

P.L. 1996, CHAPTER 138, *approved December 20, 1996*  
Senate Committee Substitute for Senate Committee Substitute for  
Senate No. 40

1 **AN ACT** providing for the maintenance and support of a thorough and  
2 efficient system of free public schools and revising parts of the  
3 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 the  
9 "Comprehensive Educational Improvement and Financing Act of  
10 1996."

11

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

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

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

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

29 (4) The present system of school budget development, approval,

**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 and appeal has resulted in defining a thorough and efficient system of  
2 education as the sum of whatever elements an individual district  
3 determines and incorporates into its budget.

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

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

13 b. The Legislature, therefore, provides and establishes:

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

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

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

22 (4) A funding mechanism to ensure that support.

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

28

29 3. (New section) As used in this act, unless the context clearly  
30 requires a different meaning:

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

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

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

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

43 "Commissioner" means the Commissioner of Education;

44 "Concentration of low-income pupils" shall be based on prebudget  
45 year pupil data and means, for a school district or a county vocational  
46 school district, the number of low-income pupils among those counted

1 in modified district enrollment, divided by modified district enrollment.  
2 For a school, it means the number of low-income pupils recorded in  
3 the registers at that school, divided by the total number of pupils  
4 recorded in the school's registers;

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

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

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

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

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

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

38 "District income" for the 1997-98 school year means the aggregate  
39 income of the residents of the taxing district or taxing districts, based  
40 upon data provided by the Bureau of the Census in the United States  
41 Department of Commerce for 1989. Beginning with the 1998-99  
42 school year and thereafter, district income means the aggregate  
43 income of the residents of the taxing district or taxing districts, based  
44 upon data provided by the Division of Taxation in the New Jersey  
45 Department of the Treasury and contained on the New Jersey State  
46 Income Tax forms for the calendar year ending prior to the prebudget

1 year. The commissioner may supplement data contained on the State  
2 Income Tax forms with data available from other State or federal  
3 agencies in order to better correlate the data to that collected on the  
4 federal census. With respect to regional districts and their constituent  
5 districts, however, the district income as described above shall be  
6 allocated among the regional and constituent districts in proportion to  
7 the number of pupils resident in each of them;

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

15 "Equalized valuation" means the equalized valuation of the taxing  
16 district or taxing districts, as certified by the Director of the Division  
17 of Taxation on October 1, or subsequently revised by the tax court by  
18 January 15, of the prebudget year. With respect to regional districts  
19 and their constituent districts, however, the equalized valuations as  
20 described above shall be allocated among the regional and constituent  
21 districts in proportion to the number of pupils resident in each of them.  
22 In the event that the equalized table certified by the director shall be  
23 revised by the tax court after January 15 of the prebudget year, the  
24 revised valuations shall be used in the recomputation of aid for an  
25 individual school district filing an appeal, but shall have no effect upon  
26 the calculation of the property value multiplier, Statewide equalized  
27 valuation per pupil, estimated minimum equalized tax rate for the  
28 State, or Statewide average equalized school tax rate;

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

32 "Household income" means income as defined in 7CFR 245.2 and  
33 245.6 or any subsequent superseding federal law or regulation;

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

43 "Low-income pupils" means those pupils from households with a  
44 household income at or below the most recent federal poverty  
45 guidelines available on October 15 of the prebudget year multiplied by  
46 1.30;

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

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

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

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

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

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

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

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

45 "Resident enrollment" means the number of pupils other than  
46 preschool pupils, post-graduate pupils, and post-secondary vocational

1 pupils who, on the last school day prior to October 16 of the current  
2 school year, are residents of the district and are enrolled in: (1) the  
3 public schools of the district, excluding evening schools, (2) another  
4 school district, other than a county vocational school district in the  
5 same county on a full-time basis, or a State college demonstration  
6 school or private school to which the district of residence pays tuition,  
7 or (3) a State facility in which they are placed by the district; or are  
8 residents of the district and are: (1) receiving home instruction, or (2)  
9 in a shared-time vocational program and are regularly attending a  
10 school in the district and a county vocational school district. In  
11 addition, resident enrollment shall include the number of pupils who,  
12 on the last school day prior to October 16 of the prebudget year, are  
13 residents of the district and in a State facility in which they were  
14 placed by the State. Pupils in a shared-time vocational program shall  
15 be counted on an equated full-time basis in accordance with  
16 procedures to be established by the commissioner. Resident  
17 enrollment shall include regardless of nonresidence, the enrolled  
18 children of teaching staff members of the school district or county  
19 vocational school district who are permitted, by contract or local  
20 district policy, to enroll their children in the educational program of  
21 the school district or county vocational school district without  
22 payment of tuition. Handicapped children between three and five  
23 years of age and receiving programs and services pursuant to  
24 N.J.S.18A:46-6 shall be included in the resident enrollment of the  
25 district.

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

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

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

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

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

1 act;

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

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

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

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

35 "T&E amount" means the cost per elementary pupil of delivering  
36 the core curriculum content standards and extracurricular and  
37 cocurricular activities necessary for a thorough regular education  
38 under the assumptions of reasonableness and efficiency contained in  
39 the Report on the Cost of Providing a Thorough and Efficient  
40 Education;

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

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

1 supports the district's T&E budget;

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

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

9

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

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

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

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

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

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

1 (3) additional per pupil amounts for the following aid programs:  
2 special education;  
3 early childhood programs;  
4 demonstrably effective programs;  
5 instructional supplement;  
6 bilingual education;  
7 county vocational schools; and  
8 distance learning network.

9 The amounts, adjusted for inflation by the CPI in the second year  
10 to which the report applies, shall be deemed approved for the two  
11 successive fiscal years beginning one year from the subsequent July 1,  
12 unless between the date of transmittal and the subsequent October 15,  
13 the Legislature adopts a concurrent resolution stating that the  
14 Legislature is not in agreement with all or any part of the report. The  
15 concurrent resolution shall advise the Governor of the Legislature's  
16 specific objections to the report and shall direct the Commissioner of  
17 Education to submit to the Legislature a revised report which responds  
18 to those objections by December 1.

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

30

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

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

46 Beginning in the 1998-99 school year, unless otherwise specified

1 within this act, aid amounts payable for the budget year shall be based  
2 on budget year pupil counts, which shall be projected by the  
3 commissioner using data from prior years. Adjustments for the actual  
4 pupil counts of the budget year shall be made to State aid amounts  
5 payable during the school year succeeding the budget year. Additional  
6 amounts payable shall be reflected as revenue and an account  
7 receivable for the budget year.

8 Notwithstanding any other provision of this act to the contrary,  
9 each district's State aid payable for the 1997-98 school year, with the  
10 exception of transportation and facilities aids pursuant to sections 25,  
11 26, and 27 of this act, shall be based on simulations employing the  
12 various formulas and State aid amounts contained in this act using  
13 projections based on the October 1995 pupil counts, December 1995  
14 special education census data and October 1995 equalized valuations.  
15 Transportation aid shall be calculated based on the provisions of this  
16 act using pupil data used for the 1996-97 school year and adjusted to  
17 reflect the total amount of State aid disbursed in the 1996-97 school  
18 year. The commissioner shall prepare a report dated December 19,  
19 1996 reflecting the State aid amounts payable by category for each  
20 district and shall submit the report to the Legislature prior to the  
21 adoption of this act. The amounts contained in the commissioner's  
22 report shall be the final amounts payable and shall not be subsequently  
23 adjusted because of changes in pupil counts or equalized valuations.  
24 The projected pupil counts and equalized valuations used for the  
25 calculation of State aid shall also be used for the calculation of  
26 maximum T&E budget, minimum T&E budget, local share, required  
27 local share, and spending growth limitation. State aid notification of  
28 debt service aid pursuant to section 27 of this act shall include a  
29 statement that debt service aid shall be determined in the budget.

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

43 b. Each district shall have a required local share. For Abbott  
44 districts, the required local share for the purpose of determining its  
45 estimated minimum equalized tax rate and supplemental core  
46 curriculum standards aid shall equal the district's local share calculated

1 at the middle of the T&E range (T&E amount x WENR, where WENR  
2 is the district's weighted enrollment pursuant to section 13 of this act).

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

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

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

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

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

1 implement any of those recommendations until the recommendations  
2 are enacted into law.

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

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

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

1 year.

2 (2) A district proposing a budget set at or below the minimum  
3 T&E budget established pursuant to section 13 of this act shall submit,  
4 as appropriate, to the board of school estimate or to the voters of the  
5 district at the annual school budget election conducted pursuant to the  
6 provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax  
7 levy which when added to the other components of the net T&E  
8 budget shall not exceed the prebudget year net T&E budget or in  
9 1997-98 the prebudget year net budget by more than the spending  
10 growth limitation calculated as follows: the sum of three percent or the  
11 CPI, whichever is greater, multiplied by the prebudget year net budget,  
12 and adjustments for changes in enrollment, certain capital outlay  
13 expenditures, expenditures for pupil transportation services provided  
14 pursuant to N.J.S.18A:39-1.1, and special education costs per pupil in  
15 excess of \$40,000. The enrollment adjustment shall equal the increase  
16 in weighted resident enrollment between the prebudget year and the  
17 budget year multiplied by the T&E amount less the T&E flexible  
18 amount. The adjustments for special education costs, pupil  
19 transportation services, and capital outlay expenditures shall be  
20 calculated pursuant to the provisions of paragraph 1 of this subsection.

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

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

1 outlay expenditures shall be made pursuant to the provisions of  
2 paragraph 1 of this subsection.

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

6 (5) For the 1997-98 school year, a district's spending growth  
7 limitation shall be increased by the excess of county special services  
8 school district tuition over prebudget year county special services  
9 school district tuition indexed by the CPI or three percent, whichever  
10 is greater.

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

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

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

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

44 (10) Notwithstanding any provision of law to the contrary, if a  
45 district proposes a budget which exceeds the maximum T&E budget,  
46 the following statement shall be published in the legal notice of public

1 hearing on the budget pursuant to N.J.S.18A:22-28, posted at the  
2 public hearing held on the budget pursuant to N.J.S.18A:22-29, and  
3 printed on the sample ballot required pursuant to section 10 of  
4 P.L.1995, c.278 (C.19:60-10):

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

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

28 (2) Any general fund tax levy rejected by the voters for a  
29 proposed budget at or below the maximum T&E budget shall be  
30 submitted to the governing body of each of the municipalities included  
31 within the district for determination of the amount that should be  
32 expended notwithstanding voter rejection. In the case of a district  
33 having a board of school estimate, the general fund tax levy shall be  
34 submitted to the board for determination. Any reductions may be  
35 appealed to the commissioner on the grounds that the amount is  
36 necessary for a thorough and efficient education or that the reductions  
37 will negatively impact on the stability of the district given the need for  
38 long term planning and budgeting. In considering the appeal, the  
39 commissioner shall also consider the factors outlined in paragraph 1 of  
40 this subsection.

41 In the case of a school district in which the proposed budget is  
42 below, or after a reduction made by the municipal governing body or  
43 board of school estimate is below, the minimum T&E budget  
44 calculated pursuant to section 13 of this act, any reductions made by  
45 the municipal governing body or board of school estimate shall be  
46 automatically reviewed by the commissioner. In reviewing the budget,

1 the commissioner shall also consider the factors outlined in paragraph  
2 1 of this subsection. In addition, the municipal governing body or  
3 board of school estimate shall be required to demonstrate clearly to the  
4 commissioner that the proposed budget reductions shall not adversely  
5 affect the ability of the school district to provide a thorough and  
6 efficient education or the stability of the district given the need for  
7 long term planning and budgeting.

