

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2000 - 2001 BUDGET



DEPARTMENT OF EDUCATION

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2000

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF EDUCATION

Budget Pages..... C-16 to C-17; C-21 to C-22; C-27;
C-29; C-31; D-107 to D-136;

Fiscal Summary (\$000)

	Expended FY 1999	Adjusted. Appropriation FY 2000	Recommended FY 2001	Percent Change 2000-01
State Budgeted	\$5,932,093	\$6,151,784	\$6,622,446	7.7%
Federal Funds	404,043	501,054	500,932	0.0%
<u>Other</u>	<u>11,027</u>	<u>16,747</u>	<u>18,263</u>	<u>9.1%</u>
Grand Total	\$6,347,163	\$6,669,585	\$7,141,641	7.1%

Personnel Summary - Positions By Funding Source

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change 2000-01
State	428	436	541	24.1%
Federal	253	237	284	19.8%
<u>Other</u>	<u>187</u>	<u>186</u>	<u>211</u>	<u>13.4%</u>
Total Positions	868	859	1,036	20.6%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.

Introduction

The Department of Education is responsible for the governance of the public schools, the system under which instruction will be provided to over 1.3 million students in FY 2001. The department's responsibilities include allocating \$5.9 billion in State school aid to local districts in FY 2001, exclusive of pension and social security costs paid by the State on behalf of teaching staff members. Under the "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), the Department of Education is responsible for the development of a framework of educational guidelines, the Core Curriculum Content Standards, that define what constitutes a thorough and efficient education. Using these guidelines and the funding provisions of CEIFA, the department is responsible for calculating each year the amount that each district is required to spend to provide a thorough and efficient education for the students in its district (the district's T and E budget), and to calculate the amount of aid the State will provide to each district and distribute that aid, calculate the amount of the T and E budget that has to be raised by a local tax levy, and oversee local district operations including a review and audit of local district budgets.

Key Points

- ! The total recommended FY 2001 budget for the department (excluding federal and other funds) is \$6.622 billion, an increase of \$470.7 million (7.6 percent) over the FY 2000 adjusted appropriation.
- ! State aid payments (including Grants-In-Aid, Pension and Social Security Payments) totaling \$6.57 billion are recommended for the FY 2001 budget, an increase of \$466.0 million (7.6 percent) over the FY 2000 adjusted appropriation of \$6.1 billion.
- ! General formula aid recommended for the FY 2001 budget totals \$4.039 billion, an increase of \$234.7 million (6.2 percent) over the FY 2000 adjusted appropriation of \$3.8 billion. The following items are among those included in the overall recommendation.
 - Core Curriculum Standards Aid recommended for the FY 2001 budget totals \$2.94 billion, an increase of \$96.8 million (3.4 percent) over the FY 2000 adjusted appropriation of \$2.86 billion.
 - Abbott v. Burke Parity Remedy Aid recommended for the FY 2001 budget totals \$328 million, an increase of \$73.6 million (28.9 percent) over the FY 2000 adjusted appropriation of \$254.4 million.
 - Additional Abbott v. Burke Aid recommended for the FY 2001 budget totals \$104 million, an increase of \$67 million (181.1 percent) over the FY 2000 adjusted appropriation of \$37 million.
 - Supplemental Core Curriculum Standards Aid recommended for the FY 2001 budget totals \$204.0 million, an increase of \$27.3 million (15.5 percent) over the FY 2000 adjusted appropriation of \$176.7 million for Supplemental Core Curriculum Standards Aid and Additional Supplemental Core Curriculum Standards Aid. No separate amount for Additional Supplemental Core Curriculum Standards Aid is recommended for FY 2001.
 - Aid for enrollment adjustments recommended for the FY 2001 budget totals \$34.4 million, an increase of \$22.5 million (189.4 percent) over the FY 2000 adjusted appropriation of \$11.9 million.
 - Aid for various categories considered stabilization aid (Stabilization Aid, Large and Efficient District Aid, Aid for Districts with High Senior Citizen Population, and Stabilization Aid 2) recommended for the FY 2001 budget totals \$153.4 million, a decrease of \$17.3 million (10.1 percent) from the FY 2000 adjusted appropriation of \$170.7 million for similar aid categories .
- ! A reduction in State aid of \$67.8 million based on the application of the Stabilization Growth Limit provisions of CEIFA is recommended for the FY 2001 budget, representing an increase of \$36.7 million (118.3 percent) over the FY 2000 adjusted appropriation reduction of \$31.1 million.
- ! Non-public school aid recommended for the FY 2001 budget totals \$93.1 million, an increase of \$4.5 million (5.1 percent) over the FY 2000 adjusted appropriation of \$88.5 million.

Key Points (Cont'd)

- ! The appropriation for miscellaneous aid programs recommended for the FY 2001 budget total \$110.9 million, an increase of \$15.2 million (15.8 percent) over the FY 2000 adjusted appropriation of \$95.7 million.

Two new programs, Character Education, with a recommended FY 2001 budget of \$4.75 million and Teacher Quality Mentoring, recommended at \$8.7 million, account for most of the increase in the Miscellaneous Grants-In-Aid recommended for the FY 2001 budget.
- ! Special Education aid recommended for the FY 2001 budget totals \$769.5 million, an increase of \$77.2 million (11.2 percent) over the FY 2000 adjusted appropriation of \$692.3 million.
- ! Aid for districts based on concentrations of low income pupils in the district or in schools within the district recommended for the FY 2001 budget totals \$523.7 million, an increase of \$3.9 million (0.8 percent) over the FY 2000 adjusted budget appropriation for the same aid categories of \$519.8 million. Aid in this category includes: Instructional Supplement (low income pupil concentration in the district equal to or greater than 5 percent and less than 20 percent); Early Childhood Program Aid (low income pupil concentrations in the district funded at two levels, a least 20 percent and less than 40 percent and equal to or greater than 40 percent); and Demonstrably Effective Program Aid (low income pupil concentrations in schools within the district funded at two levels, at least 20 percent and less than 40 percent and equal to or greater than 40 percent).
- ! State Aid totaling \$783.0 million is recommended for the FY 2001 budget for teacher's health benefits, pension and social security payments on behalf of the teaching staff of local school districts, an increase of \$82.5 million (11.8 percent) over the FY 2000 adjusted appropriation of \$700.4 million.
- ! The recommended State aid appropriation for the FY 2001 budget for School Choice/Charter School Aid is \$9.0 million, an increase of \$6.0 million (200 percent) over the FY 2000 adjusted appropriation of \$3.0 million. Language proposed in the FY 2001 recommended budget would permit use of funds appropriated for school choice/charter school aid to be used to reimburse districts for the costs of the first year of attendance of charter school pupils who were enrolled in a nonpublic school in the prior year.
- ! The recommended appropriation for the FY 2001 budget for pupil transportation is \$295.2 million, an increase of \$29.4 million (11 percent) over the FY 2000 adjusted appropriation of \$265.8 million.
- ! The total recommended budget for the Marie H. Katzenbach School for the Deaf for FY 2001 totals \$13.6 million, an increase of \$1.2 (9.4 percent) million over FY 2000 adjusted appropriation of \$12.4 million. Funding for FY 2001 includes \$3.8 million in State funding (including capital construction), \$8.6 million in tuition from local districts and \$1.2 million in federal funds. Katzenbach's tuition for FY 2001 is recommended at \$26,076 for regular day students and \$32,035 for residential pupils. The recommended tuition represents a 4.5 percent increase over the FY 2000 revised tuition amounts.
- ! The recommended appropriation for the Statewide Assessment Program for the FY 2001 budget totals \$16.7 million, an increase of \$1.96 million (13.3 percent) over the FY 2000 adjusted appropriation of \$14.7 million.

Key Points (Cont'd)

- ! A new appropriation of \$500,000 is recommended to establish a new program for teachers called "Virtual Academy." This program is designed to provide interactive workshops and online training for teachers, giving them support in bringing the Core Curriculum Content Standards into the classroom.
- ! A new appropriation of \$1.2 million is also recommended to establish Families Achieving the New Standards (FANS), a new program to help parents gain a better understanding of the Core Curriculum Content Standards.
- ! The total number of funded positions recommended for the Department of Education in FY 2001 is 1,036. Of the total funded positions, 211 will be funded from fees and revolving funds, 284 from federal funds and 541 from State funds. The total number of positions indicated for the revised FY 2000 is the payroll count as of September 1999.
- ! Recommended funding of \$128.4 million for the School Construction Renovation Program is included in the budget for the Department of the Treasury. In FY 2000, \$112.0 million was appropriated.
- ! Enrollment and support per pupil changes are as follows:

Resident enrollment estimated for FY 2001 is 1,348,440 a projected increase of 20,797 students (1.6 percent) over the revised FY 2000 enrollment figure.

Average support per pupil for all districts from all sources for the FY 2001 is estimated to be \$10,927 (local budgets, including core curriculum standards aid, debt service, transportation, all categorical aid, and pension/Social Security contributions), an increase of \$94 per pupil (.9 percent) over the revised FY 2000 amount of \$10,833.

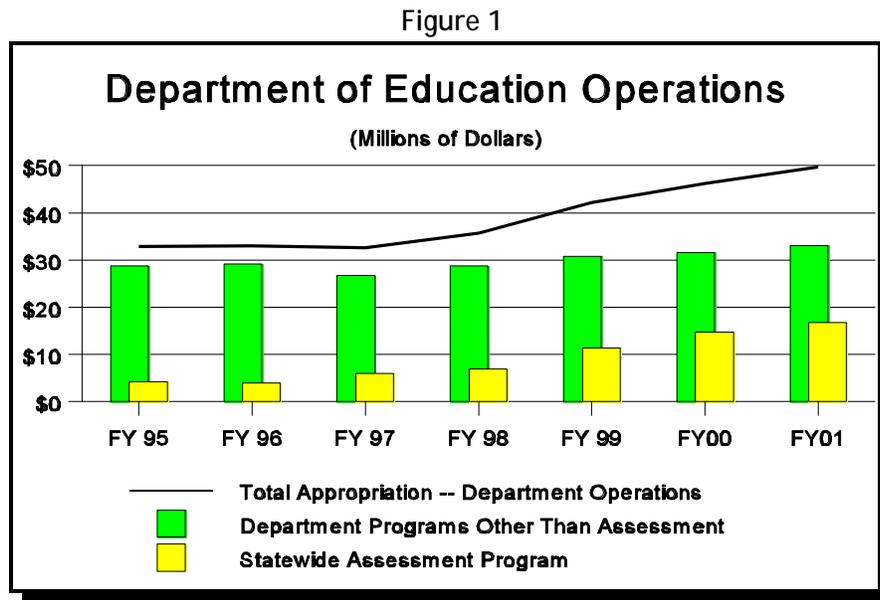
Average local share support per pupil for all districts for FY 2001 is estimated to be \$5,829, a decrease of \$184 (3.1 percent) from the revised FY 2000 amount of \$6,013.

Average State share support per pupil for all districts for FY 2001 is estimated to be \$4,869, an increase of \$275 per pupil (6.0 percent) over the revised FY 2000 amount of \$4,594.

Program Description and Overview

Department of Education Operations

The recommended FY 2001 appropriation for the Department of Education operations is \$49.8 million. The administrative responsibilities of the department staff include: the calculation and payment of State aid; the development of 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.



As shown in Figure 1, a major emphasis of the department has been the development of the new Statewide assessments tests. Of the total recommended appropriation (\$49.8 million) for departmental operations for FY 2001, \$16.7 million (33.4 percent) is recommended for use in the

Table 1: Phase-In Schedule for Statewide Assessment Tests, FY 2001

Assessment Test	Mathematics	Language Arts Literacy	Science	Social Studies	Arts	Health/Phys. Ed	World Languages
ESPA	X	X	X	X	X	Field Test	
GEPA	X	X	X	X	Field Test		
HSPA	Field Test	Field Test	Field Test	Field Test			
HSPT	X	X					

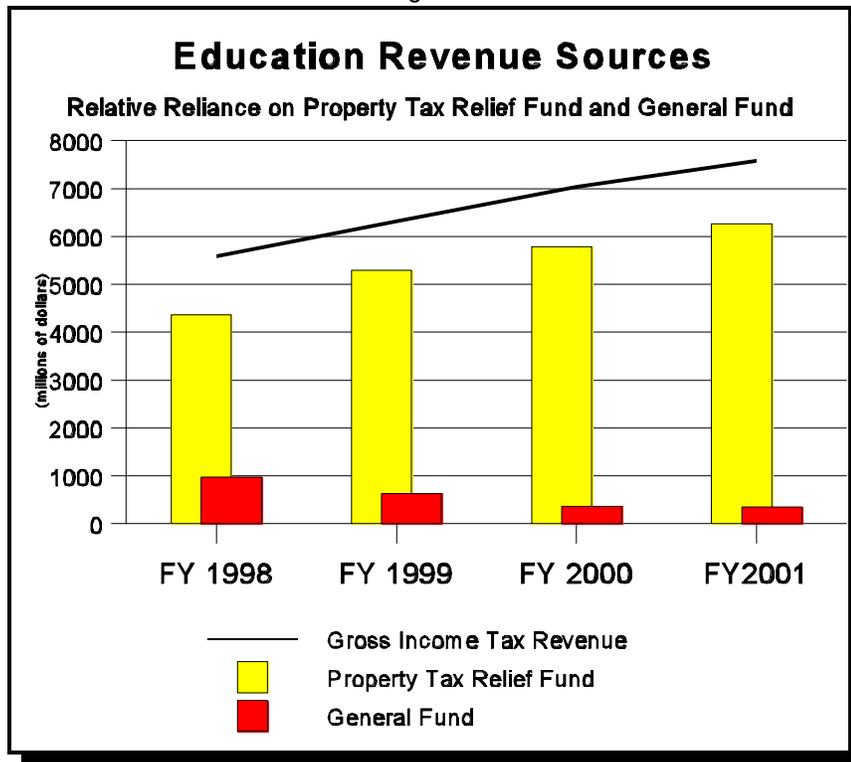
X = Test in Operation

Program Description and Overview (Cont'd)

development and administration of the department's Statewide assessment program. Statewide assessment tests are being developed and implemented in relation to the Core Curriculum Content Standards adopted in May of 1996. The scheduled phase-in of these tests began with the Grade 4 Elementary School Proficiency Assessment (ESPA) administered in the Spring of 1999. Similar assessment tests are being developed and implemented in the eighth grade, Grade Eight Proficiency Assessment (GEPA), and eleventh grade, High School Proficiency Assessment (HSPA), as shown in Table 1, providing the content area assessment test phase-in schedule for FY 2001. Also, as indicated in Table 1, the existing High School Proficiency Test will continue to be administered in FY 2001. It is scheduled to be phased-out by FY 2002.

A major program responsibility of the Department of Education is to develop and recommend appropriation amounts for State aid to school districts and to determine how the appropriated amounts are to be allocated. Under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c. 138 (C.18A:7F-1 et seq.)(CEIFA), provision is made for an ongoing review of the core curriculum content standards. It is through conformance with these standards, that CEIFA envisions the offering of an educational content in the school which will "ensure that all children are provided the educational opportunity needed to equip them for the role of citizen and labor market competitor in the contemporary setting."

