

[Corrected Copy]

**ASSEMBLY, No. 500**

**STATE OF NEW JERSEY**

**212th LEGISLATURE**

INTRODUCED JANUARY 3, 2008

**Sponsored by:**

**Assemblyman JOSEPH J. ROBERTS, JR.**

**District 5 (Camden and Gloucester)**

**Assemblyman JOSEPH VAS**

**District 19 (Middlesex)**

**Assemblyman HERB CONAWAY, M.D.**

**District 7 (Burlington and Camden)**

**Assemblyman LOUIS D. GREENWALD**

**District 6 (Camden)**

**Assemblyman JOSEPH CRYAN**

**District 20 (Union)**

**Assemblyman JOHN J. BURZICHELLI**

**District 3 (Salem, Cumberland and Gloucester)**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblyman DAVID R. MAYER**

**District 4 (Camden and Gloucester)**

**Assemblyman NEIL M. COHEN**

**District 20 (Union)**

**Co-Sponsored by:**

**Assemblyman Chivukula and Senator Buono**

**SYNOPSIS**

The "School Funding Reform Act of 2008."

**CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 1/8/2008)

A500 ROBERTS, VAS

2

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

4

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

7

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

10

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

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

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

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

30 d. Every child in New Jersey must have an opportunity for an  
31 education based on academic standards that satisfy constitutional  
32 requirements regardless of where the child resides, and public funds  
33 allocated to this purpose must be expended to support schools that  
34 are thorough and efficient in delivering those educational standards.  
35 In turn, school districts must be assured the financial support  
36 necessary to provide those constitutionally compelled educational  
37 standards. Any school funding formula should provide State aid for  
38 every school district based on the characteristics of the student  
39 population and up-to-date measures of the individual district’s  
40 ability to pay.

41 e. New Jersey’s current public school funding formula,  
42 established under the provisions of the “Comprehensive  
43 Educational Improvement and Financing Act of 1996,” (CEIFA)  
44 P.L.1996, c.138, has not been used to calculate State aid for public

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

**Matter underlined thus is new matter.**

1 schools since the 2001-02 school year. Any new school funding  
2 formula should account for changes in enrollment and other  
3 significant developments, providing relief to those districts that  
4 have experienced substantial enrollment increases.

5 f. The decisions in the Abbott cases have resulted in frequent  
6 litigation and a fragmented system of funding under which limited  
7 resources cannot be distributed equitably to all districts where at-  
8 risk children reside, instead dividing the districts sharply into  
9 Abbott and non-Abbott categories for funding purposes without  
10 regard to a district's particular pupil characteristics and leading to  
11 needlessly adversarial relationships among school districts and  
12 between districts and the State.

13 g. In the absence of a clear, unitary, enforceable statutory  
14 formula to govern appropriations for education, crucial funding  
15 decisions are made annually, in competition for limited State  
16 resources with other needs and requirements as part of the annual  
17 budget negotiation process, utilizing many different classes and  
18 categories of aid, leading to an uncertain, unpredictable, and  
19 untenable funding situation for the State and school districts alike.

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

34 i. The formula established under this bill is the product of a  
35 careful and deliberative process that first involved determining the  
36 educational inputs necessary to provide a high-quality education,  
37 including specifically addressing the supplemental needs of at-risk  
38 students and those with limited English proficiency (LEP), and a  
39 determination of the actual cost of providing those programs. The  
40 formula provides adequate funding that is realistically geared to the  
41 core curriculum content standards, thus linking those standards to  
42 the actual funding needed to deliver that content.

43 j. In recognition of the unique problems and cost disadvantages  
44 faced by districts with high concentrations of at-risk students, it is  
45 appropriate to reflect in the formula a greater weight as the district's  
46 proportion of at-risk students increases. In addition, the new  
47 formula recognizes the disadvantages of an expanded group of  
48 students by including in the definition of at-risk those students who

1 qualify for free or reduced-price lunch. Expanding the definition of  
2 at-risk students in this manner will significantly increase the  
3 resources flowing to districts with high concentrations of these low-  
4 income students.

5 k. In light of the demonstrable, beneficial results and success of  
6 the current Abbott preschool program, it is appropriate to build  
7 upon this success by incorporating in the formula an expanded high-  
8 quality preschool program for all children who qualify for free and  
9 reduced price meals in all districts. It is appropriate for the formula  
10 to acknowledge that at-risk children do not always receive the same  
11 educational exposure at an early age as their peers and to provide  
12 the additional resources necessary through high-quality preschool to  
13 prepare every child to learn and succeed.

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

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

24 n. In recognition of the potentially wide variability in special  
25 education costs, even for the same category of disability, from  
26 district to district, it is appropriate for the new funding formula to  
27 mitigate the impact of that variability by establishing a census  
28 model based on the actual Statewide average excess cost of  
29 educating special education students and by providing for an  
30 increase in State aid for extraordinary costs incurred by districts.

31 o. It is imperative that any new school funding formula work in  
32 conjunction with the key school accountability measures that have  
33 been enacted in recent years to promote greater oversight,  
34 transparency, and efficiency in the delivery of educational services.  
35 These accountability measures include the New Jersey Quality  
36 Single Accountability Continuum, the "School District Fiscal  
37 Accountability Act," P.L.2006, c.15 (C.18A:7A-54 et seq.),  
38 P.L.2007, c.63 (C.40A:65-1 et al.) which established the duties and  
39 responsibilities of the executive county superintendent of schools,  
40 and P.L.2007, c.53 (C.18A:55-3 et al.).

41 p. Together with a renewed legislative focus on and commitment  
42 to providing sufficient means to maintain and support a high-quality  
43 system of free public schools in the State, a new funding formula  
44 supported by significantly increased State resources will ensure  
45 compliance with all statutory and constitutional mandates. Districts  
46 that were formerly designated as Abbott districts will be provided  
47 sufficient resources to continue those Court-identified programs,  
48 positions, and services that have proven effective while being

1 provided the flexibility to shift resources and programmatic focus  
2 based on the needs of their students and current research.

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

15

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

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

22 "Base per pupil amount" means the cost per elementary pupil of  
23 delivering the core curriculum content standards and extracurricular  
24 and cocurricular activities necessary for a thorough and efficient  
25 education;

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

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

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

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

34 "Commissioner" means the Commissioner of Education;

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

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

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

45 "CPI" means the increase, expressed as a decimal, in the average  
46 annualized consumer price index for the New York City and  
47 Philadelphia areas in the fiscal year preceding the prebudget year

1 relative to the previous fiscal year as reported by the United States  
2 Department of Labor;

3 “Debt Service” means payments of principal and interest upon  
4 school bonds and other obligations issued to finance the purchase or  
5 construction of school facilities, additions to school facilities, or the  
6 reconstruction, remodeling, alteration, modernization, renovation or  
7 repair of school facilities, including furnishings, equipment,  
8 architect fees, and the costs of issuance of such obligations and  
9 shall include payments of principal and interest upon bonds  
10 heretofore issued to fund or refund such obligations, and upon  
11 municipal bonds and other obligations which the commissioner  
12 approves as having been issued for such purposes;

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

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

39 “Full-day preschool” means a preschool day consisting of a six-  
40 hour comprehensive educational program in accordance with the  
41 district’s kindergarten through grade 12 school calendar;

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

45 “General special education services pupil” means a pupil  
46 receiving specific services pursuant to chapter 46 of Title 18A of  
47 the New Jersey Statutes;

- 1       “Geographic cost adjustment” means an adjustment that reflects  
2 county differences in the cost of providing educational services that  
3 are outside the control of the district;
- 4       "Household income" means income as defined in 7 CFR245.2  
5 and 245.6 or any subsequent superseding federal law or regulation;
- 6       “Net budget” means the sum of the district’s general fund tax  
7 levy, State aid received pursuant to the provisions of this act other  
8 than preschool education aid, miscellaneous revenue estimated  
9 pursuant to GAAP, and designated general fund balance;
- 10       “Prebudget year” means the school fiscal year preceding the year  
11 in which the school budget is implemented;
- 12       “Nonpreschool ECPA” means the amount of early childhood  
13 program aid, excluding prior year carry-forward amounts, included  
14 in a district’s 2007-2008 school year budget certified for taxes that  
15 was allocated to grades K through 3;
- 16       “Report” means the Educational Adequacy Report issued by the  
17 commissioner pursuant to section 4 of this act;
- 18       "Resident enrollment" means the number of pupils other than  
19 preschool pupils, post-graduate pupils, and post-secondary  
20 vocational pupils who, on the last school day prior to October 16 of  
21 the current school year, are residents of the district and are enrolled  
22 in: (1) the public schools of the district, excluding evening schools,  
23 (2) another school district, other than a county vocational school  
24 district in the same county on a full-time basis, or a State college  
25 demonstration school or private school to which the district of  
26 residence pays tuition, or (3) a State facility in which they are  
27 placed by the district; or are residents of the district and are: (1)  
28 receiving home instruction, or (2) in a shared-time vocational  
29 program and are regularly attending a school in the district and a  
30 county vocational school district. In addition, resident enrollment  
31 shall include the number of pupils who, on the last school day prior  
32 to October 16 of the prebudget year, are residents of the district and  
33 in a State facility in which they were placed by the State. Pupils in  
34 a shared-time vocational program shall be counted on an equated  
35 full-time basis in accordance with procedures to be established by  
36 the commissioner. Resident enrollment shall include regardless of  
37 nonresidence, the enrolled children of teaching staff members of the  
38 school district or county vocational school district who are  
39 permitted, by contract or local district policy, to enroll their  
40 children in the educational program of the school district or county  
41 vocational school district without payment of tuition. Disabled  
42 children between three and five years of age and receiving programs  
43 and services pursuant to N.J.S.18A:46-6 shall be included in the  
44 resident enrollment of the district;
- 45       “School district” means any local or regional school district  
46 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
47 New Jersey Statutes;

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

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

17       “Statewide equalized school tax rate” means the amount  
18 calculated by dividing the general fund tax levy for all school  
19 districts, which excludes county vocational school districts and  
20 county special services school districts as defined pursuant to this  
21 section, in the State for the prebudget year by the equalized  
22 valuations certified in the year prior to the prebudget year of all  
23 taxing districts in the State except taxing districts for which there  
24 are not school tax levies.

25

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

31       The Commissioner of Education shall develop and establish,  
32 through the report issued pursuant to subsection b. of this section,  
33 efficiency standards which define the types of programs, services,  
34 activities, and materials necessary to achieve a thorough and  
35 efficient education.

36       b. By September 1 of 2010 and by September 1 every three  
37 years thereafter, the Governor, after consultation with the  
38 commissioner, shall recommend to the Legislature through the  
39 issuance of the Educational Adequacy Report for the three school  
40 years to which the report is applicable:

41       (1) the base per pupil amount based upon the core curriculum  
42 content standards established pursuant to subsection a. of this  
43 section;

44       (2) the per pupil amounts for full-day preschool;

45       (3) the weights for grade level, county vocational school  
46 districts, at-risk pupils, bilingual pupils, and combination pupils;

47       (4) the cost coefficients for security aid and transportation aid;



1 (5) the State average classification rate for general special  
2 education services pupils and for speech-only pupils;

3 (6) the excess cost for general special education services pupils  
4 and for speech-only pupils; and

5 (7) the extraordinary special education aid thresholds.

6 The base per pupil amount, the per pupil amounts for full-day  
7 preschool, the excess costs for general special education services  
8 pupils and for speech-only pupils, and the cost-coefficients for  
9 security aid and transportation aid shall be adjusted by the CPI for  
10 each of the two school years following the first school year to  
11 which the report is applicable.

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

21

22 5. (New section) a. Notwithstanding any provision of this act  
23 to the contrary, the total stabilized aid for each district shall not be  
24 increased by more than the district's State aid growth limit. In the  
25 event that total stabilized aid exceeds the prebudget year total by a  
26 rate greater than the State aid growth limit, the commissioner shall  
27 adjust the components of total stabilized aid so that they total  
28 exactly the prebudget year total increased by the State aid growth  
29 limit.

30 b. For the 2008-2009 school year, the prebudget year total shall  
31 include Core Curriculum Standards Aid, Supplemental Core  
32 Curriculum Standards Aid, Education Opportunity Aid, Above  
33 Average Enrollment Growth Aid, High Expectations for Learning  
34 Proficiency Aid, Instructional Supplement Aid, Demonstrably  
35 Effective Program Aid, Stabilization Aid, Supplemental  
36 Stabilization Aid, Adult and Postsecondary Education Grants,  
37 Bilingual Education Aid, Special Education Aid, County Vocational  
38 Program Aid, Transportation Aid, School Choice Aid, Consolidated  
39 Aid, Additional Formula Aid, Full-day Kindergarten Supplemental  
40 Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid,  
41 Nonpreschool ECPA, Extraordinary Special Education Aid paid in  
42 2006-2007, and Aid for Enrollment Adjustments, taking into  
43 consideration the June 2008 payment made in July 2008. For the  
44 2009-2010 school year and thereafter, the prebudget year total shall  
45 be the total for the same aid categories as included in total  
46 stabilized aid.

1 c. For the 2008-2009 school year, total stabilized aid shall  
2 include equalization aid, special education categorical aid,  
3 extraordinary special education aid projected for 2008-2009,  
4 security aid, and transportation aid.

5 For the 2009-2010 school year and thereafter, total stabilized aid  
6 shall include equalization aid, special education categorical aid,  
7 security aid, and transportation aid.

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

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

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

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

41  
42 6. (New section) Beginning in the 2009-2010 school year and  
43 for each school year thereafter, the amount of equalization aid for  
44 the budget year shall equal the total Statewide equalization aid  
45 calculated pursuant to section 11 of this act for the prebudget year  
46 and prior to the application of section 5 of this act indexed by the  
47 sum of 1.0, the CPI, and the State average enrollment growth

1 percentage between the prebudget year and the budget year as  
2 projected by the commissioner.

3  
4 7. (New section) The commissioner shall determine, based on  
5 the standards established pursuant to section 4 of this act, a base per  
6 pupil amount, and shall develop appropriate weights reflecting the  
7 differing costs of providing education at the kindergarten,  
8 elementary, middle school, and high school levels, which weights  
9 shall be applied in determining a district's base cost as set forth in  
10 section 8 of this act. The base per pupil amount for the 2008-2009  
11 school year shall be \$9,649. The weight for kindergarten shall be  
12 0.5 in the case of a pupil enrolled in a half-day kindergarten  
13 program and 1.0 in the case of a pupil enrolled in a full-day  
14 kindergarten program, and shall be 1.0 for the elementary (grades  
15 1-5) level, 1.04 for the middle school (grades 6-8) level, and 1.17  
16 for the high school (grades 9-12) level.

17 The base per pupil amount shall be adjusted by the CPI in the  
18 2009-2010 and 2010-2011 school years as required pursuant to  
19 subsection b. of section 4 of this act. For subsequent school years,  
20 the base per pupil amount and the grade level weights shall be  
21 established in the Educational Adequacy Report, with the base per  
22 pupil amount adjusted by the CPI for each of the two school years  
23 following the first school year to which the report is applicable.

24  
25 8. (New section) a. The weighted enrollment for each school  
26 district and county vocational school district shall be calculated as  
27 follows:

28  $WENR = (PW \times PENR) + (EW \times EENR) + (MW \times MENR) + (HW$   
29  $\times HENR)$

30 where

31 PW is the applicable weight for kindergarten enrollment;

32 EW is the weight for elementary enrollment;

33 MW is the weight for middle school enrollment;

34 HW is the weight for high school enrollment;

35 PENR is the resident enrollment for kindergarten;

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

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

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

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

41 b. The base cost for each school district shall be calculated as  
42 follows:

43  $BC = BPA \times WENR$ ; and

44 the base cost for each county vocational school district shall be  
45 calculated as follows:

46  $BC = BPA \times WENR \times 1.31$

47 where

48 BPA is the base per pupil amount; and

1 WENR is the weighted enrollment of the school district or  
2 county vocational school district.

3

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

7  $AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + SE \text{ Census}) \times$   
8  $GCA$

9 where

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

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

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

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

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

24 GCA is geographic cost adjustment.

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

28 b. AR Cost shall be calculated as follows:

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

30 where

31 BPA is the base per pupil amount;

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

35 AR Weight is the at-risk weight.

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

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

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

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

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

48 c. LEP Cost shall be calculated as follows:

1       LEP Cost = BPA x LWENR x LEP Weight

2       where

3       BPA is the base per pupil amount;

4       LWENR is the weighted enrollment for the bilingual education  
5       pupils of the school district or county vocational school district,  
6       which shall not include combination pupils; and

7       LEP Weight is the bilingual pupil weight.

8       For the 2008-2009 through 2010-2011 school years the LEP weight  
9       shall be 0.5. For subsequent school years, the LEP weight shall be  
10       established in the Educational Adequacy Report.

