

18A:7F-19

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2001 **CHAPTER:** 356
NJSA: 18A:7F-19 (Special education—additional State aid)
BILL NO: A2157 (Substituted for S1543/1148)
SPONSOR(S): Bagger and Augustine
DATE INTRODUCED: February 28, 2000
COMMITTEE: **ASSEMBLY:** Appropriations; Education
SENATE: Budget and Appropriations; Education
AMENDED DURING PASSAGE: Yes
DATE OF PASSAGE: **ASSEMBLY:** January 3, 2002
SENATE: December 17, 2001
DATE OF APPROVAL: January 6, 2002

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (2nd reprint enacted)

(Amendments during passage denoted by superscript numbers)

A2157

SPONSORS STATEMENT: (Begins on page 4 of original bill)

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

Yes

5-1-2000(Appopr.)

3-23-2000(Education)

SENATE:

Yes

6-14-2001(Budget)

9-25-2000(Education)

FLOOR AMENDMENT STATEMENT:

Yes

LEGISLATIVE FISCAL ESTIMATE:

Yes

S1543/1148

SPONSORS STATEMENT

No

COMMITTEE STATEMENT:

ASSEMBLY:

No

SENATE:

Yes

FLOOR AMENDMENT STATEMENT:

Yes

LEGISLATIVE FISCAL ESTIMATE:

No

SENATE COMMITTEE SUBSTITUE (1st reprint):

Yes

S1543

SPONSORS STATEMENT: (Begins on page 4 of original bill)

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

No

SENATE:

Yes

FLOOR AMENDMENT STATEMENT:

No

LEGISLATIVE FISCAL ESTIMATE:

No

S1148

SPONSORS STATEMENT: (begins on page 4 of original bill)

Yes

COMMITTEE STATEMENT:

ASSEMBLY:

No

SENATE:

Yes

FLOOR AMENDMENT STATEMENTS:

No

LEGISLATIVE FISCAL ESTIMATE:

Yes

VETO MESSAGE:

No

GOVERNOR'S PRESS RELEASE ON SIGNING:

No

FOLLOWING WERE PRINTED:

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ASSEMBLY, No. 2157

STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED FEBRUARY 28, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman ALAN M. AUGUSTINE

District 22 (Middlesex, Morris, Somerset and Union)

Co-Sponsored by:

**Assemblymen Bateman, Gibson, Cohen, Conaway, Connors, Geist,
Assemblywoman Greenstein, Assemblymen Greenwald, Gusciora, LeFevre
and Assemblywoman Previte**

SYNOPSIS

Provides State aid for any costs over \$40,000 for a special education pupil.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/27/2000)

A2157 BAGGER, AUGUSTINE

2

1 AN ACT concerning extraordinary special education costs and
2 amending P.L.1996, c.138.

3

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

6

7 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
8 read as follows:

9 19. a. Special education categorical aid for each school district
10 and county vocational school district shall be calculated for the
11 1997-98 school year as follows:

12 Tier I is the number of pupils classified for other than speech
13 correction services resident in the district which receive related
14 services including, but not limited to, occupational therapy, physical
15 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
16 amount rounded to the nearest whole dollar for each of the four
17 service categories provided per classified pupil.

18 Tier II is the number of pupils resident in the district meeting the
19 classification definitions for perceptually impaired, neurologically
20 impaired, educable mentally retarded and preschool handicapped; all
21 classified pupils in shared time county vocational programs in a county
22 vocational school which does not have a child study team receiving
23 services pursuant to chapter 46 of Title 18A of the New Jersey
24 Statutes; and nonclassified pupils in State training schools or secure
25 care facilities. For the purpose of calculating State aid for 1997-98,
26 each district, other than a county vocational school district, shall have
27 its pupil count for perceptually impaired reduced by perceptually
28 impaired classifications in excess of one standard deviation above the
29 State average classification rate at December 1995 or 9.8 percent of
30 the district's resident enrollment. The perceptually impaired limitation
31 shall be phased down to the State average of the prebudget year over
32 a five-year period by adjusting the standard deviation as follows: 75
33 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
34 and the State average in year five. No reduction in aid shall be
35 assessed against any district in which the perceptually impaired
36 classification rate is 6.5% or less of resident enrollment. Aid shall
37 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
38 for each student meeting the Tier II criteria.

39 The commissioner shall develop a system to provide that each
40 school district submits data to the department on the number of the
41 district's pupils with a classification definition of perceptually impaired
42 who are enrolled in a county vocational school. Such pupils shall be
43 counted in the district of residence's resident enrollment for the

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 purpose of calculating the limit on perceptually impaired classifications
2 for Tier II State aid.

3 Tier III is the number of classified pupils resident in the district in
4 categories other than speech correction services, perceptually
5 impaired, neurologically impaired, educable mentally retarded, socially
6 maladjusted, preschool handicapped, and who do not meet the criteria
7 of Tier IV, intensive services; and nonclassified pupils in juvenile
8 community programs. Aid shall equal 0.8847 of the T&E amount for
9 each pupil meeting the Tier III criteria.

10 Tier IV is the number of classified pupils resident in the district
11 receiving intensive services. For 1997-98, intensive services are
12 defined as those provided in a county special services school district
13 and services provided for pupils who meet the classification definitions
14 for autistic, chronically ill, day training eligible, or visually
15 handicapped, or are provided for pupils who meet the classification
16 definition for multiply handicapped and are in a private school for the
17 handicapped, educational services commission, or jointure commission
18 placement in the 1996-97 school year. The commissioner shall collect
19 data and conduct a study to determine intensive service criteria and the
20 appropriate per pupil cost factor to be universally applied to all service
21 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
22 of the T&E amount for each pupil meeting the Tier IV criteria.

23 Classified pupils in Tiers II through IV shall be eligible for Tier I
24 aid. Classified pupils shall be eligible to receive aid for up to four
25 services under Tier I.

26 For the 1998-99 school year, these cost factors shall remain in
27 effect and special education aid growth shall be limited by the CPI
28 growth rate applied to the T&E amount and changes in classified pupil
29 counts. For subsequent years, the additional cost factors shall be
30 established biennially in the Report on the Cost of Providing a
31 Thorough and Efficient Education.

32 For the purposes of this section, classified pupil counts shall include
33 pupils attending State developmental centers, DHS Regional Day
34 Schools, State Division of Youth and Family Services' residential
35 centers, State residential mental health centers, and institutions
36 operated by or under contract with the Department of Human
37 Services. Classified pupils of elementary equivalent age shall include
38 classified preschool handicapped and kindergarten pupils.

39 b. In those instances in which the cost of providing education for
40 an individual classified pupil exceeds \$40,000, [after an assessment by
41 the review panel of placements and placement costs for the applicable
42 school year; in those cases in which the district must educate an
43 extraordinary number of classified pupils; or in those instances in
44 which the district is ordered to make a high cost placement by a
45 tribunal of competent jurisdiction, the district may apply to the
46 commissioner for additional aid. A panel established by the

1 commissioner for this purpose shall review the district's application
2 and determine whether to grant the district's request based on factors
3 including, but not limited to: an assessment of whether the district is
4 spending appropriate amounts of regular and special education funds
5 on special education pupils; the facts of the particular case or cases at
6 issue; the district's level of compliance with regulatory requirements;
7 and the impact of the extraordinary costs on the district's budget] the
8 district of residence shall, in addition to any special education aid to
9 which the district is entitled on behalf of the student pursuant to
10 subsection a. of this section, receive State aid for any costs in excess
11 of \$40,000. Additional State aid awarded for extraordinary special
12 education costs shall be recorded by the district as revenue in the
13 current school year and paid to the district in the subsequent school
14 year.

15 c. A school district may apply to the commissioner to receive
16 emergency special education aid for any classified pupil who enrolls in
17 the district prior to March of the budget year and who is in a
18 placement with a cost in excess of \$40,000. The commissioner may
19 debit from the student's former district of residence any special
20 education aid which was paid to that district on behalf of the student.
21 (cf: P.L.1996, c.138, s.19)

22

23 2. This act shall take effect immediately.

24

25

26

STATEMENT

27

28 This bill provides that if the cost of providing education for an
29 individual classified pupil exceeds \$40,000, the district of residence
30 would, in addition to any special education aid to which the district is
31 entitled on behalf of the student, receive State aid for any costs in
32 excess of \$40,000.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2157

STATE OF NEW JERSEY

DATED: MARCH 23, 2000

The Assembly Education Committee favorably reports Assembly Bill No. 2157.

This bill provides that if the cost of providing education for an individual classified pupil exceeds \$40,000, the district of residence would, in addition to any special education aid to which the district is entitled on behalf of the student, receive State aid for any costs in excess of \$40,000.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2157

STATE OF NEW JERSEY

DATED: MAY 1, 2000

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2157.

Assembly Bill No. 2157 provides that if the cost of providing education for an individual classified pupil exceeds \$40,000, the district of residence would, in addition to any special education aid to which the district is entitled on behalf of the student, receive State aid for any costs in excess of \$40,000.

The Assembly Appropriations Committee reports favorably Assembly Bill No. 2157. Currently, a school district may apply for additional special education aid to the Department of Education, subject to its review and approval, if the district educates an extraordinary number of classified pupils, or if the district is ordered to make a high-cost placement, or if the cost of providing education for a particular classified pupil exceeds \$40,000. This bill omits the provisions concerning departmental review, and makes the one criterion for the award of additional special education aid, and the amount of the aid, the cost of providing education for a particular classified pupil that is in excess of \$40,000.

FISCAL IMPACT:

The Office of Legislative Services (OLS) has estimated from data supplied by the Department of Education that, had all of the applications for aid for costs in excess of \$40,000 submitted in FY1999 for aid in FY2000 been approved, then \$15.2 million for those costs would have been distributed instead of the actual additional aid (for all classified pupil purposes) of \$5.4 million, for an increase of \$9.8 million. Estimates of future State costs are difficult to make; however, the OLS has noted that costs associated with providing educational services to individual classified pupils have consistently increased over the years.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 2157
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: MAY 10, 2000

SUMMARY

Synopsis: Provides State aid for any costs over \$40,000 for a special education pupil.

Type of Impact: Expenditure increase from the Property Tax Relief Fund/General Fund.

