. It is the responsibility of the State to insure that any school
29 district which is shown to be deficient in one or more of these major
30 elements takes corrective actions without delay in order to remedy
31 those deficiencies;

32 e. This responsibility can be fulfilled, in addition to the
33 mechanism for ensuring compliance established pursuant to section
34 6 of P.L.1996, c.138 (C.18A:7F-6), through an effective and
35 efficient system of evaluation and monitoring which will insure
36 quality and comprehensive instructional programming in every
37 school district and provide for immediate and direct corrective
38 action to insure that identified deficiencies do not persist, and which
39 does so within the context of the maximum of local governance and
40 management and the minimum of paperwork and unnecessary
41 procedural requirements.

42 (cf: P.L.2007, c.16, s.24)

43

44 24. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
45 read as follows:

46 2. a. In addition to the powers provided pursuant to P.L.2005,
47 c.235 **[and]**, P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.
48 (C.) (pending before the Legislature as this bill) or any other law,

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28

1 the Commissioner of Education shall have the authority to appoint a
2 State monitor and additional staff, as necessary, to provide direct
3 oversight of a board of education's business operations and
4 personnel matters if: the school district receives an adverse or a
5 disclaimer of opinion by its independent auditor in the annual audit
6 required pursuant to N.J.S.18A:23-1; or any two or more of the
7 following circumstances apply to the school district:

8 (1) the school district ends the fiscal year with a deficit balance
9 as calculated for budgetary purposes in the general fund, special
10 revenue fund, or capital projects fund, with the exception of a
11 capital projects fund deficit caused by the issuance of bond
12 anticipation notes;

13 (2) the school district receives a qualified opinion by its
14 independent auditor in the annual audit required pursuant to
15 N.J.S.18A:23-1;

16 (3) the school district receives an adverse, disclaimer, or
17 qualified opinion by its independent auditor under the single audit
18 section for State or federal awards in the annual audit required
19 pursuant to N.J.S.18A:23-1;

20 (4) the school district receives any audit findings by its
21 independent auditor identified as material weaknesses in internal
22 controls;

23 (5) the school district fails to develop and implement a plan
24 acceptable to the commissioner or his designee to address a
25 potential or actual deficit balance in the general fund, special
26 revenue fund, or capital projects fund, with the exception of a
27 capital projects fund deficit caused by the issuance of bond
28 anticipation notes;

29 (6) the school district fails to implement a plan from the prior
30 year which causes any findings from the independent auditor to be
31 repeated;

32 (7) the school district is required to return federal funds once it
33 is determined that the school district's expenditures are not in
34 compliance with the grant requirements; or

35 (8) the school district submits the annual audit after the
36 submission date required pursuant to N.J.S.18A:23-1.

37 b. The State monitor shall:

38 (1) oversee the fiscal management and expenditures of school
39 district funds, including, but not limited to, budget reallocations and
40 reductions, approvals of purchase orders, budget transfers, and
41 payment of bills and claims;

42 (2) oversee the operation and fiscal management of school
43 district facilities, including the development and implementation of
44 recommendations for redistricting and restructuring of schools;

45 (3) ensure development and implementation of an acceptable
46 plan to address the circumstances set forth in subsection a. of this
47 section which resulted in the appointment of the State monitor. The

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29

1 plan shall include measurable benchmarks and specific activities to
2 address the deficiencies of the school district;

3 (4) oversee all district staffing, including the ability to hire,
4 promote, and terminate employees;

5 (5) have authority to override a chief school administrator's
6 action and a vote by the board of education on any of the matters set
7 forth in this subsection, except that all actions of the State monitor
8 shall be subject to the education, labor, and employment laws and
9 regulations, including the "New Jersey Employer-Employee
10 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
11 bargaining agreements entered into by the school district;

12 (6) attend all meetings of the board of education, including
13 closed sessions; and

14 (7) meet with the board of education on at least a quarterly basis
15 to discuss with the members of the board the past actions of the
16 board which led to the appointment of the State monitor and to
17 provide board members with education and training that address the
18 deficiencies identified in board actions.

19 c. The Commissioner of Education shall notify the State Board
20 of Education following the appointment of a State monitor pursuant
21 to subsection a. of this section. The State monitor shall report
22 directly to the commissioner or his designee on a weekly basis. The
23 State monitor shall also report monthly to the board of education
24 and members of the public at the regularly scheduled board of
25 education meeting.

26 d. For purposes of the "New Jersey Tort Claims Act,"
27 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
28 officer, but for all other purposes the State monitor shall be
29 considered an employee of the district.

30 e. The State monitor shall provide oversight in the school
31 district until the commissioner determines that all remedial actions
32 required under the plan have been implemented and the necessary
33 local capacity and fiscal controls have been restored to school
34 district operations.

35 f. The salary of the State monitor shall be fixed by the
36 commissioner and adjusted from time to time as the commissioner
37 deems appropriate. The school district shall assume the total cost of
38 the State monitor and necessary additional staff appointed pursuant
39 to subsection a. of this section. The State monitor shall have the
40 authority to appoint legal counsel if legal action is taken against
41 him while acting in his official duties as a State monitor or as
42 needed upon approval of the commissioner.

43 (cf: P.L.2007, c.53, s.16)

44

45 25. Section 14 of P.L.2007, c.53 (C.18A:7A-60) is amended to
46 read as follows:

47 14. a. In addition to the powers provided pursuant to P.L.2005,
48 c.235 [and], P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.

1 (C.) (pending before the Legislature as this bill) or any other law,
2 the Commissioner of Education may appoint an external entity, in
3 accordance with State procurement laws, to perform a compliance
4 audit of the spending of the district's general fund budget upon
5 identification that the district may be spending State education
6 funds for purposes that are not in compliance with State education
7 law and regulation. The scope of the compliance audit shall be
8 determined by the commissioner based upon the specific
9 circumstances of the district.

10 b. The final report of a compliance audit conducted pursuant to
11 subsection a. of this section shall include specific findings and
12 recommendations, as applicable, and shall be submitted to the
13 commissioner. The commissioner may use the audit report as
14 evidence for the appointment of a State monitor pursuant to the
15 provisions of subsection a. of section 2 of P.L.2006, c.15
16 (C.18A:7A-55).

17 c. The school district shall reimburse the Department of
18 Education for the total cost of the compliance audit conducted
19 pursuant to subsection a. of this section if the final audit report
20 includes findings that the district has spent State education funds
21 for purposes that are not in compliance with State education law
22 and regulation.

23 (cf: P.L.2007, c.53, s.14)

24

25 26. Section 9 of P.L.1979, c.207 (C.18A:7B-5) is amended to
26 read as follows:

27 9. The Commissioner of Education, with the approval of the
28 State Board of Education, shall promulgate rules and regulations to
29 ensure a thorough and efficient education, consistent with the
30 provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. , c.
31 (C.) (pending before the Legislature as this bill), for the children
32 in State facilities. In the case of county juvenile detention centers,
33 the Office of Education in the Juvenile Justice Commission shall
34 develop, in consultation with the commissioner, appropriate
35 standards, to be effective for Fiscal Year 1999, for the provision of
36 a thorough and efficient education by the county for facilities
37 established under chapter 10 and chapter 11 of Title 9 of the
38 Revised Statutes.

39 The commissioner shall continually review the operation of
40 educational programs in State facilities. If he finds that the
41 operation of any of these programs does not meet the educational
42 standard required by the regulations, he shall direct that a remedial
43 plan be prepared by the education director of the facility in which
44 the program is located, together with the director of educational
45 services of the department which is operating or contracting with
46 the facility. The plan shall be submitted to the Commissioner of
47 Education for his approval. If he approves the plan, it shall be
48 implemented in a timely and effective manner. If he finds the plan

1 or its implementation to be insufficient, he may, until the
2 insufficiency is corrected, withhold and place in a special account
3 any State aid funds which otherwise would have been forwarded
4 pursuant to section 6 of this act.

5 (cf: P.L.1996, c.138, s.42)

6

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

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

11 a. The district of residence for children in resource family
12 homes shall be the district in which the resource family parents
13 reside. If a child in a resource family home is subsequently placed
14 in a State facility or by a State agency, the district of residence of
15 the child shall then be determined as if no such resource family
16 placement had occurred.

17 b. The district of residence for children who are in residential
18 State facilities, or who have been placed by State agencies in group
19 homes, skill development homes, private schools or out-of-State
20 facilities, shall be the present district of residence of the parent or
21 guardian with whom the child lived prior to his most recent
22 admission to a State facility or most recent placement by a State
23 agency.

24 If this cannot be determined, the district of residence shall be the
25 district in which the child resided prior to such admission or
26 placement.

27 c. The district of residence for children whose parent or
28 guardian temporarily moves from one school district to another as
29 the result of being homeless shall be the district in which the parent
30 or guardian last resided prior to becoming homeless. For the
31 purpose of this amendatory and supplementary act, "homeless" shall
32 mean an individual who temporarily lacks a fixed, regular and
33 adequate residence.

34 d. If the district of residence cannot be determined according to
35 the criteria contained herein, or if the criteria contained herein
36 identify a district of residence outside of the State, the State shall
37 assume fiscal responsibility for the tuition of the child. The tuition
38 shall equal the approved per pupil cost established pursuant to
39 P.L.1996, c.138 (C.18A:7F-1 et seq.). This amount shall be
40 appropriated in the same manner as other State aid under this act.
41 The Department of Education shall pay the amount to the
42 Department of Human Services, the Department of Children and
43 Families, the Department of Corrections or the Juvenile Justice
44 Commission established pursuant to section 2 of P.L.1995, c.284
45 (C.52:17B-170) or, in the case of a homeless child, the Department
46 of Education shall pay **【the appropriate T&E amount and any**
47 **appropriate additional cost factor for special education pursuant to**
48 **section 19 of P.L.1996, c.138 (C.18A:7F-19)】** to the school district

1 in which the child is enrolled the weighted base per pupil amount
2 calculated pursuant to section 7 of P.L. , c. (C.) (pending
3 before the Legislature as this bill) and the appropriate security
4 categorical aid per pupil and special education categorical aid per
5 pupil.

6 e. If the State has assumed fiscal responsibility for the tuition
7 of a child in a private educational facility approved by the
8 Department of Education to serve children who are classified as
9 needing special education services, the department shall pay to the
10 Department of Human Services, the Department of Children and
11 Families or the Juvenile Justice Commission, as appropriate, the aid
12 specified in subsection d. of this section and in addition, such aid as
13 required to make the total amount of aid equal to the actual cost of
14 the tuition.

15 (cf: P.L.2006, c.47, s.85)

16

17 28. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to
18 read as follows:

19 5. As used in this section, "cost of living" means the CPI as
20 defined in section 3 of **[P.L.1996, c.138 (C.18A:7F-3)]** P.L. , c.
21 (C.) (pending before the Legislature as this bill).

22 a. **[Biennially, within 30 days following the approval of the**
23 **Report on the Cost of Providing a Thorough and Efficient**
24 **Education, the commissioner shall notify each district of the T&E**
25 **amount, the T&E flexible amount, the T&E range, early childhood**
26 **program amount, demonstrably effective program amount,**
27 **instructional supplement amount, and categorical amounts per pupil**
28 **for the subsequent two fiscal years]** Within 30 days following the
29 approval of the Educational Adequacy Report, the commissioner
30 shall notify each district of the base per pupil amount, the per pupil
31 amounts for full-day preschool, the weights for grade level, county
32 vocational school districts, at-risk pupils, bilingual pupils, and
33 combination pupils, the cost coefficients for security aid and for
34 transportation aid, the State average classification rate and the
35 excess cost for general special education services pupils, the State
36 average classification rate and the excess cost for speech-only
37 pupils, and the geographic cost adjustment for each of the school
38 years to which the report is applicable.

39 Annually, within two days following the transmittal of the State
40 budget message to the Legislature by the Governor pursuant to
41 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
42 shall notify each district of the maximum amount of aid payable to
43 the district in the succeeding school year pursuant to the provisions
44 of **[this act]** P.L. , c. (C.) (pending before the Legislature as
45 this bill), and shall notify each district of the district's **[T&E**
46 **budget, maximum T&E budget, and minimum permissible T&E]**
47 adequacy budget for the succeeding school year.

1 **【Beginning in the 1998-99】** For the 2008-2009 school year and
2 thereafter, unless otherwise specified within 【this act】 P.L. , c.
3 (C.) (pending before the Legislature as this bill), aid amounts
4 payable for the budget year shall be based on budget year pupil
5 counts, which shall be projected by the commissioner using data
6 from prior years. Adjustments for the actual pupil counts of the
7 budget year shall be made to State aid amounts payable during the
8 school year succeeding the budget year. Additional amounts
9 payable shall be reflected as revenue and an account receivable for
10 the budget year.

11 Notwithstanding any other provision of this act to the contrary,
12 each district's State aid payable for the **【1997-98 school year, with**
13 **the exception of transportation and facilities aids pursuant to**
14 **sections 25, 26, and 27 of this act】** 2008-2009 school year, with the
15 exception of aid for school facilities projects, shall be based on
16 simulations employing the various formulas and State aid amounts
17 contained in **【this act using projections based on the October 1995**
18 **pupil counts, December 1995 special education census data and**
19 **October 1995 equalized valuations. Transportation aid shall be**
20 **calculated based on the provisions of this act using pupil data used**
21 **for the 1996-97 school year and adjusted to reflect the total amount**
22 **of State aid disbursed in the 1996-97 school year】** P.L. , c. (C.)
23 (pending before the Legislature as this bill). The commissioner
24 shall prepare a report dated **【December 19, 1996】** December 12,
25 2007 reflecting the State aid amounts payable by category for each
26 district and shall submit the report to the Legislature prior to the
27 adoption of **【this act】** P.L. , c. (C.) (pending before the
28 Legislature as this bill). **【The】** Except as otherwise provided
29 pursuant to this subsection and paragraph (3) of subsection d. of
30 section 5 of P.L. , c. (C.) (pending before the Legislature as
31 this bill), the amounts contained in the commissioner's report shall
32 be the final amounts payable and shall not be subsequently adjusted
33 **【because of changes in pupil counts or equalized valuations】** other
34 than to reflect the phase-in of the required general fund local levy
35 pursuant to paragraph (4) of subsection b. of section 16 of P.L. , c.
36 (C.) (pending before the Legislature as this bill) and to reflect
37 school choice aid to which a district may be entitled pursuant to
38 section 20 of that act . The projected pupil counts and equalized
39 valuations used for the calculation of State aid shall also be used for
40 the calculation of **【maximum T&E budget, minimum T&E budget】**
41 **adequacy budget,** local share, and required local share**【, and**
42 **spending growth limitation】.** **【State aid notification of debt service**
43 **aid pursuant to section 27 of this act shall include a statement that**
44 **debt service aid shall be determined in the budget】** For 2008-2009,
45 extraordinary special education State aid shall be included as a
46 projected amount in the commissioner's report dated December 12,
47 2007 pending the final approval of applications for the aid. If the

1 actual award of extraordinary special education State aid is greater
2 than the projected amount, the district shall receive the increase in
3 the aid payable in the subsequent school year pursuant to the
4 provisions of subsection c. of section 13 of P.L. , c. (C.)
5 (pending before the Legislature as this bill). If the actual award of
6 extraordinary special education State aid is less than the projected
7 amount, other State aid categories shall be adjusted accordingly so
8 that the district shall not receive less State aid than as provided in
9 accordance with the provisions of sections 5 and 16 of P.L. , c.
10 (C.) (pending before the Legislature as this bill).

11 In the event that the commissioner determines, following the
12 enactment of P.L. , c. (C.) (pending before the Legislature as
13 this bill) but prior to the issuance of State aid notices for the 2008-
14 2009 school year, that a significant district-specific change in data
15 warrants an increase in State aid for that district, the commissioner
16 may adjust the State aid amount provided for the district in the
17 December 12, 2007 report to reflect the increase.

18 **【Any school district which enrolls students who reside on federal**
19 **property which were not included in the calculation of core**
20 **curriculum standards aid for 1997-98 shall have its core curriculum**
21 **standards aid recalculated for these additional enrollments through**
22 **the 1997-98 school year using the property value multiplier, income**
23 **value multiplier, equalized valuation, and district income which**
24 **were used in the original Statewide calculation of core curriculum**
25 **standards aid. The additional aid resulting from the recalculations**
26 **shall be divided by 20 and the product shall be added to each of the**
27 **remaining core curriculum standards aid payments for the 1997-98**
28 **school year. Additionally, the core curriculum standards aid**
29 **calculation and payment schedule for 1998-99 shall be adjusted for**
30 **such enrollments arriving after the last school day prior to October**
31 **16, 1997.】**

32 b. Each district shall have a required local share. For **【Abbott】**
33 districts that receive educational adequacy aid pursuant to
34 subsection b. of section 16 of P.L. , c. (C.) (pending before the
35 Legislature as this bill), the required local share **【for the purpose of**
36 determining its estimated minimum equalized tax rate and
37 supplemental core curriculum standards aid shall equal the district's
38 local share calculated at the middle of the T&E range (T&E amount
39 x WENR, where WENR is the district's weighted enrollment
40 pursuant to section 13 of this act).

41 Notwithstanding the above provision, no Abbott district shall
42 raise a general fund tax levy which is less than the prior year
43 general fund tax levy unless the sum of the levy and the other
44 components of the T&E program budget equals or exceeds its
45 maximum T&E budget calculated pursuant to section 13 of this act.

46 For district factor group A districts, the required local share shall
47 equal the district's local share calculated at its minimum T&E

1 budget pursuant to section 13 of this act] shall be calculated in
2 accordance with the provisions of that subsection.

3 For all other districts, the required local share shall equal the
4 lesser of the local share calculated at the district's [minimum T&E]
5 adequacy budget pursuant to section [13] 9 of [this act] P.L. , c.
6 (C.) (pending before the Legislature as this bill), or the district's
7 budgeted local share for the prebudget year.

8 In order to meet this requirement, each district shall raise a
9 general fund tax levy which[, when added to the general fund
10 balance designated for the budget year, miscellaneous local general
11 fund revenues estimated consistent with GAAP to be realized
12 during the budget year, supplemental core curriculum standards aid
13 calculated pursuant to section 17 of this act and stabilization aid and
14 supplemental school tax reduction aid calculated pursuant to section
15 10 of this act,] equals its required local share [or, for Abbott
16 districts, the amount required when the calculation of required local
17 share would result in a general fund tax levy which is less than the
18 general fund tax levy of the prebudget year. For 1997-98, the
19 budgeted local share for the prebudget year shall be the district's
20 general fund tax levy.]

21 [For the 1997-98 school year, any tax increase which would be
22 required of an Abbott district or district factor group A district to
23 meet its required local share, after consideration of supplemental
24 core curriculum standards aid, stabilization aid, and supplemental
25 school tax reduction aid shall be fully funded by the State and
26 recorded as supplemental core curriculum standards aid. The
27 commissioner, in consultation with the Commissioner of the
28 Department of Community Affairs and the Director of the Division
29 of Local Government Services in the Department of Community
30 Affairs, shall examine the fiscal ability of the Abbott districts and
31 the district factor group A districts eligible for supplemental core
32 curriculum standards aid to absorb any reduction in such aid and
33 shall make recommendations to the Legislature and the Governor
34 regarding the continuation of supplemental core curriculum
35 standards aid to those districts. In making those recommendations,
36 the commissioner shall consider the ratable base of the municipality
37 or municipalities in which the district is located, the tax burden
38 placed upon the local community due to other required municipal
39 services, and the fiscal ability of the school district to raise its
40 required local share. The commissioner shall not implement any of
41 those recommendations until the recommendations are enacted into
42 law.]

43 No municipal governing body or bodies or board of school
44 estimate, as appropriate, shall certify a general fund tax levy which
45 does not meet the required local share provisions of this section.

46 c. Annually, on or before March 4, each district board of
47 education shall adopt, and submit to the commissioner for approval,

1 together with such supporting documentation as the commissioner
2 may prescribe, a budget that provides [no less than the minimum
3 permissible T&E budget, plus categorical amounts required] for a
4 thorough and efficient education [as established pursuant to the
5 report, special revenue funds and debt service funds].
6 Notwithstanding the provisions of this subsection to the contrary,
7 the commissioner may adjust the date for the submission of district
8 budgets if the commissioner determines that the availability of
9 preliminary aid numbers for the subsequent school year warrants
10 such adjustment.

11 Notwithstanding any provision of this section to the contrary, for
12 the 2005-2006 school year each district board of education shall
13 submit a proposed budget in which the advertised per pupil
14 administrative costs do not exceed the lower of the following:

15 (1) the district's advertised per pupil administrative costs for the
16 2004-2005 school year inflated by the cost of living or 2.5 percent,
17 whichever is greater; or

18 (2) the per pupil administrative cost limits for the district's
19 region as determined by the commissioner based on audited
20 expenditures for the 2003-2004 school year.

21 The executive county superintendent of schools may disapprove
22 the school district's 2005-2006 proposed budget if he determines
23 that the district has not implemented all potential efficiencies in the
24 administrative operations of the district. The executive county
25 superintendent shall work with each school district in the county
26 during the 2004-2005 school year to identify administrative
27 inefficiencies in the operations of the district that might cause the
28 superintendent to reject the district's proposed 2005-2006 school
29 year budget.

30 For the 2006-2007 school year and each school year thereafter,
31 each district board of education shall submit a proposed budget in
32 which the advertised per pupil administrative costs do not exceed
33 the lower of the following:

34 (1) the district's prior year per pupil administrative costs; except
35 that the district may submit a request to the commissioner for
36 approval to exceed the district's prior year per pupil administrative
37 costs due to increases in enrollment, administrative positions
38 necessary as a result of mandated programs, administrative
39 vacancies, nondiscretionary fixed costs, and such other items as
40 defined in accordance with regulations adopted pursuant to section
41 7 of P.L.2004, c.73. In the event that the commissioner approves a
42 district's request to exceed its prior year per pupil administrative
43 costs, the increase authorized by the commissioner shall not exceed
44 the cost of living or 2.5 percent, whichever is greater; or

45 (2) the prior year per pupil administrative cost limits for the
46 district's region inflated by the cost of living or 2.5 percent,
47 whichever is greater.

1 d. (1) A district [proposing a budget which includes spending
2 which exceeds the maximum T&E budget established pursuant to
3 section 13 of this act] shall submit, as appropriate, to the board of
4 school estimate or to the voters of the district at the annual school
5 budget election conducted pursuant to the provisions of P.L.1995,
6 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added
7 to the other components of its net budget does not exceed the
8 prebudget year net budget by more than the spending growth
9 limitation calculated as follows: the sum of the cost of living or 2.5
10 percent, whichever is greater, multiplied by the prebudget year net
11 budget, and adjustments for changes in enrollment, certain capital
12 outlay expenditures, expenditures for pupil transportation services
13 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
14 connection with the opening of a new school facility during the
15 budget year, and special education costs per pupil in excess of
16 \$40,000. The adjustment for special education costs shall equal any
17 increase in the sum of per pupil amounts in excess of \$40,000 for
18 the budget year less the sum of per pupil amounts in excess of
19 \$40,000 for the prebudget year indexed by the cost of living or 2.5
20 percent, whichever is greater. The adjustment for enrollments shall
21 equal the increase in [unweighted] weighted resident enrollments
22 between the prebudget year and budget year multiplied by the per
23 pupil general fund tax levy amount for the prebudget year indexed
24 by the cost of living or 2.5 percent, whichever is greater. The
25 adjustment for capital outlay shall equal any increase between the
26 capital outlay portion of the general fund budget for the budget year
27 less any withdrawals from the capital reserve account and the
28 capital outlay portion of the general fund budget for the prebudget
29 year indexed by the cost of living or 2.5 percent, whichever is
30 greater. Any district with a capital outlay adjustment to its
31 spending growth limitation shall be restricted from transferring any
32 funds from capital outlay accounts to current expense accounts.
33 The adjustment for capital outlay shall not become part of the
34 prebudget year net budget for purposes of calculating the spending
35 growth limitation of the subsequent year. The adjustment for pupil
36 transportation costs provided pursuant to N.J.S.18A:39-1.1 shall
37 equal any increase between the cost of providing such pupil
38 transportation services for the budget year and the cost of providing
39 such pupil transportation services for the prebudget year indexed by
40 the cost of living or 2.5 percent, whichever is greater. The
41 adjustment for the opening of a new school facility shall include
42 costs associated with the new facility related to new teaching staff
43 members, support staff, materials and equipment, custodial and
44 maintenance expenditures, and such other required costs as
45 determined by the commissioner.

46 (2) [A district proposing a budget set at or below the minimum
47 T&E budget established pursuant to section 13 of this act shall
48 submit, as appropriate, to the board of school estimate or to the

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1 voters of the district at the annual school budget election conducted
2 pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a
3 general fund tax levy which when added to the other components of
4 the net T&E budget shall not exceed the prebudget year net T&E
5 budget or in 1997-98 the prebudget year net budget by more than
6 the spending growth limitation calculated as follows: the sum of the
7 cost of living or 2.5 percent, whichever is greater, multiplied by the
8 prebudget year net budget, and adjustments for changes in
9 enrollment, certain capital outlay expenditures, expenditures for
10 pupil transportation services provided pursuant to N.J.S.18A:39-1.1,
11 expenditures incurred in connection with the opening of a new
12 school facility during the budget year, and special education costs
13 per pupil in excess of \$40,000. The enrollment adjustment shall
14 equal the increase in weighted resident enrollment between the
15 prebudget year and the budget year multiplied by the T&E amount
16 less the T&E flexible amount. The adjustments for special
17 education costs, pupil transportation services, and capital outlay
18 expenditures shall be calculated pursuant to the provisions of
19 paragraph (1) of this subsection. The adjustment for the opening of
20 a new school facility shall include costs associated with the new
21 facility related to new teaching staff members, support staff,
22 materials and equipment, custodial and maintenance expenditures,
23 and such other required costs as determined by the commissioner.

24 Notwithstanding the provisions of this paragraph, no district
25 shall raise a net budget which is less than the local share required
26 under the required local share provisions of this act plus the other
27 components of its net budget.] (Deleted by amendment, P.L. _____,
28 c.)

29 (3) [A district proposing a budget set at or below the maximum
30 T&E budget, but including amounts in excess of the minimum T&E
31 budget established pursuant to section 13 of this act, shall submit,
32 as appropriate, to the board of school estimate or to the voters at the
33 annual school budget election conducted pursuant to the provisions
34 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy
35 which when added to the other components of its net T&E budget
36 does not exceed the prebudget year net T&E budget or in 1997-98
37 the prebudget year net budget by more than the spending growth
38 limitation calculated as follows: the sum of the cost of living or 2.5
39 percent, whichever is greater, multiplied by the prebudget year net
40 budget, and adjustments for changes in enrollment, certain capital
41 outlay expenditures, expenditures for pupil transportation services
42 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in
43 connection with the opening of a new school facility during the
44 budget year, and special education costs per pupil in excess of
45 \$40,000 per pupil. The enrollment adjustment shall equal the
46 increase in the unweighted resident enrollment between the
47 prebudget year and the budget year multiplied by the prebudget year
48 T&E program budget per pupil indexed by the cost of living or 2.5

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1 percent, whichever is greater. For the 1997-98 school year, the
2 T&E program budget for the prebudget year shall equal the sum of
3 the general fund tax levy, foundation aid, and transition aid. The
4 adjustment for special education costs, pupil transportation services,
5 and capital outlay expenditures shall be made pursuant to the
6 provisions of paragraph (1) of this subsection. The adjustment for
7 the opening of a new school facility shall include costs associated
8 with the new facility related to new teaching staff members, support
9 staff, materials and equipment, custodial and maintenance
10 expenditures, and such other required costs as determined by the
11 commissioner.] (Deleted by amendment, P.L. , c.)

12 (4) Any debt service payment made by a school district during
13 the budget year shall not be included in the calculation of the
14 district's spending growth limitation.