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

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

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

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

36  
37 6. (New section) a. The commissioner shall not approve any  
38 budget submitted pursuant to subsection c. of section 5 of this act  
39 unless he is satisfied that the district has adequately implemented  
40 within the budget the thoroughness and efficiency standards set forth  
41 pursuant to section 4 of this act. In those instances in which a district  
42 submits a budget set at less than its minimum T&E budget, the  
43 commissioner may, when he deems it necessary to ensure  
44 implementation of standards, direct additional expenditures, in specific  
45 accounts and for specific purposes, up to the district's T&E budget.  
46 A district which submits a budget set at less than its minimum T&E

1 budget and which fails to meet core curriculum content standards in  
2 any school year shall be required to increase expenditures so as to  
3 meet at least the minimum T&E budget within the next two budget  
4 years. In those instances in which a district submits a budget at or  
5 above its minimum T&E budget, the commissioner may likewise, when  
6 he deems it necessary to ensure implementation of standards, direct  
7 additional expenditures, in specific accounts and for specific purposes,  
8 up to the T&E budget. In all cases, including those instances in which  
9 a district submits a budget above its T&E budget, up to and including  
10 its maximum T&E budget, the commissioner may direct such  
11 budgetary reallocations and programmatic adjustments, or take such  
12 other measures, as he deems necessary to ensure implementation of  
13 the required thoroughness and efficiency standards.

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

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

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

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

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

44 Nothing in this act shall be deemed to restrict or limit any rights  
45 established pursuant to the "New Jersey Public Employer-Employee  
46 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the

1 commissioner's powers under this act be construed to permit the  
2 commissioner to restrict, limit, interfere with, participate, or be  
3 directly involved in collective negotiations, contract administration, or  
4 processing of grievances, or in relation to any terms and conditions of  
5 employment. This provision shall apply to a State-operated school  
6 district only after the terms and conditions of a contract have been  
7 finalized.

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

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

35 e. Notwithstanding any provision of law to the contrary, in the  
36 review of a school district's budget pursuant to subsections c. or e. of  
37 section 5 of this act, the commissioner shall not eliminate, reduce, or  
38 reallocate funds contained within the budget for pupil transportation  
39 services provided pursuant to N.J.S.18A:39-1.1 nor require the district  
40 to eliminate these funds from the base budget and to submit a separate  
41 proposal to the voters or board of school estimate pursuant to  
42 paragraph 9 of subsection d. of section 5 of this act for the inclusion  
43 of the funds within the proposed budget. The decision to provide  
44 such pupil transportation services shall be made by the board of  
45 education of the school district. In the case of a school budget that is  
46 defeated by the voters or a budget that is not approved by the board

1 of school estimate, that decision shall be made in consultation with  
2 the municipal governing body or board of school estimate, as  
3 appropriate, or, in the case of a regional district, the municipal  
4 governing bodies.

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

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

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

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

34  
35 8. (New section) The amounts payable to each school district and  
36 county vocational school district pursuant to this act shall be paid by  
37 the State Treasurer upon the certification of the commissioner and  
38 warrant of the Director of the Division of Budget and Accounting.  
39 Five percent of the appropriation for core curriculum standards aid,  
40 supplemental core curriculum standards aid, special education,  
41 transportation, early childhood programs, demonstrably effective  
42 programs, instructional supplement, bilingual, county vocational  
43 education program, distance learning network, and other aid pursuant  
44 to this act shall be paid on the first and fifteenth of each month from  
45 September through June. If a local board of education requires funds  
46 prior to the first payment, the board shall file a written request with

1 the commissioner stating the need for the funds. The commissioner  
2 shall review each request and forward for payment those for which  
3 need has been demonstrated.

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

15  
16 9. (New section) In order to receive any State aid pursuant to this  
17 act, a school district, county vocational school district, or county  
18 special services school district shall comply with the rules and  
19 standards for the equalization of opportunity which have been or may  
20 hereafter be prescribed by law or formulated by the commissioner  
21 pursuant to law, including those implementing this act or related to the  
22 core curriculum content standards required by this act, and shall  
23 further comply with any directive issued by the commissioner pursuant  
24 to section 6 of this act. The commissioner is hereby authorized to  
25 withhold all or part of a district's State aid for failure to comply with  
26 any rule, standard or directive. No State aid shall be paid to any  
27 district which has not provided public school facilities for at least 180  
28 days during the preceding school year, but the commissioner, for good  
29 cause shown, may remit the penalty.

30  
31 10. (New section) a. Notwithstanding any other provision of this  
32 act to the contrary, the total stabilized aid for each district shall not be  
33 increased by more than the district's stabilization aid growth limit. In  
34 the event that total stabilized aid exceeds the prebudget year total by  
35 a rate greater than the stabilization aid growth limit, the commissioner  
36 shall adjust the components of total stabilized aid so that they total  
37 exactly the prebudget year total increased by the stabilization aid  
38 growth limit. For the 1997-98 school year, the prebudget year total  
39 shall include foundation aid, transition aid, categorical aids for special  
40 education, bilingual education and county vocational education, and  
41 transportation aid paid for the 1996-97 school year. For the 1998-99  
42 school year and thereafter, the prebudget year total shall be the total  
43 for the same aid categories as included in total stabilized aid plus any  
44 stabilization aid the district has received pursuant to subsection b. of  
45 this section, as paid in the prebudget years. For the 1997-98 and  
46 1998-99 school years, total stabilized aid shall include core curriculum

1 standards aid, categorical aids for special education programs,  
2 bilingual education programs, and county vocational programs,  
3 transportation aid, and aid for adult and postsecondary programs  
4 calculated pursuant to sections 15, 19, 20, 21, 25, and 28 of this act.  
5 For the 1999-2000 school year and thereafter, total stabilized aid shall  
6 include core curriculum standards aid, supplemental core curriculum  
7 standards aid, distance learning network aid, categorical aids for  
8 special education programs, bilingual education programs, county  
9 vocational programs, early childhood program aid, demonstrably  
10 effective program aid, instructional supplement aid, transportation aid,  
11 aid for adult and postsecondary programs, and academic achievement  
12 rewards calculated pursuant to sections 15 through 22, 25, 28 and 29  
13 of this act.

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

19 b. Notwithstanding any other provision of this act to the contrary,  
20 the total of a district's stabilization aid, core curriculum standards aid,  
21 supplemental core curriculum standards aid, distance learning network  
22 aid, categorical aids for special education programs, bilingual  
23 education programs, county vocational programs, early childhood  
24 program aid, demonstrably effective program aid, transportation aid,  
25 aid for adult and postsecondary programs, and academic achievement  
26 rewards calculated pursuant to subsection a. of this section and  
27 sections 15 through 17, subsection a. of section 18, 19 through 22, 25,  
28 28 and 29 of this act, shall not be decreased by more than 10% below  
29 the amounts paid for these categories in the prebudget year. In the  
30 event that the sum of the formula entitlements calculated pursuant to  
31 those sections is less than 90% of the prebudget total, stabilization aid  
32 shall be paid in the amount of the difference between 90% of the  
33 prebudget year total and the sum of those entitlements. For the  
34 1997-98 school year, the prebudget year total shall include foundation  
35 aid, transition aid, aid for at-risk pupils, technology aid and categorical  
36 aids for special education, bilingual education and county vocational  
37 education, and transportation aid.

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

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

43 (2) resident enrollment projected for October 1997 exceeds 99  
44 percent of the resident enrollment for October 1991 or resident  
45 enrollment projected for October 1997 is less than resident enrollment  
46 for October 1991 by 35 or fewer pupils or the prebudget year

1 equalized tax rate exceeded the Statewide average equalized school  
2 tax rate by 10% or more.

3 An eligible district shall be aided in the amount of its total aid  
4 decline, after offset by any stabilization aid provided pursuant to  
5 subsection b. of this section, or \$4,000,000, whichever is less. The  
6 commissioner, in consultation with the Commissioner of the  
7 Department of Community Affairs and the Director of the Division of  
8 Local Government Services in the Department of Community Affairs,  
9 shall examine the fiscal ability of districts eligible for supplemental  
10 stabilization aid to absorb aid losses and shall make recommendations  
11 to the Legislature and the Governor regarding the continuation of  
12 supplemental stabilization aid. The commissioner shall not implement  
13 any of those recommendations until the recommendations are enacted  
14 into law.

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

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

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

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

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

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

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

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

37 (1) when the sum of the district's total aid payable for the  
38 categories listed in subsection b. of this section, aid payable pursuant  
39 to subsections c. and d. of this section, and aid payable pursuant to  
40 subsection c. of section 18 of this act exceeds the prebudget year total  
41 for the same aids pursuant to subsection b. of this section, the district  
42 shall receive an amount equal to the excess of the State aid generated  
43 by such placements in the county special services school district in  
44 1996-97 over the excess calculated pursuant to this paragraph; or

45 (2) when the district's prebudget year aid pursuant to subsection  
46 b. of this section equals or exceeds the sum of the total aid payable for

1 the categories listed in subsection b. of this section, aid payable  
2 pursuant to subsections c. and d. of this section, and aid payable  
3 pursuant to subsection c. of section 18 of this act, the district shall  
4 receive an amount equal to the State aid generated by such placements  
5 in the county special services school district in 1996-97.

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

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

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

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

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

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

20  $.75 \times (\text{ESTR} - 1.30 \times \text{STESTR}) \times \text{EVAL}$

21 where

22 ESTR is the district's equalized tax rate of the general fund for the  
23 1996-97 school year;

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

26 EVAL is the district October 1995 equalized valuation.

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

29 g. Additional supplemental stabilization aid shall be paid to any  
30 district which is located in a municipality which has a population  
31 composed of more than 45% senior citizens age 65 or older according  
32 to the most recent federal decennial census. The aid shall equal \$200  
33 multiplied by the district's resident enrollment projected for October  
34 1997.

35 h. Any stabilization aid, supplemental stabilization aid, and  
36 supplemental school tax reduction aid paid pursuant to this section  
37 shall be applied toward the required local share of the school district  
38 or county vocational school district which receives the aid.

39

40 11. (New section) The State's core curriculum standards aid  
41 contribution for the 1997-98 school year shall be \$2,620,200,000. In  
42 subsequent years, the State's core curriculum standards aid  
43 contribution shall be the total Statewide core curriculum standards aid  
44 calculated pursuant to section 15 of this act for the prebudget year and  
45 prior to the application of section 10 indexed by the sum of 1.0, the  
46 CPI, and the State average enrollment growth percentage between the

1 prebudget year and the budget year as projected by the commissioner.

2

3 12. (New section) The commissioner shall establish, based on the  
4 standards issued pursuant to section 4 of this act, a basic per pupil  
5 T&E amount, and shall develop appropriate weights reflecting the  
6 differing costs of providing education at the kindergarten, elementary  
7 school, middle school, and high school levels, which weights shall be  
8 applied in determining a district's T&E budget as set forth in section  
9 13 of this act. The T&E amount for the 1997-1998 school year shall  
10 be \$ 6,720, which shall be adjusted for inflation by the CPI for the  
11 1998-1999 school year. The weights for kindergarten, elementary  
12 (grades 1-5), middle (grades 6-8), and high school (grades 9-12) levels  
13 for the 1997-98 school year shall be 0.5, 1.0, 1.12 and 1.20  
14 respectively. In subsequent years, the T&E amount and the school  
15 level weights shall be established biennially in the Report on the Cost  
16 of Providing a Thorough and Efficient Education, with the T&E  
17 amount adjusted for inflation by the CPI in the second year to which  
18 the report applies.

19 For the 1997-98 school year, the T&E flexible amount shall be  
20 \$336, and the T&E range shall be from \$ 6,384 to \$ 7,056. These  
21 figures shall be adjusted by the CPI for the 1998-99 school year. In  
22 subsequent years, the T&E range shall be established biennially in the  
23 Report on the Cost of Providing a Thorough and Efficient Education,  
24 with the T&E range adjusted for inflation by the CPI in the second  
25 year to which the report applies.