Agencies Affected: Department of Education/local boards of education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Unknown (see discussion)	Unknown (see discussion)	Unknown (see discussion)
Local Cost	No additional cost	No additional cost	No additional cost

- ! This bill provides that, in addition to any special education aid to which the district of residence is entitled on behalf of an individual classified pupil, if the cost of providing education for that pupil exceeds \$40,000, the district would receive State aid for the costs which are in excess of \$40,000.
- ! Under the bill, in contrast with the provisions of current law, there would be no review by the Department of Education of the costs of providing education for an individual classified pupil which are in excess of \$40,000 for which the district of residence is to receive State aid.

BILL DESCRIPTION

Assembly Bill No. 2157 of 2000 provides the district of residence with State aid in the amount of any costs for providing education for an individual classified pupil which are in excess of \$40,000. This aid would be in addition to any special education aid to which the district is entitled on behalf of the student under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.). Under current law: districts in which the cost of providing education for an individual classified pupil exceeds \$40,000; districts which educate an extraordinary number of classified pupils; or districts which are ordered to make a high cost placement by a tribunal of competent jurisdiction may apply for

additional special education aid, Extraordinary Special Education Costs Aid, to the Department of Education which reviews the application and either grants or denies the additional State aid. Under Assembly, No. 2157, the provisions requiring department review and approval of applications from districts are deleted and only those districts in which the cost of providing education for an individual classified pupil exceeds \$40,000 are eligible to receive State aid for those costs which are in excess of \$40,000.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The estimate of an increase in expenditure for Extraordinary Special Education Costs Aid is based on the Office of Legislative Service's review of information provided by the Department of Education concerning the number of applications received by the Department of Education for this aid for FY 1999 and FY 2000 and total cost of this additional aid had all of the applications been approved for FY 1999 and FY 2000. Aid received in a fiscal year is based on applications approved for special education expenses borne by the district in the prior fiscal year. Aid received in FY 1999 was based on a total of 291 districts which submitted applications in FY 1998 for 991 pupils for Extraordinary Special Education Costs Aid. Of the 291 districts which applied, 117 (40 percent) districts received additional aid for 372 pupils (37.5 percent). Aid received in FY 2000 was based on a total of 190 districts which submitted applications for 956 pupils in FY 1999. Of the 190 districts making application, 61 (32 percent) received additional aid for 271 pupils (28.5 percent). In both years, less than half of the applications submitted were approved for Extraordinary Special Education Costs Aid. According to the Department of Education, if all of the applications submitted in FY 1998 for aid in FY 1999 had been approved, the costs would have been \$20.56 million. Actual additional aid provided to the districts in FY 1999 was \$5.8 million. According to the Department of Education, if all of the applications submitted in FY 1999 for aid in FY 2000 had been approved, the costs would have been \$22.95 million, of which \$15.2 million would have been for costs in excess of \$40,000 for individual classified pupils and \$7.7 million would have been for costs for educating extraordinary numbers of classified pupils. Actual additional aid provided to the districts in FY 2000 was \$5.4 million. Since districts with costs for educating extraordinary numbers of classified pupils would not be eligible for State aid under the bill, the cost to the State in FY 2000 would have been \$15.2 million or \$9.8 million more than the additional aid provided to the districts in FY 2000. Estimates of future costs to the State are difficult to make; however, the costs would likely exceed \$15.2 million since costs associated with providing educational services to individual classified pupils have consistently increased over the years.

Section: *Education*

Analyst: *Theodore C. Settle*
Lead Research Analyst

A2157

3

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2157

STATE OF NEW JERSEY

DATED: SEPTEMBER 25, 2000

The Senate Education Committee reports favorably Assembly Bill No. 2157.

This bill provides that if the cost of special education for an individual classified pupil exceeds \$40,000, the district of residence would receive State aid for any costs over that amount in addition to the special education aid which the district otherwise receives for the pupil.

Under the current statute, a school district may apply to the Commissioner of Education for additional aid if the cost of providing education for an individual classified pupil exceeds \$40,000, or if the district must educate an extraordinary number of classified pupils, or if the district is ordered to make a high-cost placement. A panel established by the commissioner must then review the application and determine whether to grant the district's request. This bill deletes the provision for the panel's review and the criteria for awarding additional aid other than the cost of education for an individual pupil in excess of \$40,000.

As reported, this bill is identical to S-1148.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2157

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 14, 2001

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 2157.

This bill amends the law providing for additional State funding (beyond basic categorical aid) of special education costs, specifying explicitly the portion of those costs for which the State is responsible through payment of such additional aid.

The "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA) provides that school districts are entitled to special education categorical aid; this categorical aid is based upon the level of services that the district is required to provide and is computed as a percentage of T & E costs. Districts may also be eligible under CEIFA for additional special education aid. Currently, a district may apply to the Commissioner of Education for such additional aid when:

- < the cost of providing education for an individual classified pupil exceeds \$40,000;
- < the district must educate an extraordinary number of classified pupils; or
- < the district is under court order to make a high-cost placement.

The application is submitted to a panel, established by the Commissioner, that reviews the application and determines whether to grant the district's request based upon such factors as (i) whether the district is spending appropriate amounts of regular and special education funds on special education pupils, (ii) the facts of the particular case or cases at issue, (iii) the district's compliance with regulatory requirements, and (iv) the impact of the extraordinary costs on the district's budget. There is, however, no provision in current law establishing an explicit quantitative standard for the amount of additional special education aid to which a district is entitled.

Under this bill, a school district would be eligible to receive additional special education State aid for the costs of providing education for an individual classified pupil which exceed \$40,000. The State would be required to fund such excess costs as follows:

(1) For the three school years 2000-01, 2001-02 and 2002-03 (the "transitional years"), the amount of State aid payable would be 60% of the amount of those costs over \$40,000 up to \$60,000, plus 70%

of the amount of those costs over \$60,000 up to \$80,000, plus 80% of the amount of those costs in excess of \$80,000. If, in any of the transitional years, a district's additional State aid under this formula for a particular pupil would be less than the amount received for that pupil in the 1999-2000 school year (the "reference year"), the amount of such aid for that pupil in that transitional year could not be reduced below the amount for that pupil in the reference year except to the extent of reductions, from the reference year level, in actual special education costs incurred for the pupil; and

(2) For the 2003-04 school year and thereafter, a district would receive additional State aid equal to 100% of the amount by which special education costs exceed \$40,000 for each classified pupil.

The district would have to apply to the department for the additional aid, detailing the expenses incurred on behalf of the pupil for which the district seeks reimbursement.

In addition, the bill directs the department to review a district's expenditures of federal and State special education aid whenever special education monitoring identifies a failure on the part of the district to provide services consistent with a pupil's individualized education program.

The provisions of this bill, as amended, are identical to those of Senate Committee Substitute for Senate Bill Nos. 1543 (1R) and 1148, which the committee also reports this day.

COMMITTEE AMENDMENTS

Committee amendments to this bill (1) delay, for the duration of the three-year transitional period, institution of full State funding for special education costs above \$40,000 by providing instead for partial State funding of those costs during the period, and (2) add the provisions that require a district's application for such funding to detail its expenses on behalf of the pupils in question and direct the Department of Education to review expenditures of special education aid in cases of failure to provide individualized education program services.

FISCAL IMPACT

As noted above, current law contains no specific measure of the amount of additional special education State aid to which a school district is entitled. The total amount of such aid to all districts in the 2000-01 school year for costs incurred in the previous year was \$10 million. According to the Department of Education, if those districts' special education costs over \$40,000 for classified pupils that year had been fully State-funded, the cost to the State would have been about \$21.3 million. The Governor's FY2002 budget recommended \$15 million to fund such aid in the 2001-02 school year for costs incurred in 2000-01. On the basis of preliminary data from school district applications, the Department of Education estimates that the cost to the State of funding such aid in FY2002 at the 100 percent level would

be over \$40 million. The Office of Legislative Services estimates that the State's annual cost of funding the aid during the transition years at the level prescribed under the legislation would be between \$25 and \$35 million, and that the cost of funding the aid at the 100 percent level after the transition period will be over \$40 million.

[First Reprint]

ASSEMBLY, No. 2157

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED FEBRUARY 28, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman ALAN M. AUGUSTINE

District 22 (Middlesex, Morris, Somerset and Union)

Co-Sponsored by:

**Assemblymen Bateman, Gibson, Cohen, Conaway, Connors, Geist,
Assemblywoman Greenstein, Assemblymen Greenwald, Gusciora,
LeFevre, Assemblywoman Previte, Senators Martin, Bark, Allen, Adler,
Gormley, Palaia, Bennett, Cardinale, Cafiero, Inverso, Kavanaugh,
Turner, Singer, Matheussen and Zane**

SYNOPSIS

Provides school districts with additional State aid for special education pupils if costs exceed a certain amount.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 14, 2001, with amendments.

(Sponsorship Updated As Of: 12/18/2001)

A2157 [1R] BAGGER, AUGUSTINE

2

1 AN ACT concerning ¹[**extraordinary**] the funding of ¹ special
2 education costs ¹for public school students ¹and amending
3 P.L.1996, c.138.

4

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

7

8 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
9 read as follows:

10 19. a. Special education categorical aid for each school district
11 and county vocational school district shall be calculated for the
12 1997-98 school year as follows:

13 Tier I is the number of pupils classified for other than speech
14 correction services resident in the district which receive related
15 services including, but not limited to, occupational therapy, physical
16 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
17 amount rounded to the nearest whole dollar for each of the four
18 service categories provided per classified pupil.

19 Tier II is the number of pupils resident in the district meeting the
20 classification definitions for perceptually impaired, neurologically
21 impaired, educable mentally retarded and preschool handicapped; all
22 classified pupils in shared time county vocational programs in a county
23 vocational school which does not have a child study team receiving
24 services pursuant to chapter 46 of Title 18A of the New Jersey
25 Statutes; and nonclassified pupils in State training schools or secure
26 care facilities. For the purpose of calculating State aid for 1997-98,
27 each district, other than a county vocational school district, shall have
28 its pupil count for perceptually impaired reduced by perceptually
29 impaired classifications in excess of one standard deviation above the
30 State average classification rate at December 1995 or 9.8 percent of
31 the district's resident enrollment. The perceptually impaired limitation
32 shall be phased down to the State average of the prebudget year over
33 a five-year period by adjusting the standard deviation as follows: 75
34 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
35 and the State average in year five. No reduction in aid shall be
36 assessed against any district in which the perceptually impaired
37 classification rate is 6.5% or less of resident enrollment. Aid shall
38 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
39 for each student meeting the Tier II criteria.

40 The commissioner shall develop a system to provide that each
41 school district submits data to the department on the number of the

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted June 14, 2001.