15 (5) **[**For the 1997-98 school year, a district's spending growth
16 limitation shall be increased by the excess of county special
17 services school district tuition over prebudget year county special
18 services school district tuition indexed by the CPI or three percent,
19 whichever is greater.] (Deleted by amendment, P.L. , c.)

20 (6) **[**For the purpose of determining a district's spending growth
21 limitation for the 1997-98 school year, a district may apply to the
22 commissioner to add all or a part of the district's original designated
23 general fund balance for 1996-97 to the spending growth limitation
24 if it can demonstrate through current accounting records and
25 historical trend data that the fund balance will actually be spent in
26 the budget year.] (Deleted by amendment, P.L. , c.)

27 (7) (Deleted by amendment, P.L.2004, c.73)

28 (8) If an increase in tuition for the budget year charged to a
29 sending district by the receiving district pursuant to the provisions
30 of N.J.S.18A:38-19 would reduce the sending district's per pupil net
31 budget amount below the prior year's per pupil net budget amount
32 in order to comply with the district's spending growth limitation, the
33 district may apply to the commissioner for an adjustment to that
34 limitation.

35 (9) Any district may submit at the annual school budget election
36 a separate proposal or proposals for additional funds, including
37 interpretive statements, specifically identifying the program
38 purposes for which the proposed funds shall be used, to the voters,
39 who may, by voter approval, authorize the raising of an additional
40 general fund tax levy for such purposes. In the case of a district
41 with a board of school estimate, one proposal for the additional
42 spending shall be submitted to the board of school estimate. Any
43 proposal or proposals submitted to the voters or the board of school
44 estimate shall not: include any programs and services that were
45 included in the district's prebudget year net budget unless the
46 proposal is approved by the commissioner upon submission by the
47 district of sufficient reason for an exemption to this requirement; or

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1 include any new programs and services necessary for students to
2 achieve the thoroughness standards established pursuant to
3 subsection a. of section 4 of **[P.L.1996, c.138 (C.18A:7F-4)]**
4 P.L. , c. (C.) (pending before the Legislature as this bill).

5 The executive county superintendent of schools may prohibit the
6 submission of a separate proposal or proposals to the voters or
7 board of school estimate if he determines that the district has not
8 implemented all potential efficiencies in the administrative
9 operations of the district, which efficiencies would eliminate the
10 need for the raising of additional general fund tax levy.

11 **[Any]** Except as otherwise provided pursuant to paragraph (3) of
12 subsection c. of section 4 of P.L.2007, c.62 (C.18A:7F-39), any
13 proposal or proposals rejected by the voters shall be submitted to
14 the municipal governing body or bodies for a determination as to
15 the amount, if any, that should be expended notwithstanding voter
16 rejection. The decision of the municipal governing body or bodies
17 or board of school estimate, as appropriate, shall be final and no
18 appeals shall be made to the commissioner.

19 (10) Notwithstanding any provision of law to the contrary, if a
20 district proposes a budget **[which exceeds the maximum T&E]** with
21 a general fund tax levy and equalization aid which exceed the
22 adequacy budget, the following statement shall be published in the
23 legal notice of public hearing on the budget pursuant to
24 N.J.S.18A:22-28, posted at the public hearing held on the budget
25 pursuant to N.J.S.18A:22-29, and printed on the sample ballot
26 required pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

27 "Your school district has proposed programs and services in
28 addition to the core curriculum content standards adopted by the
29 State Board of Education. Information on this budget and the
30 programs and services it provides is available from your local
31 school district."

32 (11) Any reduction that may be required to be made to programs
33 and services included in a district's prebudget year net budget in
34 order for the district to limit the growth in its budget between the
35 prebudget and budget years by its spending growth limitation as
36 calculated pursuant to this subsection, shall only include reductions
37 to excessive administration or programs and services that are
38 inefficient or ineffective.

39 e. (1) Any general fund tax levy rejected by the voters for a
40 proposed budget that includes a general fund tax levy and
41 equalization aid in excess of the **[maximum T&E]** adequacy budget
42 shall be submitted to the governing body of each of the
43 municipalities included within the district for determination of the
44 amount that should be expended notwithstanding voter rejection. In
45 the case of a district having a board of school estimate, the general
46 fund tax levy shall be submitted to the board for determination of
47 the amount that should be expended. If the governing body or
48 bodies or board of school estimate, as appropriate, reduce the

1 district's proposed **[net]** budget, the district may appeal any of the
2 reductions to the commissioner on the grounds that the reductions
3 will negatively impact on the stability of the district given the need
4 for long term planning and budgeting. In considering the appeal,
5 the commissioner shall consider enrollment increases or decreases
6 within the district; the history of voter approval or rejection of
7 district budgets; the impact on the local levy; and whether the
8 reductions will impact on the ability of the district to fulfill its
9 contractual obligations. A district may not appeal any reductions
10 on the grounds that the amount is necessary for a thorough and
11 efficient education.

12 (2) Any general fund tax levy rejected by the voters for a
13 proposed budget that includes a general fund tax levy and
14 equalization aid at or below the **[maximum T&E]** adequacy budget
15 shall be submitted to the governing body of each of the
16 municipalities included within the district for determination of the
17 amount that should be expended notwithstanding voter rejection. In
18 the case of a district having a board of school estimate, the general
19 fund tax levy shall be submitted to the board for determination.
20 Any reductions may be appealed to the commissioner on the
21 grounds that the amount is necessary for a thorough and efficient
22 education or that the reductions will negatively impact on the
23 stability of the district given the need for long term planning and
24 budgeting. In considering the appeal, the commissioner shall also
25 consider the factors outlined in paragraph (1) of this subsection.

26 **[In the case of a school district in which the proposed budget is**
27 **below, or after a reduction made by the municipal governing body**
28 **or board of school estimate is below, the minimum T&E budget**
29 **calculated pursuant to section 13 of this act any reductions made by**
30 **the municipal governing body or board of school estimate shall be**
31 **automatically reviewed by the commissioner. In reviewing the**
32 **budget, the commissioner shall also consider the factors outlined in**
33 **paragraph (1) of this subsection.]** In addition, the municipal
34 governing body or board of school estimate shall be required to
35 demonstrate clearly to the commissioner that the proposed budget
36 reductions shall not adversely affect the ability of the school district
37 to provide a thorough and efficient education or the stability of the
38 district given the need for long term planning and budgeting.

39 (3) In lieu of any budget reduction appeal provided for pursuant
40 to paragraphs (1) and (2) of this subsection, the State board may
41 establish pursuant to the "Administrative Procedure Act," P.L.1968,
42 c.410 (C.52:14B-1 et seq.), an expedited budget review process
43 based on a district's application to the commissioner for an order to
44 restore a budget reduction.

45 (4) When the voters, municipal governing body or bodies, or the
46 board of school estimate authorize the general fund tax levy, the
47 district shall submit the resulting budget to the commissioner within
48 15 days of the action of the voters or municipal governing body or

1 bodies, whichever is later, or of the board of school estimate as the
2 case may be.

3 f. **【**Any district which is not an Abbott district but which was
4 classified as a special needs district under the "Quality Education
5 Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), may appeal any
6 budget reduction made by the municipal governing body or board of
7 school estimate, as appropriate, to the commissioner.**】** (Deleted by
8 amendment, P.L. , c.)

9 g. **【**The commissioner shall annually review the budget of any
10 district which was classified as a special needs district under the
11 "Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et
12 al.), to determine if any educationally meritorious program or
13 service established through State resources provided as a result of
14 that funding law is proposed to be reduced or eliminated. If the
15 commissioner determines that the program or service is in jeopardy
16 and that a reallocation of resources is possible without jeopardizing
17 other educationally meritorious programs or services, he may
18 require the school board to fund the program or service through a
19 reallocation of resources.**】** (Deleted by amendment, P.L. , c.)
20 (cf: P.L. 2004, c.73, s.1)

21
22 29. Section 36 of P.L.2000, c.126 (C.18A:7F-5a) is amended to
23 read as follows:

24 36. a. Notwithstanding any provision of P.L.1996, c.138
25 (C.18A:7F-1 et seq.) or P.L. , c. (C.) (pending before the
26 Legislature as this bill) to the contrary and except as otherwise
27 provided pursuant to subsection b. of this section, any school
28 district which increases its net budget between the prebudget and
29 budget years in an amount less than that authorized pursuant to
30 subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), shall be
31 permitted to include the amount of the difference between its actual
32 net budget and its permitted net budget in either of the next two
33 succeeding budget years; except that beginning with any difference
34 in the 2004-2005 budget year and any difference in a subsequent
35 budget year, only 50% of the difference may be included in either
36 of the next two succeeding budget years.

37 b. For the 2005-2006 school year and thereafter, the executive
38 county superintendent of schools may disapprove a school district's
39 proposed budget which includes the amount of any difference
40 authorized pursuant to subsection a. of this section if the executive
41 county superintendent determines that the district has not
42 implemented all potential efficiencies in the administrative
43 operations of the district, which efficiencies would eliminate the
44 need for the inclusion of the differential amount. The executive
45 county superintendent shall work with each school district in the
46 county during the 2004-2005 school year and each subsequent
47 school year to identify administrative inefficiencies in the

1 operations of the district that might cause the county superintendent
2 to reject the district's proposed budget.

3 (cf: P.L.2004, c.73, s.2)

4

5 30. Section 6 of P.L.1996, c.138 (C.18A:7F-6) is amended to
6 read as follows:

7 6. a. The commissioner shall not approve any budget submitted
8 pursuant to subsection c. of section 5 of this act unless he is
9 satisfied that the district has adequately implemented within the
10 budget the thoroughness and efficiency standards set forth pursuant
11 to section 4 of **[this act]** P.L. ., c. (C.) (pending before the
12 Legislature as this bill). In those instances in which a district
13 submits a budget with a general fund tax levy and equalization aid
14 set at less than its **[minimum T&E]** adequacy budget, the
15 commissioner may, when he deems it necessary to ensure
16 implementation of standards, direct additional expenditures, in
17 specific accounts and for specific purposes, up to the district's
18 **[T&E]** adequacy budget. A district which submits a budget with a
19 general fund tax levy and equalization aid set at less than its
20 **[minimum T&E]** adequacy budget and which fails to meet core
21 curriculum content standards in any school year shall be required to
22 increase expenditures so as to meet at least the **[minimum T&E]**
23 adequacy budget within the next two budget years. **[In those**
24 **instances in which a district submits a budget at or above its**
25 **minimum T&E budget, the commissioner may likewise, when he**
26 **deems it necessary to ensure implementation of standards, direct**
27 **additional expenditures, in specific accounts and for specific**
28 **purposes, up to the T&E budget.]** In all cases, including those
29 instances in which a district submits a budget with a general fund
30 tax levy and equalization aid above its **[T&E]** adequacy budget,
31 **[up to and including its maximum T&E budget]**, the commissioner
32 may direct such budgetary reallocations and programmatic
33 adjustments, or take such other measures, as he deems necessary to
34 ensure implementation of the required thoroughness and efficiency
35 standards.

36 b. In addition, whenever the commissioner determines, through
37 the results of Statewide assessments conducted pursuant to law and
38 regulation, or during the course of an evaluation of school
39 performance conducted pursuant to section 10 of P.L.1975, c.212
40 (C.18A:7A-10), that a district, or one or more schools within the
41 district, is failing to achieve the core curriculum content standards,
42 the commissioner may summarily take such action as he deems
43 necessary and appropriate, including but not limited to:

- 44 (1) directing the restructuring of curriculum or programs;
45 (2) directing staff retraining or reassignment;
46 (3) conducting a comprehensive budget evaluation;
47 (4) redirecting expenditures;

1 (5) enforcing spending at the full **[per pupil T&E per amount]**
2 adequacy budget; and

3 (6) notwithstanding any provisions of the "New Jersey
4 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
5 et seq.), to the contrary, reviewing the terms of future collective
6 bargaining agreements.

7 **[For the purpose of evaluating a district's results on Statewide**
8 **assessments pursuant to this subsection, the commissioner shall**
9 **limit the use of these actions to those instances in which a school in**
10 **a district has experienced at least three consecutive years of failing**
11 **test scores.]**

12 The commissioner shall report any action taken under this
13 subsection to the State board within 30 days. A board of education
14 may appeal a determination that the district is failing to achieve the
15 core curriculum content standards and any action of the
16 commissioner to the State board.

17 Nothing in this section shall be construed to limit such general or
18 specific powers as are elsewhere conferred upon the commissioner
19 pursuant to law.

20 Nothing in this act shall be deemed to restrict or limit any rights
21 established pursuant to the "New Jersey Employer-Employee
22 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the
23 commissioner's powers under this act be construed to permit the
24 commissioner to restrict, limit, interfere with, participate, or be
25 directly involved in collective negotiations, contract administration,
26 or processing of grievances, or in relation to any terms and
27 conditions of employment. This provision shall apply to **[a] an**
28 **existing State-operated school district or a district that is placed**
29 **under full State intervention only after the terms and conditions of a**
30 **contract have been finalized.**

31 c. **[Each Abbott district shall submit its proposed budget for**
32 **the next school year to the commissioner not later than the date**
33 **prescribed for submission of all school district budgets pursuant to**
34 **section 5 of P.L.1996, c.138 (C.18A:7F-5). The review of the**
35 **budget shall include, but not be limited to, an assessment of efforts**
36 **to reduce class sizes, increase the breadth of program offerings, and**
37 **direct funds into the classroom. If the commissioner determines**
38 **during the review of an Abbott district budget that funds are not**
39 **appropriately directed so that students in the districts are provided**
40 **the educational opportunity to meet the core curriculum content**
41 **standards, the commissioner shall direct the reallocation of funds**
42 **within the budget. The commissioner shall approve any transfer of**
43 **funds from instructional accounts to non-instructional accounts. In**
44 **addition, if the commissioner directs the reallocation of funds from**
45 **or between instructional accounts or from or between non-**
46 **instructional accounts in the proposed budget, the district shall not**
47 **transfer any funds to or from those accounts that were subject to**

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1 reallocation without the prior approval of the commissioner. The
2 commissioner shall, for any Abbott district, when he deems it
3 necessary to ensure implementation of the thoroughness standards,
4 direct additional expenditures above the T&E budget in specific
5 accounts and for specific purposes, up to the maximum T&E budget
6 without approval of the local voters or board of school estimate, as
7 applicable.】 (Deleted by amendment, P.L. , c.)

8 d. In addition to the audit required of school districts pursuant
9 to N.J.S.18A:23-1, the accounts and financial transactions of any
10 school district in which the State aid equals 80% or more of its net
11 budget for the budget year shall be directly audited by the Office of
12 the State Auditor on an annual basis.

13 e. 【Notwithstanding any provision of law to the contrary, in
14 the review of a school district's budget pursuant to subsection c. or
15 e. of section 5 of this act, the commissioner shall not eliminate,
16 reduce, or reallocate funds contained within the budget for pupil
17 transportation services provided pursuant to N.J.S.18A:39-1.1 nor
18 require the district to eliminate these funds from the base budget
19 and to submit a separate proposal to the voters or board of school
20 estimate pursuant to paragraph (9) of subsection d. of section 5 of
21 this act for the inclusion of the funds within the proposed budget.
22 The decision to provide such pupil transportation services shall be
23 made by the board of education of the school district. In the case of
24 a school budget that is defeated by the voters or a budget that is not
25 approved by the board of school estimate, that decision shall be
26 made in consultation with the municipal governing body or board of
27 school estimate, as appropriate, or, in the case of a regional district,
28 the municipal governing bodies.】 Deleted by amendment P.L. , c.
29 (C.) (pending before the Legislature as this bill)
30 (cf: P.L. 2003, c.275, s.2)

31
32 31. Section 8 of P.L.1996, c.138 (C.18A:7F-8) is amended to
33 read as follows:

34 8. The amounts payable to each school district and county
35 vocational school district pursuant to this act shall be paid by the
36 State Treasurer upon the certification of the commissioner and
37 warrant of the Director of the Division of Budget and Accounting.
38 Five percent of the appropriation for 【core curriculum standards
39 aid, supplemental core curriculum standards aid, special education,
40 transportation, early childhood programs, demonstrably effective
41 programs, instructional supplement, bilingual, county vocational
42 education program, distance learning network】 equalization aid,
43 special education categorical aid, preschool education aid, security
44 aid, transportation aid, adjustment aid, and any other aid pursuant to
45 【this act】 P.L. , c. (C.) (pending before the Legislature as this
46 bill) shall be paid on the 【first and fifteenth】 eighth and twenty-
47 second of each month from September through June. If a local

1 board of education requires funds prior to the first payment, the
2 board shall file a written request with the commissioner stating the
3 need for the funds. The commissioner shall review each request
4 and forward for payment those for which need has been
5 demonstrated.

6 Facilities funds shall be paid as required to meet due dates for
7 payment of principal and interest. Each school district, county
8 vocational school district, and county special services school
9 district shall file an annual report regarding facilities payments to
10 the commissioner. The report shall include the amount of interest
11 bearing school debt, if any, of the municipality or district then
12 remaining unpaid, together with the rate of interest payable thereon,
13 the date or dates on which the bonds or other evidences of
14 indebtedness were issued, and the date or dates upon which they fall
15 due. In the case of a Type I school district, the board secretary shall
16 secure the schedule of outstanding obligations from the clerk of the
17 municipality.

18 (cf: P.L.1996, c.138, s.8)

19

20 32. Section 9 of P.L.1996, c.138 (C.18A:7F-9) is amended to
21 read as follows:

22 9. In order to receive any State aid pursuant to **[this act]** P.L. ____,
23 c. ____ (C. ____) (pending before the Legislature as this bill), a school
24 district, county vocational school district, or county special services
25 school district shall comply with the rules and standards for the
26 equalization of opportunity which have been or may hereafter be
27 prescribed by law or formulated by the commissioner pursuant to
28 law, including those implementing this act and P.L. ____, c. ____ (C. ____)
29 (pending before the Legislature as this bill) or related to the core
30 curriculum content standards required by **[this act]** P.L. ____, c.
31 (C. ____) (pending before the Legislature as this bill), and shall further
32 comply with any directive issued by the commissioner pursuant to
33 section 6 of this act. The commissioner is hereby authorized to
34 withhold all or part of a district's State aid for failure to comply
35 with any rule, standard or directive. No State aid shall be paid to
36 any district which has not provided public school facilities for at
37 least 180 days during the preceding school year, but the
38 commissioner, for good cause shown, may remit the penalty.

39 (cf: P.L.1996, c.138, s.9)

40

41 33. Section 32 of P.L.1996, c.138 (C.18A:7F-32) is amended to
42 read as follows:

43 32. a. When State aid is calculated for any year and a part of
44 any district becomes a new school district or a part of another
45 school district, or comes partly under the authority of a regional
46 board of education, the commissioner shall adjust the State aid
47 calculations among the districts affected, or between the district and

1 the regional board, as the case may be, on an equitable basis in
2 accordance with the intent of this act.

3 Whenever an all-purpose regional school district is approved by
4 the voters during any calendar year, the regional district shall
5 become effective on the succeeding July 1 for the purpose of
6 calculating State aid, and the commissioner shall request
7 supplemental appropriations for such additional State aid as may be
8 required. After a regional school district becomes entitled to State
9 aid, it shall continue to be entitled to aid as calculated for a regional
10 district notwithstanding the subsequent consolidation of the
11 constituent municipalities of the regional school district.

12 b. For a period of five years following regionalization, each
13 regional school district formed after the effective date of **[this act]**
14 P.L. , c. (C.) (pending before the Legislature as this bill)
15 shall be eligible to receive supplemental State aid equal to the
16 difference between the regional district's **[core curriculum**
17 **standards]** equalization aid calculated pursuant to section **[15 of**
18 **this act]** 11 of P.L. , c. (C.) (pending before the Legislature
19 as this bill) for the budget year and the sum of **[core curriculum**
20 **standards]** equalization aid received by each constituent district of
21 that regional school district in the year prior to regionalization,
22 multiplied by the transition weight. For the purpose of this section,
23 the transition weight shall equal 1.0 for the first year following
24 regionalization, .80 for the second year following regionalization,
25 .60 for the third year following regionalization, .40 for the fourth
26 year following regionalization, and .20 for the fifth year following
27 regionalization.

28 (cf: P.L.1996, c.138, s.32)

29

30 34. Section 33 of P.L.1996, c.138 (C.18A:7F-33) is amended to
31 read as follows:

32 33. Annually, on or before October 20, the secretary of the
33 board of education, with approval of the superintendent of schools,
34 or if there is no superintendent of schools, with the approval of the
35 executive county superintendent of schools, shall file with the
36 commissioner a report prescribed by the commissioner containing
37 all data necessary to effectuate the aid provisions of **[this act]**
38 P.L. , c. (C.) (pending before the Legislature as this bill),
39 which shall include but not be limited to, the number of pupils
40 enrolled by grade, the number of these pupils classified as eligible
41 for special education services **[other than speech corrections]** and
42 speech-only services, the number of pupils in approved programs
43 for bilingual education, the number of **[low-income]** at-risk pupils,
44 the number of combination pupils, and the number of pupils in State
45 facilities, county vocational schools, State college demonstration
46 schools, evening schools, other public or private schools to which
47 the district is paying tuition, or who are receiving home instruction

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1 on the last school day prior to October 16. In addition, districts
2 shall file annual reports providing such information as the
3 commissioner may require for pupils receiving special education
4 services.

5 (cf: P.L.1996, c.138, s.33)

6

7 35. Section 84 of P.L.1996, c.138 (C.18A:7F-34) is amended to
8 read as follows:

9 84. The **【State Board】** Commissioner of Education shall adopt,
10 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
11 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate
12 the provisions of this act.

13 (cf: P.L.1996, c.138, s.84)

14

15 36. Section 2 of P.L.2007, c.62 (C.18A:7F-37) is amended to
16 read as follows:

17 2. For the purposes of sections 2 through 7 of P.L.2007, c.62
18 (C.18A:7F-37 through C.18A:7F-42):

19 "Adjusted tax levy" means the amount raised by property
20 taxation for the purposes of the school district, excluding any debt
21 service payment.

22 "Commissioner" means the Commissioner of Education.

23 "New Jersey Quality Single Accountability Continuum" or
24 "NJQSAC" means the monitoring and evaluation process of school
25 districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

26 "Prebudget year adjusted tax levy" means the amount raised by
27 property taxation in the prebudget year for the purposes of the
28 school district, excluding any debt service payment, less any
29 amounts raised after approval of a waiver by the commissioner or
30 separate question by the voters or board of school estimate in the
31 prebudget year unless such approval explicitly allows the approved
32 increases to be permanent.

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

36 "Unrestricted State aid" means, for the 2007-2008 school year,
37 State aid that is included in a school district's State aid notice and
38 allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any
39 other law for appropriation in a school district's general fund plus
40 early childhood program aid allocated pursuant to section 16 of
41 P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably
42 effective program aid and instructional supplement aid allocated
43 pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any
44 other law; and for the 2008-2009 through 2011-2012 school years,
45 State aid that is included in a school district's State aid notice and
46 allocated pursuant to P.L. , c. (C.) (pending before the
47 Legislature as this bill) or any other law for appropriation in a
48 school district's general fund plus preschool education aid allocated

1 pursuant to section 12 of P.L. , c. (C.) (pending before the
2 Legislature as this bill) or any other law.

3 "Weighted resident enrollment" means weighted resident
4 enrollment as calculated pursuant to [subsection a. of section 13 of
5 P.L.1996, c.138 (C.18A:7F-13)] section 9 of P.L. , c. (C.)
6 (pending before the Legislature as this bill) and as projected by the
7 commissioner.

8 (cf: P.L.2007, c.62, s.2)

9

10 37. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to
11 read as follows:

12 3. a. (1) Notwithstanding the provisions of any other law to the
13 contrary, a school district shall not adopt a budget pursuant to
14 sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6)
15 with an increase in its adjusted tax levy that exceeds the tax levy
16 growth limitation calculated as follows: the sum of the prebudget
17 year adjusted tax levy and the adjustment for increases in
18 enrollment multiplied by four percent, and adjustments for a
19 reduction in total unrestricted State aid from the prebudget year, an
20 increase in health care costs, and beginning in the 2008-2009 school
21 year, amounts approved by a waiver granted by the commissioner
22 pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).

23 (2) Notwithstanding any provision of paragraph (1) of this
24 subsection to the contrary, beginning in the 2008-2009 school year
25 the tax levy growth limitation for a district which is spending above
26 adequacy as determined pursuant to subsection d. of section 5 of
27 P.L. , c. (C.) (pending before the Legislature as this bill) and
28 has a prebudget year general fund tax levy greater than its local
29 share as calculated pursuant to section 10 of that act and which
30 receives an increase in State aid between the prebudget and budget
31 years that is greater than 2% or the CPI, whichever is greater, shall
32 be reduced by the amount of the State aid increase that exceeds 2%
33 or the CPI, whichever is greater. For the purposes of this
34 paragraph, the CPI shall not exceed 4%. The reduction shall be
35 made following the calculation of any adjustments for increases in
36 enrollment, a reduction in total unrestricted State aid, and an
37 increase in health care costs calculated pursuant to subsections b.,
38 c., and d. of this section and prior to the request or approval of
39 waivers pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39). In
40 the event that the reduction would bring the district's spending
41 below adequacy, notwithstanding the requirements of this paragraph
42 to the contrary the amount of the reduction made to the district's tax
43 levy growth limitation shall not be greater than the amount that
44 brings the district's spending to adequacy.

45 b. (1) The allowable adjustment for increases in enrollment
46 authorized pursuant to subsection a. of this section shall equal the
47 per pupil prebudget year adjusted tax levy multiplied by EP, where
48 EP equals the sum of:

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1 (a) 0.50 for each unit of weighted resident enrollment that
2 constitutes an increase from the prebudget year over 1%, but not
3 more than 2.5%;

4 (b) 0.75 for each unit of weighted resident enrollment that
5 constitutes an increase from the prebudget year over 2.5%, but not
6 more than 4%; and

7 (c) 1.00 for each unit of weighted resident enrollment that
8 constitutes an increase from the prebudget year over 4%.

9 (2) A school district may request approval from the
10 commissioner to calculate EP equal to 1.00 for any increase in
11 weighted resident enrollment if it can demonstrate that the
12 calculation pursuant to paragraph (1) of this subsection would result
13 in an average class size that exceeds 10% above the facilities
14 efficiency standards established pursuant to P.L.2000, c.72
15 (C.18A:7G-1 et al.).

16 c. The allowable adjustment for a reduction in total
17 unrestricted State aid authorized pursuant to subsection a. of this
18 section shall equal any reduction in total unrestricted State aid from
19 the prebudget to the budget year.

20 d. The allowable adjustment for increases in health care costs
21 authorized pursuant to subsection a. of this section shall equal that
22 portion of the actual increase in total health care costs for the
23 budget year, less any withdrawals from the current expense
24 emergency reserve account for increases in total health care costs,
25 that exceeds four percent of the total health care costs in the
26 prebudget year, but that is not in excess of the product of the total
27 health care costs in the prebudget year multiplied by the average
28 percentage increase of the State Health Benefits Program, P.L.1961,
29 c.49 (C.52:14-17.25 et seq.), as annually determined by the
30 Division of Pensions and Benefits in the Department of the
31 Treasury.

32 e. In addition to the adjustments authorized pursuant to
33 subsection a. of this section, for the purpose of determining a school
34 district's allowable tax levy growth limitation for the 2007-2008
35 school year, a school district may apply to the commissioner for an
36 adjustment for increases in special education costs over \$40,000 per
37 pupil, increases in tuition, capital outlay increases, and incremental
38 increases in costs for opening a new school facility in the budget
39 year.

40 (1) The allowable adjustment for increases in special education
41 costs over \$40,000 per pupil shall equal any increase in the sum of
42 per pupil amounts in excess of \$40,000 for the budget year less the
43 sum of per pupil amounts in excess of \$40,000 for the prebudget
44 year indexed by four percent.