11       d. COMB Cost shall be calculated as follows:

12       COMB Cost = BPA x CWENR x (AR Weight + COMB Weight)

13       where

14       BPA is the base per pupil amount;

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

17       AR Weight is the at-risk weight; and

18       COMB Weight is the combination pupil weight.

19       For the 2008-2009 through 2010-2011 school years the COMB  
20       weight shall be 0.125. For subsequent school years, the COMB  
21       weight shall be established in the Educational Adequacy Report.

22       e. SE Census shall be calculated as follows:

23       SE Census = (RE x SEACR x AEC x 2/3) + (RE x SACR x SEC)

24       where

25       RE is the resident enrollment of the school district or county  
26       vocational school district;

27       SEACR is the State average classification rate for general special  
28       education services pupils;

29       AEC is the excess cost for general special education services  
30       pupils;

31       SACR is the State average classification rate for speech-only  
32       pupils; and

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

34       For the 2008-2009 through 2010-2011 school years the State  
35       average classification rate shall be 14.69% for general special  
36       education services pupils and 1.897% for speech-only pupils. For  
37       subsequent school years, the State average classification rates shall  
38       be established in the Educational Adequacy Report.

39       For the 2008-2009 school year the excess cost shall be \$10,898  
40       for general special education services pupils and \$1,082 for speech-  
41       only pupils. The excess cost amounts shall be adjusted by the CPI  
42       in the 2009-2010 and 2010-2011 school years as required pursuant  
43       to subsection b. of section 4 of this act. For subsequent school  
44       years, the excess cost amounts shall be established in the  
45       Educational Adequacy Report, with the amounts adjusted by the  
46       CPI for each of the two school years following the first school year  
47       to which the report is applicable.

1       10. (New section) Each school district and county vocational  
2 school district shall receive equalization aid predicated on a local  
3 share determined by district property wealth and district income.

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

5        $LSHARE = (EQVAL \times PVR \times 50\%) + (INC \times INR \times 50\%)$

6 where

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

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

10       INC is the district's income; and

11       INR is the Statewide income rate determined pursuant to  
12 subsection c. of this section.

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

15        $LSHARE = (COLSHARE/COAB) \times AB$

16 where

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

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

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

23       c. For the 2008-2009 school year, the property value rate shall  
24 be set at 0.0092690802 and the income value rate shall be set at  
25 0.04546684. For subsequent school years the values for the  
26 property value rate and the income value rate shall be annually  
27 determined by the commissioner as follows:

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

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

45       In the event that these rates, when used in accordance with the  
46 provisions of this section and assuming that each district's general  
47 fund levy is equal to its local share, do not result in equalization aid  
48 for all districts equal to the Statewide available equalization aid, the

1 commissioner shall adjust these rates appropriately, giving equal  
2 weight to each.

3

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

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

8 where

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

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

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

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

21

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

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

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

35 where

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

38 IDA is the per pupil aid amount for an in-district preschool  
39 program;

40 PRE is the number of district pupils, other than preschool  
41 disabled pupils, in a preschool program operated by a licensed child  
42 care provider;

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

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

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

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

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

$$15 \text{ Aid} = (\text{ARID} \times \text{IDA}) + (\text{ARP} \times \text{PRA}) + (\text{ARHS} \times \text{HSA})$$

16 where

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

19 IDA is the per pupil aid amount for an in-district preschool  
20 program;

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

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

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

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

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

39 c. (1) In the case of a school district that did not receive any  
40 form of preschool aid in the 2007-2008 school year, the 2008-2009  
41 school year shall be a preschool planning year. Beginning in the  
42 2009-2010 school year, the school district shall receive preschool  
43 education aid calculated in accordance with the provisions of  
44 subsection a. of this section based upon projected preschool  
45 enrollment.

46 In the 2009-2010 school year the school district may also receive  
47 start-up funds in accordance with regulations adopted by the  
48 commissioner.



1       (2) In the case of a school district that received Early Launch to  
2 Learning Initiative aid in the 2007-2008 school year, for the 2008-  
3 2009 school year the district shall receive preschool education aid  
4 in an amount equal to the district's allocation of Early Launch to  
5 Learning Initiative aid in the 2007-2008 school year. Beginning in  
6 the 2009-2010 school year, the school district shall receive  
7 preschool education aid calculated in accordance with the  
8 provisions of subsection a. of this section based upon projected  
9 preschool enrollment.

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

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

35       In the 2009-2010 school year the school district may also receive  
36 start-up funds in accordance with regulations adopted by the  
37 commissioner.

38       (4) In the case of a school district that received preschool  
39 expansion aid or education opportunity aid in the 2007-2008 school  
40 year, for the 2008-2009 school year the district shall receive  
41 preschool education aid in an amount equal to the preschool budget  
42 approved by the commissioner for the 2008-2009 school year.  
43 Preschool education aid for the 2008-2009 school year shall be  
44 adjusted following receipt of the Application for State School Aid  
45 in October 2008. Beginning in the 2009-2010 school year, the  
46 school district shall receive preschool education aid calculated in  
47 accordance with the provisions of subsection a. of this section based  
48 upon projected preschool enrollment; except that for any school

1 year the district shall not receive preschool aid in an amount less  
2 than either the total amount of preschool aid the district received in  
3 the 2008-2009 school year after the State aid adjustment or the  
4 district's 2008-2009 school year preschool per pupil aid amount  
5 multiplied by the projected number of preschool pupils after the  
6 State aid adjustment, whichever is greater.

7 In the 2009-2010 school year the school district may also receive  
8 start-up funds in accordance with regulations adopted by the  
9 commissioner.

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

21 e. A district shall appropriate preschool education aid in a  
22 special revenue fund for expenditure. In the event that any  
23 preschool education aid is not expended during the budget year, the  
24 aid may be carried forward in accordance with regulations adopted  
25 by the commissioner.

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

39 g. A school district shall maintain the preschool quality standards  
40 as adopted by the commissioner as a condition of receipt of  
41 preschool education aid.

42

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

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

47 where

1 RE is the resident enrollment of the school district or county  
2 vocational school district;

3 SEACR is the State average classification rate for general special  
4 education services pupils;

5 AEC is the excess cost for general special education services  
6 pupils; and

7 GCA is the geographic cost adjustment as developed by the  
8 commissioner.

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

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

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

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

41 (3) In those instances in which a pupil is educated in a separate  
42 private school for students with disabilities and the tuition for an  
43 individual classified pupil exceeds \$55,000, for tuition costs in  
44 excess of \$55,000 a district shall receive extraordinary special  
45 education State aid equal to 75% of the amount of that excess in  
46 accordance with the provisions of paragraph (4) of this subsection.

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

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20

1       EA = ((ADC-\$40,000) x .90) + (((AIC - \$40,000) + (ASC -  
2       \$55,000)) x .75)

3       where

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

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

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

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

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

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

31       e. The department shall review expenditures of federal and State  
32       special education aid by a district in every instance in which special  
33       education monitoring identifies a failure on the part of the district to  
34       provide services consistent with a pupil's Individualized Education  
35       Plan.

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

43       g. A school district may apply to the commissioner to receive  
44       additional special education categorical aid if the district has an  
45       unusually high rate of low-incidence disabilities, such as autism,  
46       deaf/blindness, severe cognitive impairment, and medically fragile.  
47       In applying for the aid the district shall: demonstrate the impact of  
48       the unusually high rate of low-incidence disabilities on the school

1 district budget and the extent to which the costs to the district are  
 2 not sufficiently addressed through special education aid and  
 3 extraordinary special education aid; and provide details of all  
 4 special education expenditures, including details on the use of  
 5 federal funds to support those expenditures.

6

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

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

11 where

12 RE means the school district's or county vocational school  
 13 district's resident enrollment;

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

15 ARSA means the at-risk security amount; and

16 GCA is the geographic cost adjustment as developed by the  
 17 commissioner.

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

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

23 for a district in which the concentration of at-risk pupils is equal  
 24 to or greater than 40%, the at-risk security amount shall equal  
 25 \$406.

26 The security cost coefficients, \$70, \$10.15 and \$406, used to  
 27 determine the security amount, shall be adjusted by the CPI in the  
 28 2009-2010 and 2010-2011 school years as required pursuant to  
 29 subsection b. of section 4 of this act. For subsequent school years,  
 30 the cost coefficients shall be established in the Educational  
 31 Adequacy Report, with adjustments by the CPI for each of the two  
 32 school years following the first school year to which the report is  
 33 applicable.

34

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

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

39 where

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

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

42 P1 is the total number of regular education public pupils and  
 43 regular nonpublic pupils eligible for transportation pursuant to  
 44 N.J.S.18A:39-1, excluding preschool pupils except pupils that  
 45 qualify for free full-day preschool pursuant to section 12 of this act,  
 46 and of special education pupils eligible for transportation pursuant  
 47 to N.J.S.18A:46-23 with no special transportation requirements,

1 who are resident in the district as of the last school day prior to  
2 October 16 of the prebudget year;

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

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

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

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

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

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

29 CP1 = \$383.88;

30 CD1 = \$10.50;

31 CP2 = \$2,675.77; and

32 CD2 = \$5.10.

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

40 c. For the 2008-2009 school year each district and county  
41 vocational district shall receive State transportation aid in an  
42 amount equal to the school district's or county vocational school  
43 district's State aid entitlement calculated pursuant to subsections a.  
44 and b. of this section multiplied by 81.4876%.

45 d. Each executive county superintendent of schools shall  
46 complete a study of pupil transportation services in the county no  
47 later than 18 months after the effective date of P.L. , c. (C. )  
48 (pending before the Legislature as this bill). The purpose of the

1 study shall be to determine ways to provide pupil transportation  
2 services in a more cost-effective and efficient manner. The study  
3 shall be transmitted upon completion to the Commissioner of  
4 Education and to the Legislature pursuant to section 2 of P.L.1991,  
5 c.164 (C.52:14-19.1).

6  
7 16. (New section) a. (1) For the 2008-2009 school year, each  
8 school district and county vocational school district shall receive  
9 adjustment aid in such amount as to ensure that the district receives  
10 the greater of the amount of State aid calculated for the district  
11 pursuant to the provisions of this act or the State aid received by the  
12 district for the 2007-2008 school year multiplied by 102%. The  
13 State aid received by the district for the 2007-2008 school year shall  
14 include the following aid categories: Core Curriculum Standards  
15 Aid, Supplemental Core Curriculum Standards Aid, Education  
16 Opportunity Aid, Above Average Enrollment Growth Aid, High  
17 Expectations for Learning Proficiency Aid, Instructional  
18 Supplement Aid, Demonstrably Effective Program Aid,  
19 Stabilization Aid, Supplemental Stabilization Aid, Adult and  
20 Postsecondary Education Grants, Bilingual Education Aid, Special  
21 Education Aid, County Vocational Program Aid, Transportation  
22 Aid, School Choice Aid, Consolidated Aid, Additional Formula  
23 Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk  
24 Aid, Abbott-Bordered District Aid, Nonpreschool ECPA,  
25 Extraordinary Special Education Aid paid in 2006-2007, and Aid  
26 for Enrollment Adjustments, taking into consideration the June  
27 2008 payment made in July 2008.

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

35 (3) For the 2011-2012 school year and for each school year  
36 thereafter, a school district or county vocational school district that  
37 does not have a decline in its weighted enrollment, adjusted for  
38 bilingual education pupils and at-risk pupils, between the 2008-2009  
39 school year and the budget year that is greater than 5% shall receive  
40 adjustment aid in such amount as to ensure that the district receives the  
41 greater of the amount of State aid calculated pursuant to the provisions  
42 of this act or the State aid, other than educational adequacy aid,  
43 received by the district for the 2008-2009 school year.

44 (4) For the 2011-2012 school year and for each school year  
45 thereafter, a school district or county vocational school district that has  
46 a decline in its weighted enrollment, adjusted for bilingual education  
47 pupils and at-risk pupils, between the 2008-2009 school year and the  
48 budget year that is greater than 5% shall have its adjustment aid

1 reduced in an amount equal to the district's 2008-2009 per pupil  
 2 adjustment aid amount multiplied by the decline in its resident  
 3 enrollment that is greater than 5%.

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

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

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

19 (3) the district has an equalized school tax rate that is greater  
 20 than 110% of the Statewide average equalized school tax rate and is  
 21 located in a municipality with an equalized total tax rate that is  
 22 greater than 120% of the Statewide average equalized total tax rate;  
 23 and

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

27 An eligible district shall receive educational adequacy aid for the  
 28 2008-2009 school year in accordance with the following formula:

29  $EA\ aid = ((AB + SE + SA) - (GFL + A08)) \times .33 - ls - SA;$

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

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

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

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

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

40 ls is the district's prebudget year general fund local levy,  
 41 multiplied by 4% in the case of a district which meets the criteria of  
 42 paragraph (2) or paragraph (3) of this subsection, or in the case of a  
 43 district which does not meet those criteria multiplied by 6%; and

44 SA is any increase in State aid between the prebudget and budget  
 45 years.

46 An eligible district shall receive educational adequacy aid for the  
 47 2009-2010 school year in accordance with the following formula:

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



1 An eligible district shall receive educational adequacy aid for the  
2 2010-2011 school year in accordance with the following formula;

3 
$$\text{EA aid} = (\text{AB} - (\text{GFL} + \text{PEQAID}) - \text{ls})$$

4 where

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

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

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

10 ls is the district's prebudget year general fund local levy,  
11 multiplied by 4% in the case of a district which meets the criteria of  
12 paragraph (2) or paragraph (3) of this subsection, or in the case of a  
13 district which does not meet those criteria multiplied by 8% for the  
14 2009-2010 school year and by 10% for the 2010-2011 school year;

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

18

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

32

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

41

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

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

8        For purposes of this section, “adequacy budget local levy per  
9 pupil amount” means the adequacy budget calculated pursuant to  
10 section 9 of P.L. , c. (C. ) (pending before the Legislature as  
11 this bill) minus equalization aid calculated pursuant to section 11 of  
12 P.L. , c. (C. ) (pending before the Legislature as this bill)  
13 divided by the resident enrollment.

14

15        21. (New section) a. Notwithstanding any provision of  
16 P.L.2000,c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-  
17 235 et al.) to the contrary, an SDA district as defined in section 3 of  
18 P.L.2000, c.72 (C.18A:7G-3) may include in its annual capital  
19 outlay budget and construct one or more school facilities projects if  
20 the cost of each project does not exceed \$500,000 and the  
21 commissioner approves the inclusion of the project upon a  
22 demonstration by the district that its budget includes sufficient  
23 funds to finance the project. A district may also withdraw funds  
24 from a capital reserve account for such purpose with the approval of  
25 the commissioner.

26        b. A school facilities project, the cost of which does not exceed  
27 \$500,000 and that is not financed and constructed pursuant to  
28 subsection a. of this section, shall continue to be financed and  
29 constructed in accordance with the provisions of P.L.2000, c.72  
30 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.).

31

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

34        10. For the purpose of evaluating the thoroughness and  
35 efficiency of all the public schools of the State, the commissioner,  
36 with the approval of the State board and after review by the Joint  
37 Committee on the Public Schools, shall develop and administer the  
38 New Jersey Quality Single Accountability Continuum for  
39 evaluating the performance of each school district. The goal of the  
40 New Jersey Quality Single Accountability Continuum shall be to  
41 ensure that all districts are operating at a high level of performance.  
42 The system shall be based on an assessment of the degree to which  
43 the thoroughness and efficiency standards established pursuant to  
44 section [4 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C. )  
45 (pending before the Legislature as this bill) are being achieved and  
46 an evaluation of school district capacity in the following five key  
47 components of school district effectiveness: instruction and  
48 program; personnel; fiscal management; operations; and

1 governance. A school district's capacity and effectiveness shall be  
2 determined using quality performance indicators comprised of  
3 standards for each of the five key components of school district  
4 effectiveness. The quality performance indicators shall take into  
5 consideration a school district's performance over time, to the  
6 extent feasible. Based on a district's compliance with the indicators,  
7 the commissioner shall assess district capacity and effectiveness  
8 and place the district on a performance continuum that will  
9 determine the type and level of oversight and technical assistance  
10 and support the district receives.

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

12

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

15 24. The Legislature finds and declares that:

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

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

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

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

32 e. This responsibility can be fulfilled, in addition to the  
33 mechanism for ensuring compliance established pursuant to section  
34 6 of P.L.1996, c.138 (C.18A:7F-6), through an effective and  
35 efficient system of evaluation and monitoring which will insure  
36 quality and comprehensive instructional programming in every  
37 school district and provide for immediate and direct corrective  
38 action to insure that identified deficiencies do not persist, and which  
39 does so within the context of the maximum of local governance and  
40 management and the minimum of paperwork and unnecessary  
41 procedural requirements.