1 district's pupils with a classification definition of perceptually impaired
2 who are enrolled in a county vocational school. Such pupils shall be
3 counted in the district of residence's resident enrollment for the
4 purpose of calculating the limit on perceptually impaired classifications
5 for Tier II State aid.

6 Tier III is the number of classified pupils resident in the district in
7 categories other than speech correction services, perceptually
8 impaired, neurologically impaired, educable mentally retarded, socially
9 maladjusted, preschool handicapped, and who do not meet the criteria
10 of Tier IV, intensive services; and nonclassified pupils in juvenile
11 community programs. Aid shall equal 0.8847 of the T&E amount for
12 each pupil meeting the Tier III criteria.

13 Tier IV is the number of classified pupils resident in the district
14 receiving intensive services. For 1997-98, intensive services are
15 defined as those provided in a county special services school district
16 and services provided for pupils who meet the classification definitions
17 for autistic, chronically ill, day training eligible, or visually
18 handicapped, or are provided for pupils who meet the classification
19 definition for multiply handicapped and are in a private school for the
20 handicapped, educational services commission, or jointure commission
21 placement in the 1996-97 school year. The commissioner shall collect
22 data and conduct a study to determine intensive service criteria and the
23 appropriate per pupil cost factor to be universally applied to all service
24 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
25 of the T&E amount for each pupil meeting the Tier IV criteria.

26 Classified pupils in Tiers II through IV shall be eligible for Tier I
27 aid. Classified pupils shall be eligible to receive aid for up to four
28 services under Tier I.

29 For the 1998-99 school year, these cost factors shall remain in
30 effect and special education aid growth shall be limited by the CPI
31 growth rate applied to the T&E amount and changes in classified pupil
32 counts. For subsequent years, the additional cost factors shall be
33 established biennially in the Report on the Cost of Providing a
34 Thorough and Efficient Education.

35 For the purposes of this section, classified pupil counts shall include
36 pupils attending State developmental centers, DHS Regional Day
37 Schools, State Division of Youth and Family Services' residential
38 centers, State residential mental health centers, and institutions
39 operated by or under contract with the Department of Human
40 Services. Classified pupils of elementary equivalent age shall include
41 classified preschool handicapped and kindergarten pupils.

42 b. In those instances in which the cost of providing education for
43 an individual classified pupil exceeds \$40,000¹[,]¹ [after an
44 assessment by the review panel of placements and placement costs for
45 the applicable school year; in those cases in which the district must
46 educate an extraordinary number of classified pupils; or in those

1 instances in which the district is ordered to make a high cost
2 placement by a tribunal of competent jurisdiction, the district may
3 apply to the commissioner for additional aid. A panel established by
4 the commissioner for this purpose shall review the district's application
5 and determine whether to grant the district's request based on factors
6 including, but not limited to: an assessment of whether the district is
7 spending appropriate amounts of regular and special education funds
8 on special education pupils; the facts of the particular case or cases at
9 issue; the district's level of compliance with regulatory requirements;
10 and the impact of the extraordinary costs on the district's budget] ¹ ;

11 (1) For costs in excess of \$40,000 incurred in the 2000-2001
12 through 2002-2003 school years,¹ the district of residence shall, in
13 addition to any special education ¹State¹ aid to which the district is
14 entitled on behalf of the ¹[student] pupil¹ pursuant to subsection a. of
15 this section, receive ¹additional special education¹ State aid ¹[for any
16 costs in excess of \$40,000] as follows: (a) with respect to the amount
17 of any costs in excess of \$40,000 but less than or equal to \$60,000,
18 the additional State aid for the classified pupil shall equal 60% of that
19 amount; (b) with respect to the amount of any costs in excess of
20 \$60,000 but less than or equal to \$80,000, the additional State aid for
21 the classified pupil shall equal 70% of that amount; and (c) with
22 respect to the amount of any costs in excess of \$80,000, the additional
23 State aid for the classified pupil shall equal 80% of that amount;
24 provided that in the case of an individual classified pupil for whom
25 additional special education State aid was awarded to a district for the
26 1999-2000 school year, the amount of such aid awarded annually to
27 the district for that pupil for the 2000-2001, 2001-2002 or 2002-2003
28 school year shall not be less than the amount for the 1999-2000 school
29 year, except that if the district's actual special education costs incurred
30 for the pupil in the 2000-2001, 2001-2002 or 2002-2003 school year
31 are reduced below the amount of such costs for the pupil in the 1999-
32 2000 school year, the amount of aid shall be decreased by the amount
33 of that reduction; and

34 (2) For costs in excess of \$40,000 incurred in the 2003-2004
35 school year and thereafter, a district shall receive additional special
36 education State aid equal to 100% of the amount of that excess¹.

37 ¹A district, in order to receive funding pursuant to this subsection,
38 shall file an application with the department that details the expenses
39 incurred on behalf of the particular classified pupil for which the
40 district is seeking reimbursement.¹ Additional State aid awarded for
41 extraordinary special education costs shall be recorded by the district
42 as revenue in the current school year and paid to the district in the
43 subsequent school year.

44 c. A school district may apply to the commissioner to receive
45 emergency special education aid for any classified pupil who enrolls in
46 the district prior to March of the budget year and who is in a

1 placement with a cost in excess of \$40,000. The commissioner may
2 debit from the student's former district of residence any special
3 education aid which was paid to that district on behalf of the student.

4 ¹d. The department shall review expenditures of federal and State
5 special education aid by a district in every instance in which special
6 education monitoring identifies a failure on the part of the district to
7 provide services consistent with a pupil's individualized education
8 program.¹

9 (cf: P.L.1996, c.138, s.19)

10

11 2. This act shall take effect immediately.

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 2157

with Senate Floor Amendments
(Proposed By Senator MARTIN)

ADOPTED: DECEMBER 17, 2001

These amendments delay the implementation of the provisions of the bill from the 2001-2002 school year to the 2002-2003 school year.

[Second Reprint]

ASSEMBLY, No. 2157

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED FEBRUARY 28, 2000

Sponsored by:

Assemblyman RICHARD H. BAGGER

District 22 (Middlesex, Morris, Somerset and Union)

Assemblyman ALAN M. AUGUSTINE

District 22 (Middlesex, Morris, Somerset and Union)

Co-Sponsored by:

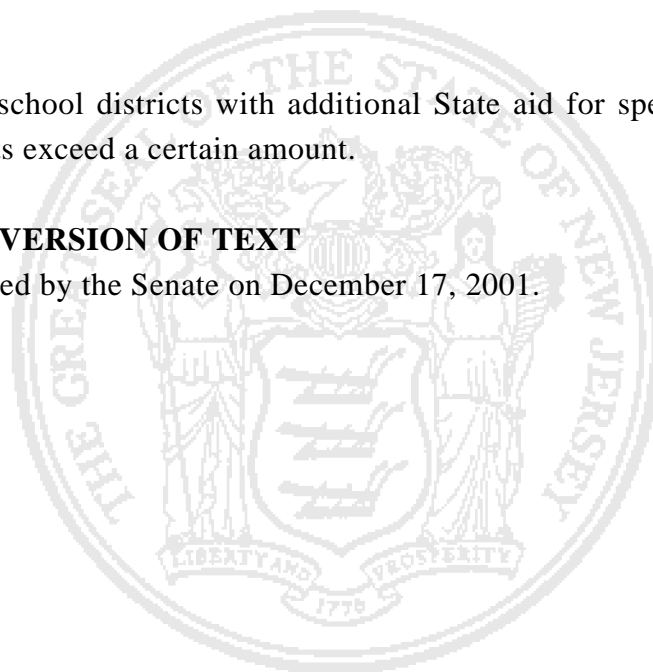
Assemblymen Bateman, Gibson, Cohen, Conaway, Connors, Geist, Assemblywoman Greenstein, Assemblymen Greenwald, Gusciora, LeFevre, Assemblywoman Previte, Senators Martin, Bark, Allen, Adler, Gormley, Palaia, Bennett, Cardinale, Cafiero, Inverso, Kavanaugh, Turner, Singer, Matheussen, Zane, Assemblyman Corodemus and Assemblywoman Vandervalk

SYNOPSIS

Provides school districts with additional State aid for special education pupils if costs exceed a certain amount.

CURRENT VERSION OF TEXT

As amended by the Senate on December 17, 2001.



(Sponsorship Updated As Of: 1/4/2002)

A2157 [2R] BAGGER, AUGUSTINE

2

1 AN ACT concerning ¹[extraordinary] the funding of¹ special
2 education costs ¹for public school students¹ and amending
3 P.L.1996, c.138.

4

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

7

8 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
9 read as follows:

10 19. a. Special education categorical aid for each school district
11 and county vocational school district shall be calculated for the
12 1997-98 school year as follows:

13 Tier I is the number of pupils classified for other than speech
14 correction services resident in the district which receive related
15 services including, but not limited to, occupational therapy, physical
16 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
17 amount rounded to the nearest whole dollar for each of the four
18 service categories provided per classified pupil.

19 Tier II is the number of pupils resident in the district meeting the
20 classification definitions for perceptually impaired, neurologically
21 impaired, educable mentally retarded and preschool handicapped; all
22 classified pupils in shared time county vocational programs in a county
23 vocational school which does not have a child study team receiving
24 services pursuant to chapter 46 of Title 18A of the New Jersey
25 Statutes; and nonclassified pupils in State training schools or secure
26 care facilities. For the purpose of calculating State aid for 1997-98,
27 each district, other than a county vocational school district, shall have
28 its pupil count for perceptually impaired reduced by perceptually
29 impaired classifications in excess of one standard deviation above the
30 State average classification rate at December 1995 or 9.8 percent of
31 the district's resident enrollment. The perceptually impaired limitation
32 shall be phased down to the State average of the prebudget year over
33 a five-year period by adjusting the standard deviation as follows: 75
34 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
35 and the State average in year five. No reduction in aid shall be
36 assessed against any district in which the perceptually impaired
37 classification rate is 6.5% or less of resident enrollment. Aid shall
38 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
39 for each student meeting the Tier II criteria.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted June 14, 2001.

² Senate floor amendments adopted December 17, 2001.

1 The commissioner shall develop a system to provide that each
2 school district submits data to the department on the number of the
3 district's pupils with a classification definition of perceptually impaired
4 who are enrolled in a county vocational school. Such pupils shall be
5 counted in the district of residence's resident enrollment for the
6 purpose of calculating the limit on perceptually impaired classifications
7 for Tier II State aid.