45 (2) The allowable adjustment for increases in tuition shall equal
46 any increase in the tuition for the budget year charged to a sending
47 district by the receiving district pursuant to the provisions of
48 N.J.S.18A:38-19 or charged by a county vocational school district

1 pursuant to the provisions of section 71 of P.L.1990, c.52
2 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget
3 year charged to a sending district by the receiving district pursuant
4 to the provisions of N.J.S.18A:38-19 or charged by a county
5 vocational school district pursuant to the provisions of section 71 of
6 P.L.1990, c.52 (C.18A:54-20.1).

7 (3) The allowable adjustment for increases in capital outlay
8 shall equal any increase in capital outlay, less any withdrawals from
9 the capital reserve account, over the prebudget year in excess of
10 four percent.

11 f. The adjusted tax levy shall be increased or decreased
12 accordingly whenever the responsibility and associated cost of a
13 school district activity is transferred to another school district or
14 governmental entity.

15 (cf: P.L.2007, c.62, s.3)

16

17 38. Section 2 of P.L.2000, c.72 (C.18A:7G-2) is amended to
18 read as follows:

19 2. The Legislature finds and declares that:

20 a. The Constitution of the State of New Jersey requires the
21 Legislature to provide for the maintenance and support of a
22 thorough and efficient system of free public schools and this
23 legislative responsibility includes ensuring that students are
24 educated in physical facilities that are safe, healthy, and conducive
25 to learning.

26 b. Inadequacies in the quality, utility, and safety of educational
27 facilities have arisen among local school districts of this State. In
28 order to ensure that the Legislature's constitutional responsibility
29 for adequate educational facilities is met, there is a need to establish
30 an efficiency standard for educational facilities at the elementary,
31 middle, and secondary school levels which will assure that the core
32 curriculum content standards are taught to all of the children of the
33 State in a setting which facilitates and promotes that learning.

34 c. Educational infrastructure inadequacies are greatest in the
35 **【Abbott】 SDA** districts where maintenance has been deferred and
36 new construction has not been initiated due to concerns about cost.
37 To remedy the facilities inadequacies of the **【Abbott】 SDA**
38 districts, the State must promptly engage in a facilities needs
39 assessment and fund the entire cost of repairing, renovating, and
40 constructing the new school facilities determined by the
41 Commissioner of Education to be required to meet the school
42 facilities efficiency standards in the **【Abbott】 SDA** districts. In
43 other districts, the State must also identify need in view of
44 anticipated growth in school population, and must contribute to the
45 cost of the renovation and construction of new facilities to ensure
46 the provision of a thorough and efficient education in those
47 districts.

1 d. While providing that the educational infrastructure meets the
2 requirements of a thorough and efficient education, the State must
3 also protect the interests of taxpayers who will bear the burden of
4 this obligation. Design of school facilities should incorporate
5 maximum operating efficiencies and new technologies to advance
6 the energy efficiency of school facilities and the efficiency of other
7 school building systems, construction should be achieved in as
8 efficient a manner as possible, and a mechanism to assure proper
9 maintenance of new facilities should be established and
10 implemented, in order to reduce the overall cost of the program and
11 to preserve this infrastructure investment.

12 (cf: P.L.2000, c.72, s.2)

13

14 39. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to
15 read as follows:

16 3. As used in sections 1 through 30 and 57 through 71 of
17 P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of
18 P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the
19 context clearly requires a different meaning:

20 ["Abbott district" means an Abbott district as defined in section
21 3 of P.L.1996, c.138 (C.18A:7F-3)];

22 "Area cost allowance" means \$138 per square foot for the school
23 year 2000-2001 and shall be inflated by an appropriate cost index
24 for the 2001-2002 school year. For the 2002-2003 school year and
25 subsequent school years, the area cost allowance shall be [as
26 established in the biennial Report on the Cost of Providing a
27 Thorough and Efficient Education and inflated by an appropriate
28 cost index for the second year to which the report applies]
29 established by the commissioner pursuant to subsection h. of
30 section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance
31 used in determining preliminary eligible costs of school facilities
32 projects shall be that of the year of application for approval of the
33 project;

34 "Capital maintenance project" means a school facilities project
35 intended to extend the useful life of a school facility, including up-
36 grades and replacements of building systems, such as structure,
37 enclosure, mechanical, plumbing and electrical systems;

38 "Commissioner" means the Commissioner of Education;

39 "Core curriculum content standards" means the standards
40 established pursuant to the provisions of subsection a. of section [4
41 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C.) (pending
42 before the Legislature as this bill);

43 "Cost index" means the average annual increase, expressed as a
44 decimal, in actual construction cost factors for the New York City
45 and Philadelphia areas during the second fiscal year preceding the
46 budget year as determined pursuant to regulations promulgated by

1 the development authority pursuant to section 26 of P.L.2000, c.72
2 (C.18A:7G-26);

3 "Debt service" means and includes payments of principal and
4 interest upon school bonds issued to finance the acquisition of
5 school sites and the purchase or construction of school facilities,
6 additions to school facilities, or the reconstruction, remodeling,
7 alteration, modernization, renovation or repair of school facilities,
8 including furnishings, equipment, architect fees and the costs of
9 issuance of such obligations and shall include payments of principal
10 and interest upon school bonds heretofore issued to fund or refund
11 such obligations, and upon municipal bonds and other obligations
12 which the commissioner approves as having been issued for such
13 purposes. Debt service pursuant to the provisions of P.L.1978, c.74
14 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.)
15 and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

16 "Demonstration project" means a school facilities project
17 selected by the State Treasurer for construction by a redevelopment
18 entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

19 "Development authority" means the New Jersey Schools
20 Development Authority established pursuant to section 3 of
21 P.L.2007, c.137 (C.52:18A-237);

22 "District" means a local or regional school district established
23 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
24 Statutes, a county special services school district established
25 pursuant to article 8 of chapter 46 of Title 18A of the New Jersey
26 Statutes, a county vocational school district established pursuant to
27 article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and
28 a district under full State intervention pursuant to P.L.1987, c.399
29 (C.18A:7A-34 et al.);

30 "District aid percentage" means the number expressed as a
31 percentage derived from dividing the district's **[core curriculum**
32 **standards]** equalization aid calculated pursuant to section **[15 of**
33 **P.L.1996, c.138 (C.18A:7F-15)]** 11 of P.L. , c. (C.) (pending
34 before the Legislature as this bill) as of the date of the
35 commissioner's determination of preliminary eligible costs by the
36 district's **[T & E budget]** adequacy budget calculated pursuant to
37 **[subsection d. of section 13 of P.L.1996, c.138 (C.18A:7F-13)]**
38 section 9 of P.L. , c. (C.) (pending before the Legislature as this
39 bill) as of the date of the commissioner's determination of
40 preliminary eligible costs;

41 "Excess costs" means the additional costs, if any, which shall be
42 borne by the district, of a school facilities project which result from
43 design factors that are not required to meet the facilities efficiency
44 standards and not approved pursuant to paragraph (1) of subsection
45 g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized
46 as community design features included in final eligible costs

1 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-
2 6);

3 "Facilities efficiency standards" means the standards developed
4 by the commissioner pursuant to subsection h. of section 4 of
5 P.L.2000, c.72 (C.18A:7G-4);

6 "Final eligible costs" means for school facilities projects to be
7 constructed by the development authority, the final eligible costs of
8 the school facilities project as determined by the commissioner, in
9 consultation with the development authority, pursuant to section 5
10 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the
11 final eligible costs of the project as determined by the commissioner
12 and reviewed by the development authority which may include the
13 cost of community design features determined by the commissioner
14 to be an integral part of the school facility and which do not exceed
15 the facilities efficiency standards, and which were reviewed by the
16 development authority and approved by the State Treasurer
17 pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); and for
18 districts other than **Abbott** SDA districts, final eligible costs as
19 determined pursuant to paragraph (1) of subsection h. of section 5
20 P.L.2000, c.72 (C.18A:7G-5);

21 "Financing authority" means the New Jersey Economic
22 Development Authority established pursuant to P.L.1974, c.80
23 (C.34:1B-1 et seq.);

24 "FTE" means a full-time equivalent student which shall be
25 calculated as follows: **in districts that qualify for early childhood**
26 **program aid pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-**
27 **16), each student in grades kindergarten through 12 shall be counted**
28 **at 100% of the actual count of students, and each preschool student**
29 **approved by the commissioner to be served in the district shall be**
30 **counted at 50% or 100% of the actual count of preschool students**
31 **for an approved half-day or full-day program, respectively; in**
32 **districts that do not qualify for early childhood program aid**
33 **pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-16),]**
34 **each student in grades 1 through 12 shall be counted at 100% of the**
35 **actual count of students, in the case of districts which operate a**
36 **half-day kindergarten program each kindergarten student shall be**
37 **counted at 50% of the actual count of kindergarten students, in the**
38 **case of districts which operate a full-day kindergarten program or**
39 **which currently operate a half-day kindergarten program but**
40 **propose to build facilities to house a full-day kindergarten program**
41 **each kindergarten student shall be counted at 100% of the actual**
42 **count of kindergarten students, and each preschool [students shall**
43 **not be counted] student who is enrolled in a full-day preschool**
44 **program pursuant to section 12 of P.L. , c. (C.) (pending**
45 **before the Legislature as this bill) shall be counted at 100% of the**
46 **actual count of preschool students. In addition, each preschool**
47 **[handicapped] disabled child who is entitled to receive a full-time**

1 program pursuant to N.J.S.18A:46-6 shall be counted at 100% of
2 the actual count of these students in the district;

3 "Functional capacity" means the number of students that can be
4 housed in a building in order to have sufficient space for it to be
5 educationally adequate for the delivery of programs and services
6 necessary for student achievement of the core curriculum content
7 standards. Functional capacity is determined by dividing the
8 existing gross square footage of a school building by the minimum
9 area allowance per FTE student pursuant to subsection b. of section
10 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students
11 contained therein. The difference between the projected enrollment
12 determined pursuant to subsection a. of section 8 of P.L.2000, c.72
13 (C.18A:7G-8) and the functional capacity is the unhoused students
14 that are the basis upon which the additional costs of space to
15 provide educationally adequate facilities for the entire projected
16 enrollment are determined. The existing gross square footage for
17 the purposes of defining functional capacity is exclusive of existing
18 spaces that are not contained in the facilities efficiency standards
19 but which are used to deliver programs and services aligned to the
20 core curriculum content standards, used to provide support services
21 directly to students, or other existing spaces that the district can
22 demonstrate would be structurally or fiscally impractical to convert
23 to other uses contained in the facilities efficiency standards;

24 "Lease purchase payment" means and includes payment of
25 principal and interest for lease purchase agreements in excess of
26 five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2
27 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to
28 finance the purchase or construction of school facilities, additions
29 to school facilities, or the reconstruction, remodeling, alteration,
30 modernization, renovation or repair of school facilities, including
31 furnishings, equipment, architect fees and issuance costs. Approved
32 lease purchase agreements in excess of five years shall be accorded
33 the same accounting treatment as school bonds;

34 "Local share" means, in the case of a school facilities project to
35 be constructed by the development authority, the total costs less the
36 State share as determined pursuant to section 5 of P.L.2000, c.72
37 (C.18A:7G-5); in the case of a demonstration project, the total costs
38 less the State share as determined pursuant to sections 5 and 6 of
39 P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a
40 school facilities project which shall be financed pursuant to section
41 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State
42 share as determined pursuant to that section;

43 "Local unit" means a county, municipality, board of education or
44 any other political subdivision or instrumentality authorized to
45 construct, operate and maintain a school facilities project and to
46 borrow money for those purposes pursuant to law;

47 "Local unit obligations" means bonds, notes, refunding bonds,
48 refunding notes, lease obligations and all other obligations of a

1 local unit which are issued or entered into for the purpose of paying
2 for all or a portion of the costs of a school facilities project,
3 including moneys payable to the development authority;

4 "Long-range facilities plan" means the plan required to be
5 submitted to the commissioner by a district pursuant to section 4 of
6 P.L.2000, c.72 (C.18A:7G-4);

7 "Maintenance" means expenditures which are approved for
8 repairs and replacements for the purpose of keeping a school
9 facility open and safe for use or in its original condition, including
10 repairs and replacements to a school facility's heating, lighting,
11 ventilation, security and other fixtures to keep the facility or
12 fixtures in effective working condition. Maintenance shall not
13 include capital maintenance or contracted custodial or janitorial
14 services, expenditures for the cleaning of a school facility or its
15 fixtures, the care and upkeep of grounds or parking lots, and the
16 cleaning of, or repairs and replacements to, movable furnishings or
17 equipment, or other expenditures which are not required to maintain
18 the original condition over the school facility's useful life.
19 Approved maintenance expenditures shall be as determined by the
20 commissioner pursuant to regulations to be adopted by the
21 commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-
22 26);

23 "Other allowable costs" means the costs of temporary facilities,
24 site development, acquisition of land or other real property interests
25 necessary to effectuate the school facilities project, fees for the
26 services of design professionals, including architects, engineers,
27 construction managers and other design professionals, legal fees,
28 financing costs and the administrative costs of the development
29 authority and the financing authority or the district incurred in
30 connection with the school facilities project;

31 "Other facilities" means athletic stadiums, swimming pools, any
32 associated structures or related equipment tied to such facilities
33 including, but not limited to, grandstands and night field lights,
34 greenhouses, facilities used for non-instructional or non-educational
35 purposes, and any structure, building, or facility used solely for
36 school administration;

37 "Preliminary eligible costs" means the initial eligible costs of a
38 school facilities project as calculated pursuant to the formulas set
39 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise
40 provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and
41 which shall be deemed to include the costs of construction and other
42 allowable costs;

43 "Redevelopment entity" means a redevelopment entity
44 authorized by a municipal governing body to implement plans and
45 carry out redevelopment projects in the municipality pursuant to the
46 "Local Redevelopment and Housing Law," P.L.1992, c.79
47 (C.40A:12A-1 et al.);

1 "School bonds" means, in the case of a school facilities project
2 which is to be constructed by the development authority, a
3 redevelopment entity, or a district under section 15 of P.L.2000,
4 c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a
5 district to finance the local share; and, in the case of a school
6 facilities project which is not to be constructed by the development
7 authority or a redevelopment entity, or financed under section 15 of
8 P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations
9 issued by a district to finance the total costs;

10 "School enrollment" means the number of FTE students other
11 than evening school students, including post-graduate students and
12 post-secondary vocational students, who, on the last school day
13 prior to October 16 of the current school year, are recorded in the
14 registers of the school;

15 "School facility" means and includes any structure, building or
16 facility used wholly or in part for educational purposes by a district
17 and facilities that physically support such structures, buildings and
18 facilities, such as district wastewater treatment facilities, power
19 generating facilities, and steam generating facilities, but shall
20 exclude other facilities;

21 "School facilities project" means the planning, acquisition,
22 demolition, construction, improvement, alteration, modernization,
23 renovation, reconstruction or capital maintenance of all or any part
24 of a school facility or of any other personal property necessary for,
25 or ancillary to, any school facility, and shall include fixtures,
26 furnishings and equipment, and shall also include, but is not limited
27 to, site acquisition, site development, the services of design
28 professionals, such as engineers and architects, construction
29 management, legal services, financing costs and administrative
30 costs and expenses incurred in connection with the project;

31 "SDA district" is a district that received education opportunity
32 aid or preschool expansion aid in the 2007-2008 school year;

33 "Special education services pupil" means a pupil receiving
34 specific services pursuant to chapter 46 of Title 18A of the New
35 Jersey Statutes;

36 "State aid" means State municipal aid and State school aid;

37 "State debt service aid" means for school bonds issued for school
38 facilities projects approved by the commissioner after the effective
39 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect
40 not to have a redevelopment entity construct the project or which
41 elect not to finance the project under section 15 of P.L.2000, c.72
42 (C.18A:7G-15), the amount of State aid determined pursuant to
43 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or
44 certificates of participation issued for school facilities projects
45 approved by the commissioner prior to the effective date of
46 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid
47 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-
48 10);

1 "State municipal aid" means business personal property tax
2 replacement revenues, State urban aid and State revenue sharing, as
3 these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3),
4 or other similar forms of State aid payable to the local unit and to
5 the extent permitted by federal law, federal moneys appropriated or
6 apportioned to the municipality or county by the State;

7 "State school aid" means the funds made available to school
8 districts pursuant to [sections 15 and 17 of P.L.1996, c.138
9 (C.18A:7F-15 and 17)] section 11 of P.L. , c. (C.) (pending
10 before the Legislature as this bill);

11 "State share" means the State's proportionate share of the final
12 eligible costs of a school facilities project to be constructed by the
13 development authority as determined pursuant to section 5 of
14 P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration
15 project, the State's proportionate share of the final eligible costs of
16 the project as determined pursuant to sections 5 and 6 of P.L.2000,
17 c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school
18 facilities project to be financed pursuant to section 15 of P.L.2000,
19 c.72 (C.18A:7G-15), the State share as determined pursuant to that
20 section;

21 "Total costs" means, in the case of a school facilities project
22 which is to be constructed by the development authority or a
23 redevelopment entity or financed pursuant to section 15 of
24 P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess
25 costs if any; and in the case of a school facilities project which is
26 not to be constructed by the development authority or a
27 redevelopment entity or financed pursuant to section 15 of
28 P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as
29 determined by the district.

30 (cf: P.L.2007, c.137, s.18)

31

32 40. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to
33 read as follows:

34 4. a. By December 15, 2000 and by October 1, 2005, each
35 district shall prepare and submit to the commissioner a long-range
36 facilities plan that details the district's school facilities needs and
37 the district's plan to address those needs for the ensuing five years.
38 Following the approval of the 2005 long-range facilities plan, each
39 district shall amend its long-range facilities plan at least once every
40 five years to update enrollment projections, building capacities, and
41 health and safety conditions. The long-range facilities plan shall
42 incorporate the facilities efficiency standards and shall be filed with
43 the commissioner for approval in accordance with those standards.
44 For those Abbott districts that have submitted long-range facilities
45 plans to the commissioner prior to the effective date of P.L.2000,
46 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require
47 an additional filing by October 1, 2000.

1 b. Notwithstanding any other law or regulation to the contrary,
2 an application for a school facilities project pursuant to section 5 of
3 P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the
4 district has filed a long-range facilities plan that is consistent with
5 the application and the plan has been approved by the
6 commissioner; except that prior to October 1, 2000, the
7 commissioner may approve an application if the project is necessary
8 to protect the health or safety of occupants of the school facility, or
9 is related to required early childhood education programs, or is
10 related to a school facility in which the functional capacity is less
11 than 90% of the facilities efficiency standards based on current
12 school enrollment, or the district received bids on the school
13 facilities project prior to the effective date of P.L.2000, c.72
14 (C.18A:7G-1 et al.) and the district demonstrates that further delay
15 will negatively affect the cost of the project.

16 c. An amendment to a long-range facilities plan may be
17 submitted at any time to the commissioner for review and
18 determination on the approval or disapproval of the amendment.

19 d. Each long-range facilities plan shall include a cohort
20 survival methodology or other methodology approved by the
21 commissioner, accompanied by a certification by a qualified
22 demographer retained by the district that serves as the basis for
23 identifying the capacity and program needs detailed in the long-
24 range facilities plan.

25 e. The long-range facilities plan shall include an educational
26 adequacy inventory of all existing school facilities in the district
27 including the adequacy of school facilities to educate within the
28 district the existing and projected number of pupils with disabilities,
29 the identification of all deficiencies in the district's current
30 inventory of school facilities, which includes the identification of
31 those deficiencies that involve emergent health and safety concerns,
32 and the district's proposed plan for future construction and
33 renovation. The long-range facilities plan submissions shall
34 conform to the guidelines, criteria and format prescribed by the
35 commissioner.

36 f. Each district shall determine the number of "unhoused
37 students" for the ensuing five-year period calculated pursuant to the
38 provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

39 g. Each district shall submit the long-range facilities plan to the
40 planning board of the municipality or municipalities in which the
41 district is situate for the planning board's review and findings and
42 the incorporation of the plan's goals and objectives into the
43 municipal master plan adopted by the municipality pursuant to
44 section 19 of P.L.1975, c.291 (C.40:55D-28).

45 h. The commissioner shall develop, for the March 2002 Report
46 on the Cost of Providing a Thorough and Efficient Education issued
47 by the commissioner pursuant to section 4 of P.L.1996, c.138
48 (C.18A:7F-4), facilities efficiency standards for elementary, middle,

1 and high schools consistent with the core curriculum school
2 delivery assumptions in the report and sufficient for the
3 achievement of the core curriculum content standards, including the
4 provision of required programs in Abbott districts and early
5 childhood education programs in the districts in which these
6 programs are required by the State. The area allowances per FTE
7 student in each class of the district shall be derived from these
8 facilities efficiency standards. The commissioner shall revise the
9 facilities efficiency standards and the area cost allowance in
10 accordance with such schedule as the commissioner deems
11 necessary. The commissioner shall publish the revised facilities
12 efficiency standards and the area cost allowance in the New Jersey
13 Register and, within a reasonable period of time after 30 days
14 following publication, shall file the revised facilities efficiency
15 standards and the area cost allowance with the Office of
16 Administrative Law for publication in the New Jersey Register and
17 those standards shall become effective immediately upon filing.
18 During the 30-day period the commissioner shall provide an
19 opportunity for public comment on the proposed facilities
20 efficiency standards and the area cost allowance.

21 The facilities efficiency standards developed by the
22 commissioner shall not be construction design standards but rather
23 shall represent the instructional spaces, specialized instructional
24 areas, and administrative spaces that are determined by the
25 commissioner to be educationally adequate to support the
26 achievement of the core curriculum content standards including the
27 provision of required programs in Abbott districts and early
28 childhood education programs in the districts in which these
29 programs are required by the State. A district may design, at its
30 discretion, the educational and other spaces to be included within
31 the school facilities project. The design of the project may
32 eliminate spaces in the facilities efficiency standards, include
33 spaces not in the facilities efficiency standards, or size spaces
34 differently than in the facilities efficiency standards upon a
35 demonstration of the adequacy of the school facilities project to
36 deliver the core curriculum content standards pursuant to paragraph
37 (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

38 Within a reasonable period of time after the effective date of
39 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish
40 the facilities efficiency standards developed for the 2000-2001,
41 2001-2002, and 2002-2003 school years in the New Jersey Register.
42 Within a reasonable period of time after 30 days after publication in
43 the New Jersey Register, the commissioner shall file the facilities
44 efficiency standards with the Office of Administrative Law and
45 those standards shall become effective immediately upon filing with
46 the Office of Administrative Law. During the 30-day period the
47 commissioner shall provide an opportunity for public comment on
48 the proposed facilities efficiency standards.

1 i. Within 90 days of the commissioner's receipt of a long-range
2 facilities plan for review, the commissioner shall determine whether
3 the plan is fully and accurately completed and whether all
4 information necessary for a decision on the plan has been filed by
5 the district. If the commissioner determines that the plan is
6 complete, the commissioner shall promptly notify the district in
7 writing and shall have 60 days from the date of that notification to
8 determine whether to approve the plan or not. If the commissioner
9 determines that the plan is not complete, the commissioner shall
10 notify the district in writing. The district shall provide to the
11 commissioner whatever information the commissioner determines is
12 necessary to make the plan accurate and complete. The district
13 shall submit that information to the commissioner, and the
14 commissioner shall have 60 days from the date of receipt of
15 accurate and complete information to determine whether to approve
16 the plan or not.

17 j. Notwithstanding any provision in subsection i. of this
18 section, if at any time the number of long-range facilities plans filed
19 by school districts with the commissioner and pending review
20 exceeds 20% of the number of school districts in New Jersey, the
21 commissioner may extend by 60 days the deadline for reviewing
22 each plan pending at that time.

23 k. **【By March 1, 2002 and every five years thereafter, the**
24 **commissioner shall recommend to the Legislature criteria to be used**
25 **in the designation of districts as Abbott districts. The criteria may**
26 **include, but not be limited to: the number of residents per 1,000**
27 **within the municipality or municipalities in which the district is**
28 **situate who receive TANF; the district's equalized valuation per**
29 **resident pupil as equalized valuation is defined in section 3 of**
30 **P.L.1996, c.138 (C.18A:7F-3); the district's income per resident**
31 **pupil as district income is defined in section 3 of P.L.1996, c.138**
32 **(C.18A:7F-3); the population per square mile of the municipality or**
33 **municipalities in which the district is situate; and the municipal**
34 **overburden of the municipality or municipalities in which the**
35 **district is situate as that term is defined by the New Jersey Supreme**
36 **Court in Abbott v. Burke.】** (Deleted by amendment, P.L. , c.)
37 (pending before the Legislature as this bill)

38 l. By July 1, 2001, the commissioner shall provide the
39 Legislature with recommendations to address the circumstances of
40 districts which are contiguous with two or more Abbott districts.
41 The recommendations shall address the issues of the financing of
42 school facilities projects and the funding of the educational and
43 other programs required within these districts as a result of their
44 unique demographic situation.

45 m. By July 1, 2001, the commissioner shall study the Safe
46 Schools Design Guidelines, prepared by the Florida Center for
47 Community Design and Research, which address the issues of
48 school safety and security through the design of school facilities.

1 Based upon the commissioner's study, the commissioner shall issue
2 recommendations to districts on the appropriateness of including
3 the Safe Schools Design Guidelines in the design and construction
4 of school facilities projects.
5 (cf: P.L.2007, c.137, s.19)
6

7 41. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to
8 read as follows:

9 5. a. The development authority shall undertake and the
10 financing authority shall finance the school facilities projects of
11 **[Abbott]** SDA districts.

12 b. In the case of a district other than an **[Abbott]** SDA district,
13 State support for the project shall be determined pursuant to section
14 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as
15 applicable.

16 c. Notwithstanding any provision of N.J.S.18A:18A-16 to the
17 contrary, the procedures for obtaining approval of a school facilities
18 project shall be as set forth in this act; provided that any district
19 whose school facilities project is not constructed by the
20 development authority shall also be required to comply with the
21 provisions of N.J.S.18A:18A-16.

22 d. (1) Any district seeking to initiate a school facilities project
23 shall apply to the commissioner for approval of the project. The
24 application may include, but not be limited to: a description of the
25 school facilities project; a schematic drawing of the project or, at
26 the option of the district, preliminary plans and specifications; a
27 delineation and description of each of the functional components of
28 the project; educational specifications detailing the programmatic
29 needs of each proposed space; the number of unhoused students to
30 be housed in the project; the area allowances per FTE student as
31 calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8);
32 and the estimated cost to complete the project as determined by the
33 district.

34 (2) In the case of an **[Abbott]** SDA district school facilities
35 project, based upon its educational priority ranking and the
36 Statewide strategic plan established pursuant to subsection m. of
37 this section, the commissioner may authorize the development
38 authority to undertake preconstruction activities which may include,
39 but need not be limited to, site identification, investigation, and
40 acquisition, feasibility studies, land-related design work, design
41 work, site remediation, demolition, and acquisition of temporary
42 facilities. Upon receipt of the authorization, the development
43 authority may initiate the preconstruction activities required to
44 prepare the application for commissioner approval of the school
45 facilities project.

46 e. The commissioner shall review each proposed school
47 facilities project to determine whether it is consistent with the
48 district's long-range facilities plan and whether it complies with the

1 facilities efficiency standards and the area allowances per FTE
2 student derived from those standards; and in the case of an
3 **【Abbott】** SDA district the commissioner shall also review the
4 project's educational priority ranking and the Statewide strategic
5 plan developed pursuant to subsection m. of this section. The
6 commissioner shall make a decision on a district's application
7 within 90 days from the date he determines that the application is
8 fully and accurately completed and that all information necessary
9 for a decision has been filed by the district, or from the date of the
10 last revision made by the district. If the commissioner is not able to
11 make a decision within 90 days, he shall notify the district in
12 writing explaining the reason for the delay and indicating the date
13 on which a decision on the project will be made, provided that the
14 date shall not be later than 60 days from the expiration of the
15 original 90 days set forth in this subsection. If the decision is not
16 made by the subsequent date indicated by the commissioner, then
17 the project shall be deemed approved and the preliminary eligible
18 costs for new construction shall be calculated by using the proposed
19 square footage of the building as the approved area for unhoused
20 students.