26

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

$$30 \text{ WENR} = \text{PW} \times \text{PENR} + \text{EW} \times \text{EENR} + \text{MW} \times \text{MENR} + \text{HW} \times \text{HENR}$$

31 where

32 PW is the T&E weight for kindergarten enrollment;

33 EW is the T&E weight for elementary enrollment;

34 MW is the T&E weight for middle school enrollment;

35 HW is the T&E weight for high school enrollment;

36 PENR is the resident enrollment for kindergarten;

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

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

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

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

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

$$44 \text{ MAXBUD} = (\text{TE} + \text{FL}) \times \text{WENR}$$

45 where

46 TE is the T&E amount; and

1 FL is the T&E flexible amount.

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

4  $MINBUD = (TE - FL) \times WENR$

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

8 where

9 TE is the T&E amount;

10 FL is the T&E flexible amount; and

11 WENR is the district's weighted enrollment.

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

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

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

17 PBNB is the district's prebudget year net budget;

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

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

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

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

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

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

29 provided that CPI shall not be less than .03 and

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

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

33 CAT is the sum of aids payable in accordance with sections 19,  
34 20, 21, 22, 25, 28 and 29 of this act;

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

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

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

40 WENR is the district's weighted enrollment; and

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

43

44 14. (New section) Each school district and each county  
45 vocational school district shall receive core curriculum standards aid  
46 predicated on a local share determined by district property wealth and

1 district income.

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

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

4 where

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

7  $LSBASE = (TE - FL) \times WENR$

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

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

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

13 and,

14 INC is the district's income.

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

17  $LSHARE = (COLSHARE/COTEBUD) \times TEBUD$

18 where

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

22 COTEBUD is the sum of the T&E budgets for all school  
23 districts in the county calculated pursuant to subsection d. of section  
24 13 of this act; and

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

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

29 The property value multiplier shall be determined such that core  
30 curriculum standards aid equals the Statewide available core  
31 curriculum standards aid for all districts determined according to this  
32 act had each school district's and county vocational school district's  
33 local share equaled the product of the property value multiplier and the  
34 district's equalized valuation, and had each district's general fund levies  
35 equaled its local share.

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

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

1 curriculum standards aid, the commissioner shall adjust these  
2 multipliers appropriately, giving equal weight to each.

3

4 15. (New section) Each district's core curriculum standards aid  
5 shall be calculated as follows:

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

8 where

9 LSHARE is the district's local share calculated pursuant to section  
10 14 of this act; and

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

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

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

21

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

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

30  $Aid = A1 \times Modified\ District\ Enrollment.$

31 For districts in which the concentration of low income pupils is  
32 equal to or greater than 40 %, aid shall be distributed according to the  
33 following formula for the purpose of expanding instructional services  
34 previously specified to 3 year olds, or of providing, in addition to the  
35 instructional services previously specified, transition and social  
36 services to primary grade students:

37  $Aid = A2 \times Modified\ District\ Enrollment$

38 where

39  $A1 = \$465;$  and

40  $A2 = \$750.$

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

1 inflation by the CPI in the second year of the period to which the  
2 report applies.

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

8 Each district which receives early childhood program aid shall  
9 submit to the commissioner for approval an operational plan that shall  
10 be a subset of the district's comprehensive strategic plan, to establish  
11 preschool and full-day kindergarten for all four and five year olds by  
12 the 2001-2002 school year and to maintain them thereafter. Districts  
13 shall appropriate the aid in a special revenue fund for expenditure, but  
14 may place all or a portion of the aid in a capital reserve account during  
15 the first four years to establish facilities for these purposes. During  
16 the first four school years following enactment of this act, districts  
17 may use early childhood program aid for educationally meritorious  
18 programs or for the purpose of constructing new school facilities or  
19 enlarging existing school facilities for use by pupils other than those  
20 enrolled in early childhood programs, provided the new or enlarged  
21 facilities are used for and are adequate to house the planned early  
22 childhood programs. Districts which maintain progress consistent with  
23 the implementation plan may also use the funds for demonstrably  
24 effective programs pursuant to section 18 prior to establishing the  
25 programs required pursuant to this section. The commissioner shall  
26 establish guidelines to track the specific purposes of expenditures  
27 under this section.

28

29 17. (New section) a. Each school district and county vocational  
30 school district which meets the following criteria shall be eligible to  
31 receive supplemental core curriculum standards aid:

32 (1) the district's concentration of low-income pupils, relative to  
33 modified district enrollment, equals or exceeds 40%; and

34 (2) the district's estimated minimum equalized tax rate exceeds  
35 that estimated for the State as a whole by more than 10%; and

36 (3) in any district with a resident enrollment in excess of 2,000  
37 pupils the district's equalized valuation per resident pupil is not more  
38 than twice the Statewide equalized valuation per pupil.

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

43  $(MEQTXRT - 1.10 \times STEQTXRT) \times EQVAL$

44 where

45 MEQTXRT is the district's estimated minimum equalized tax rate;

46 STEQTXRT is the estimated minimum equalized tax rate for the

1 State; and

2 EQVAL is the district's equalized valuation.

3

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

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

$$12 \text{ Aid} = \text{B1} \times \text{SENR1}$$

13 where

14 SENR1 is the sum of school enrollments for all schools in the  
15 district enrolling low-income pupils at rates equal to or greater than  
16 20% but less than 40%.

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

$$20 \text{ Aid} = \text{B2} \times \text{SENR2}$$

21 where

22 SENR2 is the sum of the school enrollments for all schools in the  
23 district enrolling low-income pupils at rates equal to or greater than  
24 40%;

25 where

$$26 \text{ B1} = \$300; \text{ and}$$

$$27 \text{ B2} = \$425.$$

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

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

39 (1) Programs. A definition as recommended by the commissioner  
40 shall be established of the demonstrably effective programs and  
41 services which shall qualify for aid. The definition shall include for  
42 1997-98, but not be limited to: alternative schools; community  
43 schools; class size reduction programs; parent education programs; job  
44 training programs; training institutes to improve homework response;  
45 telephone tutorial programs; teleconference and video tutoring  
46 programs; and HSPT/Early Warning test before school/after school

1 preparation programs. The commissioner shall establish the per-pupil  
2 cost of providing these effective programs and services in the Report  
3 on the Cost of Providing a Thorough and Efficient Education.

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

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

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

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

36  
37 19. (New section) a. Special education categorical aid for each  
38 school district and county vocational school district shall be calculated  
39 for the 1997-98 school year as follows:

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

46 Tier II is the number of pupils resident in the district meeting the

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

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

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

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

1 of the T&E amount for each pupil meeting the Tier IV criteria.

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

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

11 For the purposes of this section, classified pupil counts shall  
12 include pupils attending State developmental centers, DHS Regional  
13 Day Schools, State Division of Youth and Family Services' residential  
14 centers, State residential mental health centers, and institutions  
15 operated by or under contract with the Department of Human  
16 Services. Classified pupils of elementary equivalent age shall include  
17 classified preschool handicapped and kindergarten pupils.

18 b. In those instances in which the cost of providing education for  
19 an individual classified pupil exceeds \$40,000, after an assessment by  
20 the review panel of placements and placement costs for the applicable  
21 school year; in those cases in which the district must educate an  
22 extraordinary number of classified pupils; or in those instances in  
23 which the district is ordered to make a high cost placement by a  
24 tribunal of competent jurisdiction, the district may apply to the  
25 commissioner for additional aid. A panel established by the  
26 commissioner for this purpose shall review the district's application  
27 and determine whether to grant the district's request based on factors  
28 including, but not limited to: an assessment of whether the district is  
29 spending appropriate amounts of regular and special education funds  
30 on special education pupils; the facts of the particular case or cases at  
31 issue; the district's level of compliance with regulatory requirements;  
32 and the impact of the extraordinary costs on the district's budget.  
33 Additional State aid awarded for extraordinary special education costs  
34 shall be recorded by the district as revenue in the current school year  
35 and paid to the district in the subsequent school year.

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

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

46 
$$\text{BAID} = \text{BACF} \times \text{B}$$

1 where

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

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

6

7 21. (New section) County vocational categorical aid for each  
8 county vocational school district shall be calculated as follows:

$$9 \quad CVAID = CVACF \times CV$$

10 where

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

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

16

17 22. (New section) a. Distance learning network aid shall be  
18 calculated for each school district and county vocational school district  
19 as follows:

$$20 \quad TECHAID = TECHACF \times RES$$

21 where

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

24 RES is the district's resident enrollment.

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

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

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

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

4           BACF = \$1,073;

5           CVACF = \$1,662; and

6           TECHACF = \$40.

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

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

13  
 14       24. (New section) Annually by December 15, the Department of  
 15 Corrections, the Department of Human Services, and the Juvenile  
 16 Justice Commission shall each submit to the commissioner for  
 17 approval, with respect to the facilities under their operational or  
 18 supervisory authority, a budget for educational programs as set forth  
 19 in section 8 of P.L.1979, c.207 (C.18A:7B-4) for the subsequent year,  
 20 together with enrollments and per pupil costs. For the purposes of  
 21 calculating a per pupil cost, enrollment shall be based on the number  
 22 of pupils in the State facility on the last school day prior to October 16  
 23 of the prebudget year. In the subsequent year, pursuant to P.L.1979,  
 24 c.207 (C.18A:7B-1 et seq.) for students resident in a district, approved  
 25 per pupil amounts shall be deducted from each school district's State  
 26 aid and remitted to the appropriate agency, except that for county  
 27 juvenile detention centers, no deduction shall be made until Fiscal Year  
 28 1999; in that year and thereafter, 50% of approved per pupil amounts  
 29 shall be deducted and remitted to the Juvenile Justice Commission.

30  
 31       25. (New section) a. Each school district's and county vocational  
 32 school district's State aid for transportation shall consist of base aid  
 33 (BA) and an incentive factor (IF) determined as follows:

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

35       where

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

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

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

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

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

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

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

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

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

19 CP1 = \$ 280.24;

20 CD1 = \$ 28.75;

21 CP2 = \$1,192.69; and

22 CD2 = \$ 80.12.

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

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

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

30  
31 26. (New section) Beginning in the 1998-99 school year, State  
32 aid for facilities shall be distributed to each school district, county  
33 vocational school district, and county special services school district  
34 through a formula which reimburses districts for all or part of the  
35 principal and interest payments on both debt service and lease  
36 purchase payments. The aidable base shall be that percentage of debt  
37 service or lease purchase payments equal to the ratio of approved  
38 costs to the original issuance amount and shall be reduced for districts  
39 that fail to meet maintenance requirements on aided facilities.

40 The Governor shall submit to the Legislature at least 60 days prior  
41 to the 1998 budget address, criteria for determining approved costs,  
42 State support levels, and maintenance incentives applicable to the  
43 1998-99 school year and thereafter along with supporting data. The  
44 criteria shall be deemed approved by the Legislature unless a  
45 concurrent resolution is passed within 60 days of the date of  
46 submission.

1       27. (New section) For the 1997-98 school year, the amount and  
2 allocation of debt service aid shall be determined in the budget.

3  
4       28. (New section) For the 1997-98 school year, State aid shall be  
5 distributed on an unweighted per pupil basis for pupils enrolled in  
6 approved adult high schools, post-graduate programs and approved  
7 full-time post-secondary programs of county vocational schools. For  
8 1997-98, districts will receive \$1,345 for each adult pupil. The  
9 commissioner shall conduct a review of existing programs to  
10 determine programmatic definitions and establish appropriate per pupil  
11 amounts which shall recognize the higher costs of post-secondary  
12 programs at county vocational schools. For the 1998-99 school year,  
13 these amounts shall be distributed as inflated by the CPI. Thereafter,  
14 per pupil funding amounts shall be established in a supplement to the  
15 Report on the Cost of Providing a Thorough and Efficient Education.