8 Tier III is the number of classified pupils resident in the district in
9 categories other than speech correction services, perceptually
10 impaired, neurologically impaired, educable mentally retarded, socially
11 maladjusted, preschool handicapped, and who do not meet the criteria
12 of Tier IV, intensive services; and nonclassified pupils in juvenile
13 community programs. Aid shall equal 0.8847 of the T&E amount for
14 each pupil meeting the Tier III criteria.

15 Tier IV is the number of classified pupils resident in the district
16 receiving intensive services. For 1997-98, intensive services are
17 defined as those provided in a county special services school district
18 and services provided for pupils who meet the classification definitions
19 for autistic, chronically ill, day training eligible, or visually
20 handicapped, or are provided for pupils who meet the classification
21 definition for multiply handicapped and are in a private school for the
22 handicapped, educational services commission, or jointure commission
23 placement in the 1996-97 school year. The commissioner shall collect
24 data and conduct a study to determine intensive service criteria and the
25 appropriate per pupil cost factor to be universally applied to all service
26 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
27 of the T&E amount for each pupil meeting the Tier IV criteria.

28 Classified pupils in Tiers II through IV shall be eligible for Tier I
29 aid. Classified pupils shall be eligible to receive aid for up to four
30 services under Tier I.

31 For the 1998-99 school year, these cost factors shall remain in
32 effect and special education aid growth shall be limited by the CPI
33 growth rate applied to the T&E amount and changes in classified pupil
34 counts. For subsequent years, the additional cost factors shall be
35 established biennially in the Report on the Cost of Providing a
36 Thorough and Efficient Education.

37 For the purposes of this section, classified pupil counts shall include
38 pupils attending State developmental centers, DHS Regional Day
39 Schools, State Division of Youth and Family Services' residential
40 centers, State residential mental health centers, and institutions
41 operated by or under contract with the Department of Human
42 Services. Classified pupils of elementary equivalent age shall include
43 classified preschool handicapped and kindergarten pupils.

44 b. In those instances in which the cost of providing education for
45 an individual classified pupil exceeds \$40,000¹ [,]¹ [after an
46 assessment by the review panel of placements and placement costs for

1 the applicable school year; in those cases in which the district must
2 educate an extraordinary number of classified pupils; or in those
3 instances in which the district is ordered to make a high cost
4 placement by a tribunal of competent jurisdiction, the district may
5 apply to the commissioner for additional aid. A panel established by
6 the commissioner for this purpose shall review the district's application
7 and determine whether to grant the district's request based on factors
8 including, but not limited to: an assessment of whether the district is
9 spending appropriate amounts of regular and special education funds
10 on special education pupils; the facts of the particular case or cases at
11 issue; the district's level of compliance with regulatory requirements;
12 and the impact of the extraordinary costs on the district's budget] ¹ :

13 (1) For costs in excess of \$40,000 incurred in the ²[2000-2001]
14 2002-2003² through ²[2002-2003] 2004-2005² school years,¹ the
15 district of residence shall, in addition to any special education ¹State¹
16 aid to which the district is entitled on behalf of the ¹[student] pupil¹
17 pursuant to subsection a. of this section, receive ¹additional special
18 education¹ State aid ¹[for any costs in excess of \$40,000] as follows:
19 (a) with respect to the amount of any costs in excess of \$40,000 but
20 less than or equal to \$60,000, the additional State aid for the classified
21 pupil shall equal 60% of that amount; (b) with respect to the amount
22 of any costs in excess of \$60,000 but less than or equal to \$80,000,
23 the additional State aid for the classified pupil shall equal 70% of that
24 amount; and (c) with respect to the amount of any costs in excess of
25 \$80,000, the additional State aid for the classified pupil shall equal
26 80% of that amount; provided that in the case of an individual
27 classified pupil for whom additional special education State aid was
28 awarded to a district for the ²[1999-2000] 2001-2002² school year,
29 the amount of such aid awarded annually to the district for that pupil
30 for the ²[2000-2001, 2001-2002 or 2002-2003] 2002-2003, 2003-
31 2004 or 2004-2005² school year shall not be less than the amount for
32 the ²[1999-2000] 2001-2002² school year, except that if the district's
33 actual special education costs incurred for the pupil in the ²[2000-
34 2001, 2001-2002 or 2002-2003] 2002-2003, 2003-2004 or 2004-
35 2005² school year are reduced below the amount of such costs for the
36 pupil in the ²[1999-2000] 2001-2002² school year, the amount of aid
37 shall be decreased by the amount of that reduction; and

38 (2) For costs in excess of \$40,000 incurred in the ²[2003-2004]
39 2005-2006² school year and thereafter, a district shall receive
40 additional special education State aid equal to 100% of the amount of
41 that excess¹.

42 ¹A district, in order to receive funding pursuant to this subsection,
43 shall file an application with the department that details the expenses
44 incurred on behalf of the particular classified pupil for which the
45 district is seeking reimbursement.¹ Additional State aid awarded for

1 extraordinary special education costs shall be recorded by the district
2 as revenue in the current school year and paid to the district in the
3 subsequent school year.

4 c. A school district may apply to the commissioner to receive
5 emergency special education aid for any classified pupil who enrolls in
6 the district prior to March of the budget year and who is in a
7 placement with a cost in excess of \$40,000. The commissioner may
8 debit from the student's former district of residence any special
9 education aid which was paid to that district on behalf of the student.

10 ¹d. The department shall review expenditures of federal and State
11 special education aid by a district in every instance in which special
12 education monitoring identifies a failure on the part of the district to
13 provide services consistent with a pupil's individualized education
14 program.¹

15 (cf: P.L.1996, c.138, s.19)

16

17 2. This act shall take effect immediately.

SENATE, No. 1543

STATE OF NEW JERSEY
209th LEGISLATURE

INTRODUCED SEPTEMBER 21, 2000

Sponsored by:

Senator ROBERT J. MARTIN

District 26 (Essex, Morris and Passaic)

Co-Sponsored by:

Senators Gormley and Palaia

SYNOPSIS

Provides school districts with additional State aid for special education pupils if costs exceed a certain amount.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 9/26/2000)

S1543 MARTIN

2

1 AN ACT concerning the funding of special education costs for public
2 school students and amending P.L.1996, c.138.

3

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

6

7 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
8 read as follows:

9 19. a. Special education categorical aid for each school district
10 and county vocational school district shall be calculated for the
11 1997-98 school year as follows:

12 Tier I is the number of pupils classified for other than speech
13 correction services resident in the district which receive related
14 services including, but not limited to, occupational therapy, physical
15 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
16 amount rounded to the nearest whole dollar for each of the four
17 service categories provided per classified pupil.

18 Tier II is the number of pupils resident in the district meeting the
19 classification definitions for perceptually impaired, neurologically
20 impaired, educable mentally retarded and preschool handicapped; all
21 classified pupils in shared time county vocational programs in a county
22 vocational school which does not have a child study team receiving
23 services pursuant to chapter 46 of Title 18A of the New Jersey
24 Statutes; and nonclassified pupils in State training schools or secure
25 care facilities. For the purpose of calculating State aid for 1997-98,
26 each district, other than a county vocational school district, shall have
27 its pupil count for perceptually impaired reduced by perceptually
28 impaired classifications in excess of one standard deviation above the
29 State average classification rate at December 1995 or 9.8 percent of
30 the district's resident enrollment. The perceptually impaired limitation
31 shall be phased down to the State average of the prebudget year over
32 a five-year period by adjusting the standard deviation as follows: 75
33 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
34 and the State average in year five. No reduction in aid shall be
35 assessed against any district in which the perceptually impaired
36 classification rate is 6.5% or less of resident enrollment. Aid shall
37 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
38 for each student meeting the Tier II criteria.

39 The commissioner shall develop a system to provide that each
40 school district submits data to the department on the number of the
41 district's pupils with a classification definition of perceptually impaired
42 who are enrolled in a county vocational school. Such pupils shall be
43 counted in the district of residence's resident enrollment for the

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 purpose of calculating the limit on perceptually impaired classifications
2 for Tier II State aid.

3 Tier III is the number of classified pupils resident in the district in
4 categories other than speech correction services, perceptually
5 impaired, neurologically impaired, educable mentally retarded, socially
6 maladjusted, preschool handicapped, and who do not meet the criteria
7 of Tier IV, intensive services; and nonclassified pupils in juvenile
8 community programs. Aid shall equal 0.8847 of the T&E amount for
9 each pupil meeting the Tier III criteria.

10 Tier IV is the number of classified pupils resident in the district
11 receiving intensive services. For 1997-98, intensive services are
12 defined as those provided in a county special services school district
13 and services provided for pupils who meet the classification definitions
14 for autistic, chronically ill, day training eligible, or visually
15 handicapped, or are provided for pupils who meet the classification
16 definition for multiply handicapped and are in a private school for the
17 handicapped, educational services commission, or jointure commission
18 placement in the 1996-97 school year. The commissioner shall collect
19 data and conduct a study to determine intensive service criteria and the
20 appropriate per pupil cost factor to be universally applied to all service
21 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
22 of the T&E amount for each pupil meeting the Tier IV criteria.

23 Classified pupils in Tiers II through IV shall be eligible for Tier I
24 aid. Classified pupils shall be eligible to receive aid for up to four
25 services under Tier I.

26 For the 1998-99 school year, these cost factors shall remain in
27 effect and special education aid growth shall be limited by the CPI
28 growth rate applied to the T&E amount and changes in classified pupil
29 counts. For subsequent years, the additional cost factors shall be
30 established biennially in the Report on the Cost of Providing a
31 Thorough and Efficient Education.

32 For the purposes of this section, classified pupil counts shall include
33 pupils attending State developmental centers, DHS Regional Day
34 Schools, State Division of Youth and Family Services' residential
35 centers, State residential mental health centers, and institutions
36 operated by or under contract with the Department of Human
37 Services. Classified pupils of elementary equivalent age shall include
38 classified preschool handicapped and kindergarten pupils.

