

## CHAPTER 138

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

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

C.18A:7F-1 Short title.

1. This act shall be known and may be cited as the "Comprehensive Educational Improvement and Financing Act of 1996."

C.18A:7F-2 Findings, declarations relative to school funding.

2. a. The Legislature finds and declares that:

(1) The Constitution of the State of New Jersey states that the Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State between the ages of 5 and 18 years.

(2) Although the New Jersey Supreme Court has held that prior school funding laws did not establish a system of public education that was thorough and efficient, the court has consistently held that the Legislature is responsible to substantively define what constitutes a thorough and efficient system of education responsive to that constitutional requirement.

(3) In spite of repeated legislative efforts, the education funding system in New Jersey has permitted disparate spending levels among the many districts without establishing specific educational standards of achievement and the absence of those standards has led to ever-increasing levels of taxation and funding without measurable improvement toward the constitutionally required level of education.

(4) The present system of school budget development, approval, and appeal has resulted in defining a thorough and efficient system of education as the sum of whatever elements an individual district determines and incorporates into its budget.

(5) As the court has acknowledged, equality of spending does not ensure equal academic achievement.

(6) Every child in New Jersey must have an opportunity for an education based on academic standards that meet the constitutional requirement regardless of where the child resides and public funds must be expended to support schools which are thorough and efficient in delivering those educational standards; school districts must in turn be assured the financial support to provide those constitutionally compelled educational standards.

b. The Legislature, therefore, provides and establishes:

(1) A definition of a thorough and efficient system of public education which is uniformly applicable to all districts in the State and specifies what must be learned with reference to academic standards that must be achieved by all students.

(2) The types of programs and services that will accomplish these goals in a manner that is thorough and efficient.

(3) A level of financial support sufficient to provide those programs and services.

(4) A funding mechanism to ensure that support.

(5) A system which ensures that the expenditure of public funds will be undertaken both with prudence and sound management and with accountability that includes mechanisms for enforcement in the event a district fails to meet the substantive standards established as set forth herein.

C.18A:7F-3 Definitions relative to school funding.

3. As used in this act, unless the context clearly requires a different meaning:

"Abbott district" means one of the 28 urban districts in district factor groups A and B specifically identified in the appendix to Raymond Abbott, et al. v. Fred G. Burke, et al. decided by the New Jersey Supreme Court on June 5, 1990 (119 N.J.287, 394);

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

"Budgeted local share" means the sum of designated general fund balance, miscellaneous revenues estimated consistent with GAAP, and that portion of the district's local tax levy contained in the T&E budget certified for taxation purposes;

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

"Commissioner" means the Commissioner of Education;

"Concentration of low-income pupils" shall be based on prebudget year pupil data and means, for a school district or a county vocational school district, the number of low-income pupils among those counted in modified district enrollment, divided by modified district enrollment. For a school, it means the number of low-income pupils recorded in the registers at that school, divided by the total number of pupils recorded in the school's registers;

"CPI" means the average annual increase, expressed as a decimal, in the consumer price index for the New York City and Philadelphia areas during the fiscal year preceding the prebudget year as reported by the United States Department of Labor;

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

"County vocational school district" means any entity established pursuant to article 3 of chapter 54 of Title 18A of the New Jersey Statutes;

"County vocational school, special education services pupil" means a pupil who is attending a county vocational school and who is receiving specific services pursuant to chapter 46 of Title 18A of the New Jersey Statutes;

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

"District factor group A district" means a school district, other than an Abbott district or a school district in which the equalized valuation per pupil is more than twice the average Statewide equalized valuation per pupil and in which resident enrollment exceeds 2,000 pupils, which based on the 1990 federal census data is included within the Department of Education's district factor group A;

"District income" for the 1997-98 school year means the aggregate income of the residents of the taxing district or taxing districts, based upon data provided by the Bureau of the Census in the United States Department of Commerce for 1989. Beginning with the 1998-99 school year and thereafter, district income means the aggregate income of the residents of the taxing district or taxing districts, based upon data provided by the Division of Taxation in the New Jersey Department of the Treasury and contained on the New Jersey State Income Tax forms for the calendar year ending prior to the prebudget year. The commissioner may supplement data contained on the State Income Tax forms with data available from other State or federal agencies in order to better correlate the data to that collected on the federal census. With respect to regional districts and their constituent districts, however, the district income as described above shall be allocated among the regional and constituent districts in proportion to the number of pupils resident in each of them;

"Estimated minimum equalized tax rate" for a school district means the district's required local share divided by its equalized valuation; for the State it means the sum of the required local shares of all school districts in the State, excluding county vocational and county special services school districts as defined pursuant to this section, divided by the sum of the equalized valuations for all the school districts in the State except those for which there is no required local share;

"Equalized valuation" means the equalized valuation of the taxing district or taxing districts, as certified by the Director of the Division of Taxation on October 1, or subsequently revised by the tax court by January 15, of the prebudget year. With respect to regional districts and their constituent districts, however, the equalized valuations as described above shall be allocated among the regional and constituent districts in proportion to the number of pupils resident in each of them. In the event that the equalized table certified by the director shall be revised by the tax court after January 15 of the prebudget year, the revised valuations shall be used in the

recomputation of aid for an individual school district filing an appeal, but shall have no effect upon the calculation of the property value multiplier, Statewide equalized valuation per pupil, estimated minimum equalized tax rate for the State, or Statewide average equalized school tax rate;

"GAAP" means the generally accepted accounting principles established by the Governmental Accounting Standards Board as prescribed by the State board pursuant to N.J.S.18A:4-14;

"Household income" means income as defined in 7CFR 245.2 and 245.6 or any subsequent superseding federal law or regulation;

"Lease purchase payment" means and includes payments of principal and interest for lease purchase agreements in excess of five years approved pursuant to subsection f. of N.J.S.18A:20-4.2 to finance the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and issuance costs. Approved lease purchase agreements in excess of five years shall be accorded the same accounting treatment as school bonds;

"Low-income pupils" means those pupils from households with a household income at or below the most recent federal poverty guidelines available on October 15 of the prebudget year multiplied by 1.30;

"Minimum permissible T&E budget" means the sum of a district's core curriculum standards aid, and required local share calculated pursuant to sections 5, 14 and 15 of this act;

"Modified district enrollment" means the number of pupils other than preschool pupils, evening school pupils, post-graduate pupils, and post-secondary vocational pupils who, on the last school day prior to October 16, are enrolled in the school district or county vocational school district; or are resident in the school district or county vocational school district and are: (1) receiving home instruction, (2) enrolled in an approved private school for the handicapped, (3) enrolled in a regional day school, (4) enrolled in a county special services school district, (5) enrolled in an educational services commission including an alternative high school program operated by an educational services commission, (6) enrolled in a State college demonstration school, (7) enrolled in the Marie H. Katzenbach School for the Deaf, or (8) enrolled in an alternative high school program in a county vocational school. Modified district enrollment shall be based on the prebudget year count for the determination of concentration of low-income pupils, and shall be projected to the current year and adjusted pursuant to section 5 of this act when used in the calculation of aid;

"Net budget" unless otherwise stated in this act, means the sum of the net T&E budget and the portion of the district's local levy that is above the district's maximum T & E budget;

"Net T&E budget" means the sum of the T&E program budget, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, and categorical program aid received pursuant to sections 19 through 22, 28, and 29 of this act;

"Prebudget year" means the school fiscal year preceding the year in which the school budget is implemented;

"Prebudget year equalized tax rate" means the amount calculated by dividing the district's general fund levy for the prebudget year by its equalized valuation certified in the year prior to the prebudget year;

"Prebudget year net budget" for the 1997-98 school year means the sum of the foundation aid, transition aid, transportation aid, special education aid, bilingual education aid, aid for at-risk pupils, technology aid, and county vocational program aid received by a school district or county vocational school district in the 1996-97 school year pursuant to P.L.1996, c.42, and the district's local levy for the general fund;

"Report on the Cost of Providing a Thorough and Efficient Education" or "Report" means the report issued by the Governor pursuant to section 4 of this act;

"Resident enrollment" means the number of pupils other than preschool pupils, post-graduate pupils, and post-secondary vocational pupils who, on the last school day prior to October 16 of the current school year, are residents of the district and are enrolled in: (1) the public schools of the district, excluding evening schools, (2) another school district, other than a county vocational school district in the same county on a full-time basis, or a State college

demonstration school or private school to which the district of residence pays tuition, or (3) a State facility in which they are placed by the district; or are residents of the district and are: (1) receiving home instruction, or (2) in a shared-time vocational program and are regularly attending a school in the district and a county vocational school district. In addition, resident enrollment shall include the number of pupils who, on the last school day prior to October 16 of the prebudget year, are residents of the district and in a State facility in which they were placed by the State. Pupils in a shared-time vocational program shall be counted on an equated full-time basis in accordance with procedures to be established by the commissioner. Resident enrollment shall include regardless of nonresidence, the enrolled children of teaching staff members of the school district or county vocational school district who are permitted, by contract or local district policy, to enroll their children in the educational program of the school district or county vocational school district without payment of tuition. Handicapped children between three and five years of age and receiving programs and services pursuant to N.J.S.18A:46-6 shall be included in the resident enrollment of the district.

Beginning in 1997-98 and thereafter, resident enrollment shall also include those nonresident children who are permitted to enroll in the educational program without payment of tuition as part of a voluntary program of interdistrict public school choice approved by the commissioner;

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

"School enrollment" means the number of pupils other than preschool pupils, evening school pupils, post-graduate pupils, and post-secondary vocational pupils who, on the last school day prior to October 16 of the current school year, are recorded in the registers of the school;

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

"Spending growth limitation" means the annual rate of growth permitted in the net budget of a school district, county vocational school district or county special services school district as measured between the net budget of the prebudget year and the net budget of the budget year as calculated pursuant to subsection d. of section 5 of this act;

"Stabilization aid growth limit" means 10% or the rate of growth in the district's projected resident enrollment over the prebudget year, whichever is greater. For the 1997-98 school year, this means 8% or one-half the rate of growth in the district's projected resident enrollment and preschool enrollment between the October 1991 enrollment report as contained on the district's Application for State School Aid for 1992-93 and the 1997-98 school year, whichever is greater. For the 1998-99 and 1999-2000 school years, this means the greatest of the following: 10%, one-half the district's rate of growth in projected resident enrollment and preschool enrollment over the October 1991 enrollment report as contained on the district's Application for State School Aid for 1992-93, or the district's projected rate of growth in resident enrollment over the prebudget year;

"State facility" means a State developmental center; a State Division of Youth and Family Services' residential center; a State residential mental health center; a DHS Regional Day School; a State training school / Secure care facility; a State juvenile community program; a juvenile detention center or a boot camp under the supervisory authority of the Juvenile Justice Commission pursuant to P.L.1995, c.284 (C.52:17B-169 et seq.); or an institution operated by or under contract with the Department of Corrections or Human Services, or the Juvenile Justice Commission;

"Statewide average equalized school tax rate" means the amount calculated by dividing the general fund tax levy for all school districts, which excludes county vocational school districts and county special services school districts as defined pursuant to this section, in the State for the prebudget year by the equalized valuations certified in the year prior to the prebudget year of all taxing districts in the State except taxing districts for which there are no school tax levies;

"Statewide equalized valuation per pupil" means the equalized valuations of all taxing districts having resident enrollment in the State, divided by the resident enrollment for the State;

"T&E amount" means the cost per elementary pupil of delivering the core curriculum content standards and extracurricular and cocurricular activities necessary for a thorough regular education under the assumptions of reasonableness and efficiency contained in the Report on the

Cost of Providing a Thorough and Efficient Education;

"T&E flexible amount" means the dollar amount which shall be applied to the T&E amount to determine the T&E range;

"T&E program budget" means the sum of core curriculum standards aid, supplemental core curriculum standards aid, stabilization aid, designated general fund balance, miscellaneous local general fund revenue and that portion of the district's local levy that supports the district's T&E budget;

"T&E range" means the range of regular education spending which shall be considered thorough and efficient. The range shall be expressed in terms of T&E budget spending per elementary pupil, and shall be delineated by alternatively adding to and subtracting from the T&E amount the T&E flexible amount;

"Total Statewide income" means the sum of the district incomes of all taxing districts in the State;

C.18A:7F-4 Review of core curriculum content standard; development, establishment of efficiency standards; Governor's recommendations; advisory cost benchmarks.

4. a. The State Board of Education shall review each core curriculum content standard no later than three years after the school year in which the standard is implemented. In conducting its review, the State board shall examine the curricula and programs offered in high performing schools and school districts. Thereafter, the State board shall review and update the core curriculum content standards every five years. The standards shall ensure that all children are provided the educational opportunity needed to equip them for the role of citizen and labor market competitor in the contemporary setting.

b. The Commissioner of Education shall develop and establish, through the report issued pursuant to subsection c. of this section, efficiency standards which define the types of programs, services, activities, and materials necessary to achieve a thorough and efficient education. The efficiency standards shall be reviewed biennially and revised as appropriate.

As part of the periodic review process for the standards established pursuant to this subsection and subsection a. of this section, the State board and commissioner shall review the portions of districts' local levies which are above the districts' maximum T&E budgets submitted in the intervening years to assess whether elements included in those portions should be incorporated into the revised standards. The Commissioner of Education shall also review the advisory cost benchmarks for the provision of non-instructional services by school districts as developed by the Commission on Business Efficiency in the Public Schools pursuant to subsection d. of this section and shall consider the cost benchmarks in the development of the efficiency standards.

c. Biennially by March 15 of each even numbered year, the Governor, after consultation with the commissioner, shall recommend to the Legislature through the issuance of the Report on the Cost of Providing a Thorough and Efficient Education:

(1) the per pupil T&E amount, based upon the thoroughness and efficiency standards established pursuant to subsections a. and b. of this section;

(2) the T&E range as calculated pursuant to section 12 of this act; and

(3) additional per pupil amounts for the following aid programs:

special education;

early childhood programs;

demonstrably effective programs;

instructional supplement;

bilingual education;

county vocational schools; and

distance learning network.

