

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1999 - 2000 BUDGET



DEPARTMENT OF EDUCATION

PREPARED BY
OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE
APRIL 1999

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF EDUCATION

Budget Pages..... C-8; C-15; C-20; C-26; C-28; C-30;
D-99 to D-126; E-4 to E-5

Fiscal Summary(\$000)

	Expended FY 1998	Adjusted. Appropriation FY 1999	Recommended FY 2000	Percent Change 1999-00
State Budgeted	\$5,336,912	\$5,982,776	\$6,079,817	1.6%
Federal Funds	367,323	439,731	467,216	6.3%
<u>Other</u>	<u>12,676</u>	<u>15,630</u>	<u>16,741</u>	<u>7.1%</u>
Grand Total	\$5,716,911	\$6,438,137	\$6,563,774	2.0%

Personnel Summary - Positions By Funding Source

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change 1999-00
State	415	422	473	12.1%
Federal	240	254	277	9.1%
<u>Other</u>	<u>173</u>	<u>180</u>	<u>211</u>	<u>17.2%</u>
Total Positions	828	856	961	12.3%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

Introduction

The Department of Education is responsible for the governance of the public schools and the system under which instruction will be provided to 1.3 million students in FY 2000. The department's responsibilities include: allocating \$5.3 billion in State school aid to local districts in FY 2000, exclusive of pension and social security costs paid by the State on behalf of teaching staff members; establishing uniform standards for the Statewide system of public schools; implementing and monitoring the achievement of those standards; and providing technical assistance for local school operation and management. In addition, the department operates the Marie H. Katzenbach School for the Deaf. The Governor's Recommended Budget for FY 2000 proposes that \$46.3 million be appropriated for the department to carry out its administrative and supervisory responsibilities over public school districts and to operate the Marie H. Katzenbach School for the Deaf.

Key Points

- ! State aid payments (including Grants-in-Aid, Pensions and Social Security Payments) totaling \$6.0 billion are recommended in FY 2000, a \$92.8 million (1.6 percent) increase over the FY 1999 adjusted appropriation.
- ! In addition, to the total school aid amount recommended in the FY 1999-2000 budget, an additional State aid amount of \$69.6 million has been proposed. The additional State aid amounts were reported in the revised State aid notifications received by school districts on February 26, 1999 and are being anticipated as revenue in local school budgets for the 1999-2000 school year. The additional aid is to provide full funding of debt service aid, hold certain school districts harmless to their FY 1999 aid levels (stabilization aid III), and to hold all other districts harmless to a State aid loss of no more than 1 percent of net budget (additional stabilization aid II). Of the additional \$69.6 million, \$4.6 million is allocated for stabilization aid II, \$34.8 million for stabilization aid III, \$22.0 million for debt service aid, \$4.5 million for supplemental stabilization aid for large and efficient districts, and \$3.7 million for other CEIFA aid programs.
- ! Total State aid recommended under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (CEIFA), and Abbott v. Burke Parity Remedy Aid, equals \$5.2 billion, a \$330.3 million (6.8 percent) increase over the \$4.9 billion adjusted appropriation allocated in FY 1999.

Core curriculum standards aid totaling \$2.8 billion is recommended in FY 2000. This represents an increase of \$97.5 million (3.5 percent) over the \$2.7 billion for FY 1999, and reflects the core curriculum standards aid allocation prior to the application of the stabilization aid growth limit provision of CEIFA.

The stabilization aid growth limit component of CEIFA, which applies as a deduction to aid that is otherwise payable, is reduced by \$120.7 million in FY 2000, from \$181.4 million in FY 1999 to \$60.7 million. This reduction in savings to the State is attributable to the CEIFA provision that eliminates a growth rate restriction in the 1999-2000 school year on school districts that were subject to the limitation in the 1997-98 school year. Also, the \$10.0 million Abbott district excess surplus reduction that was applied to aid otherwise payable is eliminated in FY 2000.

Core curriculum standards aid in the amount of \$5.0 million is to be held in reserve pending the determination of income appeals filed pursuant to section 15 of P.L. 1996, c. 138 (CEIFA). This section allows districts to challenge the amount of income calculated for that community by the Department of Treasury and used by the Department of Education to determine the district's core curriculum standards aid entitlement.

A State aid appropriation of \$8.1 million is recommended for Aid for Enrollment Adjustments. In addition, a recommended language appropriation (pg. D-112) would provide up to an additional \$3.0 million for the same purpose. The recommended aid reflects the provision in section 5 of P.L. 1996, c.138 (CEIFA) that required aid for the current school year, in this instance 1998-99, which is calculated based on projected enrollment counts, be subsequently adjusted based on actual enrollments for that year.

Key Points (Cont'd)

The amount of transportation aid recommended for local school districts in FY 2000 funds only 93.47 percent of the amount of each school district's entitlement under the CEIFA transportation aid formula, section 25 of P.L. 1996, c. 138. Transportation aid totaling \$265.3 million is recommended for FY 2000. This represents an increase of \$4.2 million (1.6 percent) over the \$243.9 million adjusted appropriation for FY 1999.

Special education aid totaling \$682.1 million is recommended in FY 2000. This represents an increase of \$44.2 million (6.9 percent) over the \$637.9 million adjusted appropriation for FY 1999.

A \$50.0 million appropriation for school construction aid is recommended for FY 2000. This represents the second year in which \$50.0 million, supported by dedicated revenues from the cigarette tax pursuant to P.L. 1997, c.264, has been recommended for school construction purposes. While separate from the CEIFA school aid formula, \$17.8 million of these funds were used, pursuant to budget language, to fund school building aid in FY 1999. While the allocation of these funds requires enabling legislation pursuant to section 4 of P.L. 1997, c.264., and the Governor has publicly discussed a new school construction program, a formal proposal for the use of these funds has yet to be submitted to the Legislature.

State aid totaling \$293.2 million is recommended in FY 2000 for Abbott v. Burke Parity Remedy Aid an increase of \$43.3 million (17.3 percent) over the FY 1999 adjusted appropriation of \$249.8 million. This aid category is allocated to the 28 Abbott School Districts pursuant to the May 14, 1997 order of the New Jersey Supreme Court. The court required that additional State aid be provided to the Abbott Districts to increase the per pupil regular education expenditures in each of those districts to the level of the average per pupil regular education expenditure of the District Factor Groups I and J districts, the 120 highest wealth districts in the State.

- ! State aid totaling \$700.5 million is recommended in FY 2000 for teachers' health benefits, and pension and social security payments on behalf of the teaching staff of local school districts, a decrease of \$224.4 million (24.3 percent) from the \$924.9 adjusted appropriation.

An appropriation of \$120 million is recommended for the Teachers' Pension and Annuity Fund (TPAF) in FY 2000, a decrease of \$251.5 million (67.7 percent) from the \$371.5 million FY 1999 adjusted appropriation. The Office of Management and Budget, prior to the completion of the annual actuarial evaluation applicable to FY 2000, has estimated that there will be sufficient excess earnings from the fund to cover the full costs of all expenditures required of the fund, except for the cost of post retirement medical benefits which must be funded on a pay-as-you-go basis.

Under the provisions of P.L. 1997, c. 115, surplus earnings of the fund may be used to pay all costs of the Teachers' Pension and Annuity Fund except for post retirement medical benefits.

In addition, funds totaling \$69.2 million are recommended in FY 2000 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the

Key Points (Cont'd)

"Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Social security payments on behalf of local teaching staff, totaling \$491.4 million, are recommended in FY 2000. This represents an increase of \$23.3 million (5.0 percent) over the \$468.1 million FY 1999 adjusted appropriation.

State aid totaling \$19.9 million is recommended for FY 2000 to pay for additional health benefits for local teaching staff, an increase of \$2.9 million (17.2 percent) over the FY 1999 adjusted appropriation.

- ! An amount totaling \$110.4 million is proposed for other State aid programs recommended for funding in FY 2000. This represents a decrease of \$13.0 million (10.6 percent) over the \$123.4 million appropriated for such programs in FY 1999. The major changes are shown below.

Appropriations totaling \$12.9 million for State aid grants added by the Legislature in FY 1999 are not recommended for FY 2000.

Funding for Additional School Building Aid Debt Service is recommended at \$7.1 million, a reduction of \$0.5 million in FY 2000. The 6.6 percent reduction in State funding reflects a decrease in debt service obligations due to the scheduled retirement of a portion of the debt of the three remaining school building aid programs enacted by the Legislature pursuant to P.L.1968, c. 177, P.L.1971, c. 10, and P.L.1978, c.74.

Funding for Nonpublic School Aid is recommended at \$80.5 million, a reduction of \$2.2 million (2.6 percent) in FY 2000 from the FY 1999 adjusted appropriation of \$82.7 million. This reduction reflects the elimination of a \$4.0 million legislative grant for a nonpublic school technology initiative; however nonpublic auxiliary services funding is recommended to be increased by \$1.0 million, and nonpublic handicapped aid is recommended to be increased by \$.8 million.

Payments for institutionalized children with unknown school districts of residence is recommended at \$12.4 million in FY 2000, a \$2.3 million increase (22.9 percent).

- ! The Department of Education's Direct State Services budget for FY 2000 is recommended to increase by \$4.2 million, from \$42.2 to \$46.3 million, a 9.9 percent increase. The increase is primarily attributable to the recommended funding of \$14.7 million for the Statewide Assessment Program, a \$3.4 million increase over the FY 1999 adjusted appropriation of \$11.3 million. The recommended 30.0 percent increase in funding represents additional funds recommended in FY 2000 to implement the newly configured statewide assessment program and its objective of assessing pupil performance in the seven core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests:

- 4th Grade: The Elementary School Proficiency Assessment (ESPA);

- 8th Grade: Grade Eight Proficiency Assessment (GEPA); and,

- 11th Grade: High School Proficiency Test (HSPT).

Key Points (Cont'd)

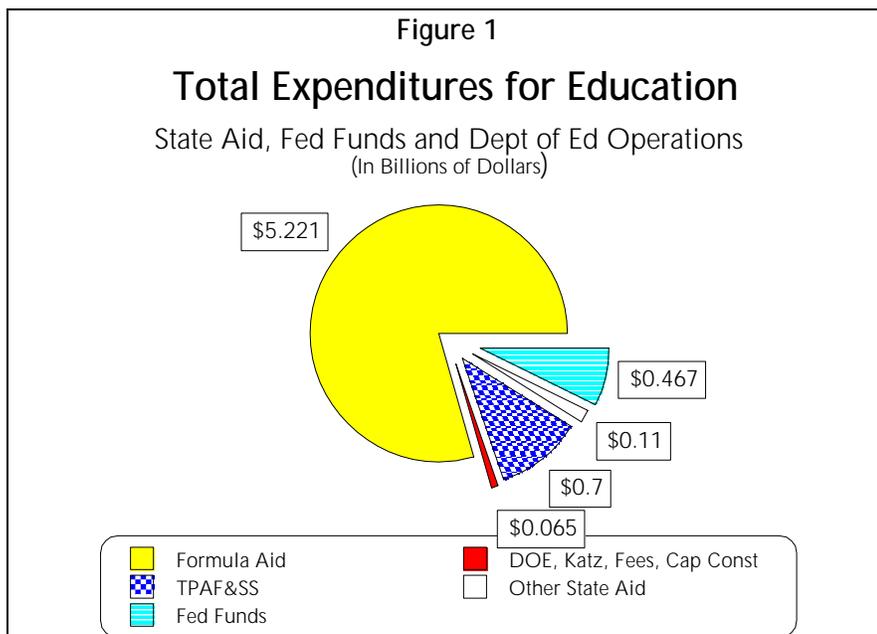
- ! A new State program for the professional development of teachers is recommended to receive \$950,000 in FY 2000. This program is associated with the implementation of regulations adopted by the State Board of Education on June 1, 1998 which mandate professional development for teachers (N.J.A.C. 6:11-13.1 et seq.) The program appropriation will provide three State colleges with grants of \$250,000 each, and \$200,000 will be used by the Department of Education to provide administrative support for the program.

- ! The total recommended budget for the Marie H. Katzenbach School for the Deaf in FY 2000 is \$12.6 million, an increase of \$345,000 (2.8 percent) above FY 1999. Funding for FY 2000 includes, \$3.6 million in State funding (including capital construction), \$7.9 million in tuition, and \$1.1 million in federal funds. Katzenbach's day school tuition is projected to increase, on a per pupil basis, from \$23,878 to \$24,953, a 4.5 percent increase, while the State's contribution on a per pupil basis is projected to increase from \$12,594 to \$12,983 (3.1 percent).

- ! There is a total number of 961 funded positions recommended for the Department of Education in FY 2000. Of the 961 positions, 211 will be funded from fees and revolving funds, 277 will be funded from federal funds, and 473 will be supported by State funds. The total number of positions indicated for FY 1999 (856) is the payroll count as of September 1998.

Program Description and Overview

The total recommended funding from all sources for the Department of Education in FY 2000 is \$6.6 billion. This includes \$5.2 billion of formula aid, \$700.5 million in pension, social security, and health benefit payments, \$467.2 million in federal funds, \$110.4 million in other State aid including nonpublic aid, and \$64.9 million for the Department of Education and the Marie H. Katzenbach School for the Deaf.



Department of Education Operations and the Katzenbach School

Of the \$64.9 million recommended funding for departmental operations and the Katzenbach School in FY 2000, \$52.1 million in State appropriations and other funds support departmental operations, and \$11.0 million in State appropriations and other funds (tuition receipts) support the Katzenbach School. The remaining \$1.9 million supports capital construction projects for the regional day schools and the Katzenbach School.

The administrative responsibilities of the department staff include: the calculation and payment of State aid; the development of educational standards for local districts including safety, assessment, fiscal and program management standards; certifying teachers and administrators for the public schools; overseeing and auditing local school districts' budgets and programs; adjudicating budget and other school controversies; and, providing information to the Governor, the Legislature and the public.

The chart in Figure 2 represents the annual State general fund appropriation, excluding capital and federal funds, appropriated for the operation of the Department of Education and the Katzenbach School compared to the annual amount of other funds appropriated. Between FY 1995 and FY 2000, the fees and other funds have increased from \$9.1 million to \$16.7 million, an 83.8 percent increase, as indicated in Table 1, while the total general fund appropriation for DOE operations increased from \$32.8 million to \$46.3 million, a 40.9 percent increase.

