

ANALYSIS OF THE NEW JERSEY FISCAL YEAR 2001 - 2002 BUDGET



DEPARTMENT OF EDUCATION

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2001

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-129 to D-160

Fiscal Summary (\$000)

| | Expended FY 2000 | Adjusted. Appropriation FY 2001 | Recommended FY 2002 | Percent Change 2001-02 |
|----------------|---------------------|---------------------------------------|------------------------|------------------------------|
| State Budgeted | \$6,192,922 | \$6,752,919 | \$7,335,430 | 8.6% |
| Federal Funds | 444,988 | 542,919 | 638,811 | 17.7% |
| <u>Other</u> | <u>16,579</u> | <u>18,770</u> | <u>18,970</u> | <u>1.1%</u> |
| Grand Total | \$6,654,489 | \$7,314,608 | \$7,993,211 | 9.3% |

Personnel Summary - Positions By Funding Source

| | Actual FY 2000 | Revised FY 2001 | Funded FY 2002 | Percent Change 2001-02 |
|-----------------|-------------------|--------------------|-------------------|------------------------------|
| State | 434 | 466 | 592 | 27.0% |
| Federal | 236 | 240 | 295 | 22.9% |
| <u>Other</u> | <u>183</u> | <u>188</u> | <u>218</u> | <u>16.0%</u> |
| Total Positions | 853 | 894 | 1,105 | 23.6% |

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 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 close to 1.4 million students in FY 2002. The department's responsibilities include allocating \$6.4 billion in State school aid to local districts in FY 2002, 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

Introduction (Cont'd)

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 2002 budget for the department (excluding federal and other funds) is \$7.335 billion, an increase of \$582 million (8.6 percent) over the FY 2001 adjusted appropriation of \$6.753 billion.
- ! State aid payments (including Grants-In-Aid, Pension and Social Security Payments) totaling \$7.269 billion are recommended for the FY 2002 budget, an increase of \$585 million (8.8 percent) over the FY 2001 adjusted appropriation of \$6.684 billion.
- ! General formula aid recommended for the FY 2002 budget totals \$4.453 billion, an increase of \$318 million (7.7 percent) over the FY 2001 adjusted appropriation of \$4.135 billion. The increase is the result of two factors: 1) the implementation in the 2001-2002 school year of the increased per pupil amounts for various aid programs recommended to the Legislature in the March 2000 *Biennial Report on the Cost of Providing a Thorough and Efficient Education*; and 2) an increase in the core curriculum standards aid, which, under CEIFA, is to change from the prior year by the sum of the percent change in the Consumer Price Index and the percent change in resident enrollment as projected by the commissioner. The following items are among those in the general formula aid recommendations.

Core Curriculum Standards Aid recommended for the FY 2002 budget totals \$3.078 billion, an increase of \$135 million (4.6 percent) over the FY 2001 adjusted appropriation of \$2.943 billion.

Abbott v. Burke Parity Remedy Aid recommended for the FY 2002 budget totals \$439.8 million, an increase of \$103.9 million (30.9 percent) over the FY 2001 adjusted appropriation of \$335.9 million.

Additional Abbott v. Burke Aid recommended for the FY 2002 budget totals \$248.7 million, an increase of \$74.7 million (42.9 percent) over the FY 2001 adjusted appropriation of \$174.0 million. This amount will be adjusted upward or downward, as necessary, to fulfill the responsibilities of the commissioner under the Abbott court order.

Supplemental Core Curriculum Standards Aid recommended for the FY 2002 budget totals \$253.2 million, an increase of \$43.6 million (20.8 percent) over the FY 2001 adjusted appropriation of \$209.6 million.

Aid for enrollment adjustments recommended for the FY 2002 budget totals \$13.5 million, a decrease of \$21.1 million (61 percent) from the FY 2001 adjusted appropriation of \$34.6 million.

Aid for various categories considered stabilization aid (Stabilization Aid, Large Efficient District Aid, County Special Services Tuition Stabilization Aid, Aid for Districts with High Senior Citizen Population, Regionalization Incentive Aid and Stabilization Aid 2) recommended for the FY 2002 budget totals \$144.2 million, a

Key Points (Cont'd)

decrease of \$21 million (12.7 percent) from the FY 2001 adjusted appropriation of \$165.2 million for similar aid categories.

A reduction in State aid of \$78.3 million based on the application of the Stabilization Growth Limit provision of CEIFA is recommended for the FY 2002 budget, representing an increase of \$10.2 million (15 percent) over the FY 2001 adjusted appropriation reduction of \$68.1 million.

