

SENATE, No. 2098

STATE OF NEW JERSEY

INTRODUCED MAY 22, 1997

By Senator LIPMAN

1 AN ACT concerning State aid for certain public school districts and
2 amending and supplementing P.L.1996, c.138.

3

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

6

7 1. Section 3 of P.L.1996, c.138 (C.18A:7F-3) is amended to read
8 as follows:

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

11 "Abbott district" means one of the 28 urban districts in district
12 factor groups A and B specifically identified in the appendix to
13 Raymond Abbott, et al. v. Fred G. Burke, et al. decided by the New
14 Jersey Supreme Court on June 5, 1990 (119 N.J.287, 394) or any
15 other district classified as a special needs district under the "Quality
16 Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.) or
17 designated pursuant to the provisions of section 4 of P.L. , c.
18 (C.) (now pending before the Legislature as this bill);

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

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

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

27 "Commissioner" means the Commissioner of Education;

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

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

Matter underlined thus is new matter.

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

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

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

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

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

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

34 "District income" for the 1997-98 school year means the aggregate
35 income of the residents of the taxing district or taxing districts, based
36 upon data provided by the Bureau of the Census in the United States
37 Department of Commerce for 1989. Beginning with the 1998-99
38 school year and thereafter, district income means the aggregate
39 income of the residents of the taxing district or taxing districts, based
40 upon data provided by the Division of Taxation in the New Jersey
41 Department of the Treasury and contained on the New Jersey State
42 Income Tax forms for the calendar year ending prior to the prebudget
43 year. The commissioner may supplement data contained on the State
44 Income Tax forms with data available from other State or federal
45 agencies in order to better correlate the data to that collected on the
46 federal census. With respect to regional districts and their constituent

1 districts, however, the district income as described above shall be
2 allocated among the regional and constituent districts in proportion to
3 the number of pupils resident in each of them;

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

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

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

28 "Household income" means income as defined in 7CFR 245.2 and
29 245.6 or any subsequent superseding federal law or regulation;

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

39 "Low-income pupils" means those pupils from households with a
40 household income at or below the most recent federal poverty
41 guidelines available on October 15 of the prebudget year multiplied by
42 1.30;

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

46 "Modified district enrollment" means the number of pupils other

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

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

21 "Net T&E budget" means the sum of the T&E program budget,
22 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 "Prebudget year" means the school fiscal year preceding the year in
27 which the school budget is implemented;

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

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

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

41 "Resident enrollment" means the number of pupils other than
42 preschool pupils, post-graduate pupils, and post-secondary vocational
43 pupils who, on the last school day prior to October 16 of the current
44 school year, are residents of the district and are enrolled in: (1) the
45 public schools of the district, excluding evening schools, (2) another
46 school district, other than a county vocational school district in the

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

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

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

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

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

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

44 "Stabilization aid growth limit" means 10% or the rate of growth in
45 the district's projected resident enrollment over the prebudget year,
46 whichever is greater. For the 1997-98 school year, this means 8% or

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

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

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

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

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

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

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

44 "T&E range" means the range of regular education spending which
45 shall be considered thorough and efficient. The range shall be
46 expressed in terms of T&E budget spending per elementary pupil, and

1 shall be delineated by alternatively adding to and subtracting from the
2 T&E amount the T&E flexible amount;

3 "Total Statewide income" means the sum of the district incomes of
4 all taxing districts in the State;
5 (cf: P.L.1996, c.138, s.3)

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

9 12. The commissioner shall establish, based on the standards issued
10 pursuant to section 4 of this act, a basic per pupil T&E amount, and
11 shall develop appropriate weights reflecting the differing costs of
12 providing education at the kindergarten, elementary school, middle
13 school, and high school levels, which weights shall be applied in
14 determining a district's T&E budget as set forth in section 13 of this
15 act. The T&E amount for the 1997-1998 school year shall be \$6,720,
16 which shall be adjusted for inflation by the CPI for the 1998-1999
17 school year. The weights for kindergarten, elementary (grades 1-5),
18 middle (grades 6-8), and high school (grades 9-12) levels for the
19 1997-98 school year shall be 0.5, 1.0, 1.12 and 1.20 respectively. In
20 subsequent years, the T&E amount and the school level weights shall
21 be established biennially in the Report on the Cost of Providing a
22 Thorough and Efficient Education, with the T&E amount adjusted for
23 inflation by the CPI in the second year to which the report applies.