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

43

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

46 2. a. In addition to the powers provided pursuant to P.L.2005,  
47 c.235 **[and]** P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.  
48 (C. ) (pending before the Legislature as this bill) or any other law,

1 the Commissioner of Education shall have the authority to appoint a  
2 State monitor and additional staff, as necessary, to provide direct  
3 oversight of a board of education's business operations and  
4 personnel matters if: the school district receives an adverse or a  
5 disclaimer of opinion by its independent auditor in the annual audit  
6 required pursuant to N.J.S.18A:23-1; or any two or more of the  
7 following circumstances apply to the school district:

8 (1) the school district ends the fiscal year with a deficit balance  
9 as calculated for budgetary purposes in the general fund, special  
10 revenue fund, or capital projects fund, with the exception of a  
11 capital projects fund deficit caused by the issuance of bond  
12 anticipation notes;

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

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

20 (4) the school district receives any audit findings by its  
21 independent auditor identified as material weaknesses in internal  
22 controls;

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

29 (6) the school district fails to implement a plan from the prior  
30 year which causes any findings from the independent auditor to be  
31 repeated;

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

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

37 b. The State monitor shall:

38 (1) oversee the fiscal management and expenditures of school  
39 district funds, including, but not limited to, budget reallocations and  
40 reductions, approvals of purchase orders, budget transfers, and  
41 payment of bills and claims;

42 (2) oversee the operation and fiscal management of school  
43 district facilities, including the development and implementation of  
44 recommendations for redistricting and restructuring of schools;

45 (3) ensure development and implementation of an acceptable  
46 plan to address the circumstances set forth in subsection a. of this  
47 section which resulted in the appointment of the State monitor. The

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29

1 plan shall include measurable benchmarks and specific activities to  
2 address the deficiencies of the school district;

3 (4) oversee all district staffing, including the ability to hire,  
4 promote, and terminate employees;

5 (5) have authority to override a chief school administrator's  
6 action and a vote by the board of education on any of the matters set  
7 forth in this subsection, except that all actions of the State monitor  
8 shall be subject to the education, labor, and employment laws and  
9 regulations, including the "New Jersey Employer-Employee  
10 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective  
11 bargaining agreements entered into by the school district;

12 (6) attend all meetings of the board of education, including  
13 closed sessions; and

14 (7) meet with the board of education on at least a quarterly basis  
15 to discuss with the members of the board the past actions of the  
16 board which led to the appointment of the State monitor and to  
17 provide board members with education and training that address the  
18 deficiencies identified in board actions.

19 c. The Commissioner of Education shall notify the State Board  
20 of Education following the appointment of a State monitor pursuant  
21 to subsection a. of this section. The State monitor shall report  
22 directly to the commissioner or his designee on a weekly basis. The  
23 State monitor shall also report monthly to the board of education  
24 and members of the public at the regularly scheduled board of  
25 education meeting.

26 d. For purposes of the "New Jersey Tort Claims Act,"  
27 N.J.S.59:1-1 et seq., the State monitor shall be considered a State  
28 officer, but for all other purposes the State monitor shall be  
29 considered an employee of the district.

30 e. The State monitor shall provide oversight in the school  
31 district until the commissioner determines that all remedial actions  
32 required under the plan have been implemented and the necessary  
33 local capacity and fiscal controls have been restored to school  
34 district operations.

35 f. The salary of the State monitor shall be fixed by the  
36 commissioner and adjusted from time to time as the commissioner  
37 deems appropriate. The school district shall assume the total cost of  
38 the State monitor and necessary additional staff appointed pursuant  
39 to subsection a. of this section. The State monitor shall have the  
40 authority to appoint legal counsel if legal action is taken against  
41 him while acting in his official duties as a State monitor or as  
42 needed upon approval of the commissioner.

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

44

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

47 14. a. In addition to the powers provided pursuant to P.L.2005,  
48 c.235 [and], P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L. , c.

1 (C. ) (pending before the Legislature as this bill) or any other law,  
2 the Commissioner of Education may appoint an external entity, in  
3 accordance with State procurement laws, to perform a compliance  
4 audit of the spending of the district's general fund budget upon  
5 identification that the district may be spending State education  
6 funds for purposes that are not in compliance with State education  
7 law and regulation. The scope of the compliance audit shall be  
8 determined by the commissioner based upon the specific  
9 circumstances of the district.

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

17 c. The school district shall reimburse the Department of  
18 Education for the total cost of the compliance audit conducted  
19 pursuant to subsection a. of this section if the final audit report  
20 includes findings that the district has spent State education funds  
21 for purposes that are not in compliance with State education law  
22 and regulation.

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

24

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

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

39 The commissioner shall continually review the operation of  
40 educational programs in State facilities. If he finds that the  
41 operation of any of these programs does not meet the educational  
42 standard required by the regulations, he shall direct that a remedial  
43 plan be prepared by the education director of the facility in which  
44 the program is located, together with the director of educational  
45 services of the department which is operating or contracting with  
46 the facility. The plan shall be submitted to the Commissioner of  
47 Education for his approval. If he approves the plan, it shall be  
48 implemented in a timely and effective manner. If he finds the plan

1 or its implementation to be insufficient, he may, until the  
2 insufficiency is corrected, withhold and place in a special account  
3 any State aid funds which otherwise would have been forwarded  
4 pursuant to section 6 of this act.

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

6

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

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

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

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

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

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

34 d. If the district of residence cannot be determined according to  
35 the criteria contained herein, or if the criteria contained herein  
36 identify a district of residence outside of the State, the State shall  
37 assume fiscal responsibility for the tuition of the child. The tuition  
38 shall equal the approved per pupil cost established pursuant to  
39 P.L.1996, c.138 (C.18A:7F-1 et seq.). This amount shall be  
40 appropriated in the same manner as other State aid under this act.  
41 The Department of Education shall pay the amount to the  
42 Department of Human Services, the Department of Children and  
43 Families, the Department of Corrections or the Juvenile Justice  
44 Commission established pursuant to section 2 of P.L.1995, c.284  
45 (C.52:17B-170) or, in the case of a homeless child, the Department  
46 of Education shall pay **【the appropriate T&E amount and any  
47 appropriate additional cost factor for special education pursuant to  
48 section 19 of P.L.1996, c.138 (C.18A:7F-19)】** to the school district

1 in which the child is enrolled the weighted base per pupil amount  
2 calculated pursuant to section 7 of P.L. , c. (C. ) (pending  
3 before the Legislature as this bill) and the appropriate security  
4 categorical aid per pupil and special education categorical aid per  
5 pupil.

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

16  
17 28. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to  
18 read as follows:

19 5. As used in this section, "cost of living" means the CPI as  
20 defined in section 3 of **[P.L.1996, c.138 (C.18A:7F-3)]** P.L. , c.  
21 (C. ) (pending before the Legislature as this bill).

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

39 Annually, within two days following the transmittal of the State  
40 budget message to the Legislature by the Governor pursuant to  
41 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner  
42 shall notify each district of the maximum amount of aid payable to  
43 the district in the succeeding school year pursuant to the provisions  
44 of **[this act]** P.L. , c. (C. ) (pending before the Legislature as  
45 this bill), and shall notify each district of the district's **[T&E**  
46 **budget, maximum T&E budget, and minimum permissible T&E]**  
47 adequacy budget for the succeeding school year.



1        **【Beginning in the 1998-99】** For the 2008-2009 school year and  
2 thereafter, unless otherwise specified within 【this act】 P.L. , c.  
3 (C. ) (pending before the Legislature as this bill), aid amounts  
4 payable for the budget year shall be based on budget year pupil  
5 counts, which shall be projected by the commissioner using data  
6 from prior years. Adjustments for the actual pupil counts of the  
7 budget year shall be made to State aid amounts payable during the  
8 school year succeeding the budget year. Additional amounts  
9 payable shall be reflected as revenue and an account receivable for  
10 the budget year.

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

1 actual award of extraordinary special education State aid is greater  
2 than the projected amount, the district shall receive the increase in  
3 the aid payable in the subsequent school year pursuant to the  
4 provisions of subsection c. of section 13 of P.L. , c. (C. )  
5 (pending before the Legislature as this bill). If the actual award of  
6 extraordinary special education State aid is less than the projected  
7 amount, other State aid categories shall be adjusted accordingly so  
8 that the district shall not receive less State aid than as provided in  
9 accordance with the provisions of sections 5 and 16 of P.L. , c.  
10 (C. ) (pending before the Legislature as this bill).

11 In the event that the commissioner determines, following the  
12 enactment of P.L. , c. (C. ) (pending before the Legislature as  
13 this bill) but prior to the issuance of State aid notices for the 2008-  
14 2009 school year, that a significant district-specific change in data  
15 warrants an increase in State aid for that district, the commissioner  
16 may adjust the State aid amount provided for the district in the  
17 December 12, 2007 report to reflect the increase.

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

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

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

46 For district factor group A districts, the required local share shall  
47 equal the district's local share calculated at its minimum T&E

1 budget pursuant to section 13 of this act] shall be calculated in  
2 accordance with the provisions of that subsection.

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

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

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

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

46 c. Annually, on or before March 4, each district board of  
47 education shall adopt, and submit to the commissioner for approval,

1 together with such supporting documentation as the commissioner  
2 may prescribe, a budget that provides [no less than the minimum  
3 permissible T&E budget, plus categorical amounts required] for a  
4 thorough and efficient education [as established pursuant to the  
5 report, special revenue funds and debt service funds].  
6 Notwithstanding the provisions of this subsection to the contrary,  
7 the commissioner may adjust the date for the submission of district  
8 budgets if the commissioner determines that the availability of  
9 preliminary aid numbers for the subsequent school year warrants  
10 such adjustment.

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

15 (1) the district's advertised per pupil administrative costs for the  
16 2004-2005 school year inflated by the cost of living or 2.5 percent,  
17 whichever is greater; or

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

21 The executive county superintendent of schools may disapprove  
22 the school district's 2005-2006 proposed budget if he determines  
23 that the district has not implemented all potential efficiencies in the  
24 administrative operations of the district. The executive county  
25 superintendent shall work with each school district in the county  
26 during the 2004-2005 school year to identify administrative  
27 inefficiencies in the operations of the district that might cause the  
28 superintendent to reject the district's proposed 2005-2006 school  
29 year budget.

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

34 (1) the district's prior year per pupil administrative costs; except  
35 that the district may submit a request to the commissioner for  
36 approval to exceed the district's prior year per pupil administrative  
37 costs due to increases in enrollment, administrative positions  
38 necessary as a result of mandated programs, administrative  
39 vacancies, nondiscretionary fixed costs, and such other items as  
40 defined in accordance with regulations adopted pursuant to section  
41 7 of P.L.2004, c.73. In the event that the commissioner approves a  
42 district's request to exceed its prior year per pupil administrative  
43 costs, the increase authorized by the commissioner shall not exceed  
44 the cost of living or 2.5 percent, whichever is greater; or

45 (2) the prior year per pupil administrative cost limits for the  
46 district's region inflated by the cost of living or 2.5 percent,  
47 whichever is greater.

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

46 (2) [A district proposing a budget set at or below the minimum  
47 T&E budget established pursuant to section 13 of this act shall  
48 submit, as appropriate, to the board of school estimate or to the

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

24 Notwithstanding the provisions of this paragraph, no district  
25 shall raise a net budget which is less than the local share required  
26 under the required local share provisions of this act plus the other  
27 components of its net budget. ] (Deleted by amendment, P.L.\_\_\_\_,  
28 c. )

29 (3) [A district proposing a budget set at or below the maximum  
30 T&E budget, but including amounts in excess of the minimum T&E  
31 budget established pursuant to section 13 of this act, shall submit,  
32 as appropriate, to the board of school estimate or to the voters at the  
33 annual school budget election conducted pursuant to the provisions  
34 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy  
35 which when added to the other components of its net T&E budget  
36 does not exceed the prebudget year net T&E budget or in 1997-98  
37 the prebudget year net budget by more than the spending growth  
38 limitation calculated as follows: the sum of the cost of living or 2.5  
39 percent, whichever is greater, multiplied by the prebudget year net  
40 budget, and adjustments for changes in enrollment, certain capital  
41 outlay expenditures, expenditures for pupil transportation services  
42 provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in  
43 connection with the opening of a new school facility during the  
44 budget year, and special education costs per pupil in excess of  
45 \$40,000 per pupil. The enrollment adjustment shall equal the  
46 increase in the unweighted resident enrollment between the  
47 prebudget year and the budget year multiplied by the prebudget year  
48 T&E program budget per pupil indexed by the cost of living or 2.5

1 percent, whichever is greater. For the 1997-98 school year, the  
2 T&E program budget for the prebudget year shall equal the sum of  
3 the general fund tax levy, foundation aid, and transition aid. The  
4 adjustment for special education costs, pupil transportation services,  
5 and capital outlay expenditures shall be made pursuant to the  
6 provisions of paragraph (1) of this subsection. The adjustment for  
7 the opening of a new school facility shall include costs associated  
8 with the new facility related to new teaching staff members, support  
9 staff, materials and equipment, custodial and maintenance  
10 expenditures, and such other required costs as determined by the  
11 commissioner. ] (Deleted by amendment, P.L. , c. )

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

15 (5) **[**For the 1997-98 school year, a district's spending growth  
16 limitation shall be increased by the excess of county special  
17 services school district tuition over prebudget year county special  
18 services school district tuition indexed by the CPI or three percent,  
19 whichever is greater. ] (Deleted by amendment, P.L. , c. )

20 (6) **[**For the purpose of determining a district's spending growth  
21 limitation for the 1997-98 school year, a district may apply to the  
22 commissioner to add all or a part of the district's original designated  
23 general fund balance for 1996-97 to the spending growth limitation  
24 if it can demonstrate through current accounting records and  
25 historical trend data that the fund balance will actually be spent in  
26 the budget year. ] (Deleted by amendment, P.L. , c. )

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

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

35 (9) Any district may submit at the annual school budget election  
36 a separate proposal or proposals for additional funds, including  
37 interpretive statements, specifically identifying the program  
38 purposes for which the proposed funds shall be used, to the voters,  
39 who may, by voter approval, authorize the raising of an additional  
40 general fund tax levy for such purposes. In the case of a district  
41 with a board of school estimate, one proposal for the additional  
42 spending shall be submitted to the board of school estimate. Any  
43 proposal or proposals submitted to the voters or the board of school  
44 estimate shall not: include any programs and services that were  
45 included in the district's prebudget year net budget unless the  
46 proposal is approved by the commissioner upon submission by the  
47 district of sufficient reason for an exemption to this requirement; or

1 include any new programs and services necessary for students to  
2 achieve the thoroughness standards established pursuant to  
3 subsection a. of section 4 of **[P.L.1996, c.138 (C.18A:7F-4)]**  
4 P.L. , c. (C. ) (pending before the Legislature as this bill).

5 The executive county superintendent of schools may prohibit the  
6 submission of a separate proposal or proposals to the voters or  
7 board of school estimate if he determines that the district has not  
8 implemented all potential efficiencies in the administrative  
9 operations of the district, which efficiencies would eliminate the  
10 need for the raising of additional general fund tax levy.

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

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

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

32 (11) Any reduction that may be required to be made to programs  
33 and services included in a district's prebudget year net budget in  
34 order for the district to limit the growth in its budget between the  
35 prebudget and budget years by its spending growth limitation as  
36 calculated pursuant to this subsection, shall only include reductions  
37 to excessive administration or programs and services that are  
38 inefficient or ineffective.

39 e. (1) Any general fund tax levy rejected by the voters for a  
40 proposed budget that includes a general fund tax levy and  
41 equalization aid in excess of the **[maximum T&E]** adequacy budget  
42 shall be submitted to the governing body of each of the  
43 municipalities included within the district for determination of the  
44 amount that should be expended notwithstanding voter rejection. In  
45 the case of a district having a board of school estimate, the general  
46 fund tax levy shall be submitted to the board for determination of  
47 the amount that should be expended. If the governing body or  
48 bodies or board of school estimate, as appropriate, reduce the



1 district's proposed [net] budget, the district may appeal any of the  
2 reductions to the commissioner on the grounds that the reductions  
3 will negatively impact on the stability of the district given the need  
4 for long term planning and budgeting. In considering the appeal,  
5 the commissioner shall consider enrollment increases or decreases  
6 within the district; the history of voter approval or rejection of  
7 district budgets; the impact on the local levy; and whether the  
8 reductions will impact on the ability of the district to fulfill its  
9 contractual obligations. A district may not appeal any reductions  
10 on the grounds that the amount is necessary for a thorough and  
11 efficient education.

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

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

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

45 (4) When the voters, municipal governing body or bodies, or the  
46 board of school estimate authorize the general fund tax levy, the  
47 district shall submit the resulting budget to the commissioner within  
48 15 days of the action of the voters or municipal governing body or

1 bodies, whichever is later, or of the board of school estimate as the  
2 case may be.