- Special Education aid recommended for the FY 2002 budget totals \$895.5 million, an increase of \$135.2 million (17.8 percent) over the FY 2001 adjusted appropriation of \$760.3 million.
- Extraordinary Special Education Costs Aid recommended for the FY 2002 budget totals \$15.0 million, an increase of \$5.0 million (50 percent) over the FY 2001 adjusted appropriation of \$10.0 million.
- Non-public school aid recommended for the FY 2002 budget totals \$97.0 million, an increase of \$2.9 million (3.1 percent) over the FY 2001 adjusted appropriation of \$94.1 million.
- Total federal funds recommended for the department total \$638.8 million, a 17.7 percent increase over the \$542.9 million estimated for FY 2001. The major changes are an increase in special education aid of \$44.7 million (24.8%) and new federal funds of \$24.3 million for facilities planning and school building aid.
- Aid for districts based on concentrations of low-income pupils in the district or in schools within the district recommended for the FY 2002 budget totals \$542.2 million, an increase of \$18.5 million (3.5 percent) over the FY 2000 adjusted budget appropriation for the same aid categories of \$523.7 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 \$904.0 million is recommended for the FY 2002 budget for teacher's health benefits, pension and social security payments on behalf of the teaching staff of local school districts, an increase of \$111.5 million (14.1 percent) over the FY 2001 adjusted appropriation of \$792.5 million.
- The recommended State aid appropriation for the FY 2002 budget for School Choice/Charter School Aid is \$6.8 million, representing a decrease of \$2.2 million (24.4 percent) from the FY 2001 adjusted appropriation of \$9.0 million.
- The recommended State aid appropriation for the FY 2002 budget for Charter Schools – Council on Local Mandates Decision Offset Aid is \$6.0 million, representing no increase over the FY 2001 adjusted appropriation.
- The recommended appropriation for the FY 2002 budget for pupil transportation is \$302.1 million, an decrease of \$581,000 (.2 percent) from the FY 2001 adjusted appropriation of \$302.7 million.

Key Points (Cont'd)

- ! The total recommended budget for the Marie H. Katzenbach School for the Deaf for FY 2002 totals \$14.2 million, an decrease of \$564,000 (3.9 percent) from the FY 2001 adjusted appropriation of \$14.8 million. Funding for FY 2002 includes \$4.5 million in State funding (including capital construction), \$8.7 million in tuition from local districts and \$1.0 million in federal funds. Katzenbach's tuition for FY 2002 is recommended at \$27,249 for regular day students and \$33,475 for residential pupils. The recommended tuition represents a 4.5 percent increase over the FY 2001 revised tuition amounts. While the total estimated enrollment remains essentially the same as the revised enrollment for FY 2001, the mix of day and residential pupils is estimated to change for FY 2002, with an increase of 13 Day Pupils (9.4 percent) and a decrease of 14 Residential Pupils (14 percent).
- ! The recommended appropriation for the Statewide Assessment Program for the FY 2002 budget totals \$16.7 million, representing no change from the FY 2001 adjusted appropriation. This represents the first year under CEIFA that there is no recommended increase in the appropriation for the Statewide Assessment Program. Since the FY 97 adjusted appropriation of \$5.59 million, the appropriation for the Statewide Assessment Program has increased by \$11.1 million (198.5 percent).
- ! The Teacher Quality Mentoring program appropriation recommended for the FY 2002 budget totals \$14 million, an increase of \$12 million (600 percent) over the FY 2001 adjusted appropriation of \$2 million. In FY 2001, the Teacher Quality Mentoring Program operated as a pilot program. For FY 2002, the program is to be implemented Statewide.
- ! The Virtual Academy appropriation recommended for FY 2002 is \$1.0 million, an increase of \$500,000 (100 percent) over the adjusted FY 2001 appropriation of \$500,000. The additional funding of the Virtual Academy, a web-based program offering professional development activities for teachers, will add an assessment component to assist teachers in standardizing performance scoring of students.
- ! With the passage of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, the department received supplemental appropriations in FY 2001 of \$3.5 million, increasing the FY 2001 adjusted appropriation for Facilities Planning and School Building Aid to \$3.86 million. The recommended Direct State Services appropriation for Facilities Planning and School Building Aid for FY 2002 is \$2.8 million. The decrease eliminates one-time costs.

Of the recommended \$2.8 million appropriation, \$.74 million is for Salaries and Wages, an increase of \$.50 million (211.8 percent) over the FY 2001 adjusted appropriation for Salaries and Wages of \$.24 million.
- ! As required pursuant to section 64 of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, the recommended appropriation for apprenticeship programs registered by the federal Bureau of Apprenticeship and Training in the United States is \$3 million. This amount is to be appropriated annually from FY 2001 through FY 2005.
- ! Continued funding of \$1.8 million is not recommended for items added to the FY 2001 budget by the Legislature.
- ! The estimated public school resident enrollment for FY 2002 is 1.396 million, an increase of 34,031 (2.5 percent) over the FY 2001 revised enrollment of 1.361 million.