39 b. [In those instances in which the cost of providing education for
40 an individual classified pupil exceeds \$40,000, after an assessment by
41 the review panel of placements and placement costs for the applicable
42 school year; in those cases in which the district must educate an
43 extraordinary number of classified pupils; or in those instances in
44 which the district is ordered to make a high cost placement by a
45 tribunal of competent jurisdiction, the district may apply to the
46 commissioner for additional aid. A panel established by the

1 commissioner for this purpose shall review the district's application
2 and determine whether to grant the district's request based on factors
3 including, but not limited to: an assessment of whether the district is
4 spending appropriate amounts of regular and special education funds
5 on special education pupils; the facts of the particular case or cases at
6 issue; the district's level of compliance with regulatory requirements;
7 and the impact of the extraordinary costs on the district's budget.
8 Additional State aid awarded for extraordinary special education costs
9 shall be recorded by the district as revenue in the current school year
10 and paid to the district in the subsequent school year.] In addition to
11 the special education categorical aid for which a school district or
12 county vocational school district is eligible pursuant to subsection a.
13 of this section, each district shall be eligible to receive additional State
14 aid for all classified pupils calculated as follows for each classified
15 pupil:

16 $AID = SEC - ((RED + \$5000) - SEA) \times .75$ provided that AID
17 shall not be less than zero; and

18 where

19 SEC equals the total cost of providing education, including
20 transportation, to an individual classified pupil;

21 RED equals the district's average per pupil regular education
22 expenditure; and

23 SEA equals the amount of special education categorical aid a
24 district is entitled to receive for an individual classified pupil pursuant
25 to the provisions of subsection a. of this section.

26 c. A school district may apply to the commissioner to receive
27 emergency special education aid for any classified pupil who enrolls in
28 the district prior to March of the budget year [and who is in a
29 placement with a cost in excess of \$40,000]. The commissioner may
30 debit from the student's former district of residence any special
31 education aid which was paid to that district on behalf of the student.
32 (cf: P.L.1996, c.138, s.19)

33

34 2. This act shall take effect immediately and shall first apply to the
35 2001-2002 school year.

36

37

38

STATEMENT

39

40 This bill provides that in addition to the special education
41 categorical aid for which a school district is eligible pursuant to
42 section 19 of the "Comprehensive Educational Improvement and
43 Financing Act of 1996," (CEIFA), P.L.1996, c.138, each school
44 district would be eligible to receive State aid in an amount equal to
45 75% of the costs associated with providing programs and services to
46 a special education student which are in excess of \$5,000 above the

S1543 MARTIN

5

1 district's average per pupil regular education expenditure after offset
2 by special education categorical funding.

3 The bill eliminates the current provision under CEIFA which
4 authorizes districts to apply to the commissioner for extraordinary
5 special education aid when the cost of providing education to the pupil
6 exceeds \$40,000. Such costs would now be covered under the
7 provisions of this bill.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1543

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 25, 2000

The Senate Education Committee reports favorably and with committee amendments Senate Bill No. 1543.

As amended, this bill provides that in addition to the special education categorical aid for which a school district is eligible, the district would also be eligible to receive State aid in an amount equal to 75% of the costs associated with providing programs and services to a special education student which are in excess of \$10,000 above the district's average per pupil regular education expenditure after offset by the special education categorical funding.

The bill eliminates the current provision in the funding of special education which authorizes districts to apply to the commissioner for additional aid when the costs of providing education to an individual pupil exceeds \$40,000, when the district must educate an extraordinary number of classified pupils, or when the district is ordered to make a high-cost placement. Those costs would now be covered under the provisions of this bill.

An amendment was adopted to change the base amount for determining excess costs from \$5,000 to \$10,000.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 1148
STATE OF NEW JERSEY
209th LEGISLATURE

DATED: MAY 18, 2000

SUMMARY

Synopsis: Provides State aid for any costs over \$40,000 for a special education pupil.

Type of Impact: Expenditure increase from the Property Tax Relief Fund/General Fund.

Agencies Affected: Department of Education/local boards of education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Unknown (see discussion)	Unknown (see discussion)	Unknown (see discussion)
Local Cost	No additional cost	No additional cost	No additional cost

- ! This bill provides that, in addition to any special education aid to which the district of residence is entitled on behalf of an individual classified pupil, if the cost of providing education for that pupil exceeds \$40,000, the district would receive State aid for the costs which are in excess of \$40,000.
- ! Under the bill, in contrast with the provisions of current law, there would be no review by the Department of Education of the costs of providing education for an individual classified pupil which are in excess of \$40,000 for which the district of residence is to receive State aid.

BILL DESCRIPTION

Senate Bill No. 1148 of 2000 provides the district of residence with State aid in the amount of any costs for providing education for an individual classified pupil which are in excess of \$40,000. This aid would be in addition to any special education aid to which the district is entitled on behalf of the student under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.). Under current law: districts in which the cost of providing education for an individual classified pupil exceeds \$40,000; districts which educate an extraordinary number of classified pupils; or districts which are

ordered to make a high cost placement by a tribunal of competent jurisdiction may apply for additional special education aid, Extraordinary Special Education Costs Aid, to the Department of Education which reviews the application and either grants or denies the additional State aid. Under Senate, No. 1148, the provisions requiring department review and approval of applications from districts are deleted and only those districts in which the cost of providing education for an individual classified pupil exceeds \$40,000 are eligible to receive State aid for those costs which are in excess of \$40,000.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The estimate of an increase in expenditure for Extraordinary Special Education Costs Aid is based on the Office of Legislative Service's review of information provided by the Department of Education concerning the number of applications received by the Department of Education for this aid for FY 1999 and FY 2000 and total cost of this additional aid had all of the applications been approved for FY 1999 and FY 2000. Aid received in a fiscal year is based on applications approved for special education expenses borne by the district in the prior fiscal year. Aid received in FY 1999 was based on a total of 291 districts which submitted applications in FY 1998 for 991 pupils for Extraordinary Special Education Costs Aid. Of the 291 districts which applied, 117 (40 percent) districts received additional aid for 372 pupils (37.5 percent). Aid received in FY 2000 was based on a total of 190 districts which submitted applications for 956 pupils in FY 1999. Of the 190 districts making application, 61 (32 percent) received additional aid for 271 pupils (28.5 percent). In both years, less than half of the applications submitted were approved for Extraordinary Special Education Costs Aid. According to the Department of Education, if all of the applications submitted in FY 1998 for aid in FY 1999 had been approved, the costs would have been \$20.56 million. Actual additional aid provided to the districts in FY 1999 was \$5.8 million. According to the Department of Education, if all of the applications submitted in FY 1999 for aid in FY 2000 had been approved, the costs would have been \$22.95 million, of which \$15.2 million would have been for costs in excess of \$40,000 for individual classified pupils and \$7.7 million would have been for costs for educating extraordinary numbers of classified pupils. Actual additional aid provided to the districts in FY 2000 was \$5.4 million. Since districts with costs for educating extraordinary numbers of classified pupils would not be eligible for State aid under the bill, the cost to the State in FY 2000 would have been \$15.2 million or \$9.8 million more than the additional aid provided to the districts in FY 2000. Estimates of future costs to the State are difficult to make; however, the costs would likely exceed \$15.2 million since costs associated with providing educational services to individual classified pupils have consistently increased over the years.

Section: *Education*

Analyst: *Theodore C. Settle*
Lead Research Analyst

S1148

3

Approved: *Alan R. Kooney*
Legislative Budget and Finance Officer

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR **SENATE, Nos. 1543 and 1148**

STATE OF NEW JERSEY

DATED: JUNE 14, 2001

The Senate Budget and Appropriations Committee reports favorably a committee substitute for Senate Bill Nos. 1543 and 1148.

This bill amends the law providing for additional State funding (beyond basic categorical aid) of special education costs, specifying explicitly the portion of those costs for which the State is responsible through payment of such additional aid.

The "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA) provides that school districts are entitled to special education categorical aid; this categorical aid is based upon the level of services that the district is required to provide and is computed as a percentage of T & E costs. Districts may also be eligible under CEIFA for additional special education aid. Currently, a district may apply to the Commissioner of Education for such additional aid when:

- < the cost of providing education for an individual classified pupil exceeds \$40,000;
- < the district must educate an extraordinary number of classified pupils; or
- < the district is under court order to make a high-cost placement.

The application is submitted to a panel, established by the Commissioner, that reviews the application and determines whether to grant the district's request based upon such factors as (i) whether the district is spending appropriate amounts of regular and special education funds on special education pupils, (ii) the facts of the particular case or cases at issue, (iii) the district's compliance with regulatory requirements, and (iv) the impact of the extraordinary costs on the district's budget. There is, however, no provision in current law establishing an explicit quantitative standard for the amount of additional special education aid to which a district is entitled.

Under this bill, a school district would be eligible to receive additional special education State aid for the costs of providing education for an individual classified pupil which exceed \$40,000. The State would be required to fund such excess costs as follows:

- (1) For the three school years 2000-01, 2001-02 and 2002-03 (the "transitional years"), the amount of State aid payable would be 60% of the amount of those costs over \$40,000 up to \$60,000, plus 70%

of the amount of those costs over \$60,000 up to \$80,000, plus 80% of the amount of those costs in excess of \$80,000. If, in any of the transitional years, a district's additional State aid under this formula for a particular pupil would be less than the amount received for that pupil in the 1999-2000 school year (the "reference year"), the amount of such aid for that pupil in that transitional year could not be reduced below the amount for that pupil in the reference year except to the extent of reductions, from the reference year level, in actual special education costs incurred for the pupil; and

(2) For the 2003-04 school year and thereafter, a district would receive additional State aid equal to 100% of the amount by which special education costs exceed \$40,000 for each classified pupil.

The district would have to apply to the department for the additional aid, detailing the expenses incurred on behalf of the pupil for which the district seeks reimbursement.

In addition, the bill directs the department to review a district's expenditures of federal and State special education aid whenever special education monitoring identifies a failure on the part of the district to provide services consistent with a pupil's individualized education program.

The provisions of this substitute bill are identical to those of Assembly Bill No. 2157 Sca, which the committee also reports this day.

FISCAL IMPACT

As noted above, current law contains no specific measure of the amount of additional special education State aid to which a school district is entitled. The total amount of such aid to all districts in the 2000-01 school year for costs incurred in the previous year was \$10 million. According to the Department of Education, if those districts' special education costs over \$40,000 for classified pupils that year had been fully State-funded, the cost to the State would have been about \$21.3 million. The Governor's FY2002 budget recommended \$15 million to fund such aid in the 2001-02 school year for costs incurred in 2000-01. On the basis of preliminary data from school district applications, the Department of Education estimates that the cost to the State of funding such aid in FY2002 at the 100 percent level would be over \$40 million. The Office of Legislative Services estimates that the State's annual cost of funding the aid during the transition years at the level prescribed under the legislation would be between \$25 and \$35 million, and that the cost of funding the aid at the 100 percent level after the transition period will be over \$40 million.