The amounts, adjusted for inflation by the CPI in the second year to which the report applies, shall be deemed approved for the two successive fiscal years beginning one year from the subsequent July 1, unless between the date of transmittal and the subsequent October 15, the Legislature adopts a concurrent resolution stating that the Legislature is not in agreement with all or any part of the report. The concurrent resolution shall advise the Governor of the

Legislature's specific objections to the report and shall direct the Commissioner of Education to submit to the Legislature a revised report which responds to those objections by December 1.

d. The Commission on Business Efficiency in the Public Schools shall develop advisory cost benchmarks for the efficient provision of non-instructional services by school districts including, but not limited to, food services, transportation, operation and maintenance of plant services, purchasing, extracurricular and cocurricular activities, health and guidance services, and other support services. The cost benchmarks developed by the commission shall incorporate factors which reflect the actual costs of similarly situated school districts throughout the State in the provision of those services. The commission shall make information on the cost benchmarks available to school districts.

C.18A:7F-5 Notification of districts of aid payable; budget submission.

5. a. Biennially, within 30 days following the approval of the Report on the Cost of Providing a Thorough and Efficient Education, the commissioner shall notify each district of the T&E amount, the T&E flexible amount, the T&E range, early childhood program amount, demonstrably effective program amount, instructional supplement amount, and categorical amounts per pupil for the subsequent two fiscal years.

Annually, within two days following the transmittal of the State budget message to the Legislature by the Governor pursuant to section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner shall notify each district of the maximum amount of aid payable to the district in the succeeding school year pursuant to the provisions of this act, and shall notify each district of the district's T&E budget, maximum T&E budget, and minimum permissible T&E budget for the succeeding school year.

Beginning in the 1998-99 school year, unless otherwise specified within this act, aid amounts payable for the budget year shall be based on budget year pupil counts, which shall be projected by the commissioner using data from prior years. Adjustments for the actual pupil counts of the budget year shall be made to State aid amounts payable during the school year succeeding the budget year. Additional amounts payable shall be reflected as revenue and an account receivable for the budget year.

Notwithstanding any other provision of this act to the contrary, each district's State aid payable for the 1997-98 school year, with the exception of transportation and facilities aids pursuant to sections 25, 26, and 27 of this act, shall be based on simulations employing the various formulas and State aid amounts contained in this act using projections based on the October 1995 pupil counts, December 1995 special education census data and October 1995 equalized valuations. Transportation aid shall be calculated based on the provisions of this act using pupil data used for the 1996-97 school year and adjusted to reflect the total amount of State aid disbursed in the 1996-97 school year. The commissioner shall prepare a report dated December 19, 1996 reflecting the State aid amounts payable by category for each district and shall submit the report to the Legislature prior to the adoption of this act. The amounts contained in the commissioner's report shall be the final amounts payable and shall not be subsequently adjusted because of changes in pupil counts or equalized valuations. The projected pupil counts and equalized valuations used for the calculation of State aid shall also be used for the calculation of maximum T&E budget, minimum T&E budget, local share, required local share, and spending growth limitation. State aid notification of debt service aid pursuant to section 27 of this act shall include a statement that debt service aid shall be determined in the budget.

Any school district which enrolls students who reside on federal property which were not included in the calculation of core curriculum standards aid for 1997-98 shall have its core curriculum standards aid recalculated for these additional enrollments through the 1997-98 school year using the property value multiplier, income value multiplier, equalized valuation, and district income which were used in the original Statewide calculation of core curriculum standards aid. The additional aid resulting from the recalculations shall be divided by 20 and the product shall be added to each of the remaining core curriculum standards aid payments for the 1997-98 school year. Additionally, the core curriculum standards aid calculation and payment schedule for 1998-99 shall be adjusted for such enrollments arriving after the last school

day prior to October 16, 1997.

b. Each district shall have a required local share. For Abbott districts, the required local share for the purpose of determining its estimated minimum equalized tax rate and supplemental core curriculum standards aid shall equal the district's local share calculated at the middle of the T&E range (T&E amount x WENR, where WENR is the district's weighted enrollment pursuant to section 13 of this act).

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

For district factor group A districts, the required local share shall equal the district's local share calculated at its minimum T&E budget pursuant to section 13 of this act.

For all other districts, the required local share shall equal the lesser of the local share calculated at the district's minimum T&E budget pursuant to section 13 of this act, or the district's budgeted local share for the prebudget year.

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

For the 1997-98 school year, any tax increase which would be required of an Abbott district or district factor group A district to meet its required local share, after consideration of supplemental core curriculum standards aid, stabilization aid, and supplemental school tax reduction aid shall be fully funded by the State and recorded as supplemental core curriculum standards aid. The commissioner, in consultation with the Commissioner of the Department of Community Affairs and the Director of the Division of Local Government Services in the Department of Community Affairs, shall examine the fiscal ability of the Abbott districts and the district factor group A districts eligible for supplemental core curriculum standards aid to absorb any reduction in such aid and shall make recommendations to the Legislature and the Governor regarding the continuation of supplemental core curriculum standards aid to those districts. In making those recommendations, the commissioner shall consider the ratable base of the municipality or municipalities in which the district is located, the tax burden placed upon the local community due to other required municipal services, and the fiscal ability of the school district to raise its required local share. The commissioner shall not implement any of those recommendations until the recommendations are enacted into law.

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

c. Annually, on or before March 4, each district board of education shall adopt, and submit to the commissioner for approval, together with such supporting documentation as the commissioner may prescribe, a budget that provides no less than the minimum permissible T&E budget, plus categorical amounts required for a thorough and efficient education as established pursuant to the report, special revenue funds and debt service funds.

d. (1) A district proposing a budget which includes spending which exceeds the maximum T&E budget established pursuant to section 13 of this act shall submit, as appropriate, to the board of school estimate or to the voters of the district at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which when added to the other components of its net budget does not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of three percent or the CPI, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil

transportation services provided pursuant to N.J.S.18A:39-1.1, and special education costs per pupil in excess of \$40,000. The adjustment for special education costs shall equal any increase in the sum of per pupil amounts in excess of \$40,000 for the budget year less the sum of per pupil amounts in excess of \$40,000 for the prebudget year indexed by the CPI or three percent, whichever is greater. The adjustment for enrollments shall equal the increase in unweighted resident enrollments between the prebudget year and budget year multiplied by the per pupil general fund tax levy amount for the prebudget year indexed by the CPI or three percent, whichever is greater. The adjustment for capital outlay shall equal any increase between the capital outlay portion of the general fund budget for the budget year less any withdrawals from the capital reserve account and the capital outlay portion of the general fund budget for the prebudget year indexed by the CPI or three percent, whichever is greater. Any district with a capital outlay adjustment to its spending growth limitation shall be restricted from transferring any funds from capital outlay accounts to current expense accounts. The adjustment for capital outlay shall not become part of the prebudget year net budget for purposes of calculating the spending growth limitation of the subsequent year. The adjustment for pupil transportation costs provided pursuant to N.J.S.18A:39-1.1 shall equal the cost of providing such pupil transportation services for the budget year.

(2) A district proposing a budget set at or below the minimum T&E budget established pursuant to section 13 of this act shall submit, as appropriate, to the board of school estimate or to the voters of the district at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which when added to the other components of the net T&E budget shall not exceed the prebudget year net T&E budget or in 1997-98 the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of three percent or the CPI, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil transportation services provided pursuant to N.J.S.18A:39-1.1, and special education costs per pupil in excess of \$40,000. The enrollment adjustment shall equal the increase in weighted resident enrollment between the prebudget year and the budget year multiplied by the T&E amount less the T&E flexible amount. The adjustments for special education costs, pupil transportation services, and capital outlay expenditures shall be calculated pursuant to the provisions of paragraph (1) of this subsection.

Notwithstanding the provisions of this paragraph, no district shall raise a net budget which is less than the local share required under the required local share provisions of this act plus the other components of its net budget.

(3) A district proposing a budget set at or below the maximum T&E budget, but including amounts in excess of the minimum T&E budget established pursuant to section 13 of this act, shall submit, as appropriate, to the board of school estimate or to the voters at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which when added to the other components of its net T&E budget does not exceed the prebudget year net T&E budget or in 1997-98 the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of three percent or the CPI, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil transportation services provided pursuant to N.J.S.18A:39-1.1, and special education costs per pupil in excess of \$40,000 per pupil. The enrollment adjustment shall equal the increase in the unweighted resident enrollment between the prebudget year and the budget year multiplied by the prebudget year T&E program budget per pupil indexed by the CPI or three percent, whichever is greater. For the 1997-98 school year, the T&E program budget for the prebudget year shall equal the sum of the general fund tax levy, foundation aid, and transition aid. The adjustment for special education costs, pupil transportation services, and capital outlay expenditures shall be made pursuant to the provisions of paragraph (1) of this subsection.

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

(5) For the 1997-98 school year, a district's spending growth limitation shall be increased by the excess of county special services school district tuition over prebudget year county special

services school district tuition indexed by the CPI or three percent, whichever is greater.

(6) For the purpose of determining a district's spending growth limitation for the 1997-98 school year, a district may apply to the commissioner to add all or a part of the district's original designated general fund balance for 1996-97 to the spending growth limitation if it can demonstrate through current accounting records and historical trend data that the fund balance will actually be spent in the budget year.

(7) If the use of early childhood program aid for the provision of full-day kindergarten and preschool classes and other early childhood programs and services will cause the district to exceed its spending growth limitation, the district may apply to the commissioner for an adjustment to that limitation.

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

(9) Any district may submit at the annual school budget election a separate proposal or proposals for additional funds, including interpretive statements, specifically identifying the program purposes for which the proposed funds shall be used, to the voters, who may, by voter approval, authorize the raising of an additional general fund tax levy for such purposes. In the case of a district with a board of school estimate, one proposal for the additional spending shall be submitted to the board of school estimate. Any proposal or proposals rejected by the voters shall be submitted to the municipal governing body or bodies for a determination as to the amount, if any, that should be expended notwithstanding voter rejection. The decision of the municipal governing body or bodies or board of school estimate, as appropriate, shall be final and no appeals shall be made to the commissioner.

(10) Notwithstanding any provision of law to the contrary, if a district proposes a budget which exceeds the maximum T&E budget, the following statement shall be published in the legal notice of public hearing on the budget pursuant to N.J.S.18A:22-28, posted at the public hearing held on the budget pursuant to N.J.S.18A:22-29, and printed on the sample ballot required pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

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

e. (1) Any general fund tax levy rejected by the voters for a proposed budget in excess of the maximum T&E budget shall be submitted to the governing body of each of the municipalities included within the district for determination of the amount that should be expended notwithstanding voter rejection. In the case of a district having a board of school estimate, the general fund tax levy shall be submitted to the board for determination of the amount that should be expended. If the governing body or bodies or board of school estimate, as appropriate, reduce the district's proposed net budget, the district may appeal any of the reductions to the commissioner on the grounds that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the commissioner shall consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations. A district may not appeal any reductions on the grounds that the amount is necessary for a thorough and efficient education.

(2) Any general fund tax levy rejected by the voters for a proposed budget at or below the maximum T&E budget shall be submitted to the governing body of each of the municipalities included within the district for determination of the amount that should be expended notwithstanding voter rejection. In the case of a district having a board of school estimate, the general fund tax levy shall be submitted to the board for determination. Any reductions may be appealed to the commissioner on the grounds that the amount is necessary for a thorough and efficient education or that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the

commissioner shall also consider the factors outlined in paragraph (1) of this subsection.

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

(3) In lieu of any budget reduction appeal provided for pursuant to paragraphs (1) and (2) of this subsection, the State board may establish pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an expedited budget review process based on a district's application to the commissioner for an order to restore a budget reduction.

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

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

g. The commissioner shall annually review the budget of any district which was classified as a special needs district under the "Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), to determine if any educationally meritorious program or service established through State resources provided as a result of that funding law is proposed to be reduced or eliminated. If the commissioner determines that the program or service is in jeopardy and that a reallocation of resources is possible without jeopardizing other educationally meritorious programs or services, he may require the school board to fund the program or service through a reallocation of resources.