Figure 2



As part of this review, the Commissioner of Education is to develop and establish through the issuance of a biennial report efficiency standards which define the types of programs, services, activities, and materials necessary to achieve a thorough and efficient education. CEIFA requires the Governor, after consultation with the commissioner, to recommend to the Legislature through

Program Description and Overview (Cont'd)

the issuance of the biennial Report on the Cost of Providing a Thorough and Efficient Education (Report) certain per pupil amounts to be used in calculating the costs of providing a thorough and efficient education in all districts in the State. Based on these per pupil amounts and an amount initially set in CEIFA for Core Curriculum Standards Aid, adjusted each year in accordance with annual percent changes in enrollment as projected by the Department of Education, and the CPI, the department develops and recommends to the Legislature appropriations which are required to provide aid to and for the school districts.

The principal source of revenue for the appropriation for aid to school districts is the Property Tax Relief Fund, which is the Fund into which receipts from the Gross Income Tax are deposited. Deposits into this Fund may be used only for property tax relief. The other major source of funds for State aid to school districts is the General Fund. Depending on the recommended total appropriation needed for funding thorough and efficient education and categorical and special aid programs and the receipts from the Gross Income Tax, appropriations from the General Fund change (see Figure 2). Since FY 1998, revenue received from the Gross Income Tax has increased 35.6 percent. Over the same time period, the appropriation from the Property Tax Relief Fund for State aid to education has increased by 43.8 percent and the appropriation from the General Fund has decreased by 63.8 percent. In FY 2001, the total recommended appropriation from all sources for the Department of Education is \$7.1 billion. This includes \$6.268 billion from the Property Tax Relief Fund, \$500.9 million from federal funds, \$354 million from the General Fund and \$18.3 million from Other Funds.

State Aid To Or On Behalf Of Local Districts

Under CEIFA, the Department of Education is responsible for recommending (through the annual budget) how the revenues available are to be distributed to school districts to achieve a thorough and efficient education. Figure 3 charts the major categories of State aid to or on behalf of local districts that in FY 2001 total \$6.439 billion. The total recommended FY 2001 appropriation is \$6.57 billion, an increase of \$468.8 million (7.7 percent) over the FY 2000 adjusted appropriation of \$6.1 billion.

The greatest amount of State aid distributed to local districts is based on a district's relative wealth and its resident enrollment -- Core Curriculum Standards Aid. The recommended FY 2001 appropriation for Core Curriculum Standards Aid is \$2.94 billion. The calculation of a district's CCSA is determined first by calculating the total amount available for CCSA. Then based on a district's wealth relative to all other districts in the State and the district's resident enrollment, a calculation is made to determine each district's CCSA entitlement, if any (see Figure 4, Core Curriculum Standards Aid by District Factor Group). Another wealth-based aid is Supplemental Core Curriculum Standards Aid (SCCSA). SCCSA is given to those districts with a low-income pupil concentration equal to or greater than 40 percent of the district's modified enrollment which have an estimated minimum equalized tax rate that exceeds by 10 percent the estimated minimum equalized tax rate for the State as a whole. This year in response to a CEIFA working group recommendation that assistance be provided to communities to stabilize the tax impact of significant changes in enrollment and wealth, an additional \$60.3 million was added to the recommended FY 2001 appropriation of \$204.0 million for SCCSA (see figure 5, Supplemental Core Curriculum Standards Aid, also by District Factor Group). The other wealth-based aid provided to districts is debt service aid. Debt service aid is provided to districts in the same proportion that Core Curriculum Standards Aid is to a district's T and E budget (regular education).

Program Description and Overview (Cont'd)

Figure 3

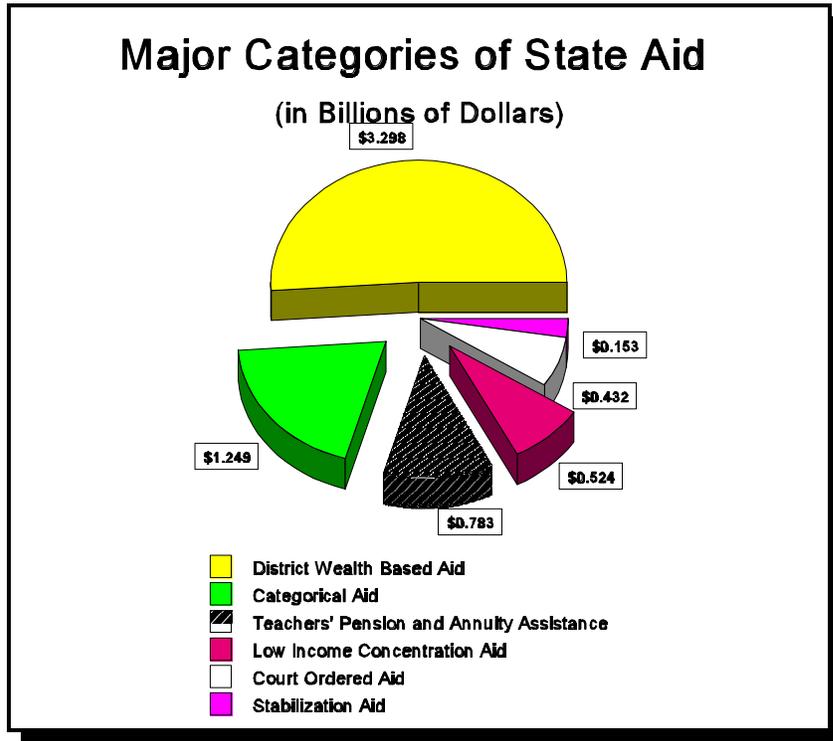
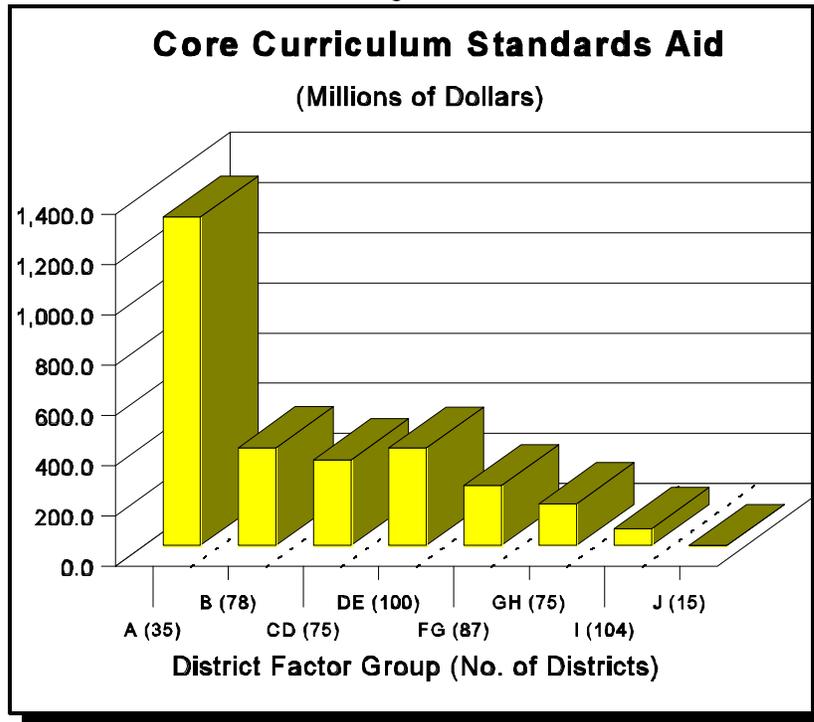
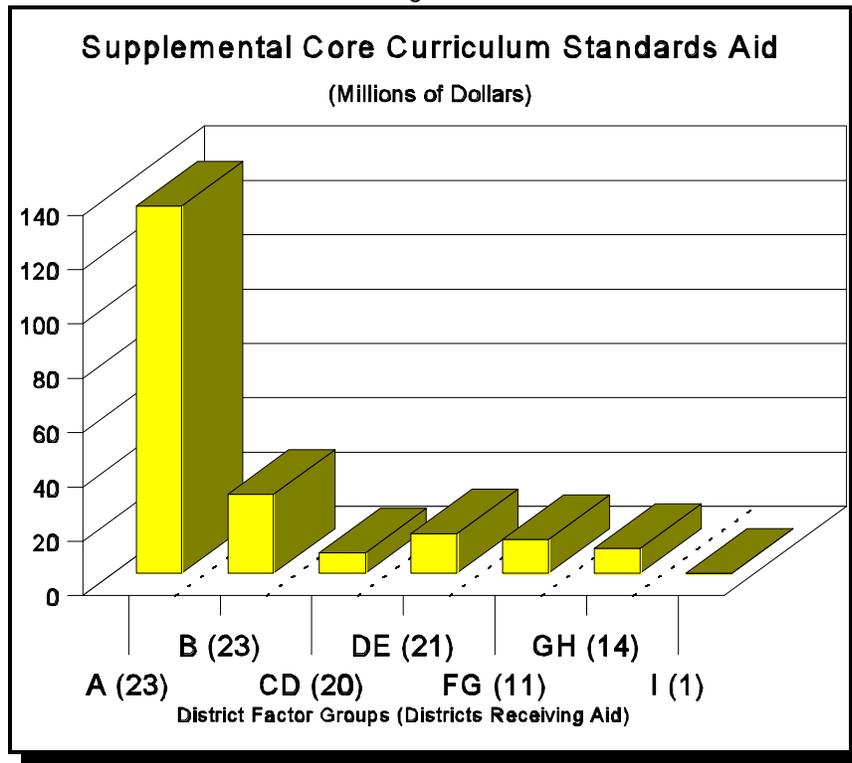


Figure 4



Program Description and Overview (Cont'd)

Figure 5



The biennial Report on the Cost of Providing a Thorough and Efficient Education issued in March of each even numbered year, in addition to recommending the T and E amounts required for a thorough and efficient education, also recommends the per pupil amounts required to support the costs of categorical and other special aid programs. The per pupil amounts recommended in this report are considered approved for two successive years beginning one year from the subsequent July 1, unless the Legislature adopts a concurrent resolution stating that it is not in agreement with all or any part of the report. Aid amounts on a per pupil basis recommended for the aid categories listed in Table 2 below are: Adult and Postsecondary Education --Adult (\$1,420), Post-Secondary (\$1,775); Bilingual Education (\$1,150); County Vocational (\$1,781); Distance Learning Network (\$43); Special Education-- Tier I (\$305, Tier II (\$3,297), Tier III (\$4,276), Tier IV (\$12,827); and Transportation-- CP1 (\$377.69), CD2 (\$10.33), CP2 (\$2,632.60), CD2 (\$5.02).

A summary of the total State aid amounts provided to the districts for some of the categorical aid items is provided in Table 2.

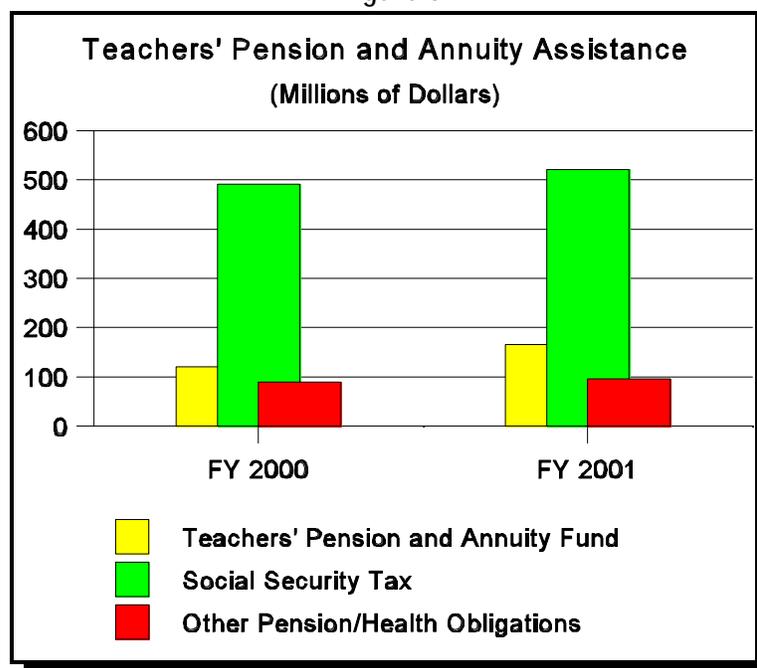
Program Description and Overview (Cont'd)

Table 2: Categorical State Aid, FY 1998 to FY 2001
(Millions of Dollars)

Aid Categories	FY 1998	FY 1999	FY 2000	FY 2001	Percent Change 98-01	Percent Change 00-01
Adlt & Postscndry	\$25.00	\$25.01	\$26.70	\$26.60	6.40%	-0.40%
Bilingual	\$57.40	\$53.20	\$55.50	\$59.30	3.31%	7.14%
Co Voc Ed	\$22.60	\$32.20	\$34.00	\$34.60	53.10%	1.86%
Dist Lrng Network	\$50.50	\$52.20	\$54.50	\$56.80	12.48%	4.41%
Spec Ed	\$585.60	\$643.90	\$692.30	\$769.50	31.40%	11.99%
Transport	\$243.90	\$261.10	\$266.80	\$296.20	21.44%	11.26%
Total	\$985.00	\$1,067.61	\$1,129.80	\$1,243.00	26.19%	10.60%

The recommended FY 2001 appropriation to assist school districts with Teachers' Pension and Annuity Assistance is \$782.97 million. As shown in Figure 6, two components make up the major portion of this State aid to school districts, Social Security Taxes and the Teachers' Pension and Annuity Fund.