16  
17       29. (New section) a. There is hereby established in the  
18 Department of Education the Academic Achievement Reward  
19 Program. The purpose of the program shall be to provide rewards to  
20 districts having one or more schools that meet criteria for attaining  
21 absolute success in or significant progress towards high student  
22 academic achievement, pursuant to subsection b. of this section.  
23 Rewards shall be based on performance as measured by the Statewide  
24 assessments of the most recent year with results available at the time  
25 of State aid notification. For the purposes of this section, schools  
26 shall be sorted into three groupings by enrollment for each of the  
27 Statewide assessments established pursuant to the provisions of  
28 P.L.1979, c.241 (C.18A:7C-1 et seq.).

29       b. Schools with 90% of student enrollment performing at or above  
30 the passing scores on one or more of the Statewide assessments as  
31 provided in subsection a. of this section shall qualify for the absolute  
32 success reward. Schools that do not qualify for the absolute success  
33 reward shall be eligible for the significant progress reward. All eligible  
34 schools shall be grouped into five bands based on the initial passing  
35 rate for each of the three Statewide assessments. The 10% in each  
36 band with the highest level of improvement from the previous year's  
37 passing rate shall qualify for the significant progress reward.

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

45  
46       30. (New section) a. The Commissioner of Education shall

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

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

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

22

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

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

42 Appointments to the panel shall be made no later than February 1,  
43 1997. The panel shall issue its report to the Governor and the  
44 Legislature no later than February 1, 1998, and shall expire 30 days  
45 after that date.

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

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

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

30  
31       33. (New section) Annually, on or before October 20, the  
32 secretary of the board of education, with approval of the  
33 superintendent of schools, or if there is no superintendent of schools,  
34 with the approval of the county superintendent of schools, shall file  
35 with the commissioner a report prescribed by the commissioner  
36 containing all data necessary to effectuate the aid provisions of this  
37 act, which shall include but not be limited to, the number of pupils  
38 enrolled by grade, the number of these pupils classified as eligible for  
39 special education services other than speech corrections services, the  
40 number of pupils in approved programs for bilingual education, the  
41 number of low-income pupils, and the number of pupils in State  
42 facilities, county vocational schools, State college demonstration  
43 schools, evening schools, other public or private schools to which the  
44 district is paying tuition, or who are receiving home instruction on the  
45 last school day prior to October 16. In addition, districts shall file  
46 annual reports providing such information as the commissioner may

1 require for pupils receiving special education services.

2

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

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

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

11 ["Goals" means a written statement of educational aspirations for  
12 learner achievement and the educational process stated in general  
13 terms.]

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

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

18 "Objective" means a written statement of the intended outcome of  
19 a specific educational process.

20 "Standards" means the process and stated levels of proficiency  
21 used in determining the extent to which goals and objectives are being  
22 met.]

23 (cf: P.L.1990, c.52, s.30)

24

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

27 10. For the purpose of evaluating the thoroughness and efficiency  
28 of all the public schools of the State, the commissioner, with the  
29 approval of the State board and after review by the Joint Committee  
30 on the Public Schools, shall develop and administer a uniform,  
31 Statewide system for evaluating the performance of each school. [Such  
32 a] The system shall be based [in part on annual testing for achievement  
33 in basic skill areas, and in part] on such [other] means as the  
34 commissioner deems proper in order to (a) determine pupil status and  
35 needs, (b) ensure pupil progress, and (c) assess the degree to which  
36 the [educational objectives have been] thoroughness and efficiency  
37 standards established pursuant to section 4 of P.L. , c. (C. )  
38 (now pending before the Legislature as this bill) are being achieved.  
39 (cf: P.L.1975, c.212, s.10)

40

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

43 11. Each school district and county vocational school district shall  
44 make an annual report of its progress in conforming to the [goals,  
45 objectives and standards developed pursuant to this act] standards for  
46 the evaluation of school performance adopted pursuant to section 10

1 of P.L.1975, c.212 (C.18A:7A-10). Each district's annual report shall  
2 include but not be limited to:

- 3 a. Demographic data related to each school;
- 4 b. Results of designated assessment programs, including Statewide  
5 [and district testing conducted at each school, and the result of the  
6 district evaluation of pupil proficiency in basic communication and  
7 computational skills] assessment programs established pursuant to law  
8 and regulation;
- 9 c. Information on each school's fiscal operation, including the  
10 budget of each school;
- 11 d. [Results of each school's effectiveness in achieving State,  
12 district and school goals and objectives applicable to the pupils,  
13 including the effectiveness of any "basic skills improvement plan";]  
14 (Deleted by amendment, P.L. , c. ).
- 15 e. Plans and programs for professional improvement;
- 16 f. Plans to carry out innovative [or experimental] educational  
17 programs designed to improve the quality of education; [and]
- 18 g. Recommendations for school improvements during the ensuing  
19 year ;and
- 20 h. Such additional information as may be prescribed by the  
21 commissioner.

22 Additionally, the State Board of Education may [from time to  
23 time] require each district to submit a facilities survey, including  
24 current use practices and projected capital project needs[, but not  
25 more frequently than once every 2 years].

26 The district reports shall be submitted to the commissioner [by July  
27 1 of each year and he] annually on a date to be prescribed by the  
28 commissioner, who shall make them the basis for an annual report to  
29 the Governor and the Legislature, describing the condition of  
30 education in New Jersey, the efforts of New Jersey schools in meeting  
31 the standards of a thorough and efficient education, the steps  
32 underway to correct deficiencies in school performance, and the  
33 progress of New Jersey schools in comparison to other state education  
34 systems in the United States.

35 [In addition to such annual report the commissioner shall, 4 years  
36 from the effective date of this amendatory act, report to the Governor  
37 and the Joint Committee on the Public Schools assessing the  
38 effectiveness of this amendatory act in improving the proficiency of the  
39 pupils of this State in basic communications and computational skills.  
40 Within 6 months of receiving such report the Joint Committee on the  
41 Public Schools shall recommend to the Legislature any necessary or  
42 desirable changes or modifications in this amendatory act.]

43 (cf: P.L.1976, c.97, s.4)

44

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

1       14. a. (1) The commissioner shall review the results of the  
2 evaluations conducted and reports submitted pursuant to sections 10  
3 and 11 of P.L.1975, c.212 (C.18A:7A-10 and 18A:7A-11). The  
4 commissioner shall establish a mechanism for parent, school employee  
5 and community resident input into the review process. If the  
6 commissioner shall find that a school district or county vocational  
7 school district satisfies the evaluation criteria, the commissioner shall  
8 recommend that the State board certify the school district for a period  
9 of seven years as providing a thorough and efficient system of  
10 education, contingent on continued progress in meeting the standards.  
11 If the commissioner finds that a school district can correct the  
12 deficiency or deficiencies without additional diagnostic monitoring or  
13 technical assistance, the commissioner may certify the school district  
14 with the condition that the district correct the deficiency within a  
15 period of time to be determined by the commissioner. If the  
16 commissioner shall find that a school district has failed to show  
17 sufficient progress toward achieving the [goals, guidelines, objectives  
18 and standards, including the State goals and any local interim goals  
19 concerning pupil proficiency in reading, writing, mathematics, science  
20 and health, geography, history, civics, physical education and the arts  
21 established in and pursuant to this act] thoroughness and efficiency  
22 standards established pursuant to section 4 of P.L. .c. (C. )  
23 (now pending before the Legislature as this bill), the commissioner  
24 shall advise the local board of education of [such] that determination,  
25 and shall direct that the district enter level II monitoring, as defined  
26 pursuant to law and regulation. Nothing herein shall preclude the  
27 commissioner from taking the steps set forth in section 6 of P.L. ,  
28 c. (C. ) (now pending before the Legislature as this bill) upon a  
29 finding that the district is failing to meet core curriculum content  
30 standards.

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

39       b. (1) When a district enters level II monitoring, the  
40 commissioner shall establish procedures whereby parents, school  
41 employees and community residents may meet with the commissioner  
42 or the commissioner's designee to discuss their concerns and the  
43 county superintendent shall appoint an external review team whose  
44 members shall be qualified by training and experience to examine the  
45 conditions in the specific district. In conjunction with the Department  
46 of Education, the team, at the direction of the commissioner, shall

1 either examine only those aspects of the district's operations bearing  
2 on the areas of deficiency, or shall examine all aspects of the district's  
3 operation, including but not limited to education, governance,  
4 management and finance. In addition, the team shall examine  
5 conditions in the community which may adversely affect the ability of  
6 the pupils to learn and the team may recommend measures to mitigate  
7 the effects of those conditions. The team shall report its findings and  
8 conclusions, including directives to be utilized by the district in the  
9 preparation of a corrective action plan to achieve certification and  
10 recommendations as to the technical assistance which the district will  
11 require in order to effectively implement the corrective action plan, to  
12 the commissioner. The commissioner shall direct the district to  
13 respond to the report of the external review team in establishing a  
14 corrective action plan. The corrective action plan shall be submitted  
15 to and approved by the commissioner. The commissioner shall assure  
16 that the local district's budget provides the resources necessary to  
17 implement the approved plan, including the necessary technical  
18 assistance. The entire cost of those activities associated with the  
19 review team shall be paid by the Department of Education. The  
20 commissioner shall also have the authority to order necessary  
21 budgetary reallocations within the district, or such other measures as  
22 he deems necessary and appropriate. Further, nothing herein shall  
23 preclude the commissioner from taking the steps set forth in section 6  
24 of P.L. , c. (C. ) (now pending before the Legislature as this bill)  
25 upon a finding that the district is failing to meet core curriculum  
26 content standards.

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

38 c. (1) When a district which has had a comprehensive examination  
39 of all aspects of the district's operations by an external review team  
40 pursuant to subsection b. of this section is directed to enter level III  
41 monitoring the commissioner shall prepare an administrative order  
42 directing the corrective actions which shall be taken by the district  
43 based upon the findings and conclusions of the level II external review  
44 team and the department's monitoring of the level II plan. The  
45 commissioner shall insure that technical assistance is provided to the  
46 district in order to implement those actions. The commissioner shall

1 also have the power to order necessary budgetary reallocations within  
2 the district, or such other measures as the commissioner deems  
3 necessary and appropriate. Further, nothing herein shall preclude the  
4 commissioner from taking the steps set forth in section 6 of P.L. , c.  
5 (C. ) (now pending before the Legislature as this bill) upon a finding  
6 that the district is failing to meet core curriculum content standards.

7 (2) When a district which has not had a comprehensive  
8 examination of all aspects of the district's operations by an external  
9 review team pursuant to subsection b. of this section is directed to  
10 enter level III monitoring, the commissioner shall designate the county  
11 superintendent to appoint an external review team whose members  
12 shall be qualified by training and experience to examine the conditions  
13 in the specific district. In conjunction with the Department of  
14 Education, the team shall examine all aspects of the district's  
15 operations including but not limited to education, governance,  
16 management and finance. The team shall report its findings and  
17 conclusions, including directives to be utilized in the preparation of a  
18 corrective action plan to achieve certification, to the commissioner.  
19 The commissioner shall prepare an administrative order directing the  
20 corrective actions which shall be taken by the district based upon the  
21 findings and conclusions of the level III external review team and the  
22 department's monitoring of the level II plan. The commissioner shall  
23 insure that technical assistance is provided to the district in order to  
24 implement those actions. The commissioner shall also have the power  
25 to order necessary budgetary reallocations within the district, or such  
26 other measures as the commissioner deems necessary and appropriate.  
27 Further, nothing herein shall preclude the commissioner from taking  
28 the steps set forth in section 6 of P.L. , c. (C. ) (now pending  
29 before the Legislature as this bill) upon a finding that the district is not  
30 meeting core curriculum content standards.