Key Points (Cont'd)

- ! The estimated FY 2002 average per pupil support (per local budgets, and State aid including core curriculum standards aid, debt service, transportation aid, all categorical aid, and pension/Social Security contribution) is \$11,668, an increase of \$278 (2.4 percent) over the FY 2001 revised average per pupil support of \$11,390.

The average local share of the estimated FY 2002 average per pupil support is \$6,190, an decrease of \$60 (1.0 percent) from the revised FY 2001 average local share amount of \$6,250.

The average State share of the estimated FY 2002 average per pupil support is \$5,233, an increase of \$332 (6.8 percent) over the revised FY 2001 average State share amount of \$4,901.

The average percent local share of the estimated FY2002 average per pupil support is 53.1%, a decrease of 1.8% (3.3 percent) from the revised FY 2001 average percent local share of 54.9%.

The average percent State share of the estimated FY 2002 average per pupil support is 44.8%, an increase of 1.8% (4.2 percent) over the revised FY 2001 average percent State share of 43%.

Background Paper

- ! Interdistrict Public School Choice Program

p. 67

Program Description and Overview

Department of Education Operations

The recommended FY 2002 appropriation for the Department of Education operations is \$56.7 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.

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."

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 the issuance of the biennial Report on the Cost of Providing a Thorough and Efficient Education (Biennial 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.

In the March 2000 Biennial Report, two items are of special interest: 1) the revision of the weighting factors used in calculating a district's weighted enrollment, in turn used in the calculation of core curriculum standards aid; and 2) the recommended increase of 54.5 percent in the cost factor of educating special education students classified in Tier III, from \$4,276 per pupil in FY 2001 to \$6,607 per pupil in FY 2002 (through FY 2002 budget language, this cost factor is reduced to \$5,975 per pupil, a 39.7 percent increase from the FY 2001 cost factor, but 9.6 percent below the March 2000 Biennial Report recommendation).

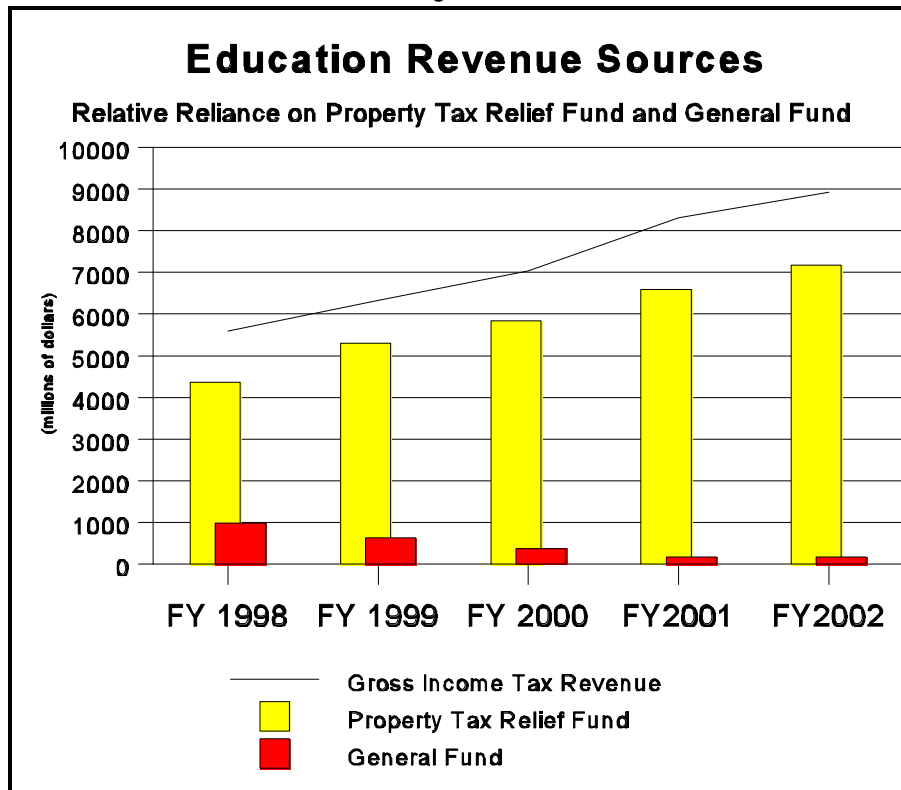
The weighting factors were revised to incorporate the department's recommendations with respect to elementary schools (kindergarten through fifth grades): a reduction in class size from 21 to 18 pupils; instruction in a whole world language be provided at least one period once a week in each class; and each teacher be provided one period of prep time each day. The result of implementing these recommendations is to increase the cost of elementary education relative to the cost of middle and high school education. Beginning in FY 2002, kindergarten and elementary pupils will continue to be weighted at .5 and 1 respectively. However, middle school pupils will be weighted at 1.04 instead of 1.12 as in FY 2001, and high school pupils will be weighted at 1.11 instead of 1.20 as in FY 2001. Essentially this means that a greater portion of the core curriculum standards aid is being apportioned for elementary education relative to how this aid was apportioned in previous years.