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

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

21

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

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

37 b. For the 2005-2006 school year and thereafter, the executive  
38 county superintendent of schools may disapprove a school district's  
39 proposed budget which includes the amount of any difference  
40 authorized pursuant to subsection a. of this section if the executive  
41 county superintendent determines that the district has not  
42 implemented all potential efficiencies in the administrative  
43 operations of the district, which efficiencies would eliminate the  
44 need for the inclusion of the differential amount. The executive  
45 county superintendent shall work with each school district in the  
46 county during the 2004-2005 school year and each subsequent  
47 school year to identify administrative inefficiencies in the

1 operations of the district that might cause the county superintendent  
2 to reject the district's proposed budget.

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

4

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

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

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

- 44 (1) directing the restructuring of curriculum or programs;  
45 (2) directing staff retraining or reassignment;  
46 (3) conducting a comprehensive budget evaluation;  
47 (4) redirecting expenditures;

1 (5) enforcing spending at the full **[per pupil T&E per amount]**  
2 adequacy budget; and

3 (6) notwithstanding any provisions of the "New Jersey  
4 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1  
5 et seq.), to the contrary, reviewing the terms of future collective  
6 bargaining agreements.

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

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

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

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

31 c. **[Each Abbott district shall submit its proposed budget for**  
32 **the next school year to the commissioner not later than the date**  
33 **prescribed for submission of all school district budgets pursuant to**  
34 **section 5 of P.L.1996, c.138 (C.18A:7F-5). The review of the**  
35 **budget shall include, but not be limited to, an assessment of efforts**  
36 **to reduce class sizes, increase the breadth of program offerings, and**  
37 **direct funds into the classroom. If the commissioner determines**  
38 **during the review of an Abbott district budget that funds are not**  
39 **appropriately directed so that students in the districts are provided**  
40 **the educational opportunity to meet the core curriculum content**  
41 **standards, the commissioner shall direct the reallocation of funds**  
42 **within the budget. The commissioner shall approve any transfer of**  
43 **funds from instructional accounts to non-instructional accounts. In**  
44 **addition, if the commissioner directs the reallocation of funds from**  
45 **or between instructional accounts or from or between non-**  
46 **instructional accounts in the proposed budget, the district shall not**  
47 **transfer any funds to or from those accounts that were subject to**

1 reallocation without the prior approval of the commissioner. The  
2 commissioner shall, for any Abbott district, when he deems it  
3 necessary to ensure implementation of the thoroughness standards,  
4 direct additional expenditures above the T&E budget in specific  
5 accounts and for specific purposes, up to the maximum T&E budget  
6 without approval of the local voters or board of school estimate, as  
7 applicable.】 (Deleted by amendment, P.L. , c. )

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

13 e. 【Notwithstanding any provision of law to the contrary, in  
14 the review of a school district's budget pursuant to subsection c. or  
15 e. of section 5 of this act, the commissioner shall not eliminate,  
16 reduce, or reallocate funds contained within the budget for pupil  
17 transportation services provided pursuant to N.J.S.18A:39-1.1 nor  
18 require the district to eliminate these funds from the base budget  
19 and to submit a separate proposal to the voters or board of school  
20 estimate pursuant to paragraph (9) of subsection d. of section 5 of  
21 this act for the inclusion of the funds within the proposed budget.  
22 The decision to provide such pupil transportation services shall be  
23 made by the board of education of the school district. In the case of  
24 a school budget that is defeated by the voters or a budget that is not  
25 approved by the board of school estimate, that decision shall be  
26 made in consultation with the municipal governing body or board of  
27 school estimate, as appropriate, or, in the case of a regional district,  
28 the municipal governing bodies.】 Deleted by amendment P.L. , c.  
29 (C. ) (pending before the Legislature as this bill)  
30 (cf: P.L.2003, c.275, s.2)

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

34 8. The amounts payable to each school district and county  
35 vocational school district pursuant to this act shall be paid by the  
36 State Treasurer upon the certification of the commissioner and  
37 warrant of the Director of the Division of Budget and Accounting.  
38 Five percent of the appropriation for 【core curriculum standards  
39 aid, supplemental core curriculum standards aid, special education,  
40 transportation, early childhood programs, demonstrably effective  
41 programs, instructional supplement, bilingual, county vocational  
42 education program, distance learning network】 equalization aid,  
43 special education categorical aid, preschool education aid, security  
44 aid, transportation aid, adjustment aid, and any other aid pursuant to  
45 【this act】 P.L. , c. (C. ) (pending before the Legislature as this  
46 bill) shall be paid on the 【first and fifteenth】 eighth and twenty-  
47 second of each month from September through June. If a local

1 board of education requires funds prior to the first payment, the  
2 board shall file a written request with the commissioner stating the  
3 need for the funds. The commissioner shall review each request  
4 and forward for payment those for which need has been  
5 demonstrated.

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

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

19

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

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

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

40

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

43 32. a. When State aid is calculated for any year and a part of  
44 any district becomes a new school district or a part of another  
45 school district, or comes partly under the authority of a regional  
46 board of education, the commissioner shall adjust the State aid  
47 calculations among the districts affected, or between the district and

1 the regional board, as the case may be, on an equitable basis in  
2 accordance with the intent of this act.

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

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

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

29

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

32 33. Annually, on or before October 20, the secretary of the  
33 board of education, with approval of the superintendent of schools,  
34 or if there is no superintendent of schools, with the approval of the  
35 executive county superintendent of schools, shall file with the  
36 commissioner a report prescribed by the commissioner containing  
37 all data necessary to effectuate the aid provisions of **[this act]**  
38 P.L. , c. (C. ) (pending before the Legislature as this bill),  
39 which shall include but not be limited to, the number of pupils  
40 enrolled by grade, the number of these pupils classified as eligible  
41 for special education services **[other than speech corrections]** and  
42 speech-only services, the number of pupils in approved programs  
43 for bilingual education, the number of **[low-income]** at-risk pupils,  
44 the number of combination pupils, and the number of pupils in State  
45 facilities, county vocational schools, State college demonstration  
46 schools, evening schools, other public or private schools to which  
47 the district is paying tuition, or who are receiving home instruction

1 on the last school day prior to October 16. In addition, districts  
2 shall file annual reports providing such information as the  
3 commissioner may require for pupils receiving special education  
4 services.

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

6

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

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

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

14

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

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

19 "Adjusted tax levy" means the amount raised by property  
20 taxation for the purposes of the school district, excluding any debt  
21 service payment.

22 "Commissioner" means the Commissioner of Education.

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

26 "Prebudget year adjusted tax levy" means the amount raised by  
27 property taxation in the prebudget year for the purposes of the  
28 school district, excluding any debt service payment, less any  
29 amounts raised after approval of a waiver by the commissioner or  
30 separate question by the voters or board of school estimate in the  
31 prebudget year unless such approval explicitly allows the approved  
32 increases to be permanent.

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

36 "Unrestricted State aid" means, for the 2007-2008 school year,  
37 State aid that is included in a school district's State aid notice and  
38 allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any  
39 other law for appropriation in a school district's general fund plus  
40 early childhood program aid allocated pursuant to section 16 of  
41 P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably  
42 effective program aid and instructional supplement aid allocated  
43 pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any  
44 other law; and for the 2008-2009 through 2011-2012 school years,  
45 State aid that is included in a school district's State aid notice and  
46 allocated pursuant to P.L. , c. (C. ) (pending before the  
47 Legislature as this bill) or any other law for appropriation in a  
48 school district's general fund plus preschool education aid allocated



1 pursuant to section 12 of P.L. , c. (C. ) (pending before the  
2 Legislature as this bill) or any other law.

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

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

9

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

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

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

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

- 1 (a) 0.50 for each unit of weighted resident enrollment that  
2 constitutes an increase from the prebudget year over 1%, but not  
3 more than 2.5%;
- 4 (b) 0.75 for each unit of weighted resident enrollment that  
5 constitutes an increase from the prebudget year over 2.5%, but not  
6 more than 4%; and
- 7 (c) 1.00 for each unit of weighted resident enrollment that  
8 constitutes an increase from the prebudget year over 4%.
- 9 (2) A school district may request approval from the  
10 commissioner to calculate EP equal to 1.00 for any increase in  
11 weighted resident enrollment if it can demonstrate that the  
12 calculation pursuant to paragraph (1) of this subsection would result  
13 in an average class size that exceeds 10% above the facilities  
14 efficiency standards established pursuant to P.L.2000, c.72  
15 (C.18A:7G-1 et al.).
- 16 c. The allowable adjustment for a reduction in total  
17 unrestricted State aid authorized pursuant to subsection a. of this  
18 section shall equal any reduction in total unrestricted State aid from  
19 the prebudget to the budget year.
- 20 d. The allowable adjustment for increases in health care costs  
21 authorized pursuant to subsection a. of this section shall equal that  
22 portion of the actual increase in total health care costs for the  
23 budget year, less any withdrawals from the current expense  
24 emergency reserve account for increases in total health care costs,  
25 that exceeds four percent of the total health care costs in the  
26 prebudget year, but that is not in excess of the product of the total  
27 health care costs in the prebudget year multiplied by the average  
28 percentage increase of the State Health Benefits Program, P.L.1961,  
29 c.49 (C.52:14-17.25 et seq.), as annually determined by the  
30 Division of Pensions and Benefits in the Department of the  
31 Treasury.
- 32 e. In addition to the adjustments authorized pursuant to  
33 subsection a. of this section, for the purpose of determining a school  
34 district's allowable tax levy growth limitation for the 2007-2008  
35 school year, a school district may apply to the commissioner for an  
36 adjustment for increases in special education costs over \$40,000 per  
37 pupil, increases in tuition, capital outlay increases, and incremental  
38 increases in costs for opening a new school facility in the budget  
39 year.
- 40 (1) The allowable adjustment for increases in special education  
41 costs over \$40,000 per pupil shall equal any increase in the sum of  
42 per pupil amounts in excess of \$40,000 for the budget year less the  
43 sum of per pupil amounts in excess of \$40,000 for the prebudget  
44 year indexed by four percent.
- 45 (2) The allowable adjustment for increases in tuition shall equal  
46 any increase in the tuition for the budget year charged to a sending  
47 district by the receiving district pursuant to the provisions of  
48 N.J.S.18A:38-19 or charged by a county vocational school district

1 pursuant to the provisions of section 71 of P.L.1990, c.52  
2 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget  
3 year charged to a sending district by the receiving district pursuant  
4 to the provisions of N.J.S.18A:38-19 or charged by a county  
5 vocational school district pursuant to the provisions of section 71 of  
6 P.L.1990, c.52 (C.18A:54-20.1).

7 (3) The allowable adjustment for increases in capital outlay  
8 shall equal any increase in capital outlay, less any withdrawals from  
9 the capital reserve account, over the prebudget year in excess of  
10 four percent.

11 f. The adjusted tax levy shall be increased or decreased  
12 accordingly whenever the responsibility and associated cost of a  
13 school district activity is transferred to another school district or  
14 governmental entity.

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

16

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

19 2. The Legislature finds and declares that:

20 a. The Constitution of the State of New Jersey requires the  
21 Legislature to provide for the maintenance and support of a  
22 thorough and efficient system of free public schools and this  
23 legislative responsibility includes ensuring that students are  
24 educated in physical facilities that are safe, healthy, and conducive  
25 to learning.

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

34 c. Educational infrastructure inadequacies are greatest in the  
35 **【Abbott】** SDA districts where maintenance has been deferred and  
36 new construction has not been initiated due to concerns about cost.  
37 To remedy the facilities inadequacies of the **【Abbott】** SDA  
38 districts, the State must promptly engage in a facilities needs  
39 assessment and fund the entire cost of repairing, renovating, and  
40 constructing the new school facilities determined by the  
41 Commissioner of Education to be required to meet the school  
42 facilities efficiency standards in the **【Abbott】** SDA districts. In  
43 other districts, the State must also identify need in view of  
44 anticipated growth in school population, and must contribute to the  
45 cost of the renovation and construction of new facilities to ensure  
46 the provision of a thorough and efficient education in those  
47 districts.

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

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

13

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

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

20 ["Abbott district" means an Abbott district as defined in section  
21 3 of P.L.1996, c.138 (C.18A:7F-3)];

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

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

38 "Commissioner" means the Commissioner of Education;

39 "Core curriculum content standards" means the standards  
40 established pursuant to the provisions of subsection a. of section [4  
41 of P.L.1996, c.138 (C.18A:7F-4)] 4 of P.L. , c. (C. ) (pending  
42 before the Legislature as this bill);

43 "Cost index" means the average annual increase, expressed as a  
44 decimal, in actual construction cost factors for the New York City  
45 and Philadelphia areas during the second fiscal year preceding the  
46 budget year as determined pursuant to regulations promulgated by

1 the development authority pursuant to section 26 of P.L.2000, c.72  
2 (C.18A:7G-26);

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

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

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

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

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

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

1 pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-  
2 6);

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

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

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

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

1 program pursuant to N.J.S.18A:46-6 shall be counted at 100% of  
2 the actual count of these students in the district;

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

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

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

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

47 "Local unit obligations" means bonds, notes, refunding bonds,  
48 refunding notes, lease obligations and all other obligations of a

1 local unit which are issued or entered into for the purpose of paying  
2 for all or a portion of the costs of a school facilities project,  
3 including moneys payable to the development authority;

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

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

23 "Other allowable costs" means the costs of temporary facilities,  
24 site development, acquisition of land or other real property interests  
25 necessary to effectuate the school facilities project, fees for the  
26 services of design professionals, including architects, engineers,  
27 construction managers and other design professionals, legal fees,  
28 financing costs and the administrative costs of the development  
29 authority and the financing authority or the district incurred in  
30 connection with the school facilities project;

31 "Other facilities" means athletic stadiums, swimming pools, any  
32 associated structures or related equipment tied to such facilities  
33 including, but not limited to, grandstands and night field lights,  
34 greenhouses, facilities used for non-instructional or non-educational  
35 purposes, and any structure, building, or facility used solely for  
36 school administration;

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

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



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

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

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

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

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

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

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

37 "State debt service aid" means for school bonds issued for school  
38 facilities projects approved by the commissioner after the effective  
39 date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect  
40 not to have a redevelopment entity construct the project or which  
41 elect not to finance the project under section 15 of P.L.2000, c.72  
42 (C.18A:7G-15), the amount of State aid determined pursuant to  
43 section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or  
44 certificates of participation issued for school facilities projects  
45 approved by the commissioner prior to the effective date of  
46 P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid  
47 determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-  
48 10);

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

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

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

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

30 (cf: P.L.2007, c.137, s.18)

31

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

34 4. a. By December 15, 2000 and by October 1, 2005, each  
35 district shall prepare and submit to the commissioner a long-range  
36 facilities plan that details the district's school facilities needs and  
37 the district's plan to address those needs for the ensuing five years.  
38 Following the approval of the 2005 long-range facilities plan, each  
39 district shall amend its long-range facilities plan at least once every  
40 five years to update enrollment projections, building capacities, and  
41 health and safety conditions. The long-range facilities plan shall  
42 incorporate the facilities efficiency standards and shall be filed with  
43 the commissioner for approval in accordance with those standards.  
44 For those Abbott districts that have submitted long-range facilities  
45 plans to the commissioner prior to the effective date of P.L.2000,  
46 c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require  
47 an additional filing by October 1, 2000.

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

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

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

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

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

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

45       h. The commissioner shall develop, for the March 2002 Report  
46 on the Cost of Providing a Thorough and Efficient Education issued  
47 by the commissioner pursuant to section 4 of P.L.1996, c.138  
48 (C.18A:7F-4), facilities efficiency standards for elementary, middle,

1 and high schools consistent with the core curriculum school  
2 delivery assumptions in the report and sufficient for the  
3 achievement of the core curriculum content standards, including the  
4 provision of required programs in Abbott districts and early  
5 childhood education programs in the districts in which these  
6 programs are required by the State. The area allowances per FTE  
7 student in each class of the district shall be derived from these  
8 facilities efficiency standards. The commissioner shall revise the  
9 facilities efficiency standards and the area cost allowance in  
10 accordance with such schedule as the commissioner deems  
11 necessary. The commissioner shall publish the revised facilities  
12 efficiency standards and the area cost allowance in the New Jersey  
13 Register and, within a reasonable period of time after 30 days  
14 following publication, shall file the revised facilities efficiency  
15 standards and the area cost allowance with the Office of  
16 Administrative Law for publication in the New Jersey Register and  
17 those standards shall become effective immediately upon filing.  
18 During the 30-day period the commissioner shall provide an  
19 opportunity for public comment on the proposed facilities  
20 efficiency standards and the area cost allowance.