Program Description and Overview (Cont'd)

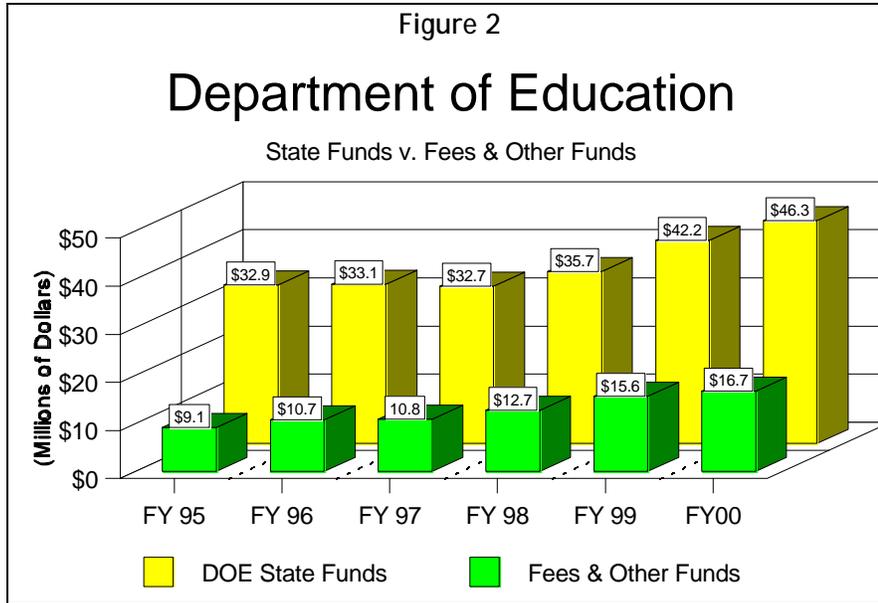


Table 1

DOE and Other Funds as a Pct. of Total State Funds Expended or Appropriated for the Department of Education

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	\$ CHG.	% Chg
Total State Funds	Exp 32,889	Exp 33,100	Exp 32,712	Exp 35,757	Adj App 42,168	Recomm 46,339	13,450	40.9%
Total DOE Fees & Other Funds	9,107	10,700	10,802	12,676	15,630	16,741	7,634	83.8%
TOTAL	41,996	43,800	43,514	48,433	57,798	63,080	21,084	50.2%

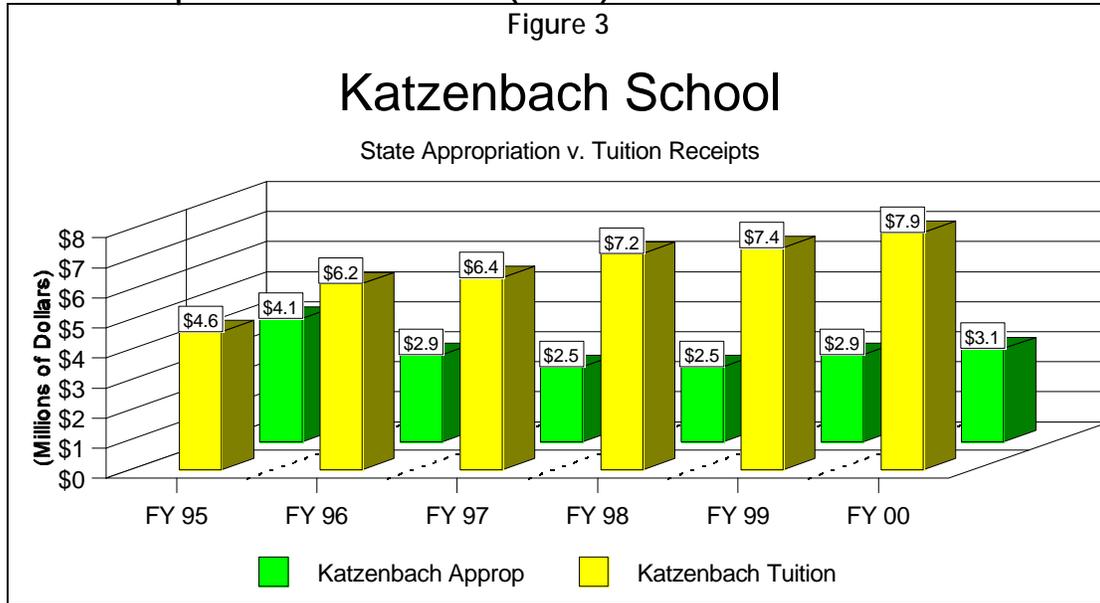
The total DOE direct State services amounts has been adjusted for the divestiture of the State Library, School Nutrition, and School Facilities and Building Aid programs.

Of the various programs funded through the Department of Education’s budget, there are two programs in which significant changes have occurred between FY 1995 and FY 2000. The Katzenbach School has had a significant change in funding sources, and the Statewide Assessment Program has received significant increases in the amounts appropriated for the Statewide tests.

The Marie H. Katzenbach School for the Deaf

The 83.8 percent increase in the total amount of fees and other funds in the Department of Education’s budget is in large part attributable to an increase in tuition receipts as the basis of support for the Katzenbach School. The chart in Figure 3 represents the shift in the source of funding for the Katzenbach School. Between FY 1995 and FY 2000, tuition receipts represent an increasing percentage of Katzenbach funding while the general fund appropriation has decreased. In FY 1995, the Katzenbach School revenue included \$4.6 million in tuition receipts and a general fund appropriation of \$4.1 million. In FY 2000, it is anticipated that tuition receipts for the Katzenbach School will total \$7.9 million, while the recommended appropriation from the general fund is \$3.1 million.

Program Description and Overview (Cont'd)



As a percentage of the total amount of fees and other funds in the department budget, the data in Table 2 indicate that the tuition receipts of the Katzenbach School constitute 42.6 percent of the increase in the total amount of fees and other funds since FY 1995. Since FY 1995, Katzenbach tuition receipts constitute approximately one-half of all other funds in the department budget, ranging from a high of 59.4 percent in FY 1997 to a low of 47.1 percent in FY 1999 and FY 2000.

Table 2

Katzenbach Tuition as a Percent of Department of Educ. Total Fees & Other Funds								
	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	\$Change 94 to 00	Pct. Chg. 94 to 00
Total DOE Fees & Other Funds	8,925	10,700	10,802	12,676	15,630	16,741	7,816	87.57%
Katzenbach Fees (tuition)	4,570	5,880	6,419	7,238	7,365	7,897	3,327	72.80%
Katzenbach Tuition As a Pct. of								
Total DOE Fees & Other Funds	51.20%	54.95%	59.42%	57.10%	47.12%	47.17%	42.57%	

Statewide Tests

The funding recommended for the Statewide Assessment Program in FY 2000 is \$14.7 million. In addition, recommended budget language would authorize additional spending of up to \$1.5 million. FY 2000 is the 4th consecutive year in which there has been a significant increase in the funding for the Statewide Assessment Program. Such funding increases represent the additional funds to implement the new configuration of the program and its objective of assessing pupil performance in the core curriculum content areas.

Over the five year period, FY 1995 to FY 2000, the funding for the Statewide Assessment Program has increased from \$4.2 million in FY 1995 to \$14.7 million in FY 2000, a \$10.6 million increase (253.6 percent), while total State funding for the department, including the Katzenbach School, has increased by \$13.5 million (40.9 percent). As a percent of the total State funding for the department, the data in Table 3 indicate that the amount for Statewide testing has grown from an amount equal to 12.7 percent of the department's budget in FY 1995, to an amount equal to 31.8 percent of the budget in FY 2000. The \$10.6 million increase in the cost of the Statewide testing program between FY 1995 and FY 2000 represents 78.5 percent of the \$13.5 million total increase

Program Description and Overview (Cont'd)

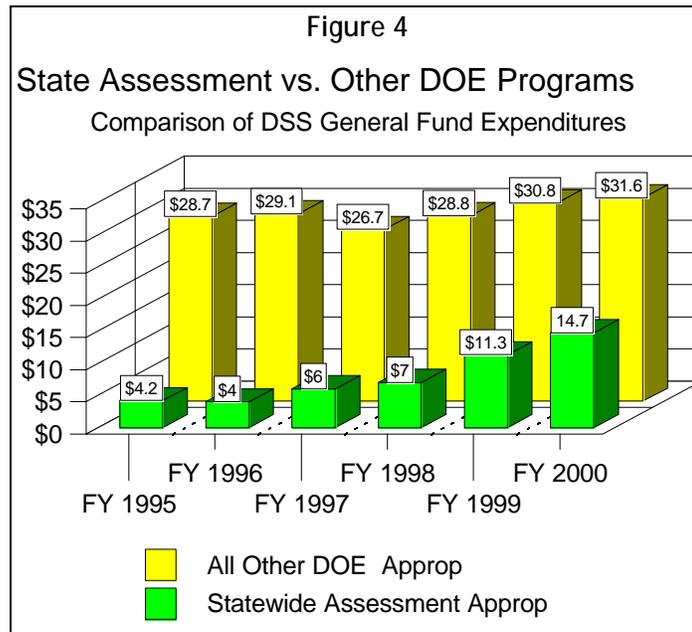
in the department's budget during the five year period. The chart in figure 4 compares the growth in direct State services funding for the Statewide Assessment Program to all other DOE direct State services programs supported by the general fund. Further, the data in Table 3 indicate that while the amounts for all other DOE programs have increased by only 10.0 percent between FY 1995 and FY 2000, funding for the Statewide Assessment Program has increased by 253.6 percent.

Table 3

Statewide Assessment Program Compared to All Other DOE DSS Programs

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	\$ CHG. 95 to 00	% Chg 95 to 00
Other DOE Programs	28,724	29,119	26,686	28,803	30,839	31,610	2,886	10.0%
		395	(2,433)	2,117	2,036	771		
		1.4%	-8.4%	7.9%	7.1%	2.5%		
Assessment Program	4,165	3,981	6,026	6,954	11,329	14,729	10,564	253.6%
		(184)	2,045	928	4,375	3,400		
		-4.4%	51.4%	15.4%	62.9%	30.0%		
TOTAL	32,889	33,100	32,712	35,757	42,168	46,339 *	13,450	40.9%
Statewide Tests As a Pct. of Total DOE State Funds	12.7%	12.0%	18.4%	19.4%	26.9%	31.8%	78.5%	

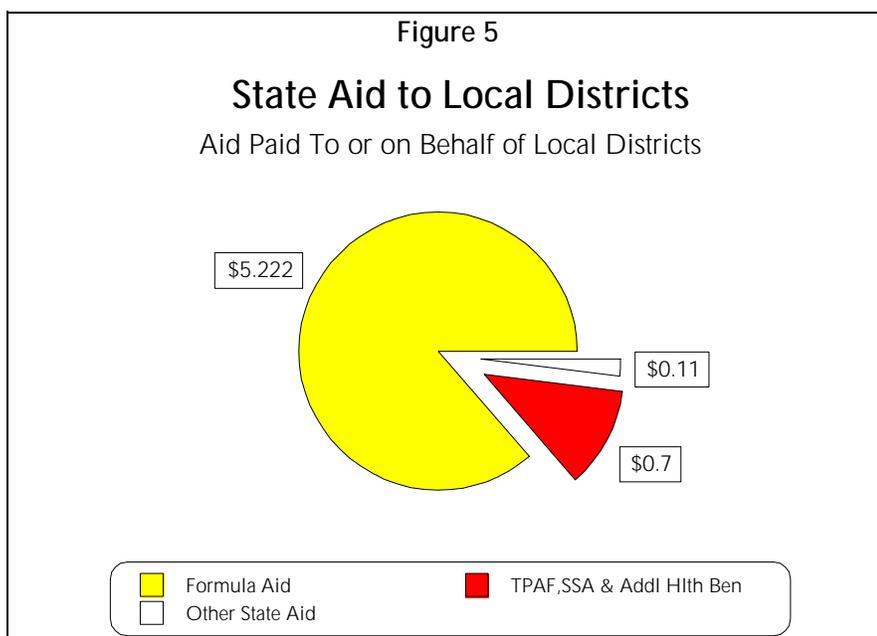
The total DOE direct State services appropriation has been adjusted for the divestiture of the State Library, School Nutrition, and School Facilities and Building Aid programs.



Program Description and Overview (Cont'd)

State Aid to or On Behalf of Local School Districts and Their Staff

The chart in Figure 5 represents the recommended \$6.0 billion in State aid paid to or on behalf of local school districts in FY 2000. Of the \$6.0 billion, \$5.2 billion are formula aid entitlements pursuant to the "Comprehensive Educational Improvement and Financing Act of 1996," P.L. 1996, c. 138 (CEIFA), \$700.5 million represents payments on behalf of districts for teacher pensions, social security, and health benefits, and \$110.4 million are various aid and grant programs to local districts, including aid to nonpublic schools.

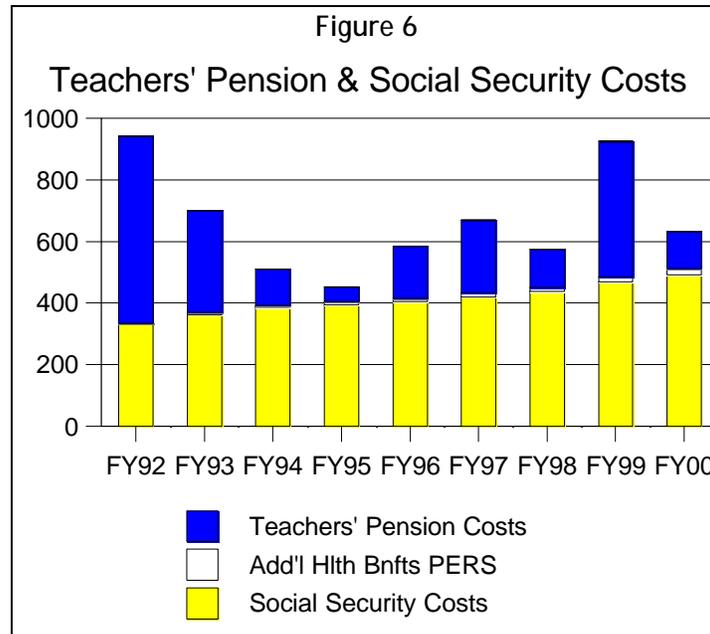


Formula Aid. The individual State aid program amounts under the CEIFA school aid formula are contained in a background paper beginning on page 60.

Teachers' Pension and Annuity Fund (TPAF), Social Security Administration (SSA) Payments and Additional Health Benefits for Retired School Employees in the Public Employee Retirement System (PERS). The FY 2000 amount recommended on behalf of local districts for the TPAF, TPAF's share of the debt service on the pension obligation bonds, SSA, and the additional health benefits program for employees of local districts who are members of the Public Employee Retirement System (PERS) is \$700.5 million, of which \$120.0 million is recommended for TPAF, \$69.2 is recommended for debt service on the pension obligation bonds, \$491.4 million is recommended for SSA, and \$19.9 million is recommended for the PERS additional health benefits program. Figure 6 presents the annual amounts paid for TPAF, SSA and the PERS additional health benefits program during the 8 year period between FY 1992 and FY 2000. With respect to the payments made to the SSA, it shows a steady growth in payments on behalf of local district staff over the 8 years. However, with respect to the annual TPAF payments, the chart shows significant decreases occurring in FY 1993, FY 1994, and FY 1995 reflecting the effect of the restructuring of the pension fund. In FY 1996 and FY 1997, payments again began to increase, until FY 1998, the year in which a decrease

Program Description and Overview (Cont'd)