21 f. If the commissioner determines that the school facilities
22 project complies with the facilities efficiency standards and the
23 district's long-range facilities plan and does not exceed the area
24 allowance per FTE student derived from those standards, the
25 commissioner shall calculate the preliminary eligible costs of the
26 project pursuant to the formulas set forth in section 7 of P.L.2000,
27 c.72 (C.18A:7G-7); except that (1) in the case of a county special
28 services school district or a county vocational school district, the
29 commissioner shall calculate the preliminary eligible costs to equal
30 the amount determined by the board of school estimate and
31 approved by the board of chosen freeholders pursuant to section 14
32 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as
33 appropriate, and (2) in the case of an **【Abbott】** SDA district, the
34 commissioner shall calculate the preliminary eligible costs to equal
35 the estimated cost as determined by the development authority.

36 g. If the commissioner determines that the school facilities
37 project is inconsistent with the facilities efficiency standards or
38 exceeds the area allowances per FTE student derived from those
39 standards, the commissioner shall notify the district.

40 (1) The commissioner shall approve area allowances in excess
41 of the area allowances per FTE student derived from the facilities
42 efficiency standards if the board of education or State district
43 superintendent, as appropriate, demonstrates that school facilities
44 needs related to required programs cannot be addressed within the
45 facilities efficiency standards and that all other proposed spaces are
46 consistent with those standards. The commissioner shall approve
47 area allowances in excess of the area allowances per FTE student
48 derived from the facilities efficiency standards if the additional area

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1 allowances are necessary to accommodate centralized facilities to
2 be shared among two or more school buildings within the district
3 and the centralized facilities represent a more cost effective
4 alternative.

5 (2) The commissioner may waive a facilities efficiency standard
6 if the board of education or State district superintendent, as
7 appropriate, demonstrates to the commissioner's satisfaction that the
8 waiver will not adversely affect the educational adequacy of the
9 school facility, including the ability to deliver the programs and
10 services necessary to enable all students to achieve the core
11 curriculum content standards.

12 (3) To house the district's central administration, a district may
13 request an adjustment to the approved areas for unhoused students
14 of 2.17 square feet for each FTE student in the projected total
15 district school enrollment if the proposed administrative offices will
16 be housed in a school facility and the district demonstrates either
17 that the existing central administrative offices are obsolete or that it
18 is more practical to convert those offices to instructional space. To
19 the extent that existing administrative space will continue to be used
20 for administrative purposes, the space shall be included in the
21 formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

22 If the commissioner approves excess facilities efficiency
23 standards or additional area allowances pursuant to paragraph (1),
24 (2), or (3) of this subsection, the commissioner shall calculate the
25 preliminary eligible costs based upon the additional area allowances
26 or excess facilities efficiency standards pursuant to the formulas set
27 forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that
28 the commissioner does not approve the excess facilities efficiency
29 standards or additional area allowances, the district may either:
30 modify its submission so that the school facilities project meets the
31 facilities efficiency standards; or pay for the excess costs.

32 (4) The commissioner shall approve spaces in excess of, or
33 inconsistent with, the facilities efficiency standards, hereinafter
34 referred to as nonconforming spaces, upon a determination by the
35 district that the spaces are necessary to comply with State or federal
36 law concerning individuals with disabilities, including that the
37 spaces are necessary to provide in-district programs and services for
38 current disabled pupils who are being served in out-of-district
39 placements or in-district programs and services for the projected
40 disabled pupil population. A district may apply for additional State
41 aid for nonconforming spaces that will permit pupils with
42 disabilities to be educated to the greatest extent possible in the same
43 buildings or classes with their nondisabled peers. The
44 nonconforming spaces may: (a) allow for the return of pupils with
45 disabilities from private facilities; (b) permit the retention of pupils
46 with disabilities who would otherwise be placed in private facilities;
47 (c) provide space for regional programs in a host school building
48 that houses both disabled and nondisabled pupils; and (d) provide

1 space for the coordination of regional programs by a county special
2 services school district, educational services commission, jointure
3 commission, or other agency authorized by law to provide regional
4 educational services in a school building that houses both disabled
5 and nondisabled pupils. A district's State support ratio shall be
6 adjusted to equal the lesser of the sum of its district aid percentage
7 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or
8 100% for any nonconforming spaces approved by the commissioner
9 pursuant to this paragraph.

10 h. Upon approval of a school facilities project and
11 determination of the preliminary eligible costs:

12 (1) In the case of a district other than an [Abbott] SDA district,
13 the commissioner shall notify the district whether the school
14 facilities project is approved and, if so approved, the preliminary
15 eligible costs and the excess costs, if any. Following the
16 determination of preliminary eligible costs and the notification of
17 project approval, the district may appeal to the commissioner for an
18 increase in those costs if the detailed plans and specifications
19 completed by a design professional for the school facilities project
20 indicate that the cost of constructing that portion of the project
21 which is consistent with the facilities efficiency standards and does
22 not exceed the area allowances per FTE student exceeds the
23 preliminary eligible costs as determined by the commissioner for
24 the project by 10% or more. The district shall file its appeal within
25 30 days of the preparation of the plans and specifications. If the
26 district chooses not to file an appeal, then the final eligible costs
27 shall equal the preliminary eligible costs.

28 The appeal shall outline the reasons why the preliminary eligible
29 costs calculated for the project are inadequate and estimate the
30 amount of the adjustment which needs to be made to the
31 preliminary eligible costs. The commissioner shall forward the
32 appeal information to the development authority for its review and
33 recommendation. If the additional costs are the result of factors
34 that are within the control of the district or are the result of design
35 factors that are not required to meet the facilities efficiency
36 standards, the development authority shall recommend to the
37 commissioner that the preliminary eligible costs be accepted as the
38 final eligible costs. If the development authority determines the
39 additional costs are not within the control of the district or are the
40 result of design factors required to meet the facilities efficiency
41 standards, the development authority shall recommend to the
42 commissioner a final eligible cost based on its experience for
43 districts with similar characteristics, provided that, notwithstanding
44 anything to the contrary, the commissioner shall not approve an
45 adjustment to the preliminary eligible costs which exceeds 10% of
46 the preliminary eligible costs. The commissioner shall make a
47 determination on the appeal within 30 days of its receipt. If the
48 commissioner does not approve an adjustment to the school

1 facilities project's preliminary eligible costs, the commissioner shall
2 issue his findings in writing on the reasons for the denial and on
3 why the preliminary eligible costs as originally calculated are
4 sufficient.

5 (2) In the case of an **[Abbott]** SDA district, the commissioner
6 shall promptly prepare and submit to the development authority a
7 preliminary project report which shall consist, at a minimum, of the
8 following information: a complete description of the school
9 facilities project; the actual location of the project; the total square
10 footage of the project together with a breakdown of total square
11 footage by functional component; the preliminary eligible costs of
12 the project; the project's priority ranking determined pursuant to
13 subsection m. of this section; any other factors to be considered by
14 the development authority in undertaking the project; and the name
15 and address of the person from the district to contact in regard to
16 the project.

17 i. Upon receipt by the development authority of the
18 preliminary project report, the development authority, upon
19 consultation with the district, shall prepare detailed plans and
20 specifications and schedules which contain the development
21 authority's estimated cost and schedule to complete the school
22 facilities project. The development authority shall transmit to the
23 commissioner its recommendations in regard to the project which
24 shall, at a minimum, contain the detailed plans and specifications;
25 whether the school facilities project can be completed within the
26 preliminary eligible costs; and any other factors which the
27 development authority determines should be considered by the
28 commissioner.

29 (1) In the event that the development authority determines that
30 the school facilities project can be completed within the preliminary
31 eligible costs: the final eligible costs shall be deemed to equal the
32 preliminary eligible costs; the commissioner shall be deemed to
33 have given final approval to the project; and the preliminary project
34 report shall be deemed to be the final project report delivered to the
35 development authority pursuant to subsection j. of this section.

36 (2) In the event that the development authority determines that
37 the school facilities project cannot be completed within the
38 preliminary eligible costs, prior to the submission of its
39 recommendations to the commissioner, the development authority
40 shall, in consultation with the district and the commissioner,
41 determine whether changes can be made in the project which will
42 result in a reduction in costs while at the same time meeting the
43 facilities efficiency standards approved by the commissioner.

44 (a) If the development authority determines that changes in the
45 school facilities project are possible so that the project can be
46 accomplished within the scope of the preliminary eligible costs
47 while still meeting the facilities efficiency standards, the
48 development authority shall so advise the commissioner, whereupon

1 the commissioner shall: calculate the final eligible costs to equal the
2 preliminary eligible costs; give final approval to the project with the
3 changes noted; and issue a final project report to the development
4 authority pursuant to subsection j. of this section.

5 (b) If the development authority determines that it is not
6 possible to make changes in the school facilities project so that it
7 can be completed within the preliminary eligible costs either
8 because the additional costs are the result of factors outside the
9 control of the district or the additional costs are required to meet the
10 facilities efficiency standards, the development authority shall
11 recommend to the commissioner that the preliminary eligible costs
12 be increased accordingly, whereupon the commissioner shall:
13 calculate the final eligible costs to equal the sum of the preliminary
14 eligible costs plus the increase recommended by the development
15 authority; give final approval to the project; and issue a final project
16 report to the development authority pursuant to subsection j. of this
17 section.

18 (c) If the additional costs are the result of factors that are within
19 the control of the district or are the result of design factors that are
20 not required to meet the facilities efficiency standards or approved
21 pursuant to paragraph (1) of subsection g. of this section, the
22 development authority shall recommend to the commissioner that
23 the preliminary eligible costs be accepted, whereupon the
24 commissioner shall: calculate the final eligible costs to equal the
25 preliminary eligible costs and specify the excess costs which are to
26 be borne by the district; give final approval to the school facilities
27 project; and issue a final project report to the development authority
28 pursuant to subsection j. of this section; provided that the
29 commissioner may approve final eligible costs which are in excess
30 of the preliminary eligible costs if, in his judgment, the action is
31 necessary to meet the educational needs of the district.

32 (d) For a school facilities project undertaken by the
33 development authority, the development authority shall be
34 responsible for any costs of construction, but only from the
35 proceeds of bonds issued by the financing authority pursuant to
36 P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-
37 235 et al.), which exceed the amount originally projected by the
38 development authority and approved for financing by the
39 development authority, provided that the excess is the result of an
40 underestimate of labor or materials costs by the development
41 authority. After receipt by the development authority of the final
42 project report, the district shall be responsible only for the costs
43 associated with changes, if any, made at the request of the district to
44 the scope of the school facilities project.

45 j. The development authority shall not commence the
46 construction of a school facilities project unless the commissioner
47 transmits to the development authority a final project report and the
48 district complies with the approval requirements for the local share,

1 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).
2 The final project report shall contain all of the information
3 contained in the preliminary project report and, in addition, shall
4 contain: the final eligible costs; the excess costs, if any; the total
5 costs which equals the final eligible costs plus excess costs, if any;
6 the State share; and the local share.

7 k. For the **【Abbott】** SDA districts, the State share shall be
8 100% of the final eligible costs. For all other districts, the State
9 share shall be an amount equal to 115% of the district aid
10 percentage; except that the State share shall not be less than 40% of
11 the final eligible costs.

12 If any district which is included in district factor group A or B,
13 other than an **【Abbott】** SDA district, is having difficulty financing
14 the local share of a school facilities project, the district may apply
15 to the commissioner to receive 100% State support for the project
16 and the commissioner may request the approval of the Legislature
17 to increase the State share of the project to 100%.

18 l. The local share for school facilities projects constructed by
19 the authority or a redevelopment entity shall equal the final eligible
20 costs plus any excess costs less the State share.

21 m. (1) Within 90 days of the effective date of P.L.2007, c.137
22 (C.52:18A-235 et al.), the commissioner shall develop an
23 educational facilities needs assessment for each **【Abbott】** SDA
24 district. The assessment shall be updated periodically by the
25 commissioner in accordance with the schedule the commissioner
26 deems appropriate for the district; except that each assessment shall
27 at a minimum be updated within five years of the development of
28 the district's most recent prior educational needs assessment. The
29 assessment shall be transmitted to the development authority to be
30 used to initiate the planning activities required prior to the
31 establishment of the educational priority ranking of school facilities
32 projects pursuant to paragraph (2) of this subsection.

33 (2) Following the approval of an **【Abbott】** SDA district's long-
34 range facilities plan or of an amendment to that plan, but prior to
35 authorization of preconstruction activities for a school facilities
36 project included in the plan or amendment, the commissioner shall
37 establish, in consultation with the **【Abbott】** SDA district, an
38 educational priority ranking of all school facilities projects in the
39 **【Abbott】** SDA district based upon the commissioner's
40 determination of critical need in accordance with priority project
41 categories developed by the commissioner. The priority project
42 categories shall include, but not be limited to, health and safety,
43 overcrowding in the early childhood, elementary, middle, and high
44 school grade levels, spaces necessary to provide in-district
45 programs and services for current disabled students who are being
46 served in out-of-district placements or in-district programs and

1 services for the projected disabled student population,
2 rehabilitation, and educational adequacy.

3 (3) Upon the commissioner's determination of the educational
4 priority ranking of school facilities projects in **【Abbott】 SDA**
5 districts pursuant to paragraph (2) of this subsection, the
6 development authority, in consultation with the commissioner, the
7 **【Abbott】 SDA** districts, and the governing bodies of the
8 municipalities in which the **【Abbott】 SDA** districts are situate, shall
9 establish a Statewide strategic plan to be used in the sequencing of
10 **【Abbott】 SDA** district school facilities projects based upon the
11 projects' educational priority rankings and issues which impact the
12 development authority's ability to complete the projects including,
13 but not limited to, the construction schedule and other appropriate
14 factors. The development authority shall revise the Statewide
15 strategic plan and the sequencing of **【Abbott】 SDA** district school
16 facilities projects in accordance with that plan no less than once
17 every five years.

18 Any amendment to an **【Abbott】 SDA** district's long-range
19 facilities plan that is submitted to the commissioner in the period
20 between the five-year updates of the long-range facilities plan shall
21 be considered by the development authority, in consultation with
22 the commissioner, for incorporation into the Statewide strategic
23 plan. In making a determination on whether or not to amend the
24 Statewide strategic plan, the development authority shall consider
25 the cost of the amendment, the impact of the amendment upon the
26 school development plans for other districts, and other appropriate
27 factors.

28 n. The provisions of the "Public School Contracts Law,"
29 N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities
30 project constructed by a district but shall not be applicable to
31 projects constructed by the development authority or a
32 redevelopment entity pursuant to the provisions of this act.

33 o. In the case of a school facilities project of a district other
34 than an **【Abbott】 SDA** district, any proceeds of school bonds issued
35 by the district for the purpose of funding the project which remain
36 unspent upon completion of the project shall be used by the district
37 to reduce the outstanding principal amount of the school bonds.

38 p. Upon completion by the development authority of a school
39 facilities project, if the cost of construction and completion of the
40 project is less than the total costs, the district shall be entitled to
41 receive a portion of the local share based on a pro rata share of the
42 difference based on the ratio of the State share to the local share.

43 q. The development authority shall determine the cause of any
44 costs of construction which exceed the amount originally projected
45 by the development authority and approved for financing by the
46 financing authority.

47 r. (Deleted by amendment, P.L.2007, c.137).

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1 s. (Deleted by amendment, P.L.2007, c.137).
2 (cf: P.L.2007, c.137, s.20)

3

4 42. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to
5 read as follows:

6 9. a. State debt service aid for capital investment in school
7 facilities for a district other than an [Abbott] SDA district which
8 elects not to finance the project under section 15 of P.L.2000, c.72
9 (C.18A:7G-15), shall be distributed upon a determination of
10 preliminary eligible costs by the commissioner, according to the
11 following formula:

12 Aid is the sum of A for each issuance of school bonds issued for
13 a school facilities project approved by the commissioner after the
14 effective date of P.L.2000, c.72 (C.18A:7G-1 et al.)

15

16 where

17

18 $A = B \times AC/P \times (DAP \times 1.15) \times M$, with $AC/P = 1$

19

20 whenever AC/P would otherwise yield a number greater than one,

21

22 and where:

23

24 B is the district's debt service for the individual issuance for the
25 fiscal year;

26

27 AC is the preliminary eligible costs determined pursuant to
28 section 7 of P.L.2000, c.72 (C.18A:7G-7);

29

30 P is the principal of the individual issuance plus any other
31 funding sources approved for the school facilities project;

32

33 DAP is the district's district aid percentage as defined pursuant to
34 section 3 of P.L.2000, c.72 (C.18A:7G-3) and where $(DAP \times 1.15)$
35 shall not be less than 40%; and

36

37 M is a factor representing the degree to which a district has
38 fulfilled maintenance requirements for a school facilities project
39 determined pursuant to subsection b. of this section.

40

41 For county special services school districts, DAP shall be that of
42 the county vocational school district in the same county.

43 b. The maintenance factor (M) shall be 1.0 except when one of
44 the following conditions applies, in which case the maintenance
45 factor shall be as specified:

46 (1) Effective ten years from the date of the enactment of
47 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid
48 for reconstruction, remodeling, alteration, modernization,

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1 renovation or repair, or for an addition to a school facility, shall be
2 zero for all school facilities projects for which the district fails to
3 demonstrate over the ten years preceding issuance a net investment
4 in maintenance of the related school facility of at least 2% of the
5 replacement cost of the school facility, determined pursuant to
6 subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the
7 area cost allowance of the year ten years preceding the year in
8 which the school bonds are issued.

9 (2) For new construction, additions, and school facilities aided
10 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)
11 supported by financing issued for projects approved by the
12 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-
13 1 et al.), beginning in the fourth year after occupancy of the school
14 facility, the maintenance factor shall be reduced according to the
15 following schedule for all school facilities projects for which the
16 district fails to demonstrate in the prior fiscal year an investment in
17 maintenance of the related school facility of at least two-tenths of
18 1% of the replacement cost of the school facility, determined
19 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-
20 7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

21
22
23
24
25
26
27
28
29
30 (3) Within one year of the enactment of P.L.2000, c.72
31 (C.18A:7G-1 et al.), the commissioner shall promulgate rules
32 requiring districts to develop a long-range maintenance plan and
33 specifying the expenditures that qualify as an appropriate
34 investment in maintenance for the purposes of this subsection.

35 c. Any district which obtained approval from the commissioner
36 since September 1, 1998 and prior to the effective date of P.L.2000,
37 c.72 (C.18A:7G-1 et al.) of the educational specifications for a
38 school facilities project or obtained approval from the Department
39 of Community Affairs or the appropriately licensed municipal code
40 official since September 1, 1998 of the final construction plans and
41 specifications, and the district has issued debt, may elect to have the
42 final eligible costs of the project determined pursuant to section 5 of
43 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under
44 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

45 Any district which received approval from the commissioner for
46 a school facilities project at any time prior to the effective date of
47 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other
48 than short term notes, may submit an application pursuant to section

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72

1 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of
2 the project determined pursuant to that section and to have the New
3 Jersey Economic Development Authority construct the project; or,
4 at its discretion, the district may choose to receive debt service aid
5 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-
6 10) or to receive a grant under section 15 of P.L.2000, c.72
7 (C.18A:7G-15).

8 For the purposes of this subsection, the "issuance of debt" shall
9 include lease purchase agreements in excess of five years.
10 (cf: P.L.2007, c.137, s.22)

11

12 43. Section 10 of P.L.2000, c.72 (C.18A:7G-10) is amended to
13 read as follows:

14 10. For each issuance of school bonds or certificates of
15 participation issued for a school facilities project approved by the
16 commissioner prior to the effective date of P.L.2000, c.72
17 (C.18A:7G-1 et al.):

18 Aid is the sum of A

19 where

20 $A = B \times \frac{[\text{CCSAID/TEBUD}] \text{EQAID/AB}}{[\text{CCSAID/TEBUD}] \text{EQAID/AB}}$

21 and where

22 B is the district's total debt service or lease purchase payment for
23 the individual issuance for the fiscal year;

24 CCSAID EQAID is the district's core curriculum standards
25 aid equalization aid amount determined pursuant to section 15 of
26 P.L.1996, c.138 (C.18A:7F-15)] 11 of P.L. , c. (C.) (pending
27 before the Legislature as this bill); and

28 TEBUD AB is the district's T&E adequacy budget
29 determined pursuant to section 13 of P.L.1996, c.138(C.18A:7F-
30 13)] 9 of P.L. , c. (C.) (pending before the Legislature as this
31 bill).

32 For county special services school districts, CCSAID/TEBUD
33 EQAID/AB shall be that of the county vocational school district in
34 the same county.

35 (cf: P.L.2000, c.72, s.10)

36

37 44. Section 13 of P.L.2000, c.72 (C.18A:7G-13) is amended to
38 read as follows:

39 13. a. The financing authority shall be responsible for the
40 issuance of bonds pursuant to section 14 of P.L.2000, c.72
41 (C.18A:7G-14) and the development authority shall be responsible
42 for the planning, design, construction management, acquisition,
43 construction, and completion of school facilities projects. In the
44 case of a capital maintenance project, the development authority
45 may, in its discretion, authorize an Abbott SDA district to
46 undertake the design, acquisition, construction and all other
47 appropriate actions necessary to complete the capital maintenance

1 project and shall enter into a grant agreement with the district for
2 the payment of the State share. The development authority may
3 also authorize an **[Abbott]** SDA district to undertake the design,
4 acquisition, construction and all other appropriate actions necessary
5 to complete any other school facilities project in accordance with
6 the procedures established pursuant to subsection e. of this section.

7 b. The financing authority shall undertake the financing of
8 school facilities projects pursuant to the provisions of this act. The
9 financing authority shall finance the State share of a school
10 facilities project and may, in its discretion and upon consultation
11 with the district, finance the local share of the project. In the event
12 that the financing authority finances only the State share of a
13 project, the development authority shall not commence acquisition
14 or construction of the project until the development authority
15 receives the local share from the district.

16 c. In order to implement the arrangements established for
17 school facilities projects which are to be constructed by the
18 development authority and financed pursuant to this section, a
19 district shall enter into an agreement with the development
20 authority and the commissioner containing the terms and conditions
21 determined by the parties to be necessary to effectuate the project.

22 d. Upon completion by the development authority of a school
23 facilities project, the district shall enter into an agreement with the
24 development authority to provide for the maintenance of the project
25 by the district. In the event that the school facilities project is
26 constructed by a district, upon the completion of the project, the
27 district shall submit to the commissioner a plan to provide for the
28 maintenance of the project by the district. Any agreement or plan
29 shall contain, in addition to any other terms and provisions, a
30 requirement for the establishment of a maintenance reserve fund
31 consistent with the appropriation and withdrawal requirements for
32 capital reserve accounts established pursuant to section 57 of
33 P.L.2000, c.72 (C.18A:7G-31), the funding levels of which shall be
34 as set forth in regulations adopted by the commissioner pursuant to
35 section 26 of P.L.2000, c.72 (C.18A:7G-26).

36 e. (1) Within one year of the effective date of P.L.2007, c.137
37 (C.52:18A-235 et al.), the commissioner, in consultation with the
38 development authority, shall adopt pursuant to the "Administrative
39 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
40 regulations by which the commissioner shall determine whether an
41 **[Abbott]** SDA district is eligible to be considered by the
42 development authority to manage a school facilities project or
43 projects. In making the determination, the commissioner shall
44 consider the district's fiscal integrity and operations, the district's
45 performance in each of the five key components of school district
46 effectiveness under the New Jersey Quality Single Accountability
47 Continuum (NJQSAC) in accordance with section 10 of P.L.1975,
48 c.212 (C.18A:7A-10), and other relevant factors.

1 (2) Within one year of the effective date of P.L.2007, c.137
2 (C.52:18A-235 et al.), the development authority, in consultation
3 with the commissioner, shall adopt pursuant to the "Administrative
4 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and
5 regulations by which the development authority shall determine the
6 capacity of an **[Abbott]** SDA district, deemed eligible by the
7 commissioner pursuant to paragraph (1) of this subsection, to
8 manage a school facilities project or projects identified by the
9 development authority. In making the determination, the
10 development authority shall consider the experience of the
11 **[Abbott]** SDA district, the size, complexity, and cost of the project,
12 time constraints, and other relevant factors.

13 (3) The development authority, in consultation with the
14 commissioner, shall develop and implement training programs,
15 seminars, or symposia to provide technical assistance to **[Abbott]**
16 SDA districts deemed to lack the capacity to manage a school
17 facility project or projects; except that nothing herein shall be
18 construed to require the development authority or the commissioner
19 to authorize an **[Abbott]** SDA district to hire additional staff in
20 order to achieve capacity.

21 (4) If the development authority determines to delegate a school
22 facilities project to an **[Abbott]** SDA district in accordance with
23 paragraph (2) of this subsection, the development authority, the
24 commissioner, and the district shall enter into a grant agreement.

25 (cf: P.L.2007, c.137, s.24)

26

27 45. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to
28 read as follows:

29 14. Notwithstanding any other provisions of law to the contrary:

30 a. The financing authority shall have the power, pursuant to the
31 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
32 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to
33 issue bonds and refunding bonds, incur indebtedness and borrow
34 money secured, in whole or in part, by moneys received pursuant to
35 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-
36 18 and C.18A:7G-19) for the purposes of: financing all or a portion
37 of the costs of school facilities projects and any costs related to the
38 issuance thereof, including, but not limited to, the administrative,
39 insurance, operating and other expenses of the financing authority
40 to undertake the financing, and the development authority to
41 undertake the planning, design, and construction of school facilities
42 projects; lending moneys to local units to pay the costs of all or a
43 portion of school facilities projects and any costs related to the
44 issuance thereof; funding the grants to be made pursuant to section
45 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition
46 of school facilities projects to permit the refinancing of debt by the
47 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).

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1 The aggregate principal amount of the bonds, notes or other
2 obligations issued by the financing authority shall not exceed:
3 \$100,000,000 for the State share of costs for county vocational
4 school district school facilities projects; \$6,000,000,000 for the
5 State share of costs for Abbott district school facilities projects; and
6 \$2,500,000,000 for the State share of costs for school facilities
7 projects in all other districts. This limitation shall not include any
8 bonds, notes or other obligations issued for refunding purposes.

9 The financing authority may establish reserve funds to further
10 secure bonds and refunding bonds issued pursuant to this section
11 and may issue bonds to pay for the administrative, insurance and
12 operating costs of the financing authority and the development
13 authority in carrying out the provisions of this act. In addition to its
14 bonds and refunding bonds, the financing authority shall have the
15 power to issue subordinated indebtedness, which shall be
16 subordinate in lien to the lien of any or all of its bonds or refunding
17 bonds as the financing authority may determine.

18 b. The financing authority shall issue the bonds or refunding
19 bonds in such manner as it shall determine in accordance with the
20 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80
21 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);
22 provided that notwithstanding any other law to the contrary, no
23 resolution adopted by the financing authority authorizing the
24 issuance of bonds or refunding bonds pursuant to this section shall
25 be adopted or otherwise made effective without the approval in
26 writing of the State Treasurer; and refunding bonds issued to refund
27 bonds issued pursuant to this section shall be issued on such terms
28 and conditions as may be determined by the financing authority and
29 the State Treasurer. The financing authority may, in any resolution
30 authorizing the issuance of bonds or refunding bonds issued
31 pursuant to this section, pledge the contract with the State Treasurer
32 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-
33 18), or any part thereof, or may pledge all or any part of the
34 repayments of loans made to local units pursuant to section 19 of
35 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the
36 bonds or refunding bonds, and covenant as to the use and
37 disposition of money available to the financing authority for
38 payment of the bonds and refunding bonds. All costs associated
39 with the issuance of bonds and refunding bonds by the financing
40 authority for the purposes set forth in this act may be paid by the
41 financing authority from amounts it receives from the proceeds of
42 the bonds or refunding bonds, and from amounts it receives
43 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-
44 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but
45 shall not be limited to, any costs relating to the issuance of the
46 bonds or refunding bonds, administrative costs of the financing
47 authority attributable to the making and administering of loans and

1 grants to fund school facilities projects, and costs attributable to the
2 agreements entered into pursuant to subsection d. of this section.