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 1543 and 1148

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED JUNE 14, 2001

Sponsored by:

Senator ROBERT J. MARTIN

District 26 (Essex, Morris and Passaic)

Senator MARTHA W. BARK

District 8 (Atlantic, Burlington and Camden)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Senator JOHN H. ADLER

District 6 (Camden)

Co-Sponsored by:

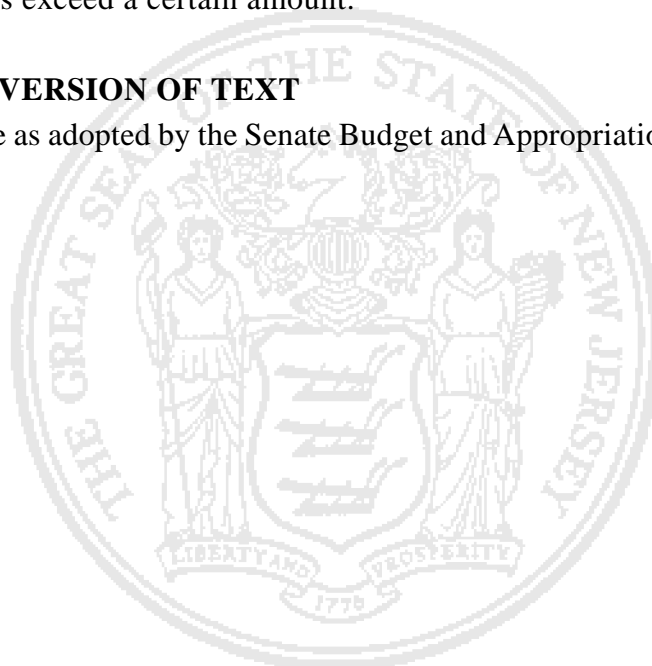
**Senators Gormley, Palaia, Bennett, Cardinale, Cafiero, Inverso,
Kavanaugh, Turner, Singer, Matheussen and Zane**

SYNOPSIS

Provides school districts with additional State aid for special education pupils if costs exceed a certain amount.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



(Sponsorship Updated As Of: 11/20/2001)

1 **AN ACT** concerning the funding of special education costs for public
2 school students and amending P.L.1996, c.138.

3

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

6

7 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
8 read as follows:

9 19. a. Special education categorical aid for each school district
10 and county vocational school district shall be calculated for the
11 1997-98 school year as follows:

12 Tier I is the number of pupils classified for other than speech
13 correction services resident in the district which receive related
14 services including, but not limited to, occupational therapy, physical
15 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
16 amount rounded to the nearest whole dollar for each of the four
17 service categories provided per classified pupil.

18 Tier II is the number of pupils resident in the district meeting the
19 classification definitions for perceptually impaired, neurologically
20 impaired, educable mentally retarded and preschool handicapped; all
21 classified pupils in shared time county vocational programs in a county
22 vocational school which does not have a child study team receiving
23 services pursuant to chapter 46 of Title 18A of the New Jersey
24 Statutes; and nonclassified pupils in State training schools or secure
25 care facilities. For the purpose of calculating State aid for 1997-98,
26 each district, other than a county vocational school district, shall have
27 its pupil count for perceptually impaired reduced by perceptually
28 impaired classifications in excess of one standard deviation above the
29 State average classification rate at December 1995 or 9.8 percent of
30 the district's resident enrollment. The perceptually impaired limitation
31 shall be phased down to the State average of the prebudget year over
32 a five-year period by adjusting the standard deviation as follows: 75
33 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
34 and the State average in year five. No reduction in aid shall be
35 assessed against any district in which the perceptually impaired
36 classification rate is 6.5% or less of resident enrollment. Aid shall
37 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
38 for each student meeting the Tier II criteria.

39 The commissioner shall develop a system to provide that each
40 school district submits data to the department on the number of the
41 district's pupils with a classification definition of perceptually impaired
42 who are enrolled in a county vocational school. Such pupils shall be
43 counted in the district of residence's resident enrollment for the

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 purpose of calculating the limit on perceptually impaired classifications
2 for Tier II State aid.

3 Tier III is the number of classified pupils resident in the district in
4 categories other than speech correction services, perceptually
5 impaired, neurologically impaired, educable mentally retarded, socially
6 maladjusted, preschool handicapped, and who do not meet the criteria
7 of Tier IV, intensive services; and nonclassified pupils in juvenile
8 community programs. Aid shall equal 0.8847 of the T&E amount for
9 each pupil meeting the Tier III criteria.

10 Tier IV is the number of classified pupils resident in the district
11 receiving intensive services. For 1997-98, intensive services are
12 defined as those provided in a county special services school district
13 and services provided for pupils who meet the classification definitions
14 for autistic, chronically ill, day training eligible, or visually
15 handicapped, or are provided for pupils who meet the classification
16 definition for multiply handicapped and are in a private school for the
17 handicapped, educational services commission, or jointure commission
18 placement in the 1996-97 school year. The commissioner shall collect
19 data and conduct a study to determine intensive service criteria and the
20 appropriate per pupil cost factor to be universally applied to all service
21 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
22 of the T&E amount for each pupil meeting the Tier IV criteria.

23 Classified pupils in Tiers II through IV shall be eligible for Tier I
24 aid. Classified pupils shall be eligible to receive aid for up to four
25 services under Tier I.

26 For the 1998-99 school year, these cost factors shall remain in
27 effect and special education aid growth shall be limited by the CPI
28 growth rate applied to the T&E amount and changes in classified pupil
29 counts. For subsequent years, the additional cost factors shall be
30 established biennially in the Report on the Cost of Providing a
31 Thorough and Efficient Education.

32 For the purposes of this section, classified pupil counts shall
33 include pupils attending State developmental centers, DHS Regional
34 Day Schools, State Division of Youth and Family Services' residential
35 centers, State residential mental health centers, and institutions
36 operated by or under contract with the Department of Human
37 Services. Classified pupils of elementary equivalent age shall include
38 classified preschool handicapped and kindergarten pupils.

39 b. In those instances in which the cost of providing education for
40 an individual classified pupil exceeds \$40,000 [, after an assessment
41 by the review panel of placements and placement costs for the
42 applicable school year; in those cases in which the district must
43 educate an extraordinary number of classified pupils; or in those
44 instances in which the district is ordered to make a high cost
45 placement by a tribunal of competent jurisdiction, the district may
46 apply to the commissioner for additional aid. A panel established by

1 the commissioner for this purpose shall review the district's application
2 and determine whether to grant the district's request based on factors
3 including, but not limited to: an assessment of whether the district is
4 spending appropriate amounts of regular and special education funds
5 on special education pupils; the facts of the particular case or cases at
6 issue; the district's level of compliance with regulatory requirements;
7 and the impact of the extraordinary costs on the district's budget] :

8 (1) For costs in excess of \$40,000 incurred in the 2000-2001
9 through 2002-2003 school years, the district of residence shall, in
10 addition to any special education State aid to which the district is
11 entitled on behalf of the pupil pursuant to subsection a. of this section,
12 receive additional special education State aid as follows: (a) with
13 respect to the amount of any costs in excess of \$40,000 but less than
14 or equal to \$60,000, the additional State aid for the classified pupil
15 shall equal 60% of that amount; (b) with respect to the amount of any
16 costs in excess of \$60,000 but less than or equal to \$80,000, the
17 additional State aid for the classified pupil shall equal 70% of that
18 amount; and (c) with respect to the amount of any costs in excess of
19 \$80,000, the additional State aid for the classified pupil shall equal
20 80% of that amount; provided that in the case of an individual
21 classified pupil for whom additional special education State aid was
22 awarded to a district for the 1999-2000 school year, the amount of
23 such aid awarded annually to the district for that pupil for the 2000-
24 2001, 2001-2002 or 2002-2003 school year shall not be less than the
25 amount for the 1999-2000 school year, except that if the district's
26 actual special education costs incurred for the pupil in the 2000-2001,
27 2001-2002 or 2002-2003 school year are reduced below the amount
28 of such costs for the pupil in the 1999-2000 school year, the amount
29 of aid shall be decreased by the amount of that reduction; and

30 (2) For costs in excess of \$40,000 incurred in the 2003-2004
31 school year and thereafter, a district shall receive additional special
32 education State aid equal to 100% of the amount of that excess.

33 A district, in order to receive funding pursuant to this subsection,
34 shall file an application with the department that details the expenses
35 incurred on behalf of the particular classified pupil for which the
36 district is seeking reimbursement. Additional State aid awarded for
37 extraordinary special education costs shall be recorded by the district
38 as revenue in the current school year and paid to the district in the
39 subsequent school year.

40 c. A school district may apply to the commissioner to receive
41 emergency special education aid for any classified pupil who enrolls in
42 the district prior to March of the budget year and who is in a
43 placement with a cost in excess of \$40,000. The commissioner may
44 debit from the student's former district of residence any special
45 education aid which was paid to that district on behalf of the student.

46 d. The department shall review expenditures of federal and State

1 special education aid by a district in every instance in which special
2 education monitoring identifies a failure on the part of the district to
3 provide services consistent with a pupil's individualized education
4 program.

5 (cf: P.L.1996, c.138, s.19)

6

7 2. This act shall take effect immediately.

STATEMENT TO
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1543

with Senate Floor Amendments
(Proposed By Senator MARTIN)

ADOPTED: DECEMBER 6, 2001

These amendments delay the implementation of the provisions of the bill from the 2000-2001 school year to the 2002-2003 school year.

[First Reprint]

SENATE COMMITTEE SUBSTITUTE FOR
SENATE, Nos. 1543 and 1148

STATE OF NEW JERSEY
209th LEGISLATURE

ADOPTED JUNE 14, 2001

Sponsored by:

Senator ROBERT J. MARTIN

District 26 (Essex, Morris and Passaic)

Senator MARTHA W. BARK

District 8 (Atlantic, Burlington and Camden)

Senator DIANE ALLEN

District 7 (Burlington and Camden)

Senator JOHN H. ADLER

District 6 (Camden)

Co-Sponsored by:

**Senators Gormley, Palaia, Bennett, Cardinale, Cafiero, Inverso,
Kavanaugh, Turner, Singer, Matheussen and Zane**

SYNOPSIS

Provides school districts with additional State aid for special education pupils if costs exceed a certain amount.

CURRENT VERSION OF TEXT

As amended by the Senate on December 6, 2001.



(Sponsorship Updated As Of: 11/20/2001)

1 **AN ACT** concerning the funding of special education costs for public
2 school students and amending P.L.1996, c.138.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
8 read as follows:

9 19. a. Special education categorical aid for each school district
10 and county vocational school district shall be calculated for the
11 1997-98 school year as follows:

12 Tier I is the number of pupils classified for other than speech
13 correction services resident in the district which receive related
14 services including, but not limited to, occupational therapy, physical
15 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
16 amount rounded to the nearest whole dollar for each of the four
17 service categories provided per classified pupil.