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

38 Within a reasonable period of time after the effective date of  
39 P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish  
40 the facilities efficiency standards developed for the 2000-2001,  
41 2001-2002, and 2002-2003 school years in the New Jersey Register.  
42 Within a reasonable period of time after 30 days after publication in  
43 the New Jersey Register, the commissioner shall file the facilities  
44 efficiency standards with the Office of Administrative Law and  
45 those standards shall become effective immediately upon filing with  
46 the Office of Administrative Law. During the 30-day period the  
47 commissioner shall provide an opportunity for public comment on  
48 the proposed facilities efficiency standards.

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

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

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

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

45 m. By July 1, 2001, the commissioner shall study the Safe  
46 Schools Design Guidelines, prepared by the Florida Center for  
47 Community Design and Research, which address the issues of  
48 school safety and security through the design of school facilities.

1 Based upon the commissioner's study, the commissioner shall issue  
2 recommendations to districts on the appropriateness of including  
3 the Safe Schools Design Guidelines in the design and construction  
4 of school facilities projects.  
5 (cf: P.L.2007, c.137, s.19)  
6

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

9 5. a. The development authority shall undertake and the  
10 financing authority shall finance the school facilities projects of  
11 **[Abbott]** SDA districts.

12 b. In the case of a district other than an **[Abbott]** SDA district,  
13 State support for the project shall be determined pursuant to section  
14 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as  
15 applicable.

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

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

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

46 e. The commissioner shall review each proposed school  
47 facilities project to determine whether it is consistent with the  
48 district's long-range facilities plan and whether it complies with the

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

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

36 g. If the commissioner determines that the school facilities  
37 project is inconsistent with the facilities efficiency standards or  
38 exceeds the area allowances per FTE student derived from those  
39 standards, the commissioner shall notify the district.

40 (1) The commissioner shall approve area allowances in excess  
41 of the area allowances per FTE student derived from the facilities  
42 efficiency standards if the board of education or State district  
43 superintendent, as appropriate, demonstrates that school facilities  
44 needs related to required programs cannot be addressed within the  
45 facilities efficiency standards and that all other proposed spaces are  
46 consistent with those standards. The commissioner shall approve  
47 area allowances in excess of the area allowances per FTE student  
48 derived from the facilities efficiency standards if the additional area

1 allowances are necessary to accommodate centralized facilities to  
2 be shared among two or more school buildings within the district  
3 and the centralized facilities represent a more cost effective  
4 alternative.

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

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

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

32 (4) The commissioner shall approve spaces in excess of, or  
33 inconsistent with, the facilities efficiency standards, hereinafter  
34 referred to as nonconforming spaces, upon a determination by the  
35 district that the spaces are necessary to comply with State or federal  
36 law concerning individuals with disabilities, including that the  
37 spaces are necessary to provide in-district programs and services for  
38 current disabled pupils who are being served in out-of-district  
39 placements or in-district programs and services for the projected  
40 disabled pupil population. A district may apply for additional State  
41 aid for nonconforming spaces that will permit pupils with  
42 disabilities to be educated to the greatest extent possible in the same  
43 buildings or classes with their nondisabled peers. The  
44 nonconforming spaces may: (a) allow for the return of pupils with  
45 disabilities from private facilities; (b) permit the retention of pupils  
46 with disabilities who would otherwise be placed in private facilities;  
47 (c) provide space for regional programs in a host school building  
48 that houses both disabled and nondisabled pupils; and (d) provide



1 space for the coordination of regional programs by a county special  
2 services school district, educational services commission, jointure  
3 commission, or other agency authorized by law to provide regional  
4 educational services in a school building that houses both disabled  
5 and nondisabled pupils. A district's State support ratio shall be  
6 adjusted to equal the lesser of the sum of its district aid percentage  
7 as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or  
8 100% for any nonconforming spaces approved by the commissioner  
9 pursuant to this paragraph.

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

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

28 The appeal shall outline the reasons why the preliminary eligible  
29 costs calculated for the project are inadequate and estimate the  
30 amount of the adjustment which needs to be made to the  
31 preliminary eligible costs. The commissioner shall forward the  
32 appeal information to the development authority for its review and  
33 recommendation. If the additional costs are the result of factors  
34 that are within the control of the district or are the result of design  
35 factors that are not required to meet the facilities efficiency  
36 standards, the development authority shall recommend to the  
37 commissioner that the preliminary eligible costs be accepted as the  
38 final eligible costs. If the development authority determines the  
39 additional costs are not within the control of the district or are the  
40 result of design factors required to meet the facilities efficiency  
41 standards, the development authority shall recommend to the  
42 commissioner a final eligible cost based on its experience for  
43 districts with similar characteristics, provided that, notwithstanding  
44 anything to the contrary, the commissioner shall not approve an  
45 adjustment to the preliminary eligible costs which exceeds 10% of  
46 the preliminary eligible costs. The commissioner shall make a  
47 determination on the appeal within 30 days of its receipt. If the  
48 commissioner does not approve an adjustment to the school

1 facilities project's preliminary eligible costs, the commissioner shall  
2 issue his findings in writing on the reasons for the denial and on  
3 why the preliminary eligible costs as originally calculated are  
4 sufficient.

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

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

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

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

44 (a) If the development authority determines that changes in the  
45 school facilities project are possible so that the project can be  
46 accomplished within the scope of the preliminary eligible costs  
47 while still meeting the facilities efficiency standards, the  
48 development authority shall so advise the commissioner, whereupon

1 the commissioner shall: calculate the final eligible costs to equal the  
2 preliminary eligible costs; give final approval to the project with the  
3 changes noted; and issue a final project report to the development  
4 authority pursuant to subsection j. of this section.

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

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

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

45 j. The development authority shall not commence the  
46 construction of a school facilities project unless the commissioner  
47 transmits to the development authority a final project report and the  
48 district complies with the approval requirements for the local share,

1 if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11).  
2 The final project report shall contain all of the information  
3 contained in the preliminary project report and, in addition, shall  
4 contain: the final eligible costs; the excess costs, if any; the total  
5 costs which equals the final eligible costs plus excess costs, if any;  
6 the State share; and the local share.

7 k. For the **【Abbott】** SDA districts, the State share shall be  
8 100% of the final eligible costs. For all other districts, the State  
9 share shall be an amount equal to 115% of the district aid  
10 percentage; except that the State share shall not be less than 40% of  
11 the final eligible costs.

12 If any district which is included in district factor group A or B,  
13 other than an **【Abbott】** SDA district, is having difficulty financing  
14 the local share of a school facilities project, the district may apply  
15 to the commissioner to receive 100% State support for the project  
16 and the commissioner may request the approval of the Legislature  
17 to increase the State share of the project to 100%.

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

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

33 (2) Following the approval of an **【Abbott】** SDA district's long-  
34 range facilities plan or of an amendment to that plan, but prior to  
35 authorization of preconstruction activities for a school facilities  
36 project included in the plan or amendment, the commissioner shall  
37 establish, in consultation with the **【Abbott】** SDA district, an  
38 educational priority ranking of all school facilities projects in the  
39 **【Abbott】** SDA district based upon the commissioner's  
40 determination of critical need in accordance with priority project  
41 categories developed by the commissioner. The priority project  
42 categories shall include, but not be limited to, health and safety,  
43 overcrowding in the early childhood, elementary, middle, and high  
44 school grade levels, spaces necessary to provide in-district  
45 programs and services for current disabled students who are being  
46 served in out-of-district placements or in-district programs and

1 services for the projected disabled student population,  
2 rehabilitation, and educational adequacy.

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

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

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

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

38 p. Upon completion by the development authority of a school  
39 facilities project, if the cost of construction and completion of the  
40 project is less than the total costs, the district shall be entitled to  
41 receive a portion of the local share based on a pro rata share of the  
42 difference based on the ratio of the State share to the local share.

43 q. The development authority shall determine the cause of any  
44 costs of construction which exceed the amount originally projected  
45 by the development authority and approved for financing by the  
46 financing authority.

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

1 s. (Deleted by amendment, P.L.2007, c.137).  
2 (cf: P.L.2007, c.137, s.20)

3

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

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

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

15

16 where

17

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

19

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

21

22 and where:

23

24 B is the district's debt service for the individual issuance for the  
25 fiscal year;

26

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

29

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

32

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

36

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

40

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

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

46 (1) Effective ten years from the date of the enactment of  
47 P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid  
48 for reconstruction, remodeling, alteration, modernization,

1 renovation or repair, or for an addition to a school facility, shall be  
 2 zero for all school facilities projects for which the district fails to  
 3 demonstrate over the ten years preceding issuance a net investment  
 4 in maintenance of the related school facility of at least 2% of the  
 5 replacement cost of the school facility, determined pursuant to  
 6 subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the  
 7 area cost allowance of the year ten years preceding the year in  
 8 which the school bonds are issued.

9 (2) For new construction, additions, and school facilities aided  
 10 under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7)  
 11 supported by financing issued for projects approved by the  
 12 commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-  
 13 1 et al.), beginning in the fourth year after occupancy of the school  
 14 facility, the maintenance factor shall be reduced according to the  
 15 following schedule for all school facilities projects for which the  
 16 district fails to demonstrate in the prior fiscal year an investment in  
 17 maintenance of the related school facility of at least two-tenths of  
 18 1% of the replacement cost of the school facility, determined  
 19 pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-  
 20 7).

21	22 Maintenance Percentage	23 Maintenance Factor (M)
24	.199% - .151%	75%
25		
26	.150% - .100%	50%
27		
28	Less than .100%	Zero
29		

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

35 c. Any district which obtained approval from the commissioner  
 36 since September 1, 1998 and prior to the effective date of P.L.2000,  
 37 c.72 (C.18A:7G-1 et al.) of the educational specifications for a  
 38 school facilities project or obtained approval from the Department  
 39 of Community Affairs or the appropriately licensed municipal code  
 40 official since September 1, 1998 of the final construction plans and  
 41 specifications, and the district has issued debt, may elect to have the  
 42 final eligible costs of the project determined pursuant to section 5 of  
 43 P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under  
 44 this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

45 Any district which received approval from the commissioner for  
 46 a school facilities project at any time prior to the effective date of  
 47 P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other  
 48 than short term notes, may submit an application pursuant to section

1 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of  
 2 the project determined pursuant to that section and to have the New  
 3 Jersey Economic Development Authority construct the project; or,  
 4 at its discretion, the district may choose to receive debt service aid  
 5 under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-  
 6 10) or to receive a grant under section 15 of P.L.2000, c.72  
 7 (C.18A:7G-15).

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

11

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

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

18 Aid is the sum of A

19 where

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

21 and where

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

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

28 [TEBUD] AB is the district's [T&E] adequacy budget  
 29 determined pursuant to section [13 of P.L.1996, c.138 (C.18A:7F-  
 30 13)] 9 of P.L. , c. (C. ) (pending before the Legislature as this  
 31 bill).

32 For county special services school districts, [CCSAID/TEBUD]  
 33 EQAID/AB shall be that of the county vocational school district in  
 34 the same county.

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

36

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

39 13. a. The financing authority shall be responsible for the  
 40 issuance of bonds pursuant to section 14 of P.L.2000, c.72  
 41 (C.18A:7G-14) and the development authority shall be responsible  
 42 for the planning, design, construction management, acquisition,  
 43 construction, and completion of school facilities projects. In the  
 44 case of a capital maintenance project, the development authority  
 45 may, in its discretion, authorize an [Abbott] SDA district to  
 46 undertake the design, acquisition, construction and all other  
 47 appropriate actions necessary to complete the capital maintenance



1 project and shall enter into a grant agreement with the district for  
2 the payment of the State share. The development authority may  
3 also authorize an **[Abbott]** SDA district to undertake the design,  
4 acquisition, construction and all other appropriate actions necessary  
5 to complete any other school facilities project in accordance with  
6 the procedures established pursuant to subsection e. of this section.

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

16 c. In order to implement the arrangements established for  
17 school facilities projects which are to be constructed by the  
18 development authority and financed pursuant to this section, a  
19 district shall enter into an agreement with the development  
20 authority and the commissioner containing the terms and conditions  
21 determined by the parties to be necessary to effectuate the project.

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

36 e. (1) Within one year of the effective date of P.L.2007, c.137  
37 (C.52:18A-235 et al.), the commissioner, in consultation with the  
38 development authority, shall adopt pursuant to the "Administrative  
39 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and  
40 regulations by which the commissioner shall determine whether an  
41 **[Abbott]** SDA district is eligible to be considered by the  
42 development authority to manage a school facilities project or  
43 projects. In making the determination, the commissioner shall  
44 consider the district's fiscal integrity and operations, the district's  
45 performance in each of the five key components of school district  
46 effectiveness under the New Jersey Quality Single Accountability  
47 Continuum (NJQSAC) in accordance with section 10 of P.L.1975,  
48 c.212 (C.18A:7A-10), and other relevant factors.

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

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

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

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

26

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

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

30 a. The financing authority shall have the power, pursuant to the  
31 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80  
32 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to  
33 issue bonds and refunding bonds, incur indebtedness and borrow  
34 money secured, in whole or in part, by moneys received pursuant to  
35 sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-  
36 18 and C.18A:7G-19) for the purposes of: financing all or a portion  
37 of the costs of school facilities projects and any costs related to the  
38 issuance thereof, including, but not limited to, the administrative,  
39 insurance, operating and other expenses of the financing authority  
40 to undertake the financing, and the development authority to  
41 undertake the planning, design, and construction of school facilities  
42 projects; lending moneys to local units to pay the costs of all or a  
43 portion of school facilities projects and any costs related to the  
44 issuance thereof; funding the grants to be made pursuant to section  
45 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition  
46 of school facilities projects to permit the refinancing of debt by the  
47 district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16).

1 The aggregate principal amount of the bonds, notes or other  
2 obligations issued by the financing authority shall not exceed:  
3 \$100,000,000 for the State share of costs for county vocational  
4 school district school facilities projects; \$6,000,000,000 for the  
5 State share of costs for Abbott district school facilities projects; and  
6 \$2,500,000,000 for the State share of costs for school facilities  
7 projects in all other districts. This limitation shall not include any  
8 bonds, notes or other obligations issued for refunding purposes.

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

18 b. The financing authority shall issue the bonds or refunding  
19 bonds in such manner as it shall determine in accordance with the  
20 provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80  
21 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.);  
22 provided that notwithstanding any other law to the contrary, no  
23 resolution adopted by the financing authority authorizing the  
24 issuance of bonds or refunding bonds pursuant to this section shall  
25 be adopted or otherwise made effective without the approval in  
26 writing of the State Treasurer; and refunding bonds issued to refund  
27 bonds issued pursuant to this section shall be issued on such terms  
28 and conditions as may be determined by the financing authority and  
29 the State Treasurer. The financing authority may, in any resolution  
30 authorizing the issuance of bonds or refunding bonds issued  
31 pursuant to this section, pledge the contract with the State Treasurer  
32 provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-  
33 18), or any part thereof, or may pledge all or any part of the  
34 repayments of loans made to local units pursuant to section 19 of  
35 P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the  
36 bonds or refunding bonds, and covenant as to the use and  
37 disposition of money available to the financing authority for  
38 payment of the bonds and refunding bonds. All costs associated  
39 with the issuance of bonds and refunding bonds by the financing  
40 authority for the purposes set forth in this act may be paid by the  
41 financing authority from amounts it receives from the proceeds of  
42 the bonds or refunding bonds, and from amounts it receives  
43 pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-  
44 17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but  
45 shall not be limited to, any costs relating to the issuance of the  
46 bonds or refunding bonds, administrative costs of the financing  
47 authority attributable to the making and administering of loans and

1 grants to fund school facilities projects, and costs attributable to the  
2 agreements entered into pursuant to subsection d. of this section.

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

9 (1) Pledge of the revenues and other receipts to be derived from  
10 the payment of local unit obligations and any other payment made  
11 to the financing authority pursuant to agreements with any local  
12 unit, or a pledge or assignment of any local unit obligations, and the  
13 rights and interest of the financing authority therein;

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

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

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

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

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

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

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

38 d. The resolution authorizing the issuance of bonds or  
39 refunding bonds pursuant to this section may also provide for the  
40 financing authority to enter into any revolving credit agreement,  
41 agreement establishing a line of credit or letter of credit,  
42 reimbursement agreement, interest rate exchange agreement,  
43 currency exchange agreement, interest rate floor or cap, options,  
44 puts or calls to hedge payment, currency, rate, spread or similar  
45 exposure or similar agreements, float agreements, forward  
46 agreements, insurance contracts, surety bonds, commitments to  
47 purchase or sell bonds, purchase or sale agreements, or  
48 commitments or other contracts or agreements and other security

1 agreements approved by the financing authority in connection with  
2 the issuance of the bonds or refunding bonds pursuant to this  
3 section. In addition, the financing authority may, in anticipation of  
4 the issuance of the bonds or the receipt of appropriations, grants,  
5 reimbursements or other funds, including, without limitation, grants  
6 from the federal government for school facilities projects, issue  
7 notes, the principal of or interest on which, or both, shall be payable  
8 out of the proceeds of notes, bonds or other obligations of the  
9 financing authority or appropriations, grants, reimbursements or  
10 other funds or revenues of the financing authority.