Program Description and Overview (Cont'd)

The FY 2002 recommended budget language increase of 39.7 percent in the cost factor for educating special education students classified in Tier III, as opposed to an increase reflective of the change in the CPI, 2.66 percent, means that the Special Education Aid for Tier III will increase in FY 2002 by \$65.5 million more than it would have had the recommended increase in the Tier III cost factor been indexed by 1 plus the CPI, as were the cost factors of the other three special education classification Tiers.

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

Figure 1



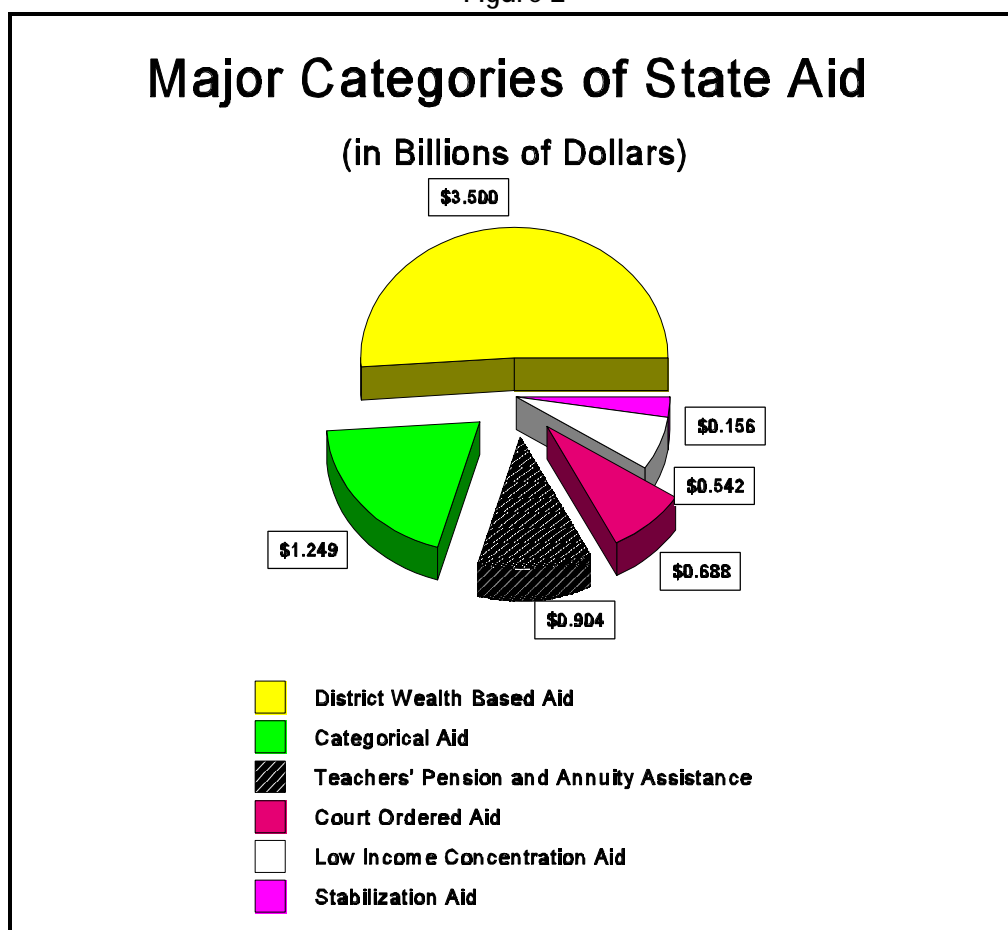
programs and the receipts from the Gross Income Tax, appropriations from the General Fund change (see Figure 1). Since FY 1998, total revenue received by the State from the Gross Income Tax has increased 59.5 percent. Over the same time period, the appropriation from the Property Tax Relief Fund for State aid to education has increased by 64.4 percent and the appropriation from the General Fund has decreased by 83 percent. In FY 2002, the total recommended appropriation from all sources for the Department of Education is \$7.993 billion. This includes \$7.169 billion from the Property Tax Relief Fund, \$638.8 million from federal funds, \$166.3 million from the General Fund and \$18.97 million from Other Funds.