18 Tier II is the number of pupils resident in the district meeting the
19 classification definitions for perceptually impaired, neurologically
20 impaired, educable mentally retarded and preschool handicapped; all
21 classified pupils in shared time county vocational programs in a county
22 vocational school which does not have a child study team receiving
23 services pursuant to chapter 46 of Title 18A of the New Jersey
24 Statutes; and nonclassified pupils in State training schools or secure
25 care facilities. For the purpose of calculating State aid for 1997-98,
26 each district, other than a county vocational school district, shall have
27 its pupil count for perceptually impaired reduced by perceptually
28 impaired classifications in excess of one standard deviation above the
29 State average classification rate at December 1995 or 9.8 percent of
30 the district's resident enrollment. The perceptually impaired limitation
31 shall be phased down to the State average of the prebudget year over
32 a five-year period by adjusting the standard deviation as follows: 75
33 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
34 and the State average in year five. No reduction in aid shall be
35 assessed against any district in which the perceptually impaired
36 classification rate is 6.5% or less of resident enrollment. Aid shall
37 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
38 for each student meeting the Tier II criteria.

39 The commissioner shall develop a system to provide that each
40 school district submits data to the department on the number of the
41 district's pupils with a classification definition of perceptually impaired
42 who are enrolled in a county vocational school. Such pupils shall be

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted December 6, 2001.

1 counted in the district of residence's resident enrollment for the
2 purpose of calculating the limit on perceptually impaired classifications
3 for Tier II State aid.

4 Tier III is the number of classified pupils resident in the district in
5 categories other than speech correction services, perceptually
6 impaired, neurologically impaired, educable mentally retarded, socially
7 maladjusted, preschool handicapped, and who do not meet the criteria
8 of Tier IV, intensive services; and nonclassified pupils in juvenile
9 community programs. Aid shall equal 0.8847 of the T&E amount for
10 each pupil meeting the Tier III criteria.

11 Tier IV is the number of classified pupils resident in the district
12 receiving intensive services. For 1997-98, intensive services are
13 defined as those provided in a county special services school district
14 and services provided for pupils who meet the classification definitions
15 for autistic, chronically ill, day training eligible, or visually
16 handicapped, or are provided for pupils who meet the classification
17 definition for multiply handicapped and are in a private school for the
18 handicapped, educational services commission, or jointure commission
19 placement in the 1996-97 school year. The commissioner shall collect
20 data and conduct a study to determine intensive service criteria and the
21 appropriate per pupil cost factor to be universally applied to all service
22 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
23 of the T&E amount for each pupil meeting the Tier IV criteria.

24 Classified pupils in Tiers II through IV shall be eligible for Tier I
25 aid. Classified pupils shall be eligible to receive aid for up to four
26 services under Tier I.

27 For the 1998-99 school year, these cost factors shall remain in
28 effect and special education aid growth shall be limited by the CPI
29 growth rate applied to the T&E amount and changes in classified pupil
30 counts. For subsequent years, the additional cost factors shall be
31 established biennially in the Report on the Cost of Providing a
32 Thorough and Efficient Education.

33 For the purposes of this section, classified pupil counts shall
34 include pupils attending State developmental centers, DHS Regional
35 Day Schools, State Division of Youth and Family Services' residential
36 centers, State residential mental health centers, and institutions
37 operated by or under contract with the Department of Human
38 Services. Classified pupils of elementary equivalent age shall include
39 classified preschool handicapped and kindergarten pupils.

40 b. In those instances in which the cost of providing education for
41 an individual classified pupil exceeds \$40,000 [, after an assessment
42 by the review panel of placements and placement costs for the
43 applicable school year; in those cases in which the district must
44 educate an extraordinary number of classified pupils; or in those
45 instances in which the district is ordered to make a high cost
46 placement by a tribunal of competent jurisdiction, the district may

1 apply to the commissioner for additional aid. A panel established by
2 the commissioner for this purpose shall review the district's application
3 and determine whether to grant the district's request based on factors
4 including, but not limited to: an assessment of whether the district is
5 spending appropriate amounts of regular and special education funds
6 on special education pupils; the facts of the particular case or cases at
7 issue; the district's level of compliance with regulatory requirements;
8 and the impact of the extraordinary costs on the district's budget] :

9 (1) For costs in excess of \$40,000 incurred in the ¹[2000-2001]
10 2002-2003¹ through ¹[2002-2003] 2004-2005¹ school years, the
11 district of residence shall, in addition to any special education State aid
12 to which the district is entitled on behalf of the pupil pursuant to
13 subsection a. of this section, receive additional special education State
14 aid as follows: (a) with respect to the amount of any costs in excess
15 of \$40,000 but less than or equal to \$60,000, the additional State aid
16 for the classified pupil shall equal 60% of that amount; (b) with respect
17 to the amount of any costs in excess of \$60,000 but less than or equal
18 to \$80,000, the additional State aid for the classified pupil shall equal
19 70% of that amount; and (c) with respect to the amount of any costs
20 in excess of \$80,000, the additional State aid for the classified pupil
21 shall equal 80% of that amount; provided that in the case of an
22 individual classified pupil for whom additional special education State
23 aid was awarded to a district for the ¹[1999-2000] 2001-2002¹ school
24 year, the amount of such aid awarded annually to the district for that
25 pupil for the ¹[2000-2001, 2001-2002 or 2002-2003] 2002-2003,
26 2003-2004 or 2004-2005¹ school year shall not be less than the
27 amount for the ¹[1999-2000] 2001-2002¹ school year, except that if
28 the district's actual special education costs incurred for the pupil in the
29 ¹[2000-2001, 2001-2002 or 2002-2003] 2002-2003, 2003-2004 or
30 2004-2005¹ school year are reduced below the amount of such costs
31 for the pupil in the ¹[1999-2000] 2001-2002¹ school year, the amount
32 of aid shall be decreased by the amount of that reduction; and

33 (2) For costs in excess of \$40,000 incurred in the ¹[2003-2004]
34 2005-2006¹ school year and thereafter, a district shall receive
35 additional special education State aid equal to 100% of the amount of
36 that excess.

37 A district, in order to receive funding pursuant to this subsection,
38 shall file an application with the department that details the expenses
39 incurred on behalf of the particular classified pupil for which the
40 district is seeking reimbursement. Additional State aid awarded for
41 extraordinary special education costs shall be recorded by the district
42 as revenue in the current school year and paid to the district in the
43 subsequent school year.

44 c. A school district may apply to the commissioner to receive
45 emergency special education aid for any classified pupil who enrolls in

1 the district prior to March of the budget year and who is in a
2 placement with a cost in excess of \$40,000. The commissioner may
3 debit from the student's former district of residence any special
4 education aid which was paid to that district on behalf of the student.

5 d. The department shall review expenditures of federal and State
6 special education aid by a district in every instance in which special
7 education monitoring identifies a failure on the part of the district to
8 provide services consistent with a pupil's individualized education
9 program.

10 (cf: P.L.1996, c.138, s.19)

11

12 2. This act shall take effect immediately.

P.L. 2001, CHAPTER 356, *approved January 6, 2002*

Assembly, No. 2157 (*Second Reprint*)

1 AN ACT concerning ¹[**extraordinary**] the funding of¹ special
2 education costs ¹for public school students¹ and amending
3 P.L.1996, c.138.

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

7
8 1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to
9 read as follows:

10 19. a. Special education categorical aid for each school district
11 and county vocational school district shall be calculated for the
12 1997-98 school year as follows:

13 Tier I is the number of pupils classified for other than speech
14 correction services resident in the district which receive related
15 services including, but not limited to, occupational therapy, physical
16 therapy, speech and counseling. Aid shall equal 0.0223 of the T&E
17 amount rounded to the nearest whole dollar for each of the four
18 service categories provided per classified pupil.

19 Tier II is the number of pupils resident in the district meeting the
20 classification definitions for perceptually impaired, neurologically
21 impaired, educable mentally retarded and preschool handicapped; all
22 classified pupils in shared time county vocational programs in a county
23 vocational school which does not have a child study team receiving
24 services pursuant to chapter 46 of Title 18A of the New Jersey
25 Statutes; and nonclassified pupils in State training schools or secure
26 care facilities. For the purpose of calculating State aid for 1997-98,
27 each district, other than a county vocational school district, shall have
28 its pupil count for perceptually impaired reduced by perceptually
29 impaired classifications in excess of one standard deviation above the
30 State average classification rate at December 1995 or 9.8 percent of
31 the district's resident enrollment. The perceptually impaired limitation
32 shall be phased down to the State average of the prebudget year over
33 a five-year period by adjusting the standard deviation as follows: 75
34 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001
35 and the State average in year five. No reduction in aid shall be
36 assessed against any district in which the perceptually impaired
37 classification rate is 6.5% or less of resident enrollment. Aid shall
38 equal 0.4382 of the T&E amount rounded to the nearest whole dollar
39 for each student meeting the Tier II criteria.

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate SBA committee amendments adopted June 14, 2001.

² Senate floor amendments adopted December 17, 2001.

1 The commissioner shall develop a system to provide that each
2 school district submits data to the department on the number of the
3 district's pupils with a classification definition of perceptually impaired
4 who are enrolled in a county vocational school. Such pupils shall be
5 counted in the district of residence's resident enrollment for the
6 purpose of calculating the limit on perceptually impaired classifications
7 for Tier II State aid.

8 Tier III is the number of classified pupils resident in the district in
9 categories other than speech correction services, perceptually
10 impaired, neurologically impaired, educable mentally retarded, socially
11 maladjusted, preschool handicapped, and who do not meet the criteria
12 of Tier IV, intensive services; and nonclassified pupils in juvenile
13 community programs. Aid shall equal 0.8847 of the T&E amount for
14 each pupil meeting the Tier III criteria.

15 Tier IV is the number of classified pupils resident in the district
16 receiving intensive services. For 1997-98, intensive services are
17 defined as those provided in a county special services school district
18 and services provided for pupils who meet the classification definitions
19 for autistic, chronically ill, day training eligible, or visually
20 handicapped, or are provided for pupils who meet the classification
21 definition for multiply handicapped and are in a private school for the
22 handicapped, educational services commission, or jointure commission
23 placement in the 1996-97 school year. The commissioner shall collect
24 data and conduct a study to determine intensive service criteria and the
25 appropriate per pupil cost factor to be universally applied to all service
26 settings, beginning in the 1998-99 school year. Aid shall equal 1.2277
27 of the T&E amount for each pupil meeting the Tier IV criteria.