3 c. Each issue of bonds or refunding bonds of the financing
4 authority shall be special obligations of the financing authority
5 payable out of particular revenues, receipts or funds, subject only to
6 any agreements with the holders of bonds or refunding bonds, and
7 may be secured by other sources of revenue, including, but not
8 limited to, one or more of the following:

9 (1) Pledge of the revenues and other receipts to be derived from
10 the payment of local unit obligations and any other payment made
11 to the financing authority pursuant to agreements with any local
12 unit, or a pledge or assignment of any local unit obligations, and the
13 rights and interest of the financing authority therein;

14 (2) Pledge of rentals, receipts and other revenues to be derived
15 from leases or other contractual arrangements with any person or
16 entity, public or private, including one or more local units, or a
17 pledge or assignment of those leases or other contractual
18 arrangements and the rights and interests of the financing authority
19 therein;

20 (3) Pledge of all moneys, funds, accounts, securities and other
21 funds, including the proceeds of the bonds;

22 (4) Pledge of the receipts to be derived from payments of State
23 aid to the financing authority pursuant to section 21 of P.L.2000,
24 c.72 (C.18A:7G-21);

25 (5) Pledge of the contract or contracts with the State Treasurer
26 pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

27 (6) Pledge of any sums remitted to the local unit by donation
28 from any person or entity, public or private, subject to the approval
29 of the State Treasurer;

30 (7) A mortgage on all or any part of the property, real or
31 personal, comprising a school facilities project then owned or
32 thereafter to be acquired, or a pledge or assignment of mortgages
33 made to the financing authority by any person or entity, public or
34 private, including one or more local units and rights and interests of
35 the financing authority therein; and

36 (8) The receipt of any grants, reimbursements or other payments
37 from the federal government.

38 d. The resolution authorizing the issuance of bonds or
39 refunding bonds pursuant to this section may also provide for the
40 financing authority to enter into any revolving credit agreement,
41 agreement establishing a line of credit or letter of credit,
42 reimbursement agreement, interest rate exchange agreement,
43 currency exchange agreement, interest rate floor or cap, options,
44 puts or calls to hedge payment, currency, rate, spread or similar
45 exposure or similar agreements, float agreements, forward
46 agreements, insurance contracts, surety bonds, commitments to
47 purchase or sell bonds, purchase or sale agreements, or
48 commitments or other contracts or agreements and other security

1 agreements approved by the financing authority in connection with
2 the issuance of the bonds or refunding bonds pursuant to this
3 section. In addition, the financing authority may, in anticipation of
4 the issuance of the bonds or the receipt of appropriations, grants,
5 reimbursements or other funds, including, without limitation, grants
6 from the federal government for school facilities projects, issue
7 notes, the principal of or interest on which, or both, shall be payable
8 out of the proceeds of notes, bonds or other obligations of the
9 financing authority or appropriations, grants, reimbursements or
10 other funds or revenues of the financing authority.

11 e. The financing authority is authorized to engage, subject to
12 the approval of the State Treasurer and in such manner as the State
13 Treasurer shall determine, the services of financial advisors and
14 experts, placement agents, underwriters, appraisers, and other
15 advisors, consultants and agents as may be necessary to effectuate
16 the financing of school facilities projects.

17 f. Bonds and refunding bonds issued by the financing authority
18 pursuant to this section shall be special and limited obligations of
19 the financing authority payable from, and secured by, funds and
20 moneys determined by the financing authority in accordance with
21 this section. Notwithstanding any other provision of law or
22 agreement to the contrary, any bonds and refunding bonds issued by
23 the financing authority pursuant to this section shall not be secured
24 by the same property as bonds and refunding bonds issued by the
25 financing authority to finance projects other than school facilities
26 projects. Neither the members of the financing authority nor any
27 other person executing the bonds or refunding bonds shall be
28 personally liable with respect to payment of interest and principal
29 on these bonds or refunding bonds. Bonds or refunding bonds
30 issued pursuant to this section shall not be a debt or liability of the
31 State or any agency or instrumentality thereof, except as otherwise
32 provided by this subsection, either legal, moral or otherwise, and
33 nothing contained in this act shall be construed to authorize the
34 financing authority to incur any indebtedness on behalf of or in any
35 way to obligate the State or any political subdivision thereof, and
36 all bonds and refunding bonds issued by the financing authority
37 shall contain a statement to that effect on their face.

38 g. The State hereby pledges and covenants with the holders of
39 any bonds or refunding bonds issued pursuant to this act that it will
40 not limit or alter the rights or powers vested in the financing
41 authority by this act, nor limit or alter the rights or powers of the
42 State Treasurer in any manner which would jeopardize the interest
43 of the holders or any trustee of the holders, or inhibit or prevent
44 performance or fulfillment by the financing authority or the State
45 Treasurer with respect to the terms of any agreement made with the
46 holders of the bonds or refunding bonds or agreements made
47 pursuant to subsection d. of this section; except that the failure of

1 the Legislature to appropriate moneys for any purpose of this act
2 shall not be deemed a violation of this section.

3 h. The financing authority and the development authority may
4 charge to and collect from local units, districts, the State and any
5 other person, any fees and charges in connection with the financing
6 authority's or development authority's actions undertaken with
7 respect to school facilities projects, including, but not limited to,
8 fees and charges for the financing authority's administrative,
9 organization, insurance, operating and other expenses incident to
10 the financing of school facilities projects, and the development
11 authority's administrative, organization, insurance, operating,
12 planning, design, construction management, acquisition,
13 construction, completion and placing into service and maintenance
14 of school facilities projects. Notwithstanding any provision of this
15 act to the contrary, no **[Abbott]** SDA district shall be responsible
16 for the payment of any fees and charges related to the development
17 authority's operating expenses.

18 i. Upon the issuance by the financing authority of bonds
19 pursuant to this section, other than refunding bonds, the net
20 proceeds of the bonds shall be transferred to the development
21 authority.

22 (cf: P.L.2007, c.137, s.25)

23

24 46. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to
25 read as follows:

26 15. In the case of a district other than an **[Abbott]** SDA district,
27 for any project approved by the commissioner after the effective
28 date of this act, the district may elect to receive a one-time grant for
29 the State share of the project rather than annual debt service aid
30 under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share
31 payable to the district shall equal the product of the project's final
32 eligible costs and 115% of the district aid percentage or 40%,
33 whichever is greater. The development authority shall provide
34 grant funding for the State's share of the final eligible costs of a
35 school facilities project pursuant to an agreement between the
36 district and the development authority which shall, in addition to
37 other terms and conditions, set forth the terms of disbursement of
38 the State share. The funding of the State share shall not commence
39 until the district secures financing for the local share.

40 (cf: P.L.2007, c.137, s.26)

41

42 47. Section 21 of P.L.2000, c.72 (C.18A:7G-21) is amended to
43 read as follows:

44 21. a. In the event that a local unit has failed or is unable to pay
45 to the financing authority or the development authority in full when
46 due any local unit obligations issued by the local unit to the
47 financing authority, including, but not limited to, any lease or
48 sublease obligations, or any other moneys owed by the district to

1 the financing authority, to assure the continued operation and
2 solvency of the authority, the State Treasurer shall pay directly to
3 the financing authority an amount sufficient to satisfy the
4 deficiency from State aid payable to the local unit; provided that if
5 the local unit is a school district, the State aid shall not include any
6 State aid which may otherwise be restricted pursuant to the
7 provisions of [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L.____, c.
8 (C.) (pending before the Legislature as this bill). As used in this
9 section, local unit obligations include the principal or interest on
10 local unit obligations or payment pursuant to a lease or sublease of
11 a school facilities project to a local unit, including the subrogation
12 of the financing authority to the right of the holders of those
13 obligations, any fees or charges payable to the financing authority,
14 and any amounts payable by a local unit under a service contract or
15 other contractual arrangement the payments under which are
16 pledged to secure any local unit obligations issued to the financing
17 authority by another local unit.

18 b. If the financing authority requires, and if there has been a
19 failure or inability of a local unit to pay its local unit obligations to
20 the financing authority for a period of 30 days, the chairman or the
21 executive director of the financing authority shall certify to the
22 State Treasurer, with written notice to the fiscal officer of the local
23 unit, the amount remaining unpaid, and the State Treasurer shall
24 pay that amount to the financing authority; or if the right to receive
25 those payments has been pledged or assigned to a trustee for the
26 benefit of the holders of bonds or refunding bonds of the financing
27 authority, to that trustee, out of the State aid payable to the local
28 unit, until the amount so certified has been paid. Notwithstanding
29 any provision of this act to the contrary, the State Treasurer's
30 obligation to pay the financing authority pursuant to this section
31 shall not extend beyond the amount of State aid payable to the local
32 unit.

33 c. The amount paid to the financing authority pursuant to this
34 section shall be deducted from the appropriation or apportionment
35 of State aid payable to the local unit and shall not obligate the State
36 to make, nor entitle the local unit to receive, any additional
37 appropriation or apportionment. The obligation of the State
38 Treasurer to make payments to the financing authority or trustee
39 and the right of the financing authority or trustee to receive those
40 payments shall be subject and subordinate to the rights of holders of
41 qualified bonds issued prior to the effective date of this act pursuant
42 to P.L.1976, c.38 (C.40A:3-1 et seq.) and P.L.1976, c.39
43 (C.18A:24-85 et seq.).
44 (cf: P.L.2007, c.137, s.32)

45
46 48. Section 15 of P.L.2007, c.137 (C.18A:7G-46) is amended to
47 read as follows:

1 15. If land is necessary to be acquired in connection with a
2 school facilities project in an [Abbott] SDA district, the board of
3 education of the district and the governing body of the municipality
4 in which the district is situate shall jointly submit to the
5 commissioner and to the development authority a complete
6 inventory of all district- and municipal-owned land located in the
7 municipality. The inventory shall include a map of the district
8 showing the location of each of the identified parcels of land. The
9 board of education and the governing body of the municipality shall
10 provide an analysis of why any district- or municipal-owned land is
11 not suitable as a site for a school facilities project identified in the
12 district's long-range facilities plan. The inventory shall be updated
13 as needed in connection with any subsequent school facilities
14 projects for which it is necessary to acquire land.

15 (cf: P.L. 2007, c.137, s.15)

16

17 49. Section 16 of P.L.2007, c.137 (C.18A:7G-47) is amended to
18 read as follows:

19 16. a. Whenever the board of education of an [Abbott] SDA
20 district submits to the New Jersey Schools Development Authority
21 established pursuant to P.L.2007, c.137 (C.52:18A-235 et al.)
22 information on a proposed preferred site for the construction of a
23 school facilities project, the development authority shall file a copy
24 of a map, plan or report indicating the proposed preferred site with
25 the county clerk of the county within which the site is located and
26 with the municipal clerk, planning board, and building inspector of
27 the municipality within which the site is located.

28 b. Whenever a map, plan, or report indicating a proposed
29 preferred site for the construction of an [Abbott] SDA district
30 school facilities project is filed by the development authority
31 pursuant to subsection a. of this section, any municipal approving
32 authority before granting any site plan approval, building permit, or
33 approval of a subdivision plat, or exercising any other approval
34 power with respect to the development or improvement of any lot,
35 tract, or parcel of land which is located wholly or partially within
36 the proposed preferred site shall refer the site plan, application for a
37 building permit or subdivision plat or any other application for
38 proposed development or improvement to the development
39 authority for review and recommendation as to the effect of the
40 proposed development or improvement upon the construction of the
41 school facilities project.

42 c. A municipal approving authority shall not issue any site plan
43 approval or building permit or approve a subdivision plat or
44 exercise any other approval power with respect to the development
45 or improvement of the lot, tract, or parcel of land without the
46 recommendation of the development authority until 45 days
47 following referral to the development authority pursuant to

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1 subsection b. of this section. Within that 45-day period, the
2 development authority may:

3 (1) give notice to the municipal approving authority and to the
4 owner of the lot, tract, or parcel of land of probable intention to
5 acquire the whole or any part thereof, and no further action shall be
6 taken by the approving authority for a further period of 180 days
7 following receipt of notice from the development authority. If
8 within the 180-day period the development authority has not
9 acquired, agreed to acquire, or commenced an action to condemn
10 the property, the municipal approving authority shall be free to act
11 upon the pending application in such manner as may be provided by
12 law; or

13 (2) give notice to the municipal approving authority and to the
14 owner of the lot, tract, or parcel of land that the development
15 authority has no objection to the granting of the permit or approval
16 for which application has been made. Upon receipt of the notice the
17 municipal approving authority shall be free to act upon the pending
18 application in such manner as may be provided by law.

19 (cf: P.L.2007, c.137, s.16)

20

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

22 18A:13-23. The annual or special appropriations for regional
23 districts, including the amounts to be raised for interest upon, and
24 the redemption of, bonds payable by the district, shall be
25 apportioned among the municipalities included within the regional
26 district, as may be approved by the voters of each municipality at
27 the annual school election or a special school election, upon the
28 basis of:

29 a. the portion of each municipality's equalized valuation
30 allocated to the regional district, calculated as described in the
31 definition of equalized valuation in section [3 of P.L.1996, c.138
32 (C.18A:7F-3)] 3 of P.L. , c. (C.) (pending before the
33 Legislature as this bill);

34 b. the proportional number of pupils enrolled from each
35 municipality on the 15th day of October of the prebudget year in the
36 same manner as would apply if each municipality comprised
37 separate constituent school districts; or

38 c. any combination of apportionment based upon equalized
39 valuations pursuant to subsection a. of this section or pupil
40 enrollments pursuant to subsection b. of this section.

41 (cf: P.L.1996, c.138, s.50)

42

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

44 18A:21-3. The account shall be established by resolution of the
45 board of school estimate or the board of education, as the case may
46 be, in such form as shall be prescribed by the commissioner, a true
47 copy of which shall be filed with the department. [For any school
48 year an amount not to exceed 1.5 percent of the amount of core

1 curriculum standards aid, as calculated pursuant to section 15 of
2 P.L.1996, c.138 (C.18A:7F-15), plus any additional sum expressly
3 approved by the voters of the district or the board of school
4 estimate, and any undesignated general fund balance amount,
5 authorized under section 7 of P.L.1996, c.138 (C.18A:7F-7), may
6 be appropriated to the account.】 The account shall 【also】 include
7 the earnings attributable to the investment of the assets of the
8 account.

9 (cf: P.L.1996, c.138, s.51)

10

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

12 18A:22-8. The budget shall be prepared in such detail and upon
13 such forms as shall be prescribed by the commissioner and to it
14 shall be annexed a statement so itemized as to make the same
15 readily understandable, in which shall be shown:

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

17 (1) The total expenditure for each item for the preceding school
18 year, the amount appropriated for the current school year adjusted
19 for transfers as of February 1 of the current school year, and the
20 amount estimated to be necessary to be appropriated for the ensuing
21 school year, indicated separately for each item as determined by the
22 commissioner;

23 (2) The amount of the surplus account available at the beginning
24 of the preceding school year, at the beginning of the current school
25 year and the amount anticipated to be available for the ensuing
26 school year;

27 (3) The amount of revenue available for budget purposes for the
28 preceding school year, the amount available for the current school
29 year as of February 1 of the current school year and the amount
30 anticipated to be available for the ensuing school year in the
31 following categories:

32 (a) Total to be raised by local property taxes

33 (b) Total State aid

34 (i) 【Core curriculum standards】 Equalization aid

35 (ii) Special education categorical aid

36 (iii) Transportation aid

37 (iv) 【Early childhood program】 Preschool education aid

38 (v) 【Demonstrably effective program aid

39 (vi) Instructional supplement aid

40 (vii) Supplemental core curriculum standards aid

41 (viii) Distance learning network aid

42 (ix) Bilingual aid

43 (x)】 Security aid

44 (vi) Adjustment aid

45 (vii) Other (detailed at the discretion of the commissioner)

46 (c) Total federal aid

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- 1 (i) Elementary and Secondary Education Act of 1965 (20
2 U.S.C. s.2701 et seq.)
3 (ii) Handicapped
4 (iii) Impact Aid
5 (iv) Vocational
6 (v) Other (detailed at the discretion of the commissioner)
7 (d) Other sources (detailed at the discretion of the
8 commissioner).
9 b. (Deleted by amendment, P.L.1993, c.117).
10 c. In the event that the total expenditure for any item of
11 appropriation is equal to \$0.00 for: (1) the preceding school year,
12 (2) the current school year, and (3) the amount estimated to be
13 necessary to be appropriated for the ensuing school year, that item
14 shall not be required to be published pursuant to N.J.S.18A:22-11.
15 d. The instruction function of the budget shall be divided at a
16 minimum into elementary (K-5), middle school (6-8), and high
17 school (9-12) cost centers, each of which shall be further divided by
18 the core curriculum content areas. The commissioner shall phase in
19 these requirements as soon as practicable.
20 e. The budget as adopted for the school year pursuant to section
21 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public
22 inspection on the school district's Internet site, if one exists, and
23 made available in print in a "user-friendly" format using plain
24 language. The Commissioner of Education shall promulgate a
25 "user-friendly," plain language budget summary format for the use
26 of school districts for this purpose.
27 (cf: P.L.2007, c.53, s.18)

28
29 53. Section 2 of P.L.1979, c.294 (C.18A:22-8.1) is amended to
30 read as follows:

31 2. Except as otherwise provided pursuant to this section,
32 whenever a school district desires to transfer amounts among line
33 items and program categories, the transfers shall be by resolution of
34 the board of education approved by a two-thirds affirmative vote of
35 the authorized membership of the board; however, a board may, by
36 resolution, designate the chief school administrator to approve such
37 transfers as are necessary between meetings of the board. Transfers
38 approved by the chief school administrator shall be reported to the
39 board, ratified and duly recorded in the minutes at a subsequent
40 meeting of the board, but not less than monthly. Transfers of
41 surplus amounts or any other unbudgeted or underbudgeted revenue
42 to line items and program categories shall require the approval of
43 the Commissioner of Education and shall only be approved between
44 April 1 and June 30 for line items and program categories necessary
45 to achieve the thoroughness standards established pursuant to
46 【subsection a. of section 4 of P.L.1996, c.138 (C18A:7F-4)】 section
47 4 of P.L. , c. (C.) (pending before the Legislature as this bill);
48 except that upon a two-thirds affirmative vote of the authorized

1 membership of a board of education, the board may petition the
2 commissioner for authority to transfer such revenue prior to April 1
3 due to an emergent circumstance and the commissioner may
4 authorize the transfer if he determines that the transfer is necessary
5 to meet such emergency. Transfers from any general fund
6 appropriation account that, on a cumulative basis, exceed 10% of
7 the amount of the account included in the school district's budget as
8 certified for taxes shall require the approval of the commissioner. In
9 a school district wherein the Commissioner of Education has
10 directed an in-depth evaluation pursuant to subsection e. of section
11 14 of P.L.1975, c.212 (C.18A:7A-14), the board of education shall
12 obtain the written approval of the executive county superintendent
13 of schools prior to implementing any board authorized transfer of
14 funds.
15 (cf: P.L.2005, c.235, s.34)

16
17 54. N.J.S.18A:22-38 is amended to read as follows:

18 18A:22-38. If the governing body or bodies fail to certify any
19 amount determined to be necessary pursuant to section 5 of
20 P.L.1996, c.138 (C.18A:7F-5) for any item rejected at the annual
21 school election, or in the event that the governing bodies of the
22 municipalities comprising a school district, shall certify different
23 amounts, then the commissioner shall determine the amount or
24 amounts which in his judgment, are necessary to be appropriated,
25 for each of the items appearing in the budget, submitted to the
26 governing body or bodies, and certify to the county board of
27 taxation the totals of the amount determined to be necessary for
28 **【each of the following:**

29 a. General fund expenses of schools; or

30 b. Appropriations to capital reserve account **】** the general fund
31 expenses of the schools;

32 and the **【amounts】** amount certified shall be included in the taxes to
33 be assessed, levied and collected in the municipality or
34 municipalities for those purposes. **【For any district submitting a**
35 **budget in excess of the maximum T&E budget, the commissioner**
36 **shall certify a general fund tax levy pursuant to paragraph (1) of**
37 **subsection e. of section 5 of P.L.1996, c.138 (C.18A:7F-5).】**

38 (cf: P.L. 1996, c.138, s.60)

39

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

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

44 a. "Commissioner" means the Commissioner of Education of the
45 State of New Jersey;

46 b. "Debt service" means and includes payments of principal and
47 interest upon qualified bonds issued pursuant to the terms of this act

1 or amounts required in order to satisfy sinking fund payment
2 requirements with respect to such bonds;

3 c. "Local Finance Board" means the Local Finance Board in the
4 Division of Local Government Services in the Department of
5 Community Affairs, established pursuant to P.L.1974, c.35
6 (C.52:27D-18.1);

7 d. "Paying agent" means any bank, trust company or national
8 banking association having the power to accept and administer
9 trusts, named or designated in any qualified bond of a school
10 district or municipality as the agent for the payment of the principal
11 of and interest thereon and shall include the holder of any sinking
12 fund established for the payment of such bonds;

13 e. "Qualified bonds" means those bonds of a school district or
14 municipality authorized and issued in conformity with the
15 provisions of this act;

16 f. "State board" means the State Board of Education of the State
17 of New Jersey;

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

21 h. "State school aid" means the funds made available to local
22 school districts pursuant to [sections 15 and 17 of P.L.1996, c.138
23 (C.18A:7F-15 and C.18A:7F-17)] section 11 of P.L. , c. (C.)
24 (pending before the Legislature as this bill).
25 (cf: P.L.1996, c.138, s.61)
26

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

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

32 b. In addition to all other funds to which the local district or
33 educational services commission is entitled under the provisions of
34 [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c. (C.) (pending
35 before the Legislature as this bill) and other pertinent statutes, each
36 board of education or board of directors of an educational services
37 commission shall receive from the State during the 1985-86
38 academic year and for two years thereafter an amount equal to the
39 sum of the amounts by which the actual salary prescribed for each
40 current full-time teaching staff member under the salary schedule
41 adopted by the local board of education or board of directors for the
42 1984-85 academic year in the manner prescribed by law is less than
43 \$18,500.00, provided that the teaching staff member has been
44 certified by the local board of education or board of directors as
45 performing his duties in an acceptable manner for the 1984-85
46 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local
47 board of education or board of directors shall receive from the State
48 on behalf of the newly employed full-time teaching staff members

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

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

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

21 e. In each subsequent year the product of the base salary times
22 7% shall be cumulatively added to each teacher's salary as
23 calculated in subsection d. of this section in determining the aid
24 payable. In any year subsequent to the 1987-88 academic year in
25 which the base salary plus the cumulative increases under this
26 section exceed \$18,500.00, aid will no longer be payable.

27 (cf: P.L.1996, c.138, s.62)

28

29 57. Section 11 of P.L.1995, c.426 (C.18A:36A-11) is amended
30 to read as follows:

31 11. a. A charter school shall operate in accordance with its
32 charter and the provisions of law and regulation which govern other
33 public schools; except that, upon the request of the board of trustees
34 of a charter school, the commissioner may exempt the school from
35 State regulations concerning public schools, except those pertaining
36 to assessment, testing, civil rights and student health and safety, if
37 the board of trustees satisfactorily demonstrates to the
38 commissioner that the exemption will advance the educational goals
39 and objectives of the school.

40 b. A charter school shall comply with the provisions of chapter
41 46 of Title 18A of the New Jersey Statutes concerning the provision
42 of services to handicapped students; except that the fiscal
43 responsibility for any student currently enrolled in or determined to
44 require a private day or residential school shall remain with the
45 district of residence.

46 Within 15 days of the signing of the individualized education
47 plan, a charter school shall provide notice to the resident district of
48 any individualized education plan which results in a private day or

1 residential placement. The resident district may challenge the
2 placement within 30 days in accordance with the procedures
3 established by law.

4 c. A charter school shall comply with applicable State and
5 federal anti-discrimination statutes.

6 (cf: P.L.1995, c.426, s.11)

7

8 58. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended
9 to read as follows:

10 12. a. **【As used in this section:**

11 "Maximum T&E amount" means the T&E amount plus the T&E
12 flexible amount for the budget year weighted for kindergarten,
13 elementary, middle school and high school respectively as set forth
14 in section 12 of P.L.1996, c.138 (C.18A:7F-12);

15 "Program budget" means the sum in the prebudget year inflated
16 by the CPI rate published most recent to the budget calculation of
17 core curriculum standards aid; supplemental core curriculum
18 standards aid; stabilization aid, including supplemental stabilization
19 aid and supplemental school tax reduction aid; designated general
20 fund balance; miscellaneous local general fund revenue; and the
21 district's general fund tax levy. **】** (Deleted by amendment, P.L. ,
22 c.) (pending before the Legislature as this bill)

23 b. The school district of residence shall pay directly to the
24 charter school for each student enrolled in the charter school who
25 resides in the district an amount equal to **【**the lower of either 90%
26 of the program budget per pupil for the specific grade level in the
27 district or 90% of the maximum T&E amount. The per pupil
28 amount paid to the charter school shall not exceed the program
29 budget per pupil for the specific grade level in the district in which
30 the charter school is located**】** 90% of the sum of the budget year
31 equalization aid per pupil and the prebudget year general fund tax
32 levy per pupil inflated by the CPI rate most recent to the
33 calculation. In addition, the school district of residence shall pay
34 directly to the charter school the security categorical aid attributable
35 to the student and a percentage of the district's special education
36 categorical aid equal to the percentage of the district's special
37 education students enrolled in the charter school and , if applicable,
38 100% of preschool education aid. The district of residence shall
39 also pay directly to the charter school **【**any categorical aid
40 attributable to the student, provided the student is receiving
41 appropriate categorical services, and**】** any federal funds attributable
42 to the student.

43 c. **【**For any student enrolled in a charter school in which 90%
44 of the program budget per pupil for the specific grade level is
45 greater than 90% of the maximum T&E amount, the State shall pay
46 the difference between the two amounts.**】** (Deleted by amendment,
47 P.L. , c.) (pending before the Legislature as this bill)

1 d. Notwithstanding the provisions of subsection b. of this
2 section, in the case of a student who was not included in the
3 district's projected resident enrollment for the school year, the State
4 shall pay 100% of the amount required pursuant to subsection b. of
5 this section for the first year of the student's enrollment in the
6 charter school.

7 e. The State shall make payments required pursuant to
8 **【subsections c. and】** subsection d. of this section directly to the
9 charter school.

10 (cf: P.L.2000, c.142, s.2)

11
12 59. Section 3 of P.L.1988, c.12 (C.18A:38-7.9) is amended to
13 read as follows:

14 3. a. In the event the designated district is composed of more
15 than one municipality, when allocating equalized valuations or
16 district incomes, pursuant to the provisions of section **【3 of**
17 **P.L.1996, c.138 (C.18A:7F-3)】** 3 of P.L. , c. (C.) (pending
18 before the Legislature as this bill), for the purpose of calculating
19 State aid, persons attending schools in the designated district
20 pursuant to section 2 of this act shall be assigned to each
21 municipality comprising the designated district in direct proportion
22 to the number of persons ordinarily attending school from each
23 municipality in the designated district without considering the
24 persons attending pursuant to this act.

25 b. In the event the designated district is a constituent district of a
26 limited purpose regional district, when allocating equalized
27 valuations or district incomes, pursuant to the provisions of section
28 **【3 of P.L.1996, c.138 (C.18A:7F-3)】** 3 of P.L. , c. (C.)
29 (pending before the Legislature as this bill), for the purpose of
30 apportioning the amounts to be raised by taxes for the limited
31 purpose regional district of which the designated district is a
32 constituent district, persons attending schools in the designated
33 district pursuant to section 2 of this act shall not be counted.