Figure 6

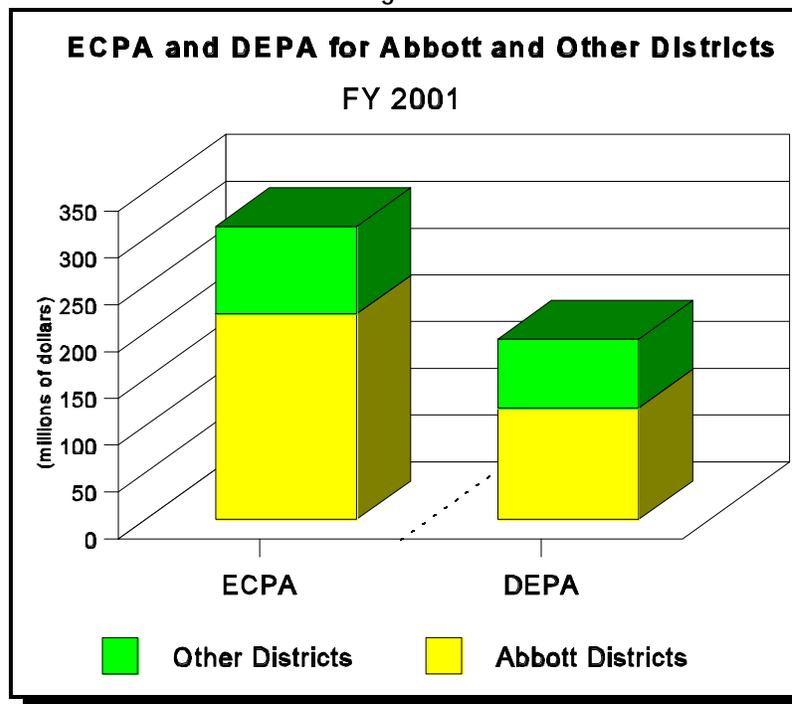


Program Description and Overview (Cont'd)

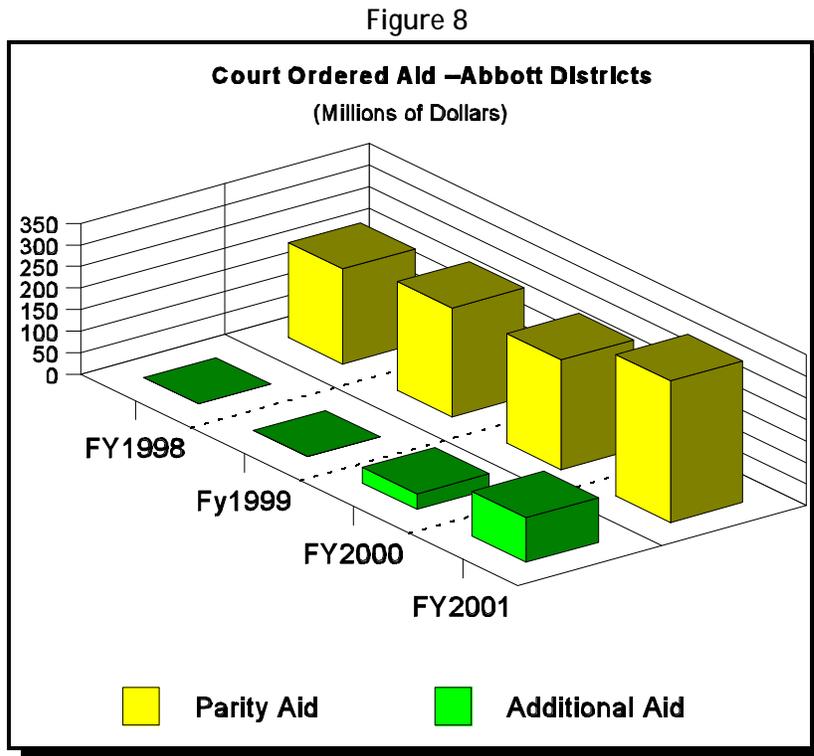
Two additional programs provide aid to districts with high concentrations of low-income pupils. Early Childhood Program Aid is given to all school districts meeting certain low-income pupil concentration rates for the purpose of providing full-day kindergarten, preschool classes and other early childhood programs and services for all the pupils in the district. The aid is calculated on a per pupil basis in accordance with the amounts set in the biennial Report. Districts which have a low-income pupil concentration equal to or greater than 20 percent and less than 40 percent of modified enrollment receive aid in FY 2001 in the amount of \$498 per district pupil. Districts which have a low-income pupil concentration equal to or greater than 40 percent receive aid in FY 2001 in the amount of \$804 per district pupil.

Demonstrably Effective Program Aid is allocated for the purpose of providing instruction, school governance, and health and social service programs to students in the schools which qualify within a district. Schools qualify for this aid by having a low-income pupil concentration equal to or greater than 20 percent and less than 40 percent of the school's modified enrollment or by having a low-income pupil concentration equal to or greater than 40 percent of the school's modified enrollment. Districts with a school or schools in the first category, receive aid in FY 2001 in the amount of \$321 per pupil in the qualifying school or schools; districts with a school or schools in the second category, receive aid in FY 2001 in the amount of \$455 per pupil in the school or schools which qualify. Early Childhood Program Aid (ECPA) and Demonstrably Effective Program Aid (DEPA) are important components of the State's efforts to achieve reform in all districts having low-income pupil concentrations, especially the Abbott districts. Figure 7 shows the recommended FY 2001 appropriation for Early Childhood Program Aid and Demonstrably Effective Program Aid by Abbot and other districts.

Figure 7



Program Description and Overview (Cont'd)



Additional State aid is distributed to the Abbott districts as a result of the May 14, 1997 court order of the New Jersey Supreme Court (see Figure 8). The court required that additional State aid be provided to the Abbott districts to increase the per pupil regular education expenditure in each of those districts to the level of average per pupil regular education expenditure of the District Factor Groups I and J districts, the 120 highest wealth districts in the State. The court also ordered that if an Abbott district provided the commissioner with evidence that it needed funding in addition to parity aid for supplemental programs and services based on the district's particularized need, then the commissioner was to make efforts to secure and provide that funding.

Under CEIFA a provision is also made for Stabilization Aid. In recognition of the fact that the adoption of a new school aid formula in 1997-1998 as well as annual fluctuations in school district wealth and enrollment would result in some districts receiving less State aid compared with the prior year than needed to continue to plan and function effectively, and that some districts might receive a greater increase in State aid compared to the prior year than that for which the district could effectively plan and budget, provisions of CEIFA permitted the department to calculate aid to provide relative stabilization in the amount of State aid a district receives from one year to the next. In addition, the Legislature has acted each year to provide additional Stabilization Aid. The categories and totals of Stabilization Aid are found in Table 3.

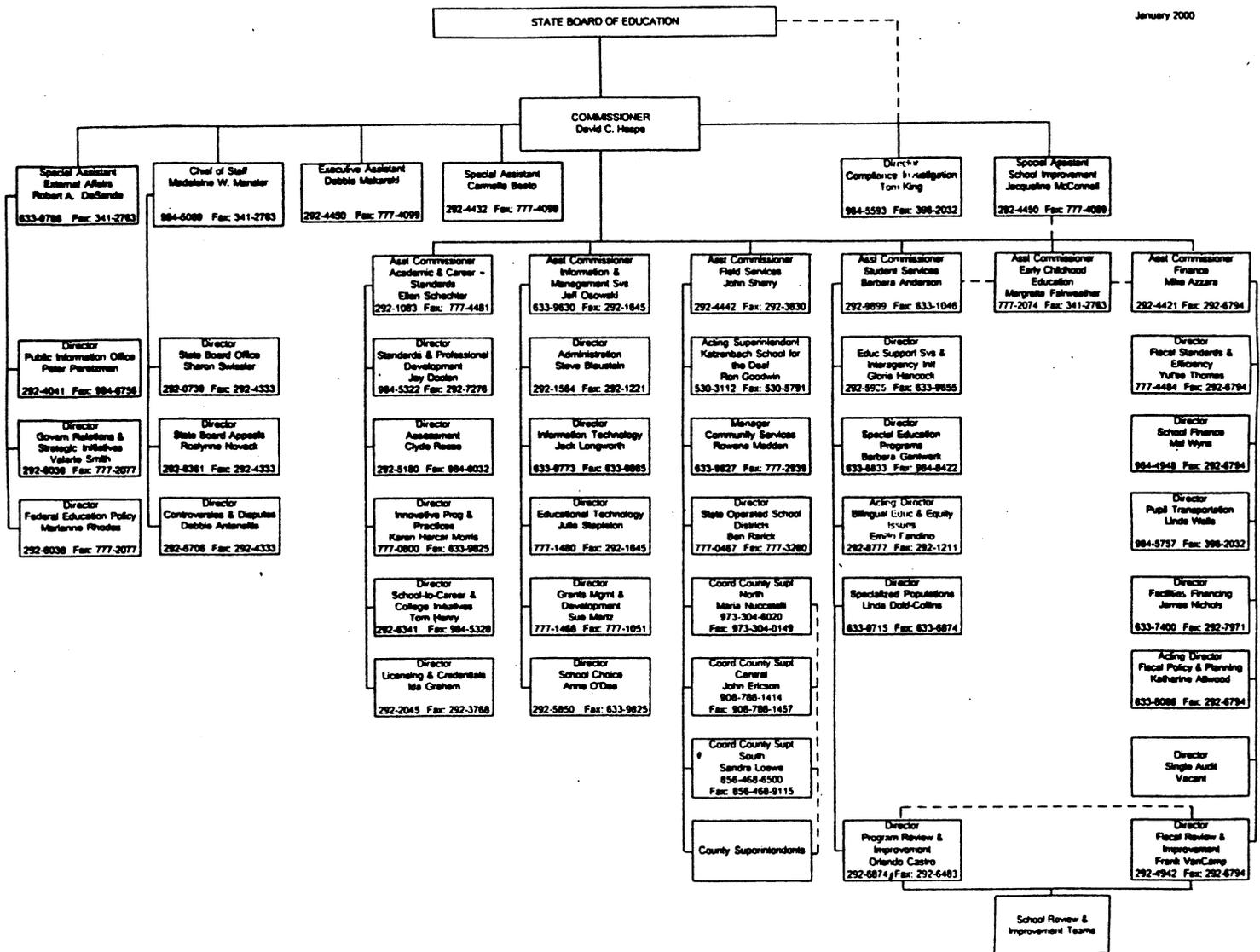
Program Description and Overview (Cont'd)

Table 3: Stabilization Aid
 FY 2000 (ad. app.) and 2001 (rec. app.)
 (thousands of dollars)

Stabilization Aid Categories	FY 2000 Adjusted Appropriation	FY 2001 Recommend Appropriation	Dollar Change FY 00 to FY01	Percent Change FY 00 to FY02
Stabilization Aid	\$31,470	\$143,641	\$112,171	356.4%
County Special Services Tuition Stabilization	\$500	\$500	\$0	0.0%
Supplemental Stabilization Aid	\$53,025	\$0	(\$53,025)	(100.0)%
Large Efficient District Aid	\$7,500	\$7,500	\$0	0.0%
Supplemental School Tax Reduction Aid	\$10,387	\$0	(\$10,387)	(100.0)%
Aid for Districts with High Senior Citizen Populations	\$921	\$921	\$0	0.0%
Stabilization Aid 2	\$32,125	\$870	(\$31,255)	(97.3)%
Stabilization Aid 3	<u>\$34,796</u>	<u>\$0</u>	<u>(\$34,796)</u>	<u>(100.0)%</u>
TOTAL	\$170,724	\$153,432	(\$17,292)	(10.1)%

Organization Chart

January 2000



Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1999	Adj. Approp. FY 2000	Recom. FY 2001	Percent Change	
				1999-01	2000-01
<u>General Fund</u>					
Direct State Services	\$41,466	\$47,427	\$49,836	20.2%	5.1%
Grants - In - Aid	1,680	2,555	3,354	99.6%	31.3%
State Aid	590,224	317,190	297,504	-49.6%	-6.2%
Capital Construction	800	1,850	3,336	317.0%	80.3%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$634,170	\$369,022	\$354,030	-44.2%	-4.1%
<u>Property Tax Relief Fund</u>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	5,297,923	5,782,762	6,268,416	18.3%	8.4%
Sub-Total	\$5,297,923	\$5,782,762	\$6,268,416	18.3%	8.4%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$5,932,093	\$6,151,784	\$6,622,446	11.6%	7.7%
Federal Funds	\$404,043	\$501,054	\$500,932	24.0%	0.0%
Other Funds	\$11,027	\$16,747	\$18,263	65.6%	9.1%
Grand Total	\$6,347,163	\$6,669,585	\$7,141,641	12.5%	7.1%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1999	Revised FY 2000	Funded FY 2001	Percent Change	
				1999-01	2000-01
State	428	436	541	26.4%	24.1%
Federal	253	237	284	12.3%	19.8%
All Other	187	186	211	12.8%	13.4%
Total Positions	868	859	1,036	19.4%	20.6%

FY 1999 (as of December) and revised FY 2000 (as of September) personnel data reflect actual payroll counts. FY 2001 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	20.5%	21.0%	21.9%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
General Fund- Core Curriculum Standards Aid	\$114,439	\$67,883	(\$46,556)	(40.7)%	D-115
Property Tax Relief Fund-Core Curriculum Standards Aid	<u>\$2,730,623</u>	<u>\$2,873,956</u>	<u>\$143,333</u>	5.2%	D-115
TOTAL	\$2,845,062	\$2,941,839	\$96,777	3.4%	D-115

Under CEIFA an increase in Core Curriculum Standards Aid (CCSA) is based on changes in the Consumer Price Index (CPI) in the fiscal year preceding the prebudget year and Statewide enrollment growth as projected by the department between the prebudget and budget years. The increase in Core Curriculum Standards Aid is based on a 1.64 percent CPI increase and a 1.76 percent projected enrollment increase.

Abbott v. Burke Parity Remedy Aid	\$254,433	\$328,004	\$73,571	28.9%	D-115
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This aid category is allocated to the 30 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 expenditure 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 actual average per pupil education expenditure of the District Factor Groups I and J districts for FY 2000 is \$8,963 and the estimated average per pupil regular education expenditure of the District Factor Groups I and J districts for FY 2001 is \$9,141.

Additional <u>Abbott v. Burke State Aid</u>	\$37,000	\$104,000	\$67,000	181.1%	D-116
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This aid will be allocated by the commissioner based on his evaluation of the supplemental funding requests of the Abbott districts in accordance with the districts' demonstration of particularized need. Of the total recommended amount, \$22.8 million of this aid is for the Newark School District to balance the district budget.

Supplemental Core Curriculum Standards Aid	\$143,741	\$204,041	\$60,300	42.0%	D-115
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Under section 17 of CEIFA, Supplemental Core Curriculum Standards Aid is provided to school districts which have a concentration of low-income pupils equal to or greater than 40 percent of the district's modified enrollment and a minimum equalized tax rate that exceeds by 10 percent the estimated minimum equalized tax rate for the State as a whole. In FY 2001, Supplemental Core

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Curriculum Standards Aid will be provided as well to districts which have a T & E budget (regular education) tax rate in excess of \$1.72 per \$100 in equalized property valuation per pupil in an amount necessary to reduce those districts' T & E budget tax rate to \$1.72 per \$100 in equalized property valuation per pupil. The increase of \$63.0 million in the recommended FY 2001 appropriation implements a recommendation of a CEIFA workgroup to provide additional aid to districts with high T & E tax rates.

Early Childhood Aid	\$312,707	\$313,321	\$614	0.2%	D-115
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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 (Biennial Report). 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 \$498 per pupil in 2000-2001. Districts with concentrations of low-income pupils equal to or greater than 40 percent will receive \$803 per pupil. The aid is to be used to provide full-day kindergarten and preschool classes and other early childhood programs and services. 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.

Demonstrably Effective Program Aid	\$190,491	\$192,874	\$2,383	1.3%	D-117
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This increase is attributable to an increase in the per pupil amount for DEPA as recommended in the 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 \$321 per pupil, while schools with low-income enrollments equal to or greater than 40 percent receive \$455 per pupil.

Instructional Supplement	\$16,600	\$17,533	\$933	5.6%	D-115
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The recommended FY 2001 appropriation for 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 the 2000-2001 school year, districts will receive an allocation based on the number of pupils from low-income families multiplied by \$363 per pupil, an increase of \$6 over the per pupil amount of \$357 in FY 2000.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Stabilization Aid	\$31,470	\$143,641	\$112,171	356.4%	D-115
County Special Services Tuition Stabilization	\$500	\$500	\$0	0.0%	D-115
Supplemental Stabilization Aid	\$53,025	\$0	(\$53,025)	(100.0)%	D-115
Large Efficient District Aid	\$7,500	\$7,500	\$0	0.0%	D-115
Supplemental School Tax Reduction Aid	\$10,387	\$0	(\$10,387)	(100.0)%	D-115
Aid for Districts with High Senior Citizen Populations	\$921	\$921	\$0	0.0%	D-116
Stabilization Aid 2	\$32,125	\$870	(\$31,255)	(97.3)%	D-116
Stabilization Aid 3	<u>\$34,796</u>	<u>\$0</u>	<u>(\$34,796)</u>	<u>(100.0)%</u>	D-116
TOTAL	\$170,724	\$153,432	(\$17,292)	(10.1)%	

The recommended FY 2001 appropriation for aid categorized as Stabilization Aid represents a decrease from the FY 2000 adjusted appropriation. The recommended FY 2001 appropriation for Supplemental Core Curriculum Standards Aid to assist certain districts in reducing their T & E tax rate, is similar in impact to Stabilization Aid that was provided in FY 2000 under the Supplemental School Tax Reduction Aid (see pages 16-17 and 43-44 of this budget analysis).