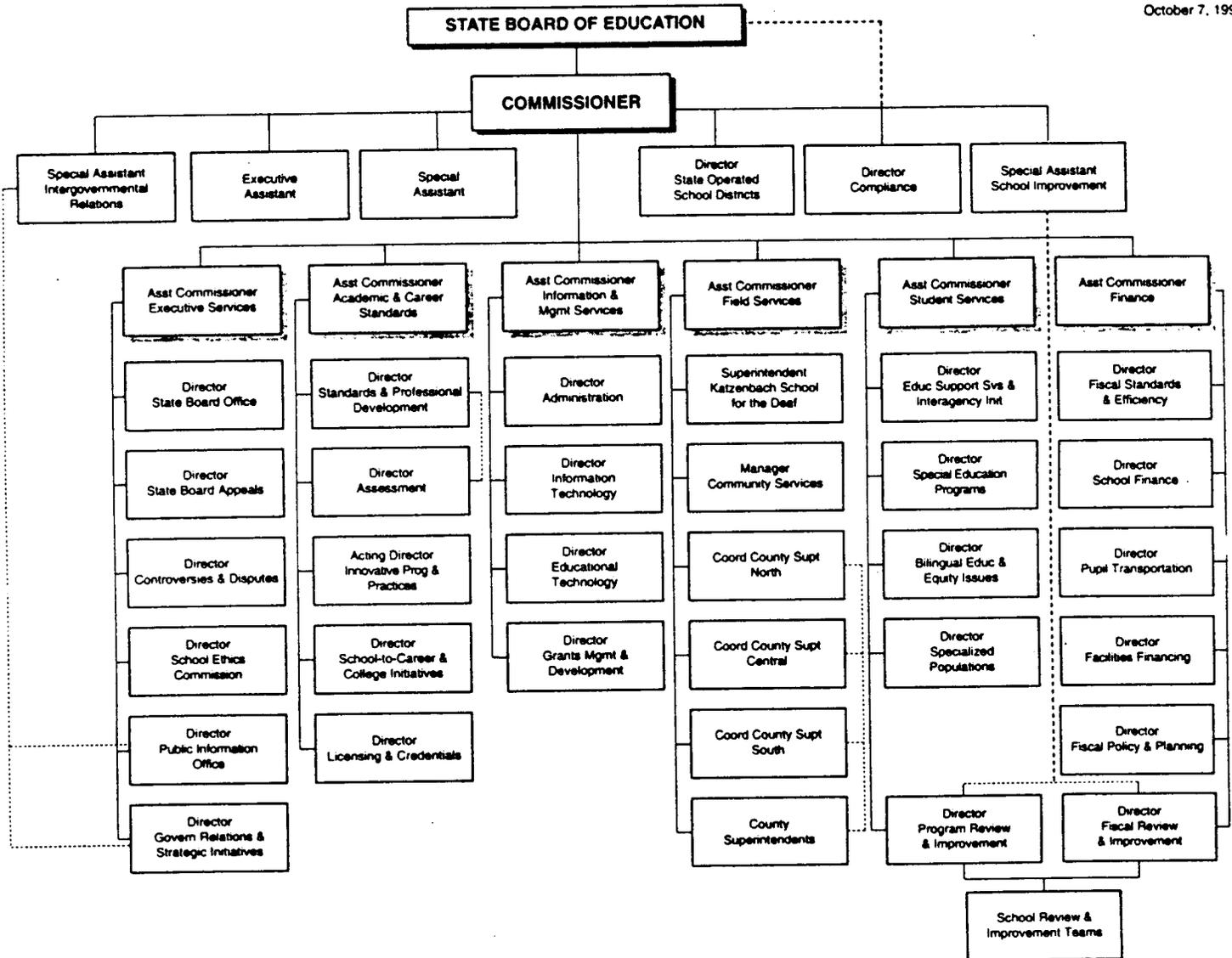
in the TPAF appropriation reflects the issuance of \$2.8 billion in bonds to finance a portion of the unfunded liability of the pension systems and the use of additional assets recognized by the one-time change to full-market value of TPAF assets. In FY 1999, an increase in the TPAF appropriation reflected the impact of increasing liabilities and decreasing surplus assets of the TPAF; while the FY 2000 recommended decrease anticipates using excess earnings of the fund, the effects of which is to reduce the amounts otherwise payable by the State.



Other State Aid. An amount totaling \$110.4 million is proposed for other aid programs recommended for funding in FY 2000. This represents a net decrease of \$13.0 million (10.6 percent) over the \$123.4 million appropriated for other aid programs in FY 1999. The individual State aid program amounts are contained in a background paper beginning on page 60.

Organization Chart

October 7, 1998



Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1998	Adj. Approp. FY 1999	Recom. FY 2000	Percent Change	
				1998-00	1999-00
General Fund					
Direct State Services	\$35,757	\$42,168	\$46,339	29.6%	9.9%
Grants - In - Aid	1,912	1,838	1,363	-28.7%	-25.8%
State Aid	937,742	628,841	829,003	-11.6%	31.8%
Capital Construction	1,879	1,810	1,850	-1.5%	2.2%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$977,290	\$674,657	\$878,555	-10.1%	30.2%
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	4,359,622	5,308,119	5,201,262	19.3%	-2.0%
Sub-Total	\$4,359,622	\$5,308,119	\$5,201,262	19.3%	-2.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$5,336,912	\$5,982,776	\$6,079,817	13.9%	1.6%
Federal Funds	\$367,323	\$439,731	\$467,216	27.2%	6.3%
Other Funds	\$12,676	\$15,630	\$16,741	32.1%	7.1%
Grand Total	\$5,716,911	\$6,438,137	\$6,563,774	14.8%	2.0%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1998	Revised FY 1999	Funded FY 2000	Percent Change	
				1998-00	1999-00
State	415	422	473	14.0%	12.1%
Federal	240	254	277	15.4%	9.1%
All Other	173	180	211	22.0%	17.2%
Total Positions	828	856	961	16.1%	12.3%

FY 1998 (as of December) and revised FY 1999 (as of September) personnel data reflect actual payroll counts. FY 2000 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	20.3%	20.3%	21.9%	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
General Education Development	\$0	\$261	\$261	—	D-107
General Fund - Core Curriculum Standards Aid	\$398,521	\$585,602	\$187,081	46.9%	D-107
Property Tax Relief Fund - Core Curriculum Standards Aid	<u>\$2,349,080</u>	<u>\$2,259,458</u>	<u>(\$89,622)</u>	<u>(3.8)%</u>	D-109
TOTAL	\$2,747,601	\$2,845,060	\$97,459	3.5%	

The recommended appropriation for Core Curriculum Standards Aid (CCSA) is \$2.8 billion in FY 2000, an increase of \$97.5 million (3.5 percent). Under CEIFA an increase in CCSA is based on annual increases in the CPI and Statewide enrollment. The 3.5 percent increase in aid represents the sum of: (1) a 1.61 percent increase in the CPI as calculated by the department; and, (2) the 1.89 percent growth in projected Statewide average resident enrollment between October 1998 and October 1999.

**Educational
Information and
Resource Center**

\$400	\$0	(\$400)	(100.0)%	D-107
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No appropriation is recommended for the Educational Information and Resource Center (EIRC) in FY 2000. These funds were added by the Legislature in FY 1999. The functions and activities of the EIRC include: providing information and other resources to school districts throughout the State; operating an instructional materials loan library for teachers; and, providing consulting, technical assistance services and staff development programs for school districts throughout the State. The State funds recommended for elimination are used in part to support basic operations at the EIRC which include support for clerical staff, utilities, and other operation and maintenance costs. The State subsidy covered approximately 15 percent of the center's operating budget in FY 1999. The EIRC receives other grants, many of which require either an in-kind service such as clerical support, or matching funds, as a condition for receiving the grant. Any matching funds that are required of the center are funded from the State appropriation.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Hoboken CEIFA-Hold Harmless Aid	\$1,200	\$0	(\$1,200)	(100.0)%	D-107
Nonpublic Technology Initiative	\$4,000	\$0	(\$4,000)	(100.0)%	D-107
Glen Ridge School District - Safety Improvements Ridgwood Ave. Elementary School	\$80	\$0	(\$80)	(100.0)%	D-107
Maurice River School District - Supplemental Aid	\$437	\$0	(\$437)	(100.0)%	D-108
Wildwood - Education Impact Aid	\$950	\$0	(\$950)	(100.0)%	D-108
Folsom Borough - Education Impact Aid	\$267	\$0	(\$267)	(100.0)%	D-108
Delran School District - Education Impact Aid	\$100	\$0	(\$100)	(100.0)%	D-108
Cinnaminson School District - Education Impact Aid	\$100	\$0	(\$100)	(100.0)%	D-108
Medford Lakes - Impact Aid	\$84	\$0	(\$84)	(100.0)%	D-108
Southampton - Education Impact Aid	\$173	\$0	(\$173)	(100.0)%	D-108
Waterford Township - Education Impact Aid	\$429	\$0	(\$429)	(100.0)%	D-108
Chesilhurst Borough - Impact Aid	\$90	\$0	(\$90)	(100.0)%	D-108
North Wildwood - Education Impact Aid	\$86	\$0	(\$86)	(100.0)%	D-108
Woodbury School District - Education Impact Aid	\$300	\$0	(\$300)	(100.0)%	D-108

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Woodland School District	\$259	\$0	(\$259)	(100.0)%	D-108
Sussex - Wantage Regional School - Elevator for ADA Compliance	\$75	\$0	(\$75)	(100.0)%	D-108
Bloomfield Board of Education Track and Field Improvements	\$60	\$0	(\$60)	(100.0)%	D-108
High Bridge Middle School Asbestos Abatement Program	\$500	\$0	(\$500)	(100.0)%	D-108
New Brunswick Health Sciences and Technology High School	\$500	\$0	(\$500)	(100.0)%	D-108
Kearny Program Retention	\$300	\$0	(\$300)	(100.0)%	D-108
Vanderveer School Safety Improvements, Somerville	\$300	\$0	(\$300)	(100.0)%	D-108
Somerset County Vocational and Technical School Technology Equipment Upgrade	\$75	\$0	(\$75)	(100.0)%	D-108
Pompton Lakes Computer System Integration Pilot Program	\$151	\$0	(\$151)	(100.0)%	D-108
Bethlehem Township School District Computer Purchase	\$20	\$0	(\$20)	(100.0)%	D-108
United Brothers of Long Branch, Long Branch Board of Education	\$8	\$0	(\$8)	(100.0)%	D-108

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Mansfield Township Board of Education (Burlington) - Technology Grant	\$50	\$0	(\$50)	(100.0)%	D-108
New Hanover Board of Education Technology Grant	\$50	\$0	(\$50)	(100.0)%	D-108
Hardwick School District/ Pahaquarry Township Impact Aid	\$7	\$0	(\$7)	(100.0)%	D-108
Freehold Borough High School Spanish Club	\$7	\$0	(\$7)	(100.0)%	D-108
Total Language Immersion - Wallington School District	\$50	\$0	(\$50)	(100.0)%	D-108
Toms River School District Extraordinary Enrollment Increase Aid	\$1,300	\$0	(\$1,300)	(100.0)%	D-108
Hackettstown School District Transition Aid	<u>\$200</u>	<u>\$0</u>	<u>(\$200)</u>	<u>-100.0%</u>	D-108
TOTAL	\$12,208	\$0	(\$12,208)	-100.0%	

Funds for the 32 programs listed above are not recommended in FY 2000. These funds were added to the FY 1999 budget by the Legislature either as a line item or a language authorization.

STATE AID

Nonpublic Handicapped Aid	\$24,280	\$25,071	\$791	3.3%	D-107
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The recommended appropriation for Nonpublic Handicapped Aid is \$25.1 million in FY 2000, an increase of \$791,000 (3.3 percent) over the FY 1999 adjusted appropriation of \$24.3 million. The aid increase reflects an increase in the number of nonpublic school pupils eligible to receive such aid in FY 2000.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1999</u>	<u>Recomm.</u> <u>FY 2000</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Nonpublic Auxiliary Services Aid	\$30,856	\$31,880	\$1,024	3.3%	D-107

The recommended appropriation for Nonpublic Auxiliary Services Aid is \$31.9 million in FY 2000, an increase of \$1.0 million (3.3 percent) over the FY 1999 adjusted appropriation of \$31.9 million. The aid increase reflects an increase in the number of nonpublic school pupils eligible to receive such aid in FY 2000.

Payments of Institutionalized Children-Unknown District of Residence

\$10,056	\$12,356	\$2,300	22.9%	D-107
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Payments for institutionalized children with unknown school districts of residence is recommended at \$12.4 million in FY 2000, a \$2.3 million increase (22.9 percent). The increase in aid reflects an increase in the number of institutionalized children for which a district of residence cannot be determined in FY 2000.

Distance Learning Network Aid

\$52,225	\$54,481	\$2,256	4.3%	D-107
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The recommended appropriation for Distance Learning Network Aid is \$54.5 million in FY 2000, an increase of \$2.3 million (4.3 percent). The aid increase reflects an increase in the resident enrollment and an increase in the per pupil amount from \$40 to \$41 as recommended in the March Biennial Report.

Abbott v. Burke Parity Remedy Aid

\$249,834	\$293,175	\$43,341	17.3%	D-109
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State aid totaling \$293.2 million is recommended in FY 2000 for Abbott v. Burke Parity Remedy Aid, an increase of \$43.3 million (17.3 percent) over the FY 1999 adjusted appropriation of \$249.8 million. This aid category is allocated to the 28 Abbott school districts pursuant to the May 14, 1997 order of the New Jersey Supreme Court. The court required that additional State aid be provided to the Abbott districts to increase the per pupil regular education expenditures in each of those districts to the level of the average per pupil regular education expenditure of the District Factor Groups I and J districts, the 120 highest wealth districts in the State. The aid increase is the result of the projected increase in the State average regular education spending per pupil in the I & J districts for the 2000-2001 school year. Of the \$249.8 million FY 1999 adjusted appropriation, only \$243.5 million will be allocated in FY 1999 due to enrollment adjustments and recalculation of the I & J average spending in the 1998-99 school year as required by FY 1999 budget language. The unexpended balances as of June 30, 1999 are appropriated through FY 1999 budget language that directs any balances due to such adjustments to be appropriated for parity remedy aid in FY 2000.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1999</u>	<u>Recomm.</u> <u>FY 2000</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Supplemental Core Curriculum Standards Aid	\$157,296	\$136,069	(\$21,227)	(13.5)%	D-109

The recommended appropriation for Supplemental Core Curriculum Standards Aid (SCCS Aid) is \$136.1 million in FY 2000, a \$21.2 million decrease (13.5 percent) from the FY 1999 adjusted appropriation of \$157.3 million. SCCS Aid is provided to districts with: (1) a high concentration of low-income pupils; (2) a minimum equalized school tax rate that exceeds the State average by more than 10 percent; and (3) in any district with a resident enrollment in excess of 2000 pupils, the district's equalized valuation per pupil does not exceed twice the State average. The decrease in aid is the result of fewer districts meeting the eligibility criteria for receipt of Supplemental Core Curriculum Standard Aids or the aid entitlements of individual districts as calculated under the CEIFA formula being less in FY 2000 than in FY 1999.

Early Childhood Aid	\$302,527	\$312,573	\$10,046	3.3%	D-109
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The recommended appropriation for Early Childhood Aid is \$312.6 million in FY 2000, an increase of \$10.0 million (3.3 percent) over the FY 1999 adjusted appropriation. The aid increase reflects the recommended increase in the early childhood aid per pupil amounts contained in the March 1998 Biennial Report on the Cost of Providing a Through and Efficient Education. Early childhood program aid is a restricted aid program distributed at two levels. Districts in which there is a concentration of low-income pupils equal to or greater than 20 percent, but less than 40 percent, will receive \$490 per pupil in 1999-2000. The aid is to be used to provide full-day kindergarten and preschool classes and other early childhood programs and services. Districts with concentrations of low-income pupils equal to or greater than 40 percent will receive \$790 per pupil. In addition to the services previously specified, districts receiving the higher per pupil amount are to use the funds to provide services to 3 year olds, or to provide transition and social services to primary grade students.

Instructional Supplement	\$17,417	\$16,603	(\$814)	(4.7)%	D-109
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The recommended appropriation for Instructional Supplement Aid in FY 2000 is \$16.6 million, a decrease of \$814,000 (4.7 percent). Instructional Supplement Aid supports supplemental programs for low-income pupils in districts in which the concentration of low-income pupils is equal to or greater than 5 percent but less than 20 percent. In 1999-2000 districts will receive an allocation based on the number of pupils from low-income families multiplied by \$348 per pupil. The aid reduction in FY 2000 reflects a decrease in the number of eligible low-income pupils.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Stabilization Aid	\$47,781	\$32,712	(\$15,069)	(31.5)%	D-109

The recommended appropriation for Stabilization Aid is \$32.7 million in FY 2000, a \$15.1 million decrease (31.5 percent) from the FY 1999 adjusted appropriation of \$47.8 million. Stabilization Aid is distributed to districts pursuant to subsection b. of section 10 of CEIFA (N.J.S.A. 18A:7F-10b) to ensure that a district receives in the budget year no less aid than 90 percent of the amount of aid received in the prebudget year.