34 (cf: P.L.1996, c.138, s.63)

35
36 60. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended to
37 read as follows:

38 4. The county superintendent of schools shall, within 120 days
39 of the effective date of this act, certify to the Commissioner of
40 Education which local school district shall be the designated district
41 for persons of school age residing in a multi-district federal enclave.
42 The district certified as the designated district shall count all pupils
43 who reside in a multi-district federal enclave in the resident
44 enrollment of the district for all State aid purposes and shall be
45 designated by the commissioner to receive State aid and all federal
46 funds provided under Pub.L.81-874, (20 U.S.C. s.236 et seq.).

1 For the purposes of calculating State aid pursuant to **[P.L.1996,**
2 **c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C.) (pending before the
3 Legislature as this bill), whenever pupils residing in one district are
4 attending the schools of the designated district, the district income
5 of the resident district shall be allocated between the resident
6 district and the designated district in proportion to the number of
7 pupils residing in the resident district attending the schools of the
8 resident district and designated district.

9 (cf: P.L.1996, c.138, s.64)

10

11 61. N.J.S.18A:38-19 is amended to read as follows:

12 18A:38-19. **[a.]** Whenever the pupils of any school district are
13 attending public school in another district, within or without the
14 State, pursuant to this article, the board of education of the
15 receiving district shall determine a tuition rate to be paid by the
16 board of education of the sending district to an amount not in excess
17 of the actual cost per pupil as determined under rules prescribed by
18 the commissioner and approved by the State board, and such tuition
19 shall be paid by the custodian of school moneys of the sending
20 district out of any moneys in his hands available for current
21 expenses of the district upon order issued by the board of education
22 of the sending district, signed by its president and secretary, in
23 favor of the custodian of school moneys of the receiving district.

24 **[b.]** Notwithstanding the provisions of subsection a. of this
25 section, whenever the pupils of any school district are attending
26 public school in an Abbott district as defined pursuant to section 3
27 of P.L.1996, c.138 (C.18A:7F-3), any expenditures associated with
28 amounts appropriated to the Abbott district as Abbott v. Burke
29 parity remedy aid or additional Abbott v. Burke State aid shall not
30 be included in the actual cost per pupil for the calculation of the
31 tuition to be paid by the sending district. **]**

32 (cf: P.L.2001, c.285, s.1)

33

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

36 2. For the 2002-2003 school year, the maximum amount of
37 nonpublic school transportation costs per pupil provided for in
38 N.J.S.18A:39-1 shall equal \$735 and this amount shall be increased
39 in each subsequent year in direct proportion to the increase in the
40 State transportation aid per pupil in the year prior to the prebudget
41 year compared to the amount for the prebudget year or by the CPI,
42 whichever is greater.

43 As used in this section, State transportation aid per pupil shall
44 equal the total State transportation aid payments made pursuant to
45 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. , c.
46 (C.) (pending before the Legislature as this bill) divided by the
47 number of pupils eligible for transportation. "CPI" means the

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1 average annual increase, expressed as a decimal, in the consumer
2 price index for the New York City and Philadelphia areas during the
3 fiscal year preceding the prebudget year as reported by the United
4 States Department of Labor.

5 In the 2002-2003 school year and thereafter, any additional costs
6 incurred by a school district due to the increase in the maximum
7 amount of nonpublic school transportation costs per pupil pursuant
8 to this section shall be borne by the State.

9 (cf: P.L.2001, c.437, s.1)

10

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

12 18A:39-1.1. In addition to the provision of transportation for
13 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board
14 of education of any district may provide, by contract or otherwise,
15 in accordance with law and the rules and regulations of the State
16 board, for the transportation of other pupils to and from school.

17 Districts shall not receive State transportation aid pursuant to
18 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. __, c.
19 (C. __) (pending before the Legislature as this bill) for the
20 transportation of pupils pursuant to this section.

21 (cf: P.L.1996, c.138, s.67)

22

23 64. Section 1 of P.L.1995, c.106 (C.18A:39-1.3) is amended to
24 read as follows:

25 1. Any board of education which transports pupils to and from
26 school pursuant to N.J.S.18A:39-1 or a cooperative transportation
27 services agency may enter into a contract for the transportation of
28 public school pupils who are not eligible for transportation services
29 pursuant to N.J.S.18A:39-1 or any other law, and may require that if
30 the parent, guardian or other person having legal custody of the
31 child elects to have the pupil transported pursuant to the contract,
32 then the parent, guardian or other person having legal custody of the
33 child shall pay all or a part of the costs of that transportation,
34 including, but not limited to, the cost of fuel, driver salaries and
35 insurance. A board of education or a cooperative transportation
36 services agency may also enter into a contract for the transportation
37 of pupils who attend not for profit nonpublic schools and who are
38 not eligible for transportation services pursuant to N.J.S.18A:39-1
39 or any other law or who receive in-lieu-of transportation payments,
40 and may require that if the parent, guardian or other person having
41 legal custody of the child elects to have the pupil transported
42 pursuant to the contract, then the parent, guardian or other person
43 having legal custody of the child shall pay all or a part of the costs
44 of that transportation, including, but not limited to, the cost of fuel,
45 driver salaries and insurance.

46 The costs of the transportation shall be paid at the time and in the
47 manner determined by the board of education or the cooperative
48 transportation services agency, provided that the parent, guardian or

1 other person having legal custody of the pupil attending the public
2 or nonpublic school shall pay no more than the per pupil cost of the
3 route for the transportation provided pursuant to this section.

4 Boards of education shall not receive State transportation aid
5 pursuant to section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of
6 P.L. , c. (C.) (pending before the Legislature as this bill) for
7 the transportation of pupils pursuant to this section; however, the
8 pupils shall be included in the calculation of the district's regular
9 vehicle capacity utilization for purposes of the application of the
10 incentive factor pursuant to that section.

11 A board of education shall notify the Department of Education
12 when it elects to provide transportation for pupils under the
13 provisions of this act.

14 (cf: P.L.2001, c.65, s.1)

15

16 65. Section 1 of P.L.2000, c.114 (C.18A:39-1.7) is amended to
17 read as follows:

18 1. A board of education responsible for the transportation of
19 public school pupils to and from school pursuant to N.J.S.18A:39-1
20 or a cooperative transportation services agency as identified by the
21 Commissioner of Education may permit nonpublic school pupils
22 who live in or outside of the district and who are not eligible for
23 pupil transportation pursuant to N.J.S.18A:39-1 because the
24 distance from the pupil's residence to the nonpublic school is
25 greater than the mileage limit established pursuant to N.J.S.18A:39-
26 1 or any other law to purchase transportation to the nonpublic
27 school from the board of education or the cooperative transportation
28 services agency provided that:

29 a. there is available space on the appropriate bus route; and

30 b. the parent, guardian or other person having legal custody of
31 the pupil attending the nonpublic school agrees to transport the
32 pupil to an existing bus stop as determined by the board of
33 education or the cooperative transportation services agency.

34 The parent, guardian or other person having legal custody of the
35 pupil attending the nonpublic school shall pay no more than the per
36 pupil cost of the route for the transportation provided pursuant to
37 this section. The costs of the transportation shall be paid at the time
38 and in the manner determined by the board of education or
39 cooperative transportation services agency.

40 A board of education or the cooperative transportation services
41 agency shall notify the Department of Education when it elects to
42 provide transportation for pupils under the provisions of this
43 section.

44 Boards of education shall not receive State transportation aid
45 pursuant to section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of
46 P.L. , c. (C.) (pending before the Legislature as this bill) for
47 the transportation of pupils pursuant to this section; however these
48 pupils shall be included in the calculation of the district's regular

1 vehicle capacity utilization for purposes of the application of the
2 incentive factor pursuant to that section.

3 Prior to providing transportation pursuant to this section to a
4 nonpublic school pupil who lives within the district, a board of
5 education shall determine if the pupil is eligible for transportation
6 or an in-lieu-of payment pursuant to section 1 of P.L.1999, c.350
7 (C.18A:39-1.6). If the board of education determines that the pupil
8 is eligible for transportation or an in-lieu-of payment pursuant to
9 section 1 of P.L.1999, c.350 (C.18A:39-1.6), then that provision of
10 law shall govern the transportation services provided to the pupil by
11 the board of education.

12 (cf: P.L.2000, c.114, s.1)

13

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

15 18A:39-3. a. No contract for the transportation of pupils to and
16 from school shall be made, when the amount to be paid during the
17 school year for such transportation shall exceed \$7,500.00 or the
18 amount determined pursuant to subsection b. of this section, and
19 have the approval of the executive county superintendent of
20 schools, unless the board of education making such contract shall
21 have first publicly advertised for bids therefor in a newspaper
22 published in the district or, if no newspaper is published therein, in
23 a newspaper circulating in the district, once, at least 10 days prior to
24 the date fixed for receiving proposals for such transportation, and
25 shall have awarded the contract to the lowest responsible bidder.

26 Nothing in this chapter shall require the advertisement and
27 letting on proposals or bids of annual extensions, approved by the
28 executive county superintendent, of any contract for transportation
29 entered into through competitive bidding when--

30 (1) Such annual extensions impose no additional cost upon the
31 board of education, regardless of the fact that the route description
32 has changed; or

33 (2) The increase in the contractual amount as a result of such
34 extensions does not exceed the rise in the Consumer Price Index as
35 defined in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. ,
36 c. (C.) (pending before the Legislature as this bill) for that
37 school year, regardless of the fact that the route description has
38 changed or an aide has been added or removed; or

39 (3) (Deleted by amendment, P.L.1982, c.74.)

40 (4) The increase in the contractual amount as a result of an
41 extension exceeds the rise in the Consumer Price Index as defined
42 in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. , c.
43 (C.) (pending before the Legislature as this bill) for that school
44 year, but the following apply to the extensions:

45 (a) The increase is directly attributable to a route change to
46 accommodate new student riders or safety concerns as provided for
47 in the original bid, or the increase is directly attributable to the
48 addition of an aide as provided for in the original bid; and

1 (b) The school destination remains unchanged from the original
2 contract.

3 Any such extension as described in this paragraph shall require
4 the approval of the executive county superintendent of schools.

5 Nothing in this chapter shall require the immediate bid of any
6 contract renewal for the remainder of a school year in which the
7 only change, in addition to route description, is the bus type.
8 However, any such extension shall be approved by the executive
9 county superintendent of schools and shall be bid for the next
10 school year.

11 b. The Governor, in consultation with the Department of the
12 Treasury, shall, no later than March 1 of each odd-numbered year,
13 adjust the threshold amount set forth in subsection a. of this section,
14 or subsequent to 1985 the threshold amount resulting from any
15 adjustment under this subsection or section 17 of P.L.1985. c.469,
16 in direct proportion to the rise or fall of the Consumer Price Index
17 for all urban consumers in the New York City and the Philadelphia
18 areas as reported by the United States Department of Labor. The
19 Governor shall, no later than June 1 of each odd-numbered year,
20 notify all local school districts of the adjustment. The adjustment
21 shall become effective on July 1 of each odd-numbered year.

22 (cf: P.L.2003, c.69, s.1)

23

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

25 18A:39-15. If the executive county superintendent of the county
26 in which the districts are situate shall approve the necessity, the
27 cost, and the method of providing joint transportation and the
28 agreement whereby the same is to be provided, each board of
29 education providing joint transportation shall be entitled to State
30 transportation aid pursuant to section [25 of P.L.1996, c.138
31 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
32 Legislature as this bill).

33 (cf: P.L.1996, c.138, s.68)

34

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

37 11. The Commissioner of Education, in consultation with the
38 Commissioner of Health and Senior Services, shall develop and
39 administer a program which provides for the employment of
40 substance awareness coordinators in certain school districts.

41 a. Within 90 days of the effective date of this act, the
42 Commissioner of Education shall forward to each local school
43 board a request for a proposal for the employment of a substance
44 awareness coordinator. A board which wants to participate in the
45 program shall submit a proposal to the commissioner which outlines
46 the district's plan to provide substance abuse prevention,
47 intervention and treatment referral services to students through the
48 employment of a substance awareness coordinator. Nothing shall

1 preclude a district which employs a substance awareness
2 coordinator at the time of the effective date of this act from
3 participating in this program. The commissioner shall select school
4 districts to participate in the program through a competitive grant
5 process. The participating districts shall include urban, suburban
6 and rural districts from the north, central and southern geographic
7 regions of the State with at least one school district per county. In
8 addition to all other State aid to which the local district is entitled
9 under the provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]**
10 P.L. , c. (C.) (pending before the Legislature as this bill) and
11 other pertinent statutes, each board of education participating in the
12 program shall receive from the State, for a three-year period, the
13 amount necessary to pay the salary of its substance awareness
14 coordinator.

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

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

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

1 to all school districts in the State.
2 (cf: P.L.1996, c.138, s.70)

3

4 69. N.J.S.18A:44-4 is amended to read as follows:

5 18A:44-4. a. Except as otherwise provided pursuant to
6 subsection b. of this section, the expenses of preschool schools or
7 departments and of kindergarten schools or departments shall be
8 paid out of any moneys available for the general fund expenses of
9 the schools, and in the same manner and under the same restrictions
10 as the expenses of other schools or departments are paid, except
11 when wholly or partly subsidized by restricted funding sources or
12 restricted endowments.

13 b. **[In the case of a non-Abbott school district which is not**
14 **required to operate a preschool program pursuant to section 16 of**
15 **P.L.1996, c.138 (C.18A:7F-16) and which does not receive early**
16 **childhood program aid pursuant to that section, the] A** district may
17 collect tuition from the parents or guardians of students enrolled in
18 a preschool school or department **[in an amount not to] for whom**
19 **the district does not receive preschool education aid pursuant to**
20 **section 12 of P.L. , c. (C.) (pending before the Legislature as**
21 **this bill). The amount of tuition may not exceed the per pupil cost**
22 **of the preschool program.**

23 (cf: P.L.2004, c.125, s.1)

24

25 70. Section 2 of P.L.2000, c.139 (C.18A:44-6) is amended to
26 read as follows:

27 2. a. There is established a Division of Early Childhood
28 Education in the Department of Education. The administrator and
29 head of the division shall be a person qualified by training and
30 experience to perform the duties of the division and shall devote
31 his entire time to the performance of those duties.

32 b. The division shall be responsible for:

33 (1) setting required standards for early childhood education
34 programs in **[the Abbott districts, districts receiving Early**
35 **Childhood Program Aid and all other] districts** that operate
36 preschool programs for three- and four-year olds that emphasize the
37 quality necessary to meet children's needs, including, but not
38 limited to, standards for teacher qualifications, program design and
39 facilities;

40 (2) identifying and disseminating information on model early
41 childhood education programs that meet and exceed high standards
42 for program quality;

43 (3) the coordination of early childhood programs and services in
44 consultation with the Department of Human Services;

45 (4) identifying the amount of funds necessary to implement
46 successful early childhood education programs based on a
47 comprehensive needs assessment;

- 1 (5) providing assistance, as needed, to school districts in
2 implementing early childhood education programs;
- 3 (6) implementing the early childhood education orders of the
4 New Jersey Supreme Court;
- 5 (7) overseeing the evaluation and monitoring of early childhood
6 education programs in [the Abbott districts, districts receiving
7 Early Childhood Program Aid and all other] districts that operate
8 preschool programs for three- and four-year olds; and
- 9 (8) providing, in consultation with the Department of Human
10 Services [and the Abbott Implementation Advisory Council], an
11 annual report to the Legislature and public on early childhood
12 education.
- 13 (cf: P.L.2000, c.139, s.2)

14

15 71. N.J.S.18A:46-14 is amended to read as follows:

16 18A:46-14. The facilities and programs of education required
17 under this chapter shall be provided by one or more of the
18 following:

- 19 a. A special class or classes in the district, including a class or
20 classes in hospitals, convalescent homes, or other institutions;
- 21 b. A special class in the public schools of another district in this
22 State or any other state in the United States;
- 23 c. Joint facilities including a class or classes in hospitals,
24 convalescent homes or other institutions to be provided by
25 agreement between one or more school districts;
- 26 d. A jointure commission program;
- 27 e. A State of New Jersey operated program;
- 28 f. Instruction at school supplementary to the other programs in
29 the school, whenever, in the judgment of the board of education
30 with the consent of the commissioner, the handicapped pupil will be
31 best served thereby;
- 32 g. Sending children capable of benefiting from a day school
33 instructional program to privately operated day classes, in New
34 Jersey or, with the approval of the commissioner to meet particular
35 circumstances, in any other state in the United States, the services
36 of which are nonsectarian whenever in the judgment of the board of
37 education with the consent of the commissioner it is impractical to
38 provide services pursuant to subsection a., b., c., d., e. or f.
39 otherwise;
- 40 h. Individual instruction at home or in school whenever in the
41 judgment of the board of education with the consent of the
42 commissioner it is impracticable to provide a suitable special
43 education program for a child pursuant to subsection a., b., c., d., e.,
44 f. or g. otherwise.

45 Whenever a child study team determines that a suitable special
46 education program for a child cannot be provided pursuant to
47 subsection a., b., c., d., e., f., g. or h. of this section, and that the
48 most appropriate placement for that child is in an academic program

1 in an accredited nonpublic school within the State or, to meet
2 particular circumstances, in any other state in the United States, the
3 services of which are nonsectarian, and which is not specifically
4 approved for the education of handicapped pupils, that child may be
5 placed in that academic program by the board of education, with the
6 consent of the commissioner, or by order of a court of competent
7 jurisdiction. An academic program which meets the requirements
8 of the child's Individual Education Plan as determined by the child
9 study team and which provides the child with a thorough and
10 efficient education, shall be considered an approved placement for
11 the purposes of chapter 46 of this Title, and the board of education
12 shall be entitled to receive State aid for that child as provided
13 pursuant to **[P.L.1996, c.138 (C.18A:7F-1 et al.)]** P.L. . . . , c.
14 (C. . .) (pending before the Legislature as this bill), and all other
15 pertinent statutes.

16 Whenever any child shall be confined to a hospital, convalescent
17 home, or other institution in New Jersey or in any other state in the
18 United States and is enrolled in an education program approved
19 under this article, or shall be placed in any other State facility as
20 defined in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. . . . ,
21 c. . .) (pending before the Legislature as this bill), the board
22 of education of the district in which the child resides shall pay the
23 tuition of that child. The board of education may also furnish (a)
24 the facilities or programs provided in this article to any person over
25 the age of 20 who does not hold a diploma of a high school
26 approved in this State or in any other state in the United States, (b)
27 suitable approved facilities and programs for children under the age
28 of five.

29 (cf: P.L.1996, c.138, s.74)

30

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

32 18A:46-23. The board of education shall furnish transportation
33 to all children found under this chapter to be handicapped who shall
34 qualify therefor pursuant to law and it shall furnish the
35 transportation for a lesser distance also to any handicapped child, if
36 it finds upon the advice of the examiner, the handicap to be such as
37 to make transportation necessary or advisable.

38 The board of education shall furnish transportation to all children
39 being sent by local boards of education to an approved 12-month
40 program pursuant to N.J.S.18A:46-14, or any other program
41 approved pursuant to N.J.S.18A:46-14 and who qualify therefor
42 pursuant to law, during the entire time the child is attending the
43 program. The board shall furnish transportation for a lesser
44 distance also to a handicapped child, if it finds upon the advice of
45 the examiner, his handicap to be such as to make the transportation
46 necessary or advisable.

47 The school district shall be entitled to State aid for the
48 transportation pursuant to section **[25 of P.L.1996, c.138**

1 (C.18A:7F-25)] 15 of P.L. , c. (C.) (pending before the
2 Legislature as this bill) when the necessity for the transportation
3 and the cost and method thereof have been approved by the
4 executive county superintendent of the county in which the district
5 paying the cost of the transportation is situated.
6 (cf: P.L.1996, c.138, s.76)
7

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

10 3. a. Any school established pursuant to P.L.1971, c.271
11 (C.18A:46-29 et seq.) shall accept all eligible pupils within the
12 county, so far as facilities permit. Pupils residing outside the
13 county may be accepted should facilities be available only after
14 provision has been made for all eligible pupils within the county.
15 Any child accepted shall be classified pursuant to chapter 46 of
16 Title 18A of the New Jersey Statutes.

17 b. The board of education of any county special services school
18 district may receive such funds as may be appropriated by the
19 county pursuant to section 13 of P.L.1971, c.271 (C.18A:46-41) and
20 shall be entitled to collect and receive from the sending districts in
21 which the pupils attending the county special services school reside,
22 for the tuition of those pupils, a sum not to exceed the actual cost
23 per pupil as determined for each special education program or for
24 the special services school district, according to rules prescribed by
25 the commissioner and approved by the State board. Whenever
26 funds have been appropriated by the county, the county special
27 services school district may charge a fee in addition to tuition for
28 any pupils who are not residents of the county. The fee shall not
29 exceed the amount of the county's per pupil appropriation to the
30 county special services school district. For each special education
31 program or for the special services school district, the tuition shall
32 be at the same rate per pupil for each sending district whether
33 within or without the county. Ten percent of the tuition amount and
34 the nonresident fee amount, if any, shall be paid on the first of each
35 month from September to June to the receiving district by each
36 sending district. The annual aggregate amount of all tuition may be
37 anticipated by the board of education of the county special services
38 school district with respect to the annual budget of the county
39 special services school district. The amounts of all annual
40 payments or tuition to be paid by any other school district shall be
41 raised in each year in the annual budget of the other school district
42 and paid to the county special services school district.

43 Tuition charged to the resident district shall be deducted from the
44 resident district's State aid and transferred directly to the county
45 special services district by the Department of Education according
46 to procedures established by the commissioner. The transfers shall
47 equal 1/20th of the tuition charged and shall occur on the same
48 schedule of State aid payments for the resident districts. Beginning

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1 in May of the preceding year the county special services district
2 shall report to the department and the resident districts the current
3 enrollments and tuition rates by district. Enrollment changes
4 reported at least 30 days in advance of a scheduled transfer shall be
5 honored.

6 Unless specifically designated, county special services school
7 districts shall not receive State aid under the provisions of
8 【P.L.1996, c.138 (C.18A:7F-1 et al.)】 P.L. , c. (C.) (pending
9 before the Legislature as this bill). The county special services
10 general fund budget, exclusive of any county contribution, shall not
11 exceed the general fund budget, exclusive of any county
12 contribution, in the prebudget year adjusted by the CPI or three
13 percent, whichever is greater, plus an enrollment factor.

14 An undesignated general fund balance of 10 percent of the
15 general fund budget exclusive of tuition adjustments of prior years
16 may be maintained. For the years 1997-98 through 2001-2002,
17 State aid shall be provided to fund tuition losses when placements
18 drop by more than five percent between the budget year and
19 prebudget year. State aid shall equal the difference between 95
20 percent of the prebudget year enrollment on May 1 preceding the
21 prebudget year multiplied by the budget year tuition rate and actual
22 enrollments on May 1 preceding the budget year multiplied by the
23 budget year tuition rate.

24 c. The board of education of any county special services school
25 district, with the approval of the board of chosen freeholders of the
26 county, may provide for the establishment, maintenance and
27 operation of dormitory and other boarding care facilities for pupils
28 in conjunction with any one or more of its schools for special
29 services, and the board shall provide for the establishment,
30 maintenance and operation of such health care services and
31 facilities for the pupils as the board shall deem necessary.

32 d. (Deleted by amendment, P.L.1991, c.62).
33 (cf: P.L.1996, c.138, s.77)
34

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

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

39 a. The per pupil aid amount for providing the equivalent service
40 to children of limited English-speaking ability enrolled in the public
41 schools, shall be \$1274.03. The appropriate per pupil aid amount
42 for compensatory education shall be \$628.71.

43 b. The appropriate per pupil aid amount shall then be multiplied
44 by the number of auxiliary services received for each pupil enrolled
45 in the nonpublic schools who were identified as eligible to receive
46 each auxiliary service as of the last school day of June of the
47 prebudget year, to obtain each district's State aid for the next school
48 year.

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1 c. The per pupil aid amount for home instruction shall be
2 determined by multiplying the **【T&E amount】** base per pupil
3 amount by a cost factor of 0.0037 by the number of hours of home
4 instruction actually provided in the prior school year.

5 (cf: P.L.1996, c.138, s.78)

6
7 75. N.J.S.18A:56-16 is amended to read as follows:

8 18A:56-16. In the event that a school district or a county or
9 municipality anticipates that it will be unable to meet the payment
10 of principal or interest on any of its bonds issued for school
11 purposes after December 4, 1958, it shall certify such liability to the
12 commissioner and the Director of the Division of Local Finance at
13 least 10 days prior to the date any such payment is due. If the
14 commissioner and director shall approve said certification, they
15 shall immediately certify the same to the trustees of the fund for the
16 support of public schools. Upon the receipt thereof, or in the event
17 any such district, county or municipality fails to certify its
18 anticipated inability to meet any such payments, upon notice and
19 verification of such inability, the trustees shall, within the limits of
20 the school bond guaranty reserve established within the fund
21 purchase any such bonds at a price equivalent to the face amount
22 thereof or pay to the holder of any such bond the interest due or to
23 become due thereon, as the case may be, and such purchases and
24 payments of interest may continue so long as the district, county or
25 municipality remains unable to make such payments. Upon making
26 any such payment of interest, the trustees of the fund shall be
27 subrogated to all rights of the bondholder against the issuer in
28 respect to the collection of such interest and if such interest is
29 represented by a coupon such coupon shall be delivered to the
30 trustees of the fund.

31 The State Treasurer shall act as agent of the trustees of the fund
32 in making any such payments or purchases, and he shall prescribe,
33 in consultation with the commissioner, such rules and regulations as
34 may be necessary and proper to effectuate the purposes of this
35 section.

36 The amount of any payment of interest or purchase price
37 pursuant to this section shall be deducted from the appropriation or
38 apportionment of State aid, other than any State aid which may be
39 otherwise restricted pursuant to the provisions of **【P.L.1996, c.138**
40 **(C.18A:7F-1 et seq.)】** P.L. , c. (C.) (pending before the
41 Legislature as this bill), payable to the district, county or
42 municipality and shall not obligate the State to make, nor entitle the
43 district, county or municipality to receive, any additional
44 appropriation or apportionment. Any amount so deducted shall be
45 applied by the State Treasurer to satisfy the obligation of the
46 district, county or municipality arising as a result of the payment of
47 interest or purchase price pursuant to this section.

48 (cf: P.L.2003, c.118, s.1)

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

3 6. State aid provided pursuant to **【P.L.1996, c.138 (C.18A:7F-1**
4 **et al.)】** P.L. , c. (C.) (pending before the Legislature as this
5 bill) may be expended for the purchase and loan of textbooks for
6 public school pupils in an amount which shall not exceed the State
7 average budgeted textbook expense for the prebudget year per pupil
8 in resident enrollment. Nothing contained herein shall prohibit a
9 board of education in any district from purchasing textbooks in
10 excess of the amounts provided pursuant to this act.

11 (cf: P.L.1996, c.138, s.83)

12

13 77. Section 4 of P.L.2000, c.77 (C.30:5B-6.13) is amended to
14 read as follows:

15 4. a. In the case of a child care center established after the
16 effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.), the owner or
17 sponsor of the center, prior to the center's opening, shall ensure that
18 a request for a criminal history record background check on each
19 staff member is sent to the Department of Human Services for
20 processing by the Division of State Police in the Department of Law
21 and Public Safety and the Federal Bureau of Investigation.

22 A staff member shall not be left alone as the only adult caring for
23 a child at the center until the criminal history record background
24 has been reviewed by the department pursuant to P.L.2000, c.77
25 (C.30:5B-6.10 et al.).

26 b. In the case of a child care center licensed or granted life-
27 safety approval prior to the effective date of P.L.2000, c.77
28 (C.30:5B-6.10 et al.), the owner or sponsor of the center, at the time
29 of the center's first renewal of license or life-safety approval next
30 following that effective date, shall ensure that a request for a
31 criminal history record background check for each staff member is
32 sent to the department for processing by the Division of State Police
33 and the Federal Bureau of Investigation.