#### C.18A:7F-6 Approval of budget by commissioner.

6. a. The commissioner shall not approve any budget submitted pursuant to subsection c. of section 5 of this act unless he is satisfied that the district has adequately implemented within the budget the thoroughness and efficiency standards set forth pursuant to section 4 of this act. In those instances in which a district submits a budget set at less than its minimum T&E budget, the commissioner may, when he deems it necessary to ensure implementation of standards, direct additional expenditures, in specific accounts and for specific purposes, up to the district's T&E budget. A district which submits a budget set at less than its minimum T&E budget and which fails to meet core curriculum content standards in any school year shall be required to increase expenditures so as to meet at least the minimum T&E budget within the next two budget years. In those instances in which a district submits a budget at or above its minimum T&E budget, the commissioner may likewise, when he deems it necessary to ensure implementation of standards, direct additional expenditures, in specific accounts and for specific purposes, up to the T&E budget. In all cases, including those instances in which a district submits a budget above its T&E budget, up to and including its maximum T&E budget, the commissioner may direct such budgetary reallocations and programmatic adjustments, or take such other measures, as he deems necessary to ensure implementation of the required thoroughness and efficiency standards.

b. In addition, whenever the commissioner determines, through the results of Statewide assessments conducted pursuant to law and regulation, or during the course of an evaluation of school performance conducted pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10), that a district, or one or more schools within the district, is failing to achieve the core curriculum content standards, the commissioner may summarily take such action as he deems necessary and appropriate, including but not limited to:

- (1) directing the restructuring of curriculum or programs;

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

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

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

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

Nothing in this act shall be deemed to restrict or limit any rights established pursuant to the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the commissioner's powers under this act be construed to permit the commissioner to restrict, limit, interfere with, participate, or be directly involved in collective negotiations, contract administration, or processing of grievances, or in relation to any terms and conditions of employment. This provision shall apply to a State-operated school district only after the terms and conditions of a contract have been finalized.

c. Each Abbott district shall submit its proposed budget for the next school year to the commissioner seven days prior to the submission date for all other school district budgets. The review of the budget shall include, but not be limited to, an assessment of efforts to reduce class sizes, increase the breadth of program offerings, and direct funds into the classroom. If the commissioner determines during the review of an Abbott district budget that funds are not appropriately directed so that students in the districts are provided the educational opportunity to meet the core curriculum content standards, the commissioner shall direct the reallocation of funds within the budget. The commissioner shall approve any transfer of funds from instructional accounts to non-instructional accounts. In addition, if the commissioner directs the reallocation of funds from or between instructional accounts or from or between non-instructional accounts in the proposed budget, the district shall not transfer any funds to or from those accounts that were subject to reallocation without the prior approval of the commissioner. The commissioner shall, for any Abbott district, when he deems it necessary to ensure implementation of the thoroughness standards, direct additional expenditures above the T&E budget in specific accounts and for specific purposes, up to the maximum T&E budget without approval of the local voters or board of school estimate, as applicable.

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

e. Notwithstanding any provision of law to the contrary, in the review of a school district's budget pursuant to subsection c. or e. of section 5 of this act, the commissioner shall not eliminate, reduce, or reallocate funds contained within the budget for pupil transportation services provided pursuant to N.J.S.18A:39-1.1 nor require the district to eliminate these funds from the base budget and to submit a separate proposal to the voters or board of school estimate pursuant to paragraph (9) of subsection d. of section 5 of this act for the inclusion of the funds within the proposed budget. The decision to provide such pupil transportation services shall be made by the board of education of the school district. In the case of a school budget that is defeated by the voters or a budget that is not approved by the board of school estimate, that decision shall be made in consultation with the municipal governing body or board of school estimate, as appropriate, or, in the case of a regional district, the municipal governing bodies.

## C.18A:7F-7 Undesignated general fund balances, use, limits.

7. a. If the amount of the budgeted general fund for the prebudget year is \$100 million or less, an undesignated general fund balance in excess of 6% of that amount or \$75,000, whichever is greater, shall be appropriated by a school district or county vocational school district for the purpose of the budget prepared pursuant to section 5 of this act. If the amount of the budgeted general fund for the prebudget year exceeds \$100 million, an undesignated general fund balance in excess of 6% of the first \$100 million and in excess of 3% of the amount which exceeds \$100 million shall be appropriated by a school district or county vocational school district for the purpose of the budget prepared pursuant to section 5 of this act.

b. Notwithstanding the provisions of subsection a. of this section, if the district has a formal plan to expand, renovate or construct school facilities, join a distance learning network, or make a major replacement or acquisition of instructional equipment within the subsequent five years, the district may, with the approval of the commissioner, transfer the excess undesignated general fund balance to the capital reserve account established pursuant to N.J.S.18A:21-3 for that purpose.

c. If it is determined that the undesignated general fund balances at December 31, 1996 or June 30 of any school year exceed those permitted under subsection a. of this section, the excess undesignated general fund balances shall be reserved and designated in the subsequent year's budget submitted to the commissioner pursuant to subsection c. of section 5 of this act.

d. The commissioner may withhold State aid in an amount not to exceed the excess undesignated general fund balances for failure to comply with subsection c. of this section.

## C.18A:7F-8 Payments to school district by State Treasurer, dates.

8. The amounts payable to each school district and county vocational school district pursuant to this act shall be paid by the State Treasurer upon the certification of the commissioner and warrant of the Director of the Division of Budget and Accounting. Five percent of the appropriation for core curriculum standards aid, supplemental core curriculum standards aid, special education, transportation, early childhood programs, demonstrably effective programs, instructional supplement, bilingual, county vocational education program, distance learning network, and other aid pursuant to this act shall be paid on the first and fifteenth of each month from September through June. If a local board of education requires funds prior to the first payment, the board shall file a written request with the commissioner stating the need for the funds. The commissioner shall review each request and forward for payment those for which need has been demonstrated.

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

## C.18A:7F-9 Receipt of State aid by school district; conditions.

9. In order to receive any State aid pursuant to this act, a school district, county vocational school district, or county special services school district shall comply with the rules and standards for the equalization of opportunity which have been or may hereafter be prescribed by law or formulated by the commissioner pursuant to law, including those implementing this act or related to the core curriculum content standards required by this act, and shall further comply with any directive issued by the commissioner pursuant to section 6 of this act. The commissioner is hereby authorized to withhold all or part of a district's State aid for failure to comply with any rule, standard or directive. No State aid shall be paid to any district which has not provided public school facilities for at least 180 days during the preceding school year, but the commissioner, for good cause shown, may remit the penalty.

## C.18A:7F-10 Stabilization aid per district; calculation.

10. a. Notwithstanding any other provision of this act to the contrary, the total stabilized aid for each district shall not be increased by more than the district's stabilization aid growth limit. In the event that total stabilized aid exceeds the prebudget year total by a rate greater than the stabilization aid growth limit, the commissioner shall adjust the components of total stabilized aid so that they total exactly the prebudget year total increased by the stabilization aid growth limit. For the 1997-98 school year, the prebudget year total shall include foundation aid, transition aid, categorical aids for special education, bilingual education and county vocational education, and transportation aid paid for the 1996-97 school year. For the 1998-99 school year and thereafter, the prebudget year total shall be the total for the same aid categories as included in total stabilized aid plus any stabilization aid the district has received pursuant to subsection b. of this section, as paid in the prebudget years. For the 1997-98 and 1998-99 school years, total stabilized aid shall include core curriculum standards aid, categorical aids for special education programs, bilingual education programs, and county vocational programs, transportation aid, and aid for adult and postsecondary programs calculated pursuant to sections 15, 19, 20, 21, 25, and 28 of this act. For the 1999-2000 school year and thereafter, total stabilized aid shall include core curriculum standards aid, supplemental core curriculum standards aid, distance learning network aid, categorical aids for special education programs, bilingual education programs, county vocational programs, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, aid for adult and postsecondary programs, and academic achievement rewards calculated pursuant to sections 15 through 22, 25, 28 and 29 of this act.

Notwithstanding any provision of this section to the contrary, the commissioner shall ensure that for any district with a stabilization reduction in 1997-98 that by the 1999-2000 school year and thereafter, the total stabilized aid for each school district reflects the actual pupil counts of the district.

b. Notwithstanding any other provision of this act to the contrary, the total of a district's stabilization aid, core curriculum standards aid, supplemental core curriculum standards aid, distance learning network aid, categorical aids for special education programs, bilingual education programs, county vocational programs, early childhood program aid, demonstrably effective program aid, transportation aid, aid for adult and postsecondary programs, and academic achievement rewards calculated pursuant to subsection a. of this section and sections 15 through 17, subsection a. of section 18, 19 through 22, 25, 28 and 29 of this act, shall not be decreased by more than 10% below the amounts paid for these categories in the prebudget year. In the event that the sum of the formula entitlements calculated pursuant to those sections is less than 90% of the prebudget total, stabilization aid shall be paid in the amount of the difference between 90% of the prebudget year total and the sum of those entitlements. For the 1997-98 school year, the prebudget year total shall include foundation aid, transition aid, aid for at-risk pupils, technology aid and categorical aids for special education, bilingual education and county vocational education, and transportation aid.

c. For the 1997-98 school year, supplemental stabilization aid shall be paid to any district in which:

(1) the total aid payable for the categories listed in subsection b. of this section is less than the prebudget year total for the same aids; and

(2) resident enrollment projected for October 1997 exceeds 99 percent of the resident enrollment for October 1991 or resident enrollment projected for October 1997 is less than resident enrollment for October 1991 by 35 or fewer pupils or the prebudget year equalized tax rate exceeded the Statewide average equalized school tax rate by 10% or more.

An eligible district shall be aided in the amount of its total aid decline, after offset by any stabilization aid provided pursuant to subsection b. of this section, or \$4,000,000, whichever is less. The commissioner, in consultation with the Commissioner of the Department of Community Affairs and the Director of the Division of Local Government Services in the Department of Community Affairs, shall examine the fiscal ability of districts eligible for supplemental stabilization aid to absorb aid losses and shall make recommendations to the Legislature and the Governor regarding the continuation of supplemental stabilization aid. The

commissioner shall not implement any of those recommendations until the recommendations are enacted into law.

d. Additional supplemental stabilization aid of \$500,000 per district shall be disbursed to any district which meets all of the following criteria:

(1) the district's projected resident enrollment for the 1997-98 school year exceeds 10,000 pupils;

(2) the district's 1996-97 net budget is less than the sum of its maximum T&E budget calculated pursuant to section 13 of this act and early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, and categorical program aid received pursuant to sections 19 through 22, 28, and 29 of this act;

(3) the district's total aid payable for the categories listed in subsection b. of this section exceeds the prebudget year total for the same aids by no more than 10%;

(4) the district's original State aid notice for 1996-97 was not reduced pursuant to P.L.1995, c.236 (C.18A:7E-6 et seq.);

(5) the district's core curriculum standards aid as a percentage of its T&E budget is less than 50%; and

(6) the district was certified as of November 30, 1996.

e. For the 1997-98 school year, each district which had pupils placed in a county special services school district on October 15, 1995 shall receive additional supplemental stabilization aid as follows:

(1) when the sum of the district's total aid payable for the categories listed in subsection b. of this section, aid payable pursuant to subsections c. and d. of this section, and aid payable pursuant to subsection c. of section 18 of this act exceeds the prebudget year total for the same aids pursuant to subsection b. of this section, the district shall receive an amount equal to the excess of the State aid generated by such placements in the county special services school district in 1996-97 over the excess calculated pursuant to this paragraph; or

(2) when the district's prebudget year aid pursuant to subsection b. of this section equals or exceeds the sum of the total aid payable for the categories listed in subsection b. of this section, aid payable pursuant to subsections c. and d. of this section, and aid payable pursuant to subsection c. of section 18 of this act, the district shall receive an amount equal to the State aid generated by such placements in the county special services school district in 1996-97.

f. Supplemental school tax reduction aid shall be paid to any district which meets the following criteria:

(1) the district's 1996-97 net budget per pupil is less than 115% of the State average net budget per pupil;

(2) the district's 1996-97 equalized tax rate of the general fund is greater than 130% of the Statewide average equalized school tax rate;

(3) the district does not receive any supplemental core curriculum standards aid; and

(4) the district is not included within the Department of Education's district factor groups I or J based on the 1990 federal census data.

Each district which is determined to be eligible to receive aid pursuant to this subsection shall receive aid according to the following formula:

$$.75 \times (\text{ESTR} - 1.30 \times \text{STESTR}) \times \text{EVAL}$$

where

ESTR is the district's equalized tax rate of the general fund for the 1996-97 school year;

STESTR is the Statewide average equalized school tax rate for the 1996-97 school year;

and

EVAL is the district October 1995 equalized valuation.

No district shall receive more than \$300,000 pursuant to this subsection.

g. Additional supplemental stabilization aid shall be paid to any district which is located in a municipality which has a population composed of more than 45% senior citizens age 65 or older according to the most recent federal decennial census. The aid shall equal \$200 multiplied by the district's resident enrollment projected for October 1997.

h. Any stabilization aid, supplemental stabilization aid, and supplemental school tax reduction aid paid pursuant to this section shall be applied toward the required local share of the school

district or county vocational school district which receives the aid.

C.18A:7F-11 Calculation of core curriculum standards aid.

11. The State's core curriculum standards aid contribution for the 1997-98 school year shall be \$2,620,200,000. In subsequent years, the State's core curriculum standards aid contribution shall be the total Statewide core curriculum standards aid calculated pursuant to section 15 of this act for the prebudget year and prior to the application of section 10 indexed by the sum of 1.0, the CPI, and the State average enrollment growth percentage between the prebudget year and the budget year as projected by the commissioner.

C.18A:7F-12 Establishment of basic per pupil T&E amount.

12. The commissioner shall establish, based on the standards issued pursuant to section 4 of this act, a basic per pupil T&E amount, and shall develop appropriate weights reflecting the differing costs of providing education at the kindergarten, elementary school, middle school, and high school levels, which weights shall be applied in determining a district's T&E budget as set forth in section 13 of this act. The T&E amount for the 1997-1998 school year shall be \$6,720, which shall be adjusted for inflation by the CPI for the 1998-1999 school year. The weights for kindergarten, elementary (grades 1-5), middle (grades 6-8), and high school (grades 9-12) levels for the 1997-98 school year shall be 0.5, 1.0, 1.12 and 1.20 respectively. In subsequent years, the T&E amount and the school level weights shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education, with the T&E amount adjusted for inflation by the CPI in the second year to which the report applies.

For the 1997-98 school year, the T&E flexible amount shall be \$336, and the T&E range shall be from \$6,384 to \$7,056. These figures shall be adjusted by the CPI for the 1998-99 school year. In subsequent years, the T&E range shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education, with the T&E range adjusted for inflation by the CPI in the second year to which the report applies.

C.18A:7F-13 Calculation of weighted enrollment, T&E budgets.