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

39 (4) If the commissioner finds, based upon the findings and  
40 directives of the level II or level III review team and the Department  
41 of Education, that conditions within the district may preclude the  
42 successful implementation of a corrective action plan or that the  
43 district has failed to make reasonable progress in the implementation  
44 of a corrective action plan to achieve certification, the commissioner  
45 shall direct that a comprehensive compliance investigation be  
46 conducted by the Department of Education. If the commissioner

1 directs that a comprehensive compliance investigation be conducted,  
2 the commissioner may order any necessary action to insure the security  
3 of the books, papers, vouchers and records of the district.

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

21 e. A comprehensive compliance investigation shall entail a  
22 thorough and detailed examination of a district's educational programs,  
23 fiscal practices, governance and management. Based on the  
24 investigation, the commissioner shall issue a report which will  
25 document any irregularities and list all those aspects of the corrective  
26 action plan established pursuant to subsections b. and c. of this section  
27 which have not been successfully implemented by the district or the  
28 conditions which would preclude the district from successfully  
29 implementing a plan. A copy of this report shall be given to the  
30 district. The commissioner shall also order the local board to show  
31 cause why an administrative order, subject to the provisions of section  
32 15 of P.L.1975, c.212 (C.18A:7A-15) and section 1 of P.L.1987,  
33 c.399 (C.18A:7A-34) should not be implemented. The plenary hearing  
34 before a judge of the Office of Administrative Law, pursuant to the  
35 "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et  
36 seq.), upon said order to show cause shall be conducted in the manner  
37 prescribed by subdivision B of article 2 of chapter 6 of Title 18A of  
38 the New Jersey Statutes.

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

42 (cf: P.L.1991, c.3, s.3)

43  
44 38. Section 1 of P.L.1991, c.3 (C.18A:7A-14.1) is amended to  
45 read as follows:

46 1. The Legislature finds and declares that:

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

4 b. The breadth and scope of such a system [were] are defined by  
5 the Legislature [in P.L.1975, c.212] through the commissioner and the  
6 State board pursuant to P.L. , c. (C. ) (now pending before  
7 the Legislature as this bill) so as to insure quality educational  
8 programs for all children;

9 c. [In the rapidly changing educational and occupational  
10 environment of the 1990s it] It is imperative that the program in every  
11 school district in this State includes all of the major elements identified  
12 as essential for that system consistent with standards adopted pursuant  
13 to section 10 of P.L.1975, c.212.(C.18A:7A-10);

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

18 e. This responsibility can [best] be fulfilled, in addition to the  
19 mechanisms for ensuring compliance established pursuant to section  
20 6 of P.L. , c. (C. ) (now pending before the Legislature as this  
21 bill), through an effective and efficient system of evaluation and  
22 monitoring which will insure quality and comprehensive instructional  
23 programming in every school district and provide for immediate and  
24 direct corrective action to insure that identified deficiencies do not  
25 persist, and which does so within the context of the maximum of local  
26 governance and management and the minimum of paperwork and  
27 unnecessary procedural requirements.

28 (cf: P.L.1991, c.3, s.1)

29

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

32 17. The State district superintendent of a State-operated school  
33 district shall develop a budget on or before March 22 and shall present  
34 this budget to the board of education to elicit the board's comments  
35 and recommendations. This budget shall conform in all respects with  
36 the requirements of chapter 22 of Title 18A of the New Jersey Statutes  
37 and shall be subject to the limitations on spending by local school  
38 districts otherwise required by [P.L.1990, c.52 (C.18A:7D-1 et al.)]  
39 P.L. , c. (C. ) (now pending before the Legislature as this bill).  
40 (cf: P.L.1995 ,c.278, s.38)

41

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

44 19. a. After the public hearing provided for by section 18 of [this  
45 amendatory and supplementary act] P.L.1987, c.399 (C.18A:7A-51)  
46 but not later than April 8, the State district superintendent shall fix and

1 determine the amount of money necessary to be appropriated for the  
2 ensuing school year and shall certify the amounts to be raised by  
3 special district tax for school purposes as well as the sum necessary for  
4 interest and debt redemption, if any, to the county board of taxation  
5 and the amount or amounts so certified shall be included in the taxes  
6 assessed, levied and collected in the municipality or municipalities  
7 comprising the district. [Within 15 days after the certification by the  
8 State district superintendent, the governing body of the municipality  
9 or municipalities comprising the district shall notify the State district  
10 superintendent of its intent to appeal to the commissioner the amount  
11 determined to be necessary to be appropriated for each item appearing  
12 in the proposed budget. The commissioner, upon receipt of the appeal  
13 from the governing body of the municipality or municipalities  
14 comprising the district and upon completion of the hearing process,  
15 shall determine the amount necessary for the district to provide a  
16 thorough and efficient educational program including the  
17 implementation of the plan to correct deficiencies] The State district  
18 superintendent shall follow the procedures established pursuant to  
19 section 5 of P.L. , c. (C. ) (now pending before the  
20 Legislature as this bill) .

21 b.[Notwithstanding that the State-operated district shall receive  
22 State education aid for its budget as prepared by the State district  
23 superintendent and as approved by the commissioner pursuant to  
24 subsection a. of this section, the governing body of the municipality or  
25 municipalities comprising the district may apply to the Director of the  
26 Division of Local Government Services in the Department of  
27 Community Affairs for a determination that the local share of revenues  
28 needed to support the district's budget results in an unreasonable tax  
29 burden. The director's findings of an unreasonable tax burden in a  
30 State-operated school district may be based on the overall school,  
31 county and municipal tax rates including any overlapping obligation of  
32 the community, cash deficit, insufficient percentage of tax collections,  
33 insufficient collection of other revenues, over anticipation of the  
34 revenues of prior years, nonliquidation of interfund transfers, reliance  
35 on emergency authorizations, continual rollover of tax anticipation  
36 notes, or other factors indicating a constrained ability to raise  
37 sufficient revenues to meet its budgetary requirements. In addition,  
38 the director's review may include but need not be limited to an analysis  
39 of the ratable base of the community, the per capita income of the  
40 residents of the district and the percentage of residents on a fixed  
41 income, cash reserves and receivables of the district including the  
42 availability of any deferred tax, the ability of the community to dispose  
43 of property for which no public purpose is anticipated and all other  
44 current revenue raising capacity including procedures for collection  
45 which may permit greater anticipation of revenue.](~~Deleted by~~  
46 amendment, P.L. , c. ).

1 c. [Based upon his review, the director shall certify the amount of  
2 revenues which can be raised locally to support the budget of the  
3 State-operated district. Any difference between the amount which the  
4 director certifies and the total amount of local revenues required by  
5 the budget approved by the commissioner shall be paid by the State in  
6 the fiscal year in which the expenditures are made, subject to the  
7 availability of appropriations.] (Deleted by amendment, P.L. , c. ).  
8 (cf: P.L.1992, c.159, s.8)

9  
10 41. Section 6 of P.L.1979, c.207 (C.18A:7B-2) is amended to  
11 read as follows:

12 6. a. For each State-placed child who is resident in a district and  
13 in a State facility on the last school day prior to October 16 of the  
14 prebudget year, and for each district-placed child who is resident in a  
15 district and in a State facility on the last school day prior to October  
16 16 of the budget year, the Commissioner of Education shall deduct  
17 from the State aid payable to [such] that district an amount equal to  
18 the [State foundation amount plus the appropriate special education  
19 aid] approved per pupil cost established pursuant to the provisions of  
20 section 24 of P.L. , c. (C ) (now pending before the  
21 Legislature as this bill); except that for a child in a county juvenile  
22 detention center, no deduction shall be made until Fiscal Year 1999,  
23 in which year and thereafter 50% of the per pupil cost shall be  
24 deducted.

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

30 c. The amount deducted pursuant to subsection a. of this section  
31 and the amount paid to the Department of Education pursuant to  
32 subsection b. of this section shall be forwarded to the Department of  
33 Human Services if the facility is operated by or under contract with  
34 that department, or to the Department of Corrections if the facility is  
35 operated by or under contract with that department, or to the Juvenile  
36 Justice Commission established pursuant to section 2 of P.L.1995,  
37 c.284 (C.52:17B-170) if the facility is operated by or under contract  
38 with that commission, and shall serve as payment by the district of  
39 tuition for the child. [This amount] In the case of county juvenile  
40 detention centers, the tuition shall be deemed to supplement funds  
41 currently provided by the county for this purpose under chapter 10 and  
42 chapter 11 of Title 9 of the Revised Statutes. In Fiscal Year 1998, a  
43 county shall not decrease its level of contribution as a result of the  
44 payment of tuition pursuant to this section. In Fiscal Year 1999 and  
45 thereafter, a county shall be required to pay 50% of the approved per  
46 pupil costs established pursuant to the provisions of section 24 of

1 P.L. , c. (C. ) (now pending before the Legislature as this bill)  
2 for the purpose of implementing chapters 10 and 11 of Title 9 of the  
3 Revised Statutes. Amounts so deducted shall be used solely for the  
4 support of educational programs and shall be maintained in a separate  
5 account for that purpose. No district shall be responsible for the  
6 tuition of any child admitted by the State to a State facility after the  
7 last school day prior to October 16 of the prebudget year.

8 (cf: P.L.1995, c.280, s.24)

9

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

12 9. The Commissioner of Education, with the approval of the State  
13 Board of Education, shall promulgate rules and regulations to ensure  
14 a thorough and efficient education, consistent with the provisions of  
15 P.L. , c. (C. ) (now pending before the Legislature as this bill),  
16 for the children in State facilities. In the case of county juvenile  
17 detention centers, the Office of Education in the Juvenile Justice  
18 Commission shall develop, in consultation with the commissioner,  
19 appropriate standards, to be effective for Fiscal Year 1999, for the  
20 provision of a thorough and efficient education by the county for  
21 facilities established under chapter 10 and chapter 11 of Title 9 of the  
22 Revised Statutes.

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

36 (cf: P.L.1979, c.207, s.9)

37

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

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

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

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

1 personnel;

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

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

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

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

14 (cf: P.L.1979, c.207, s.11)

15

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

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

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

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

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

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

41 d. If the district of residence cannot be determined according to  
42 the criteria contained herein, or if the criteria contained herein identify  
43 a district of residence outside of the State, the State shall assume fiscal  
44 responsibility for the tuition of the child. The tuition shall equal the  
45 [State foundation amount plus the appropriate special education aid,  
46 if any] approved per pupil cost established pursuant to P.L. , c.

1 (C. \_\_\_\_\_) (now pending before the Legislature as this bill). This  
2 amount shall be appropriated in the same manner as other State aid  
3 under this act. The Department of Education shall pay the amount to  
4 the Department of Human Services, the Department of Corrections or  
5 the Juvenile Justice Commission established pursuant to section 2 of  
6 P.L.1995, c.284 (C.52:17B-170) or, in the case of a homeless child,  
7 the Department of Education shall pay the appropriate T&E amount  
8 and any appropriate additional cost factor for special education  
9 pursuant to section 19 of P.L. .c. (C. \_\_\_\_\_)(now pending before the  
10 Legislature as this bill) to the school district in which the child is  
11 enrolled.

12 (cf: P.L.1995, c.280, s.26)

13

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

16 20. Beginning in the school year [1981-82] 1997-98, the  
17 Commissioner of Education shall annually report to the Legislature,  
18 describing the condition of educational programs in State facilities, the  
19 efforts of the Departments of Corrections and Human Services and the  
20 Juvenile Justice Commission in meeting the standards of a thorough  
21 and efficient education in these facilities, the steps underway to  
22 correct any deficiencies in their educational programs, and the  
23 progress of the educational programs in New Jersey State facilities in  
24 comparison with those in the State facilities of other states. At that  
25 time the commissioner shall recommend to the Legislature any  
26 necessary or desirable changes or modifications in [this act] P.L.1979,  
27 c.207 (C.18A:7B-1 et seq.).