34 c. Within two weeks after a new staff member begins
35 employment at a child care center, the owner or sponsor of the
36 center shall ensure that a request for a criminal history record
37 background check is sent to the department for processing by the
38 Division of State Police and the Federal Bureau of Investigation.

39 A new staff member shall not be left alone as the only adult
40 caring for a child at the center until the criminal history record
41 background has been reviewed by the department pursuant to
42 P.L.2000, c.77 (C.30:5B-6.10 et al.).

43 d. In the case of child care centers under contract to implement
44 early childhood education programs in **【the Abbott districts as**
45 **defined in P.L.1996, c.138 (C.18A:7F-3) and in other】** school
46 districts, the department shall ensure that a criminal history record
47 background check is conducted on all current staff members as soon

1 as practicable, but no later than six months after the effective date
2 of P.L.2000, c.77 (C.30:5B-6.10 et al.).

3 (cf: P.L.2004, c.130, s.99)

4

5 78. Section 10 of P.L.2000, c.77 (C.30:5B-6.18) is amended to
6 read as follows:

7 10. Notwithstanding the provisions of any other law to the
8 contrary, the provisions of P.L.1986, c.116 (C.18A:6-7.1 et seq.)
9 shall not apply to employees of a child care center licensed or life-
10 safety approved by the Department of Human Services pursuant to
11 P.L.1983, c.492 (C.30:5B-1 et seq.) if the center contracts with a
12 school district **【**, including, but not limited to, an Abbott district as
13 defined in P.L.1996, c.138 (C.18A:7F-3), **】** to implement an early
14 childhood education program.

15 (cf: P.L.2000, c.77, s.10)

16

17 79. Section 2 of P.L.1999, c.279 (C.34:15F-2) is amended to
18 read as follows:

19 2. As used in this act:

20 **【**"Abbott district" means an Abbott district as defined in section
21 3 of P.L.1996, c.138 (C.18A:7F-3); **】**

22 "Commissioner" means the Commissioner of Labor and
23 Workforce Development;

24 "Department" means the Department of Labor and Workforce
25 Development;

26 "Educational foundation" means a nonprofit organization that
27 may be created by or on behalf of a board of education or a
28 nonprofit organization that has experience in the establishment of
29 mentoring programs or the provision of services to at-risk youth;

30 "Joint committee" means the Joint Committee on Mentoring;

31 "Mentor" means a volunteer from the community who agrees to
32 participate in a mentoring program; **【and】**

33 "Program" means the At-Risk Youth Mentoring Program
34 established by this act; and

35 "SDA district" means an SDA district as defined pursuant to
36 section 3 of P.L.2000, c.72 (C.18A:7G-3).

37 (cf: P.L.2004, c.61, s.2)

38

39 80. Section 2 of P.L.2003, c.113 (C.46:15-7.1) is amended to
40 read as follows:

41 2. a. For each conveyance or transfer of property, the grantor
42 shall pay a supplemental fee of:

43 (1) (a) \$0.25 for each \$500.00 of consideration or fractional part
44 thereof not in excess of \$150,000.00 recited in the deed;

45 (b) \$0.85 for each \$500.00 of consideration or fractional part
46 thereof in excess of \$150,000.00 but not in excess of \$200,000.00
47 recited in the deed; and

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- 1 (c) \$1.40 for each \$500.00 of consideration or fractional part
2 thereof in excess of \$200,000.00 recited in the deed, plus
3 (2) for a transfer described in subsection (b) of section 4 of
4 P.L.1975, c.176 (C.46:15-10.1), an additional \$1.00 for each
5 \$500.00 of consideration or fractional part thereof not in excess of
6 \$150,000.00 recited in the deed which fee shall be collected by the
7 county recording officer at the time the deed is offered for
8 recording, except as provided by subsection b. of this section.
- 9 b. The supplemental fee imposed by subsection a. of this
10 section shall not be imposed on a conveyance or transfer that is
11 made by a deed described in section 6 of P.L.1968, c.49 (C.46:15-
12 10) or on a transfer described in paragraph (1) or paragraph (2) of
13 subsection (a) of section 4 of P.L.1975, c.176 (C.46:15-10.1).
- 14 c. The proceeds of the supplemental fees collected by the
15 county recording officer pursuant to subsection a. of this section
16 shall be accounted for and remitted to the county treasurer. An
17 amount equal to \$0.25 of the supplemental fee for each \$500.00 of
18 consideration or fractional part thereof recited in the deed so
19 collected pursuant to this section shall be retained by the county
20 treasurer for the purposes set forth in subsection d. of this section,
21 and the balance shall be remitted to the State Treasurer for deposit
22 to the Extraordinary Aid Account, which shall be established as an
23 account in the General Fund. Payments shall be made to the State
24 Treasurer on the tenth day of each month following the month of
25 collection.
- 26 d. From the proceeds of the supplemental fees collected by the
27 county recording officer pursuant to subsection a. of this section
28 and retained by the county treasurer pursuant to subsection c. of this
29 section, a county that received funding in State fiscal year 2003 for
30 the support of public health services pursuant to the provisions of
31 the Public Health Priority Funding Act of 1977, P.L.1966, c.36
32 (C.26:2F-1 et seq.) shall, at a minimum, fund its priority health
33 services under that act in subsequent years at the same level as the
34 level at which those services were funded in State fiscal year 2003
35 pursuant to the annual appropriations act for that fiscal year as the
36 Commissioner of the Department of Health and Senior Services
37 shall determine. In any county, amounts of supplemental fees
38 retained that are in excess of the amounts required to be used for the
39 funding of the county's priority health services under this subsection
40 shall be used by the county for general county purposes.
- 41 e. The Legislature shall annually appropriate the entire balance
42 of the Extraordinary Aid Account for the purposes of providing
43 extraordinary special education aid pursuant to section [19 of
44 P.L.1996, c.138 (C.18A:7F-19)] 13 of P.L. , c. (C.) (pending
45 before the Legislature as this bill) and "Municipal Property Tax
46 Relief Act" extraordinary aid pursuant to section 4 of P.L.1991,
47 c.63 (C.52:27D-118.35).

1 f. Every deed subject to the supplemental fee required by this
2 section, which is in fact recorded, shall be conclusively deemed to
3 have been entitled to recording, notwithstanding that the amount of
4 the consideration shall have been incorrectly stated, or that the
5 correct amount of the supplemental fee, if any, shall not have been
6 paid, and no such defect shall in any way affect or impair the
7 validity of the title conveyed or render the same unmarketable; but
8 the person or persons required to pay that supplemental fee at the
9 time of recording shall be and remain liable to the county recording
10 officer for the payment of the proper amount thereof.

11 (cf: P.L.2003, c.113, s.2)

12

13 81. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to
14 read as follows:

15 2. As used in this act:

16 "Assistance" means the contribution of moneys to aid in the
17 provision of neighborhood preservation and revitalization services
18 or community services.

19 "Business entity" means any business firm or individual which is
20 authorized to conduct or operate a trade or business in the State and
21 is subject to taxes on business related income.

22 "Certificate for neighborhood revitalization State tax credits"
23 means the certificate in the form prescribed by the Treasurer and
24 issued by the commissioner to a business entity that specifies the
25 dollar amount of neighborhood preservation and revitalization State
26 tax credits that business entity may take as an annual credit against
27 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et
28 seq.).

29 "Commissioner" means the Commissioner of Community
30 Affairs.

31 "Department" means the Department of Community Affairs.

32 "Eligible neighborhood" means a contiguous area located in one
33 or more municipalities that, at the time of the application to the
34 department for approval of a neighborhood preservation and
35 revitalization plan, are either eligible to receive aid under the
36 "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et
37 seq.) or coextensive with a school district which qualified prior to
38 the effective date of P.L. , c. (C.) (pending before the
39 Legislature as this bill) for designation as an "Abbott district"
40 pursuant to the "Comprehensive Educational Improvement and
41 Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

42 "Housing and economic development activities" means those
43 activities carried out in furtherance of a neighborhood preservation
44 and revitalization plan in an eligible neighborhood approved
45 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the
46 housing and economic conditions of the neighborhood; and shall
47 include, without limitation, measures to foster the rehabilitation and
48 construction of housing affordable to low and moderate income

1 households within the neighborhood, including planning, design,
2 rehabilitation, construction, and management of low and moderate
3 income housing, home buyer counseling, and related activities
4 needed to effectuate the rehabilitation and construction of housing
5 affordable to low and moderate income households; measures to
6 increase business activity within the neighborhood, including the
7 rehabilitation and construction of commercial facilities and the
8 provision of assistance to small business entities; and measures to
9 increase the income and labor force participation of neighborhood
10 residents, including provision of education, training, child care and
11 transportation assistance to enable low income neighborhood
12 residents to obtain or retain employment.

13 "Low income household" means a household whose gross
14 household income is less than 50 percent of the median gross
15 household income for the region in which the neighborhood is
16 located for households of similar size as determined by the
17 department.

18 "Moderate income household" means a household whose gross
19 household income is greater than or equal to 50 percent but less
20 than 80 percent of the median gross household income of the region
21 in which the neighborhood is located for households of similar size
22 as determined by the department.

23 "Neighborhood preservation and revitalization activities" means
24 housing and economic development activities and other
25 neighborhood preservation and revitalization activities.

26 "Neighborhood Revitalization Plan" means a plan for the
27 preservation or revitalization of an eligible neighborhood.

28 "Nonprofit organization" means a private nonprofit corporation
29 that has been determined by the Internal Revenue Service of the
30 United States Department of the Treasury to be exempt from
31 income taxation under 26 U.S.C.s.501(c)(3).

32 "Other Neighborhood Revitalization Activities" means those
33 activities, other than housing and economic development activities,
34 carried out in furtherance of a State-approved neighborhood
35 preservation and revitalization plan in a qualified low and moderate
36 income neighborhood, and may include, without limitation,
37 improvements to infrastructure, street scape, public open space, and
38 transportation systems; provision of social and community services,
39 health care, crime prevention, recreation activities, community and
40 environmental health services; and community outreach and
41 organizing activities.

42 "Qualified nonprofit organization" means a nonprofit
43 organization that has demonstrated a commitment to the
44 neighborhood for which it is submitting a plan or project, as
45 reflected in its past activities or proposed activities in a preservation
46 and revitalization plan.

47 "Qualified project" means one or more housing and economic
48 development activities and which may also include one or more

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1 other neighborhood revitalization activities to be carried out in
2 accordance with a neighborhood revitalization plan as approved by
3 the commissioner with funds provided by a business entity eligible
4 to receive a certificate for neighborhood revitalization State tax
5 credits.

6 (cf: P.L.2003, c.59, s.1)

7

8 82. Section 7 of P.L.2004, c.73 is amended to read as follows:

9 7. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-
10 1 et seq.) to the contrary, the commissioner may adopt, immediately
11 upon filing with the Office of Administrative Law, such rules and
12 regulations as the commissioner deems necessary to implement the
13 provisions of P.L.2004, c.73 which shall be effective for a period
14 not to exceed 12 months. Determinations made by the
15 commissioner pursuant to P.L.2004, c.73 and the rules and
16 regulations adopted by the commissioner to implement that act shall
17 be considered to be final agency action and appeal of that action
18 shall be directly to the Appellate Division of the Superior Court.
19 The regulations shall thereafter be amended, adopted or readopted
20 by the **【State Board】** Commissioner of Education in accordance
21 with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

22

23 83. Notwithstanding any provision of P.L.1968, c.410
24 (C.52:14B-1 et seq.) to the contrary, the Commissioner of
25 Education may adopt, immediately upon filing with the Office of
26 Administrative Law, such rules and regulations as the commissioner
27 deems necessary to implement the provisions of P.L. , c. (C.)
28 (pending before the Legislature as this act) which shall be effective
29 for a period not to exceed 12 months. The regulations shall
30 thereafter be amended, adopted or readopted by the commissioner
31 in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1
32 et seq.).

33

34 84. The following sections are repealed:

35 Sections 1 through 4, 10 through 23, and 25 through 31 of
36 P.L.1996, c.138 (C.18A:7F-1 through 18A:7F-4, 18A:7F-10
37 through 18A:7F-23, 18A:7F-25 through 18A:7F-31);

38 Sections 1 and 2 of P.L.2005, c.122 (C.18A:7F-10.1 and 18A:7F-
39 10.2);

40 Section 2 of P.L.1999, c.110 (C.18A:7F-13.1);

41 Section 1 of P.L.1999, c.438 (C.18A:7F-32.1);

42 P.L.1999, c.142 (C.18A:7F-35 and 18A:7F-36);

43 N.J.S.18A:8-1.1;

44 P.L.1995, c.95 (C.18A:22-8.6);

45 Section 10 of P.L.1999, c.279 (C.34:15F-10).

46

47 85. This act shall take effect immediately and shall first apply to
48 the 2008-2009 school year.

STATEMENT

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This bill, the “School Funding Reform Act of 2008,” establishes a new system for the funding of public school districts. The goal of the new formula is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

The bill maintains current requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals the sections of the “Comprehensive Educational Improvement and Financing Act of 1996,” (CEIFA) P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement the standards, and establishes revised formulas for that purpose.

The bill continues the requirement that the Governor issue a report to the Legislature concerning a thorough and efficient education. Under the bill, the Educational Adequacy Report will be issued every three years. The report will establish the base per pupil amount, which is the amount per elementary school pupil necessary to provide a thorough and efficient education, the weights that will be applied to that amount to reflect the differing cost of educating a pupil at the middle and high school levels and at county vocational school districts, and various other factors related to the State aid formulas established under the bill. The per pupil amounts and cost factors will apply to the three successive fiscal years beginning one year from the subsequent July 1 with annual adjustments for inflation by the CPI for the two school years following the first school year to which the report is applicable.

The base per pupil amount established in the report will serve as the basis for determining a school district’s base cost. The base cost will be determined by multiplying the base per pupil amount by the district’s weighted enrollment. In the case of a county vocational school district, an additional weight is applied to reflect the higher cost of the programs provided by these districts. For the 2008-2009 school year, the base per pupil amount will equal \$9,649, with adjustment by the CPI for each of the two school years following the first school year to which the report is applicable.

A district’s base cost is then applied to the calculation of a district’s adequacy budget. The base cost is adjusted to reflect the additional costs associated with the education of at-risk students, bilingual students, students who are both at-risk and bilingual (combination students), a percentage of the costs associated with providing services to general special education services students, and all of the costs associated with providing services to speech-only students. A geographic cost adjustment is also applied to reflect county differences in the cost of providing educational services.

1 Under the bill, an at-risk student would include students who are
2 eligible for free or reduced-priced lunches. This is a significant
3 change from past State funding practices that have historically
4 included only students eligible for free lunches. Since it is widely
5 accepted that a district with a high concentration of at-risk students
6 incurs greater costs than a similar district with a lower
7 concentration of at-risk students, the weight for a district's at-risk
8 students is based on a sliding scale with the weight increasing as the
9 proportion of at-risk students increases. In districts with an at-risk
10 concentration of less than 20%, each at-risk student will receive a
11 weight of .47. This weight will increase to a maximum weight of
12 .57 for districts with an at-risk concentration greater than or equal
13 to 60%. In the case of a bilingual student, a weight of .5 is applied;
14 and in the case of a pupil who is both bilingual and at-risk, the pupil
15 will receive the full at-risk weight plus one-quarter of the weight for
16 a bilingual pupil, .125, to address non-overlapping resources.

17 In the case of special education pupils, two-thirds of the census-
18 based costs associated with general special education services
19 pupils and 100% of the census-based costs associated with speech-
20 only pupils are included within the adequacy budget calculation.
21 The formula uses the census approach for funding special education
22 students based on the State average classification rate. This rate is
23 then applied to the district's resident enrollment, and the resulting
24 number of students is then multiplied by the average excess special
25 education cost. For the 2008-2009 through 2010-2011 school years,
26 the State average classification rate for general special education
27 services students is set at 14.69%. For the 2008-2009 school year
28 the excess cost for general special education services students will
29 be \$10,898 and the amount will be inflated by the CPI in each of the
30 next two school years. In the case of students who receive speech-
31 only services, a State average classification rate of 1.897% will be
32 applied. The excess cost will be \$1,082 for the 2008-2009 school
33 year with the amount adjusted by the CPI as described above.

34 Under the bill, a local share is calculated for each school
35 district's and county vocational school district's adequacy budget.
36 The local share represents the ability of the district to support its
37 adequacy budget based upon the district's property and personal
38 income wealth. A district will receive State equalization aid, the
39 wealth equalized portion of a district's State aid, to support that
40 portion of the adequacy budget which cannot be supported locally
41 in accordance with the local share calculation.

42 The bill establishes two categorical State aid programs. One of
43 those programs will support the one-third of the census-based cost
44 of providing services to general special education students which is
45 not supported through the adequacy budget. Again, a census
46 approach is used which considers the State average classification
47 rate and excess cost, and a geographical cost adjustment is applied.

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1 The second categorical aid program is for security costs. Under
2 the formula the base per pupil security amount is set at \$70.
3 Districts may also receive an additional per pupil amount for each
4 at-risk student based on a sliding scale formula that increases the
5 additional per pupil amount in accordance with the district's
6 concentration of at-risk students, up to a maximum of \$406 in
7 districts with at least 40% of the students deemed at-risk. Again, a
8 geographical cost adjustment is applied to the security categorical
9 aid formula.

10 The bill also includes preschool education State aid which will
11 fund a significant expansion of early childhood programs. Under
12 the bill, all A and B district factor group districts, and all CD
13 district factor group districts with a concentration of at-risk pupils
14 equal to or greater than 40%, will be required to offer full-day
15 preschool for all three- and four-year old students. All other school
16 districts will be required to offer full-day preschool for at-risk
17 three- and four-year old students. The district will receive
18 preschool education aid to support each pupil for whom the district
19 is required to provide free preschool. The per pupil aid amount
20 reflects the differing costs of placement in an in-district preschool
21 program, a program provided by a licensed child care provider, or a
22 Head Start Program. For the 2008-2009 school year, the per pupil
23 aid amount will equal \$11,506 for pupils enrolled in an in-district
24 program, \$12,934 for pupils enrolled in a licensed child care
25 provider program, and \$7,146 for pupils enrolled in a Head Start
26 Program. As with other State aid categories, the per pupil amounts
27 will be annually adjusted by the CPI and then revised in the
28 Educational Adequacy Report

29 In accordance with regulations adopted by the commissioner, all
30 districts will be required to submit a five-year plan that provides for
31 the full implementation of full day preschool for all eligible three-
32 and four-year olds by the 2013-2014 school year. The district must
33 annually update the plan based on actual implementation
34 experience. In the case of a school district that did not receive any
35 form of preschool aid in the 2007-2008 school year, the 2008-2009
36 school year will be a planning year. Beginning in the 2009-2010
37 school year, such districts will receive preschool education aid as
38 calculated under the bill and may also receive start-up funds in that
39 school year. The bill also includes provisions which deal
40 specifically with the amount of preschool education aid which will
41 be provided in the 2008-2009 school year for districts which
42 received Early Launch to Learning Initiative aid, early childhood
43 program aid, and preschool expansion or education opportunity aid
44 in the 2007-2008 school year.

45 This bill continues extraordinary special education aid with a
46 number of revisions. The threshold will be \$40,000 for an
47 individual classified pupil if that pupil is educated in an in-district
48 public school program with non-disabled peers or if that pupil is

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1 educated in a separate public school program for students with
2 disabilities. In the case of an in-district public school program the
3 extraordinary special education aid will equal 90% of the district's
4 actual costs for instructional and support services for the pupil that
5 exceed the threshold and in the case of a separate public school
6 program the extraordinary special education aid will equal 75% of
7 the district's actual costs for that pupil that exceed the threshold.
8 The threshold is set at \$55,000 in the case of a pupil educated in a
9 separate private school for students with disabilities. In this case
10 the extraordinary special education aid will equal 75% of the tuition
11 for that pupil that exceeds the threshold. Receipt of extraordinary
12 special education aid will be conditioned upon a demonstration by
13 the district that the pupil's individualized education plan requires
14 the provision of intensive services.

15 Under the bill, transportation aid is funded in the same manner as
16 under CEIFA with a formula that represents a level of funding to
17 reimburse districts for the cost of efficiently transporting eligible
18 pupils based on regular or specialized modes of transportation,
19 eligible pupils transported, and average miles per eligible pupil. In
20 light of the fiscal impact of using updated pupil figures for
21 transportation services, in the 2008-2009 school year a school
22 district will receive 81.4876% of its entitlement.

23 The bill also establishes the State aid category of adjustment aid.
24 For the 2008-2009 school year, each district will receive adjustment
25 aid in such amount as to ensure that the district receives the greater
26 of the amount of State aid calculated for the district in accordance
27 with the bill's provisions or the district's 2007-2008 State aid
28 increased by 2%. In the 2009-2010 and 2010-2011 school years,
29 districts will receive adjustment aid in such amount as to ensure that
30 the district receives the greater of the amount of State aid calculated
31 for the district in accordance with the bill's provisions or the
32 amount of State aid, other than educational adequacy aid, that the
33 district received for the 2008-2009 school year. For the 2011-2012
34 school year and for each subsequent school year, a district that has a
35 decline in its weighted enrollment, adjusted for bilingual and at-risk
36 pupils, between the 2008-2009 school year and the budget year that
37 is not greater than 5% will receive adjustment aid in such amount as
38 to ensure that the district receives the greater of the amount of State
39 aid calculated under the bill or the amount of State aid that the
40 district received in the 2008-2009 school year. In the case of a
41 school district that has had such a decline in enrollment that is
42 greater than 5%, the district will experience a reduction in
43 adjustment aid in accordance with its percentage decline in resident
44 enrollment that exceeds 5%.

45 The bill also establishes the State aid category of educational
46 adequacy aid for certain school districts that received education
47 opportunity aid in the 2007-2008 school year and are spending
48 below adequacy. If the commissioner determines that the district is

1 not meeting educational adequacy standards or that it meets certain
2 municipal overburden criteria, educational adequacy aid will be
3 provided to assist the district in meeting their adequacy budget
4 level. Under the aid formula such a district is required to increase
5 its general fund tax levy over the prior year levy.

6 The bill addresses issues associated with the funding of charter
7 school students as well as the remaining choice students. The bill
8 also amends the school construction law, the “Educational Facilities
9 Construction and Financing Act,” to establish the category of SDA
10 district, which is a district that received education opportunity aid
11 or preschool expansion aid in the 2007-2008 school year. For these
12 school districts the State share for their school facilities projects
13 will remain at 100% and they will be constructed by the New Jersey
14 Schools Development Authority. The bill also revises numerous
15 sections of law that are related to school funding and school
16 budgeting procedures.

17 The bill also:

- 18 • Provides that in the case of a district that is spending above
19 adequacy and taxing above its local share and that receives
20 an increase in State aid between the prebudget and budget
21 years that exceeds 2% or the CPI, whichever is greater, the
22 district’s tax levy growth limitation must be reduced by the
23 amount of State aid that exceeds 2% or the CPI, whichever is
24 greater. For the purposes of this provision, the CPI will be
25 capped at 4%;
- 26 • Permits the Commissioner of Education to increase the State
27 aid growth limit for a county vocational school district that
28 has revised one or more of its programs from a shared-time
29 program to a full-time program between the 2001-2002 and
30 2007-2008 school years or will make such revision in the
31 2008-2009 school year;
- 32 • Permits school districts to apply for additional special
33 education categorical aid if the district has an unusually high
34 rate of low-incidence disabilities, such as autism,
35 deaf/blindness, severe cognitive impairment, and medically
36 fragile;
- 37 • Requires the commissioner to complete a study to determine
38 whether the tax levy growth limitation enacted in 2007 is
39 more effective in addressing disparities in school district
40 spending than the spending growth limitation under the
41 provisions of CEIFA or whether a revised growth limitation
42 is warranted;
- 43 • Requires the commissioner to be satisfied that all
44 educational expenditures in a district are being spent
45 effectively and efficiently prior to authorizing the
46 disbursement of State funds to the district and authorizes the
47 commissioner to take any affirmative action necessary to
48 ensure districts are expending funds in this manner;

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- 1 • Permits SDA districts, those districts that received education
2 opportunity aid or preschool expansion aid in the 2007-2008
3 school year, to include in their annual capital outlay budget
4 one or more school facilities projects of up to \$500,000 each
5 upon the commissioner’s approval;
- 6 • Amends the “School District Fiscal Accountability Act” to
7 provide that for all purposes other than for the purposes of
8 the “New Jersey Tort Claims Act,” the State monitor
9 appointed to a district will be considered an employee of the
10 district, and to provide that the State monitor will have the
11 authority to appoint legal counsel under certain
12 circumstances;
- 13 • Permits the commissioner to adjust the date for the
14 submission of district budgets if the availability of
15 preliminary aid numbers for the subsequent school year
16 warrants such adjustment;
- 17 • Deletes a provision included in CEIFA that required the
18 commissioner to wait for three consecutive years of failing
19 test scores prior to being permitted to take certain actions
20 such as directing the restructuring of curriculum and
21 enforcing spending at the full adequacy budget;
- 22 • Deletes a provision included in CEIFA that prevented the
23 commissioner in reviewing a district’s budget from
24 eliminating, reducing, or reallocating funds for courtesy
25 busing or from requiring the district to eliminate these funds
26 from their base budget and include them in a separate
27 proposal to be approved by the voters or board of school
28 estimate;
- 29 • Revises the permanent statutes to reflect a change that has
30 been included in the annual appropriations act that provides
31 that State aid will be paid to districts on the eighth and the
32 twenty-second of each month from September through June
33 rather than on the first and fifteenth;
- 34 • Permits the commissioner to enact emergency rules to
35 effectuate the provisions of the bill and provides that those
36 rules will be in effect for no longer than 12 months after
37 which the rules will be readopted or amended by the
38 commissioner pursuant to the “Administrative Procedure
39 Act”;
- 40 • Provides that the area cost allowance under EFCFA will be
41 established and revised by the commissioner according to a
42 schedule that she deems necessary and eliminates the
43 statutory requirement that the area cost allowance be
44 automatically inflated by the cost index;
- 45 • Requires that a charter school provide notice to the resident
46 district within 15 days of the signing of the Individualized
47 Education Plan (IEP) in the case of an IEP that results in a
48 private day or residential placement and permits the resident

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- 1 district to challenge the placement within 30 days according
2 to a process set forth in existing law;
- 3 • Repeals various sections of law:
 - 4 State aid formula provisions of CEIFA;
 - 5 N.J.S.A.18A:8-1.1 – provides to a specific district a
6 special apportionment of annual appropriations;
 - 7 N.J.S.A.18A:22-8.6 – prevents the commissioner
8 from reducing a line item in a district’s budget relating to
9 courtesy busing under certain conditions; and
 - 10 N.J.S.A.34:15F-10 - permits districts to appeal to the
11 commissioner to use funds under a specific CEIFA State aid
12 program for mentoring.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4000

STATE OF NEW JERSEY

DATED: JANUARY 3, 2008

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4000.

This bill, the “School Funding Reform Act of 2008,” establishes a new system for the funding of public school districts. The goal of the new formula is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

The bill maintains current requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals the sections of the “Comprehensive Educational Improvement and Financing Act of 1996,” (CEIFA) P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement the standards, and establishes revised formulas for that purpose.

The bill continues the requirement that the Governor issue a report to the Legislature concerning a thorough and efficient education. Under the bill, the Educational Adequacy Report will be issued every three years. The report will establish the base per pupil amount, which is the amount per elementary school pupil necessary to provide a thorough and efficient education, the weights that will be applied to that amount to reflect the differing cost of educating a pupil at the middle and high school levels and at county vocational school districts, and various other factors related to the State aid formulas established under the bill. The per pupil amounts and cost factors will apply to the three successive fiscal years beginning one year from the subsequent July 1 with annual adjustments for inflation by the CPI for the two school years following the first school year to which the report is applicable.

The base per pupil amount established in the report will serve as the basis for determining a school district’s base cost. The base cost will be determined by multiplying the base per pupil amount by the district’s weighted enrollment. In the case of a county vocational school district, an additional weight is applied to reflect the higher cost of the programs provided by these districts. For the 2008-2009 school year, the base per pupil amount will equal \$9,649, with adjustment by

the CPI for each of the two school years following the first school year to which the report is applicable.