Aid for Enrollment Adjustments

	\$11,896	\$34,423	\$22,527	189.4%	D-116
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The aid is used to fund State aid increases to districts to reflect enrollment adjustments pursuant to the provisions of section 5 of CEIFA. 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. Enrollment Statewide increased by approximately 29,000 students from FY 1999 to FY 2000.

Non-Public School Aid	\$88,540	\$93,068	\$4,528	5.1%	D-115
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Non-Public School Aid provides assistance to boards of education in public school districts to reimburse these districts for expenses they are required to incur on behalf of students who are enrolled in grades K-12 in a nonpublic school within the district in the following categories: text book aid; auxiliary services aid; handicapped aid; auxiliary/ handicapped transportation aid; nursing

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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services aid; and technology initiative aid. A portion of the total increase is attributable to fully funding text book aid and auxiliary/handicapped transportation aid.

Character Education	\$0	\$4,750	\$4,750	—	D-115
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This aid is used to fund a new initiative of the Department of Education to incorporate character education into the curriculum of the New Jersey Schools.

Teacher Quality Mentoring	\$0	\$8,700	\$8,700	—	D-115
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This aid is used to fund a new initiative of the Department of Education to support a partnership between the department and the New Jersey Education Association to expand the current teacher mentoring program from a one-year to a two-year program and to provide more resources to districts with which to develop a stronger mentoring program for all new teachers.

Educational Information and Resource Center	\$400	\$0	(\$400)	(100.0)%	D-116
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No appropriation is recommended for the Educational Information and Resource Center (EIRC) in FY 2001. These funds were added by the Legislature in FY 2000. 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 2000. 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.

Payments for Institutionalized Children-Unknown District of Residence	\$12,356	\$13,778	\$1,422	11.5%	D-116
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The increase in aid reflects an increase in the cost for and the number of institutionalized children for which a district of residence cannot be determined in FY 2001.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Wallington Total Language Immersion	\$75	\$0	(\$75)	(100.0)%	D-116
Ocean Township Supplemental State Aid	\$200	\$0	(\$200)	(100.0)%	D-117
Sussex-Wantage Regional School Elevator	\$100	\$0	(\$100)	(100.0)%	D-117
Hunterdon Central Regional High School Elevator Construction	\$250	\$0	(\$250)	(100.0)%	D-117
Totowa Board of Education -- ADA Improvements	\$85	\$0	(\$85)	(100.0)%	D-117
Woodland Township Supplemental State Aid	\$220	\$0	(\$220)	(100.0)%	D-117
TOTAL	\$930	\$0	(\$930)	(100.0)%	D-116 & D-117

Funds for the 6 programs listed above are not recommended in FY 2001. These funds were added to the FY 2000 budget by the Legislature either as a line item or a language authorization.

Distance Learning Network Aid	\$54,473	\$56,812	\$2,339	4.3%	D-116
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The aid increase reflects an increase in pupil enrollment for the 2000-2001 school year and an increase in the per pupil amount from \$42 to \$43 as recommended in the Biennial Report. Distance Learning Network Aid is the additional cost per pupil provided to school districts to improve their network infrastructure. The aid was set at \$40 in 1997-1998. Distance Learning Network Aid is to be provided for five years, beginning in the 1997-98 school year and ending in the 2001-2002 school year.

Bilingual Education Aid	\$55,473	\$59,250	\$3,777	6.8%	D-117
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Bilingual Education Aid provides categorical aid for each school district and county vocational school district. This aid is allocated on the basis of the number of bilingual education pupils enrolled in the district multiplied by the FY 2001 bilingual per pupil amount of \$1,150.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Special Education Aid	\$682,251	\$759,517	\$77,266	11.3%	D-117
Extraordinary Special Education Costs Aid	\$10,000	\$10,000	\$0	0.0%	D-117
TOTAL	\$692,251	\$769,517	\$77,266	11.2%	D-117

CEIFA established four classification tiers for special education categorical aid. The cost per pupil in each Tier is set by the Biennial Report and then inflated in the second year by the percent increase in the CPI. The per pupil amounts for the Tiers for FY 2001 are as follows: Tier I -- \$305; Tier II -- \$3,201; Tier III -- \$4,276; and Tier IV -- \$12,827. The increased FY 2001 appropriation reflects an increase in the number of pupils classified for Special Education Aid and an increased amount for each tier due to the CPI adjustment. Extraordinary Special Education Costs Aid is provided, under certain circumstances, to districts whose costs of educating a special education pupil is in excess of \$40,000, in the amount of the cost to the district which is in excess of \$40,000.

**Stabilization Growth
Limitation**

\$31,063	\$67,815	\$36,752	118.3%	D-117
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Stabilization Growth Limitation is the amount by which the State aid entitlement of a school district is reduced based on the provisions in CEIFA limiting the amount by which a district's State aid is permitted to grow from one year to the next. Under CEIFA, "Stabilization aid growth limit" means 10% or the rate of growth in the district's projected resident enrollment over the prebudget year, whichever is greater. The total amount of \$67.8 million represents a reduction in aid to 191 districts which exceeded their Stabilization Aid growth limit.

**Marie H. Katzenbach
School for the Deaf**

\$10,806	\$11,678	\$872	8.1%	D-123
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Funding for FY 2001 includes \$3.1 million in State funding, and \$8.6 million in tuition receipts. Katzenbach's gross cost per pupil is projected to increase from \$43,456 to \$44,608, a 2.5 percent increase. The State's contribution on a per pupil basis is projected to increase from \$12,984 to \$13,038 (0.4 percent); and payments from local school boards are expected to increase by 4.5 percent for Regular Day Pupils (\$24,953 to \$26,076) and Residential Pupils (\$30,655 to \$32,035).

**Program for the
Behaviorally Difficult
Deaf Pupil**

\$668	\$918	\$250	37.4%	D-123
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This program is included in the overall \$11.7 million operating budget of the Katzenbach School. The program will continue for its fifth year with a projected enrollment of 10 residential students. This program is funded entirely from tuition receipts paid by school districts which send these pupils to the Katzenbach School.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Total Capital Construction - Katzenbach School	\$460	\$746	\$286	62.2%	D-123
The recommended FY 2001 appropriation for Capital Construction for the Katzenbach School is \$746,000, an increase of \$286,000 (62.2 percent) over the FY 2000 adjusted appropriation of \$460,000. The appropriated amount will be used to upgrade campus lighting and replace the vocational high school air conditioning unit.					
General Vocational Education-State Aid	\$34,089	\$34,608	\$519	1.5%	D-126
General Vocational Education-Federal Funds	\$30,161	\$30,161	\$0	0.0%	D-126
TOTAL	\$64,250	\$64,769	\$519	0.8%	D-126

The recommended FY 2001 State appropriation for General Vocational Education is \$34.6 million, an increase of \$519,000 (1.5 percent) over the FY 2000 adjusted appropriation of \$34 million. Under federal law, the State is required to match the federal grant award on a dollar for dollar basis and also provide a maintenance of effort equal to, or greater than, the amount of effort in the prior fiscal year. Since County Vocational Program Aid is a categorical aid program, the cost per pupil is adjusted each year to reflect the change in the CPI. The cost per pupil for FY 2001 is increased to \$1,781 from the FY 2000 cost per pupil of \$1,751. Enrollment in secondary vocational education for FY 2001 is expected to increase to 143,955, an increase of 2,545 pupils (1.8 percent) over the FY 2000 revised number of 141,410 pupils.

**Statewide Assessment
Program (grades 4, 8,
11)**

	\$14,729	\$16,688	\$1,959	13.3%	D-130
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The 13.3 percent increase in funding represents additional funds recommended 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).

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Virtual Academy	\$0	\$500	\$500	—	D-130

The recommended FY 2001 appropriation of \$500,000 to establish a Virtual Academy is based on the Department of Education's recognition that teachers need to be supported in their efforts to assist students in achieving academic success. The program will offer interactive workshops and online training for teachers.

Governor's School	\$955	\$1,504	\$549	57.5%	D-130
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A new school, Ramapo College-Governor's School on International Issues, is to be established in FY 2001, increasing the total number of Governor's Schools to five.

Advisory Council on Holocaust Education	\$201	\$144	(\$57)	(28.4)%	D-130
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The recommended FY 2001 appropriation for the Advisory Council on Holocaust Education is \$144,000, a decrease of \$57,000 (28.4 percent) from the FY 2000 adjusted appropriation of \$201,000. The Legislature added \$57,000 to the Governor's recommended FY 2000 appropriation.

N.J. Business-Industry- Science Education Consortium	\$150	\$0	(\$150)	(100.0)%	D-130
Arts Programs for Teenagers	\$100	\$0	(\$100)	(100.0)%	D-130
The Children's Institute	\$150	\$0	(\$150)	(100.0)%	D-130
Community School of Bergen County	<u>\$200</u>	<u>\$0</u>	<u>(\$200)</u>	(100.0)%	D-130
TOTAL	\$600	\$0	(\$600)	(100.0)%	D-130

Funds for the 4 programs listed above are not recommended in FY 2001. These funds were added to the FY 2000 budget by the Legislature.

School Choice/Charter School Aid	\$3,000	\$9,000	\$6,000	200.0%	D-131
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Of the total FY 2001 appropriation of \$9 million, \$3.8 million is to provide State aid to districts during the initial year of enrollment of charter school pupils who were previously enrolled in a nonpublic school, \$3 million for the expansion of kindergarten classes of charter schools in Abbott districts from half- to full-day programs, and \$2.8 million for the costs of the School Choice

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Program. The FY 2000 adjusted appropriation of \$3 million was added to provide funding for the expansion of kindergarten classes of charter schools in Abbott districts from half- to full- day programs in FY 2000.

Pupil Transportation	\$266,789	\$296,156	\$29,367	11.0%	D-131
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The FY 2000 adjusted appropriation represents funding for pupil transportation at 93.47 percent of each eligible district's entitlement as calculated under section 25 of CEIFA. The recommended FY 2001 appropriation represents funding at 100 percent of the amount required under CEIFA.

School Building Aid

Debt Service	\$7,147	\$6,473	(\$674)	(9.4)%	D-131
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The reduction in State funding reflects a decrease in debt service obligations due to the scheduled retirement of a portion of the debt of 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. It is anticipated that, based on the payment schedules for the bonds, the annual appropriation for this aid program will decrease annually until the bonds have been fully paid.

School Building Aid	\$149,117	\$152,463	\$3,346	2.2%	D-131
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The recommended FY 2001 appropriation for School Building Aid is \$152.5 million, an increase of \$3.3 million (2.2 percent) over the FY 2000 adjusted appropriation of \$149.1 million. The increase in aid is attributable to a Statewide increase in districts' debt service payments.

Teachers' Pension and Annuity Fund

	\$119,948	\$165,070	\$45,122	37.6%	D-131
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Social Security Tax	\$491,368	\$521,300	\$29,932	6.1%	D-131
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Minimum Pension for Pre-1955 Retirees

	\$6	\$2	(\$4)	(66.7)%	D-131
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Additional Health Benefits

	\$19,916	\$27,056	\$7,140	35.9%	D-131
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Debt Service on Pension Obligation Bonds

	\$69,191	\$69,545	\$354	0.5%	D-131
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TOTAL	\$700,429	\$782,973	\$82,544	11.8%	D-131
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The total recommended FY 2001 appropriation for Teachers' Pension and Annuity Assistance is \$782.97 million, an increase of \$82.5 million (11.8 percent) over the FY 2000 adjusted

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2000</u>	<u>Recomm. FY 2001</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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appropriation of \$700.4 million. The recommended funding for the Teachers' Pension and Annuity Fund (\$165.1 million) pays the cost of post-retirement medical benefits. The normal contribution is paid from excess valuation assets. The recommended FY 2001 appropriation for Additional Health Benefits is \$27 million, an increase of \$7.1 million (35.9 percent) over the FY 2000 adjusted appropriation of \$19.9 million. The appropriation for Additional Health Benefits pays the costs for post-retirement medical benefits for retired members of boards of education pursuant to P.L. 1992, c.126. The account is funded on a pay-as-you-go basis.

Whole School Reform -- Incentive Grants	\$5,000	\$12,000	\$7,000	140.0%	D-131
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This appropriation is used to provide oversight and support to schools in the Abbott districts in implementing Whole School Reform and other directives of the New Jersey Supreme Court. Pursuant to the schedule of the Department of Education for implementing Whole School Reform in the kindergarten through fifth grade schools, an additional 240 schools in the Abbott districts are to implement Whole School Reform in FY 2001. The recommended increase of \$7 million will provide Whole School Reform Incentive Grants for these schools.

Compliance and Auditing	\$200	\$0	(\$200)	(100.0)%	D-134
Internal Auditing	\$575	\$0	(\$575)	(100.0)%	D-134
TOTAL	\$775	\$0	(\$775)	(100.0)%	D-134

The FY 2000 adjusted appropriation of \$200,000 for Auditing and \$575,000 for Internal Auditing represent the amounts authorized under FY 2000 budget language. As in FY 2000, recommended FY 2001 budget language provides that additional sums as may be necessary for the Department of Education to conduct comprehensive compliance investigations and for the cost of the internal audit function in a State-operated school district are appropriated subject to the recommendation of the Commissioner of Education and the approval of the Director of the Division of Budget and Accounting.

Fire Sprinkler Systems, Various Regional Day Schools	\$0	\$1,500	\$1,500	—	D-135
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The recommended FY 2001 appropriation for Administration and Support Services Capital Construction is \$2.6 million, an increase of \$1.2 million (86.3 percent) over the FY 2000 adjusted appropriation of \$1.4 million. Within this Fund, a new \$1.5 million appropriation is recommended for Fire Sprinkler Systems, Various Regional Day Schools.

Language Provisions

2000 Appropriations Handbook

p. D-4

Of the amount hereinabove for Core Curriculum Standards Aid, an amount equal to the total earnings of investments of the School Fund shall first be charged to such fund.

2001 Budget Recommendations

p. D-118

Of the amount hereinabove for Core Curriculum Standards Aid, the amount of total earnings of investments of the School Fund in excess of the amount allocated for School Construction and Renovation shall first be charged to such Fund.

Explanation

The School Fund is established in Article VIII, Section IV of the New Jersey Constitution for the support of free public education. Only the income of the fund may be annually appropriated for the support of education. The recommended FY 2001 budget language provides that from the earnings of the School Fund an amount is to be allocated first for School Construction and Renovation and the remaining amount to be used for Core Curriculum Standards Aid. Recommended FY 2001 budget language on p. D-444 provides that \$4.5 million of the total earnings of investments of the School Fund are to be allocated for School Construction and Renovation.

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p. D-4

Notwithstanding the provisions of section 29 of P.L.1996, c.138 (C.18A:7F-29), the amount appropriated hereinabove for Rewards and Recognition shall be made available to qualifying schools based upon a per pupil amount for the projected number of pupils enrolled in qualifying schools for the budget year in the grade levels eligible to take the most recent eighth grade early warning test and the high school proficiency test.