13. a. The weighted enrollment for each school district and each county vocational school district shall be calculated as follows:

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

where

- PW is the T&E weight for kindergarten enrollment;
- EW is the T&E weight for elementary enrollment;
- MW is the T&E weight for middle school enrollment;
- HW is the T&E weight for high school enrollment;
- PENR is the resident enrollment for kindergarten;
- EENR is the resident enrollment for grades 1-5;
- MENR is the resident enrollment for grades 6 - 8; and
- HENR is the resident enrollment for grades 9 - 12.

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

b. The maximum T&E budget for each school district and each county vocational school district shall be calculated as follows:

$$\text{MAXBUD} = (\text{TE} + \text{FL}) \times \text{WENR}$$

where

- TE is the T&E amount; and
- FL is the T&E flexible amount.

c. The minimum T&E budget for each school district and each county vocational school district shall be calculated as follows:

$$\text{MINBUD} = (\text{TE} - \text{FL}) \times \text{WENR}$$

except in the case of Abbott districts, in which the minimum T&E budget shall equal the maximum T&E budget as calculated pursuant to subsection b. of this section

where

- TE is the T&E amount;

FL is the T&E flexible amount; and  
 WENR is the district's weighted enrollment.

d. The T&E budget for each school district and each county vocational school district shall be calculated for 1997-98 as follows:

$$\text{TEBUD} = \text{PBNB} \times (1 + \text{CPI}) - (\text{CAT} + \text{DEP} + \text{ECP} + \text{IS});$$

provided that TEBUD shall be neither less than MINBUD nor greater than MAXBUD and where

PBNB is the district's prebudget year net budget;

CAT is the sum of aids calculated in accordance with sections 19, 20, 21, 22, 25, 28 and 29 of this act;

DEP is the aid calculated in accordance with section 18 of this act;

ECP is the aid calculated in accordance with section 16 of this act; and

IS is the aid calculated in accordance with section 18 of this act.

In subsequent years, the T&E budget shall be calculated as follows:

$$\text{TEBUD} = (\text{WENR} \times \text{PBNB} / \text{PBWENR}) \times (1 + \text{CPI}) - (\text{CAT} + \text{DEP} + \text{ECP} + \text{IS});$$

provided that CPI shall not be less than .03 and

provided that TEBUD shall be neither less than MINBUD nor greater than MAXBUD and where

PBNB is the district's prebudget year net T&E budget;

CAT is the sum of aids payable in accordance with sections 19, 20, 21, 22, 25, 28 and 29 of this act;

DEP is the aid payable in accordance with section 18 of this act;

ECP is the aid payable in accordance with section 16 of this act; and

IS is the aid payable in accordance with section 18 of this act;

WENR is the district's weighted enrollment; and

PBWENR is the district's weighted enrollment for the prebudget year.

C.18A:7F-14 Calculation of local share for core curriculum standards aid.

14. Each school district and each county vocational school district shall receive core curriculum standards aid predicated on a local share determined by district property wealth and district income.

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

$$\text{LSHARE} = (\text{TEBUD} / \text{LSBASE}) \times (\text{WRT} \times \text{EQVAL} + \text{IRT} \times \text{INC}) / 2$$

where

TEBUD is the T&E budget as determined pursuant to subsection d. of section 13 of this act;

$$\text{LSBASE} = (\text{TE} - \text{FL}) \times \text{WENR};$$

WRT is the Statewide property value multiplier determined pursuant to subsection c. of this section;

IRT is the Statewide income multiplier determined pursuant to subsection c. of this section;

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

INC is the district's income.

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

$$\text{LSHARE} = (\text{COLSHARE} / \text{COTEBUD}) \times \text{TEBUD}$$

where

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

COTEBUD is the sum of the T&E budgets for all school districts in the county calculated pursuant to subsection d. of section 13 of this act; and

TEBUD is the county vocational district's T&E budget calculated pursuant to subsection d. of section 13 of this act.

c. The values for the property value multiplier and the income multiplier shall be annually determined by the commissioner as follows:

The property value multiplier shall be determined such that core curriculum standards aid equals the Statewide available core curriculum standards aid for all districts determined according to this act had each school district's and county vocational school district's local share

equaled the product of the property value multiplier and the district's equalized valuation, and had each district's general fund levies equaled its local share.

The income multiplier shall be determined such that core curriculum standards aid equals the Statewide available core curriculum standards aid for all districts determined according to this act had each school district's and county vocational school district's local share equaled the product of the income multiplier and the district's income, and had each district's general fund levies equaled its local share.

In the event that these multipliers, when used in accordance with the provisions of this section and assuming that each district's general fund levy is equal to its local share, do not result in core curriculum standards aid for all districts equal to the Statewide available core curriculum standards aid, the commissioner shall adjust these multipliers appropriately, giving equal weight to each.

C.18A:7F-15 Calculation of district's core curriculum standards aid.

15. Each district's core curriculum standards aid shall be calculated as follows:

CCSAID= TEBUD - LSHARE provided that CCSAID shall not be less than zero; and where

LSHARE is the district's local share calculated pursuant to section 14 of this act; and

TEBUD is the district's T&E budget calculated pursuant to subsection d. of section 13 of this act.

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

A school district may make an appeal to the commissioner on the amount of its core curriculum standards aid on the basis that the calculation of income within the local share formula under section 14 of this act does not accurately reflect the district's income wealth.

C.18A:7F-16 Distribution of early childhood program aid.

16. Early childhood program aid shall be distributed to all school districts with high concentrations of low-income pupils, for the purpose of providing full-day kindergarten and preschool classes and other early childhood programs and services.

For districts in which the concentration of low income pupils is equal to or greater than 20% and less than 40%, aid shall be distributed according to the following formula:

$$\text{Aid} = A1 \times \text{Modified District Enrollment.}$$

For districts in which the concentration of low income pupils is equal to or greater than 40%, aid shall be distributed according to the following formula for the purpose of expanding instructional services previously specified to three year olds, or of providing, in addition to the instructional services previously specified, transition and social services to primary grade students:

$$\text{Aid} = A2 \times \text{Modified District Enrollment}$$

where

$$A1 = \$465; \text{ and}$$

$$A2 = \$750.$$

For the 1998-1999 school year, the per pupil funding amounts shall be these amounts multiplied by the CPI. For subsequent years, the amounts shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education and shall be derived from cost analyses of appropriate programmatic applications of these funds as identified in the report. The amounts shall be adjusted for inflation by the CPI in the second year of the period to which the report applies.

County vocational school districts and limited purpose regional high school districts meeting the eligibility criteria of this section shall receive aid payable under this section as demonstrably effective program aid in addition to amounts received pursuant to section 18 of this act.

Each district which receives early childhood program aid shall submit to the commissioner for approval an operational plan that shall be a subset of the district's comprehensive strategic plan, to establish preschool and full-day kindergarten for all four and five year olds by the

2001-2002 school year and to maintain them thereafter. Districts shall appropriate the aid in a special revenue fund for expenditure, but may place all or a portion of the aid in a capital reserve account during the first four years to establish facilities for these purposes. During the first four school years following enactment of this act, districts may use early childhood program aid for educationally meritorious programs or for the purpose of constructing new school facilities or enlarging existing school facilities for use by pupils other than those enrolled in early childhood programs, provided the new or enlarged facilities are used for and are adequate to house the planned early childhood programs. Districts which maintain progress consistent with the implementation plan may also use the funds for demonstrably effective programs pursuant to section 18 prior to establishing the programs required pursuant to this section. The commissioner shall establish guidelines to track the specific purposes of expenditures under this section.

C.18A:7F-17 Criteria for eligibility for supplemental core curriculum standards aid.

17. a. Each school district and county vocational school district which meets the following criteria shall be eligible to receive supplemental core curriculum standards aid:

- (1) the district's concentration of low-income pupils, relative to modified district enrollment, equals or exceeds 40%; and
- (2) the district's estimated minimum equalized tax rate exceeds that estimated for the State as a whole by more than 10%; and
- (3) in any district with a resident enrollment in excess of 2,000 pupils the district's equalized valuation per resident pupil is not more than twice the Statewide equalized valuation per pupil.

b. Each school district and county vocational school district which is determined to be eligible to receive aid pursuant to subsection a. of this section shall receive aid according to the following formula if the calculated result is greater than zero:

$$(\text{MEQTXRT} - 1.10 \times \text{STEQTXRT}) \times \text{EQVAL}$$

where

- MEQTXRT is the district's estimated minimum equalized tax rate;
- STEQTXRT is the estimated minimum equalized tax rate for the State; and
- EQVAL is the district's equalized valuation.

C.18A:7F-18 Calculation of demonstrably effective program aid.

18. a. Demonstrably effective program aid shall be generated by individual schools and distributed to districts for the purpose of providing instructional, school governance, and health and social service programs to students enrolled in the generating school according to the following formulas:

Aid shall be distributed to districts with schools in which the concentration of low-income pupils is equal to or greater than 20% and less than 40% as follows:

$$\text{Aid} = \text{B1} \times \text{SENR1}$$

where

SENR1 is the sum of school enrollments for all schools in the district enrolling low-income pupils at rates equal to or greater than 20% but less than 40%.

Aid shall be distributed to districts with schools in which the concentration of low-income pupils is equal to or greater than 40% as follows:

$$\text{Aid} = \text{B2} \times \text{SENR2}$$

where

SENR2 is the sum of the school enrollments for all schools in the district enrolling low-income pupils at rates equal to or greater than 40%;

where

- B1 = \$300; and
- B2 = \$425.

For the 1998-1999 school year, the per pupil funding amounts shall be these amounts multiplied by the CPI. For subsequent years, the amounts shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education and be derived from cost analyses of appropriate programmatic applications as identified in the report. The amounts shall

be adjusted for inflation by the CPI in the second year of the period to which the report applies.

b. The State Board of Education, upon the recommendation of the commissioner, shall adopt regulations governing the use of demonstrably effective program aid and an accounting mechanism to ensure that use. The rules shall provide for:

(1) Programs. A definition as recommended by the commissioner shall be established of the demonstrably effective programs and services which shall qualify for aid. The definition shall include for 1997-98, but not be limited to: alternative schools; community schools; class size reduction programs; parent education programs; job training programs; training institutes to improve homework response; telephone tutorial programs; teleconference and video tutoring programs; and HSPT/Early Warning test before school/after school preparation programs. The commissioner shall establish the per-pupil cost of providing these effective programs and services in the Report on the Cost of Providing a Thorough and Efficient Education.

(2) Accountability. A recipient district shall be required to obtain the approval of the Department of Education for the planned uses of demonstrably effective program funds. A periodic public process shall be established by which specific programmatic uses for the funds shall be identified and approved. A district failing to use the funds in the prescribed manner shall be subject to rescission of aid and additional monetary penalties as established by the commissioner.

(3) Monitoring. To facilitate State monitoring of the uses of the funds, districts shall be required to maintain separate program and service accounts in the special revenue section of district budgets and financial records in accordance with GAAP and specifications prescribed by the commissioner.

c. Instructional supplement aid shall be generated by school districts and county vocational school districts and distributed to districts for the purposes of providing supplemental services for students from low-income families. Aid shall be distributed to districts in which the concentration of low-income pupils is equal to or greater than 5% and less than 20%. Districts will receive \$339 for each pupil from low-income families. For the 1998-99 school year, the per pupil funding amount shall be this amount multiplied by the CPI. For subsequent years, the amount shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education and be derived from cost analyses of appropriate programmatic applications as identified in the report. The amount shall be adjusted for inflation by the CPI in the second year of the period to which the report applies. Instructional supplement aid shall be accounted for in a special revenue fund.

d. The Department of Education shall develop, in collaboration with the Departments of Human Services and Health and Senior Services, as well as other appropriate State departments and agencies, mechanisms necessary to coordinate the provision of programs and services at the local level.

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

C.18A:7F-20 Calculation of bilingual education categorical aid.

20. Bilingual education categorical aid for each school district and each county vocational school district shall be calculated as follows:

$$\text{BAID} = \text{BACF} \times \text{B}$$

where

BACF is the additional cost factor for bilingual education categorical aid; and

B is the number of bilingual education pupils enrolled in the district.

C.18A:7F-21 Calculation of county vocational categorical aid.

21. County vocational categorical aid for each county vocational school district shall be calculated as follows:

$$\text{CVAID} = \text{CVACF} \times \text{CV}$$

where

CVACF is the additional cost factor for county vocational categorical aid; and

CV is the number of county vocational pupils enrolled in the district. Pupils attending shared-time secondary programs shall be counted as 0.5.

C.18A:7F-22 Calculation of distance learning network aid.

22. a. Distance learning network aid shall be calculated for each school district and county vocational school district as follows:

$$\text{TECHAID} = \text{TECHACF} \times \text{RES}$$

where

TECHACF is the additional cost factor for distance learning network aid; and

RES is the district's resident enrollment.

b. Statewide distance learning networks shall be established and each district shall be a member by the 2001-2002 school year. The distance learning networks shall be used to create a Statewide infrastructure for the delivery of voice, video and data, and shall provide all districts with the opportunity to share curricular offerings so as to expand the scope, quality, richness and diversity of curricula in all school districts and contribute to the redefining of teaching and learning in the contemporary setting. Distance learning network aid shall be accounted for in a special revenue fund. This aid may be used for equipment, wiring, access fees, software and supplies, professional development, staffing, maintenance, and other uses that may be necessary for the establishment of effective distance learning networks.

c. Each county special services school district shall receive a grant of \$15,000 annually for the purposes of subsection b. of this section.

d. All funds from loan repayments into the Public School Facilities Code Compliance Loan Fund established under section 4 of P.L.1993, c.102 (C.34:1B-7.23) and the Public School Facilities Loan Assistance Fund established under section 5 of P.L.1993, c.102 (C.34:1B-7.24) shall be dedicated for school district technology capital projects as required pursuant to subsection b. of this section.