28 (cf: P.L.1979, c.207, s.20)

29

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

32 2. [By July 1, 1981, pursuant] Pursuant to guidelines established  
33 by the Commissioner of Education, each board of education shall  
34 establish standards for graduation from its secondary schools. [Said]  
35 The standards shall [be appropriate to local goals and objectives and  
36 shall] include, but need not be limited to:

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

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

42 The Commissioner of Education shall monitor local plans for the  
43 assessment of proficiencies required for graduation including  
44 techniques and instruments to be used to determine pupil proficiency;  
45 required programs designed to provide the opportunity for pupils to  
46 progress toward the mastery of proficiencies required for graduation;

1 and remediation programs for pupils who fail to meet graduation  
2 proficiency standards in order to assure compliance with the  
3 requirement of [this act] P.L.1979, c.241 (C.18A:7C-1 et seq.).

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

8 (cf: P.L.1979, c.241, s.2)

9

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

11 18A:13-17. The regional board of education shall, at each annual  
12 school election, submit to the voters of the regional district the amount  
13 of money fixed and determined in its budget to be voted upon for the  
14 use of the regional schools of the district for the ensuing school year  
15 and may submit thereat any other question authorized by this law to be  
16 submitted at such an election. The board shall follow the procedures  
17 established in section 5 of P.L. , c. (C. )(now pending before the  
18 Legislature as this bill) and N.J.S. 18A:22-33.

19 (cf: N.J.S.18A:13-17)

20

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

22 18A:13-19. If the voters reject any of the items submitted at the  
23 annual election, within two days thereafter the board of education of  
24 the regional district shall certify to the governing body of each  
25 municipality, included within the regional district, the item or items so  
26 rejected, and such governing bodies, after consultation with the board,  
27 and no later than May 19 shall determine the amount or amounts  
28 [which they deem necessary to provide a thorough and efficient system  
29 of schools in the regional district] for the ensuing school year and  
30 cause the same to be certified by the respective municipal clerks to the  
31 board of education of the regional district. The board and the  
32 governing bodies shall follow the procedures established in section 5  
33 of P.L. , c. (C. )(now pending before the Legislature as this bill)  
34 and N.J.S.18A:22-37.

35 (cf: P.L.1995, c.94, s.1)

36

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

38 18A:13-20. Should said governing bodies fail to so certify or fail  
39 to agree and certify different amounts for said purposes, then the  
40 commissioner shall determine and certify the amount or amounts  
41 [which in his judgment shall be necessary to provide a thorough and  
42 efficient system of schools in such regional district,] to the board of  
43 education of the regional district. The commissioner shall follow the  
44 procedures established in N.J.S.18A:22-38.

45 (cf: N.J.S.18A:13-20)

46

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

2 18A:13-23. The annual or special appropriations for regional  
3 districts, including the amounts to be raised for interest upon, and the  
4 redemption of, bonds payable by the district, shall be apportioned  
5 among the municipalities included within the regional district, as may  
6 be approved by the voters of each municipality at the annual school  
7 election or a special school election, upon the basis of:

8 a. the portion of each municipality's equalized valuation allocated  
9 to the regional district, calculated as described in the definition of  
10 equalized valuation in section 3 of [P.L.1990, c.52 (C.18A:7D-3)]  
11 P.L. , c. (C. ) (now pending before the Legislature as this bill);

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

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

19 (cf: P.L.1993, c.67, s.1)

20

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

22 18A:21-3. [Such] The account shall be established by resolution  
23 of the board of school estimate or the board of education, as the case  
24 may be, in such form as shall be prescribed by the commissioner, a true  
25 copy of which shall be filed with the department. For any school year  
26 an amount not to exceed 1.5 percent of the amount of [foundation aid  
27 anticipated in the capital outlay budget] core curriculum standards aid,  
28 as calculated pursuant to section [10 of P.L.1990, c.52  
29 (C.18A:7D-10)]15 of P.L. , c. (C. ) (now pending before the  
30 Legislature as this bill), plus any additional sum expressly approved by  
31 the voters of the district or the board of school estimate, and any  
32 [free] undesignated general fund balance amount, authorized under  
33 section [3 of P.L.1993, c.80 (C.18A:7D-27.1)]7 of P.L. , c.  
34 (C. ) (now pending before the Legislature as this bill), may be  
35 appropriated to the account. The account shall also include the  
36 earnings attributable to the investment of the assets of the account.

37 (cf: P.L.1993, c.80, s.2)

38

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

40 18A:21-4. A board of education may in any school year draw  
41 against its capital reserve account, up to the amount of the balance  
42 therein, to the extent that [such] the withdrawal is anticipated as a  
43 revenue in the school budget for the then current school year or  
44 approved by the commissioner for good cause; provided, that no  
45 money drawn from the account may be used for current expenses of  
46 the general fund or debt service payments but shall be used exclusively

1 for capital expenses of the general fund or capital projects fund when  
2 expressly authorized as part of a referendum.

3 (cf: P.L.1990, c.52, s.40)

4

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

6 18A:22-8. The budget shall be prepared in such detail and upon  
7 such forms as shall be prescribed by the commissioner and to it shall  
8 be annexed a statement so itemized as to make the same readily  
9 understandable, in which shall be shown:

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

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

17 (2) The amount of the surplus account available at the beginning  
18 of the preceding school year, at the beginning of the current school  
19 year and the amount anticipated to be available for the ensuing school  
20 year; (3) The amount of revenue available for budget purposes for the  
21 preceding school year, the amount available for the current school year  
22 as of February 1 of the current school year and the amount anticipated  
23 to be available for the ensuing school year in the following categories:

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

25 (b) Total State aid

26 (i) [Foundation]Core curriculum standards aid

27 (ii) Special education aid

28 (iii) Transportation aid

29 (iv) [At-risk aid

30 (v) Bilingual aid

31 (vi) Early childhood program aid

32 (v) Demonstrably effective program aid

33 (vi) Instructional supplement aid

34 (vii) Supplemental core curriculum standards aid

35 (viii) Distance learning network aid

36 (ix) Bilingual aid

37 (x) Other (detailed at the discretion of the commissioner)

38 [(vii) Transition aid]

39 (c) Total federal aid

40 (i) Elementary and Secondary Education Act of 1965 (20 U.S.C.  
41 §2701 et seq.)

42 (ii) Handicapped

43 (iii) Impact Aid

44 (iv) Vocational

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

46 (d) Other sources (detailed at the discretion of the commissioner).

1 [(4) Transfers between current expense and capital outlay for the  
2 preceding school year, the current school year as of February 1 of that  
3 year and transfers anticipated for the ensuing school year.]

4 b. (Deleted by amendment, P.L.1993, c.117).

5 c. In the event that the total expenditure for any item of  
6 appropriation is equal to \$0.00 for: (1) the preceding school year, (2)  
7 the current school year, and (3) the amount estimated to be necessary  
8 to be appropriated for the ensuing school year, that item shall not be  
9 required to be published pursuant to N.J.S.18A:22-11.

10 d. The instruction function of the budget shall be divided at a  
11 minimum into elementary (K-5), middle school (6-8), and high school  
12 (9-12) cost centers, each of which shall be further divided by the core  
13 curriculum content areas. The commissioner shall phase in these  
14 requirements as soon as practicable.

15 (cf: P.L.1993, c.117, s.1)

16  
17 54. Section 3 of P.L.1979, c.294 (C.18A:22-8.2) is amended to  
18 read as follows:

19 3. No transfer may be made under this section from appropriations  
20 or surplus accounts for:

21 a. Interest and debt redemption charges;

22 b. Capital reserve account;

23 c. Items classified as general fund expenses except to other items  
24 so classified, or to the capital projects fund to supplement the  
25 proceeds from a bond authorization or lease purchase agreement upon  
26 application to and a formal finding by the commissioner that the  
27 transfer is in the best interests of both the students and taxpayers of  
28 the district after consideration of alternative corrective actions.

29 (cf: P.L.1993, c.83, s.5)

30  
31 55. N.J.S.18A:22-14 is amended to read as follows:

32 18A:22-14. At or after [said] the public hearing but not later than  
33 April 8, the board of school estimate of a type I district shall fix and  
34 determine by official action taken at a public meeting of the board the  
35 amount of money necessary to be appropriated for the use of the  
36 public schools in the district for the ensuing school year pursuant to  
37 section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (now pending before the  
38 Legislature as this bill), exclusive of the amount which shall have been  
39 apportioned to it by the commissioner and shall make two certificates  
40 of [such] the amount signed by at least three members of the board,  
41 one of which shall be delivered to the board of education and the other  
42 to the governing body of the district. Within 15 days after receiving  
43 [such] the certificate the board of education shall notify the board of  
44 school estimate and governing body of the district if it intends to  
45 appeal to the commissioner the board of school estimate's  
46 determination as to the amount of money requested pursuant to the

1 provisions of section 5 of P.L. , c. (C. ) (now pending before  
2 the Legislature as this bill), necessary to be appropriated for the use  
3 of the public schools of the district for the ensuing school year.  
4 (cf: P.L.1992, c.159, s.14)

5  
6 56. N.J.S.18A:22-26 is amended to read as follows:

7 18A:22-26. At or after [said] the public hearing but not later than  
8 April 8, the board of school estimate of a type II district having a  
9 board of school estimate shall fix and determine by a recorded roll call  
10 majority vote of its full membership the amount of money necessary to  
11 be appropriated for the use of the public schools in [such] the district  
12 for the ensuing school year, exclusive of the amount which shall be  
13 apportioned to it by the commissioner for [said] the year pursuant to  
14 the provisions of section 5 of P.L. , c. (C. ) (now pending before  
15 the Legislature as this bill) and shall make a certificate of [such] the  
16 amount signed by at least a majority of all members of [such] the  
17 board, which shall be delivered to the board of education and a copy  
18 thereof, certified under oath to be correct and true by the secretary of  
19 the board of school estimate, shall be delivered to the county board of  
20 taxation on or before April 15 in each year and a duplicate of [such]  
21 the certificate shall be delivered to the board or governing body of  
22 each of the municipalities within the territorial limits of the district  
23 having the power to make appropriations of money raised by taxation  
24 in the municipalities or political subdivisions and to the county  
25 superintendent of schools and [such] the amount shall be assessed,  
26 levied and raised under the procedure and in the manner provided by  
27 law for the levying and raising of special school taxes voted to be  
28 raised at an annual or special election of the legal voters in type II  
29 districts and shall be paid to the treasurer of school moneys of the  
30 district for such purposes.

31 Within 15 days after receiving [such] the certificate the board of  
32 education shall notify the board of school estimate [and], the  
33 governing body of each municipality within the territorial limits of the  
34 school district, and the commissioner if it intends to appeal to the  
35 commissioner the board of school estimate's determination as to the  
36 amount of money requested pursuant to the provisions of section 5 of  
37 P.L. , c. (C. ) (now pending before the Legislature as this bill),  
38 necessary to be appropriated for the use of the public schools of the  
39 district for the ensuing school year.

40 (cf: P.L.1992, c.159, s.15)

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

2        18A:22-32. At or after the public hearing on the budget but not  
3 later than 18 days prior to the election, the board of education of each  
4 type II district having no board of school estimate shall fix and  
5 determine by a recorded roll call majority vote of its full membership  
6 the amount of money to be raised pursuant to section 5 of P.L. \_\_\_\_\_,  
7 c. (C. \_\_\_\_\_) (now pending before the Legislature as this bill) and any  
8 additional amounts to be voted upon by the legal voters of the district  
9 at the annual election pursuant to section 5 of that act, which sum or  
10 sums shall be designated in the notice calling [such] the election as  
11 required by law.