Supplemental Stabilization Aid	\$56,175	\$53,026	(\$3,149)	(5.6)%	D-109
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The recommended appropriation for Supplemental Stabilization Aid in FY 2000 is \$53.0 million, a decrease of \$3.1 million (5.6 percent) from the FY 1999 adjusted appropriation of \$56.2 million. This aid program was originally allocated for the 97-98 school year to provide additional aid to hold certain districts harmless in aid losses over the 1996-97 school year. The aid was not to be discontinued until a study of the ability of eligible school districts to absorb the aid loss was conducted and the Legislature enacted the recommendations of that study. These actions have not occurred and the aid was continued in FY 1999 and is recommended in FY 2000.

Large Efficient District Aid	\$6,000	\$3,000	(\$3,000)	(50.0)%	D-109
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The recommended appropriation for Large Efficient District Aid is \$3.0 million in FY 2000, a decrease of \$3.0 million (50.0 percent) from the FY 1999 adjusted appropriation of \$6.0 million. In FY 1999, the Legislature added \$3.0 million to the recommended amount and included budget language that directed Large and Efficient District Aid to be increased from the CEIFA amount of \$500,000 per district to \$1 million per district. The \$3.0 million recommended for FY 2000 reflects a reduced funding level of \$500,000 per district. The Large and Efficient District Aid Program allocates aid to districts with a projected enrollment that exceeds 10,000 pupils; are spending within the T & E range as calculated pursuant to CEIFA; have a T & E budget supported less than 50 percent through Core Curriculum Standards Aid; was not subject to an administrative penalty in the 1996-97 school year; and was certified as of November 30, 1996.

Supplemental School Tax Reduction Aid	\$15,926	\$10,387	(\$5,539)	(34.8)%	D-109
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The recommended appropriation for Supplemental School Tax Reduction Aid is \$10.4 million in FY 2000, a decrease of \$5.5 million from the FY 1999 adjusted appropriation of \$15.9 million (34.8 percent). Supplemental School Tax Reduction Aid is allocated to districts that had a 1996-97 net budget per pupil which was less than 115 percent of the State average net budget per pupil; had a 1996-97 equalized tax rate in excess of 130 percent of the Statewide average equalized school tax rate; does not receive any Core Curriculum Standards Aid; and is not a district Factor Group I or J district. The FY 2000 amount limits the amount an eligible district may receive to \$300,000 per district as provided under CEIFA. In FY 1999, the Legislature added \$5.6 million to the account and

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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included language that directed the Supplemental School Tax Reduction Aid limit to be increased from \$300,000 to \$600,000 per district. The \$10.4 million recommended for FY 2000 reflects a reduction in the per district limit from \$600,000 to \$300,000.

Stabilization Aid 2	\$30,249	\$27,789	(\$2,460)	(8.1)%	D-109
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The recommended appropriation for Stabilization Aid 2 is \$27.8 million in FY 2000, a decrease of \$2.5 million (8.1 percent). In FY 2000, Stabilization Aid 2 is allocated to prevent a loss of State aid in an amount greater than 2 percent of a district's 1998-99 net budget.

Aid for Enrollment Adjustments	\$0	\$8,096	\$8,096	—	D-109
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A new appropriation of \$8.1 million is recommended for Aid for Enrollment Adjustments in FY 2000. This amount will fund aid increases to reflect enrollment adjustments pursuant to the provisions of section 5 of CEIFA, N.J.S.A. 18A:7F-5a. CEIFA provides that State aid is initially calculated based on projected enrollments and then adjusted to reflect actual enrollments, with any increased aid paid in the subsequent school year. In addition, up to \$3.0 million is recommended in budget language for this purpose. With the additional \$3 million language authorization, the amount of enrollment adjustment aid recommended for FY 2000 would total up to \$11.1 million.

Adult and Postsecondary Education Grants	\$25,007	\$26,394	\$1,387	5.5%	D-109
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The recommended appropriation for Adult and Postsecondary Education Grants is \$26.4 million in FY 2000, an increase of \$1.4 million (5.5 percent). Adult and post-secondary education aid is allocated to local districts based on the number of pupils enrolled in approved adult high schools, post-graduate programs and approved full-time post-secondary programs of county vocational technical schools. The aid increase is attributable to a change in the per pupil aid amounts as recommended in the March 1998 Biennial Report. Pursuant to the provisions of CEIFA, beginning in FY 2000, the post-secondary per pupil amount reflects the higher cost of post-secondary education due to the need for specialized facilities, equipment and supplies. In FY 1999, each district received a single per pupil aid amount equal to \$1,381 for all adult and post-secondary pupils. In FY 2000 the per pupil amount is \$1,397 for adult education pupils and \$1,746 for post-secondary education pupils.

Bilingual Education Aid	\$53,178	\$55,477	\$2,299	4.3%	D-109
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The recommended appropriation for Bilingual Education Aid is \$55.5 million in FY 2000, an increase of \$2.3 million (4.3 percent). This aid is allocated on the basis of the number of bilingual education pupils enrolled in the district multiplied by the FY 2000 bilingual per pupil amount of \$1,131. The increase in aid is the result of an increase in bilingual enrollments and an increase in the per pupil amount from \$1,102 to \$1,131, as recommended in the March 1998 Biennial Report.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Demonstrably Effective Program Aid	\$187,328	\$190,385	\$3,057	1.6%	D-109

In FY 2000 \$190.4 million is recommended for Demonstrably Effective Program Aid (DEPA), an increase of \$3.1 million (1.6 percent). This increase is attributable to an increase in the per pupil amount for DEPA as recommended in the March 1998 Biennial Report. Under CEIFA, DEPA is distributed to districts and used for programs in the individual schools which qualify for the aid. A school qualifies for aid based on the number of low-income pupils in the school. Schools with low-income enrollments equal to or greater than 20 percent are eligible to receive \$316 per pupil, while schools with low-income enrollments equal to or greater than 40 percent receive \$448 per pupil.

Special Education Aid	\$637,941	\$682,125	\$44,184	6.9%	D-110
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Special education aid totaling \$682.1 million is recommended in FY 2000. This represents an increase of \$44.2 million (6.9 percent) over the \$637.9 million adjusted appropriation for FY 1999. The increase in aid is the result of changes in the cost factors for Tier I through Tier IV special education pupils as recommended in the March 1998 Biennial Report on the Cost of Providing a Thorough and Efficient Education. The changes in the cost factors between FY 1999 and FY 2000 are as follows: Tier I increased from \$150 to \$300; Tier II increased from \$2,945 to \$3,155; Tier III decreased from \$5,945 to \$4,207; Tier IV increased from \$8,250 to \$12,620. In addition to the revised cost factors, the increase in aid reflects an increase in the total number of pupils eligible for services from 150,570 in October 1997 to 157,211 in October 1998.

Stabilization Growth Limitation	(\$181,397)	(\$60,688)	\$120,709	(66.5)%	D-110
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The stabilization aid growth limit component of CEIFA, which applies as a deduction to aid that is otherwise payable to a school district, is reduced by \$120.7 million in FY 2000, from \$181.4 million in FY 1999 to \$60.7 million. This reduction in savings to the State is attributable to the CEIFA provision that eliminates the State aid growth limit reduction in the 1999-2000 school year on school districts that were subject to the limitation in the 1997-98 school year.

Abbott District Excess Surplus Reduction	(\$10,043)	\$0	\$10,043	(100.0)%	D-110
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The \$10.0 million Abbott district excess surplus reduction that was applied to State aid otherwise payable is eliminated in FY 2000. CEIFA requires that any surplus in excess of 6 percent be appropriated in a school district's budget. In FY 1998, the first year of CEIFA implementation, Abbott districts were required to carry forward the FY 1997 excess surplus to FY 1999. In FY 1999, in anticipation of appropriating surplus that had been carried forward, a deduction of the surplus amount was made against the Core Curriculum Standards Aid entitlement of the Abbott districts which had excess surplus in FY 1997.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Programs for Disadvantaged Youth- Federal Funds	\$175,872	\$176,237	\$365	0.2%	D-110

The total recommended budget for Programs for Disadvantaged Youth-Federal Funds is \$176.2 million in FY 2000, an increase of \$365,000 (.2 percent) over the FY 1999 adjusted appropriation of \$175.9 million. The increase in federal funds is a net increase resulting primarily from a \$627,000 grant for Title I Administrative Program Improvement.

Marie H. Katzenbach School for the Deaf	\$10,312	\$11,000	\$688	6.7%	D-114
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The total recommended operating budget for the Marie H. Katzenbach School for the Deaf in FY 2000 is \$11.0 million, an increase of \$688,000 (6.7 percent) above FY 1999. Funding for FY 2000 includes \$3.1 million in State funding, and \$7.9 million in tuition. Katzenbach's gross cost per pupil is projected to increase from \$41,286 to \$42,418, a 2.7 percent increase; while the State's contribution on a per pupil basis is projected to increase from \$12,594 to \$12,983 (3.1 percent).

Total Capital Construction - Katzenbach School	\$803	\$460	(\$343)	(42.7)%	D-114 E- 4
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The recommended appropriation for Total Capital Construction at the Marie H. Katzenbach School for the Deaf is \$460,000 million in FY 2000. The decrease in Total Capital Construction reflects reduced funding of \$448,000 for ongoing projects and no continued funding of \$108,000 for attic insulation, offset by a \$213,000 recommendation to replace windows and doors.

Program for Behaviorally Difficult Deaf Pupils - Katzenbach School	\$651	\$862	\$211	32.4%	D-115
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This program is included in the overall \$11.0 million operating budget of the school. The 32.4 percent increase in the Program for Behaviorally Difficult Deaf Pupils is attributable to an increase in enrollment and an increase in staff assigned to the program. Staffing for the program is projected to increase from 8 positions in FY 1999 to 12 positions in FY 2000, a 33.3 percent increase. This program is funded entirely from tuition receipts.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
District and Regional Vocational Education	\$861	\$0	(\$861)	(100.0)%	D-117

There are no funds recommended for this program in FY 2000. Funds that would have been appropriated under District and Regional Vocational Education aid in FY 2000 are to be included in and allocated under County Vocational Program Aid in accordance with CEIFA.

County Vocational Program Aid	\$32,151	\$34,089	\$1,938	6.0%	D-117
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The recommended appropriation for County Vocational Program Aid is \$34.1 million in FY 2000, a \$9.9 million increase (6.0 percent). The increase in aid is the result of adjusting the per pupil aid amount from \$1,706 to \$1,752, as recommended in the March 1998 Biennial Report.

Salaries and Wages - Educational Support Services	\$11,563	\$12,122	\$559	4.8%	D-120
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The recommended appropriation for Salaries and Wages in Educational Support Services is \$12.1 million in FY 2000, a \$559,000 increase (4.8 percent) over the FY 1999 adjusted appropriation of \$11.6 million. The increase reflects a reallocation of funded positions to Educational Support Services in accordance with departmental priorities. The reallocation includes providing four positions for whole school reform activities, two for charter schools, and two for Statewide assessment.

Statewide Assessment Program (Grades 4,8,11)	\$11,329	\$14,729	\$3,400	30.0%	D-120
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The recommended appropriation for the Statewide Assessment Program (Grades 4,8,11) is \$14.7 million, a \$3.4 million increase over the FY 1999 adjusted appropriation of \$11.3 million. The recommended 30.0 percent increase in funding represents additional funds recommended in FY 2000 to implement the newly configured Statewide assessment program and its objective of assessing pupil performance in the seven core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests: 4th Grade: The Elementary School Proficiency Assessment (ESPA); 8th Grade: Grade Eight Proficiency Assessment (GEPa); and, 11th Grade: High School Proficiency Test (HSPT). In addition, a recommended language appropriation would provide up to an additional \$1.5 million, for a total of up to \$16.2 million available for the program.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Professional Development - Training Centers	\$0	\$950	\$950	—	D-120
<p>A new State program for the professional development of teachers is recommended to receive \$950,000 in FY 2000. This program is associated with the implementation of regulations adopted by the State Board of Education on June 1, 1998 which mandate professional development for teachers (N.J.A.C. 6:11-13.1 et seq.) The program appropriation will provide three State colleges with grants of \$250,000 each, and \$200,000 to be used by the Department of Education to provide administrative support for the program.</p>					
Charter School Innovation Network	\$0	\$150	\$150	—	D-120
<p>A \$150,000 appropriation is recommended to establish a Statewide network among charter schools to facilitate the exchange of information concerning the best available educational practices.</p>					
Continuing Education	\$0	\$242	\$242	—	D-120
<p>A \$242,000 appropriation is recommended to establish and support the operation of a 19 member professional teaching standards board that has been established to: (1) set standards for professional development and school district in-service programs; (2) review and screen all professional development activities offered by colleges and professional associations; and, (3) develop a schedule for the implementation of mandated professional development regulations adopted by the State Board of Education on June 1, 1998 (N.J.A.C. 6:11-13.1 et seq.)</p>					
Advisory Council on Holocaust Education	\$194	\$144	(\$50)	(25.8)%	D-120
<p>The recommended appropriation for the Advisory Council on Holocaust Education is \$144,000, the same amount that was recommended in FY 1999. The Legislature added \$50,000 to the program in FY 1999 to combat hate-group information on the Internet.</p>					
N.J. Business-Industry- Science Education Consortium	\$150	\$0	(\$150)	(100.0)%	D-121
Arts Programs for Teenagers	\$100	\$0	(\$100)	(100.0)%	D-121
Chad Science Academy	\$50	\$0	(\$50)	(100.0)%	D-121
United Academy - Newark	\$25	\$0	(\$25)	(100.0)%	D-121

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Special Technology Initiative Grant - St. Peter's Prep - Jersey City	\$75	\$0	(\$75)	(100.0)%	D-121
Special Technology Initiative Grant - St. Peter's Prep - Jersey City	<u>\$75</u>	<u>\$0</u>	<u>(\$75)</u>	<u>(100.0)%</u>	D-121
TOTAL	\$475	\$0	(\$475)	(100.0)%	

Funds for the 6 programs listed above are not recommended in FY 2000. These funds were added to the FY 1999 budget by the Legislature.

**Additions, Improvement
and Equipment-
Educational Support
Services**

	\$53	\$243	\$190	358.5%	D-121
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The recommended appropriation for Additions, Improvement and Equipment for Educational Support Services in FY 2000 is \$243,000, a \$190,000 increase (358.5 percent). The additional funds will be used to upgrade technology in the county offices of education to insure compatibility with the Department of Education, and provide each employee with a computer that is connected to the DOE network.

**School Building Aid
Debt Service**

	\$7,655	\$7,147	(\$508)	(6.6)%	D-121
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Funding for Additional School Building Aid Debt Service is recommended at \$7.1 million, a reduction of \$0.5 million in FY 2000. The 6.6 percent reduction in State funding reflects a decrease in debt service obligations due to the scheduled retirement of a portion of the debt of the three remaining school building aid programs enacted by the Legislature pursuant to P.L.1968, c. 177, P.L.1971, c. 10, and P.L.1978, c.74.