## C.18A:7F-23 Additional cost factors.

23. The following additional cost factors shall be in effect for the purpose of calculating aid for the 1997-98 school year pursuant to sections 20 through 22 of this act:

BACF = \$1,073;

CVACF = \$1,662; and

TECHACF = \$40.

For the 1998-99 school year, the additional cost factors shall be these cost factors inflated by the CPI.

For subsequent years, the additional cost factors shall be established biennially in the Report on the Cost of Providing a Thorough and Efficient Education and adjusted for inflation by the CPI for the second year of the period to which the report applies.

## C.18A:7F-24 Submission of budget for educational programs in State facilities.

24. Annually by December 15, the Department of Corrections, the Department of Human Services, and the Juvenile Justice Commission shall each submit to the commissioner for approval, with respect to the facilities under their operational or supervisory authority, a budget for educational programs as set forth in section 8 of P.L.1979, c.207 (C.18A:7B-4) for the subsequent year, together with enrollments and per pupil costs. For the purposes of calculating a per pupil cost, enrollment shall be based on the number of pupils in the State facility on the last school day prior to October 16 of the prebudget year. In the subsequent year, pursuant to P.L.1979, c.207 (C.18A:7B-1 et seq.) for students resident in a district, approved per pupil amounts shall be deducted from each school district's State aid and remitted to the appropriate agency, except that for county juvenile detention centers, no deduction shall be made until Fiscal Year 1999; in that year and thereafter, 50% of approved per pupil amounts shall be deducted and remitted to the Juvenile Justice Commission.

## C.18A:7F-25 Calculation of State aid for transportation.

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

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

where

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

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

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

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

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

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

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

IF is the incentive factor, which modifies base aid paid for pupils transported on regular vehicles according to each district's percentile rank in regular vehicle capacity utilization. For the school year 1997-98, IF = 1. The Governor shall submit to the Legislature at least 60 days prior to the 1998 budget address proposed transportation incentive factors applicable to the 1998-99 school year and thereafter along with supporting data. The incentive factors shall be deemed approved by the Legislature unless a concurrent resolution is passed within 60 days of the date of submission.

b. For 1997-98, the cost coefficients in subsection a. of this section shall have the following values:

CP1 = \$ 280.24;  
 CD1 = \$ 28.75;  
 CP2 = \$1,192.69; and  
 CD2 = \$ 80.12.

For 1998-99, the coefficients shall be inflated by the CPI.

In subsequent years, the coefficients shall be revised by the commissioner on a biennial basis and similarly adjusted by the CPI in intervening years.

c. For the 1997-1998 school year, each district's base aid shall be prorated such that the overall distribution of base aid does not exceed that distributed Statewide in the 1996-1997 school year.

C.18A:7F-26 Distribution of State aid for facilities.

26. Beginning in the 1998-99 school year, State aid for facilities shall be distributed to each school district, county vocational school district, and county special services school district through a formula which reimburses districts for all or part of the principal and interest payments on both debt service and lease purchase payments. The aidable base shall be that percentage of debt service or lease purchase payments equal to the ratio of approved costs to the original issuance amount and shall be reduced for districts that fail to meet maintenance requirements on aided facilities.

The Governor shall submit to the Legislature at least 60 days prior to the 1998 budget address, criteria for determining approved costs, State support levels, and maintenance incentives applicable to the 1998-99 school year and thereafter along with supporting data. The criteria shall be deemed approved by the Legislature unless a concurrent resolution is passed within 60 days of the date of submission.

C.18A:7F-27 Determination of debt service aid for 1997-98.

27. For the 1997-98 school year, the amount and allocation of debt service aid shall be determined in the budget.

C.18A:7F-28 Distribution of State aid for adult school and post-high school programs.

28. For the 1997-98 school year, State aid shall be distributed on an unweighted per pupil basis for pupils enrolled in approved adult high schools, post-graduate programs and approved full-time post-secondary programs of county vocational schools. For 1997-98, districts will receive \$1,345 for each adult pupil. The commissioner shall conduct a review of existing programs to determine programmatic definitions and establish appropriate per pupil amounts which shall recognize the higher costs of post-secondary programs at county vocational schools. For the 1998-99 school year, these amounts shall be distributed as inflated by the CPI. Thereafter, per pupil funding amounts shall be established in a supplement to the Report on the Cost of Providing a Thorough and Efficient Education.

C.18A:7F-29 Establishment of Academic Achievement Reward Program.

29. a. There is hereby established in the Department of Education the Academic Achievement Reward Program. The purpose of the program shall be to provide rewards to districts having one or more schools that meet criteria for attaining absolute success in or significant progress towards high student academic achievement, pursuant to subsection b. of this section. Rewards shall be based on performance as measured by the Statewide assessments of the most recent year with results available at the time of State aid notification. For the purposes of this section, schools shall be sorted into three groupings by enrollment for each of the Statewide assessments established pursuant to the provisions of P.L.1979, c.241 (C.18A:7C-1 et seq.).

b. Schools with 90% of student enrollment performing at or above the passing scores on one or more of the Statewide assessments as provided in subsection a. of this section shall qualify for the absolute success reward. Schools that do not qualify for the absolute success reward shall be eligible for the significant progress reward. All eligible schools shall be grouped into five bands based on the initial passing rate for each of the three Statewide assessments. The 10%

in each band with the highest level of improvement from the previous year's passing rate shall qualify for the significant progress reward.

c. The Legislature shall make an annual appropriation to effectuate the purposes of this section. The amount appropriated shall be divided proportionally according to the average size of schools within each enrollment grouping among all districts with schools determined to qualify for either the absolute success or the significant progress reward. Funds awarded shall be payable to the school district or county vocational school district in which the school is located.

C.18A:7F-30 Establishment of Consolidation of Services Grant Program; sending-receiving tuition pilot project.

30. a. The Commissioner of Education shall establish a Consolidation of Services Grant Program in the 1997-98 school year. The goal of the grant program shall be to utilize the county special services school districts to promote shared services and regionalization of such services as transportation, child study teams, related and other specialized services, programs of professional development, legal and arbitration services, technology, and purchasing.

A county special services school district which elects to participate in the grant program shall submit an application to the Department of Education based upon a request for proposal developed by the department in consultation with the county special services school districts. Three grants shall be awarded by the commissioner in the first year of the program and an additional two grants in the second year. The total grants awarded by the department in the first year of the program shall be in the amount of \$600,000.

b. The commissioner may establish a five-year sending-receiving school district tuition calculation pilot project for the Ocean Township School District in Ocean County and the Barnegat School District in Ocean County. The project shall provide a procedure whereby the tuition charged by a receiving school district shall be established in relationship to the maximum T&E budget.

C.18A:7F-31 Creation of Regionalization Advisory Panel.

31. A Regionalization Advisory Panel shall be created to conduct a study and to develop recommendations regarding ways to encourage school districts to regionalize or share services. The panel shall determine the feasibility of regionalizing at the county level such education administration services as overall administration, purchasing, transportation, budgeting and accounting while maintaining local control at the school district or building level for curriculum, instruction, personnel, and management of instructional processes. In addition, the panel shall study site-based management, use of local parent advisory councils, maintenance of local tax bases, and other issues related to regionalization of districts and services.

The panel shall consist of 12 members as follows: five public members appointed by the Governor, no more than three of whom shall be of the same political party; three members appointed by the President of the Senate, no more than two of whom shall be of the same political party; three members appointed by the Speaker of the General Assembly, no more than two of whom shall be of the same political party; and the Commissioner of Education, ex officio, or a designee.

Appointments to the panel shall be made no later than February 1, 1997. The panel shall issue its report to the Governor and the Legislature no later than February 1, 1998, and shall expire 30 days after that date.

**C.18A:7F-32 Adjustment of State aid calculations in regional districts.**

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

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

b. For a period of five years following regionalization, each regional school district formed after the effective date of this act shall be eligible to receive supplemental State aid equal to the difference between the regional district's core curriculum standards aid calculated pursuant to section 15 of this act for the budget year and the sum of core curriculum standards aid received by each constituent district of that regional school district in the year prior to regionalization, multiplied by the transition weight. For the purpose of this section, the transition weight shall equal 1.0 for the first year following regionalization, .80 for the second year following regionalization, .60 for the third year following regionalization, .40 for the fourth year following regionalization, and .20 for the fifth year following regionalization.

**C.18A:7F-33 Annual filing of district report with commissioner.**

33. Annually, on or before October 20, the secretary of the board of education, with approval of the superintendent of schools, or if there is no superintendent of schools, with the approval of the county superintendent of schools, shall file with the commissioner a report prescribed by the commissioner containing all data necessary to effectuate the aid provisions of this act, which shall include but not be limited to, the number of pupils enrolled by grade, the number of these pupils classified as eligible for special education services other than speech corrections services, the number of pupils in approved programs for bilingual education, the number of low-income pupils, and the number of pupils in State facilities, county vocational schools, State college demonstration schools, evening schools, other public or private schools to which the district is paying tuition, or who are receiving home instruction on the last school day prior to October 16. In addition, districts shall file annual reports providing such information as the commissioner may require for pupils receiving special education services.

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

**C.18A:7A-3 Definitions.**

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

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

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

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

**C.18A:7A-10 Statewide system for evaluating school performance.**

10. For the purpose of evaluating the thoroughness and efficiency of all the public schools of the State, the commissioner, with the approval of the State board and after review by the Joint Committee on the Public Schools, shall develop and administer a uniform, Statewide system for evaluating the performance of each school. The system shall be based on such means as the commissioner deems proper in order to (a) determine pupil status and needs, (b) ensure pupil

progress, and (c) assess the degree to which the thoroughness and efficiency standards established pursuant to section 4 of P.L.1996, c.138 (C.18A:7F-4) are being achieved.

36. Section 11 of P.L.1975, c.212 (C.18A:7A-11) is amended to read as follows:

C.18A:7A-11 Annual report by school district, commissioner.

11. Each school district and county vocational school district shall make an annual report of its progress in conforming to the standards for the evaluation of school performance adopted pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10). Each district's annual report shall include but not be limited to:

- a. Demographic data related to each school;
- b. Results of designated assessment programs, including Statewide assessment programs established pursuant to law and regulation;
- c. Information on each school's fiscal operation, including the budget of each school;
- d. (Deleted by amendment, P.L.1996, c.138).
- e. Plans and programs for professional improvement;
- f. Plans to carry out innovative educational programs designed to improve the quality of education;
- g. Recommendations for school improvements during the ensuing year ;and
- h. Such additional information as may be prescribed by the commissioner.

Additionally, the State Board of Education may require each district to submit a facilities survey, including current use practices and projected capital project needs.

The district reports shall be submitted to the commissioner annually on a date to be prescribed by the commissioner, who shall make them the basis for an annual report to the Governor and the Legislature, describing the condition of education in New Jersey, the efforts of New Jersey schools in meeting the standards of a thorough and efficient education, the steps underway to correct deficiencies in school performance, and the progress of New Jersey schools in comparison to other state education systems in the United States.

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

C.18A:7A-14 Review, evaluation of reports.

14. a. (1) The commissioner shall review the results of the evaluations conducted and reports submitted pursuant to sections 10 and 11 of P.L.1975, c.212 (C.18A:7A-10 and 18A:7A-11). The commissioner shall establish a mechanism for parent, school employee and community resident input into the review process. If the commissioner shall find that a school district or county vocational school district satisfies the evaluation criteria, the commissioner shall recommend that the State board certify the school district for a period of seven years as providing a thorough and efficient system of education, contingent on continued progress in meeting the standards. If the commissioner finds that a school district can correct the deficiency or deficiencies without additional diagnostic monitoring or technical assistance, the commissioner may certify the school district with the condition that the district correct the deficiency within a period of time to be determined by the commissioner. If the commissioner shall find that a school district has failed to show sufficient progress toward achieving the thoroughness and efficiency standards established pursuant to section 4 of P.L.1996,c.138 (C.18A:7F-4), the commissioner shall advise the local board of education of that determination, and shall direct that the district enter level II monitoring, as defined pursuant to law and regulation. Nothing herein shall preclude the commissioner from taking the steps set forth in section 6 of P.L.1996,c.138 (C.18A:7F-6) upon a finding that the district is failing to meet core curriculum content standards.

(2) The board of education of a school district which is directed to enter level II monitoring may appeal that decision to the State Board of Education. The State board may refer the hearing of that appeal to a committee of not less than three of its members, which committee shall hear the appeal and report thereon, recommending its conclusions, to the board and the board shall decide the appeal by resolution in open meeting. A determination of the appeal by the State

board shall be considered final.

b. (1) When a district enters level II monitoring, the commissioner shall establish procedures whereby parents, school employees and community residents may meet with the commissioner or the commissioner's designee to discuss their concerns and the county superintendent shall appoint an external review team whose members shall be qualified by training and experience to examine the conditions in the specific district. In conjunction with the Department of Education, the team, at the direction of the commissioner, shall either examine only those aspects of the district's operations bearing on the areas of deficiency, or shall examine all aspects of the district's operation, including but not limited to education, governance, management and finance. In addition, the team shall examine conditions in the community which may adversely affect the ability of the pupils to learn and the team may recommend measures to mitigate the effects of those conditions. The team shall report its findings and conclusions, including directives to be utilized by the district in the preparation of a corrective action plan to achieve certification and recommendations as to the technical assistance which the district will require in order to effectively implement the corrective action plan, to the commissioner. The commissioner shall direct the district to respond to the report of the external review team in establishing a corrective action plan. The corrective action plan shall be submitted to and approved by the commissioner. The commissioner shall assure that the local district's budget provides the resources necessary to implement the approved plan, including the necessary technical assistance. The entire cost of those activities associated with the review team shall be paid by the Department of Education. The commissioner shall also have the authority to order necessary budgetary reallocations within the district, or such other measures as he deems necessary and appropriate. Further, nothing herein shall preclude the commissioner from taking the steps set forth in section 6 of P.L.1996,c.138 (C.18A:7F-6) upon a finding that the district is failing to meet core curriculum content standards.