12 (cf: P.L.1995, c.278, s.42)

13

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

15        18A:22-33. The board of education of each type II district not  
16 having a board of school estimate shall at each annual school election,  
17 submit to the voters of the district, the amount of money fixed and  
18 determined in its budget pursuant to section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_  
19 (C. \_\_\_\_\_)(now pending before the Legislature as this bill), excluding  
20 therefrom the sum or sums stated therein to be used for interest and  
21 debt redemption charges, in the manner provided by law, to be voted  
22 upon for the use of the public schools of the district for the ensuing  
23 school year, which amount shall be stated in the notice of the election,  
24 and the legal voters of the district shall determine at [such] the  
25 election, by a majority vote of those voting upon the proposition, the  
26 sum or sums, not exceeding those stated in the notice of the election,  
27 to be raised by special district tax for said purposes, in the district  
28 during the ensuing school year and the secretary of the board of  
29 education shall certify the-amount so determined upon, if any, and the  
30 sums so stated for interest and debt redemption charges, to the county  
31 board of taxation of the county within two days following the [date]  
32 certification of the election results and the amount or amounts so  
33 certified shall be included in the taxes assessed, levied and collected in  
34 the municipality or municipalities comprising the district for such  
35 purposes.

36 (cf: P.L.1993, c.83, s.9)

37

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

39        18A:22-37. If the voters reject any of the items submitted at the  
40 annual school election, the board of education shall deliver the  
41 proposed school budget pursuant to section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_  
42 (C. \_\_\_\_\_)(now pending before the Legislature as this bill) to the  
43 governing body of the municipality, or of each of the municipalities  
44 included in the district within two days thereafter. The governing  
45 body of the municipality, or of each of the municipalities, included in  
46 the district shall, after consultation with the board, and by May 19,

1 determine the amount which, in the judgment of [said] the body or  
2 bodies, is necessary to be appropriated for each item appearing in  
3 [such] the budget, [to provide a thorough and efficient system of  
4 schools in the district,] pursuant to section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_  
5 (C. \_\_\_\_\_)(now pending before the Legislature as this bill) and certify to  
6 the county board of taxation the totals of the amount so determined to  
7 be necessary for each of the following:

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

10 Within 15 days after the governing body of the municipality or of  
11 each of the municipalities included in the district shall make [such] the  
12 certification to the county board of taxation, the board of education  
13 shall notify [such] the governing body or bodies if it intends to appeal  
14 to the commissioner pursuant to section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)  
15 (now pending before the Legislature as this bill) the [amounts] amount  
16 which [said] the body or bodies determined to be necessary to be  
17 appropriated for each item appearing in the proposed school budget.  
18 (cf: P.L.1995, c.94, s.2)

19  
20 60. N.J.S.18A:22-38 is amended to read as follows:

21 18A:22-38. If [said] the governing body or bodies [shall] fail [so]  
22 to certify any amount determined [by them] to be necessary pursuant  
23 to section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_)(now pending before the Legislature  
24 as this bill) for any item rejected at the annual school election, or in  
25 the event that the governing bodies of the municipalities comprising a  
26 school district, shall certify different amounts, then the commissioner  
27 shall determine the amount or amounts which in his judgment, are  
28 necessary to be appropriated, for each of the items appearing in the  
29 budget, submitted to [such] the governing body or bodies [to provide  
30 a thorough and efficient system of public schools in the district], and  
31 certify to the county board of taxation the totals of the amount [so]  
32 determined to be necessary for each of the following:

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

35 and the amounts [so] certified shall be included in the taxes to be  
36 assessed, levied and collected in [such] the municipality or  
37 municipalities for [such] those purposes. For any district submitting  
38 a budget in excess of the maximum T&E budget, the commissioner  
39 shall certify a general fund tax levy pursuant to paragraph 1 of  
40 subsection e. of section 5 of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (now pending  
41 before the Legislature as this bill).

42 (cf: P.L.1993, c.83, s.11)

43  
44 61. Section 2 of P.L.1976, c.39 (C.18A:24-87) is amended to read  
45 as follows:

- 46 2. For the purposes of this act, unless the context clearly requires

1 a different meaning:

2 a. "Commissioner" means the Commissioner of Education of the  
3 State of New Jersey;

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

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

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

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

21 f. "State board" means the State Board of Education of the State  
22 of New Jersey;

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

26 h. "State school aid" means the funds made available to local  
27 school districts pursuant to [section 4 of P.L.1990, c.52  
28 (C.18A:7D-4)]sections 15 and 17 of P.L. , c. (C. ) (now  
29 pending before the Legislature as this bill) .  
30 (cf: P.L.1990, c.52, s.47)

31

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

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

37 b. In addition to all other funds to which the local district or  
38 educational services commission is entitled under the provisions of  
39 [P.L.1990, c.52 (C.18A:7D-1 et al.)]P.L. , c. (C. ) (now pending  
40 before the Legislature as this bill) and other pertinent statutes, each  
41 board of education or board of directors of an educational services  
42 commission shall receive from the State during the 1985-86 academic  
43 year and for two years thereafter an amount equal to the sum of the  
44 amounts by which the actual salary prescribed for each current  
45 full-time teaching staff member under the salary schedule adopted by  
46 the local board of education or board of directors for the 1984-85

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

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

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

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

33 (cf: P.L.1990, c.52, s.48)

34

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

37 3. a. In the event the designated district is composed of more than  
38 one municipality, when allocating equalized valuations or district  
39 incomes, pursuant to the provisions of section 3 of [P.L.1990, c.52  
40 (C.18A:7D-3)]P.L.\_\_\_\_, c.\_\_\_\_ (C.\_\_\_\_) (now pending before the  
41 Legislature as this bill), for the purpose of calculating State aid,  
42 persons attending schools in the designated district pursuant to section  
43 2 of this act shall be assigned to each municipality comprising the  
44 designated district in direct proportion to the number of persons  
45 ordinarily attending school from each municipality in the designated  
46 district without considering the persons attending pursuant to this act.

1        b. In the event the designated district is a constituent district of a  
2 limited purpose regional district, when allocating equalized valuations  
3 or district incomes, pursuant to the provisions of section 3 of  
4 [P.L.1990, c.52 (C.18A:7D-3)]P.L. , c. (C. ) (now pending  
5 before the Legislature as this bill), for the purpose of apportioning the  
6 amounts to be raised by taxes for the limited purpose regional district  
7 of which the designated district is a constituent district, persons  
8 attending schools in the designated district pursuant to section 2 of  
9 this act shall not be counted.

10 (cf: P.L.1990, c.52, s.49)

11

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

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

23        For the purposes of calculating State aid pursuant to [P.L.1990,  
24 c.52 (C.18A:7D-1 et al.)]P.L. , c. (C. ) (now pending before the  
25 Legislature as this bill), whenever pupils residing in one district are  
26 attending the schools of the designated district, the district income of  
27 the resident district shall be allocated between the resident district and  
28 the designated district in proportion to the number of pupils residing  
29 in the resident district attending the schools of the resident district and  
30 designated district.

31 (cf: P.L.1990, c.52, s.82)

32

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

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

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

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

1 board of education.

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

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

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

30 e. The calculation of percentages required under this section shall  
31 be based on the number of pupils reported as of [October 15] the last  
32 school day prior to October 16 of each prebudget year.

33 (cf: P.L.1995, c.8, s.2)

34

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

37 2. Beginning in the [1993-1994] 1998-99 school year and in each  
38 subsequent year, the maximum amount of nonpublic school  
39 transportation costs per pupil provided for in N.J.S.18A:39-1 shall be  
40 increased or decreased in direct proportion to the increase or decrease  
41 in the State transportation aid per pupil in the year prior to the  
42 prebudget year compared to the amount for the prebudget year. As  
43 used in this section, State transportation aid per pupil shall equal the  
44 total State transportation aid payments made pursuant to section [16  
45 of P.L.1990, c.52 (C.18A:7D-18)]25 of P.L. , c. (C. ) (now  
46 pending before the Legislature as this bill) divided by the number of

1 pupils eligible for transportation.

2 (cf: P.L.1992, c.33, s.2)

3

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

5 18A:39-1.1. In addition to the provision of transportation for  
6 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board of  
7 education of any district may provide, by contract or otherwise, in  
8 accordance with law and the rules and regulations of the State board,  
9 for the transportation of other pupils to and from school.

10 Districts shall not receive State transportation aid pursuant to  
11 section [16 of P.L.1990, c.52 (C.18A:7D-18)]25 of P.L. , c.   
12 (C. ) (now pending before the Legislature as this bill) for the  
13 transportation of pupils pursuant to this section.

14 (cf: P.L.1990, c.52, s.52)

15

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

17 18A:39-15. If the county superintendent of the county in which  
18 the districts are situate shall approve the necessity, the cost, and the  
19 method of providing [such] joint transportation and the agreement  
20 whereby the same is to be provided, each [such] board of education  
21 providing joint transportation shall be entitled to State transportation  
22 aid pursuant to section [16 of P.L.1990, c.52 (C.18A:7D-18)]25 of  
23 P.L. , c. (C. ) (now pending before the Legislature as this  
24 bill).

25 (cf: P.L.1990, c.52, s.53)

26

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

29 9. a. The support limit for the [1991-92] 1997-98 school year  
30 shall be[~~\$60~~] \$61.44. For each school year thereafter the  
31 commissioner shall determine the support limit by multiplying the  
32 support limit for the previous school year times the sum of 1.0 plus the  
33 average annual percentage increase in [State per capital personal  
34 income as determined pursuant to section 3 of P.L.1990, c.52  
35 (C.18A:7D-3)] the consumer price index for the New York and  
36 Philadelphia areas during the fiscal year preceding the prebudget year  
37 as reported by the United States Department of Labor.

38 b. On or before November 5 of each year, each board of  
39 education shall forward to the commissioner an estimate of the cost of  
40 providing, during the next school year, the services required pursuant  
41 to this act and the number of pupils attending nonpublic schools  
42 located within the district as of the last school day of October of the  
43 current school year, excluding those pupils who have refused nursing  
44 services pursuant to section 8 of this act. The commissioner shall  
45 provide State aid to each school district in an amount equal to the  
46 number of nonpublic school pupils within the district identified by the

1 district on or before November 5 multiplied by the State support limit.  
2 In the event that the expenditure incurred by any district is less than  
3 the amount of State aid received, the district shall refund the  
4 unexpended State aid after the completion of the school year, but not  
5 later than December 1 of the following school year.

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

13 [d. Any State aid provided to a school district pursuant to this  
14 section shall not be included in the calculation of the spending  
15 limitations established pursuant to section 85 of P.L.1990, c.52  
16 (C.18A:7D-28).]

17 (cf: P.L.1991, c.226, s.9)

18

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

21 11. The Commissioner of Education, in consultation with the  
22 Commissioner of Health, shall develop and administer a program  
23 which provides for the employment of substance awareness  
24 coordinators in certain school districts.

25 a. Within 90 days of the effective date of this act, the  
26 Commissioner of Education shall forward to each local school board  
27 a request for a proposal for the employment of a substance awareness  
28 coordinator. A board which wants to participate in the program shall  
29 submit a proposal to the commissioner which outlines the district's  
30 plan to provide substance abuse prevention, intervention and treatment  
31 referral services to students through the employment of a substance  
32 awareness coordinator. Nothing shall preclude a district which  
33 employs a substance awareness coordinator at the time of the effective  
34 date of this act from participating in this program. The commissioner  
35 shall select school districts to participate in the program through a  
36 competitive grant process. The participating districts shall include  
37 urban, suburban and rural districts from the north, central and southern  
38 geographic regions of the State with at least one school district per  
39 county. In addition to all other State aid to which the local district is  
40 entitled under the provisions of [P.L.1990, c.52 (C.18A:7D-1 et al.)]  
41 P.L. , c. (C. ) (now pending before the Legislature as this bill)  
42 and other pertinent statutes, each board of education participating in  
43 the program shall receive from the State, for a three year period, the  
44 amount necessary to pay the salary of its substance awareness  
45 coordinator.