2001 Budget Recommendations

p. D-118

Notwithstanding the provisions of section 29 of P.L. 1996, c. 138 (C. 18A:7F--29), the amount appropriated hereinabove for Rewards and Recognition shall be made available to qualifying schools based upon a per pupil amount for the projected number of pupils enrolled in qualifying schools for the budget year in the grade levels eligible to take the most recent Grade Eight Proficiency Assessment Test and the High School Proficiency Test. The Commissioner shall make such adjustments as are necessary when comparing the Grade Eight Proficiency Assessment Test results for a school to the Early Warning Test results for a school in order to provide districts rewards for attaining absolute success and significant progress towards high student academic achievement.

Language Provisions (Cont'd)

Explanation

The recommended FY 2001 budget language takes into consideration that a new assessment test for eighth grade students, the Grade Eight Proficiency Assessment Test, is being used. In addition, budget language provides the commissioner flexibility in allocating the \$10 million for the Academic Achievement Reward Program to districts, under section 29 of the "Comprehensive Educational Improvement and Financing Act," (CEIFA) P.L. 1996, c. 138, in the event adjustments are necessary when comparing the results of the new assessment test and the old assessment test. This is most likely to be the case for the reward for significant progress which is based on a comparison of the previous year's scores with the most current scores, in this case comparing scores on the Early Warning Test with the results on the Grade Eight Proficiency Assessment Test.



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2001 Budget Recommendations

No comparable language

p. D-119

The amount hereinabove for Teacher Quality Mentoring shall be paid to districts at the rates of \$1,750 for new alternative route teachers and \$1,350 for new traditional route teachers in the first year of program operation.

Explanation

The recommended FY 2001 appropriation for Teacher Quality Mentoring is \$8.7 million. The recommended FY 2001 budget language provides that districts would receive State aid of \$1,750 for mentoring each newly-employed alternate route teacher and \$1,350 for mentoring each newly-employed teacher who is a graduate of a college teacher education program in the first year of program operation. The decision to include mentoring for each newly-employed teacher who is a graduate of a college teacher education program was based on the positive results of the existing mentoring program for alternate route teachers. The new mentoring program funded by the State, will be a two-year program. In the existing one year program, the alternate route teacher assumes any applicable costs that may be charged for the mentoring program.



Language Provisions (Cont'd)

2000 Appropriations Handbook2001 Budget Recommendations

No comparable language

p. D-119

The amount hereinabove for the Character Education program shall be made available to school districts according to a formula to be administered by the Commissioner which will assure that each district that elects to participate shall receive funding for at least one school. Of the amount appropriated hereinabove, up to \$100,000 may be used to fund the costs of operating this program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended appropriation for Character Education for FY 2001 is \$4.75 million. The recommended FY 2001 budget language indicates that the amount appropriated will be allocated in a manner to assure that each district electing to participate in this program will receive funding for at least one school. If every district elects to participate, each district would receive approximately \$8,000.

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In addition to the aid provided hereinabove, there is appropriated such amount as may be necessary to enable the department to distribute supplementary State aid to reimburse any school district which was previously involved in a sending-receiving relationship with an "Abbott district" for the education of its grade 9-12 students but which subsequently joined a limited purpose regional school district for grades 9-12 as approved by both school districts during the 1996-97 school year. The additional aid shall be distributed to the district to fund any remaining tuition obligation to the "Abbott district" which the district incurred through the 1996-97 school year and any outstanding tuition obligation to the limit-

No comparable language

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ed purpose regional school district which the district incurred for the 1997-98 school year. The additional aid received shall be an adjustment to the district's spending growth limitation. 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 the 1999-2000 school year and shall file a revised certificate and report of school taxes from A4P with its county board of taxation.

Explanation

The obligations for which State aid was received under the budget language in FY 2000 have been paid and no further budget language is required.



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The expenditures associated with the amounts appropriated herein for Abbott v. Burke Parity Remedy Aid shall not be included in the calculation of the actual cost per pupil for tuition purposes, pursuant to a sending/receiving agreement.

The expenditures associated with the amounts appropriated herein for Abbott v. Burke Parity Remedy Aid and Additional Abbott v. Burke State Aid shall not be included in the calculation of the actual cost per pupil for tuition purposes, pursuant to a sending/receiving agreement.

Explanation

Pursuant to N.J.S.18A:38-19, "the board of education of the receiving district shall determine a tuition rate to be paid by the board of education of the sending district to an amount not in excess of the actual cost per pupil as determined under rules prescribed by the commissioner and approved by the state board, . . ." The FY 2001 budget language provides that the aid received by an Abbott district under the Abbott v. Burke Parity Remedy Aid and Additional Abbott v. Burke State Aid is not to be included in the calculation of the actual cost per pupil when establishing tuition amounts. The FY 2001 budget language includes the Additional Abbott v. Burke State Aid which was not a part of the FY 2000 budget language.



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Pursuant to subsections c. and h. of section 10 of P.L.1996, c.138 (C.18A:7F-10), any district which received Supplemental Stabilization Aid in 1998-99 shall receive an amount equal to that received in 1998-99.

No comparable language

Explanation

The FY 2001 budget does not recommend an appropriation for Supplemental Stabilization Aid. Budget language regarding Stabilization Aid for FY 2001 is found on pages D-120 and D-121 and on pages 38-39 and 41-43 of this budget analysis.

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Notwithstanding any other law to the contrary, when calculating the State aid adjustments for 1998- 1999 pursuant to subsection a. of section 5 of P.L.1996, c.138 (C.18A:7F-5), 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,

No comparable language.

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Transportation Aid, Aid for Adult, Postgraduate and Post-Secondary 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

FY 2001 budget language for Stabilization Aid is found on pages D-120 and D-121 and on pages 38-39, 41-42 of this budget analysis.



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Notwithstanding the provisions of subsection d. of section 10 of P.L.1996, c.318 (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 an additional \$750,000 per school district.

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 \$1,250,000 per school district. For the purposes of calculating stabilization aid, aid received pursuant to the provisions of that subsection shall not be included in the amounts to be paid for the budget year.

Explanation

Subsection d. of section 10 of CEIFA, provides that each school district qualifying for additional supplemental stabilization aid under that subsection (Large Efficient District Aid) is to receive \$500,000. The FY 2000 budget language increased the amount to \$750,000. The recommended FY 2001 budget language increases that amount further to \$1,250,000, an increase of \$500,000 over the amount provided in FY 2000, and \$750,000 over the amount provided in CEIFA. Additionally, the recommended FY 2001 budget language provides that the aid is not to be included in the amounts to be paid for the budget year when calculating Stabilization Aid -- Stabilization Aid is to be calculated first and any amount received under this subsection is added after stabilization aid, if any, is provided a district.



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No comparable language.

Each district eligible for State aid pursuant to subsection d. of section 10 of P.L. 1996, c.138 (C.18A:7F--10) shall be entitled to receive aid in the amount calculated pursuant to the provisions of P.L. 1999, c.438, or \$1,250,000 per school district, whichever is greater.

Explanation

The recommended budget language provides that a district eligible for Large Efficient District Aid under subsection d. of section 10 of P.L. 1996, c. 138 (CEIFA) which is also eligible for regionalization incentive aid pursuant to P.L.1999, c.438 (C.18A:7F-32.1), shall receive regionalization incentive aid or the amount provided under the recommended FY 2001 budget language for Large Efficient District Aid, \$1,250,000, whichever is more.



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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

No comparable language.

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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 1 percent of the district's net budget for the 1998-99 school year. For this purpose the Abbott v. Burke Parity Remedy Aid adjustments for the 1998-99 school year shall be applied to state aid payable for the 1999-2000 school year.

Explanation

Recommended FY 2001 budget language for Stabilization Aid is found on pages D-120 and D-121 and pages 38-39 and 41-43 of this budget analysis.



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Notwithstanding any other law to the contrary, districts which experienced an average annual increase in enrollment over the past 6 years from October 15, 1998 and October 15, 1992 as determined by the commissioner shall receive Stabilization Aid III 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 Post-Secondary Programs, Academic Achievement Rewards and Stabilization Aid II received in the 1998-99 school year and the sum of the same categories to be received in the 1999-2000 school year, when the amount of the aid decrease divided by the district's equalized

No comparable language

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valuation determined pursuant to section 3 of P.L.1996 c.138 (C.18A:7F-3) rounds to an amount that is equal to or greater than .0002. For this purpose the amount of Stabilization Aid II received in the 1999-2000 school year shall be calculated as if the decrease in aid in accordance with the requirements of that paragraph had limited the decrease to 2 percent of the district's net budget for the 1998-99 school year and the Abbott v. Burke Parity Remedy Aid adjustments for the 1998-99 school year shall be applied to State aid payable for the 1999-2000 school year.

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Explanation

Recommended FY 2001 budget language for Stabilization Aid is found on pages D-120 and D-121 and pages 38-39 and 41-43 of this budget analysis.

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Notwithstanding any other law to the contrary, "district income" for the purposes of section 14 of P.L.1996, c.138 (C.18A:7F-14) shall mean the aggregate of total income reported on NJ-1040 for 1996 and all public assistance including Aid for Families with Dependent Children for 1996 of the residents of the taxing district or taxing districts.

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p. D-120

Notwithstanding any other law to the contrary, "district income" for the purposes of Section 14 of P.L.1996, c.138 (C.18A:7F-14) shall mean the aggregate of total income reported on NJ-1040 for 1997 and all public assistance including Temporary Assistance to Needy Families for 1997 of the residents of the taxing district or taxing districts.

Explanation

The change in recommended FY 2001 budget language is due to the change in the name of the federal welfare program providing public assistance, from Aid for Families with Dependent Children to Temporary Assistance to Needy Families, and to the change in the date of the State Income Tax form used to measure school district income from NJ--1040 for 1996 to NJ--1040 for 1997.

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Pursuant to subsection a. of section 5 of P.L.1996, c.138 (C.18A:7F-5), 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 sections 12 through 15 of P.L.1996, c.138 (C.18A:7F-12 through 18A:7F-15) and based upon this indexed amount of Statewide available Core Curriculum Standards Aid. Corrections made after January 27, 1999 to Core Curriculum Standards Aid and Debt Service Aid resulting from a correction of the October 15, 1998 pupil counts, district income or any other discrepancy shall be calculated using the multipliers and county shares established on January 27, 1999 pursuant to subsection a. of section 14 of P.L.1996, c.138 (C.18A:7F-14) and the other language in this paragraph. The percentage concentration of

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Pursuant to subsection a. of section 5 of P.L.1996, c.138 (C.18A:7F-5), the net amount hereinabove appropriated for 1999-00 enrollment adjustments in the Aid for Enrollment Adjustments and Debt Service account shall be determined by using the actual October 15, 1999 pupil counts to recalculate the State aid amounts payable to each district for the 1999-00 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 1999-00 school year for each aid category based upon the projected October 15, 1999 pupil counts. For the purposes of this recalculation, the State's Core Curriculum Standards Aid contribution for the 1999-00 school year shall be determined by indexing the amount for the 1998-99 school year by the sum of 1.0, the CPI and the actual State average enrollment growth percentage between the 1999-00 and 1998-99 school years and the Core Curriculum Standards Aid amount payable to each district shall be calculated using the October 15, 1999 pupil counts, the formulas and criteria contained in sections 12 through 15 of P.L.1996, c.138 (C.18A:7F-12 through 18A:7F-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 1999-2000 school year. The percentage concentration of low income pupils for individual schools in operation on

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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 Supplemental Aid shall remain the same as the percentage concentration ordinarily determined for the 1998-99 school year. The percentage concentration of low income pupils for individual schools in operation on October 15, 1998 that would otherwise qualify for Demonstrably Effective Program Aid that were not in operation on October 15, 1997 shall be redetermined based upon the actual October 15, 1998 pupil counts for the school.

October 15, 1999 that would otherwise qualify for Demonstrably Effective Program Aid that were not in operation on October 15, 1998 shall be redetermined based upon the actual October 15, 1999 pupil count.

Explanation

Recommended FY 2001 budget language removes the FY 2000 budget language stipulating that corrections made after January 27, 1999 to Core Curriculum Standards Aid and Debt Service Aid resulting from a correction of the October 15, 1998 pupil counts, district income or any other discrepancy shall be calculated using the multipliers and county shares established on January 27, 1999. Similar language concerning corrections is found in the recommended FY 2001 budget language found on page D-121 and page 45 of this budget analysis.



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Notwithstanding any other law to the contrary, districts that were subject to a Stabilization Aid reduction in 1997-98 pursuant to subsection a. of section 10 of P.L.1996, c.138 (C.18A:7F-10) that will receive a State aid increase in excess of 75 percent, shall be permitted to increase their maximum permitted spending for the 1999-2000 school year beyond the level established in section 5 of P.L.1996, c.138 (C.18A:7F-5) by an amount equal to 50 percent of the projected increase in aid.

No comparable language.

Language Provisions (Cont'd)

Explanation

The budget language for FY 2000 provided a one time exception to allow certain districts to increase their net budget above the maximum permitted spending level (budget cap) authorized under CEIFA. The exception applied to those districts which were subject to a Stabilization Growth Limit reduction in 1997-98 and which, under revised State aid calculations for FY 2000, would receive a State aid increase in excess of 75 percent. The same situation does not exist for FY 2001.



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No comparable language.

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Notwithstanding the provisions of section 19 of P. L. 1996, c. 138 (C.18A: 7F--19), the amounts hereinabove in the Special Education Aid account payable to each school district, other than a county vocational school district, for Tier II special education categorical aid shall be calculated by reducing each district's pupil count for the perceptually impaired pupils in Tier II by three-fourths of the amount of the pupil count reduction required by this section for the 2000--2001 school year.

Explanation

Under section 19 of CEIFA, the pupil count for Special Education Aid for school districts educating students classified as perceptually impaired (Tier II) is to be reduced to the State average for the prebudget year in the 2001-2002 school year. This reduction is to take place over five years by permitting a district to exceed the State average pupil count for students classified as perceptually impaired (Tier II) by no more than one standard deviation in the first year, no more than 75 percent of a standard deviation in the second year, no more than 50 percent of a standard deviation in the third year, no more than 25 percent of a standard deviation in the fourth year, and in the fifth year the district would be required to be at the State average for the pre-budget year. Pursuant to this section of law, for school year 2000-2001, each district is not permitted to have a pupil count for perceptually impaired students in excess of 25 percent of one standard deviation of the State average pupil count for perceptually impaired students for the prebudget year (1999-2000). Recommended FY 2001 budget language would limit the pupil count reduction to 3/4 of the amount required by law. Districts will receive more State aid for students classified as perceptively impaired as a result of this budget language.



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No comparable language.

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Notwithstanding the provisions of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10) to the contrary, the amounts hereinabove for the Stabilization Growth Limitation shall be calculated for all school districts, other than Abbott districts that received Abbott v. Burke Parity Remedy Aid in the 1999--2000 school year, having a total aid increase in excess of their stabilization aid growth limit.

Explanation

Under section 10 of CEIFA, a district's total stabilized aid is not to increase by more than the district's stabilization aid growth limit. "Stabilization aid growth limit" means 10 percent or the rate of growth in the district's projected resident enrollment over the prebudget year, whichever is greater. The items to be included in calculating a district's total stabilized aid for the prebudget year are found in recommended FY 2001 budget language on page D-120 and page xx of this budget analysis. The Legislature included in subsection a. of section 10 of CEIFA a provision to assure districts which had a Stabilization Aid Growth Limit reduction in 1997-98, that by the 1999-2000 school year and thereafter, State aid would reflect actual pupil counts. The Stabilization Aid Growth Limit reduction was not applied to those districts in FY 2000. The recommended FY 2001 budget language will make the Stabilization Aid Growth Limit applicable to all districts except Abbott districts which received Abbott v. Burke Parity Remedy Aid in FY 2000. The application of this FY 2001 budget language results in a reduction of State aid to 191 districts in a total amount of \$67.8 million.