Program Description and Overview (Cont'd)

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 2 charts the major categories of State aid to or on behalf of local districts from State funds that in FY 2002 total \$7.039 billion. The total recommended FY 2002 appropriation from State funds is \$7.335 billion, an increase of \$582 million (8.6 percent) over the FY 2001 adjusted appropriation of \$6.753 billion.

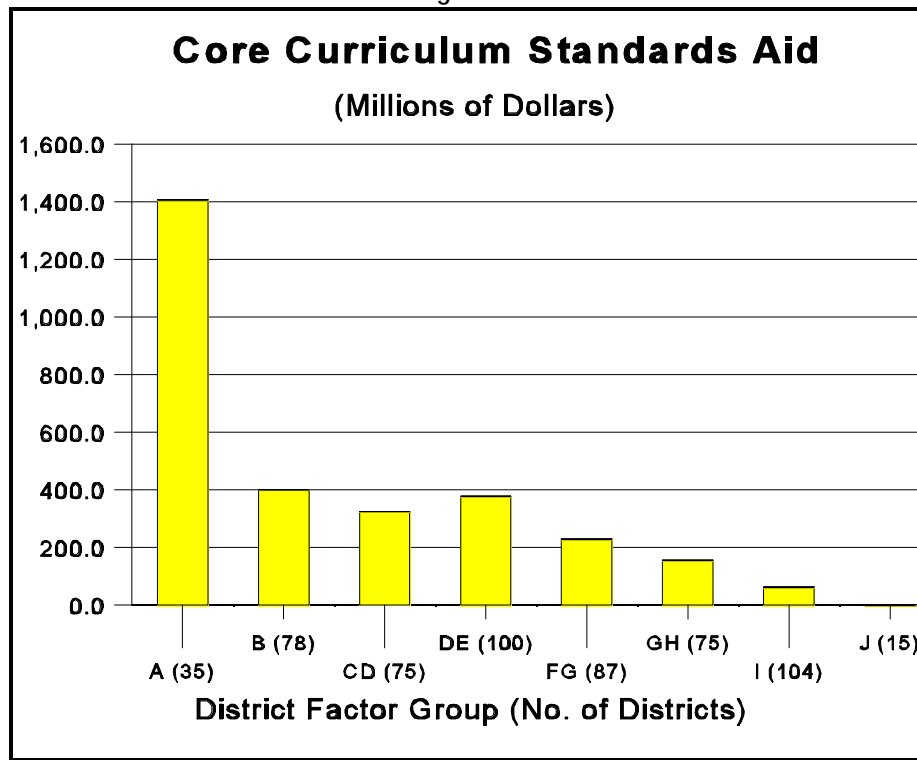
Figure 2



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 2002 appropriation for Core Curriculum Standards Aid is \$3.1 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 3, Core Curriculum Standards Aid by District Factor Group).

Program Description and Overview (Cont'd)