28 Classified pupils in Tiers II through IV shall be eligible for Tier I
29 aid. Classified pupils shall be eligible to receive aid for up to four
30 services under Tier I.

31 For the 1998-99 school year, these cost factors shall remain in
32 effect and special education aid growth shall be limited by the CPI
33 growth rate applied to the T&E amount and changes in classified pupil
34 counts. For subsequent years, the additional cost factors shall be
35 established biennially in the Report on the Cost of Providing a
36 Thorough and Efficient Education.

37 For the purposes of this section, classified pupil counts shall include
38 pupils attending State developmental centers, DHS Regional Day
39 Schools, State Division of Youth and Family Services' residential
40 centers, State residential mental health centers, and institutions
41 operated by or under contract with the Department of Human
42 Services. Classified pupils of elementary equivalent age shall include
43 classified preschool handicapped and kindergarten pupils.

44 b. In those instances in which the cost of providing education for
45 an individual classified pupil exceeds \$40,000¹ [,]¹ [after an
46 assessment by the review panel of placements and placement costs for

1 the applicable school year; in those cases in which the district must
2 educate an extraordinary number of classified pupils; or in those
3 instances in which the district is ordered to make a high cost
4 placement by a tribunal of competent jurisdiction, the district may
5 apply to the commissioner for additional aid. A panel established by
6 the commissioner for this purpose shall review the district's application
7 and determine whether to grant the district's request based on factors
8 including, but not limited to: an assessment of whether the district is
9 spending appropriate amounts of regular and special education funds
10 on special education pupils; the facts of the particular case or cases at
11 issue; the district's level of compliance with regulatory requirements;
12 and the impact of the extraordinary costs on the district's budget] ¹ :

13 (1) For costs in excess of \$40,000 incurred in the ²[2000-2001]
14 2002-2003² through ²[2002-2003] 2004-2005² school years,¹ the
15 district of residence shall, in addition to any special education ¹State¹
16 aid to which the district is entitled on behalf of the ¹[student] pupil¹
17 pursuant to subsection a. of this section, receive ¹additional special
18 education¹ State aid ¹[for any costs in excess of \$40,000] as follows:
19 (a) with respect to the amount of any costs in excess of \$40,000 but
20 less than or equal to \$60,000, the additional State aid for the classified
21 pupil shall equal 60% of that amount; (b) with respect to the amount
22 of any costs in excess of \$60,000 but less than or equal to \$80,000,
23 the additional State aid for the classified pupil shall equal 70% of that
24 amount; and (c) with respect to the amount of any costs in excess of
25 \$80,000, the additional State aid for the classified pupil shall equal
26 80% of that amount; provided that in the case of an individual
27 classified pupil for whom additional special education State aid was
28 awarded to a district for the ²[1999-2000] 2001-2002² school year,
29 the amount of such aid awarded annually to the district for that pupil
30 for the ²[2000-2001, 2001-2002 or 2002-2003] 2002-2003, 2003-
31 2004 or 2004-2005² school year shall not be less than the amount for
32 the ²[1999-2000] 2001-2002² school year, except that if the district's
33 actual special education costs incurred for the pupil in the ²[2000-
34 2001, 2001-2002 or 2002-2003] 2002-2003, 2003-2004 or 2004-
35 2005² school year are reduced below the amount of such costs for the
36 pupil in the ²[1999-2000] 2001-2002² school year, the amount of aid
37 shall be decreased by the amount of that reduction; and

38 (2) For costs in excess of \$40,000 incurred in the ²[2003-2004]
39 2005-2006² school year and thereafter, a district shall receive
40 additional special education State aid equal to 100% of the amount of
41 that excess¹.

42 ¹A district, in order to receive funding pursuant to this subsection,
43 shall file an application with the department that details the expenses
44 incurred on behalf of the particular classified pupil for which the
45 district is seeking reimbursement.¹ Additional State aid awarded for

1 extraordinary special education costs shall be recorded by the district
2 as revenue in the current school year and paid to the district in the
3 subsequent school year.

4 c. A school district may apply to the commissioner to receive
5 emergency special education aid for any classified pupil who enrolls in
6 the district prior to March of the budget year and who is in a
7 placement with a cost in excess of \$40,000. The commissioner may
8 debit from the student's former district of residence any special
9 education aid which was paid to that district on behalf of the student.

10 ¹d. The department shall review expenditures of federal and State
11 special education aid by a district in every instance in which special
12 education monitoring identifies a failure on the part of the district to
13 provide services consistent with a pupil's individualized education
14 program.¹

15 (cf: P.L.1996, c.138, s.19)

16

17 2. This act shall take effect immediately.

18

19

20

21

22 Provides school districts with additional State aid for special education
23 pupils if costs exceed a certain amount.

CHAPTER 356

AN ACT concerning the funding of special education costs for public school students and amending P.L.1996, c.138.

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

1. Section 19 of P.L.1996, c.138 (C.18A:7F-19) is amended to read as follows:

C.18A:7F-19 Calculation of special education categorical aid.

19. a. Special education categorical aid for each school district and county vocational school district shall be calculated for the 1997-98 school year as follows:

Tier I is the number of pupils classified for other than speech correction services resident in the district which receive related services including, but not limited to, occupational therapy, physical therapy, speech and counseling. Aid shall equal 0.0223 of the T&E amount rounded to the nearest whole dollar for each of the four service categories provided per classified pupil.

Tier II is the number of pupils resident in the district meeting the classification definitions for perceptually impaired, neurologically impaired, educable mentally retarded and preschool handicapped; all classified pupils in shared time county vocational programs in a county vocational school which does not have a child study team receiving services pursuant to chapter 46 of Title 18A of the New Jersey Statutes; and nonclassified pupils in State training schools or secure care facilities. For the purpose of calculating State aid for 1997-98, each district, other than a county vocational school district, shall have its pupil count for perceptually impaired reduced by perceptually impaired classifications in excess of one standard deviation above the State average classification rate at December 1995 or 9.8 percent of the district's resident enrollment. The perceptually impaired limitation shall be phased down to the State average of the prebudget year over a five-year period by adjusting the standard deviation as follows: 75 percent in 1998-99, 50 percent in 1999-2000, 25 percent in 2000-2001 and the State average in year five. No reduction in aid shall be assessed against any district in which the perceptually impaired classification rate is 6.5% or less of resident enrollment. Aid shall equal 0.4382 of the T&E amount rounded to the nearest whole dollar for each student meeting the Tier II criteria.

The commissioner shall develop a system to provide that each school district submits data to the department on the number of the district's pupils with a classification definition of perceptually impaired who are enrolled in a county vocational school. Such pupils shall be counted in the district of residence's resident enrollment for the purpose of calculating the limit on perceptually impaired classifications for Tier II State aid.

Tier III is the number of classified pupils resident in the district in categories other than speech correction services, perceptually impaired, neurologically impaired, educable mentally retarded, socially maladjusted, preschool handicapped, and who do not meet the criteria of Tier IV, intensive services; and nonclassified pupils in juvenile community programs. Aid shall equal 0.8847 of the T&E amount for each pupil meeting the Tier III criteria.

Tier IV is the number of classified pupils resident in the district receiving intensive services. For 1997-98, intensive services are defined as those provided in a county special services school district and services provided for pupils who meet the classification definitions for autistic, chronically ill, day training eligible, or visually handicapped, or are provided for pupils who meet the classification definition for multiply handicapped and are in a private school for the handicapped, educational services commission, or jointure commission placement in the 1996-97 school year. The commissioner shall collect data and conduct a study to determine intensive service criteria and the appropriate per pupil cost factor to be universally applied to all service settings, beginning in the 1998-99 school year. Aid shall equal 1.2277 of the T&E amount for each pupil meeting the Tier IV criteria.

Classified pupils in Tiers II through IV shall be eligible for Tier I aid. Classified pupils shall be eligible to receive aid for up to four services under Tier I.

For the 1998-99 school year, these cost factors shall remain in effect and special education aid growth shall be limited by the CPI growth rate applied to the T&E amount and changes in classified pupil counts. For subsequent years, the additional cost factors shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education.

For the purposes of this section, classified pupil counts shall include pupils attending State developmental centers, DHS Regional Day Schools, State Division of Youth and Family

Services' residential centers, State residential mental health centers, and institutions operated by or under contract with the Department of Human Services. Classified pupils of elementary equivalent age shall include classified preschool handicapped and kindergarten pupils.

b. In those instances in which the cost of providing education for an individual classified pupil exceeds \$40,000:

(1) For costs in excess of \$40,000 incurred in the 2002-2003 through 2004-2005 school years, the district of residence shall, in addition to any special education State aid to which the district is entitled on behalf of the pupil pursuant to subsection a. of this section, receive additional special education State aid as follows: (a) with respect to the amount of any costs in excess of \$40,000 but less than or equal to \$60,000, the additional State aid for the classified pupil shall equal 60% of that amount; (b) with respect to the amount of any costs in excess of \$60,000 but less than or equal to \$80,000, the additional State aid for the classified pupil shall equal 70% of that amount; and (c) with respect to the amount of any costs in excess of \$80,000, the additional State aid for the classified pupil shall equal 80% of that amount; provided that in the case of an individual classified pupil for whom additional special education State aid was awarded to a district for the 2001-2002 school year, the amount of such aid awarded annually to the district for that pupil for the 2002-2003, 2003-2004 or 2004-2005 school year shall not be less than the amount for the 2001-2002 school year, except that if the district's actual special education costs incurred for the pupil in the 2002-2003, 2003-2004 or 2004-2005 school year are reduced below the amount of such costs for the pupil in the 2001-2002 school year, the amount of aid shall be decreased by the amount of that reduction; and

(2) For costs in excess of \$40,000 incurred in the 2005-2006 school year and thereafter, a district shall receive additional special education State aid equal to 100% of the amount of that excess.

A district, in order to receive funding pursuant to this subsection, shall file an application with the department that details the expenses incurred on behalf of the particular classified pupil for which the district is seeking reimbursement. Additional State aid awarded for extraordinary special education costs shall be recorded by the district as revenue in the current school year and paid to the district in the subsequent school year.

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

d. The department shall review expenditures of federal and State special education aid by a district in every instance in which special education monitoring identifies a failure on the part of the district to provide services consistent with a pupil's individualized education program.

2. This act shall take effect immediately.

Approved January 6, 2002.