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

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

38 g. The State hereby pledges and covenants with the holders of  
39 any bonds or refunding bonds issued pursuant to this act that it will  
40 not limit or alter the rights or powers vested in the financing  
41 authority by this act, nor limit or alter the rights or powers of the  
42 State Treasurer in any manner which would jeopardize the interest  
43 of the holders or any trustee of the holders, or inhibit or prevent  
44 performance or fulfillment by the financing authority or the State  
45 Treasurer with respect to the terms of any agreement made with the  
46 holders of the bonds or refunding bonds or agreements made  
47 pursuant to subsection d. of this section; except that the failure of

1 the Legislature to appropriate moneys for any purpose of this act  
2 shall not be deemed a violation of this section.

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

18 i. Upon the issuance by the financing authority of bonds  
19 pursuant to this section, other than refunding bonds, the net  
20 proceeds of the bonds shall be transferred to the development  
21 authority.

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

23

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

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

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

41

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

44 21. a. In the event that a local unit has failed or is unable to pay  
45 to the financing authority or the development authority in full when  
46 due any local unit obligations issued by the local unit to the  
47 financing authority, including, but not limited to, any lease or  
48 sublease obligations, or any other moneys owed by the district to

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

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

33 c. The amount paid to the financing authority pursuant to this  
34 section shall be deducted from the appropriation or apportionment  
35 of State aid payable to the local unit and shall not obligate the State  
36 to make, nor entitle the local unit to receive, any additional  
37 appropriation or apportionment. The obligation of the State  
38 Treasurer to make payments to the financing authority or trustee  
39 and the right of the financing authority or trustee to receive those  
40 payments shall be subject and subordinate to the rights of holders of  
41 qualified bonds issued prior to the effective date of this act pursuant  
42 to P.L.1976, c.38 (C.40A:3-1 et seq.) and P.L.1976, c.39  
43 (C.18A:24-85 et seq.).  
44 (cf: P.L.2007, c.137, s.32)

45  
46 48. Section 15 of P.L.2007, c.137 (C.18A:7G-46) is amended to  
47 read as follows:

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

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

16

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

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

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

42       c. A municipal approving authority shall not issue any site plan  
43 approval or building permit or approve a subdivision plat or  
44 exercise any other approval power with respect to the development  
45 or improvement of the lot, tract, or parcel of land without the  
46 recommendation of the development authority until 45 days  
47 following referral to the development authority pursuant to



1 subsection b. of this section. Within that 45-day period, the  
2 development authority may:

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

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

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

20

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

22 18A:13-23. The annual or special appropriations for regional  
23 districts, including the amounts to be raised for interest upon, and  
24 the redemption of, bonds payable by the district, shall be  
25 apportioned among the municipalities included within the regional  
26 district, as may be approved by the voters of each municipality at  
27 the annual school election or a special school election, upon the  
28 basis of:

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

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

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

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

42

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

44 18A:21-3. The account shall be established by resolution of the  
45 board of school estimate or the board of education, as the case may  
46 be, in such form as shall be prescribed by the commissioner, a true  
47 copy of which shall be filed with the department. [For any school  
48 year an amount not to exceed 1.5 percent of the amount of core

1 curriculum standards aid, as calculated pursuant to section 15 of  
2 P.L.1996, c.138 (C.18A:7F-15), plus any additional sum expressly  
3 approved by the voters of the district or the board of school  
4 estimate, and any undesignated general fund balance amount,  
5 authorized under section 7 of P.L.1996, c.138 (C.18A:7F-7), may  
6 be appropriated to the account.】 The account shall 【also】 include  
7 the earnings attributable to the investment of the assets of the  
8 account.

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

10

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

12 18A:22-8. The budget shall be prepared in such detail and upon  
13 such forms as shall be prescribed by the commissioner and to it  
14 shall be annexed a statement so itemized as to make the same  
15 readily understandable, in which shall be shown:

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

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

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

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

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

33 (b) Total State aid

34 (i) 【Core curriculum standards】 Equalization aid

35 (ii) Special education categorical aid

36 (iii) Transportation aid

37 (iv) 【Early childhood program】 Preschool education aid

38 (v) 【Demonstrably effective program aid

39 (vi) Instructional supplement aid

40 (vii) Supplemental core curriculum standards aid

41 (viii) Distance learning network aid

42 (ix) Bilingual aid

43 (x)】 Security aid

44 (vi) Adjustment aid

45 (vii) Other (detailed at the discretion of the commissioner)

46 (c) Total federal aid

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

28  
29 53. Section 2 of P.L.1979, c.294 (C.18A:22-8.1) is amended to  
30 read as follows:

31 2. Except as otherwise provided pursuant to this section,  
32 whenever a school district desires to transfer amounts among line  
33 items and program categories, the transfers shall be by resolution of  
34 the board of education approved by a two-thirds affirmative vote of  
35 the authorized membership of the board; however, a board may, by  
36 resolution, designate the chief school administrator to approve such  
37 transfers as are necessary between meetings of the board. Transfers  
38 approved by the chief school administrator shall be reported to the  
39 board, ratified and duly recorded in the minutes at a subsequent  
40 meeting of the board, but not less than monthly. Transfers of  
41 surplus amounts or any other unbudgeted or underbudgeted revenue  
42 to line items and program categories shall require the approval of  
43 the Commissioner of Education and shall only be approved between  
44 April 1 and June 30 for line items and program categories necessary  
45 to achieve the thoroughness standards established pursuant to  
46 【subsection a. of section 4 of P.L.1996, c.138 (C18A:7F-4)】 section  
47 4 of P.L. , c. (C. ) (pending before the Legislature as this bill);  
48 except that upon a two-thirds affirmative vote of the authorized

1 membership of a board of education, the board may petition the  
2 commissioner for authority to transfer such revenue prior to April 1  
3 due to an emergent circumstance and the commissioner may  
4 authorize the transfer if he determines that the transfer is necessary  
5 to meet such emergency. Transfers from any general fund  
6 appropriation account that, on a cumulative basis, exceed 10% of  
7 the amount of the account included in the school district's budget as  
8 certified for taxes shall require the approval of the commissioner. In  
9 a school district wherein the Commissioner of Education has  
10 directed an in-depth evaluation pursuant to subsection e. of section  
11 14 of P.L.1975, c.212 (C.18A:7A-14), the board of education shall  
12 obtain the written approval of the executive county superintendent  
13 of schools prior to implementing any board authorized transfer of  
14 funds.  
15 (cf: P.L.2005, c.235, s.34)

16

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

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

29 a. General fund expenses of schools; or

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

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

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

39

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

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

44 a. "Commissioner" means the Commissioner of Education of the  
45 State of New Jersey;

46 b. "Debt service" means and includes payments of principal and  
47 interest upon qualified bonds issued pursuant to the terms of this act

1 or amounts required in order to satisfy sinking fund payment  
2 requirements with respect to such bonds;

3 c. "Local Finance Board" means the Local Finance Board in the  
4 Division of Local Government Services in the Department of  
5 Community Affairs, established pursuant to P.L.1974, c.35  
6 (C.52:27D-18.1);

7 d. "Paying agent" means any bank, trust company or national  
8 banking association having the power to accept and administer  
9 trusts, named or designated in any qualified bond of a school  
10 district or municipality as the agent for the payment of the principal  
11 of and interest thereon and shall include the holder of any sinking  
12 fund established for the payment of such bonds;

13 e. "Qualified bonds" means those bonds of a school district or  
14 municipality authorized and issued in conformity with the  
15 provisions of this act;

16 f. "State board" means the State Board of Education of the State  
17 of New Jersey;

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

21 h. "State school aid" means the funds made available to local  
22 school districts pursuant to [sections 15 and 17 of P.L.1996, c.138  
23 (C.18A:7F-15 and C.18A:7F-17)] section 11 of P.L. , c. (C. )  
24 (pending before the Legislature as this bill).  
25 (cf: P.L.1996, c.138, s.61)  
26

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

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

32 b. In addition to all other funds to which the local district or  
33 educational services commission is entitled under the provisions of  
34 [P.L.1996, c.138 (C.18A:7F-1 et al.)] P.L. , c. (C. ) (pending  
35 before the Legislature as this bill) and other pertinent statutes, each  
36 board of education or board of directors of an educational services  
37 commission shall receive from the State during the 1985-86  
38 academic year and for two years thereafter an amount equal to the  
39 sum of the amounts by which the actual salary prescribed for each  
40 current full-time teaching staff member under the salary schedule  
41 adopted by the local board of education or board of directors for the  
42 1984-85 academic year in the manner prescribed by law is less than  
43 \$18,500.00, provided that the teaching staff member has been  
44 certified by the local board of education or board of directors as  
45 performing his duties in an acceptable manner for the 1984-85  
46 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local  
47 board of education or board of directors shall receive from the State  
48 on behalf of the newly employed full-time teaching staff members

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

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

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

21 e. In each subsequent year the product of the base salary times  
22 7% shall be cumulatively added to each teacher's salary as  
23 calculated in subsection d. of this section in determining the aid  
24 payable. In any year subsequent to the 1987-88 academic year in  
25 which the base salary plus the cumulative increases under this  
26 section exceed \$18,500.00, aid will no longer be payable.

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

28

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

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

40 b. A charter school shall comply with the provisions of chapter  
41 46 of Title 18A of the New Jersey Statutes concerning the provision  
42 of services to handicapped students; except that the fiscal  
43 responsibility for any student currently enrolled in or determined to  
44 require a private day or residential school shall remain with the  
45 district of residence.

46 Within 15 days of the signing of the individualized education  
47 plan, a charter school shall provide notice to the resident district of  
48 any individualized education plan which results in a private day or

1 residential placement. The resident district may challenge the  
2 placement within 30 days in accordance with the procedures  
3 established by law.

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

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

7

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

10 12. a. **【As used in this section:**

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

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

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

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

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

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

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

11  
12 59. Section 3 of P.L.1988, c.12 (C.18A:38-7.9) is amended to  
13 read as follows:

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

25 b. In the event the designated district is a constituent district of a  
26 limited purpose regional district, when allocating equalized  
27 valuations or district incomes, pursuant to the provisions of section  
28 **【3 of P.L.1996, c.138 (C.18A:7F-3)】** 3 of P.L. , c. (C. )  
29 (pending before the Legislature as this bill), for the purpose of  
30 apportioning the amounts to be raised by taxes for the limited  
31 purpose regional district of which the designated district is a  
32 constituent district, persons attending schools in the designated  
33 district pursuant to section 2 of this act shall not be counted.

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

35  
36 60. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended to  
37 read as follows:

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



1 For the purposes of calculating State aid pursuant to **[P.L.1996,**  
2 **c.138 (C.18A:7F-1 et al.)]** P.L. , c. (C. ) (pending before the  
3 Legislature as this bill), whenever pupils residing in one district are  
4 attending the schools of the designated district, the district income  
5 of the resident district shall be allocated between the resident  
6 district and the designated district in proportion to the number of  
7 pupils residing in the resident district attending the schools of the  
8 resident district and designated district.  
9 (cf: P.L.1996, c.138, s.64)

10  
11 61. N.J.S.18A:38-19 is amended to read as follows:

12 18A:38-19. **[a.]** Whenever the pupils of any school district are  
13 attending public school in another district, within or without the  
14 State, pursuant to this article, the board of education of the  
15 receiving district shall determine a tuition rate to be paid by the  
16 board of education of the sending district to an amount not in excess  
17 of the actual cost per pupil as determined under rules prescribed by  
18 the commissioner and approved by the State board, and such tuition  
19 shall be paid by the custodian of school moneys of the sending  
20 district out of any moneys in his hands available for current  
21 expenses of the district upon order issued by the board of education  
22 of the sending district, signed by its president and secretary, in  
23 favor of the custodian of school moneys of the receiving district.

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

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

33  
34 62. Section 2 of P.L.1981, c.57 (C.18A:39-1a) is amended to  
35 read as follows:

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

43 As used in this section, State transportation aid per pupil shall  
44 equal the total State transportation aid payments made pursuant to  
45 section **[25 of P.L.1996, c.138 (C.18A:7F-25)]** 15 of P.L. , c.  
46 (C. ) (pending before the Legislature as this bill) divided by the  
47 number of pupils eligible for transportation. "CPI" means the

1 average annual increase, expressed as a decimal, in the consumer  
2 price index for the New York City and Philadelphia areas during the  
3 fiscal year preceding the prebudget year as reported by the United  
4 States Department of Labor.

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

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

10

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

12 18A:39-1.1. In addition to the provision of transportation for  
13 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board  
14 of education of any district may provide, by contract or otherwise,  
15 in accordance with law and the rules and regulations of the State  
16 board, for the transportation of other pupils to and from school.

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

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

22

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

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

46 The costs of the transportation shall be paid at the time and in the  
47 manner determined by the board of education or the cooperative  
48 transportation services agency, provided that the parent, guardian or

1 other person having legal custody of the pupil attending the public  
2 or nonpublic school shall pay no more than the per pupil cost of the  
3 route for the transportation provided pursuant to this section.

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

11 A board of education shall notify the Department of Education  
12 when it elects to provide transportation for pupils under the  
13 provisions of this act.

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

15

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

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

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

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

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

40 A board of education or the cooperative transportation services  
41 agency shall notify the Department of Education when it elects to  
42 provide transportation for pupils under the provisions of this  
43 section.

44 Boards of education shall not receive State transportation aid  
45 pursuant to section [25 of P.L.1996, c.138 (C.18A:7F-25)] 15 of  
46 P.L. , c. (C. ) (pending before the Legislature as this bill) for  
47 the transportation of pupils pursuant to this section; however these  
48 pupils shall be included in the calculation of the district's regular

1 vehicle capacity utilization for purposes of the application of the  
2 incentive factor pursuant to that section.

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

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

13

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

15 18A:39-3. a. No contract for the transportation of pupils to and  
16 from school shall be made, when the amount to be paid during the  
17 school year for such transportation shall exceed \$7,500.00 or the  
18 amount determined pursuant to subsection b. of this section, and  
19 have the approval of the executive county superintendent of  
20 schools, unless the board of education making such contract shall  
21 have first publicly advertised for bids therefor in a newspaper  
22 published in the district or, if no newspaper is published therein, in  
23 a newspaper circulating in the district, once, at least 10 days prior to  
24 the date fixed for receiving proposals for such transportation, and  
25 shall have awarded the contract to the lowest responsible bidder.

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

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

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

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

40 (4) The increase in the contractual amount as a result of an  
41 extension exceeds the rise in the Consumer Price Index as defined  
42 in section **[3 of P.L.1996, c.138 (C.18A:7F-3)]** 3 of P.L. , c.  
43 (C. ) (pending before the Legislature as this bill) for that school  
44 year, but the following apply to the extensions:

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

1 (b) The school destination remains unchanged from the original  
2 contract.

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

5 Nothing in this chapter shall require the immediate bid of any  
6 contract renewal for the remainder of a school year in which the  
7 only change, in addition to route description, is the bus type.  
8 However, any such extension shall be approved by the executive  
9 county superintendent of schools and shall be bid for the next  
10 school year.

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

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

23

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

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

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

34

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

37 11. The Commissioner of Education, in consultation with the  
38 Commissioner of Health and Senior Services, shall develop and  
39 administer a program which provides for the employment of  
40 substance awareness coordinators in certain school districts.

41 a. Within 90 days of the effective date of this act, the  
42 Commissioner of Education shall forward to each local school  
43 board a request for a proposal for the employment of a substance  
44 awareness coordinator. A board which wants to participate in the  
45 program shall submit a proposal to the commissioner which outlines  
46 the district's plan to provide substance abuse prevention,  
47 intervention and treatment referral services to students through the  
48 employment of a substance awareness coordinator. Nothing shall

1 preclude a district which employs a substance awareness  
2 coordinator at the time of the effective date of this act from  
3 participating in this program. The commissioner shall select school  
4 districts to participate in the program through a competitive grant  
5 process. The participating districts shall include urban, suburban  
6 and rural districts from the north, central and southern geographic  
7 regions of the State with at least one school district per county. In  
8 addition to all other State aid to which the local district is entitled  
9 under the provisions of **[P.L.1996, c.138 (C.18A:7F-1 et al.)]**  
10 P.L. , c. (C. ) (pending before the Legislature as this bill) and  
11 other pertinent statutes, each board of education participating in the  
12 program shall receive from the State, for a three-year period, the  
13 amount necessary to pay the salary of its substance awareness  
14 coordinator.