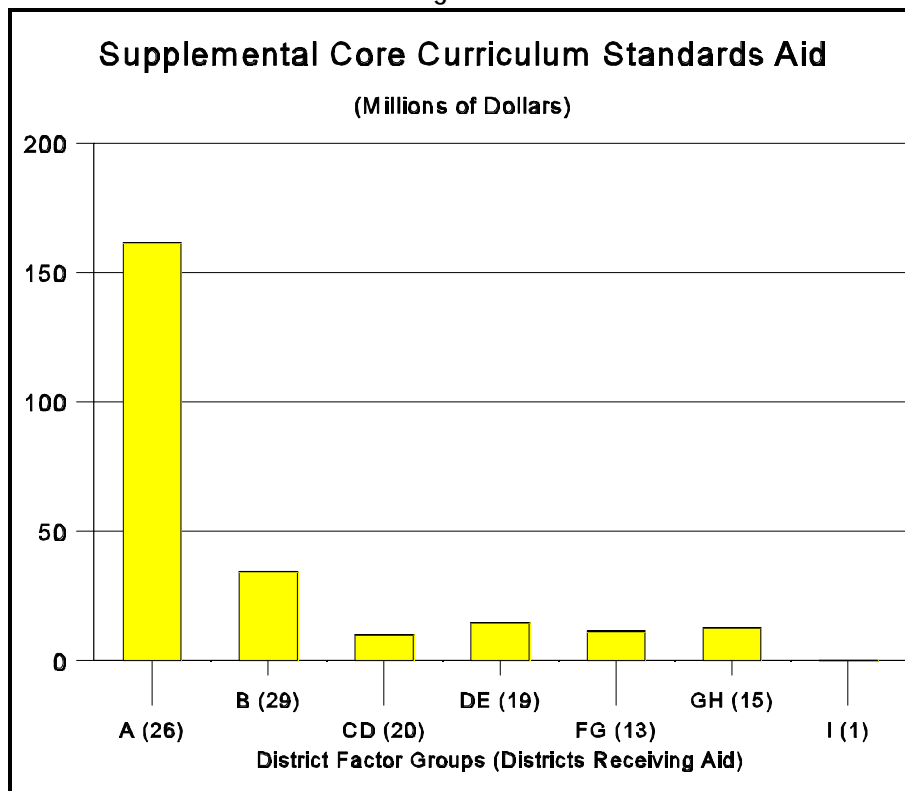
Figure 3



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. Also under SCCSA in order to provide assistance to communities to stabilize the tax impact of significant changes in enrollment and wealth, an additional \$63.6 million was included in the recommended FY 2002 appropriation of \$253.1 million for SCCSA (see figure 4, Supplemental Core Curriculum Standards Aid, also by District Factor Group).

Program Description and Overview (Cont'd)

Figure 4



The other wealth-based aid provided to districts is debt service aid. Under the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, debt service aid for districts has been restructured as follows:

Prior issuance of debt. Debt issued for projects approved prior to July 18, 2000 (the effective date of P.L.2000, c.72), will continue to have debt service aid calculated as in past fiscal years, in the same proportion that Core Curriculum Standards Aid is to a district's T and E budget (regular education) with two exceptions as noted below.

Retroactive exception 1. Any district which obtained approval from the commissioner since September 1, 1998 and prior to July 18, 2000, of the educational specifications for a school facilities project or obtained approval from the Department of Community Affairs or the appropriately licensed municipal code official since September 1, 1998 of the final construction plans and specifications, and the district had issued debt, could elect to have the final eligible costs of the project determined pursuant to a review of those cost by the commissioner and to receive debt service aid under section 9 or section 10 of P.L.2000, c.72. Debt service aid under section 9 for districts whose projects qualify under this language would be at a minimum of 40 percent of final eligible or approved costs. Debt service aid for these same projects under section 10 would be calculated as in previous fiscal years on the total costs of the project.

Retroactive exception 2. Any district which received approval from the commissioner for a school facilities project at any time prior to the effective date of P.L.2000, c.72, and had not issued debt, other than short term notes, could submit an application to be reviewed by the commissioner to have the final eligible costs of the project determined and to have the authority construct the

Program Description and Overview (Cont'd)

project; or, at its discretion, the district could choose to receive debt service aid under section 9 or under section 10 or to receive an upfront grant for the project under section 15.

Under the retroactive exceptions above, the "issuance of debt" includes lease purchase agreements in excess of five years. After July 18, 2000, issuance of debt will not include lease purchase agreements.

Projects approved after July 18, 2000. For final eligible costs of school facilities projects approved by the commissioner after July 18, 2000, a school district may choose to receive a one-time up-front grant for the project or debt service aid. In either case, the minimum amount of aid provided will be 40 percent of the preliminary eligible costs.

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 recommended for FY 2002 on a per pupil basis for the aid categories listed in Table 1 below are: Adult and Postsecondary Education --Adult (\$1,443), Post-Secondary (\$1,985); Bilingual Education (\$1,168); County Vocational (\$1,883); Distance Learning Network (\$44); Special Education-- Tier I (\$310, Tier II (\$3,260), Tier III (\$5,975), Tier IV (\$13,037); and Transportation-- CP1 (\$383.88), CD2 (\$10.50), CP2 (\$2,675.77), CD2 (\$5.10).

A summary of the total State aid amounts provided to the districts for some of the categorical aid items is provided in Table 1.

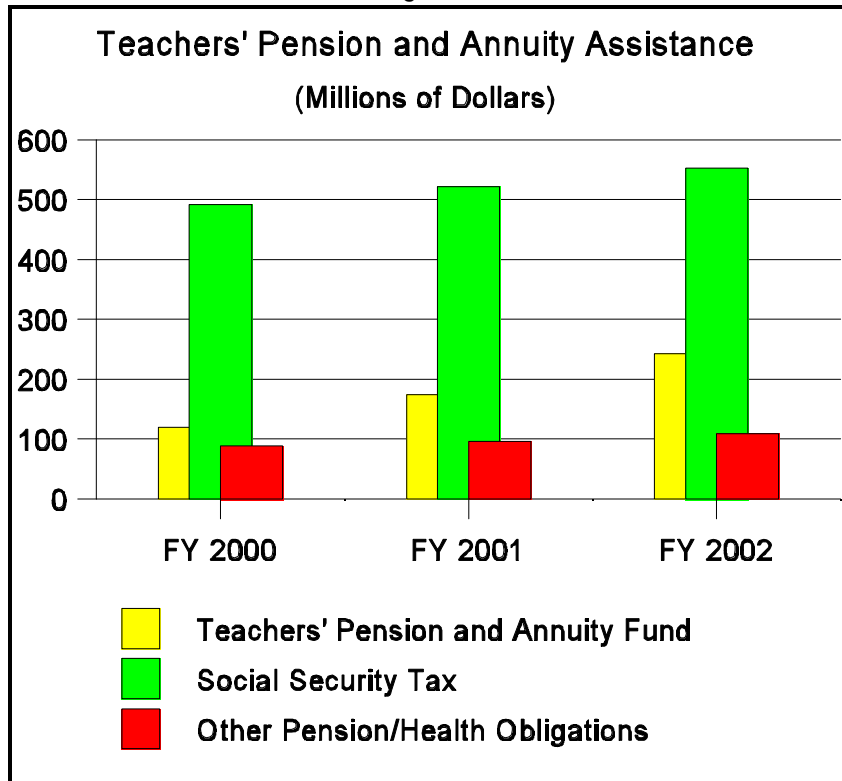
Table1: Categorical State Aid, FY 1998 to FY 2002
(Millions of Dollars)