(2) If the commissioner finds that the district is unsuccessful in correcting the deficiencies noted in the evaluation process, the commissioner shall direct that the district enter level III monitoring, as defined pursuant to law and regulation. However, if the commissioner determines that a district is making reasonable progress toward correcting deficiencies, the commissioner may grant an extension for a specific period of time. During this extension the district will remain under level II monitoring. At the end of the extension the commissioner shall determine whether the district is eligible for certification or if the district must be directed to enter level III monitoring.

c. (1) When a district which has had a comprehensive examination of all aspects of the district's operations by an external review team pursuant to subsection b. of this section is directed to enter level III monitoring the commissioner shall prepare an administrative order directing the corrective actions which shall be taken by the district based upon the findings and conclusions of the level II external review team and the department's monitoring of the level II plan. The commissioner shall insure that technical assistance is provided to the district in order to implement those actions. The commissioner shall also have the power to order necessary budgetary reallocations within the district, or such other measures as the commissioner deems necessary and appropriate. Further, nothing herein shall preclude the commissioner from taking the steps set forth in section 6 of P.L.1996, c.138 (C.18A:7F-6) upon a finding that the district is failing to meet core curriculum content standards.

(2) When a district which has not had a comprehensive examination of all aspects of the district's operations by an external review team pursuant to subsection b. of this section is directed to enter level III monitoring, the commissioner shall designate the county superintendent to appoint an external review team whose members shall be qualified by training and experience to examine the conditions in the specific district. In conjunction with the Department of Education, the team shall examine all aspects of the district's operations including but not limited to education, governance, management and finance. The team shall report its findings and conclusions, including directives to be utilized in the preparation of a corrective action plan to achieve certification, to the commissioner. The commissioner shall prepare an administrative order directing the corrective actions which shall be taken by the district based upon the findings and conclusions of the level III external review team and the department's monitoring of the level

II plan. The commissioner shall insure that technical assistance is provided to the district in order to implement those actions. The commissioner shall also have the power to order necessary budgetary reallocations within the district, or such other measures as the commissioner deems necessary and appropriate. Further, nothing herein shall preclude the commissioner from taking the steps set forth in section 6 of P.L.1996, c.138 (C.18A:7F-6) upon a finding that the district is not meeting core curriculum content standards.

(3) The board of education of a school district which is directed to enter level III monitoring may appeal that decision to the State Board of Education. The State board may refer the hearing of that appeal to a committee of not less than three of its members, which committee shall hear the appeal and report thereon, recommending its conclusions, to the board and the board shall decide the appeal by resolution in open meeting. A determination of the appeal by the State board shall be considered final.

(4) If the commissioner finds, based upon the findings and directives of the level II or level III review team and the Department of Education, that conditions within the district may preclude the successful implementation of a corrective action plan or that the district has failed to make reasonable progress in the implementation of a corrective action plan to achieve certification, the commissioner shall direct that a comprehensive compliance investigation be conducted by the Department of Education. If the commissioner directs that a comprehensive compliance investigation be conducted, the commissioner may order any necessary action to insure the security of the books, papers, vouchers and records of the district.

d. Whenever a district in level II monitoring is directed to establish a corrective action plan or whenever a district in level III monitoring shall be required to implement an approved corrective action plan pursuant to this section, the commissioner shall determine the cost to the district of implementation of those portions of the corrective action plan which are directly responsive to the district's deficiencies as identified in the report of the external review team or, where applicable, by the commissioner. In making this fiscal assessment, the commissioner shall identify those aspects of the corrective action plan which are already contained in the district's current expense budget. Where appropriate, the commissioner shall reallocate funds within the district's budget to support the corrective action plan. Once reallocated, any transfers among line items of the district's budget may occur only with the commissioner's approval. The commissioner shall further determine the amount of additional revenue, if any, needed to implement the corrective action plan and shall recertify a budget for the district.

e. A comprehensive compliance investigation shall entail a thorough and detailed examination of a district's educational programs, fiscal practices, governance and management. Based on the investigation, the commissioner shall issue a report which will document any irregularities and list all those aspects of the corrective action plan established pursuant to subsections b. and c. of this section which have not been successfully implemented by the district or the conditions which would preclude the district from successfully implementing a plan. A copy of this report shall be given to the district. The commissioner shall also order the local board to show cause why an administrative order, subject to the provisions of section 15 of P.L.1975, c.212 (C.18A:7A-15) and section 1 of P.L.1987, c.399 (C.18A:7A-34) should not be implemented. The plenary hearing before a judge of the Office of Administrative Law, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), upon said order to show cause shall be conducted in the manner prescribed by subdivision B of article 2 of chapter 6 of Title 18A of the New Jersey Statutes.

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

38. Section 1 of P.L.1991, c.3 (C.18A:7A-14.1) is amended to read as follows:  
C.18A:7A-14.1 Findings, declarations.

1. The Legislature finds and declares that:

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

b. The breadth and scope of such a system are defined by the Legislature through the commissioner and the State board pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) so as to

insure quality educational programs for all children;

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

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

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

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

C.18A-7A-50 Budget development, presentation.

17. The State district superintendent of a State-operated school district shall develop a budget on or before March 22 and shall present this budget to the board of education to elicit the board's comments and recommendations. This budget shall conform in all respects with the requirements of chapter 22 of Title 18A of the New Jersey Statutes and shall be subject to the limitations on spending by local school districts otherwise required by P.L.1996, c.138 (C.18A:7F-1 et al.).

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

C.18A:7A-51 Determination of amount appropriation for following school year.

19. a. After the public hearing provided for by section 18 of P.L.1987, c.399 (C.18A:7A-51) but not later than April 8, the State district superintendent shall fix and determine the amount of money necessary to be appropriated for the ensuing school year and shall certify the amounts to be raised by special district tax for school purposes as well as the sum necessary for interest and debt redemption, if any, to the county board of taxation and the amount or amounts so certified shall be included in the taxes assessed, levied and collected in the municipality or municipalities comprising the district. The State district superintendent shall follow the procedures established pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5).

b. (Deleted by amendment, P.L.1996, c.138).

c. (Deleted by amendment, P.L.1996, c.138).

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

C.18A:7B-2 Deductions, forwarding of sums to appropriate departments; disposition.

6. a. For each State-placed child who is resident in a district and in a State facility on the last school day prior to October 16 of the prebudget year, and for each district-placed child who is resident in a district and in a State facility on the last school day prior to October 16 of the budget year, the Commissioner of Education shall deduct from the State aid payable to that district an amount equal to the approved per pupil cost established pursuant to the provisions of section 24 of P.L.1996, c.138 (C.18A:7F-24); except that for a child in a county juvenile detention center, no deduction shall be made until Fiscal Year 1999, in which year and thereafter 50% of the per pupil cost shall be deducted.

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

c. The amount deducted pursuant to subsection a. of this section and the amount paid to the

Department of Education pursuant to subsection b. of this section shall be forwarded to the Department of Human Services if the facility is operated by or under contract with that department, or to the Department of Corrections if the facility is operated by or under contract with that department, or to the Juvenile Justice Commission established pursuant to section 2 of P.L.1995, c.284 (C.52:17B-170) if the facility is operated by or under contract with that commission, and shall serve as payment by the district of tuition for the child. In the case of county juvenile detention centers, the tuition shall be deemed to supplement funds currently provided by the county for this purpose under chapter 10 and chapter 11 of Title 9 of the Revised Statutes. In Fiscal Year 1998, a county shall not decrease its level of contribution as a result of the payment of tuition pursuant to this section. In Fiscal Year 1999 and thereafter, a county shall be required to pay 50% of the approved per pupil costs established pursuant to the provisions of section 24 of P.L.1996, c.138 (C.18A:7F-24) for the purpose of implementing chapters 10 and 11 of Title 9 of the Revised Statutes. Amounts so deducted shall be used solely for the support of educational programs and shall be maintained in a separate account for that purpose. No district shall be responsible for the tuition of any child admitted by the State to a State facility after the last school day prior to October 16 of the prebudget year.

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

C.18A:7B-5 Rules, regulations to ensure thorough and efficient education for children in State facilities.

9. The Commissioner of Education, with the approval of the State Board of Education, shall promulgate rules and regulations to ensure a thorough and efficient education, consistent with the provisions of P.L.1996, c.138 (C.18A:7F-1 et al.), for the children in State facilities. In the case of county juvenile detention centers, the Office of Education in the Juvenile Justice Commission shall develop, in consultation with the commissioner, appropriate standards, to be effective for Fiscal Year 1999, for the provision of a thorough and efficient education by the county for facilities established under chapter 10 and chapter 11 of Title 9 of the Revised Statutes.

The commissioner shall continually review the operation of educational programs in State facilities. If he finds that the operation of any of these programs does not meet the educational standard required by the regulations, he shall direct that a remedial plan be prepared by the education director of the facility in which the program is located, together with the director of educational services of the department which is operating or contracting with the facility. The plan shall be submitted to the Commissioner of Education for his approval. If he approves the plan, it shall be implemented in a timely and effective manner. If he finds the plan or its implementation to be insufficient, he may, until the insufficiency is corrected, withhold and place in a special account any State aid funds which otherwise would have been forwarded pursuant to section 6 of this act.

43. Section 11 of P.L.1979, c.207 (C.18A:7B-7) is amended to read as follows:

C.18A:7B-7 Request for administrative review concerning pupil in State facility.

11. a. Any parent or guardian of a pupil in a State facility and any pupil in a State facility between 18 and 20 years of age, may request an administrative review on matters of educational classification or educational program.

b. The administrative review process shall include the following sequence:

(1) A conference with teaching staff members or child study team personnel;

(2) A conference with the Director of Educational Services of the Department of Human Services, the Department of Corrections, or the Juvenile Justice Commission, whichever is appropriate;

(3) A hearing by the Commissioner of Education pursuant to law and regulation.

c. The due process rights available to children, parents and guardians in the public schools on matters of educational classification or educational program shall be available to children, parents and guardians in State facilities.

d. The placement of a child in a particular State facility shall not be subject to an administrative review or hearing pursuant to this section.

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

C.18A:7B-12 Determination of district of residence.

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

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

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

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

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

d. If the district of residence cannot be determined according to the criteria contained herein, or if the criteria contained herein identify a district of residence outside of the State, the State shall assume fiscal responsibility for the tuition of the child. The tuition shall equal the approved per pupil cost established pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.). This amount shall be appropriated in the same manner as other State aid under this act. The Department of Education shall pay the amount to the Department of Human Services, the Department of Corrections or the Juvenile Justice Commission established pursuant to section 2 of P.L.1995, c.284 (C.52:17B-170) or, in the case of a homeless child, the Department of Education shall pay the appropriate T&E amount and any appropriate additional cost factor for special education pursuant to section 19 of P.L.1996, c.138 (C.18A:7F-19) to the school district in which the child is enrolled.

45. Section 20 of P.L.1979, c.207 (C.18A:7B-13) is amended to read as follows:

C.18A:7B-13 Annual report by commissioner to Legislature.

20. Beginning in the school year 1997-98, the Commissioner of Education shall annually report to the Legislature, describing the condition of educational programs in State facilities, the efforts of the Departments of Corrections and Human Services and the Juvenile Justice Commission in meeting the standards of a thorough and efficient education in these facilities, the steps underway to correct any deficiencies in their educational programs, and the progress of the educational programs in New Jersey State facilities in comparison with those in the state facilities of other states. At that time the commissioner shall recommend to the Legislature any necessary or desirable changes or modifications in P.L.1979, c.207 (C.18A:7B-1 et al.).

46. Section 2 of P.L.1979, c.241 (C.18A:7C-2) is amended to read as follows:

C.18A:7C-2 Establishment of standards for graduation from secondary schools.

2. Pursuant to guidelines established by the Commissioner of Education, each board of education shall establish standards for graduation from its secondary schools. The standards shall include, but need not be limited to:

a. Satisfactory performance on the Statewide assessment test as provided for in section 1 of P.L.1979, c.241 (C.18A:7C-1);

b. Demonstration of proficiencies in those subject areas and skills identified by the board as necessary for graduation other than those assessed by the Statewide assessment tests.

The Commissioner of Education shall monitor local plans for the assessment of proficiencies required for graduation including techniques and instruments to be used to determine pupil proficiency; required programs designed to provide the opportunity for pupils to progress toward the mastery of proficiencies required for graduation; and remediation programs for pupils who fail to meet graduation proficiency standards in order to assure compliance with the requirement of P.L.1979, c.241 (C.18A:7C-1 et seq.).

The Commissioner of Education shall, upon request of the local board, provide such technical assistance as may be necessary to aid a district in the planning, implementation and evaluation of graduation standards.

47. N.J.S.18A:13-17 is amended to read as follows:

Submission of budget; other questions to voters; adherence to procedures.

18A:13-17. The regional board of education shall, at each annual school election, submit to the voters of the regional district the amount of money fixed and determined in its budget to be voted upon for the use of the regional schools of the district for the ensuing school year and may submit thereat any other question authorized by this law to be submitted at such an election. The board shall follow the procedures established in section 5 P.L.1996, c.138 (C.18A:7F-5) and N.J.S. 18A:22-33.

48. N.J.S.18A:13-19 is amended to read as follows:

Procedure following school board rejection.

18A:13-19. If the voters reject any of the items submitted at the annual election, within two days thereafter the board of education of the regional district shall certify to the governing body of each municipality, included within the regional district, the item or items so rejected, and such governing bodies, after consultation with the board, and no later than May 19 shall determine the amount or amounts for the ensuing school year and cause the same to be certified by the respective municipal clerks to the board of education of the regional district. The board and the governing bodies shall follow the procedures established in section 5 P.L.1996, c.138 (C.18A:7F-5) and N.J.S.18A:22-37.