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

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

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

1 to all school districts in the State.  
2 (cf: P.L.1996, c.138, s.70)

3

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

5 18A:44-4. a. Except as otherwise provided pursuant to  
6 subsection b. of this section, the expenses of preschool schools or  
7 departments and of kindergarten schools or departments shall be  
8 paid out of any moneys available for the general fund expenses of  
9 the schools, and in the same manner and under the same restrictions  
10 as the expenses of other schools or departments are paid, except  
11 when wholly or partly subsidized by restricted funding sources or  
12 restricted endowments.

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

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

24

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

27 2. a. There is established a Division of Early Childhood  
28 Education in the Department of Education. The administrator and  
29 head of the division shall be a person qualified by training and  
30 experience to perform the duties of the division and shall devote  
31 his entire time to the performance of those duties.

32 b. The division shall be responsible for:

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

40 (2) identifying and disseminating information on model early  
41 childhood education programs that meet and exceed high standards  
42 for program quality;

43 (3) the coordination of early childhood programs and services in  
44 consultation with the Department of Human Services;

45 (4) identifying the amount of funds necessary to implement  
46 successful early childhood education programs based on a  
47 comprehensive needs assessment;

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

14

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

16 18A:46-14. The facilities and programs of education required  
17 under this chapter shall be provided by one or more of the  
18 following:

- 19 a. A special class or classes in the district, including a class or  
20 classes in hospitals, convalescent homes, or other institutions;
- 21 b. A special class in the public schools of another district in this  
22 State or any other state in the United States;
- 23 c. Joint facilities including a class or classes in hospitals,  
24 convalescent homes or other institutions to be provided by  
25 agreement between one or more school districts;
- 26 d. A jointure commission program;
- 27 e. A State of New Jersey operated program;
- 28 f. Instruction at school supplementary to the other programs in  
29 the school, whenever, in the judgment of the board of education  
30 with the consent of the commissioner, the handicapped pupil will be  
31 best served thereby;
- 32 g. Sending children capable of benefiting from a day school  
33 instructional program to privately operated day classes, in New  
34 Jersey or, with the approval of the commissioner to meet particular  
35 circumstances, in any other state in the United States, the services  
36 of which are nonsectarian whenever in the judgment of the board of  
37 education with the consent of the commissioner it is impractical to  
38 provide services pursuant to subsection a., b., c., d., e. or f.  
39 otherwise;
- 40 h. Individual instruction at home or in school whenever in the  
41 judgment of the board of education with the consent of the  
42 commissioner it is impracticable to provide a suitable special  
43 education program for a child pursuant to subsection a., b., c., d., e.,  
44 f. or g. otherwise.

45 Whenever a child study team determines that a suitable special  
46 education program for a child cannot be provided pursuant to  
47 subsection a., b., c., d., e., f., g. or h. of this section, and that the  
48 most appropriate placement for that child is in an academic program



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

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

29 (cf: P.L.1996, c.138, s.74)

30

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

32 18A:46-23. The board of education shall furnish transportation  
33 to all children found under this chapter to be handicapped who shall  
34 qualify therefor pursuant to law and it shall furnish the  
35 transportation for a lesser distance also to any handicapped child, if  
36 it finds upon the advice of the examiner, the handicap to be such as  
37 to make transportation necessary or advisable.

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

47 The school district shall be entitled to State aid for the  
48 transportation pursuant to section **[25 of P.L.1996, c.138**

1 (C.18A:7F-25)] 15 of P.L. , c. (C. ) (pending before the  
2 Legislature as this bill) when the necessity for the transportation  
3 and the cost and method thereof have been approved by the  
4 executive county superintendent of the county in which the district  
5 paying the cost of the transportation is situated.  
6 (cf: P.L.1996, c.138, s.76)  
7

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

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

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

43 Tuition charged to the resident district shall be deducted from the  
44 resident district's State aid and transferred directly to the county  
45 special services district by the Department of Education according  
46 to procedures established by the commissioner. The transfers shall  
47 equal 1/20th of the tuition charged and shall occur on the same  
48 schedule of State aid payments for the resident districts. Beginning

1 in May of the preceding year the county special services district  
2 shall report to the department and the resident districts the current  
3 enrollments and tuition rates by district. Enrollment changes  
4 reported at least 30 days in advance of a scheduled transfer shall be  
5 honored.

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

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

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

32 d. (Deleted by amendment, P.L.1991, c.62).  
33 (cf: P.L.1996, c.138, s.77)  
34

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

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

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

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

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

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

6  
7 75. N.J.S.18A:56-16 is amended to read as follows:

8 18A:56-16. In the event that a school district or a county or  
9 municipality anticipates that it will be unable to meet the payment  
10 of principal or interest on any of its bonds issued for school  
11 purposes after December 4, 1958, it shall certify such liability to the  
12 commissioner and the Director of the Division of Local Finance at  
13 least 10 days prior to the date any such payment is due. If the  
14 commissioner and director shall approve said certification, they  
15 shall immediately certify the same to the trustees of the fund for the  
16 support of public schools. Upon the receipt thereof, or in the event  
17 any such district, county or municipality fails to certify its  
18 anticipated inability to meet any such payments, upon notice and  
19 verification of such inability, the trustees shall, within the limits of  
20 the school bond guaranty reserve established within the fund  
21 purchase any such bonds at a price equivalent to the face amount  
22 thereof or pay to the holder of any such bond the interest due or to  
23 become due thereon, as the case may be, and such purchases and  
24 payments of interest may continue so long as the district, county or  
25 municipality remains unable to make such payments. Upon making  
26 any such payment of interest, the trustees of the fund shall be  
27 subrogated to all rights of the bondholder against the issuer in  
28 respect to the collection of such interest and if such interest is  
29 represented by a coupon such coupon shall be delivered to the  
30 trustees of the fund.

31 The State Treasurer shall act as agent of the trustees of the fund  
32 in making any such payments or purchases, and he shall prescribe,  
33 in consultation with the commissioner, such rules and regulations as  
34 may be necessary and proper to effectuate the purposes of this  
35 section.

36 The amount of any payment of interest or purchase price  
37 pursuant to this section shall be deducted from the appropriation or  
38 apportionment of State aid, other than any State aid which may be  
39 otherwise restricted pursuant to the provisions of **【P.L.1996, c.138**  
40 **(C.18A:7F-1 et seq.)】** P.L. , c. (C. ) (pending before the  
41 Legislature as this bill), payable to the district, county or  
42 municipality and shall not obligate the State to make, nor entitle the  
43 district, county or municipality to receive, any additional  
44 appropriation or apportionment. Any amount so deducted shall be  
45 applied by the State Treasurer to satisfy the obligation of the  
46 district, county or municipality arising as a result of the payment of  
47 interest or purchase price pursuant to this section.

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

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

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

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

12

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

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

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

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

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

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

43       d. In the case of child care centers under contract to implement  
44 early childhood education programs in **[the Abbott districts as**  
45 **defined in P.L.1996, c.138 (C.18A:7F-3) and in other]** school  
46 districts, the department shall ensure that a criminal history record  
47 background check is conducted on all current staff members as soon

1 as practicable, but no later than six months after the effective date  
2 of P.L.2000, c.77 (C.30:5B-6.10 et al.).

3 (cf: P.L.2004, c.130, s.99)

4

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

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

15 (cf: P.L.2000, c.77, s.10)

16

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

19 2. As used in this act:

20 **【**"Abbott district" means an Abbott district as defined in section  
21 3 of P.L.1996, c.138 (C.18A:7F-3); **】**

22 "Commissioner" means the Commissioner of Labor and  
23 Workforce Development;

24 "Department" means the Department of Labor and Workforce  
25 Development;

26 "Educational foundation" means a nonprofit organization that  
27 may be created by or on behalf of a board of education or a  
28 nonprofit organization that has experience in the establishment of  
29 mentoring programs or the provision of services to at-risk youth;

30 "Joint committee" means the Joint Committee on Mentoring;

31 "Mentor" means a volunteer from the community who agrees to  
32 participate in a mentoring program; **【and】**

33 "Program" means the At-Risk Youth Mentoring Program  
34 established by this act; and

35 "SDA district" means an SDA district as defined pursuant to  
36 section 3 of P.L.2000, c.72 (C.18A:7G-3).

37 (cf: P.L.2004, c.61, s.2)

38

39 80. Section 2 of P.L.2003, c.113 (C.46:15-7.1) is amended to  
40 read as follows:

41 2. a. For each conveyance or transfer of property, the grantor  
42 shall pay a supplemental fee of:

43 (1) (a) \$0.25 for each \$500.00 of consideration or fractional  
44 part thereof not in excess of \$150,000.00 recited in the deed;

45 (b) \$0.85 for each \$500.00 of consideration or fractional part  
46 thereof in excess of \$150,000.00 but not in excess of \$200,000.00  
47 recited in the deed; and

- 1 (c) \$1.40 for each \$500.00 of consideration or fractional part  
2 thereof in excess of \$200,000.00 recited in the deed, plus
- 3 (2) for a transfer described in subsection (b) of section 4 of  
4 P.L.1975, c.176 (C.46:15-10.1), an additional \$1.00 for each  
5 \$500.00 of consideration or fractional part thereof not in excess of  
6 \$150,000.00 recited in the deed which fee shall be collected by the  
7 county recording officer at the time the deed is offered for  
8 recording, except as provided by subsection b. of this section.
- 9 b. The supplemental fee imposed by subsection a. of this  
10 section shall not be imposed on a conveyance or transfer that is  
11 made by a deed described in section 6 of P.L.1968, c.49 (C.46:15-  
12 10) or on a transfer described in paragraph (1) or paragraph (2) of  
13 subsection (a) of section 4 of P.L.1975, c.176 (C.46:15-10.1).
- 14 c. The proceeds of the supplemental fees collected by the  
15 county recording officer pursuant to subsection a. of this section  
16 shall be accounted for and remitted to the county treasurer. An  
17 amount equal to \$0.25 of the supplemental fee for each \$500.00 of  
18 consideration or fractional part thereof recited in the deed so  
19 collected pursuant to this section shall be retained by the county  
20 treasurer for the purposes set forth in subsection d. of this section,  
21 and the balance shall be remitted to the State Treasurer for deposit  
22 to the Extraordinary Aid Account, which shall be established as an  
23 account in the General Fund. Payments shall be made to the State  
24 Treasurer on the tenth day of each month following the month of  
25 collection.
- 26 d. From the proceeds of the supplemental fees collected by the  
27 county recording officer pursuant to subsection a. of this section  
28 and retained by the county treasurer pursuant to subsection c. of this  
29 section, a county that received funding in State fiscal year 2003 for  
30 the support of public health services pursuant to the provisions of  
31 the Public Health Priority Funding Act of 1977, P.L.1966, c.36  
32 (C.26:2F-1 et seq.) shall, at a minimum, fund its priority health  
33 services under that act in subsequent years at the same level as the  
34 level at which those services were funded in State fiscal year 2003  
35 pursuant to the annual appropriations act for that fiscal year as the  
36 Commissioner of the Department of Health and Senior Services  
37 shall determine. In any county, amounts of supplemental fees  
38 retained that are in excess of the amounts required to be used for the  
39 funding of the county's priority health services under this subsection  
40 shall be used by the county for general county purposes.
- 41 e. The Legislature shall annually appropriate the entire balance  
42 of the Extraordinary Aid Account for the purposes of providing  
43 extraordinary special education aid pursuant to section [19 of  
44 P.L.1996, c.138 (C.18A:7F-19)] 13 of P.L. , c. (C. ) (pending  
45 before the Legislature as this bill) and "Municipal Property Tax  
46 Relief Act" extraordinary aid pursuant to section 4 of P.L.1991,  
47 c.63 (C.52:27D-118.35).

1 f. Every deed subject to the supplemental fee required by this  
2 section, which is in fact recorded, shall be conclusively deemed to  
3 have been entitled to recording, notwithstanding that the amount of  
4 the consideration shall have been incorrectly stated, or that the  
5 correct amount of the supplemental fee, if any, shall not have been  
6 paid, and no such defect shall in any way affect or impair the  
7 validity of the title conveyed or render the same unmarketable; but  
8 the person or persons required to pay that supplemental fee at the  
9 time of recording shall be and remain liable to the county recording  
10 officer for the payment of the proper amount thereof.

11 (cf: P.L.2003, c.113, s.2)

12

13 81. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to  
14 read as follows:

15 2. As used in this act:

16 "Assistance" means the contribution of moneys to aid in the  
17 provision of neighborhood preservation and revitalization services  
18 or community services.

19 "Business entity" means any business firm or individual which is  
20 authorized to conduct or operate a trade or business in the State and  
21 is subject to taxes on business related income.

22 "Certificate for neighborhood revitalization State tax credits"  
23 means the certificate in the form prescribed by the Treasurer and  
24 issued by the commissioner to a business entity that specifies the  
25 dollar amount of neighborhood preservation and revitalization State  
26 tax credits that business entity may take as an annual credit against  
27 certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et  
28 seq.).

29 "Commissioner" means the Commissioner of Community  
30 Affairs.

31 "Department" means the Department of Community Affairs.

32 "Eligible neighborhood" means a contiguous area located in one  
33 or more municipalities that, at the time of the application to the  
34 department for approval of a neighborhood preservation and  
35 revitalization plan, are either eligible to receive aid under the  
36 "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et  
37 seq.) or coextensive with a school district which qualified prior to  
38 the effective date of P.L. , c. (C. ) (pending before the  
39 Legislature as this bill) for designation as an "Abbott district"  
40 pursuant to the "Comprehensive Educational Improvement and  
41 Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et seq.).

42 "Housing and economic development activities" means those  
43 activities carried out in furtherance of a neighborhood preservation  
44 and revitalization plan in an eligible neighborhood approved  
45 pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the  
46 housing and economic conditions of the neighborhood; and shall  
47 include, without limitation, measures to foster the rehabilitation and  
48 construction of housing affordable to low and moderate income



1 households within the neighborhood, including planning, design,  
2 rehabilitation, construction, and management of low and moderate  
3 income housing, home buyer counseling, and related activities  
4 needed to effectuate the rehabilitation and construction of housing  
5 affordable to low and moderate income households; measures to  
6 increase business activity within the neighborhood, including the  
7 rehabilitation and construction of commercial facilities and the  
8 provision of assistance to small business entities; and measures to  
9 increase the income and labor force participation of neighborhood  
10 residents, including provision of education, training, child care and  
11 transportation assistance to enable low income neighborhood  
12 residents to obtain or retain employment.

13 "Low income household" means a household whose gross  
14 household income is less than 50 percent of the median gross  
15 household income for the region in which the neighborhood is  
16 located for households of similar size as determined by the  
17 department.

18 "Moderate income household" means a household whose gross  
19 household income is greater than or equal to 50 percent but less  
20 than 80 percent of the median gross household income of the region  
21 in which the neighborhood is located for households of similar size  
22 as determined by the department.

23 "Neighborhood preservation and revitalization activities" means  
24 housing and economic development activities and other  
25 neighborhood preservation and revitalization activities.

26 "Neighborhood Revitalization Plan" means a plan for the  
27 preservation or revitalization of an eligible neighborhood.

28 "Nonprofit organization" means a private nonprofit corporation  
29 that has been determined by the Internal Revenue Service of the  
30 United States Department of the Treasury to be exempt from  
31 income taxation under 26 U.S.C.s.501(c)(3).

32 "Other Neighborhood Revitalization Activities" means those  
33 activities, other than housing and economic development activities,  
34 carried out in furtherance of a State-approved neighborhood  
35 preservation and revitalization plan in a qualified low and moderate  
36 income neighborhood, and may include, without limitation,  
37 improvements to infrastructure, street scape, public open space, and  
38 transportation systems; provision of social and community services,  
39 health care, crime prevention, recreation activities, community and  
40 environmental health services; and community outreach and  
41 organizing activities.

42 "Qualified nonprofit organization" means a nonprofit  
43 organization that has demonstrated a commitment to the  
44 neighborhood for which it is submitting a plan or project, as  
45 reflected in its past activities or proposed activities in a preservation  
46 and revitalization plan.

47 "Qualified project" means one or more housing and economic  
48 development activities and which may also include one or more

1 other neighborhood revitalization activities to be carried out in  
2 accordance with a neighborhood revitalization plan as approved by  
3 the commissioner with funds provided by a business entity eligible  
4 to receive a certificate for neighborhood revitalization State tax  
5 credits.