**School Construction &
Renovation Fund**

	\$32,195	\$50,000	\$17,805	55.3%	D-121
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A \$50.0 million appropriation for school construction aid is recommended for FY 2000. This represents the second year in which \$50.0 million, supported by dedicated revenues from the cigarette tax pursuant to P.L. 1997, c.264, has been recommended for school construction purposes. Of the \$50.0 million available in FY 1999, \$17.8 million was transferred, pursuant to budget language, to fund school building aid in FY 1999. The FY 1999 adjusted amount of \$32.2 million reflects the transfer of the \$17.8 million (See note (c) on page D-122). While the Governor has publicly discussed a new school construction program, a formal proposal for the use of these funds has yet to be submitted to the Legislature. The allocation of these funds requires enabling legislation pursuant to section 4 of P.L. 1997, c.264.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Additional Health Benefits	\$17,000	\$19,916	\$2,916	17.2%	D-121
State aid totaling \$19.9 million is recommended for FY 2000 to pay for additional health benefits for local teaching staff, an increase of \$2.9 million (17.2 percent) over the FY 1999 adjusted appropriation.					
Transportation Aid	\$261,078	\$265,264	\$4,186	1.6%	D-121
Transportation aid totaling \$265.3 million is recommended for FY 2000. This amount represents an increase of \$4.2 million (1.6 percent) over the \$243.9 million adjusted appropriation for FY 1999. The amount of transportation aid recommended for local school districts in FY 2000 funds only 93.47 percent of each school district's entitlement under the CEIFA transportation aid formula, section 25 of P.L. 1996, c. 138.					
School Building Aid	\$112,946	\$127,701	\$14,755	13.1%	D-121
The recommended appropriation for School Building Aid is \$127.7 million, an increase of \$14.8 million (13.1 percent) over the FY 1999 adjusted appropriation of \$112.9 million. The increase in aid is attributable to a Statewide increase in districts' debt service payments.					
Teachers' Pension and Annuity Fund	\$371,487	\$119,975	(\$251,512)	(67.7)%	D-121
Social Security Tax	<u>\$468,068</u>	<u>\$491,368</u>	<u>\$23,300</u>	<u>5.0%</u>	D-121
TOTAL	\$839,555	\$611,343	(\$228,212)	(27.2)%	

State aid totaling \$611.3 million is recommended in FY 2000 for teachers' pension and social security payments on behalf of the teaching staff of local school districts, a decrease of \$228.2 million (27.2 percent) over the \$839.6 million adjusted appropriation for FY 1999. An appropriation of \$120 million is recommended for the Teachers' Pension and Annuity Fund (TPAF) in FY 2000, a decrease of \$251.5 million (67.7 percent) over the \$371.5 million FY 1999 adjusted appropriation. The Office of Management and Budget, prior to the completion of the annual actuarial evaluation applicable to FY 2000, estimated that there will be sufficient excess earnings from the fund to cover the full costs of all expenditures required of the fund, except for the cost of post retirement medical benefits which must be funded on a pay-as-you-go basis. Under the provisions of P.L. 1997, c. 115, surplus earnings of the fund may be used to pay all costs of the Teachers' Pension and Annuity Fund except for post retirement medical benefits.

Social security payments on behalf of local teaching staff, totaling \$491.4 million, are recommended in FY 2000. This represents an increase of \$23.3 million (5.0 percent) over the \$468.1 million FY 1999 adjusted appropriation.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Debt Service on Pension Obligation Bonds	\$68,297	\$69,191	\$894	1.3%	D-122

Funds totaling \$69.2 million are recommended in FY 2000 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the "Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Whole School Reform -- Incentive Grants	\$2,700	\$0	(\$2,700)	(100.0)%	D-122
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The FY 1999 amount reflects an anticipated supplemental appropriation of \$2.7 million for Whole School Reform-Incentive Grants. Legislation that would provide the appropriation has not yet been enacted.

Grants Management and Development - Federal Funds	\$1,680	\$29,256	\$27,576	1641.4%	D-122
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Grants Management and Development is anticipated to receive a total of \$29.3 million in federal funds in FY 2000, a \$27.6 million increase (1,641.4 percent). This increase reflects a \$27.5 million federal grant, distributed by formula to local school districts, to reduce class size by increasing the number of teachers per pupil.

Professional Development and Licensure - All Other Funds	\$340	\$383	\$43	12.6%	D-122
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The recommended appropriation for Professional Development and Licensure in FY 2000 is \$383,000, a \$43,000 increase (12.6 percent). These funds will be used to develop two new centers in anticipation of an increased number of applicants for the alternate route certification. It is expected that 14,000 individual will submit their credentials for evaluations in FY 2000, an increase of 4,000 over the number submitting their credentials in FY 1999.

Salaries and Wages- Education Administration and Management	\$9,919	\$9,785	(\$134)	(1.4)%	D-125
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The recommended appropriation for Salaries and Wages-Education Administration and Management is \$9.8 million in FY 2000, a decrease of \$134,000 that represents a reallocation of funded positions reflecting departmental priorities. The reallocations are the result of providing support for whole school reform.

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 1999</u>	<u>Recomm. FY 2000</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
CEIFA Implementation	\$660	\$0	(\$660)	(100.0)%	D-125

No funding is recommended for CEIFA Implementation in FY 2000. These funds were appropriated in FY 1999 in anticipation of any studies that might have been required by the New Jersey Supreme Court in the May, 1998 Abbott V decision.

Compliance and Auditing	\$475	\$0	(\$475)	(100.0)%	D-125
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No funding is recommended for Compliance and Auditing in FY 2000. The \$450,000 shown as a supplemental appropriation in FY 1999 represents the amount authorized pursuant to budget language for such sums as are necessary to conduct comprehensive compliance investigations. The same language authorizing such an appropriation is recommended for FY 2000.

Internal Auditing	\$550	\$0	(\$550)	(100.0)%	D-125
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No funding is recommended for Internal Auditing in FY 2000. The \$550,000 shown as a supplemental appropriation represents the amount authorized pursuant to budget language for such sums as are necessary to conduct an internal audit of the State -operated school districts. Language authorizing such an appropriation is recommended for FY 2000.

Information Technology - Abbott Support	\$0	\$335	\$335	—	D-125
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This appropriation provides funding for four new positions to support the information technology and data management activities required to implement the Abbott V decision.

Lease Cost at Boarding Charter Schools	\$200	\$0	(\$200)	(100.0)%	D-125
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No appropriation is recommended for Lease Cost at Boarding Charter Schools. These funds were appropriated pursuant to language added by the Legislature in FY 1999 to cover deficits in the annual budget of the Samuel Proctor Charter School.

Administration and Support services - Federal Funds	\$5,281	\$4,635	(\$646)	(12.2)%	D-125
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The recommended appropriation for Administration and Support Services - Federal Funds is \$4.6 million in FY 2000, a decrease of \$646,000 (12.2 percent) from the FY 1999 adjusted appropriation of \$5.3 million. This decrease in federal funds is a result of a net decrease in federal funding of Administration and Support Services attributable to a \$646,000 decrease in the federal IASA Consolidated

Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 1999</u>	<u>Recomm.</u> <u>FY 2000</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Administration Program.

Language Provisions

Direct Educational Services and Assistance

1999 Appropriations Handbook

2000 Budget Recommendations

p. D-5

In addition to the aid provided hereinabove, there is appropriated an amount not to exceed \$1,200,000 to enable the department to distribute supplementary State aid to any Abbott District in which a charter school will operate during the 1998–1999 school year in an amount to provide that the district shall receive no less total State aid, excluding debt service aid, in the 1998–1999 school year than the total State aid, including any supplementary State aid received pursuant to the appropriations act for the fiscal year ending June 30, 1998, P.L.1997, c.131, and excluding debt service aid, it received in the 1997–1998 school year. The additional aid received shall be an adjustment to the district's spending growth limitation for the 1998–99 school year. A district receiving aid pursuant to this provision may apply some or all of the additional funds to its originally certified General Fund tax levy for 1998–99 and shall file a revised certificate and report of school taxes form A4F with its county board of taxation.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This FY 1999 language, which was included as a legislative initiative, appropriated \$1.2 million to the Hoboken public schools.



1999 Appropriations Handbook

2000 Budget Recommendations

p. D-6

Nonpublic School Technology Initiative Aid shall be paid to school districts and allocated for nonpublic school pupils at the rate of \$20 per pupil in a manner that is consistent with the provisions of the federal and State constitutions.

No comparable language.

Language Provisions (Cont'd)

Explanation

No similar language is recommended in FY 2000. This FY 1999 language was included as a result of the Legislature adding \$4 million to the FY 1999 budget for the Nonpublic Technology Initiative. The language directed that the funds be allocated on the basis of \$20 per nonpublic pupil.

1999 Appropriations Handbook

2000 Budget Recommendations

p. D-7

Any school district that was previously a constituent of a regional school district which was dissolved beginning in the 1997–98 school year and in which the equalized school tax rate for the 1997–98 school year was more than 120 percent of the district's combined local and regional equalized school tax rate for 1996–97 shall be paid \$844,000 from the School Construction and Renovation Fund to meet additional capital requirements incurred as a result of the dissolution of the regional school district. The first \$1,784,000 in surplus funds received by such a school district as a result of the dissolution of a regional school district shall be returned to the State and \$844,000 of the returned funds shall be deposited in the School Construction and Renovation Fund. Any surplus funds received by another school district as a result of the dissolution of a regional school district shall be retained by the district and shall not be included in the calculation of the district's excess undesignated general fund balances as of June 30, 1998 as required pursuant to section 7 of P.L. 1996, c.318 (C.18A:7F-7).

No comparable language.

Explanation

No similar language is recommended in FY 2000. This FY 1999 language, which was included as a legislative initiative, allocated \$844,000 from the Construction and Renovation Fund to the Clark public schools to be used for capital projects. The language further required the State to be reimbursed for these funds from Clark's share of the surplus funds that will accrue to it as a result of the dissolution of the regional district.

Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-4

p. D-111

The unexpended balances as of June 30, 1998, in the Abbott v. Burke Parity Remedy account resulting from the under expenditure of Abbott v. Burke Parity Remedy Aid by the "Abbott districts" shall be held in escrow and the commissioner shall disburse the funds in such amounts as the commissioner deems necessary for the purpose of implementing whole school reform initiatives in the "Abbott districts." Provided however, that of the unexpended balances, as of June 30, 1998, in this account, \$6,000,000 shall be allocated to Abbott districts and paid on their behalf to the Liberty Science Center for the provision of educational services to students in the Abbott districts to achieve comprehensive core curriculum standards as established by law.

The unexpended balances as of June 30, 1999, in the Abbott v. Burke Parity Remedy account shall be held in escrow and the commissioner shall disburse the funds in such amounts as the commissioner deems necessary for the purpose of implementing whole school reform initiatives in the "Abbott districts".

Explanation

The FY 1999 budget language, which allocated \$6 million to the Liberty Science Center from the FY 1999 balances in the Abbott v. Burke Parity Remedy Aid account, was added by the Legislature and is not recommended for FY 2000. This language appropriated balances resulting from the under expenditure of Parity Aid in FY 1999. It is anticipated that \$5 million will be available as of June 30, 1998 due to the under expenditure of Parity Aid, which, along with an additional \$1 million transferred from balances in the extraordinary special education aid account, is being paid to the Liberty Science Center. In FY 2000 the recommendation for aid to the Liberty Science Center is included in the Interdepartmental Accounts on page D-430 of the FY 2000 budget.



1999 Appropriations Handbook

2000 Budget Recommendations

p. G-4

p. D-111

The unexpended balances due to enrollment adjustments made pursuant to the fiscal year 1998 Appropriations Act, as of June 30, 1998 in the Abbott v. Burke Parity Remedy account is appropriated for the same purpose and with the same conditions as are applied to the fiscal year 1999 appropriation for this purpose.

The unexpended balances due to enrollment adjustments made pursuant to the fiscal year 1999 Appropriations Act, as of June 30, 1999 in the Abbott v. Burke Parity Remedy account is appropriated for the same purpose and with the same conditions as are applied to the fiscal year 2000 appropriation for this purpose .

Language Provisions (Cont'd)

Explanation

This recommended FY 2000 budget language requires that the expenditure of balances remaining in the Abbott v. Burke Parity Remedy Aid account as of June 30, 1999 be appropriated for Parity Remedy Aid in the 1999-2000 school year.

1999 Appropriations Handbook

p. G-5

Notwithstanding any other law to the contrary, state aid for each "Abbott district" whose per pupil regular education expenditure for 1998-99 under P.L. 1996, c.138 is below the estimated per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 shall be increased. The amount of increase shall be appropriated as Abbott v. Burke Parity Remedy Aid and shall be determined as follows: funds shall be allocated in the amount of the difference between each Abbott district's per pupil regular education expenditure for 1998-99 and the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98 indexed by three percent. In calculating the per pupil regular education expenditure of each Abbott district for 1998-99, regular education expenditure shall equal the sum of the general fund tax levy for 1997-98, Core Curriculum Standards Aid prior to the reduction for excess surplus at June 30, 1997, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P.L. 1996, c. 138 (c.18A:7f-10); enrollments shall initially be those resident enrollments for preschool through grade 12 contained on the Application for State School Aid for 1998-99 indexed by the annual growth rates used to determine the estimated enrollments of October 1998 for calculation of Core Curriculum Standards Aid and T & E budgets for 1998-99; enrollments shall be

2000 Budget Recommendations

p. D-111

Notwithstanding any other law to the contrary, state aid for each "Abbott district" whose per pupil regular education expenditure for 1999-2000 under P. L. 1996, c.138 is below the estimated per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999-2000 shall be increased. The amount of increase shall be appropriated as Abbott v. Burke Parity Remedy Aid and shall be determined as follows: funds shall be allocated in the amount of the difference between each Abbott district's per pupil regular education expenditure for 1999-2000 and the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 indexed by the actual percentage increase in the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 over the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98. In calculating the per pupil regular education expenditure of each Abbott district for 1999-2000, regular education expenditure shall equal the sum of the general fund tax levy for 1998-99, Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P. L. 1996, c. 138 (c.18A: 7F-10); enrollments shall initially be those resident enrollments for preschool through grade 12 contained on the Application for State School Aid for 1999-2000 indexed by

Language Provisions (Cont'd)

1999 Appropriations Handbook

calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments. State aid shall be adjusted upon receipt of resident enrollment for the Abbott districts as of October 15, 1998 as reflected on the Application for State School Aid for 1999-2000. State aid shall also be adjusted based on the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99. In calculating the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99, regular education expenditure shall equal the sum of the general fund tax levy for 1998-99, Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P.L. 1996, c. 138 (c.18A:7F-10); enrollments shall be the resident enrollment for preschool through grade twelve as of October 15, 1998 as reflected on the Application for State School Aid for 1999-2000; enrollments shall be calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments in districts receiving Early Childhood program Aid.

2000 Budget Recommendations

the annual growth rates used to determine the estimated enrollments of October 1999 for calculation of Core Curriculum Standards Aid and T & E budgets for 1999-2000; enrollments shall be calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments. State aid shall be adjusted upon receipt of resident enrollment for the Abbott districts as of October 15, 1999 as reflected on the Application for State School Aid for 2000-2001. State aid shall also be adjusted based on the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999-2000. In calculating the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999-2000, regular education expenditure shall equal the sum of the general fund tax levy for 1999-2000, Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P. L. 1996, c. 138 (c.18A: 7F-10); enrollments shall be the resident enrollment for preschool through grade twelve as of October 15, 1999 as reflected on the Application for State School Aid for 2000-2001; enrollments shall be calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments in districts receiving Early Childhood program Aid.

Explanation

The recommended FY 2000 language changes the inflation factor used in the calculation of the Abbott v. Burke Parity Remedy Aid. In projecting the difference in spending in the Abbott districts and spending in the "I & J" districts (the 120 wealthiest districts) for the calculation of parity aid for FY 2000, the budget language requires that a percentage growth rate be applied to the average regular education expenditures of the "I & J" districts for 1998-99 to project the amount for 1999-2000. The three percent inflation factor that had been used in FY 1999 is replaced with the actual percentage increase in the per pupil average regular education expenditures for the "I & J" districts between the 1997-98 and 1998-99 school years (2.05 percent).



Language Provisions (Cont'd)

1999 Appropriations Handbook

p. G-5

Notwithstanding any other law to the contrary, as a condition of receiving Abbott v. Burke Parity Remedy Aid, an Abbott district shall raise a general fund tax levy which shall be no less than the difference between the product of the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98 indexed by three percent multiplied by each Abbott district's estimated "resident enrollment" for October 15, 1998 less one half of kindergarten enrollments and the sum of Core Curriculum Standards Aid prior to the reduction for excess surplus at June 30, 1997, Supplemental Core Curriculum Standards Aid, all forms of stabilization aid pursuant to section 10 of P.L. 1996,c. 138 (c.18A:7F-10) and Abbott v. Burke Parity Remedy Aid.