49. N.J.S.18A:13-20 is amended to read as follows:

Determination certification of amount by commissioner.

18A:13-20. Should said governing bodies fail to so certify or fail to agree and certify different amounts for said purposes, then the commissioner shall determine and certify the amount or amounts to the board of education of the regional district. The commissioner shall follow the procedures established in N.J.S.18A:22-38.

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

Apportionment of appropriations.

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

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1996, c.138 (C.18A:7F-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised

separate constituent school districts; or

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

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

Credits to capital reserve accounts.

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

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

Use of capital reserve accounts.

18A:21-4. A board of education may in any school year draw against its capital reserve account, up to the amount of the balance therein, to the extent that the withdrawal is anticipated as a revenue in the school budget for the then current school year or approved by the commissioner for good cause; provided, that no money drawn from the account may be used for current expenses of the general fund or debt service payments but shall be used exclusively for capital expenses of the general fund or capital projects fund when expressly authorized as part of a referendum.

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

Contents of budget; format.

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

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

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

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

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

- (a) Total to be raised by local property taxes
- (b) Total State aid
  - (i) Core curriculum standards aid
  - (ii) Special education aid
  - (iii) Transportation aid
  - (iv) Early childhood program aid
  - (v) Demonstrably effective program aid
  - (vi) Instructional supplement aid
  - (vii) Supplemental core curriculum standards aid
  - (viii) Distance learning network aid

- (ix) Bilingual aid
- (x) Other (detailed at the discretion of the commissioner)
- (c) Total federal aid
- (i) Elementary and Secondary Education Act of 1965 (20 U.S.C. s.2701 et seq.)
- (ii) Handicapped
- (iii) Impact Aid
- (iv) Vocational
- (v) Other (detailed at the discretion of the commissioner)
- (d) Other sources (detailed at the discretion of the commissioner).
- b. (Deleted by amendment, P.L.1993, c.117).
- c. In the event that the total expenditure for any item of appropriation is equal to \$0.00 for: (1) the preceding school year, (2) the current school year, and (3) the amount estimated to be necessary to be appropriated for the ensuing school year, that item shall not be required to be published pursuant to N.J.S.18A:22-11.
- d. The instruction function of the budget shall be divided at a minimum into elementary (K-5), middle school (6-8), and high school (9-12) cost centers, each of which shall be further divided by the core curriculum content areas. The commissioner shall phase in these requirements as soon as practicable.

54. Section 3 of P.L.1979, c.294 (C.18A:22-8.2) is amended to read as follows:

C.18A:22-8.2 Certain transfers not allowed.

- 3. No transfer may be made under this section from appropriations or surplus accounts for:
  - a. Interest and debt redemption charges;
  - b. Capital reserve account;
  - c. Items classified as general fund expenses except to other items so classified, or to the capital projects fund to supplement the proceeds from a bond authorization or lease purchase agreement upon application to and a formal finding by the commissioner that the transfer is in the best interests of both the students and taxpayers of the district after consideration of alternative corrective actions.

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

Board of school estimate of type I district to determine appropriation amount.

18A:22-14. At or after the public hearing but not later than April 8, the board of school estimate of a type I district shall fix and determine by official action taken at a public meeting of the board the amount of money necessary to be appropriated for the use of the public schools in the district for the ensuing school year pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5), exclusive of the amount which shall have been apportioned to it by the commissioner and shall make two certificates of the amount signed by at least three members of the board, one of which shall be delivered to the board of education and the other to the governing body of the district. Within 15 days after receiving the certificate the board of education shall notify the board of school estimate and governing body of the district if it intends to appeal to the commissioner the board of school estimate's determination as to the amount of money requested pursuant to the provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5), necessary to be appropriated for the use of the public schools of the district for the ensuing school year.

56. N.J.S.18A:22-26 is amended to read as follows:

Board of school estimate of type II district to determine appropriation amount.

18A:22-26. At or after the public hearing but not later than April 8, the board of school estimate of a type II district having a board of school estimate shall fix and determine by a recorded roll call majority vote of its full membership the amount of money necessary to be appropriated for the use of the public schools in the district for the ensuing school year, exclusive of the amount which shall be apportioned to it by the commissioner for the year

pursuant to the provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5) and shall make a certificate of the amount signed by at least a majority of all members of the board, which shall be delivered to the board of education and a copy thereof, certified under oath to be correct and true by the secretary of the board of school estimate, shall be delivered to the county board of taxation on or before April 15 in each year and a duplicate of the certificate shall be delivered to the board or governing body of each of the municipalities within the territorial limits of the district having the power to make appropriations of money raised by taxation in the municipalities or political subdivisions and to the county superintendent of schools and the amount shall be assessed, levied and raised under the procedure and in the manner provided by law for the levying and raising of special school taxes voted to be raised at an annual or special election of the legal voters in type II districts and shall be paid to the treasurer of school moneys of the district for such purposes.

Within 15 days after receiving the certificate the board of education shall notify the board of school estimate, the governing body of each municipality within the territorial limits of the school district, and the commissioner if it intends to appeal to the commissioner the board of school estimate's determination as to the amount of money requested pursuant to the provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5), necessary to be appropriated for the use of the public schools of the district for the ensuing school year.

57. N.J.S.18A:22-32 is amended to read as follows:

Appropriation determination for certain type II districts.

18A:22-32. At or after the public hearing on the budget but not later than 18 days prior to the election, the board of education of each type II district having no board of school estimate shall fix and determine by a recorded roll call majority vote of its full membership the amount of money to be raised pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) and any additional amounts to be voted upon by the legal voters of the district at the annual election pursuant to section 5 of that act, which sum or sums shall be designated in the notice calling the election as required by law.

58. N.J.S.18A:22-33 is amended to read as follows:

Submission of budget and authorization of tax.

18A:22-33. The board of education of each type II district not having a board of school estimate shall at each annual school election, submit to the voters of the district, the amount of money fixed and determined in its budget pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5), excluding therefrom the sum or sums stated therein to be used for interest and debt redemption charges, in the manner provided by law, to be voted upon for the use of the public schools of the district for the ensuing school year, which amount shall be stated in the notice of the election, and the legal voters of the district shall determine at the election, by a majority vote of those voting upon the proposition, the sum or sums, not exceeding those stated in the notice of the election, to be raised by special district tax for said purposes, in the district during the ensuing school year and the secretary of the board of education shall certify the amount so determined upon, if any, and the sums so stated for interest and debt redemption charges, to the county board of taxation of the county within two days following the certification of the election results and the amount or amounts so certified shall be included in the taxes assessed, levied and collected in the municipality or municipalities comprising the district for such purposes.

59. N.J.S.18A:22-37 is amended to read as follows:

Determination by municipalities.

18A:22-37. If the voters reject any of the items submitted at the annual school election, the board of education shall deliver the proposed school budget pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) to the governing body of the municipality, or of each of the municipalities included in the district within two days thereafter. The governing body of the municipality, or

of each of the municipalities, included in the district shall, after consultation with the board, and by May 19, determine the amount which, in the judgment of the body or bodies, is necessary to be appropriated for each item appearing in the budget, pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) and certify to the county board of taxation the totals of the amount so determined to be necessary for each of the following:

- a. General fund expenses of schools; or
- b. Appropriations to capital reserve account.

Within 15 days after the governing body of the municipality or of each of the municipalities included in the district shall make the certification to the county board of taxation, the board of education shall notify the governing body or bodies if it intends to appeal to the commissioner pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) the amount which the body or bodies determined to be necessary to be appropriated for each item appearing in the proposed school budget.

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

Failure to certify; commissioner to act; amount included in tax levy.

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

- a. General fund expenses of schools; or
- b. Appropriations to capital reserve account;

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

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

C.18A:24-87 Definitions.

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

- a. "Commissioner" means the Commissioner of Education of the State of New Jersey;
- b. "Debt service" means and includes payments of principal and interest upon qualified bonds issued pursuant to the terms of this act or amounts required in order to satisfy sinking fund payment requirements with respect to such bonds;
- c. "Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs, established pursuant to P.L.1974, c.35 (C.52:27D-18.1);
- d. "Paying agent" means any bank, trust company or national banking association having the power to accept and administer trusts, named or designated in any qualified bond of a school district or municipality as the agent for the payment of the principal of and interest thereon and shall include the holder of any sinking fund established for the payment of such bonds;
- e. "Qualified bonds" means those bonds of a school district or municipality authorized and issued in conformity with the provisions of this act;
- f. "State board" means the State Board of Education of the State of New Jersey;
- g. "School district" means a Type I, Type II, regional, or consolidated school district as defined in Title 18A of the New Jersey Statutes;
- h. "State school aid" means the funds made available to local school districts pursuant to sections 15 and 17 of P.L.1996, c.138 (C.18A:7F-15 and C.18A:7F-17).

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

C.18A:29-5.6 Determination of teacher base salary.

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

b. In addition to all other funds to which the local district or educational services commission is entitled under the provisions of P.L.1996, c.138 (C.18A:7F-1 et al.) and other pertinent statutes, each board of education or board of directors of an educational services commission shall receive from the State during the 1985-86 academic year and for two years thereafter an amount equal to the sum of the amounts by which the actual salary prescribed for each current full-time teaching staff member under the salary schedule adopted by the local board of education or board of directors for the 1984-85 academic year in the manner prescribed by law is less than \$18,500.00, provided that the teaching staff member has been certified by the local board of education or board of directors as performing his duties in an acceptable manner for the 1984-85 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local board of education or board of directors shall receive from the State on behalf of the newly employed full-time teaching staff members for the 1985-86 academic year and for two years thereafter an amount equal to the sum of the amounts by which the actual salary prescribed for each newly employed full-time teaching staff member under the salary schedule adopted by the local board of education or board of directors for the 1984-85 academic year is less than \$18,500.00. All adjustments for teachers who are hired or who leave employment during the school year and who make less than \$18,500.00 shall be made in the school year following the year in which they were hired or left employment. c. For the 1988-89 academic year and thereafter, this act shall be funded in accordance with the recommendations of the State and Local Expenditure and Revenue Policy Commission created pursuant to P.L.1984, c.213. If the commission's recommendations for funding this program are not enacted into law, this act shall be funded in accordance with subsection d. of this section and sections 9 and 10 of this act.

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

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

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

C.18A:38-7.9 Apportionment of State aid, taxes.

3. a. In the event the designated district is composed of more than one municipality, when allocating equalized valuations or district incomes, pursuant to the provisions of section 3 of P.L.1996, c.138 (C.18A:7F-3), for the purpose of calculating State aid, persons attending schools in the designated district pursuant to section 2 of this act shall be assigned to each municipality comprising the designated district in direct proportion to the number of persons ordinarily attending school from each municipality in the designated district without considering the persons attending pursuant to this act.

b. In the event the designated district is a constituent district of a limited purpose regional district, when allocating equalized valuations or district incomes, pursuant to the provisions of section 3 of P.L.1996, c.138 (C.18A:7F-3), for the purpose of apportioning the amounts to be raised by taxes for the limited purpose regional district of which the designated district is a constituent district, persons attending schools in the designated district pursuant to section 2 of this act shall not be counted.

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

C.18A:38-7.13 Designation of district for pupils residing in multi-district federal enclave.

4. The county superintendent of schools shall, within 120 days of the effective date of this act, certify to the Commissioner of Education which local school district shall be the designated district for persons of school age residing in a multi-district federal enclave. The district certified as the designated district shall count all pupils who reside in a multi-district federal enclave in the resident enrollment of the district for all State aid purposes and shall be designated by the commissioner to receive State aid and all federal funds provided under Pub.L.81-874, (20 U.S.C. s.236 et seq.).

For the purposes of calculating State aid pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.), whenever pupils residing in one district are attending the schools of the designated district, the district income of the resident district shall be allocated between the resident district and the designated district in proportion to the number of pupils residing in the resident district attending the schools of the resident district and designated district.

65. Section 2 of P.L.1995, c.8 (C.18A:38-8.2 ) is amended to read as follows:

C.18A:38-8.2 Representation from sending school district to board of receiving district.

2. A school district which is sending pupils to another school district pursuant to N.J.S.18A:38-8 shall have representation on the board of education of the receiving school district as follows:

a. (1) If the pupils of the sending district comprise less than 10 percent of the total enrollment of the pupils in the grades of the receiving district in which the pupils of the sending district will be enrolled, the sending district shall have no representation on the receiving district board of education.

(2) If the pupils of the sending district comprise at least 10 percent of the total enrollment of the pupils in the grades of the receiving district in which the pupils of the sending district will be enrolled, the sending district shall have one representative on the receiving district board of education.

b. If the total number of pupils of two or more sending districts, which do not qualify for representation under subsection a. of this section, comprise at least 15 percent of the total enrollment of the pupils in the grades of the receiving district in which the pupils of the sending districts will be enrolled, they shall have collectively two representatives on the receiving district board of education. The annual designation of the representatives, in the event more than two districts collectively qualify under this subsection, shall be rotated among the boards of education of the sending districts according to a schedule determined by the joint agreement of the boards.

c. Notwithstanding the provisions of subsections a. and b. of this section, the number of representatives designated by the sending districts to be additional members shall not exceed three additional members on a receiving board with originally nine or more members, two additional members on a receiving board with originally seven or eight members, and one additional member on a receiving board with originally less than seven members. In the event that this restriction results in an unequal representation of sending districts, the annual designation of the representative or representatives shall be rotated among the boards of education of the sending districts according to a schedule determined by the joint agreement of the boards.

d. A representative of a sending district board of education shall be designated at the meeting of the board which is closest in time to the annual organizational meeting of the receiving district board of education and shall serve a one-year term beginning with the organizational meeting of the receiving district board. The representative shall be subject to the rules and procedures of the receiving district board of education.

e. The calculation of percentages required under this section shall be based on the number of pupils reported as of the last school day prior to October 16 of each prebudget year.