A district's base cost is then applied to the calculation of a district's adequacy budget. The base cost is adjusted to reflect the additional costs associated with the education of at-risk students, bilingual students, students who are both at-risk and bilingual (combination students), a percentage of the costs associated with providing services to general special education services students, and all of the costs associated with providing services to speech-only students. A geographic cost adjustment is also applied to reflect county differences in the cost of providing educational services.

Under the bill, an at-risk student would include students who are eligible for free or reduced-priced lunches. This is a significant change from past State funding practices that have historically included only students eligible for free lunches. Since it is widely accepted that a district with a high concentration of at-risk students incurs greater costs than a similar district with a lower concentration of at-risk students, the weight for a district's at-risk students is based on a sliding scale with the weight increasing as the proportion of at-risk students increases. In districts with an at-risk concentration of less than 20%, each at-risk student will receive a weight of .47. This weight will increase to a maximum weight of .57 for districts with an at-risk concentration greater than or equal to 60%. In the case of a bilingual student, a weight of .5 is applied; and in the case of a pupil who is both bilingual and at-risk, the pupil will receive the full at-risk weight plus one-quarter of the weight for a bilingual pupil, .125, to address non-overlapping resources.

In the case of special education pupils, two-thirds of the census-based costs associated with general special education services pupils and 100% of the census-based costs associated with speech-only pupils are included within the adequacy budget calculation. The formula uses the census approach for funding special education students based on the State average classification rate. This rate is then applied to the district's resident enrollment, and the resulting number of students is then multiplied by the average excess special education cost. For the 2008-2009 through 2010-2011 school years, the State average classification rate for general special education services students is set at 14.69%. For the 2008-2009 school year the excess cost for general special education services students will be \$10,898 and the amount will be inflated by the CPI in each of the next two school years. In the case of students who receive speech-only services, a State average classification rate of 1.897% will be applied. The excess cost will be \$1,082 for the 2008-2009 school year with the amount adjusted by the CPI as described above.

Under the bill, a local share is calculated for each school district's and county vocational school district's adequacy budget. The local share represents the ability of the district to support its adequacy

budget based upon the district's property and personal income wealth. A district will receive State equalization aid, the wealth equalized portion of a district's State aid, to support that portion of the adequacy budget which cannot be supported locally in accordance with the local share calculation.

The bill establishes two categorical State aid programs. One of those programs will support the one-third of the census-based cost of providing services to general special education students which is not supported through the adequacy budget. Again, a census approach is used which considers the State average classification rate and excess cost, and a geographical cost adjustment is applied.

The second categorical aid program is for security costs. Under the formula the base per pupil security amount is set at \$70. Districts may also receive an additional per pupil amount for each at-risk student based on a sliding scale formula that increases the additional per pupil amount in accordance with the district's concentration of at-risk students, up to a maximum of \$406 in districts with at least 40% of the students deemed at-risk. Again, a geographical cost adjustment is applied to the security categorical aid formula.

The bill also includes preschool education State aid which will fund a significant expansion of early childhood programs. Under the bill, all A and B district factor group districts, and all CD district factor group districts with a concentration of at-risk pupils equal to or greater than 40%, will be required to offer full-day preschool for all three- and four-year old students. All other school districts will be required to offer full-day preschool for at-risk three- and four-year old students. The district will receive preschool education aid to support each pupil for whom the district is required to provide free preschool. The per pupil aid amount reflects the differing costs of placement in an in-district preschool program, a program provided by a licensed child care provider, or a Head Start Program. For the 2008-2009 school year, the per pupil aid amount will equal \$11,506 for pupils enrolled in an in-district program, \$12,934 for pupils enrolled in a licensed child care provider program, and \$7,146 for pupils enrolled in a Head Start Program. As with other State aid categories, the per pupil amounts will be annually adjusted by the CPI and then revised in the Educational Adequacy Report.

In accordance with regulations adopted by the commissioner, all districts will be required to submit a five-year plan that provides for the full implementation of full day preschool for all eligible three- and four-year olds by the 2013-2014 school year. The district must annually update the plan based on actual implementation experience. In the case of a school district that did not receive any form of preschool aid in the 2007-2008 school year, the 2008-2009 school year will be a planning year. Beginning in the 2009-2010 school year, such districts will receive preschool education aid as calculated under the bill and may also receive start-up funds in that school year. The bill

also includes provisions which deal specifically with the amount of preschool education aid which will be provided in the 2008-2009 school year for districts which received Early Launch to Learning Initiative aid, early childhood program aid, and preschool expansion or education opportunity aid in the 2007-2008 school year.

This bill continues extraordinary special education aid with a number of revisions. The threshold will be \$40,000 for an individual classified pupil if that pupil is educated in an in-district public school program with non-disabled peers or if that pupil is educated in a separate public school program for students with disabilities. In the case of an in-district public school program the extraordinary special education aid will equal 90% of the district's actual costs for instructional and support services for the pupil that exceed the threshold and in the case of a separate public school program the extraordinary special education aid will equal 75% of the district's actual costs for that pupil that exceed the threshold. The threshold is set at \$55,000 in the case of a pupil educated in a separate private school for students with disabilities. In this case the extraordinary special education aid will equal 75% of the tuition for that pupil that exceeds the threshold. Receipt of extraordinary special education aid will be conditioned upon a demonstration by the district that the pupil's individualized education plan requires the provision of intensive services.

Under the bill, transportation aid is funded in the same manner as under CEIFA with a formula that represents a level of funding to reimburse districts for the cost of efficiently transporting eligible pupils based on regular or specialized modes of transportation, eligible pupils transported, and average miles per eligible pupil. In light of the fiscal impact of using updated pupil figures for transportation services, in the 2008-2009 school year a school district will receive 81.4876% of its entitlement.

The bill also establishes the State aid category of adjustment aid. For the 2008-2009 school year, each district will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated for the district in accordance with the bill's provisions or the district's 2007-2008 State aid increased by 2%. In the 2009-2010 and 2010-2011 school years, districts will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated for the district in accordance with the bill's provisions or the amount of State aid, other than educational adequacy aid, that the district received for the 2008-2009 school year. For the 2011-2012 school year and for each subsequent school year, a district that has a decline in its weighted enrollment, adjusted for bilingual and at-risk pupils, between the 2008-2009 school year and the budget year that is not greater than 5% will receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated under

the bill or the amount of State aid that the district received in the 2008-2009 school year. In the case of a school district that has had such a decline in enrollment that is greater than 5%, the district will experience a reduction in adjustment aid in accordance with its percentage decline in resident enrollment that exceeds 5%.

The bill also establishes the State aid category of educational adequacy aid for certain school districts that received education opportunity aid in the 2007-2008 school year and are spending below adequacy. If the commissioner determines that the district is not meeting educational adequacy standards or that it meets certain municipal overburden criteria, educational adequacy aid will be provided to assist the district in meeting their adequacy budget level. Under the aid formula such a district is required to increase its general fund tax levy over the prior year levy.

The bill addresses issues associated with the funding of charter school students as well as the remaining choice students. The bill also amends the school construction law, the "Educational Facilities Construction and Financing Act," (EFCFA) to establish the category of SDA district, which is a district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year. For these school districts the State share for their school facilities projects will remain at 100% and they will be constructed by the New Jersey Schools Development Authority. The bill also revises numerous sections of law that are related to school funding and school budgeting procedures.

The bill also:

- Provides that in the case of a district that is spending above adequacy and taxing above its local share and that receives an increase in State aid between the prebudget and budget years that exceeds 2% or the CPI, whichever is greater, the district's tax levy growth limitation must be reduced by the amount of State aid that exceeds 2% or the CPI, whichever is greater. For the purposes of this provision, the CPI will be capped at 4%;
- Permits the Commissioner of Education to increase the State aid growth limit for a county vocational school district that has revised one or more of its programs from a shared-time program to a full-time program between the 2001-2002 and 2007-2008 school years or will make such revision in the 2008-2009 school year;
- Permits school districts to apply for additional special education categorical aid if the district has an unusually high rate of low-incidence disabilities, such as autism, deaf/blindness, severe cognitive impairment, and medically fragile;
- Requires the commissioner to complete a study to determine whether the tax levy growth limitation enacted in 2007 is more effective in addressing disparities in school district spending

than the spending growth limitation under the provisions of CEIFA or whether a revised growth limitation is warranted;

- Requires the commissioner to be satisfied that all educational expenditures in a district are being spent effectively and efficiently prior to authorizing the disbursement of State funds to the district and authorizes the commissioner to take any affirmative action necessary to ensure districts are expending funds in this manner;
- Permits SDA districts, those districts that received education opportunity aid or preschool expansion aid in the 2007-2008 school year, to include in their annual capital outlay budget one or more school facilities projects of up to \$500,000 each upon the commissioner's approval;
- Amends the "School District Fiscal Accountability Act" to provide that for all purposes other than for the purposes of the "New Jersey Tort Claims Act," the State monitor appointed to a district will be considered an employee of the district, and to provide that the State monitor will have the authority to appoint legal counsel under certain circumstances;
- Permits the commissioner to adjust the date for the submission of district budgets if the availability of preliminary aid numbers for the subsequent school year warrants such adjustment;
- Deletes a provision included in CEIFA that required the commissioner to wait for three consecutive years of failing test scores prior to being permitted to take certain actions such as directing the restructuring of curriculum and enforcing spending at the full adequacy budget;
- Deletes a provision included in CEIFA that prevented the commissioner in reviewing a district's budget from eliminating, reducing, or reallocating funds for courtesy busing or from requiring the district to eliminate these funds from their base budget and include them in a separate proposal to be approved by the voters or board of school estimate;
- Revises the permanent statutes to reflect a change that has been included in the annual appropriations act that provides that State aid will be paid to districts on the eighth and the twenty-second of each month from September through June rather than on the first and fifteenth;
- Permits the commissioner to enact emergency rules to effectuate the provisions of the bill and provides that those rules will be in effect for no longer than 12 months after which the rules will be readopted or amended by the commissioner pursuant to the "Administrative Procedure Act";
- Provides that the area cost allowance under EFCFA will be established and revised by the commissioner according to a schedule that she deems necessary and eliminates the statutory

requirement that the area cost allowance be automatically inflated by the cost index;

- Requires that a charter school provide notice to the resident district within 15 days of the signing of the Individualized Education Plan (IEP) in the case of an IEP that results in a private day or residential placement and permits the resident district to challenge the placement within 30 days according to a process set forth in existing law;
- Repeals various sections of law:
 - State aid formula provisions of CEIFA;
 - N.J.S.A.18A:8-1.1 – provides to a specific district a special apportionment of annual appropriations;
 - N.J.S.A.18A:22-8.6 – prevents the commissioner from reducing a line item in a district’s budget relating to courtesy busing under certain conditions; and
 - N.J.S.A.34:15F-10 - permits districts to appeal to the commissioner to use funds under a specific CEIFA State aid program for mentoring.

FISCAL IMPACT:

The Office of Legislative Services estimates the cost of implementing the proposed school funding formula to be \$8.365 billion in fiscal year 2008-2009; this represents an increase of \$553.2 million, or 7.1%, relative to comparable categories of State education aid during the 2007-2008 school year. As shown in Table 1, \$7.841 billion support K through 12 education services while the remaining \$523.4 million would provide preschool education aid.

Table 1
State Education Aid for 2008-2009 School Year

K – 12 Aid	
Equalization Aid	\$5,655,850,748
Special Education Aid	\$823,406,235
Security Aid	\$223,695,241
Transportation Aid	\$283,851,795
Adjustment Aid	\$848,289,216
Educational Adequacy Aid ¹	\$6,069,000
Total K – 12 Aid	\$7,841,162,235
Preschool Education Aid	\$523,443,872
Total State Education Aid	\$8,364,606,107

¹ Estimate for Educational Adequacy Aid provided by the Department of Education.

The provisions of the bill included in subsection d. of section 5 (State aid growth limit) restrict the amount by which a school district's State aid can increase from the prebudget to budget year to 20% for a district that is spending below its adequacy level and 10% for a district spending above that amount. This has the effect of significantly reducing the total amount of State aid districts receive and defers increases in State aid to future years. OLS estimates that aid would increase in the 2008-2009 school year by an additional \$1 billion in the absence of the limits. This provision, as well as the proposed expansion of early childhood education programs by the 2013-2014 school year, means that certain cost increases will be deferred into future fiscal years.

Table 2 provides OLS cost estimates for fiscal years 2010 through 2013 and the change in State aid relative to the previous fiscal year. Actual future State expenditures will differ to the extent that certain factors, such as enrollment, inflation, districts' implementation and expansion of early childhood programs, and policy decisions made by the Executive Branch diverge from the assumptions used in the cost estimates.

Table 2
State Education Aid for 2009-2010 through 2012-2013 School
Years Under Provisions of Senate Bill No. 4000

	K – 12		Preschool Ed. Aid		Total	
	Aid	Change	Aid	Change	Aid	Change
FY 2010	\$8.167 b	\$326.2 m	\$653.7 m	\$130.2 m	\$8.821 b	\$456.4 m
FY 2011	\$8.508 b	\$340.5 m	\$704.9 m	\$51.2 m	\$9.213 b	\$391.8 m
FY 2012	\$8.823 b	\$315.4 m	\$780.9 m	\$76.0 m	\$9.604 b	\$391.4 m
FY 2013	\$9.142 b	\$318.2 m	\$867.4 m	\$86.5 m	\$10.0 b	\$404.7 m

The estimated total cost of the bill in fiscal year 2009-2010 is \$8.821 billion, an increase of \$456.4 million over the estimated cost of the previous fiscal year. In addition to inflation, enrollment, and certain districts continuing to receive aid increases equal to the State aid growth limit, other factors causing the aid increases are the initial expansion of preschool education and full funding of transportation aid (which, under the proposal, is prorated in the first year).

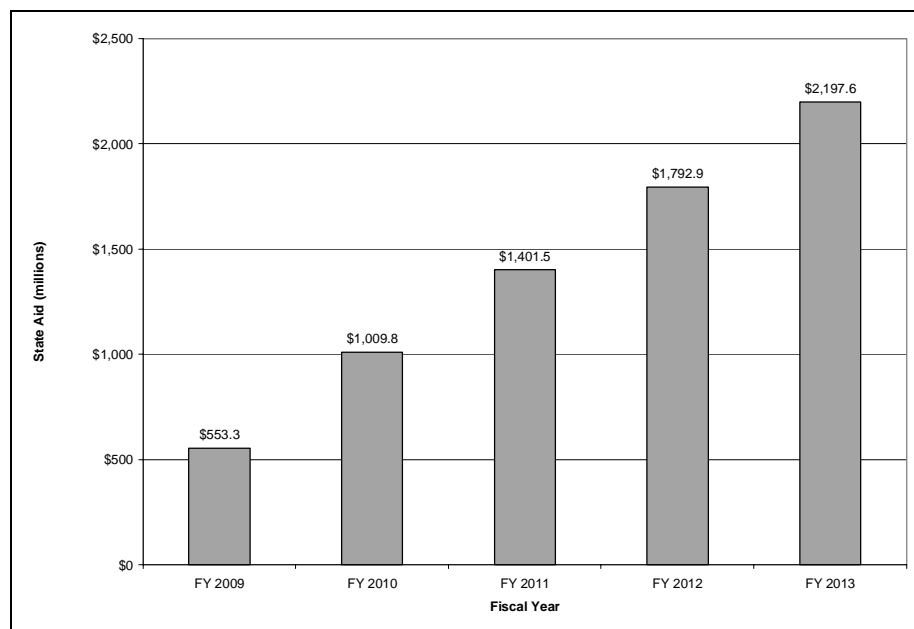
State aid is estimated to increase by an additional \$391.8 million in the subsequent fiscal year (FY 2010-2011). Again, the increases are largely the result of inflation, increases in enrollment, districts receiving aid increases at the State aid growth limit, and the continued expansion of preschool enrollment.

Estimates for the next two fiscal years (FY 2011-2012 and FY 2012-2013) are subject to greater uncertainty. The proposed

legislation requires that the Executive Branch issue an Educational Adequacy Report by September 1, 2010, and every three years thereafter. The first report will establish the base per pupil cost, various weights, and excess costs for general special education services, and speech only services for the 2011-2012 and 2012-2013 school years. To the extent that the report recommends factors that differ from the estimates used in this analysis, actual State expenditures may be greater or lower. As simulated, State aid would increase by \$391.4 million in fiscal year 2011-2012 and by an additional \$404.7 million in the subsequent fiscal year.

Figure 1 displays the cumulative State aid increase relative to fiscal year 2007-2008. By the 2012-2013 school year, State aid would have grown to just over \$10.0 billion, a cumulative increase of nearly \$2.2 billion.

Figure 1
Cumulative Change in State Education Aid



It should be noted that multiple factors may lead to actual costs that deviate from the estimates included in the analysis. Such factors include enrollment trends and changes in the rate of inflation and decisions made by the Department of Education as authorized under various provisions of this bill including the provision of start-up costs for preschool programs.



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Governor Signs Historic School Funding Reform Initiative

NEWS RELEASE

Governor Jon S. Corzine
January 13, 2008

FOR MORE INFORMATION:

Press Office
609-777-2600

PRINCETON - Governor Jon S. Corzine today signed the School Funding Reform Act of 2008, establishing for the first time in a decade a new system of funding for public school districts throughout New Jersey.

“This historic legislation that I am signing today provides a significant shift away from the ad-hoc, patchwork system of state aid that has been used for years to fund our schools,” said Governor Corzine. “I am proud that with this new law, we are finally putting the needs of all children on an equal footing by replacing a flawed system with this equitable, balanced and non-partisan formula. Our children, regardless of where they live, will now have the educational resources they truly deserve in order to succeed.”

The new formula builds upon the state’s existing high quality educational system which tops the nation in per-pupil spending. Under the new formula, approximately \$7.8 billion will be distributed for K-12 education for the FY2009 fiscal year, an increase of approximately \$550 million. All districts will receive a state aid increase of at least 2 percent during the first year, and no districts will see a decrease in total state aid during the first three years of the program. Decreases in aid in later years would only occur if districts experience significant declines in overall enrollment or in enrollment categories.

Furthermore, the School Funding Reform Act of 2008 calls for an expansion of high quality preschool for all at-risk students across the state. This initiative will be phased in over six years and will lead to improvements in educational outcomes and economic benefits.

“The Governor should be applauded for the time and energy that went into developing an equitable school funding plan that addresses the individual needs of New Jersey students. It's time that we had a 21st century formula to address 21st century needs,” said Senate President Richard J. Codey (D-Essex).

“New Jersey is filling a policy void that has been allowed to languish for far too long,” said Assembly Speaker Joseph J. Roberts, Jr. (D-Camden). “Our schools and taxpayers deserve the certainty in funding that only a constitutional and equitable formula can provide.”

“We finally have a funding formula that treats every district fairly and breaks down the arbitrary walls separating Abbott and non-Abbott school districts,” said Senator Barbara Buono (D-Middlesex). “This is only the first step in making sure every child receives a high quality education, no matter where he or she lives.”

The work on developing a formula began more than half a decade ago, and the legislation is the result of intensive work by Department of Education, administration officials, legislators and stakeholders.

“This a major step forward for education reform in our state,” said Education Commissioner Lucille E. Davy. “The new funding formula ties together a number of initiatives that the Governor and the department have been working on for two years: It helps to ensure that all of our children are prepared for success in the 21st century world by providing for an equitable distribution of resources and it increases the resources we are providing. It also requires districts to adhere to the efficiency reforms embodied in CORE and the district performance accountability reforms embodied in the new state monitoring system and the new student level data base.”

The Attorney General has stated that the new formula meets the constitutional requirement of providing a thorough and efficient system of education for New Jersey students.

“After decades of court rulings and ad-hoc funding plans that balkanized our state, New Jersey finally has a formula that every student, school, and taxpayer can depend on,” said Assemblyman Joseph Vas (D-Middlesex). “We have removed the blinders that prevented us from viewing each child as equal to his or her peers, drove a wedge between our cities and suburbs, and pushed our property tax system to the very brink of collapse.”

“Today marks the end of a journey that has spanned six years, three administrations, and thousands of work hours,” said Assemblyman Herb Conaway, M.D. (D-Burlington). “This is a formula we believe the state Supreme Court will agree meets needs of students, communities, boards, and taxpayers – all of whom crave certainty and predictability for the future.”

Senator Barbara Buono (D-Middlesex) was the primary sponsor of A500/S4000 in the Senate. In addition to Assembly Speaker Joseph J. Roberts, Jr. (D-Camden), Assemblymen Joseph Vas (D-Middlesex) and Herb Conaway, Jr., M.D. (D-Burlington), other primary sponsors of the bill were Assemblymen Louis D. Greenwald (D-Camden), Joseph Cryan (D-Union), John J. Burzichelli (D-Gloucester), Patrick J. Diegnan, Jr. (D-Middlesex), David R. Mayer (D-Gloucester) and Neil M. Cohen (D-Union).

###

Photos and audio and video clips from Governor Corzine's public events are available in the Governor's Newsroom section on the State of New Jersey web page, <http://www.nj.gov/governor/news/>

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JON S. CORZINE
Governor

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Governor Corzine Comments on School Funding Reform

TRENTON - Meeting the educational needs of all of New Jersey's children in an equitable and fair manner has been the primary impetus behind the State's School Funding Reform Act, Governor Corzine said earlier today.

"We really needed to replace a flawed, decades old, ad-hoc state aid system with something that could deliver a balanced and nonpartisan formula and address the needs of all students, regardless of where they live," said the Governor. "What was developed after intensive work by the Department of Education, administration officials, legislators and stakeholders is a system that puts the needs of all children on equal footing toward future success.

“It also is providing significant relief to local property taxpayers, who for decades have shouldered the important yet growing cost of education. I am confident that this is the right policy from the standpoint of our children and from the standpoint of the law.”

Governor Corzine signed the School Funding Reform Act in January 2008, establishing for the first time in a decade a new system of funding for public school districts throughout New Jersey.

With the School Funding Reform Act, New Jersey is more equitably distributing funds across the state and doing so based on the needs of individual students. Under the new formula passed last year, resources for K-12 education were increased by nearly \$500 million. In the Governor’s proposed FY 2010 budget, direct school aid is increased by another \$300 million.

The State has continued to maintain high levels of funding for the Abbott districts while adding significant aid to districts around the state with high concentrations of low-income students. Under the historic new formula, 51% of districts are receiving at least a 10% state aid increase this academic year. Those are substantial increases for 305 districts that went toward meeting students’ educational needs.

“The School Funding Reform Act is a major step forward for education reform in our state,” said Education Commissioner Lucille E. Davy. “It ties together a number of initiatives that the Governor, the Legislature, and the department have been working on for several years. First, it helps to ensure that all of our children are prepared for success in the 21st century world by providing for an equitable distribution of resources and it increases the resources we are providing. Secondly, it requires districts to adhere to the efficiency reforms embodied in CORE and the district performance accountability reforms embodied in the new state monitoring system and the new student level data base.”

Furthering his commitment to education, Governor Corzine signed legislation last July providing \$3.9 billion in state financing to replace or rebuild dozens of substandard schools across the state. These funds are being used to prioritize vital projects, particularly projects that will address health and safety concerns as well, over-crowding, early childhood education and special education needs.

History of New Jersey School Funding

February 1970 Robinson v. Cahill, the original school funding lawsuit, is filed alleging the state's method of funding public education discriminates against urban districts

October 1970 New school funding law is enacted

April 1973 The New Jersey Supreme Court rules law is inadequate

September 1975 Legislature enacts Public School Education Act, commonly known as the T&E (thorough and efficient) law, but the Legislature does not raise funds to pay for the new school funding formula

July 1, 1976 The New Jersey Supreme Court orders schools closed until the Legislature comes up with a way to pay for the new school funding law

July 8, 1976 Under Gov. Brendan Byrne the state income tax is enacted to provide funding to meet the mandates of the T&E law

February 1981 The Education Law Center files Abbott v. Burke lawsuit, challenging the adequacy of the new funding law

July 1985 The New Jersey Supreme Court orders an administrative law hearing on the merits of the Abbott v. Burke case

August 1988 Administrative Law Judge Steven Lefelt issues 600-page decision finding in favor of the urban school children and recommending a complete revamping of the school funding system

May 1990 Anticipating the T&E law is going to be struck down, Gov. Jim Florio pushes for the introduction of the Quality Education Act along with tax increases to pay for the new law

June 1990 The New Jersey Supreme Court strikes down the T&E law in Abbott v. Burke II and orders the Legislature to close the spending gap between the rich and poor districts and to provide extra funding for programs to wipe out the disadvantages suffered by poor urban students

July 1992 Education Law Center files another lawsuit charging the Quality Education Act does not comply with the mandates of the Abbott II court ruling

August 1993 Superior Court Judge Paul Levy declares the formula unconstitutional

July 1994 The New Jersey Supreme Court concludes the new law is unconstitutional

December 1996 The Comprehensive Educational Improvement and Financing Act (CIEFA) is signed into law by Gov. Christie Whitman

May 1997 The New Jersey Supreme Court declares CIEFA unconstitutional as applied to the Abbott districts

January 1998 After eight weeks of hearings in Trenton, Appellate Division Judge Michael Patrick King recommends to the New Jersey Supreme Court a series of supplemental programs to help close the learning gap between the rich and poor districts

May 1998 Using Judge King's recommendations as a benchmark, the New Jersey Supreme lays out supplemental programs that are required under Abbott ruling including pre-school for 3- and 4 -year olds, social services, increased security, after school and summer programs

1998 to 2002 CIEFA is funded bringing parity to school districts

March 2000 The New Jersey Supreme Court rules the state has failed to provide high-quality preschool programs as required

May 2000 The New Jersey Supreme Court issues ruling requiring the state to pay for school construction in the Abbott districts

July 2000 The Legislature passes the Educational Facilities Construction and Financing Act, providing funds for school construction statewide including Abbott districts

February 2002 Gov. Jim McGreevey announces plans to work with the Education Law Center to craft a law that meets constitutional muster

March 2002 The Education Law Center agrees to a McGreevey administration proposed one-year freeze on increases in funding

2002 to 2006 CIEFA is no longer funded and state aid to non-Abbott districts is increased across-the-board on a percentage basis or held flat

October, 2006: Joint Legislative Committee on Public School Funding Reform begins hearings.

December 2006: DOE releases the Report on the Cost of Education (RCE) which outlines the components of a school funding formula. <http://www.state.nj.us/education/sff/archive/report.pdf>

December, 2006-December, 2007: DOE holds a series of school funding formula public hearings and meetings with legislators and other stakeholders

Dec. 12, 2007 Gov. Jon S. Corzine publicly announces a proposed new school funding law – the School Funding Reform Act -- which creates a comprehensive, unified and equitable school funding formula

Dec. 13, 2007 Legislative hearings are held on the proposal

Jan. 7, 2008 Legislature passes the School Funding Reform Act (Assembly 41 to 37 and Senate 23 to 13)

Jan. 13, 2008 Gov. Jon S. Corzine signs the SRFA

March 18 2008 The Attorney General's Office files a petition asking the state Supreme Court to uphold the SFRA as constitutional

Nov. 18, 2008 The New Jersey Supreme Court orders a lower court hearing to determine if the new formula is constitutional

February/March 2009 Superior Court Judge Peter Doyno holds hearings on the constitutionality of the new

funding formula

March 2009 Judge Peter Doyne recommends to the Supreme Court that the school-funding formula provides more than sufficient resources to provide a thorough and efficient education, rejecting arguments advanced by lawyers for the 31 Abbott school districts and paving the way for a more equitable distribution of school aid

April 28, 2009 Oral arguments are held before the New Jersey Supreme Court on the new school funding formula

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Photos from Governor Corzine's public events are available in the Governor's Newsroom section on the State of New Jersey web page, <http://www.nj.gov/governor/news/>

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