2000 Budget Recommendations

p. D-112

Notwithstanding any other law to the contrary, as a condition of receiving Abbott v. Burke Parity Remedy Aid, an Abbott district shall raise a general fund tax levy which shall be no less than the difference between the product of the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 indexed by the actual percentage increase in the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 over the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98 multiplied by each Abbott district's estimated "resident enrollment" for October 15, 1999 less one half of kindergarten enrollments and the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, all forms of stabilization aid pursuant to section 10 of P. L. 1996, c. 38 (c.18A:7F-10) and Abbott v. Burke Parity Remedy Aid.

Explanation

The recommended FY 2000 budget language changes the inflation factor used in the calculation of the required Abbott district general fund tax levy by replacing the three percent inflation factor with the actual percentage increase in the per pupil average regular education expenditures for the "I & J" districts between the 1997-98 and 1998-99 school years (2.05 percent).



Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-5

Notwithstanding any other law to the contrary, an Abbott district shall have its Core Curriculum Standards Aid, after the application of provisions contained in N.J.S.A. 18A:7F-10a or b, reduced by any surplus at June 30, 1997 in excess of that permitted by N.J.S.A. 18A:7F-7 or NJAC 6:19-2.5(b).

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language authorized a deduction of Core Curriculum Standards Aid in an amount equal to the excess surplus which the district had as of June 30, 1997. Section 7 of CEIFA requires that any surplus in excess of 6 percent be appropriated in a school district's budget. Since it was anticipated that the surplus would be appropriated in the Abbott district budgets, and Abbott districts are prohibited from lowering their local school levy, this language was included whereby Core Curriculum Standards Aid would be reduced by an amount equal to the June 30, 1997 excess surplus.



1999 Appropriations Handbook

2000 Budget Recommendations

p. G-5

Notwithstanding any other law to the contrary, special education aid shall be calculated using definitions and cost factors for Tiers I through IV contained in N.J.S.A. 18A:7F-19 for the 1997-98 school year. The determination of intensive service criteria for Tier IV and the appropriate per pupil cost factor for universal application to all service settings called for in c. 138, P.L. 1996 shall be made in the March 15, 1998 Biennial Report on the Cost of Providing a Thorough and Efficient Education.

No comparable language.

Explanation

No similar language is recommended in FY 2000. CEIFA required that a study be conducted to determine intensive services criteria and the appropriate Tier IV per pupil cost factor to be applied to all service settings in the 1998-99 school year. The Tier IV cost factor refers to additional aid per pupil that a district receives for classified pupils receiving intensive services. This language delayed the Tier IV changes until a recommendation was made in the March 1998 Biennial Report on the Cost of Providing a Thorough and Efficient Education. That report was issued and the FY 2000 State aid for special education reflects its recommendations on Tier I through IV per pupil State aid amounts.



Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-6

Notwithstanding the requirements of section 3 of P.L. 1996, c.138 (C.18A:7F-3) or section 18 of P.L. 1996, C.138, (C.18A:7F-18), in the 1998-99 school year, the sum of school enrollments for the purpose of calculating the concentration of low-income pupils shall exclude preschool pupils, evening school pupils, post-graduate pupils and post secondary pupils and the sum of school enrollments used for the purposes of calculating demonstrably effective program aid shall include these same categories of pupils.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language was included in FY 1999 to authorize a method of calculating FY 1999 demonstrably effective program aid allocations that was at variance with the calculation authorized under CEIFA.



Language Provisions (Cont'd)

1999 Appropriations Handbook

No comparable language.

2000 Budget Recommendations

p. D-112

Pursuant to N.J.S.A. 18A:7F-5a., the net amount hereinabove appropriated for 1998-99 enrollment adjustments in the Aid for Enrollment Adjustments and Debt Service account shall be determined by using the actual October 15, 1998 pupil counts to recalculate the State aid amounts payable to each district for the 1998-99 school year, for each aid category impacted by enrollment under the provisions of the "Comprehensive Educational Improvement and Financing Act of 1996", other than rewards and recognition, and comparing the recalculated amounts to the amounts originally determined as payable to the district for the 1998-99 school year for each aid category based upon the projected October 15, 1998 pupil counts. For the purposes of this recalculation, the State's core curriculum standards aid contribution for the 1998-99 school year shall be determined by indexing the amount for the 1997-98 school year by the sum of 1.0, the CPI and the actual State average enrollment growth percentage between the 1998-99 and 1997-98 school years and the core curriculum standards aid amount payable to each district shall be calculated using the October 15, 1998 pupil counts, the formulas and criteria contained in N.J.S.A. 18A: 7F-12 through 15 and based upon this indexed amount of Statewide available core curriculum standards aid. The percentage concentration of low income pupils for each district or each individual school used for the purposes of recalculating early childhood program aid, demonstrably effective program aid and instructional supplement aid shall remain the same as the percentage concentration originally determined for the 1998-99 school year.

Language Provisions (Cont'd)

Explanation

The recommended FY 2000 budget language specifies how the State aid categories impacted by enrollment are to be recalculated as authorized in section 5 of CEIFA, N.J.S.A. 18A:7F-5a. All enrollment counts used in the CEIFA school aid formula are subject to this budget language, except for the enrollment counts used to calculate rewards and recognition aid and the enrollment counts used to calculate the percentage concentration of low-income pupils used in determining the allocations for demonstrably effective program aid, early childhood aid, and instructional supplement aid.



1999 Appropriations Handbook

2000 Budget Recommendations

p. D-112

No comparable language.

In addition to the amount hereinabove for aid for enrollment adjustments there is appropriated an amount not to exceed \$3 million for this purpose.

Explanation

This recommended FY 2000 budget language authorizes up to \$3 million to be appropriated to fund aid increases required as a result of enrollment adjustment pursuant to section 5 of CEIFA, N.J.S.A. 18A:7F-5a. The \$3 million represents the amount needed in addition to the recommended line item amount of \$8.1 million indicated on page D-109 of the Governor's recommended budget. With the additional \$3 million authorized by this budget language, the amount of enrollment adjustment aid recommended for FY 2000 would total up to \$11.1 million.



Language Provisions (Cont'd)

1999 Appropriations Handbook

p. G-6

Notwithstanding any other law to the contrary, districts which did not experience a projected deadline in enrollment between October 15, 1997 and October 15, 1998 shall receive Stabilization Aid II in the amount of any decrease between the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Abbott v. Burke Parity Remedy Aid, Stabilization Aid, additional Supplemental Stabilization Aid, Supplemental School Tax Reduction Aid, Distance Learning Network Aid, categorical aids for Special Education programs, Bilingual Education programs, and County Vocational Programs, Early Childhood Program Aid, Demonstrably Effective Program Aid, Instructional Supplement Aid, Transportation Aid, Aid for Adult, Postgraduate and Postsecondary Programs, and Academic Achievement rewards received in the 1997-98 school year and the sum of the same categories to be received in 1998-99 including additional Supplemental Stabilization Aid for districts which had pupils placed in a county special services school district.

2000 Budget Recommendations

p. D-112

Notwithstanding any other law to the contrary, districts shall receive Stabilization Aid II in an amount to limit the decrease between the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Abbott v. Burke Parity Remedy Aid, Stabilization Aid, additional Supplemental Stabilization Aid, Supplemental School Tax Reduction Aid, Distance Learning Network Aid, categorical aids for Special Education programs, Bilingual Education programs, and County Vocational Programs, Early Childhood Program Aid, Demonstrably Effective Program Aid, Instructional Supplement Aid, Transportation Aid, Aid for Adult, Postgraduate and Post-Secondary Programs, and Academic Achievement rewards received in the 1998-99 school year and the sum of the same categories to be received in 1999-2000 school year to 2 percent of the district's net budget for the 1998-99 school year.

Explanation

This recommended language for FY 2000 provides Stabilization Aid II in such amount as is necessary to ensure that a district does not lose State Aid in the 1999-2000 school year in an amount greater than 2 percent of the district's 1998-99 net budget. The FY 1999 language reflected the provision of Stabilization Aid II for the 1998-99 school year which was provided to hold school districts which had not experienced an enrollment decline harmless from any loss in aid in comparison to the 1997-98 school year.



Language Provisions (Cont'd)

1999 Appropriations Handbook2000 Budget Recommendations

p. G-6

Notwithstanding any other law to the contrary, districts shall receive additional Supplemental Stabilization Aid for districts which had pupils placed in county special services school districts in the same amount as that received in the 1997-98 school year when the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Abbott v. Burke Parity Remedy Aid, Stabilization Aid, Additional Supplemental Stabilization Aid, Supplemental School Tax Reduction Aid, Distance Learning Network Aid, categorical aids for Special Education Programs, Bilingual Education Programs, and County Vocational Programs, Early Childhood Program Aid, Demonstrably Effective Program Aid, Instructional Supplement Aid, Transportation Aid, Aid for Adult, Postgraduate and Postsecondary programs, and Academic Achievement rewards received in the 1997-98 school year is greater than the sum of the same categories to be received in the 1998-99 school year.

No comparable language.

Explanation

This FY 1999 language ensured that districts sending pupils to county special services school districts (CSSD) were held harmless from any increased costs to the district associated with the switch from direct funding of CSSD students to funding those students on a tuition basis as required under CEIFA. CEIFA had provided such aid for the 1997-98 school year and the aid was continued in the 1998-99 school year pursuant to this language. No similar language is recommended in FY 2000 as districts will be held harmless against losses in aid through Stabilization Aid II.

Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-6

Notwithstanding any other law to the contrary, corrections made after March 3, 1998 to Core Curriculum Standards Aid resulting from a change in district income or any other discrepancy shall be calculated using the multipliers and county shares established on March 3, 1998 pursuant to subsection a. of section 14 of P.L.1996, c.138 (C.18A:7F-14). Adjustments to districts' aid notices shall only be made if they result in an increase in overall State aid. All changes whether they required an adjustment or not shall be considered in the final calculation of debt service aid allocations.

No comparable language.

Explanation

No similar language is recommended in FY 2000. The language provided that any aid adjustments subsequent to March 3, 1998 would only be made if the adjustment resulted in an aid increase to the district and provided that the aid would be calculated using the multipliers and county shares established on March 3, 1998. The language also directed that debt service aid would be based on the adjusted aid as calculated regardless of whether the adjustment resulted in an aid increase or decrease to the district.



1999 Appropriations Handbook

2000 Budget Recommendations

p. G-6

Any school district that was previously a constituent of a regional school district which was dissolved beginning in the 1997-98 school year and in which the equalized school tax rate for the 1997-98 school year was more than 120 percent of the district's combined local and regional equalized school tax rate for 1996-97 shall be paid Stabilization Aid of \$940,000 to offset costs incurred as a result of the dissolution of the regional school district.

No comparable language.

Language Provisions (Cont'd)

Explanation

No similar language is recommended for FY 2000. This language authorized Clark School District to receive \$940,000 in additional stabilization aid to offset the costs incurred as a result of the dissolution of the Union County Regional School District.

1999 Appropriations Handbook

No comparable language.

2000 Budget Recommendations

p. D-112

Notwithstanding any other law to the contrary, when calculating the state aid adjustments for 1998–1999 pursuant to N.J.S.A. 18A:7F–5a, districts which did not experience a projected or actual decline in enrollment between October 15, 1997 and October 15, 1998 shall receive stabilization aid in the amount of any decrease between the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Abbott v. Burke Parity Remedy Aid, Stabilization Aid, additional Supplemental Stabilization Aid, Supplemental School Tax Reduction Aid, Distance Learning Network Aid, categorical aids for Special Education programs, Bilingual Education programs, and County Vocational Programs, Early Childhood Program Aid, Demonstrably Effective Program Aid, Instructional Supplement Aid, Transportation Aid, Aid for Adult, Postgraduate and Postsecondary Programs, and Academic Achievement rewards received in the 1997–98 school year and the adjusted sum of the same categories for 1998–99 including additional Supplemental Stabilization Aid for districts which had pupils placed in a county special services school district.

Explanation

This recommended FY 2000 language will provide, as an adjustment to an eligible school district's 1999-2000 State aid, Stabilization Aid II based on the projected or actual enrollment counts of the 1998-99 school year. In the 1998-99 school year, Stabilization Aid II was provided to school districts, which had not experienced an enrollment decline between October 1997 and October 1998, to hold those districts harmless against any loss in aid over the 1997-98 school year. The enrollments that were used in that calculation were projected October 1998 enrollments. Now that actual October 1998 enrollments are available, this recommended language will provide Stabilization Aid II to those districts which would

Language Provisions (Cont'd)

qualify based on projected or actual enrollments. Any additional aid to which a district would be entitled pursuant to this language will be provided as an adjustment to the district's 1999-2000 State aid.

1999 Appropriations Handbook

No comparable language.

2000 Budget Recommendations

p. D-112

Notwithstanding N.J.S.A. 18A: 7F-11, \$5 million of the State's core curriculum standards aid contribution for the 1999-2000 school year shall be held in reserve pending the determination of income appeals filed pursuant to N.J.S.A. 18A: 7F-15. In addition to the amount appropriated hereinabove for Core Curriculum Standards Aid, there is appropriated \$5 million for such purpose. In determining income appeals the property value multiplier and income multipliers shall be the same as originally calculated.

Explanation

This recommended FY 2000 budget language would appropriate \$5 million to be held in reserve pending the outcome of income appeals filed by school districts. Section 15 of CEIFA, N.J.S.A. 18A:7F-15, authorizes a school district to challenge the accuracy of the personal income data used in the calculation of a districts' Core Curriculum Standards Aid entitlement. If successful in its appeal to the commissioner, a district would be eligible for additional Core Curriculum Standards Aid.

Language Provisions (Cont'd)

1999 Appropriations Handbook2000 Budget Recommendations

p. G-7

Notwithstanding the provisions of subsection d. of section 10 of P.L. 1996, C.138 (C.18A:7F-10), each school district which receives State aid pursuant to the provisions of that subsection shall be entitled to receive aid in the amount of \$1,000,000 per school district. Any district receiving additional aid pursuant to this provision is required to apply the additional funds to its originally certified General Fund tax levy for 1998-99 and shall file a revised certificate and report of school taxes form A4F with its county board of taxation. Notwithstanding the provisions of any other law to the contrary, as a condition to receive aid pursuant to this provision, a board of education shall waive its right to appeal the revision of the originally certified General Fund tax levy for 1998-99.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This FY 1999 language provided that Large and Efficient District Aid would increase from the CEIFA amount of \$500,000 per district to \$1 million per district, and was included in the budget as a legislative initiative.



Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

G-7

Notwithstanding the provisions of subsection f. of section 10 of P.L. 1996, c.138 (C.18A:7F-10f), a school district shall be entitled to receive a maximum of \$600,000 in supplemental school tax reduction aid as calculated pursuant to the supplemental school tax reduction aid formula. Any school district receiving additional aid pursuant to this provision is required to apply the additional funds to its originally certified General Fund tax levy for 1998-99 and shall file a revised certificate and report of school taxes form A4F with its county board of taxation. Notwithstanding the provisions of any other law to the contrary, as a condition to receive aid pursuant to this provision, a board of education shall waive its right to appeal the revision of the originally certified General Fund tax levy for 1998-99.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language provided that Supplemental School Tax Reduction Aid would be increased from a maximum amount of \$300,000 per district as established under CEIFA to a maximum amount of \$600,000 per district. The language was included in FY 1999 as a legislative initiative.



Operational and Support of Educational Institutions

1999 Appropriations Handbook

2000 Budget Recommendations

p. B-50

p. D-115

Any income from the rental of vacant space at the Marie H. Katzenbach School for the Deaf is appropriated for capital costs of the school's facilities, subject to the approval of the Director of the Division of Budget and Accounting.

Any income from the rental of vacant space at the Marie H. Katzenbach School for the Deaf is appropriated for the operation and maintenance cost of the facility and for capital costs at the school, subject to the approval of the Director of the Division of Budget and Accounting.