6 (cf: P.L.2003, c.59, s.1)

7

8 82. Section 7 of P.L.2004, c.73 is amended to read as follows:

9 7. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-  
10 1 et seq.) to the contrary, the commissioner may adopt, immediately  
11 upon filing with the Office of Administrative Law, such rules and  
12 regulations as the commissioner deems necessary to implement the  
13 provisions of P.L.2004, c.73 which shall be effective for a period  
14 not to exceed 12 months. Determinations made by the  
15 commissioner pursuant to P.L.2004, c.73 and the rules and  
16 regulations adopted by the commissioner to implement that act shall  
17 be considered to be final agency action and appeal of that action  
18 shall be directly to the Appellate Division of the Superior Court.  
19 The regulations shall thereafter be amended, adopted or readopted  
20 by the **【State Board】** Commissioner of Education in accordance  
21 with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

22

23 83. Notwithstanding any provision of P.L.1968, c.410  
24 (C.52:14B-1 et seq.) to the contrary, the Commissioner of  
25 Education may adopt, immediately upon filing with the Office of  
26 Administrative Law, such rules and regulations as the commissioner  
27 deems necessary to implement the provisions of P.L. , c. (C. )  
28 (pending before the Legislature as this act) which shall be effective  
29 for a period not to exceed 12 months. The regulations shall  
30 thereafter be amended, adopted or readopted by the commissioner  
31 in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1  
32 et seq.).

33

34 84. The following sections are repealed:

35 Sections 1 through 4, 10 through 23, and 25 through 31 of  
36 P.L.1996, c.138 (C.18A:7F-1 through 18A:7F-4, 18A:7F-10  
37 through 18A:7F-23, 18A:7F-25 through 18A:7F-31);

38 Sections 1 and 2 of P.L.2005, c.122 (C.18A:7F-10.1 and 18A:7F-  
39 10.2);

40 Section 2 of P.L.1999, c.110 (C.18A:7F-13.1);

41 Section 1 of P.L.1999, c.438 (C.18A:7F-32.1);

42 P.L.1999, c.142 (C.18A:7F-35 and 18A:7F-36);

43 N.J.S.18A:8-1.1;

44 P.L.1995, c.95 (C.18A:22-8.6);

45 Section 10 of P.L.1999, c.279 (C.34:15F-10).

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47 85. This act shall take effect immediately and shall first apply to  
48 the 2008-2009 school year.

STATEMENT

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This bill, the “School Funding Reform Act of 2008,” establishes a new system for the funding of public school districts. The goal of the new formula is to create a fair, equitable, and predictable funding formula based on student characteristics, regardless of the community in which a student resides.

The bill maintains current requirements for the establishment and update by the State Board of Education of the core curriculum content standards that define the substance of a thorough education; however it repeals the sections of the “Comprehensive Educational Improvement and Financing Act of 1996,” (CEIFA) P.L.1996, c.138, which established the State aid formulas that supported school district programs to implement the standards, and establishes revised formulas for that purpose.

The bill continues the requirement that the Governor issue a report to the Legislature concerning a thorough and efficient education. Under the bill, the Educational Adequacy Report will be issued every three years. The report will establish the base per pupil amount, which is the amount per elementary school pupil necessary to provide a thorough and efficient education, the weights that will be applied to that amount to reflect the differing cost of educating a pupil at the middle and high school levels and at county vocational school districts, and various other factors related to the State aid formulas established under the bill. The per pupil amounts and cost factors will apply to the three successive fiscal years beginning one year from the subsequent July 1 with annual adjustments for inflation by the CPI for the two school years following the first school year to which the report is applicable.

The base per pupil amount established in the report will serve as the basis for determining a school district’s base cost. The base cost will be determined by multiplying the base per pupil amount by the district’s weighted enrollment. In the case of a county vocational school district, an additional weight is applied to reflect the higher cost of the programs provided by these districts. For the 2008-2009 school year, the base per pupil amount will equal \$9,649, with adjustment by the CPI for each of the two school years following the first school year to which the report is applicable.

A district’s base cost is then applied to the calculation of a district’s adequacy budget. The base cost is adjusted to reflect the additional costs associated with the education of at-risk students, bilingual students, students who are both at-risk and bilingual (combination students), a percentage of the costs associated with providing services to general special education services students, and all of the costs associated with providing services to speech-only students. A geographic cost adjustment is also applied to reflect county differences in the cost of providing educational services.

1 Under the bill, an at-risk student would include students who are  
2 eligible for free or reduced-priced lunches. This is a significant  
3 change from past State funding practices that have historically  
4 included only students eligible for free lunches. Since it is widely  
5 accepted that a district with a high concentration of at-risk students  
6 incurs greater costs than a similar district with a lower  
7 concentration of at-risk students, the weight for a district's at-risk  
8 students is based on a sliding scale with the weight increasing as the  
9 proportion of at-risk students increases. In districts with an at-risk  
10 concentration of less than 20%, each at-risk student will receive a  
11 weight of .47. This weight will increase to a maximum weight of  
12 .57 for districts with an at-risk concentration greater than or equal  
13 to 60%. In the case of a bilingual student, a weight of .5 is applied;  
14 and in the case of a pupil who is both bilingual and at-risk, the pupil  
15 will receive the full at-risk weight plus one-quarter of the weight for  
16 a bilingual pupil, .125, to address non-overlapping resources.

17 In the case of special education pupils, two-thirds of the census-  
18 based costs associated with general special education services  
19 pupils and 100% of the census-based costs associated with speech-  
20 only pupils are included within the adequacy budget calculation.  
21 The formula uses the census approach for funding special education  
22 students based on the State average classification rate. This rate is  
23 then applied to the district's resident enrollment, and the resulting  
24 number of students is then multiplied by the average excess special  
25 education cost. For the 2008-2009 through 2010-2011 school years,  
26 the State average classification rate for general special education  
27 services students is set at 14.69%. For the 2008-2009 school year  
28 the excess cost for general special education services students will  
29 be \$10,898 and the amount will be inflated by the CPI in each of the  
30 next two school years. In the case of students who receive speech-  
31 only services, a State average classification rate of 1.897% will be  
32 applied. The excess cost will be \$1,082 for the 2008-2009 school  
33 year with the amount adjusted by the CPI as described above.

34 Under the bill, a local share is calculated for each school  
35 district's and county vocational school district's adequacy budget.  
36 The local share represents the ability of the district to support its  
37 adequacy budget based upon the district's property and personal  
38 income wealth. A district will receive State equalization aid, the  
39 wealth equalized portion of a district's State aid, to support that  
40 portion of the adequacy budget which cannot be supported locally  
41 in accordance with the local share calculation.

42 The bill establishes two categorical State aid programs. One of  
43 those programs will support the one-third of the census-based cost  
44 of providing services to general special education students which is  
45 not supported through the adequacy budget. Again, a census  
46 approach is used which considers the State average classification  
47 rate and excess cost, and a geographical cost adjustment is applied.

1 The second categorical aid program is for security costs. Under  
2 the formula the base per pupil security amount is set at \$70.  
3 Districts may also receive an additional per pupil amount for each  
4 at-risk student based on a sliding scale formula that increases the  
5 additional per pupil amount in accordance with the district's  
6 concentration of at-risk students, up to a maximum of \$406 in  
7 districts with at least 40% of the students deemed at-risk. Again, a  
8 geographical cost adjustment is applied to the security categorical  
9 aid formula.

10 The bill also includes preschool education State aid which will  
11 fund a significant expansion of early childhood programs. Under  
12 the bill, all A and B district factor group districts, and all CD  
13 district factor group districts with a concentration of at-risk pupils  
14 equal to or greater than 40%, will be required to offer full-day  
15 preschool for all three- and four-year old students. All other school  
16 districts will be required to offer full-day preschool for at-risk  
17 three- and four-year old students. The district will receive  
18 preschool education aid to support each pupil for whom the district  
19 is required to provide free preschool. The per pupil aid amount  
20 reflects the differing costs of placement in an in-district preschool  
21 program, a program provided by a licensed child care provider, or a  
22 Head Start Program. For the 2008-2009 school year, the per pupil  
23 aid amount will equal \$11,506 for pupils enrolled in an in-district  
24 program, \$12,934 for pupils enrolled in a licensed child care  
25 provider program, and \$7,146 for pupils enrolled in a Head Start  
26 Program. As with other State aid categories, the per pupil amounts  
27 will be annually adjusted by the CPI and then revised in the  
28 Educational Adequacy Report

29 In accordance with regulations adopted by the commissioner, all  
30 districts will be required to submit a five-year plan that provides for  
31 the full implementation of full day preschool for all eligible three-  
32 and four-year olds by the 2013-2014 school year. The district must  
33 annually update the plan based on actual implementation  
34 experience. In the case of a school district that did not receive any  
35 form of preschool aid in the 2007-2008 school year, the 2008-2009  
36 school year will be a planning year. Beginning in the 2009-2010  
37 school year, such districts will receive preschool education aid as  
38 calculated under the bill and may also receive start-up funds in that  
39 school year. The bill also includes provisions which deal  
40 specifically with the amount of preschool education aid which will  
41 be provided in the 2008-2009 school year for districts which  
42 received Early Launch to Learning Initiative aid, early childhood  
43 program aid, and preschool expansion or education opportunity aid  
44 in the 2007-2008 school year.

45 This bill continues extraordinary special education aid with a  
46 number of revisions. The threshold will be \$40,000 for an  
47 individual classified pupil if that pupil is educated in an in-district  
48 public school program with non-disabled peers or if that pupil is

1 educated in a separate public school program for students with  
2 disabilities. In the case of an in-district public school program the  
3 extraordinary special education aid will equal 90% of the district's  
4 actual costs for instructional and support services for the pupil that  
5 exceed the threshold and in the case of a separate public school  
6 program the extraordinary special education aid will equal 75% of  
7 the district's actual costs for that pupil that exceed the threshold.  
8 The threshold is set at \$55,000 in the case of a pupil educated in a  
9 separate private school for students with disabilities. In this case  
10 the extraordinary special education aid will equal 75% of the tuition  
11 for that pupil that exceeds the threshold. Receipt of extraordinary  
12 special education aid will be conditioned upon a demonstration by  
13 the district that the pupil's individualized education plan requires  
14 the provision of intensive services.

15 Under the bill, transportation aid is funded in the same manner as  
16 under CEIFA with a formula that represents a level of funding to  
17 reimburse districts for the cost of efficiently transporting eligible  
18 pupils based on regular or specialized modes of transportation,  
19 eligible pupils transported, and average miles per eligible pupil. In  
20 light of the fiscal impact of using updated pupil figures for  
21 transportation services, in the 2008-2009 school year a school  
22 district will receive 81.4876% of its entitlement.

23 The bill also establishes the State aid category of adjustment aid.  
24 For the 2008-2009 school year, each district will receive adjustment  
25 aid in such amount as to ensure that the district receives the greater  
26 of the amount of State aid calculated for the district in accordance  
27 with the bill's provisions or the district's 2007-2008 State aid  
28 increased by 2%. In the 2009-2010 and 2010-2011 school years,  
29 districts will receive adjustment aid in such amount as to ensure that  
30 the district receives the greater of the amount of State aid calculated  
31 for the district in accordance with the bill's provisions or the  
32 amount of State aid, other than educational adequacy aid, that the  
33 district received for the 2008-2009 school year. For the 2011-2012  
34 school year and for each subsequent school year, a district that has a  
35 decline in its weighted enrollment, adjusted for bilingual and at-risk  
36 pupils, between the 2008-2009 school year and the budget year that  
37 is not greater than 5% will receive adjustment aid in such amount as  
38 to ensure that the district receives the greater of the amount of State  
39 aid calculated under the bill or the amount of State aid that the  
40 district received in the 2008-2009 school year. In the case of a  
41 school district that has had such a decline in enrollment that is  
42 greater than 5%, the district will experience a reduction in  
43 adjustment aid in accordance with its percentage decline in resident  
44 enrollment that exceeds 5%.

45 The bill also establishes the State aid category of educational  
46 adequacy aid for certain school districts that received education  
47 opportunity aid in the 2007-2008 school year and are spending  
48 below adequacy. If the commissioner determines that the district is

1 not meeting educational adequacy standards or that it meets certain  
2 municipal overburden criteria, educational adequacy aid will be  
3 provided to assist the district in meeting their adequacy budget  
4 level. Under the aid formula such a district is required to increase  
5 its general fund tax levy over the prior year levy.

6 The bill addresses issues associated with the funding of charter  
7 school students as well as the remaining choice students. The bill  
8 also amends the school construction law, the “Educational Facilities  
9 Construction and Financing Act,” to establish the category of SDA  
10 district, which is a district that received education opportunity aid  
11 or preschool expansion aid in the 2007-2008 school year. For these  
12 school districts the State share for their school facilities projects  
13 will remain at 100% and they will be constructed by the New Jersey  
14 Schools Development Authority. The bill also revises numerous  
15 sections of law that are related to school funding and school  
16 budgeting procedures.

17 The bill also:

- 18 • Provides that in the case of a district that is spending above  
19 adequacy and taxing above its local share and that receives  
20 an increase in State aid between the prebudget and budget  
21 years that exceeds 2% or the CPI, whichever is greater, the  
22 district’s tax levy growth limitation must be reduced by the  
23 amount of State aid that exceeds 2% or the CPI, whichever is  
24 greater. For the purposes of this provision, the CPI will be  
25 capped at 4%;
- 26 • Permits the Commissioner of Education to increase the State  
27 aid growth limit for a county vocational school district that  
28 has revised one or more of its programs from a shared-time  
29 program to a full-time program between the 2001-2002 and  
30 2007-2008 school years or will make such revision in the  
31 2008-2009 school year;
- 32 • Permits school districts to apply for additional special  
33 education categorical aid if the district has an unusually high  
34 rate of low-incidence disabilities, such as autism,  
35 deaf/blindness, severe cognitive impairment, and medically  
36 fragile;
- 37 • Requires the commissioner to complete a study to determine  
38 whether the tax levy growth limitation enacted in 2007 is  
39 more effective in addressing disparities in school district  
40 spending than the spending growth limitation under the  
41 provisions of CEIFA or whether a revised growth limitation  
42 is warranted;
- 43 • Requires the commissioner to be satisfied that all  
44 educational expenditures in a district are being spent  
45 effectively and efficiently prior to authorizing the  
46 disbursement of State funds to the district and authorizes the  
47 commissioner to take any affirmative action necessary to  
48 ensure districts are expending funds in this manner;

- 1       • Permits SDA districts, those districts that received education  
2       opportunity aid or preschool expansion aid in the 2007-2008  
3       school year, to include in their annual capital outlay budget  
4       one or more school facilities projects of up to \$500,000 each  
5       upon the commissioner’s approval;
- 6       • Amends the “School District Fiscal Accountability Act” to  
7       provide that for all purposes other than for the purposes of  
8       the “New Jersey Tort Claims Act,” the State monitor  
9       appointed to a district will be considered an employee of the  
10      district, and to provide that the State monitor will have the  
11      authority to appoint legal counsel under certain  
12      circumstances;
- 13      • Permits the commissioner to adjust the date for the  
14      submission of district budgets if the availability of  
15      preliminary aid numbers for the subsequent school year  
16      warrants such adjustment;
- 17      • Deletes a provision included in CEIFA that required the  
18      commissioner to wait for three consecutive years of failing  
19      test scores prior to being permitted to take certain actions  
20      such as directing the restructuring of curriculum and  
21      enforcing spending at the full adequacy budget;
- 22      • Deletes a provision included in CEIFA that prevented the  
23      commissioner in reviewing a district’s budget from  
24      eliminating, reducing, or reallocating funds for courtesy  
25      busing or from requiring the district to eliminate these funds  
26      from their base budget and include them in a separate  
27      proposal to be approved by the voters or board of school  
28      estimate;
- 29      • Revises the permanent statutes to reflect a change that has  
30      been included in the annual appropriations act that provides  
31      that State aid will be paid to districts on the eighth and the  
32      twenty-second of each month from September through June  
33      rather than on the first and fifteenth;
- 34      • Permits the commissioner to enact emergency rules to  
35      effectuate the provisions of the bill and provides that those  
36      rules will be in effect for no longer than 12 months after  
37      which the rules will be readopted or amended by the  
38      commissioner pursuant to the “Administrative Procedure  
39      Act”;
- 40      • Provides that the area cost allowance under EFCFA will be  
41      established and revised by the commissioner according to a  
42      schedule that she deems necessary and eliminates the  
43      statutory requirement that the area cost allowance be  
44      automatically inflated by the cost index;
- 45      • Requires that a charter school provide notice to the resident  
46      district within 15 days of the signing of the Individualized  
47      Education Plan (IEP) in the case of an IEP that results in a  
48      private day or residential placement and permits the resident



- 1 district to challenge the placement within 30 days according  
2 to a process set forth in existing law;
- 3 • Repeals various sections of law:
    - 4 State aid formula provisions of CEIFA;
    - 5 N.J.S.A.18A:8-1.1 – provides to a specific district a  
6 special apportionment of annual appropriations;
    - 7 N.J.S.A.18A:22-8.6 – prevents the commissioner  
8 from reducing a line item in a district’s budget relating to  
9 courtesy busing under certain conditions; and
    - 10 N.J.S.A.34:15F-10 - permits districts to appeal to the  
11 commissioner to use funds under a specific CEIFA State aid  
12 program for mentoring.