46 b. The position of substance awareness coordinator shall be

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

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

24 d. The Commissioner of Education, in consultation with the  
25 Commissioner of Health, shall implement a plan to collect data on the  
26 effectiveness of the program in treating problems associated with  
27 substance abuse and in reducing the incidence of substance abuse in  
28 local school districts. Six months prior to the expiration of the  
29 program authorized pursuant to this section, the Commissioner of  
30 Education shall submit to the Governor and the Legislature an  
31 evaluation of the program and a recommendation on the advisability  
32 of its continuation or expansion to all school districts in the State.  
33 (cf: P.L.1990, c.52, s.54)

34

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

36 18A:44-1. The board of education of any district may establish a  
37 [nursery] preschool school or [a nursery] department in any school  
38 under its control, and shall admit to such [nursery] preschool school  
39 or department any child who is under the age at which children are  
40 admitted to other schools or classes in such district.

41 (cf: N.J.S.18A:44-1)

42

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

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

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

6 (cf: N.J.S.18A:44-2)

7

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

9 18A:44-4. The expenses of [nursery] preschool schools or  
10 departments and of kindergarten schools or departments shall be paid  
11 out of any moneys available for the general fund expenses of the  
12 schools, and in the same manner and under the same restrictions as the  
13 expenses of other schools or departments are paid, except when  
14 wholly or partly subsidized by restricted funding sources or restricted  
15 endowments.

16 (cf: P.L.1993, c.83, s.18)

17

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

19 18A:46-14. The facilities and programs of education required  
20 under this chapter shall be provided by one or more of the following:

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

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

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

28 d. A jointure commission program;

29 e. A State of New Jersey operated program;

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

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

41 h. Individual instruction at home or in school whenever in the  
42 judgment of the board of education with the consent of the  
43 commissioner it is impracticable to provide a suitable special education  
44 program for a child pursuant to subsection a., b., c., d., e., f. or g.  
45 otherwise.

46 Whenever a child study team determines that a suitable special

1 education program for a child cannot be provided pursuant to  
2 subsection a., b., c., d., e., f., g. or h. of this section, and that the most  
3 appropriate placement for that child is in an academic program in an  
4 accredited nonpublic school within the State or, to meet particular  
5 circumstances, in any other state in the United States, the services of  
6 which are nonsectarian, and which is not specifically approved for the  
7 education of handicapped pupils, that child may be placed in that  
8 academic program by the board of education, with the consent of the  
9 commissioner, or by order of a court of competent jurisdiction. An  
10 academic program which meets the requirements of the child's  
11 Individual Education Plan as determined by the child study team and  
12 which provides the child with a thorough and efficient education, shall  
13 be considered an approved placement for the purposes of [Chapter]  
14 chapter 46 of this Title, and the board of education shall be entitled to  
15 receive State aid for that child as provided pursuant to [P.L.1990, c.52  
16 (C.18A:7D-1 et al.)]P.L. , c. (C. ) (now pending before the  
17 Legislature as this bill), and all other pertinent statutes.

18 Whenever any child shall be confined to a hospital, convalescent  
19 home, or other institution in New Jersey or in any other state in the  
20 United States and is enrolled in an education program approved under  
21 this article, or shall be placed in any other State facility as defined in  
22 section 3 of [P.L.1990, c.52 (C.18A:7D-3)]P.L. , c. (C. ) (now  
23 pending before the Legislature as this bill), the board of education of  
24 the district in which the child resides shall pay the tuition of [said] that  
25 child. The board of education may also furnish (a) the facilities or  
26 programs provided in this article to any person over the age of 20 who  
27 does not hold a diploma of a high school approved in this State or in  
28 any other state in the United States, (b) suitable approved facilities and  
29 programs for children under the age of 5.  
30 (cf: P.L.1990, c.52, s.58)

31  
32 75. Section 14 of P.L.1977, c.193 (C.18A:46-19.8) is amended to  
33 read as follows:

34 14. On November 5 of each year, each board of education shall  
35 [forward to the commissioner an estimate of the cost of providing,  
36 during the next school year, examination, classification and speech  
37 correction services to]report the number of nonpublic school children  
38 who [attend] attended a nonpublic school located within the district  
39 who were identified as eligible to receive [each of these] examination,  
40 classification, and speech correction services pursuant to this act  
41 during the previous school year. The number of these pupils requiring  
42 an initial evaluation or reevaluation for examination and classification  
43 shall be multiplied by \$990.73. The number of these pupils requiring  
44 an annual review for examination and classification shall be multiplied  
45 by \$297.06. The number requiring speech correction shall be  
46 multiplied by \$786.70. These products shall be added to determine the

1 estimated cost for providing examination, classification, and speech  
2 corrections services to nonpublic school children during the next  
3 school year. Each board of education shall report the number of  
4 nonpublic school children who attended a nonpublic school located  
5 within the district, who were identified as eligible for supplementary  
6 instruction services during the preceding school year. The number of  
7 these pupils shall be multiplied by [the appropriate cost factor from  
8 section 14 of P.L.1990, c.52 (C.18A:7D-16) and by the State  
9 foundation amount as defined in section 6 of P.L.1990, c.52  
10 (C.18A:7D-6)]\$752.41. This product shall be added to the estimated  
11 cost for providing examination, classification and speech correction  
12 services.

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

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

21 During each school year, each district shall receive an amount of  
22 State aid equal to 10% of [such] the estimated cost on the first day in  
23 September and on the first day of each month during the remainder of  
24 the school year. If a board of education requires funds prior to  
25 September, the board shall file a written request with the  
26 Commissioner of Education stating the need for the funds. The  
27 commissioner shall review each request and forward those for which  
28 need has been demonstrated to the appropriate officials for payment.

29 In the event the expenditures incurred by any district are less than  
30 the amount of State aid received, the district shall refund the  
31 unexpended State aid after completion of the school year. The refunds  
32 shall be paid no later than December 1. In any year, a district may  
33 submit a request for additional aid pursuant to P.L.1977, c.193  
34 (C.18A:46-19.1 et al.). If the request is approved and funds are  
35 available from refunds of the prior year, payment shall be made in the  
36 current school year.

37 (cf: P.L.1991, c.128, s.5)

38

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

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

46 The board of education shall furnish transportation to all children

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

9 The school district shall be entitled to State aid for [such] the  
10 transportation pursuant to section [16 of P.L.1990, c.52  
11 (C.18A:7D-18)]25 of P.L. , c. (C. ) (now pending before the  
12 Legislature as this bill) when the necessity for [such] the  
13 transportation and the cost and method thereof have been approved by  
14 the county superintendent of the county in which the district paying  
15 the cost of [such] the transportation is situated.

16 (cf: P.L.1990, c.52, s.59)

17

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

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

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

1 be anticipated by the board of education of the county special services  
2 school district with respect to the annual budget of the county special  
3 services school district. The amounts of all annual payments or tuition  
4 to be paid by any [such] other school district shall be raised in each  
5 year in the annual budget of [such] the other school district and paid  
6 to the county special services school district.

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

17 Unless specifically designated, county special services school  
18 districts shall not receive State aid under the provisions of P.L. ,  
19 c. (C. )(now pending before the Legislature as this bill). The  
20 county special services general fund budget, exclusive of any county  
21 contribution, shall not exceed the general fund budget, exclusive of  
22 any county contribution, in the prebudget year adjusted by the CPI or  
23 three percent, whichever is greater, plus an enrollment factor.

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

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

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

2 (cf: P.L.1991, c.62, s.23)

3

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

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

8 a. The per pupil aid amount for providing the equivalent service  
9 to children of limited English-speaking ability enrolled in the public  
10 schools, shall be [determined by multiplying the bilingual program  
11 weight from section 81 of P.L.1990, c.52 (C.18A:7D-21) or the  
12 appropriate cost factor from section 14 of P.L.1990, c.52  
13 (C.18A:7D-16) by the State foundation amount as defined in section  
14 6 of P.L.1990, c.52 (C.18A:7D-6)]\$1274.03. The appropriate per  
15 pupil aid amount for compensatory education shall be [determined by  
16 multiplying the per pupil amount of compensatory education aid in the  
17 prebudget year by the PCIs as defined by section 3 of P.L.1990, c.52  
18 (C.18A:7D-3)]\$628.71.

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

24 c. The per pupil aid amount for home instruction shall be  
25 determined by multiplying the [State foundation amount as defined in  
26 section 6 of P.L.1990 c.52 (C.18A:7D-6)]T&E amount by a cost  
27 factor of 0.0037 by the number of hours of home instruction actually  
28 provided in the prior school year.

29 (cf: P.L.1991, c.128, s.3)

30

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

32 18A:51-7. The commission shall assess against the participating  
33 school districts a sum which, together with any anticipated State aid  
34 and private donations, shall be required for the establishment and  
35 maintenance of the county educational audiovisual aids center during  
36 the first year and for the maintenance and operation of the same,  
37 during each year thereafter, which total annual assessment shall be  
38 apportioned among the participating school districts in the proportion  
39 which the resident enrollment of the pupils for the prebudget year of  
40 each such district shall bear to the total resident enrollment of the  
41 pupils for the prebudget year of all of the participating school districts  
42 as determined by the commissioner.

43 (cf: P.L.1990, c.52, s.70)

44

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

46 18A:54-28. On or before the fourth Tuesday in March in each year

1 the board of education of a county vocational school district shall  
2 prepare and deliver to each member of the board of school estimate an  
3 itemized statement of the amount of money estimated to be necessary  
4 for the general fund expenses of the county vocational school district  
5 for the ensuing school year. The board of education shall follow the  
6 procedures established in section 5 of P.L. .c. (C. )(now pending  
7 before the Legislature as this bill).

8 (cf: P.L.1993, c.83, s.24)

9

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

11 18A:54-29. Between the fourth Tuesday in March and April 8 in  
12 each year the board of school estimate shall fix and determine by  
13 action taken at a public meeting of the board the amount of money  
14 necessary to be appropriated for the use of the county vocational  
15 school district for the ensuing school year exclusive of the amount to  
16 be received from the State as provided in section 18A:54-32. The  
17 board of education of the county vocational school district and the  
18 board of school estimate shall follow the procedures established in  
19 section 5 of P.L. .c. (C. )(now pending before the Legislature  
20 as this bill).

21 (cf: P.L. 1992, c.159, s.22)

22

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

24 18A:55-2. The commissioner shall[, with the approval of the state  
25 board,]direct the State treasurer to withhold funds payable by the  
26 State from any district which fails to obey the law or the rules or  
27 directions of the State board or the commissioner.

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

40 (cf: N.J.S.18A:55-2)

41

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

44 6. State aid provided pursuant to [P.L.1990, c.52 (C.18A:7D-1 et  
45 al.)]P.L. .c. (C. ) (now pending before the Legislature as this  
46 bill) may be expended for the purchase and loan of textbooks for

1 public school pupils in an amount which shall not exceed the State  
2 average budgeted textbook expense for the prebudget year per pupil  
3 in resident enrollment. Nothing contained herein shall prohibit a board  
4 of education in any district from purchasing textbooks in excess of the  
5 amounts provided pursuant to this act.

6 (cf: P.L.1990, c.52, s.77)

7

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

12

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

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

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

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

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

20 Sections 1 through 4, 6 through 10, 11 through 17, 80, 81, 18, 84,  
21 19 through 22, 85, 23, 24, 87, 89, and 25 through 28 of P.L.1990,  
22 c.52 (C.18A:7D-1 through 18A:7D-4, 18A:7D-6 through 18A:7D-10  
23 and 18A:7D-13 through 18A:7D-36);

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

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

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

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

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

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

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

32 Sections 8 through 11, 13 and 14 of P.L.1985, c.321 (C.18A:29-  
33 5.7 through 18A:29-5.12);

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

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

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

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

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

39

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

42

43

44

45 The "Comprehensive Educational Improvement and Financing Act of  
46 1996."