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

31 Notwithstanding the provisions of this section, the T&E amount for
32 an Abbott district for the 1997-98 school year shall be the average I
33 and J district per pupil local levy budget amount in the 1996-97 school
34 year, indexed by the CPI or three percent, whichever is greater. The
35 T&E amount for the 1997-98 school year shall be adjusted for
36 inflation for the 1998-99 school year by the CPI or three percent,
37 whichever is greater. In subsequent years, the T&E amount for an
38 Abbott district shall be established in the report and shall be calculated
39 as follows: add the prebudget year T&E program budgets of all I and
40 J districts, the portion of the prebudget year local levies above the
41 maximum T & E budgets for all I and J districts including any local
42 levies approved and raised pursuant to paragraph (9) of subsection d.
43 of section 5 of P.L.1996, c.138 (C.18A:7F-5), and aid received by all
44 I and J districts pursuant to section 22 of P.L.1996, c.138 (C.18A:7F-
45 22) in the prebudget year; divide this amount by the total resident
46 enrollment of all I and J districts after multiplying the resident

1 enrollment for kindergarten pupils in each I and J district by .5; index
2 this per pupil amount by the CPI or three percent, whichever is
3 greater. The commissioner shall adjust the T&E range and flexible
4 amount for the Abbott districts as appropriate.

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

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7 3. (New section) a. There is established the Supplemental
8 Program Commission which shall be composed of 12 members as
9 follows: three members to be appointed by the President of the Senate,
10 not more than two of whom shall be of the same political party; three
11 members to be appointed by the Speaker of the General Assembly, not
12 more than two of whom shall be of the same political party; the
13 Commissioner of Education as an ex officio, nonvoting member, or a
14 designee; and five members to be appointed by the Governor, not more
15 than three of whom shall be of the same political party. The members
16 appointed by the Governor shall have demonstrated and recognized
17 expertise in research, planning, implementation, or evaluation of
18 successful programs to serve disadvantaged students and shall include
19 three representatives of public or independent institutions of higher
20 education located within the State and three public school practitioners
21 from local school districts within the State. Members of the
22 commission shall serve without compensation.

23 The commission shall organize as soon as may be practicable after
24 the appointment of its members and shall select a chairman from
25 among its members and a secretary who need not be a member of the
26 commission. Staff and related support services shall be provided to
27 the commission by the Department of Education. The commission
28 shall also be entitled to call to its the assistance and avail itself of the
29 services of the employees of any State, county, or municipal
30 department, board, bureau, commission, or agency which it may
31 require and which may be available to it for these purposes, and to
32 employ professional and research personnel, stenographic and clerical
33 assistants and incur traveling and other miscellaneous expenses
34 necessary to perform its duties, within the limits of funds appropriated
35 or otherwise made available to it for these purposes. The commission
36 may meet and hold hearings at the place or places it designates.

37 b. It shall be the duty of the commission to conduct a study of the
38 research on the special supplemental programs and services necessary
39 to address the educational needs of disadvantaged students and which
40 supplement the regular education programs available to those students.
41 The commission shall determine the specific package of supplemental
42 programs and services which shall be implemented to meet the needs
43 of disadvantaged students as required by the Supreme Court in its
44 Abbott II and Abbott III decisions and the cost of implementing the
45 programs and services in the schools and districts serving
46 disadvantaged students. The package of programs shall include, but

1 not be limited to, early childhood programs such as preschool classes
2 and full-day kindergarten, and a full array of programs necessary to
3 eliminate, to the degree possible within the school setting, the
4 disadvantages of students. The commission shall determine the
5 definitions of students, schools, and school districts eligible to receive
6 funding to implement all or a part of the package of supplemental
7 programs and services. The commission shall also formulate
8 recommendations to control, regulate, and monitor the use of
9 additional funding which is made available to support the supplemental
10 programs and services.

11 The commission shall be formed within 60 days of the effective date
12 of this act and shall issue its findings and recommendations to the
13 Governor, the Legislature, and the State board by December 1, 1997.
14 The State board shall utilize the recommendations of the commission
15 in the formulation and adoption of regulations on demonstrably
16 effective program aid pursuant to subsection b. of section 18 of
17 P.L.1996, c.138 (C.18A:7F-18b.).