| Aid Categories | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 | Percent Change 98-02 | Percent Change 01-02 |
|-------------------|---------|-----------|-----------|-----------|-----------|----------------------|----------------------|
| Adlt & Postscndry | \$25.0 | \$25.0 | \$26.7 | \$26.7 | \$28.7 | 14.9% | 7.8% |
| Bilingual | \$57.4 | \$53.2 | \$55.5 | \$59.3 | \$64.2 | 11.9% | 8.4% |
| Co Voc Ed | \$22.6 | \$32.2 | \$34.0 | \$35.3 | \$39.0 | 72.3% | 10.4% |
| Dist Lrng Network | \$50.5 | \$52.2 | \$54.5 | \$56.8 | \$59.1 | 17.1% | 4.0% |
| Spec Ed | \$585.6 | \$643.9 | \$692.3 | \$770.4 | \$910.5 | 55.5% | 18.2% |
| Transport | \$243.9 | \$261.1 | \$266.8 | \$301.5 | \$301.5 | 23.6% | 0.0% |
| Total | \$985.0 | \$1,067.6 | \$1,129.8 | \$1,249.9 | \$1,403.1 | 42.4% | 12.3% |

Program Description and Overview (Cont'd)

The recommended FY 2002 appropriation to assist school districts with Teachers' Pension and Annuity Assistance is \$904 million. As shown in Figure 5, two components make up the major portion of this State aid to school districts, Social Security Taxes and the Teachers' Pension and Annuity Fund which pays the cost of post-retirement medical benefits.

Figure 5



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 2002 in the amount of \$506 per district pupil. Districts which have a low-income pupil concentration equal to or greater than 40 percent receive aid in FY 2002 in the amount of \$817 per district pupil. Information provided by the

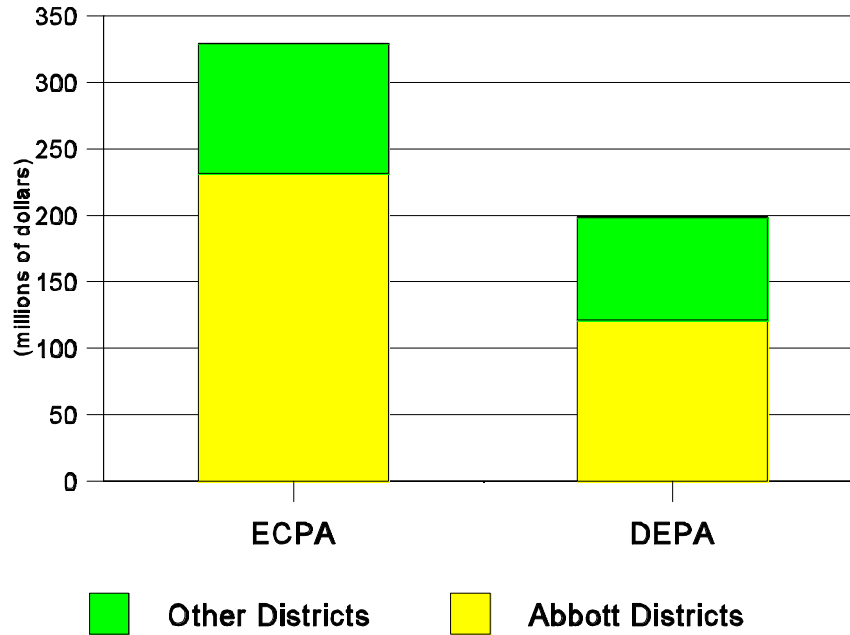
Demonstrably Effective Program Aid is allocated for the purpose of providing instruction, school governance, and health and social service programs to students in the schools which qualify within a district. Schools qualify for this aid by having a low-income pupil concentration equal to or greater than 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

Program Description and Overview (Cont'd)

Figure 6

ECPA and DEPA for Abbott and Other Districts

FY 2002



modified enrollment. Districts with a school or schools in the first category, receive aid in FY 2002 in the amount of \$327 per pupil in the qualifying school or schools; districts with a school or schools in the second category, receive aid in FY 2002 in the amount of \$463 per pupil in the school or schools which qualify.