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No comparable language.

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Notwithstanding the provisions of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10), the amounts hereinabove for Stabilization Aid shall be calculated for all school districts based upon a 1999--2000 prebudget year total that includes core curriculum standards aid, supplemental core curriculum standards aid, additional supplemental core curriculum standards aid, all forms of stabilization aid received pursuant to section 10 of P. L. 1996, c. 138 (C.18A: 7F--

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10), stabilization aid 2, stabilization aid 3, distance learning network aid, categorical aids for special education programs, bilingual education programs, county vocational programs, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, aid for adult and post-secondary programs, and academic achievement rewards calculated pursuant to sections 15 through 22, 25, 28, and 29 of P. L. 1996, c. 138 (C.18A:17F-15 through 18A:7F-22; 18A:7F-25; 18A:7F-28 and 18A:7F-29). The 1999--2000 prebudget total for each school district for stabilization aid calculation purposes shall also be adjusted to reflect the amounts payable in the 1999--2000 school year in each aid category based upon the actual pupil counts for the prior school year.

Explanation

This recommended FY 2001 budget language defines the prebudget year items of aid to be included in the prebudget year base for the calculation which is used to determine whether a district is eligible to receive Stabilization Aid for FY 2001 pursuant to other recommended FY 2001 budget language. The proposed budget language adds the following items of aid to the items already included under CEIFA: additional supplemental core curriculum standards aid; all forms of stabilization aid received pursuant to subsections b. through h. of section 10 of CEIFA; and stabilization aids 2 and 3. This prebudget year amount is also to be adjusted to reflect the amounts payable in the 1999-2000 school year in each aid category based upon the actual pupil counts for the prior school year. By adding these items to the base, the budget language increases the likelihood that a district will qualify for Stabilization Aid.



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No comparable language.

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Notwithstanding the provisions of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10), the amounts hereinabove for the Stabilization Growth Limitation shall be calculated for all school districts based upon a 1999-2000 prebudget year total that includes core curriculum standards aid, supplemental core curriculum standards aid, additional supplemental core curriculum standards aid, stabilization aid received pursuant to subsections b. and f. of section 10 of P. L. 1996, c. 138 (C.18A: 7F-10), stabilization aid 2, stabilization aid 3, distance learning network aid, categorical aids for special education programs, bilingual education programs, county vocational programs, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, aid for adult and post-secondary programs, and academic achievement rewards calculated pursuant to sections 15 through 22, 25, 28, and 29 of P. L. 1996, c. 138 (C.18A: 7F-15 through 18A:7F-22,18A:7F-25,18A: 7F-28, and 18A: 7F--29).

Explanation

The recommended FY 2001 budget language defines the prebudget year items of aid to be included in the prebudget stabilized aid for purposes of calculating a district's Stabilization Aid Growth Limit. The proposed budget language adds the following items of aid to the items already included in that base under CEIFA: additional supplemental core curriculum standards aid; stabilization aid received pursuant to subsections b. and h. of section 10 of P.L.1996, c.138 (C.18A:7F-10), and stabilization aids 2 and 3. The revision in the prebudget year base reflects the types of aid being calculated for the districts in FY 2001; however, the elimination of these aid categories effectively means a smaller base on which to calculate the 10 percent growth limit.

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No comparable language.

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Notwithstanding the provisions of subsection b. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10), the amounts hereinabove for Stabilization Aid for all school districts shall be the greater of (a.) the lesser of \$100,000 or an amount calculated for the district based upon the difference between 100 percent of the district's prebudget total and the sum of the district's aid payments for the 2000--2001 school year other than the aid provided pursuant to subsection d. of section 10 of P. L. 1996, c. 138(C.18A: 7F--10) and for School Building Aid or (b.) the greater of an amount calculated for the district based upon either the difference between 98 percent of the district's prebudget total and the sum of the district's aid payments for the 2000--2001 school year other than the aid provided pursuant to subsection d. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10) and for School Building Aid or the difference between 92 percent of the district's prebudget total for the 1997--98 school year and the sum of the district's aid payments for the 2000--2001 school year other than the aid provided pursuant to subsection d. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10) and for School Building Aid.

Explanation

The recommended FY 2001 budget appropriation for Stabilization Aid is \$143.6 million. The recommended budget language for FY 2001 provides Stabilization Aid for certain districts, which aid is the greater of the following calculated amounts: an amount which is necessary to insure that a school district does not lose State aid in the 2000-2001 school year greater than 2 percent of the State Aid which the district received in the 1999-2000 school year; or an amount necessary to insure that a school district does not lose State aid in the 2000-2001 school year greater than 8 percent of the State aid received in the 1996-1997 school year. For certain other school districts which would experience a State aid loss between the 1999-2000 and 2000-2001 school years of an amount equal to or less than \$100,000, the recommended language provides Stabilization Aid equal to 100 percent of the difference between the 1999-2000 and 2000-2000 school years.

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No comparable language.

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Notwithstanding any other law to the contrary, districts that would have experienced an increase in their total stabilized aid entitlements pursuant to the provisions of P. L. 1996, c. 138 (C.18A: 7F--1 et seq.) other than the entitlement for School Building Aid for the 2000--2001 school year without applying the budgetary language of the Appropriations Act for Fiscal Year 2001 as determined by the Commissioner and that are experiencing a decrease in their total stabilized aid entitlements pursuant to the provisions of P. L. 1996, c. 138 (C.18A: 7F--1 et seq.) other than the entitlement for School Building Aid by applying the budgetary language of the Appropriations Act for Fiscal Year 2001 other than the language in this paragraph and that also received in the 1999--2000 school year additional supplemental core curriculum standards aid or aid pursuant to the provisions of subsections c., e., f., and h. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10), shall receive Stabilization Aid 2 in an amount equal to the greater of the sum of the amount of additional supplemental core curriculum standards aid and the aid the district received pursuant to the provisions of subsections c., e., f., and h. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10) in the 1999--2000 school year or the difference between the district's total stabilized aid entitlements pursuant to the provisions of P. L. 1996, c. 138 (C.18A: 7F--1 et seq.) other than the entitlement for School Building Aid by applying the budgetary language of the Appropriations Act for Fiscal Year 2001 other than the language in this paragraph and the amount of aid that the district received in the 1999--2000 school year other than the entitlement for School Building Aid.

Explanation

As a result of applying other recommended FY 2001 budget language, under which certain CEIFA aid categories are not being calculated, some districts which would have experienced an increase in their total Stabilized Aid entitlements under CEIFA if all aid categories were calculated,

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experienced a decrease in their FY 2001 calculated total Stabilized Aid entitlements. The recommended budget language above for FY 2001 provides Stabilization Aid 2 to those school districts in an amount equal to the greater of the sum of the CEIFA aid entitlements which are not being calculated for FY 2001, or the difference between the district's total Stabilized Aid entitlements under CEIFA and the district's total Stabilized Aid entitlements under the application of other recommended FY 2001 budget language.

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No comparable language.

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Notwithstanding the provisions of section 17 of P. L. 1996, c. 138 (C.18A: 7F--17), the amounts hereinabove in the Supplemental Core Curriculum Standards Aid account for each school district shall be calculated by summing the amount initially calculated for the district in accordance with the requirements of this section and an amount calculated as follows if the calculated result is greater than zero: 1. Determine the district's T & E tax rate by dividing the remainder determined by subtracting the amount of aid initially calculated in accordance with section 17 of P. L. 1996, c. 138 (C.18A: 7F--17) from its local share calculated pursuant to section 14 of P. L. 1996, c. 138 (C.18A: 7F--14) by its equalized valuation. For this purpose a district's local share shall be limited to the amount of its T & E budget. 2. For districts in district factor groups A and B, in district factor groups CD, DE, FG, GH and in both district factor groups I and J having an equalized valuation per pupil and an income per pupil below the state average determine the difference between a tax rate of \$1.72 per \$100 of equalized valuation per pupil and the district's T & E tax rate per \$100 of equalized valuation. 3. Multiply the difference obtained in step two by the district's equalized valuation. Aid pursuant to the provisions of subsection b. of section 5 of P. L. 1996, c. 138 (C.18A: 7F--5) and subsections c., e., f., and h. of section 10 of P. L. 1996, c. 138 (C.18A: 7F--10) are eliminated.

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Explanation

Under section 17 of CEIFA, Supplemental Core Curriculum Standards Aid is provided to school districts which have a low-income concentration rate equal to or greater than 40 percent and a minimum equalized tax rate that exceeds by 10 percent the estimated minimum equalized tax rate for the State as a whole. The recommended FY 2001 budget language also provides Supplemental Core Curriculum Standards Aid for districts which have a T & E tax rate in excess of \$1.72 in an amount necessary to reduce those districts T & E tax rate to \$1.72. For a few districts which are eligible to receive aid under both calculations, the aid received is the sum of the two calculations.

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No comparable language.

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Notwithstanding the provisions of section of P.L. 1971, c. 271 (C.18A: 46--31), a portion of the district tuition amounts payable to a county special services school district operating an extended school year program may be transferred to the county special services school district prior to the first of September in the event the board shall file a written request with the Commissioner stating the needs for the funds. The Commissioner shall review the board's request and determine whether to grant the request after an assessment of whether the district needs to spend the funds prior to September and after considering the availability of district surplus. The Commissioner shall transfer the payment for the portion of the tuition payable for which need has been demonstrated.

Explanation

The recommended FY 2001 budget language permits a portion of the district tuition amounts payable to a county special services school district operating an extended school year program to be transferred to the county special services school district prior to the first of September. Under current law, the tuition amounts are not withheld by the Department of Education from State aid payable to the resident district until September. These tuition amounts are then forwarded to the county special services school districts.

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No comparable language.

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Corrections and adjustments made after January 24, 2000 to Core Curriculum Standards Aid and Debt Service Aid, resulting from legislation enacted after December 31, 1999 not expressly requiring the recalculation of the multipliers and county shares used for the calculation of Core Curriculum Standards Aid and Debt Service Aid, corrections of the October 15, 1999 pupil counts, district income, equalized valuation or any other discrepancy shall be calculated using the multipliers and county shares established on January 24, 2000 pursuant to subsection a. of section 14 of P. L. 1996, c. 138 (C. 18A: 7F--14 a.) and the other language in this act when such corrections and adjustments are required to be made prior to the adjustment for the actual pupil counts.

Explanation

The recommended FY 2001 budget languages assures that corrections and adjustments made after January 24, 2000 to Core Curriculum Standards Aid and Debt Service Aid will be calculated using the multipliers and county shares used for the original calculation of Core Curriculum Standards Aid and Debt Service Aid. Otherwise, any change in the multipliers and county shares would mean that aid would have to be recalculated for all districts.



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The unexpended balance as of June 30, 1999, of receipts derived from charges at the regional schools for the handicapped is appropriated for the costs associated with the regional schools' facility.

No comparable language.

Explanation

This language was needed when tuition was paid directly to the Department of Education for the children attending the regional schools for the handicapped. However since all schools have been divested the department no longer receives any funds and this language is no longer necessary.



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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.

No comparable language.

Explanation

The required appropriation for the costs of implementing the Statewide Assessment Program in FY 2000 was uncertain, so language providing for contingencies was included. Similar language is not needed for FY 2001.



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p. D-132

The amount appropriated hereinabove for the Governor's School is payable to the four Governor's Schools: The College of New Jersey - Governor's School of the Arts, The Richard Stockton College of New Jersey - Governor's School on the Environment, Monmouth University - Governor's School on Public Issues, and Drew University - Governor's School in the Sciences.

The amount appropriated hereinabove for the Governor's School is payable to the five Governor's Schools: The College of New Jersey -- Governor's School of the Arts, The Richard Stockton College of New Jersey -- Governor's School on the Environment, Monmouth University -- Governor's School on Public Issues, Drew University -- Governor's School in the Sciences, and Ramapo College-- Governor's School on International Issues.

Explanation

The recommended FY 2001 budget language adds one new Governor's School, Ramapo College -- Governor's School on International Issues, and provides that the amount appropriated for Governor's Schools (\$1.504 million) is payable to the five Governor's Schools.



Language Provisions (Cont'd)

2000 Appropriations Handbook

2001 Budget Recommendations

p. G-9

Notwithstanding section 25 of P.L.1996, c.138 (C.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 section 25 of P.L.1996, c.138 (C.18A:7F-25) been appropriated.

No comparable language.

Explanation

The FY 2000 budget language provided that State aid for transportation would be funded at only 93.47 percent of each eligible district's entitlement. The FY 2001 recommended appropriation for Transportation Aid is \$296.2 million. The full amount required by section 25 of P.L.1996, c.138 (C.18A:7F-25) is provided and therefore no language regarding apportionment is needed.



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2001 Budget Recommendations

p. G-9

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 30 miles from the residence of the pupil.

No comparable language.

Language Provisions (Cont'd)

Explanation

FY 2000 budget language was added by the Legislature to provide that a school district, located in a county of the third class or a county of the second class with a population of less than 235,000, would be required to provide transportation to nonpublic school pupils if the nonpublic school was located not more than 30 miles from the pupil's residence. Under existing law, the nonpublic school may not be more than 20 miles from the pupil's residence. The language provided State aid to cover the costs of this expanded eligibility. Districts in the following counties were aided: Cumberland, Gloucester, Hunterdon, Salem, Sussex and Warren.



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2001 Budget Recommendations

No comparable language.

p. D-132

Notwithstanding any other law to the contrary, amounts appropriated hereinabove for school choice/charter school aid may be used to reimburse districts for the costs of charter school pupils that were previously enrolled in a nonpublic school.

Explanation

The recommended FY 2001 appropriation for School Choice/Charter School Aid is \$9 million, an increase of \$6 million over the FY 2000 adjusted appropriation of \$3 million. Of the total amount recommended, approximately \$3.8 million is to provide State aid to districts for the costs of the initial year of enrollment of charter school pupils who were previously enrolled in a nonpublic school, \$3 million for the expansion of kindergarten classes of charter schools in Abbott districts from half- to full-day, and \$2.2 million for the costs of the School Choice Program.



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2001 Budget Recommendations

No comparable language.

p. D-132

Notwithstanding any other law to the contrary, any school district that is composed of a former constituent municipality of a dissolved 7--12 regional school district that has been unable to issue school bonds in a timely manner as a result of action resulting from the dissolution by the Department of Education shall receive \$244,481 in addition to any amount hereinabove appropriated for such district in the School Building Aid account.

Language Provisions (Cont'd)

Explanation

The recommended FY 2001 budget language provides the Lindenwald School District State aid in addition to any amount that the district receives as debt service aid. The additional aid represents the increased cost to the district due to action by the Department of Education in relation to the dissolution of the regional school district which delayed the issuance of school bonds.



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2001 Budget Recommendations

p. D-132

No comparable language.

In addition to the amount hereinabove for transportation aid, such additional amounts as may be required, not to exceed \$6 million, are appropriated, subject to the approval of the Director of Budget and Accounting.

Explanation

Due to corrections made in district transportation information after submission of FY 2001 appropriations to the Office of Management and Budget, an additional amount is needed to fully provide for transportation funding as required pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-25).