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19 4. (New section) The commissioner shall develop a procedure and
20 appropriate standards to determine whether districts, in addition to
21 those defined as Abbott districts pursuant to the provisions of section
22 3 of P.L.1996, c.138 (C.18A:7F-3), shall be designated as Abbott
23 districts. The procedure shall include a mechanism by which a district
24 may petition the commissioner for designation as an Abbott district.
25 The commissioner may designate a district as an Abbott district if he
26 finds that the district meets the established standards which shall be
27 consistent with the New Jersey Supreme Court decision, Raymond
28 Abbott, et al. v. Fred G. Burke, et al., (119 N.J. 287).

29 The procedures established by the commissioner shall also be used
30 to determine if any district which is defined as an Abbott district
31 pursuant to the provisions of section 3 of P.L.1996, c.138 (C.18A:7F-
32 3) no longer reflects the characteristics of an Abbott district as
33 identified by the New Jersey Supreme Court in Raymond Abbott, et al.
34 v. Fred G. Burke, et al. (119 N.J. 287). If the commissioner makes
35 that determination, he shall file a preliminary report of his finding with
36 the district. The district shall have the opportunity to respond to the
37 report and to challenge the commissioner's findings prior to any final
38 decision by the commissioner. A district may appeal the
39 commissioner's decision to the State board and to the appropriate
40 court.

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42 5. This act shall take effect immediately.

STATEMENT

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3 This bill provides parity between the Abbott districts and the I and
4 J school districts. The bill amends the "Comprehensive Educational
5 Improvement and Financing Act of 1996," P.L.1996, c.138, to
6 stipulate that the T & E amount for an Abbott district in the 1997-98
7 school year be the average I & J district per pupil local levy budget
8 amount in the 1996-97 school year, indexed by the CPI or three
9 percent, whichever is greater. The T & E amount for the 1998-99
10 school year will be the 1997-98 Abbott district T & E amount adjusted
11 for inflation. For subsequent school years, the bill establishes the
12 following formula for the calculation of the T & E amount for an
13 Abbott: add the prebudget year T & E program budgets of all I and J
14 districts, the portion of the prebudget year local levies above the
15 maximum T & E budgets for all I and J districts, and distance learning
16 network aid received by the I and J districts in the prebudget year.
17 This amount is then divided by the total resident enrollment of all I and
18 J districts after multiplying the resident enrollment for kindergarten
19 pupils in each I and J district by .5. The resulting per pupil amount is
20 then indexed by the CPI or three percent, whichever is greater, to
21 determine the Abbott district T & E amount for the budget year.

22 The bill also establishes the Supplemental Program Commission to
23 conduct a study of the research on the special supplemental programs
24 and services necessary to address the educational needs of
25 disadvantaged students and which are required to supplement the
26 regular education programs available to those students. The
27 commission must also determine the cost of implementing those
28 programs and services in the schools and districts serving
29 disadvantaged students. The New Jersey Supreme Court in the Abbott
30 line of decisions held that the educational needs of at-risk students
31 were required to be addressed by the State. Under the
32 "Comprehensive Educational Improvement and Financing Act of
33 1996," the Commissioner of Education is directed to recommend to
34 the State Board of Education programs eligible to be funded through
35 demonstrably effective program aid and which must be directed at the
36 needs of students who come from districts with high concentrations of
37 poverty. Under the provisions of this bill, the State board would be
38 required to utilize the recommendations of the commission in the
39 formulation and adoption of regulations on the use of demonstrably
40 effective program aid.

41 The bill also directs the Commissioner of Education to develop a
42 procedure and standards to determine whether districts, in addition to
43 those defined as Abbott districts under current law, should be
44 designated as Abbott districts. The procedure is to include a
45 mechanism by which a district may petition the commissioner for such
46 designation. Also, the procedure established by the commissioner is

1 to include provisions for the commissioner to determine if any district
2 designated under current law as an Abbott district no longer reflects
3 the characteristics of such a district. If the commissioner makes that
4 determination, the district must be given an opportunity to respond
5 and to challenge the commissioner's finding prior to the rendering of
6 any final decision on the issue.

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11 Provides parity for the Abbott districts and establishes a commission
12 to define supplemental programs for disadvantaged students.