Language Provisions (Cont'd)

Explanation

This recommended FY 2000 language would appropriate the rental income for use in the operation and maintenance of the Marie H. Katzenbach School for the Deaf, in addition to capital costs for which the funds were appropriated in FY 1999.



1999 Appropriations Handbook

2000 Budget Recommendations

No comparable language.

p. D-123

In addition to the amount hereinabove, there is appropriated an amount not to exceed \$1,500,000 for the costs of implementing the Statewide Assessment Program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This FY 2000 budget language would appropriate up to \$1.5 million for the costs of implementing the Statewide Assessment Program in addition to the recommended line item appropriation of \$14.7 million.



1999 Appropriations Handbook

2000 Budget Recommendations

p. B-52

The unexpended balance as of June 30, 1998 in the Charter School Innovation program is appropriated for the operation of the program.

No comparable language.

Explanation

No similar language is recommended for FY 2000. This FY 1999 language authorized \$150,000 to be carried forward from FY 1998 for the Charter School Innovation Program in FY 1999. This program facilitates the exchange of information on best available educational practices. A \$150,000 appropriation is recommended for this program for FY 2000.



Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. D-7

From the amount hereinabove for the School Construction and Renovation Fund sufficient funds are transferred to the Property Tax Relief Fund to pay School Building Aid in accordance with the provisions of this act. These funds are in addition to the funds appropriated for this purpose as School Building Aid.

No comparable language.

Explanation

No similar language is recommended in FY 2000. As a result of the FY 1999 language \$17.8 million was allocated to the school building aid formula in FY 1999. The additional funds that were authorized under this language in FY 1999 are not needed in FY 2000 to fully fund the School Building Aid Formula.



1999 Appropriations Handbook

2000 Budget Recommendations

p. G-8

In addition to the sum hereinabove appropriated to make payments under the State Treasurer's contracts authorized pursuant to section 6 of P.L.1997, c.114 (C.34:1B-7.50), there are appropriated such other sums as the Director of the Division of Budget and Accounting shall determine are required to pay all amounts due from the State pursuant to such contracts.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language was included to ensure that there would be sufficient funds to cover the actual cost of the debt service on the pension obligation bonds in the event that the line item amount appropriated did not cover the final actuarially determined cost. It is anticipated that there will be sufficient funds available for FY 2000.



Language Provisions (Cont'd)1999 Appropriations Handbook2000 Budget Recommendations**p. G-8**

Notwithstanding any other law to the contrary, the Commissioner of the Department of Education, other State officials, the Director of the Division of Taxation in the Department of the Treasury and county boards of taxation are authorized to take appropriate measures to ensure that the School Building Aid provided hereinabove, in addition to that previously anticipated shall be reflected in local school tax levies.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language directed the additional school building aid that was included subsequent to the initial State aid notifications that went to school districts to be used to lower the local school tax levy.



Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-8

In addition to the amount appropriated hereinabove for Pupil Transportation, there is appropriated an amount determined by the Commissioner of Education to be necessary, subject to the approval of the Director of the Division of Budget and Accounting, to reimburse school districts for payments made for the expanded eligibility for transportation costs as provided as follows: Notwithstanding the provisions of N.J.S.18A:39-1 to the contrary, if a school district is located in a county of the third class or a county of the second class with a population of less than 235,000, according to the most recent federal decennial census, transportation shall be provided to school pupils residing in this school district in going to and from any remote school other than a public school, not operated for profit in whole or in part, located within the State not more than 25 miles from the residence of the pupil.

No comparable language.

Explanation

No similar language is recommended in FY 2000. This language, added by the Legislature in FY 1999, authorized the payment of transportation aid for nonpublic pupils attending schools not more than 25 miles from the pupil's residence in the following counties: Sussex, Warren, Hunterdon, Cumberland, Gloucester and Salem.



1999 Appropriations Handbook

2000 Budget Recommendations

p. D-123

No comparable language.

The unexpended balance as of June 30, 1999 in the School Construction and Renovation Fund is appropriated for the same purpose.

Explanation

This recommended FY 2000 budget language appropriates the FY 1999 unexpended balances remaining in the School Construction and Renovation Fund to be used for the same purpose in FY 2000. There is currently \$32 million in the account.



Language Provisions (Cont'd)

1999 Appropriations Handbook2000 Budget Recommendations

p. D-123

No comparable language.

Notwithstanding N.J.S.A. 18A: 7F-25, the Commissioner of Education shall apportion Transportation Aid among the districts by providing each district 93.47 percent of the amount of transportation aid that would have been apportioned to the district had the full amount of State aid required by N.J.S.A. 18A: 7F-25 been appropriated.

Explanation

This recommended FY 2000 budget language authorizes State aid for transportation to be paid in an amount equal to 93.47 percent of each district's entitlement. \$265.3 million is recommended for State Transportation Aid in FY 2000; \$283.8 million would be required to fund Transportation Aid at 100 percent of entitlement.

Education Administration and Management

1999 Appropriations Handbook2000 Budget Recommendations

p. B-54

In addition to the amounts hereinabove, there is appropriated an amount not to exceed \$200,000 for the purpose of paying boarding facilities lease costs at boarding charter schools.

No comparable language.

Explanation

No similar language is recommended for FY 2000. In FY 1999 this language authorized an appropriation to cover deficits in the annual budget of the Samuel Proctor Charter School.

Language Provisions (Cont'd)

1999 Appropriations Handbook

2000 Budget Recommendations

p. D-7

p. D-126

The unexpended balances as of June 30, 1998 in the State Aid accounts, not to exceed \$650,000, are appropriated

The unexpended balances as of June 30, 1999 in the State Aid accounts, not to exceed \$650,000, are appropriated to the State Aid Supplemental Funding account.

Explanation

The recommended FY 2000 budget language appropriates the FY 2000 unexpended balances from the State aid accounts to the State Aid Supplemental Funding account. In prior years the balances were not directed to a specific account.

1999 Appropriations Handbook

2000 Budget Recommendations

p. G-9

The Commissioner shall audit any district with significant increases or other discrepancies in the enrollments reported at October 15, 1997 on the Application for State School Aid for 1998-99. Each district shall be provided 30 days from receipt of the audit to respond to the findings or provide any documentation necessary to dispute the audit exceptions. Upon receipt of the response, the Commissioner shall recalculate the district's State aid, as warranted, and shall immediately adjust the district's state aid payment schedule for 1998-99.

No comparable language.

Explanation

Although CEIFA established the process to be followed for enrollment adjustments with those adjustments being reflected in the State aid payable in the subsequent budget year, this FY 1999 budget language was added to provide for an immediate adjustment in the State aid payable in the 1998-99 school year for districts which had significant discrepancies between projected and actual 1998-99 enrollments. No adjustments were made pursuant to this language and therefore similar language is not recommended in FY 2000 due to the fact that the CEIFA adjustment process is considered adequate.

Discussion Points

1. The Statewide Assessment Program is recommended to be funded at \$14.7 million in FY 2000, a \$3.4 million increase over the FY 1999 adjusted appropriation of \$11.3 million. The recommended 30.0 percent increase in funding for the assessment program represents the additional funds to implement the new configuration of the program and its objective of assessing pupil performance in the core curriculum content areas.

As a percent of the total amount appropriated for the department, the data in Table 1 indicate that the total amounts appropriated or expended for the assessment program have increased from \$3.6 million in FY 1994 to the \$14.7 million recommended in FY 2000. In addition, Table 1 shows that assessment program costs as a percent of the department's total general fund expenditure, grew from 12.0 percent in FY 1994, to 31.8 percent of the recommended general fund appropriation for the department in FY 2000. Further, the \$11.1 million increase in the cost of the assessment program over the six year period indicated in Table 1, represents 68.3 percent of the \$16.3 million total increase in departmental support from the general fund.

Table 1

Assessment Program Costs Compared to All Other Department of Education DSS Expenditures									
	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00	Dollar Chg. 94 to 00	Pct. Chg. 94 to 00
Statewide Test State Funds	3,605	4,165	3,981	6,026	6,954	11,329	14,729	11,124	308.57%
Other DOE DSS Costs	26,438	28,724	29,119	26,686	28,803	30,839	31,610	5,172	19.56%
Total DOE DSS Funds	30,043	32,889	33,100	32,712	35,757	42,168	46,339	16,296	54.24%
Testing as Pct. of Total	12.0%	12.7%	12.0%	18.4%	19.4%	26.9%	31.8%	68.3%	
Other as Pct. of Total	88.0%	87.3%	88.0%	81.6%	80.6%	73.1%	68.2%	31.7%	

! *Question:* Please detail the specific reasons for the increase in costs for the Statewide Assessment Program in FY 2000. Please provide estimates for future expenditure increases in the program? What increases can be anticipated in FY 2001? FY 2002?

2. In FY 2000, 137 districts with high concentrations of low-income pupils will receive a total of \$312.6 million in early childhood program aid (ECPA), with the Abbott districts receiving \$206.3 million of that amount. In the Abbott V decision of May 21, 1998, New Jersey's Supreme Court ordered full-day kindergarten to be implemented in the Abbott districts by September 1999. As of October 1998 Abbott district full-day kindergarten enrollment was 19,244, with four Abbott districts - Millville, Vineland, Irvington, and Harrison - not reporting any full-day kindergarten enrollments in the 1998-99 school year. These four districts received a total of \$17.2 million in ECPA funding in FY 1999, and are recommended to receive \$17.3 million in FY 2000.

! *Question:* What has prevented the implementation of full-day kindergarten programs in the above districts? How have the districts been using their ECPA funds? Will full-day kindergarten be implemented by September 1999 in the districts that currently are not operating these programs or are not serving all of the children eligible for enrollment in full-day kindergarten?

Discussion Points (Cont'd)

3. In the Supreme Court's decision of May 21, 1998 (Abbott V), the commissioner was directed to ensure that "Abbott schools shall have the resources and additional funds that are necessary to implement preschool education by the commencement of the 1999-2000 school year" and authorized the commissioner to use preschool providers other than the public schools to meet the September 1999 deadline.

"The Commissioner may authorize cooperation with or the use of existing early childhood and day-care programs in the community."

To enhance the capacity of private preschools to implement Abbott V, the Governor has proposed an early childhood education initiative for Abbott districts that would provide a full-day preschool for all three- and four-year olds using such preschools. According to the Governor, the proposal goes beyond the requirements of the Supreme Court which ordered a half-day program for three- and four-year olds. To increase the quality of the programming in the private preschools, the Governor's initiative would provide \$12 million in federal block grant funds as follows:

- ! \$8 million in assistance to help centers expand or make minor renovations;
- ! \$2 million for curriculum enhancements that will upgrade and modernize current equipment and materials;
- ! \$1 million for an Early Childhood Scholarship Program to help existing and new teachers in Abbott district child care centers to attain the child development associate credential; and
- ! \$1 million scholarship program to support staff in child care centers in the 108 other districts receiving Early Childhood Program Aid funds to acquire the child development associate credential.

Further, the Governor's initiative requires child care center programming "developed specifically for younger students to promote cognitive and social development," and staffing of one staff member with a child development associate credential and two aids for every 20 children compared to the Abbott court approval standard of one certified teacher and one aid for every 15 children. This standard was recommended to the court by the commissioner.

- ! **Question:** How many staff members of the private preschools are not fully certified with a child development credential? Does the child development credential ensure that the staff are proficient in promoting "cognitive and social development" required under the Governor's initiative? Will the programming in the private preschools be aligned with the full-day kindergarten programs and consistent with the whole school reform efforts in each district? How many three- and four-year olds are unserved in the Abbott districts? Will the local school districts be responsible for transporting three- and four-year olds to the private preschools? If so, what is the estimate of the potential cost? Given that the DOE standards on early childhood education submitted to the Supreme Court included the provision that such programs be staffed by a certified teacher assisted by a teacher's aid, how will the Governor's initiative, which only requires an individual to possess a child development associate credential, comply with the Supreme Court's Abbott V order?

4. Each Abbott district was required by November 1998, to have submitted an operational program plan for early childhood education (N.J.A.C. 6:19A-2.4) to fully implement all court- required early childhood programs for the 1999-2000 school year. There were only 5,771 preschool pupils reported

Discussion Points (Cont'd)

receiving at least a half-day of preschool services in the Abbott districts in October 1998 as compared to the number of children attending full-day kindergarten (19,244), and first grade (24,292). The following six Abbott districts did not report any enrollments for preschool programs in the 1998-99 school year: Garfield, Irvington, Orange, Harrison, West New York, and Long Branch.

! **Question:** How many Abbott district proposals for the implementation of preschool programs have been reviewed by the department? How many have been approved? How many have been rejected? What is the total cost of the approved programs?

5. In the 1998-99 school year, the second year in which charter schools have been operating in New Jersey, 5,455 pupils are enrolled in 39 charter schools. This represents an increase of 4,055 pupils since the first 13 charter schools, serving nearly 1,400 children, opened in September 1997 pursuant to the provisions of P.L. 1995, c. 426. Of the total 1998 charter school enrollment, 3,897 pupils (71.4 percent) are enrolled in charter schools in 12 of the Abbott districts, while 1,558 pupils (28.6 percent) of the total Statewide charter school enrollment are from 71 non- Abbott districts.

Currently, there is a 135 school limit on the number of charter schools that may be established by January 2000, and a limit on the number of pupils that may be enrolled in a single charter school within a district, the lesser of 500 pupils or, 25 percent of the student body within the district.

As an example of charter school enrollment impact, 969 pupils (7.1 percent) from the Trenton School District, out of a total enrollment of 13,629, are enrolled in six charter schools in the 1998-99 school year. The district's obligation for support of these pupils will result in an estimated \$7.1 million reallocation of State aid from the public schools to the charter schools, an amount equal to 5.8 percent of the district's total aid for 1998-99. The 363 charter school pupils (9.4 percent) in Pleasantville, out of a total enrollment of 3,864, will result in an estimated \$2.6 million State aid reallocation, an amount equal to 7.6 percent of its total aid in 1998-99. In response to the OLS discussion points in April 1998, the department stated that "charter schools will act as laboratories of innovation that will foster new ideas and new ways of educating children that can spread to all other school districts in the State;" and "charter schools will encourage existing school districts so they can compete for students."

! **Question:** How has the creation of charter schools affected the performance of the local board, teachers, students and parents toward improving the other public schools within districts? Have nonpublic schools been impacted by the creation of charter schools within the Abbott or other districts? Have any nonpublic schools closed in particular school districts as a result of a loss in enrollment to charter schools? How many pupils have left the nonpublic sector and enrolled in charter schools? How much additional State aid has been required to support pupils previously enrolled in nonpublic schools who are entering charter schools? Should charter schools in the Abbott districts be encouraged to adopt a whole school reform model? Given that charter schools in the Abbott districts are educating the same pupil population for which the Supreme Court ordered parity funding, is Abbott parity remedy aid paid to charter schools on behalf of those students?

6. Recommended budget language in FY 2000 authorizes the Commissioner of Education to "deduct from the State aid of any Abbott district the expenses required to manage, control and supervise the implementation of that State aid." In FY 1998 and FY 1999 similar language authorized deductions from Abbott district aid to support Department of Education (DOE) administrative activities. In FY 1998, \$1.6 million was deducted from the parity remedy State aid account and transferred to an administrative account. Of the \$1.6 million deducted from State aid, \$1.2 million was for salaries, and \$400,000 was

Discussion Points (Cont'd)

for non-salary expenditures.

- ! **Question:** What amounts were expended by DOE for administrative purposes from Abbott Parity Remedy Aid in FY 1999? For what purposes were these funds used? If used to support general administrative costs of the department, which divisions or offices received parity aid-based funding to finance their operating costs? How much is anticipated to be expended, and for what purposes, in FY 2000?