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2001 Budget Recommendations

p. G-9

Notwithstanding any other provision of law to the contrary, the repayment by the Hudson Association for Retarded Citizens to the Department of Education of the unexpended balance of a Special Education Programs grant from federal funds received from a fiscal year 1990 appropriation made pursuant to the early intervention program, Part H, under a grant agreement for an AIDS infant-parent pilot program, and of any other funds remaining to be paid to the department from unexpended balances from fiscal year 1990 state appropriations shall be deferred during fiscal year 2000.

No comparable language.

Language Provisions (Cont'd)

Explanation

The FY 2000 budget language was added by the Legislature. The Hudson Association for Retarded Citizens is required to repay to the Department of Education certain federal funds. This language provided for the deferral of that repayment. No further deferral on the repayment of the unexpended balance is recommended for FY 2001. The repayment of approximately \$46,874 will be required.



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p. G-10

In order to ensure that State appropriations for public schools are expended to support a thorough and efficient system of education, for the purposes of subsection d. of section 4 of P.L.1995, c.426 (C.18A:36A-4), a decision rendered by the State Board of Education within 45 days of the receipt of an appeal shall be regarded as having been rendered within 30 days.

No comparable language.

Explanation

This language was added by the Legislature to the FY 2000 budget to extend from 30 days to 45 days the time frame within which the State Board of Education is required to act on appeals filed by a school district or a charter school applicant on a determination by the commissioner to approve or disapprove an application to establish a charter school. The budget language is not recommended for continuation.



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2001 Budget Recommendations

p. G-10

Any surplus funds of a regional school district dissolved on June 30, 1997 received by a former constituent of said regional school district where the equalized school tax rate for the 1997-98 school year was more than 120 percent of the combined local and regional equalized school tax rate for 1996-97 shall be

No comparable language

Language Provisions (Cont'd)

2000 Appropriations Handbook

returned to the State as reimbursement for State aid provided to such district in the 1998-99 school year to reduce the school tax increase resulting from the dissolution, provided however, that the return to the State shall not be paid prior to the 2000-2001 fiscal year.

2001 Budget Recommendations

Explanation

The FY 2000 budget language deferred the repayment of additional State aid received by the Clark School District in the 1998-99 school year to offset costs incurred as a result of the dissolution of the Union County Regional District. These funds were not to be repaid prior to the 2000-2001 fiscal year. Similar language is not recommended by the Department of Education for the FY 2001 budget. The repayment of approximately \$830,000 will be required.



Discussion Points

1. Over the last three fiscal years, FY 1998 to FY 2000, the number of persons working in the Standards and Program Area of the Department of Education, at the time the data were reported, has decreased from 58 in FY 1998 to 42 in FY 2000, a decrease of 16 persons (27.6 percent). At the same time, the appropriation for Academic Programs and Standards has increased from \$10 million in FY 1998 to an adjusted appropriation of \$17.5 million in FY 2000 (recommended budget for FY 2001 is \$20 million). Also during this same time, the department has undertaken the development and implementation of a new series of assessment tests geared to the Core Curriculum Content Standards. The schedule for the implementation of this new series of tests was presented to the Legislature in response to questions during the FY 2000 budget hearings. In the response made last year, the following comments were offered:

It is difficult to project what increases can be anticipated in FY 2001 and FY 2002. The development of tests in content area that have not been part of the previous state assessment program at any grade level is extremely difficult. The potential exists in these content areas for challenges and experiences not observed in the development and implementation of more traditionally assessed subjects like mathematics, science, and language arts. The new subjects being assessed will require additional attention from our staff and the contractor's staff with regard to the development and implementation of these new core curriculum subjects.

! *Question:* Of the number of persons in the Academic Standards and Program Area, how many are working full time on the development and administration of the new assessment tests? What role do contractors play in the development, revision and administration of the new tests? Is the department on schedule in the development and implementation of these tests? If not, please provide an updated schedule.

Following the release of the results of the first administration of the new standardized tests, especially the fourth grade test, and the considerable number of complaints received, what is the extent of revision the department is undertaking and at what cost?

2. a. In Abbott V (May, 1998), the New Jersey Supreme Court directed that "whole-school reform" be implemented in the Abbott school districts according to the schedule proposed by the commissioner (50 in 1998-1999, 100 more in 1999-2000, and 150 more in 2000-2001); that the "Success for All-Roots and Wings" be the presumptive model for whole-school reform; that the implemented version of whole-school reform contain the essential elements identified by the commissioner; and that the commissioner implement a comprehensive formal evaluation program, modeled on Success for All's formal evaluation precedents, to verify that Success for All is being implemented successfully and is resulting in the anticipated levels of improvement in the Abbott elementary schools.

! *Question:* To date, in how many individual schools of the total number of schools in each Abbott district has whole-school reform been implemented? Has a formal evaluation program, as directed by the court, been implemented? Please provide a summary of evaluations resulting from this formal evaluation program.

b. In the Report and Decision of Remand Court, Appendix I of Abbott V, the department developed an illustrative school-based budget assuming a school of 584 students and providing cost estimates for all program improvements necessary to implement whole school reform in kindergarten through fifth grade. The budget developed under these assumptions and cost estimates is \$4,220,800, or \$7,227 per student.

Discussion Points (Cont'd)

! *Question:* What is the actual experience of the schools in which whole-school reform has been implemented with respect to the school's budget and cost per pupil (for each school provide the district, school budget, number of pupils and cost per pupil)?

c. As part of the implementation of whole-school reform in kindergarten through fifth grade, the New Jersey Supreme Court ordered full-day kindergarten to be implemented in the Abbott districts by September 1999.

! *Question:* Please indicate for each Abbott district how many kindergartens there are and of that number, for each district, how many kindergarten programs are full-day. For any Abbott district which has any kindergarten which is not full-day, what steps is the department taking to make sure that compliance with the court order is being pursued?

d. In Abbott V, the New Jersey Supreme Court also ordered that the commissioner exercise his power with respect to the provisions of section 16 of CEIFA, P.L.1996, c.138 (C.18A:7F-16), and require all Abbott districts to provide half-day pre-school for three and four-year olds. In the adjusted FY 2000 appropriation, 137 districts with high concentrations of low-income pupils received \$312.6 million in early childhood program aid (ECPA), with the Abbott districts receiving \$206.3 million of that amount. In FY 2001, 135 districts with high concentrations of low-income pupils will receive a total of \$313.3 million in early childhood program aid (ECPA), with the Abbott districts receiving \$220 million of that amount. All but eight of the Abbott districts have concentrations of low-income pupils greater than 40 percent and those eight that are below 40 percent have concentrations of low-income pupils greater than 20 percent.

! *Question:* For each Abbott district, indicate the amount of ECPA aid received in FY 2000 and projected for FY 2001; whether the district has in place an early childhood program for all three and four year olds; the number of facilities in which a district offers early childhood education broken down by type of facility; and the number of children enrolled. Also, for each early childhood program located in a child care facility, provide the dollar amount of aid the facility receives from the Department of Human Services for its operation.

e. In Abbott VI (March 7, 2000), the New Jersey Supreme Court ordered that: new teachers hired for early childhood programs be college educated and, if not already certified in early childhood education, be certified by September 2001; existing teachers with experience working with young children, but lacking academic credentials, have credentials within four years and be evaluated each year concerning retention as a teacher; class size for early childhood education be at a ratio of one certified teacher for every 15 children; children attending Head Start programs be included in Abbott district enrollment projections unless it can be demonstrated that the Head Start programs meet the standards of the Department of Education (as confirmed by the Court); school districts are accountable for the quality of the early childhood education provided, whether in a school facility or a licensed child care facility and that the districts are to provide clear expectations, necessary supports and accountability measures when early childhood education is provided in child care centers; and districts must make concerted outreach efforts to their communities if existing enrollments, upon review, appear to be low, with the commissioner providing funding for such efforts through the supplemental funding procedures.

! *Question:* What additional costs are expected as a result of this latest New Jersey Supreme Court decision (show additional costs, if any, in relation to each of the items noted above)?

Discussion Points (Cont'd)

3. State Board of Education regulations (N.J.A.C. 6:19A-8.1 et seq.) require each Abbott district (30 districts) to prepare and submit to the commissioner a long-range facilities plan that details the district's school facilities needs and the district's plans to address those needs for the ensuing five years. Legislation being considered in the Legislature as Senate, No. 200 and Assembly, No. 2041(1R) which contemplates the construction of school facilities Statewide also requires each district to prepare and submit to the commissioner a long-range facilities plan that details the district's school facilities needs and the district's plan to address those needs for the ensuing five years. This same legislation requires each district to repeat this process every five years. The pending legislation also requires the commissioner to review each school facilities project for its consistency with the district's long-range facilities plan and compliance with the facilities efficiency standards and the area allowances per FTE standards derived from those standards. The commissioner would be required to make a decision on a district's application for a school facilities project within 90 days from the date an application is fully and accurately complete and if the commissioner is not able to make a decision within 90 days, to so notify the district and indicate a subsequent decision date not more than 60 days after the original date.

! **Question:** How many of the long-range facilities plans have been submitted by the Abbott districts? Of those submitted, how many have been approved by the commissioner? In anticipation of the passage of school facilities construction legislation and the submission to the department of long-range facilities plans for an additional 566 districts and for some districts, the submission of school facilities project applications, with an urgency for review and approval (under the current legislation, all long-range plans are to be submitted to the department by October 2000), describe the department's staffing adequacy (numbers and expertise) and/or plans to upgrade its adequacy, if any, and the anticipated cost of upgrading its staff.

4. Recommended FY 2001 budget language provides certain districts with supplemental stabilization aid (Large Efficient District Aid) of \$1,250,000 or regionalization incentive aid, whichever is greater. Under the provisions of P.L. 1999, c.43 (C.18A:7F-32.1) districts of a certain size and spending level receive regionalization incentive aid. Under the provisions of subsection d. of section 10 of P.L. 1996, c.138 (C.18A:7F-10) districts are to receive Large Efficient District Aid in the amount of \$500,000 not \$1,250,000. Also, under current law, districts which qualify for both types of aid are to receive both, not the greater of the two.

! **Question:** What would the fiscal impact to the State be without the budget language, i.e, if additional supplemental stabilization aid were at the limit set by law and if a district qualified under both sections of law? For each district show how that district would be affected: 1) without the recommended budget language and 2) with the recommended budget language.

5. Recommended FY 2001 budget language provides the Stabilization Aid Growth Limitation is to be applied to the aid entitlement calculated for all school districts (other than Abbott districts which received Abbott v. Burke Parity Remedy Aid in the FY 1999-2000 school year), which have a total aid entitlement increase in excess of their stabilization aid growth limit. Under CEIFA, the stabilization aid growth limit is 10 percent or the rate of growth in a district's projected resident enrollment. Other language in section 10 of CEIFA provides as follows: "Notwithstanding any provisions of this section to the contrary, the commissioner shall ensure that for any district with a stabilization reduction in FY 1997-98 that by the FY 1999-2000 school year and thereafter, the total stabilized aid for each district reflects the actual pupil count of the district." In FY 2000, the department followed this CEIFA directive; however through the recommended FY 2001 budget

Discussion Points (Cont'd)

language the department will be applying the growth limit to all school districts. Under the proposed FY 2001 budget, the recommended savings for the State by applying the Stabilization Aid Growth Limitation is \$67.8 million compared with \$181.4 million in FY 1999, and \$31 million in the FY 2000 adjusted appropriation.

- ! **Question:** What factors account for the wide difference in these amounts over these years? Which districts experienced a stabilization reduction in FY 1997-1998? Which of these same districts, if any, had a stabilization aid growth reduction in FY 1998-99 and FY 1999-2000? Which of these districts, if any, are projected to have a stabilization reduction in FY 2000-2001? Which districts in the State have a projected enrollment growth of 10 percent or greater? Under what conditions would a district experience an aid entitlement growth from one year to the next based on other than projected enrollment growth?

6. The "Charter School Program Act of 1995", P.L. 1995, c.426 (18A:36A-1 et seq.), limits to 135 the number of charter schools that can be established in the first 48 months after its effective date of January 11, 1996, and sets a limit on the enrollment of each charter school to 500 pupils or 25 percent of the enrollment of the school district in whose boundaries the charter school operates, whichever is less. In the FY 1999-2000 school year, the third year in which charter schools have been operation in New Jersey, 8,220 pupils are enrolled in 49 charter schools. This represents an increase of 2,765 over the FY 1998-1999 enrollment.

- ! **Question:** How many new charter schools have been approved to begin in the 2000-2001 school year and with what maximum enrollment? For existing charter schools provide the maximum enrollment for the 2000-2001 school year. What is the cost to the school districts in State aid paid for charter school enrollment? What would the cost to Abbott districts have been if the Abbott districts were required to pay parity remedy aid on behalf of charter school students?

7. The commissioner and his staff presented a detailed Report on the Newark School Budget before the Senate and Assembly Education Committees on February 24, 2000. At the conclusion of the report, the commissioner presented a list of 10 recommendations concerning actions that need to be taken with respect to the Newark situation budget deflect.

- ! **Question:** What is the current status of each of these recommendations, especially number 10 concerning the monthly filing of a report setting forth cash reconciliation and account balances by the Treasurer of School Moneys?

Background Paper: Charter Schools

Budget Pages.... D-127, D-129, D-130-132

This background paper will provide an overview of the establishment, operation, and funding of charter schools within the State of New Jersey.

New Jersey became the 20th state to authorize the establishment of charter schools when Governor Christine Todd Whitman signed the "Charter School Program Act of 1995," P.L. 1995, c. 426, on January 11, 1996, at the conclusion of her State of the State address. Under the provisions of the legislation, the Commissioner of Education was directed to establish a charter school program with at least three charter schools allocated to each of the 21 counties. As specified in the legislation, during the initial 48 months the number of charter schools was limited to no more than 135, and a charter school could not have an enrollment in excess of 500 students or greater than 25% of the student body of the school district in which the charter school was located, whichever was less. These limitations expired on January 11, 2000.

CURRENT ENROLLMENT STATUS

At the present time, there are 67 approved charter schools in New Jersey. Of that number, 47 are operating, 14 more will open for the 2000-01 school year, and another 6 will open for the 2001-02 school year. The 47 currently operating charter schools enroll more than 8,221 students, with more than 1,000 students on waiting lists. 6,376 of the enrolled students are in charter schools in Abbott districts.

GOVERNANCE AND ORGANIZATION

A charter school is a public school, operated under a charter and independent of the local board of education. The charter is issued by the Commissioner of Education to a board of trustees who are deemed to be public agents for the purposes of supervising and operating the charter school.

A charter school is a body corporate and politic and is granted all powers necessary or desirable to carry out its program, including the power to adopt a name and corporate seal; to sue and be sued; to acquire real property; to receive and disburse funds for school purposes; to make contracts and leases; and to incur temporary debt in anticipation of the receipt of funds.

A charter is initially granted for a four-year period, and may subsequently be renewed for five-year periods. The commissioner may revoke a charter if the school has not fulfilled any condition of the charter or if the school has violated any provision of its charter. A charter school may also be placed on probation pending implementation of a remedial plan.

A charter school is subject to the laws and regulations that govern other public schools, provided that upon the request of the charter school board of trustees, the commissioner may exempt the school from education regulations, except those pertaining to assessment, testing, civil rights, and student health and safety, if the board can demonstrate that the exemption will advance the educational goals and objectives of the school.