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

C.18A:39-1a Adjustment of nonpublic school transportation costs.

2. Beginning in the 1998-99 school year and in each subsequent year, the maximum amount of nonpublic school transportation costs per pupil provided for in N.J.S.18A:39-1 shall be increased or decreased in direct proportion to the increase or decrease in the State transportation aid per pupil in the year prior to the prebudget year compared to the amount for the prebudget year. As used in this section, State transportation aid per pupil shall equal the total State transportation aid payments made pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-25) divided by the number of pupils eligible for transportation.

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

Transportation of other pupils by board.

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

Districts shall not receive State transportation aid pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-25) for the transportation of pupils pursuant to this section.

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

State aid for joint transportation.

18A:39-15. If the county superintendent of the county in which the districts are situate shall approve the necessity, the cost, and the method of providing joint transportation and the agreement whereby the same is to be provided, each board of education providing joint transportation shall be entitled to State transportation aid pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-25).

69. Section 9 of P.L.1991, c.226 (C.18A:40-31 ) is amended to read as follows:

C.18A:40-31 Determination of support limit for school year.

9. a. The support limit for the 1997-98 school year shall be \$61.44. For each school year thereafter the commissioner shall determine the support limit by multiplying the support limit for the previous school year times the sum of 1.0 plus the average annual percentage increase in the consumer price index for the New York and Philadelphia areas during the fiscal year preceding the prebudget year as reported by the United States Department of Labor.

b. On or before November 5 of each year, each board of education shall forward to the commissioner an estimate of the cost of providing, during the next school year, the services required pursuant to this act and the number of pupils attending nonpublic schools located within the district as of the last school day of October of the current school year, excluding those pupils who have refused nursing services pursuant to section 8 of this act. The commissioner shall provide State aid to each school district in an amount equal to the number of nonpublic school pupils within the district identified by the district on or before November 5 multiplied by the State support limit. In the event that the expenditure incurred by any district is less than the amount of State aid received, the district shall refund the unexpended State aid after the completion of the school year, but not later than December 1 of the following school year.

c. If in any year, the amount of State aid appropriated is insufficient to carry out in full the provisions of this act, the commissioner shall apportion that appropriation among the districts in proportion to the State aid each district would have received had the full amount of State aid been appropriated. In any year, no district shall be required to make expenditures for the purposes of this act in excess of the amount of State aid received for these purposes.

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

C.18A:40A-18 Employment of substance awareness coordinators in certain school districts.

11. The Commissioner of Education, in consultation with the Commissioner of Health and

Senior Services, shall develop and administer a program which provides for the employment of substance awareness coordinators in certain school districts.

a. Within 90 days of the effective date of this act, the Commissioner of Education shall forward to each local school board a request for a proposal for the employment of a substance awareness coordinator. A board which wants to participate in the program shall submit a proposal to the commissioner which outlines the district's plan to provide substance abuse prevention, intervention and treatment referral services to students through the employment of a substance awareness coordinator. Nothing shall preclude a district which employs a substance awareness coordinator at the time of the effective date of this act from participating in this program. The commissioner shall select school districts to participate in the program through a competitive grant process. The participating districts shall include urban, suburban and rural districts from the north, central and southern geographic regions of the State with at least one school district per county. In addition to all other State aid to which the local district is entitled under the provisions of P.L.1996, c.138 (C.18A:7F-1 et al.) and other pertinent statutes, each board of education participating in the program shall receive from the State, for a three-year period, the amount necessary to pay the salary of its substance awareness coordinator.

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

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

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

71. N.J.S.18A:44-1 is amended to read as follows:

Establishment of preschool.

18A:44-1. The board of education of any district may establish a preschool school or department in any school under its control, and shall admit to such preschool school or department any child who is under the age at which children are admitted to other schools or classes in such district.

72. N.J.S.18A:44-2 is amended to read as follows:

Establishment of kindergarten.

18A:44-2. The board of education of any district may establish a kindergarten school or kindergarten department, which in order to receive State aid shall be a one-year program in

advance of or in preparation for entrance to first grade, in any school under its control, and may admit to such kindergarten school or department any child over the age of four and under the age of five and shall admit to such kindergarten school or department any child over the age of five and under the age of six years who is a resident of the district.

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

Expenses; how paid.

18A:44-4. The expenses of preschool schools or departments and of kindergarten schools or departments shall be paid out of any moneys available for the general fund expenses of the schools, and in the same manner and under the same restrictions as the expenses of other schools or departments are paid, except when wholly or partly subsidized by restricted funding sources or restricted endowments.

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

Enumeration of facilities and programs.

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

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

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

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

d. A jointure commission program;

e. A State of New Jersey operated program;

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

g. Sending children capable of benefiting from a day school instructional program to privately operated day classes, in New Jersey or, with the approval of the commissioner to meet particular circumstances, in any other state in the United States, the services of which are nonsectarian whenever in the judgment of the board of education with the consent of the commissioner it is impractical to provide services pursuant to subsection a., b., c., d., e. or f. otherwise; h. Individual instruction at home or in school whenever in the judgment of the board of education with the consent of the commissioner it is impracticable to provide a suitable special education program for a child pursuant to subsection a., b., c., d., e., f. or g. otherwise.

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

Whenever any child shall be confined to a hospital, convalescent home, or other institution in New Jersey or in any other state in the United States and is enrolled in an education program approved under this article, or shall be placed in any other State facility as defined in section 3 of P.L.1996, c.138 (C.18A:7F-3), the board of education of the district in which the child resides

shall pay the tuition of that child. The board of education may also furnish (a) the facilities or programs provided in this article to any person over the age of 20 who does not hold a diploma of a high school approved in this State or in any other state in the United States, (b) suitable approved facilities and programs for children under the age of five.

75. Section 14 of P.L.1977, c.193 (C.18A:46-19.8) is amended to read as follows:

C.18A:46-19.8 Estimated cost of services; inclusion in budget; State aid.

14. On November 5 of each year, each board of education shall report the number of nonpublic school children who attended a nonpublic school located within the district who were identified as eligible to receive examination, classification, and speech correction services pursuant to this act during the previous school year. The number of these pupils requiring an initial evaluation or reevaluation for examination and classification shall be multiplied by \$990.73. The number of these pupils requiring an annual review for examination and classification shall be multiplied by \$297.06. The number requiring speech correction shall be multiplied by \$786.70. These products shall be added to determine the estimated cost for providing examination, classification, and speech corrections services to nonpublic school children during the next school year. Each board of education shall report the number of nonpublic school children who attended a nonpublic school located within the district, who were identified as eligible for supplementary instruction services during the preceding school year. The number of these pupils shall be multiplied by \$752.41. This product shall be added to the estimated cost for providing examination, classification and speech correction services.

In preparing its annual budget, each board of education shall include as an expenditure the estimated cost of providing services to nonpublic school children pursuant to P.L.1977, c.193 (C.18A:46-19.1 et al.).

In preparing its annual budget, each board of education shall include as a revenue State aid in an amount equal to the estimated cost of providing services to nonpublic school children pursuant to P.L.1977, c.193 (C.18A:46-19.1 et al.).

During each school year, each district shall receive an amount of State aid equal to 10% of the estimated cost on the first day in September and on the first day of each month during the remainder of the school year. If a board of education requires funds prior to September, the board shall file a written request with the Commissioner of Education stating the need for the funds. The commissioner shall review each request and forward those for which need has been demonstrated to the appropriate officials for payment. In the event the expenditures incurred by any district are less than the amount of State aid received, the district shall refund the unexpended State aid after completion of the school year. The refunds shall be paid no later than December 1. In any year, a district may submit a request for additional aid pursuant to P.L.1977, c.193 (C.18A:46-19.1 et al.). If the request is approved and funds are available from refunds of the prior year, payment shall be made in the current school year.

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

Transportation of pupils; special classes; handicapped children; State aid.

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

The board of education shall furnish transportation to all children being sent by local boards of education to an approved 12-month program pursuant to N.J.S.18A:46-14, or any other program approved pursuant to N.J.S.18A:46-14 and who qualify therefor pursuant to law, during the entire time the child is attending the program. The board shall furnish transportation for a lesser distance also to a handicapped child, if it finds upon the advice of the examiner, his handicap to be such as to make the transportation necessary or advisable.

The school district shall be entitled to State aid for the transportation pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-25) when the necessity for the transportation and the cost and

method thereof have been approved by the county superintendent of the county in which the district paying the cost of the transportation is situated.

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

C.18A:46-31 Powers, duties of special services school district board of education.

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

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

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

Unless specifically designated, county special services school districts shall not receive State aid under the provisions of P.L.1996, c.138 (C.18A:7F-1 et al.). The county special services general fund budget, exclusive of any county contribution, shall not exceed the general fund budget, exclusive of any county contribution, in the prebudget year adjusted by the CPI or three percent, whichever is greater, plus an enrollment factor.

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

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

d. (Deleted by amendment, P.L.1991, c.62).

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

C.18A:46A-9 Apportionment of State aid; calculation.

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

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

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

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

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

Assessment for maintenance of audiovisual aids center.

18A:51-7. The commission shall assess against the participating school districts a sum which, together with any anticipated State aid and private donations, shall be required for the establishment and maintenance of the county educational audiovisual aids center during the first year and for the maintenance and operation of the same, during each year thereafter, which total annual assessment shall be apportioned among the participating school districts in the proportion which the resident enrollment of the pupils for the prebudget year of each such district shall bear to the total resident enrollment of the pupils for the prebudget year of all of the participating school districts as determined by the commissioner.

80. N.J.S.18A:54-28 is amended to read as follows:

Estimate by board of education of general fund expenses.

18A:54-28. On or before the fourth Tuesday in March in each year the board of education of a county vocational school district shall prepare and deliver to each member of the board of school estimate an itemized statement of the amount of money estimated to be necessary for the general fund expenses of the county vocational school district for the ensuing school year. The board of education shall follow the procedures established in section 5 of P.L.1996, c.138 (C.18A:7F-5).

81. N.J.S.18A:54-29 is amended to read as follows:

Fixing, determining amounts necessary to be raised.

18A:54-29. Between the fourth Tuesday in March and April 8 in each year the board of school estimate shall fix and determine by action taken at a public meeting of the board the amount of money necessary to be appropriated for the use of the county vocational school district for the ensuing school year exclusive of the amount to be received from the State as provided in section 18A:54-32. The board of education of the county vocational school district and the board of school estimate shall follow the procedures established in section 5 of P.L.1996, c.138 (C.18A:7F-5).

82. N.J.S.18A:55-2 is amended to read as follows:

Withholding of funds from district.

18A:55-2. The commissioner shall direct the State treasurer to withhold funds payable by

the State from any district which fails to obey the law or the rules or directions of the State board or the commissioner.

The county superintendent with the approval of the commissioner may direct the treasurer of the school moneys of a school district to withhold all moneys received by him from the State treasurer and then remaining in his hands to the credit to the district, whenever the board of education of the district, or any officer thereof, or the legal voters of any school district, or any board or officer of the municipality in which any such school districts is situate, shall neglect or refuse to perform any duty imposed upon such board, officer, or legal voters by this title or by the rules of the State board. The treasurer shall withhold such moneys until he shall receive notice from the county superintendent that the board, officer, or legal voters have performed such duty.

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

C.18A:58-37.6 Expenditure of aid.

6. State aid provided pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) may be expended for the purchase and loan of textbooks for public school pupils in an amount which shall not exceed the State average budgeted textbook expense for the prebudget year per pupil in resident enrollment. Nothing contained herein shall prohibit a board of education in any district from purchasing textbooks in excess of the amounts provided pursuant to this act.

C.18A:7F-34 Rules, regulations.

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

Repealer.

85. The following acts and parts of acts are hereby repealed:

P.L.1990, c.84 (C.18A:6-33.15 through 18A:6-33.17)

Sections 1, 2, 4 through 9, 12 and 48 of P.L.1975, c.212 (C.18A:7A-1, 18A:7A-2, 18A:7A-4 through 18A:7A-9, 18A:7A-12 and 18A:7A-31);

Section 5 of P.L.1991, c.3 (C.18A:7A-6.1);

Section 6 of P.L.1991, c.3 (C.18A:7A-14.2);

Sections 1 through 4, 6 through 10, 11 through 17, 80, 81, 18, 84, 19 through 22, 85, 23, 24, 87, 89, and 25 through 28 of P.L.1990, c.52 (C.18A:7D-1 through 18A:7D-4, 18A:7D-6 through 18A:7D-10 and 18A:7D-13 through 18A:7D-36);

Section 26 of P.L.1991, c.62 (C.18A:7D-21.1);

Section 3 of P.L.1993, c.80 (C.18A:7D-27.1);

Sections 33, 38, 34 and 36 of P.L.1991, c.62 (C.18A:7D-28.1 through 18A:7D-28.4);

Section 3 of P.L.1993, c.67 (C.18A:7D-37);

P.L.1995, c.236 (C.18A:7E-6 through 18A:7E-9);

N.J.S.18A:17-44;

Section 4 of P.L. 1979, c.294 (C.18A:22-8.3);

Sections 8 through 11, 13 and 14 of P.L.1985, c.321 (C.18A:29-5.7 through 18A:29-5.12);

Section 73 of P.L.1990, c.52 (C.18A:54-20.2);

N.J.S.18A:54-32;

N.J.S.18A:58-9;

P.L.1984, c.226 (C.18A:58-68 through 18A:58-76); and

Section 3 of P.L.1996, c. 48 (C.34:1B-7.23a).

86. This act shall take effect immediately and shall first apply to the 1997-98 school year.

Approved December 20, 1996.