7. CEIFA authorizes State aid to cover extraordinary special education costs in instances; (a) where the costs of providing education to an individual classified pupil exceeds \$40,000; (b) the district must educate an extraordinary number of classified pupils, or; (c) the district is ordered to make a high cost placement by a court or other tribunal. In FY 1999, \$10 million was appropriated for this State aid program, with a balance of \$4.1 million anticipated on June 30, 1999.

- ! **Question:** How many districts applied for State aid to cover extraordinary special education costs in FY 1999? How many districts received extraordinary special education aid in FY 1999? How many requests were denied in FY 1999?

8. Of the FY 1998 unexpended balances from Abbott Parity Remedy Aid, budget language in FY 1999 required the first \$6 million to be used by the Liberty Science Center "for the provision of educational services to students in the Abbott districts to achieve comprehensive core curriculum standards as established by law." The remainder of the unexpended balances were to be used for implementing whole school reform in the Abbott districts.

- ! **Question:** Please describe the services provided by the Liberty Science Center? How did the services provided by the center assist pupils in meeting the core curriculum content standards in FY 1999? Does the department have sufficient funding to implement the whole school reform initiatives required by the Abbott decision?

9. In FY 1999, \$249.8 million was appropriated for Abbott v. Burke Parity Remedy Aid in response to the New Jersey Supreme Court's May 14, 1997 Abbott IV decision. This aid was appropriated to increase the per pupil expenditure for regular education in each Abbott district to the average per pupil expenditure for regular education in the District Factor Groups I and J districts, the 120 highest wealth districts in the State. The original aid entitlements were based on estimated enrollments and the aid was adjusted based on actual enrollments as of October 15, 1998. As a result, pursuant to FY 1999 budget language, the Abbott districts received only \$243.5 million in parity aid, \$6.3 million less than the original allocation. The commissioner has notified the affected Abbott districts that they must return any overpayments; however the repayment may be deferred until the 1999-2000 school year if the district can demonstrate that it meets the following hardship criteria: (1) insufficient appropriation balances; (2) contractual commitments; and, (3) new programs and services that cannot be eliminated or reduced without adverse consequences to educational programs and to student achievement.

- ! **Question:** How many districts have applied for a deferral for the 1998-99 school year? In which districts were deferrals granted and for what reasons? In which districts were deferrals denied and for what reasons?

Discussion Points (Cont'd)

10. Program development grants totaling \$950,000 are recommended for FY 2000 to support the recently enacted State Board of Education regulations (N.J.A.C. 6:11-13 et seq.), that require each active teacher to complete 100 clock hours of State approved continuing professional development or in-service every five years. The grants will be disbursed to three State colleges for the purpose of upgrading instruction in the core curriculum content areas by providing "seed" money for the establishment of instructional programs for current teachers.

! *Question:* Since elementary school pupils were tested in the core curriculum content areas of science, math, reading, writing and public speaking in the Spring of 1998, prior to the implementation of this program development initiative, were teachers prepared to teach those content areas effectively? Do current pre-service training programs adequately prepare prospective elementary teachers to teach the content areas required by New Jersey's core curriculum content standards? Are there any changes anticipated that would require New Jersey's certification requirements for teachers to be aligned with the specific content for which students are being tested in the Elementary School Proficiency Assessment (ESPA), the Grade Eight Proficiency Assessment (GEPA); and the High School Proficiency Assessment?

11. The effect of two separate language provisions in the FY 1999 appropriations act authorized the payment of \$1.8 million to the Clark School District to offset costs incurred as a result of the dissolution of the Union County Regional School District. Of the \$1.8 million, \$844,000 was to be allocated from the School Construction and Renovation Fund to meet additional capital requirements as a result of the dissolution, and \$940,000 was paid to the district from the Property Tax Relief Fund and designated by budget language as Stabilization Aid. The FY 1999 budget language directed the district to reimburse the State the \$1.8 million from any funds received by the district when the dissolved Union County Regional School District disbursed the district's surplus funds to its former constituent districts.

! *Question:* What funds did the Clark School District receive as its share of the former regional district's surplus fund? If Clark's share of the surplus is less than \$1.8 million, how will the department assess the remaining amount owed to the State?

12. Recommended budget language for FY 2000 would reserve \$5 million for local school districts that appeal the calculation of their personal income as used in the school aid formula. Personal income per pupil, when combined with a district's property wealth per pupil, determines the amount of core curriculum standards aid to which each district is entitled. For FY 2000 the district's income per pupil, is calculated based on the district's total income as reported on NJ-1040 of the New Jersey Gross Income Tax (NJGIT) for 1996 plus all public assistance, including Aid for Families with Dependent Children for 1996, divided by the resident enrollment of the district.

In FY 1998, the first year of the CEIFA formula, the income data used in the formula was the U.S. Census income data. Beginning in FY 1999, the formula switched to State income data as supplied by the Division of Taxation in the Department of Treasury.

In each of the two years that the State has used State income tax data (FY 1999 and FY 2000), complaints have been raised about its accuracy. In the 1998-99 school year calculation, income was incorrectly attributed to various communities. In the 1999-2000 school year calculation, the Division of Taxation adjusted income when it was felt the information on the State income tax form for particular communities was not reflective of that community's actual income level. The adjustments for the 1999-2000 school year were not authorized either in CEIFA or recommended budget language.

Discussion Points (Cont'd)

- *Question:* How has the change from census income data to State Income Tax data shifted the relative wealth among districts? Which school districts received additional aid as a result of the change and which lost aid? How many communities had increases or decreases in personal income wealth of 10 percent or more between FY 1999 and FY 2000? By what percentage did the Statewide total amount of personal income as used in the calculation of State school aid increase between the two years? By what percentage was the income of school districts adjusted by the Division of Taxation when the division determined that the income tax data was unreliable? How many districts appealed their determination of income in FY 1999? Should the formula be amended to provide for the use of census income data as was used previously?

Background Paper: State Aid for Education

Budget Pages.... D-107 thru D-110; D-117; D-120
thru D-122

Table 1 represents the recommended \$6.0 billion in State aid paid to or on behalf of local school districts in FY 2000. Of the \$6.0 billion, \$5.2 billion are formula aid entitlements pursuant to the "Comprehensive Educational Improvement and Financing Act of 1996," P.L. 1996, c. 138 (CEIFA), \$700.5 million represents payments on behalf of districts for teacher pensions, social security, and health benefits, and \$110.4 million are various aid and grant programs to local districts, including aid to nonpublic schools.

	Adj. Approp FY 1999	Recomm. FY 2000	Pct. Change	Change
CEIFA Formula	\$4,890,519	\$5,220,788	6.8%	\$330,269
TPAF, Soc. Sec., & Add. Hlth Ben.	924,858	700,456	-24.3%	(224,402)
Other State Aid	123,421	110,384	-10.6%	(13,037)
Total	\$5,938,798	\$6,031,628	1.6%	\$92,830

The \$5.2 billion in CEIFA formula aid is allocated through 27 separate aid programs. Table 2, which aggregates the amounts allocated in the 27 aid programs according to 7 separate types of aid, indicates that the largest percentage of aid is allocated through the Core Curriculum Standards Aid and other wealth-based aid programs, and the categorical aid programs. Table 3 lists the 27 formula aid programs separately, while table 4 lists all other State aid programs and grants. Table 5 indicates the amounts paid on behalf of local districts for pensions, the debt service on pension bonds, social security, and additional health benefits for teachers.

	Recommend FY 2000	Aid Type As Pct. of Total
CCSA and Other Wealth Based Aid Programs	\$3,081,094	59.0%
Court-Ordered Parity Aid	293,175	5.6%
Categorical Aid Programs	1,127,950	21.6%
Supplemental Program Aid For Low Income Pupils	519,561	10.0%
Hold Harmless Aid Programs	130,935	2.5%
Fiscal Incentives	9,977	0.2%
Enrollment Adjustments & Other Unallocated Revenue	58,096	1.1%
Total Formula Aid	\$5,220,788	100.0%

Background Paper: State Aid for Education (Cont'd)

Table 3
(\$000)

FORMULA AID	Adj. Approp. FY 1999	Recom. FY 2000	Change	Percent Change
CCSA and Other Wealth Based Aid Programs				
Core Curriculum Standards Aid	\$2,556,161	\$2,784,372	\$228,211	8.9%
Supplemental Core Curriculum Standards Aid	157,296	136,069	-21,227	-13.5%
Additional Supplemental CCSA	32,952	32,952	0	0.0%
School Building Aid	112,946	127,701	14,755	13.1%
Court-Ordered Parity Aid				
Abbott v. Burke Parity Remedy	249,834	293,175	43,341	17.3%
Categorical Aid Programs				
Adult and Postsecondary Education Grants	25,007	26,394	1,387	5.5%
Bilingual Education Aid	53,178	55,477	2,299	4.3%
County Vocational Program Aid	32,151	34,089	1,938	6.0%
Distance Learning Network Aid	52,225	54,481	2,256	4.3%
Distance Learning Network Grants -CSSDs	120	120	0	0.0%
Extraordinary Special Education Costs Aid	10,000	10,000	0	0.0%
Special Education Aid	637,941	682,125	44,184	6.9%
Transportation Aid	261,078	265,264	4,186	1.6%
Supplemental Program Aid For Low-Income Pupils				
Demonstrably Effective Program Aid	187,328	190,385	3,057	1.6%
Early Childhood Aid	302,527	312,573	10,046	3.3%
Instructional Supplement	17,417	16,603	-814	-4.7%
Hold Harmless Aid Programs				
Stabilization Aid	47,781	32,712	-15,069	-31.5%
Supplemental Stabilization Aid	56,175	53,026	-3,149	-5.6%
Stabilization Aid 2	30,249	27,789	-2,460	-8.1%
Supplemental School Tax Reduction Aid	15,926	10,387	-5,539	-34.8%
Large Efficient District Aid	6,000	3,000	-3,000	-50.0%
County Special Services Tuition Stabilization	2,500	2,500	0	0.0%
Aid for Districts with High Senior Citizen Populations	921	921	0	0.0%
Consolidation of Services Grants	600	600	0	0.0%
Fiscal Incentives				
Rewards and Recognition	10,011	9,977	-34	-0.3%
Enrollment Adjustments & Other Unallocated Funds				
Aid for Enrollment Adjustments	0	8,096	8,096	New
School Construction & Renovation Fund	32,195	50,000	17,805	55.3%
Total Formula Aid	\$4,890,519	\$5,220,788	\$330,269	6.8%

Background Paper: State Aid for Education (Cont'd)

Table 4
(\$000)

Other State Aid	Adj. Approp. FY 1999	Recom. FY 2000	Chg.	Pct. Chg.
Adult Literacy	\$1,024	\$1,024	\$0	0.0%
Arts Programs for Teenagers	100	0	-100	-100.0%
Bethlehem Township School District Computer Purchase	20	0	-20	-100.0%
Bloomfield Board of Education Track and Field Improvements	60	0	-60	-100.0%
Chad Science Academy	50	0	-50	-100.0%
Chesilhurst Borough Impact Aid	90	0	-90	-100.0%
Cinnaminson School District - Education Impact Aid	100	0	-100	-100.0%
Delran School District - Education Impact Aid	100	0	-100	-100.0%
District and Regional Vocational Education	861	0	-861	-100.0%
Educational Information and Resource Center	400	0	-400	-100.0%
Emergency Fund	100	100	0	0.0%
Evening School for the Foreign Born	211	211	0	0.0%
Folsom Borough - Education Impact Aid	267	0	-267	-100.0%
Freehold Borough High School Spanish Club	7	0	-7	-100.0%
Glen Ridge School District - Safety Improvements	80	0	-80	-100.0%
Ridgwood Ave. Elementary School				
Governor's School	955	955	0	0.0%
Hackettstown School District Transition Aid	200	0	-200	-100.0%
Hardwick School District / Pahaquarry Township Impact Aid	7	0	-7	-100.0%
High Bridge Middle School Asbestos Abatement Program	500	0	-500	-100.0%
High School Equivalency	1,213	1,213	0	0.0%
Hoboken CEIFA - Hold Harmless Aid	1,200	0	-1,200	-100.0%
Kearny Program Retention	300	0	-300	-100.0%
Liberty Science Center - School Visit Subsidy Program	250	250	0	0.0%
Mansfield Township Board of Education (Burlington) - Technology Grant	50	0	-50	-100.0%
Maurice River School District - Supplemental Aid	437	0	-437	-100.0%
Medford Lakes, Impact Aid	84	0	-84	-100.0%
New Brunswick Health Sciences and Technology High School	500	0	-500	-100.0%
New Hanover Board of Education Technology Grant	50	0	-50	-100.0%
N.J. Business/Industry/Science Education Consortium	150	0	-150	-100.0%
Nonpublic Auxiliary Services Aid	30,856	31,880	1,024	3.3%
Nonpublic Handicapped Aid	24,280	25,071	791	3.3%
Nonpublic Auxiliary/Handicapped Transportation Aid	2,084	2,084	0	0.0%
Nonpublic Nursing Services Aid	12,502	12,502	0	0.0%
Nonpublic Technology Initiative	4,000	0	-4,000	-100.0%
Nonpublic Textbook Aid	8,973	8,973	0	0.0%
North Wildwood - Education Impact Aid	86	0	-86	-100.0%
Payments for Institutionalized Children-Unknown District of Residence	10,056	12,356	2,300	22.9%

Background Paper: State Aid for Education (Cont'd)

Pompton Lakes Computer System Integration Pilot Program	151	0	-151	-100.0%
School Building Aid Debt Service	7,655	7,147	-508	-6.6%
School Bus Crossing Arms	1,000	1,000	0	0.0%
Special Technology Initiative Grant - Seton Hall Prep	75	0	-75	-100.0%
Somerset County Vocational and Technical School Technology Equipment Upgrade	75	0	-75	-100.0%
Southampton - Education Impact Aid	173	0	-173	-100.0%
Special Technology Initiative Grant - St. Peter's Prep - Jersey City	75	0	-75	-100.0%
Statewide Systemic Initiative to Reform Mathematics and Science Education	158	158	0	0.0%
Sussex-Wantage Regional School-Elevator for ADA Compliance	75	0	-75	-100.0%
Toms River School District Extraordinary Enrollment Increase Aid	1,300	0	-1,300	-100.0%
Total Language Immersion - Wallington School District	50	0	-50	-100.0%
United Academy - Newark	25	0	-25	-100.0%
United Brothers of Long Branch, Long Branch Board of Education	8	0	-8	-100.0%
Vanderveer School Safety Improvements, Somerville Vocational Education	300	0	-300	-100.0%
Waterford Township - Education Impact Aid	5,460	5,460	0	0.0%
Whole School Reform -- Incentive Grants	429	0	-429	-100.0%
Wildwood, Education Impact Aid	2,700	0	-2,700	-100.0%
Woodbury School District - Education Impact Aid	950	0	-950	-100.0%
Woodland School District	300	0	-300	-100.0%
	259	0	-259	-100.0%
Total - Other State Aid	\$123,421	\$110,384	\$-13,037	-10.6%

Table 5
(\$000)

PENSIONS, SOC. SEC. & ADDTL. HLTH. BENEFITS	Adj. Approp. FY 1999	Recom. FY 2000	Chg.	Pct. Chg.
Teachers' Pension and Annuity Fund	\$371,487	\$119,975	\$-251,512	-67.7%
Social Security Tax	468,068	491,368	23,300	5.0%
Minimum Pension for Pre-1955 Retirees	6	6	0	0.0%
Additional Health Benefits	17,000	19,916	2,916	17.2%
Debt Service on Pension Obligation Bonds	68,297	69,191	894	1.3%
Total Aid-Pensions, Soc. Sec., & Addtl. Hlth. Benefits	\$924,858	\$700,456	\$-224,402	-24.3%

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Individuals wishing information and committee schedules on the FY 2000 budget are encouraged to contact:

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