A charter school must comply with the New Jersey statutes that specify services required for disabled students, except that the financial responsibility for any student enrolled in, or requiring,

Background Paper: Charter Schools (Cont'd)

a private day or residential school will remain with the district of residence. The school must also comply with applicable State and federal anti-discrimination statutes.

Charter school students must meet the same testing and academic performance standards established by law and regulation for public school students and any additional assessment indicators that have been included in the charter and approved by the commissioner.

There are two types of charter schools authorized under the New Jersey statute.

A charter school may be a new school established by members of the teaching staff, by parents with children attending the schools of the district; or by a combination of teaching staff members and parents. A charter school may also be a new school established by an institution of higher education or by a private entity, in conjunction with teaching staff members and parents. The statute, however, imposes three restrictions on the establishment of a charter school by a private entity: representatives of the private entity may not constitute a majority of the trustees; the name of the school may not include the name of the private entity; and the private entity may not realize a net profit from the operation of the school.

An existing public school may convert to a charter school, provided that at least 51% of the teaching staff in the public school sign a petition in support of the conversion and at least 51% of the parents or guardians of the pupils attending the public school sign a petition in support of the conversion.

The statute specifically prohibits a private or parochial school from converting to charter school status.

ENROLLMENT POLICIES

A charter school must be open to all students on a space-available basis and may not discriminate in its admission policies on the basis of intellectual or athletic ability, measures of achievement, status as a disabled person, proficiency in the English language, or any other basis that would be illegal if used by a public school district. It may, however, limit enrollment to certain grade levels or to certain areas of specialization, such as mathematics, science or the arts.

Preference for enrollment must be given to students who reside in the school district in which the charter school is located, and a random selection process must be used if the number of applications exceeds the number of openings. Under the charter school regulations, a charter school may be established in a "region of residence," delineated by the boundaries of contiguous school districts, in which case the region of residence is the district of residence of the charter school. The charter school must allow an enrolled student to continue in the available grade levels and may give enrollment priority to the sibling of an enrolled student.

If space is available, a charter school may enroll non-resident students under terms and conditions outlined in the charter and approved by the commissioner.

The statute requires a charter school to seek the enrollment of a cross-section of the community's school age population, including racial and academic factors, to the maximum extent practicable.

Background Paper: Charter Schools (Cont'd)

FINANCE

The school district of residence is required to pay directly to a charter school a presumptive amount equal to 90% of the local levy budget per pupil for the specific grade level in the district for each student enrolled in the charter school. Under the charter school regulations, "local levy budget per pupil for the specific grade level" is defined as "program budget per pupil." "Program budget per pupil" includes (1) core curriculum standards aid; (2) supplemental core curriculum standards aid; (3) stabilization aid; (4) designated general fund balance; (5) miscellaneous local general fund revenue; and (6) the district's general fund tax levy. At the discretion of the commissioner, the percentage may be reduced to less than 90% or raised to a maximum of 100%. The per pupil amount paid to the charter school, however, may not exceed the per pupil amount in the district in which the charter school is located. In addition, the district of residence must pay directly to the charter school any categorical aid attributable to the student for any categorical services the student may receive and any federal funds attributable to the student. A charter school may not charge tuition.

If a nonpublic school pupil enrolls in a charter school, the pupil is counted in the enrollment of the resident public school district, and the school district receives the aid generated by the pupil. According to some school districts, however, the initial year of a nonpublic school pupil's enrollment in a charter school has proven problematic. The enrollment of these nonpublic school pupils in charter schools is not finalized at the time that the district's projected resident enrollment is calculated by the Department of Education, and the school district does not receive State aid on behalf of these students for this initial year of enrollment until the subsequent school year. Consequently, while the school district is required to forward 90% of the program budget per pupil amount to the charter school, it has not received the State aid component of that amount, if any, or any categorical aid that the student may generate. In order to address this issue, the FY 2001 budget recommends an appropriation of \$3.8 million to provide State aid payments to the school districts during this initial year of enrollment.

TRANSPORTATION

Transportation must be provided for students who reside in the district in which the charter school is located on the same terms and conditions as transportation is provided to other students attending the schools of the district.

The district of the student's residence must provide transportation to and from a charter school located outside the district, provided the cost is within the annual maximum amount established for the transportation of nonpublic school students. If the cost exceeds this amount, the parents or guardians may choose to pay the amount over the maximum in order to receive transportation, or they may elect to receive the maximum amount in lieu of transportation.

ASSESSMENT

The commissioner is required to annually assess whether a charter school is meeting the goals of its charter and must conduct a comprehensive review prior to granting a renewal of the charter. The county superintendent of the county in which the charter school is located is given on-going access to the records and facilities of the charter school to ensure that the charter school is in compliance with its charter and that State board regulations concerning assessment, testing, civil rights, and student health and safety are being met.

Background Paper: Charter Schools (Cont'd)

In order to facilitate the commissioner's review, each charter school must submit an annual report to the local board of education, the county superintendent of schools, and the commissioner in the form prescribed by the commissioner. The report is to be filed no later than August 1, and must also be made available to the parent or guardian of a student enrolled in the charter school. Included in the report are such items as a description of the achievement of the school's goals; the efficiency in the governance and management of the school; the attainment of the Core Curriculum Content Standards; Statewide assessment program results; the degree of parental involvement; the school's public relations and outreach efforts; the student admissions policies; and the staff recruitment plan. Also required in the report is a comprehensive annual financial statement, including a balance sheet, operational statement of revenues and expenditures, and a cash flow analysis.

The commissioner is required to hold public hearings in 2002 in the north, central, and southern regions of the State to receive input from members of the educational community and the public on the charter school program. The commissioner must then submit to the Governor and the Legislature a report on and an evaluation of the charter school program, including a recommendation on the advisability of the continuation, modification, expansion, or termination of the program and any recommendations for changes in the structure of the program which the commissioner deems advisable.

Background Paper: Pupil Transportation

Budget Pages.... D-128 to D-132

This background paper will provide an overview of public and nonpublic pupil transportation services, the requirements for the provision of those services, and State funding to support those services.

New Jersey's per pupil transportation costs are among the highest in the country. The State disbursed over \$266.7 million in aid to local districts for pupil transportation costs in FY 2000. Of that amount, approximately \$186.3 million was allocated for the cost of transporting regular students and special education students without special transportation needs, and approximately \$80.4 million was allocated for the cost of transporting special education students with special transportation needs. For the 1997-1998 school year, the most recent year in which audited numbers are available, the average per pupil cost for regular pupil transportation was \$531 and for special education transportation the figure was \$2,181. The recommended appropriation for FY 2001 is \$296.2 million.

PUBLIC SCHOOL TRANSPORTATION

Pursuant to N.J.S.A.18A:39-1, any elementary school student who lives more than two miles from the student's public school of attendance and any secondary school student who lives more than 2 1/2 miles from the student's public school of attendance is entitled to be provided transportation to and from school. Schools that meet these distance requirements are referred to as "remote schools". Approximately 334,166 regular education public school students were transported in the 1998-1999 school year.

SPECIAL EDUCATION TRANSPORTATION

During the 1998-1999 school year, approximately 46,502 special education students without special transportation needs and 32,454 special education students with special needs were transported. Special education students are guaranteed transportation services pursuant to N.J.S.A.18A:46-23 regardless of the distance from their schools of attendance. District boards of education are required to provide transportation as required by the student's individualized education program (IEP). Such services may include special transportation equipment, transportation aides and special arrangements for other assistance to and from and in and around the school. The district is responsible for transportation costs when the district determines that an out-of-district placement for educational reasons is appropriate.

The average cost per pupil for transporting special education students is well in excess of that for regular education pupils. This is due in part to the increased home-to-school distances that are often involved. The regionalized approach to delivering services to special education students reduces instructional costs, but it also increases the transportation costs due to the necessity of transporting the students to these remote program sites. The costs of special attendants and equipment also contribute to the overall transportation costs for special education students.

N.J.S.A.18A:39-11.1 provides a mechanism designed to reduce the costs of transporting special education students. This law requires school districts to utilize an agency identified by the Commissioner of Education as providing cooperative transportation services to transport their special education pupils unless the district can provide this service for less money or the

Background Paper: Pupil Transportation (Cont'd)

transportation that would be provided by the agency violates a district policy regarding length of ride or assignment of students to a route based on student age or classification. This law, which also applies in the area of nonpublic school transportation and which will be discussed later in this background paper, is intended to encourage efficient route loading. Because special education programs are often located out-of-district, route loading is generally only feasible through cooperation among districts. This law is intended to encourage this cooperation.

NON-MANDATED BUSING

N.J.S.A.18A:39-1.1 permits a board of education to provide, by contract or otherwise, for the transportation of pupils to and from school who are not otherwise required to be bused pursuant to the provisions of N.J.S.A.18A:39-1 (regular education students) or N.J.S.A.18A:46-23 (special education students). N.J.S.A.18A:39-1.2 provides that whenever the governing body of a municipality finds that for safety reasons it is desirable to provide transportation to students who do not live remote from the school, the governing body and board of education may enter into a contract under which the board will provide this transportation service. The municipality is permitted to charge the parents or guardians in order to defray the costs of the program, provided that no charge may be imposed on the parent or guardian of any child who meets the Statewide eligibility standards for free and reduced price meals under the State school lunch program.

N.J.S.A.18A:39-1.3 provides that any board of education that transports pupils to and from school pursuant to N.J.S.A.18A:39-1 may also provide transportation to elementary and secondary students who do not live remote from school. Under this provision the parents or guardians may be required to pay all or a part of the costs of the transportation, but similar to safety busing, the board may not exclude a pupil because the parent or guardian is unable to pay the cost of the transportation due to financial hardship. Both N.J.S.A.18A:39-1.2 and N.J.S.A.18A:39-1.3 apply to nonpublic school pupils as well as public school pupils.

School districts are not reimbursed by the State for non-mandated busing. If a district buses students who do not live remote from the school, then the district must pay the full costs of that transportation. In order to provide assistance to districts that provide this transportation, these costs are excluded from the calculation of a district's spending growth limitation.

NONPUBLIC SCHOOL TRANSPORTATION

If a school district provides home-to-school transportation to students attending remote public schools, then the district must provide the same service to students attending remote nonpublic schools. However, there are limitations on the district's duty to transport nonpublic school students. For most nonpublic school students a district is required to bus the student only if the student's school is located within the State and no more than 20 miles from the student's residence. A district which is located in a county of the third class with a population of not less than 80,000 and not more than 120,000 (Warren and Hunterdon Counties) must provide transportation to an out-of-State nonpublic school located not more than 20 miles from the residence of the student, if there is no appropriate nonpublic school within the State located closer to the residence of the student. Another limitation on the duty to provide transportation is cost. If a school district cannot provide transportation to a nonpublic school student for less than a certain statutorily-established amount (\$707 for the 1999-2000 school year), then the school district is not required to provide the actual transportation but must provide that amount to the student's parent or legal guardian as aid-in-lieu-of transportation. This aid-in-lieu-of transportation amount is set pursuant to N.J.S.A.18A:39-1a, which requires the amount to increase or decrease each year in direct

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proportion to the increase or decrease in the State transportation aid per pupil in the year prior to the prebudget year compared to the amount for the prebudget year.

There is an exception to the general 20-mile limit mentioned above. Language added by the Legislature to the FY 1999 appropriations act, and again to the FY 2000 appropriations act, requires school districts in Cumberland, Sussex, Hunterdon, Warren, Salem and Gloucester Counties to provide transportation to students who attend nonpublic schools within the State and who live no more than 30 miles from their nonpublic schools of attendance. The language also provides State aid for the costs of that transportation. The Governor's FY2001 budget does not recommend continuation of the language.

Recently enacted legislation, P.L.1999, c. 350, provides a second exception to the general 20-mile limit mentioned above. Under that law, if a school district provides transportation to and from school to a nonpublic school pupil who is within the 20 mile limit, the school district must also provide transportation or an in-lieu-of payment to all nonpublic school pupils who reside within the municipality of that pupil, attend the same nonpublic school, and reside more than 20 miles from that school. The district may require the nonpublic school pupils to use the bus stops which serve the pupils whose residences are not more than 20 miles from the nonpublic school. Any costs incurred by the school district under the law are paid by the State.

It has been suggested that the aid-in-lieu-of option provides a disincentive for districts to find efficient means to transport nonpublic students, as it provides a means for districts to fulfill their obligations with less effort. N.J.S.A.18A:39-11.1, which was discussed earlier in regard to the transportation of special education students, was, in part, an attempt to remedy this situation. Pursuant to this law any school district which has in the prior year provided payments in-lieu-of transportation for any nonpublic school pupil or which cannot provide transportation in the ensuing school year must attempt to provide transportation, prior to determining to make aid in-lieu-of transportation payments, through an agency providing cooperative transportation services. If the costs to provide transportation by the agency are less than the in-lieu-of payments, the agency would provide the transportation.

TRANSPORTATION FUNDING FORMULA

The current formula for determining State reimbursement of district pupil transportation costs, for both eligible public and nonpublic school students, was adopted by the Legislature as part of CEIFA. It should be noted that the formula does not fully fund the cost of providing pupil transportation for eligible pupils in the State. The formula set forth in N.J.S.A.18A:7F-25 includes two principal components: a base aid amount and an efficiency factor. Base aid represents a level of funding designed to reimburse the cost of efficiently transporting eligible pupils based on regular or specialized modes of transportation, the number of eligible pupils transported, the average home-to-school miles per eligible pupil and cost factors representative of school districts with efficient performance in the area of pupil transportation.

Due to the strong correlation between high vehicle utilization and low per pupil costs, an efficiency factor was included in the formula. The efficiency factor is applied to the base aid amount provided for regular education public and nonpublic pupils and special education pupils with no special transportation requirements and is based on the district's average regular vehicle utilization, defined as the total number of eligible regular and special education pupils transported on regular buses. Although the efficiency factor is included in the formula, up until the 2001-2002 school year the efficiency factor will equal "1", thereby providing full formula funding for all districts up until

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that school year. Prior to the application of the efficiency factor, inefficiently performing districts are expected to develop and implement corrective action plans to improve efficiency. In the 2001-2002 school year each district's efficiency factor will be determined by ranking the districts from highest to lowest based on vehicle utilization criteria. These criteria involve passenger occupancy rates and the number of routes a bus runs each day. The Department of Education has set the standard for districts to achieve at 120 percent of vehicle capacity, which provides for some buses being used for more than one route. Vehicle capacity is based on 90 percent of the total number of seats available for district use. The vehicle utilization percentage is calculated by dividing the total number of eligible regular public, nonpublic and special education students without special needs who received transportation services by the vehicle capacity.

Legislation recently enacted by the Legislature, P.L.1999, c.310, amended CEIFA to provide that students who are provided nonmandated or courtesy busing services will be included in the calculation of regular vehicle capacity utilization if those students would otherwise be required to walk to and from school along a route designated as hazardous by the school district. Prior to the passage of that legislation, students who received courtesy busing services, regardless of the reason, were not to be included.

The Department of Education has identified the following best practices which districts may adopt to improve the efficiency of their pupil transportation systems:

- ! Tiered opening and closing of school times;
- ! Coordination of the school calendar for both public and nonpublic schools;
- ! Providing out-of-district transportation through a consolidated transportation services agency;
- ! Optimizing route design;
- ! Designing routes with multiple destinations;
- ! Mixing public and nonpublic school students on the same routes;
- ! Standardizing ride-time policies for all districts participating in consolidated services and;
- ! Package bids with tiered routes.