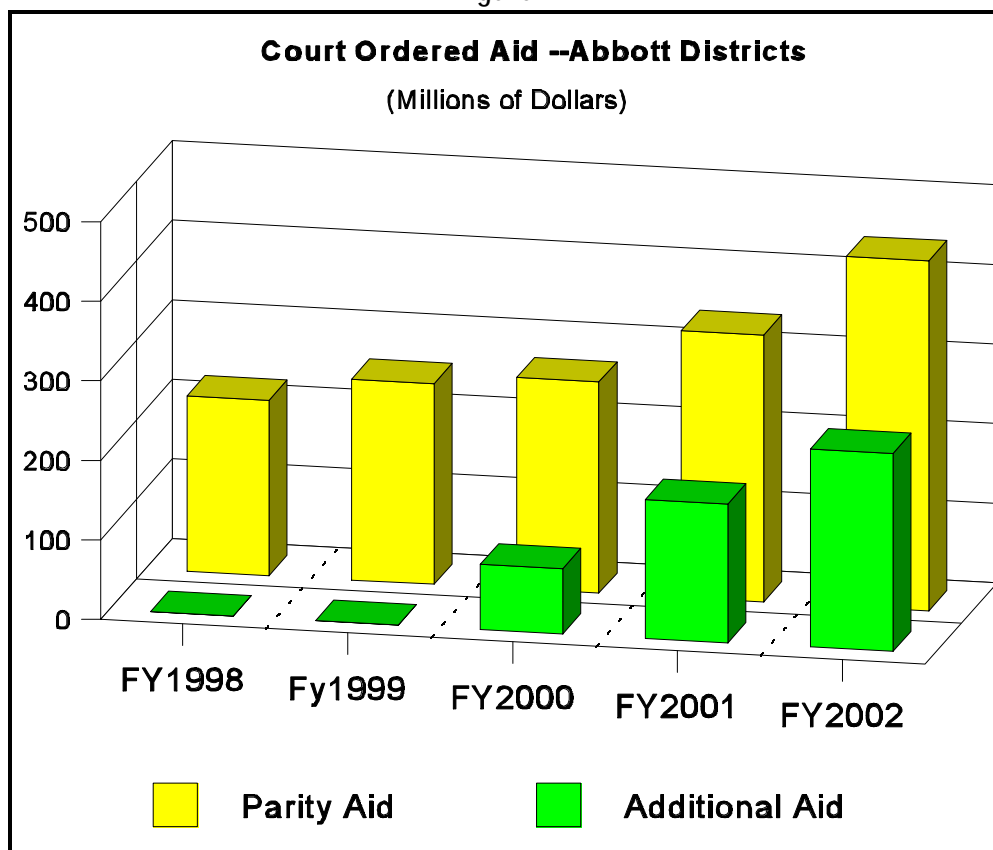
Early Childhood Program Aid (ECPA) and Demonstrably Effective Program Aid (DEPA) are important components of the State's efforts to achieve reform in all districts having low-income pupil concentrations, especially the Abbott districts. Figure 6 shows the recommended FY 2002 appropriation for Early Childhood Program Aid and Demonstrably Effective Program Aid by Abbott and other districts. Information provided by the Department of Education shows that for FY 2002, \$329.5 million is allocated to districts for Early Childhood Program Aid, of which \$231.8 million (70.3 percent) is allocated to Abbott districts and \$97.7 million (29.3 percent) is allocated to the other districts. For FY 2002, \$199.1 million is allocated to districts for Demonstrably Effective Program Aid, of which \$121.6 million (61 percent) is allocated to Abbott districts and \$77.5 million (39 percent) is allocated to the other districts.

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 7). 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

Program Description and Overview (Cont'd)

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.

Figure 7



Program Description and Overview (Cont'd)

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. In FY 2002, as in FY 2001, Stabilization aid is provided to ensure that a district will lose no more than 2 percent cash State aid between the prebudget and budget years. While not in the FY 2002 budget document, as announced by the Acting Governor on March 13 2001, Stabilization Aid 3* in the amount of \$11.4 million will be recommended for inclusion in the FY 2002 budget. This aid will mean that no district will receive less cash aid in FY 2002 than it received in FY 2001. Under this recommendation, 136 districts will receive up to 2 percent more in State aid in FY 2002 than was originally announced in the State aid figures released by the department on January 24, 2001. The categories and totals of Stabilization Aid are found in Table 2.

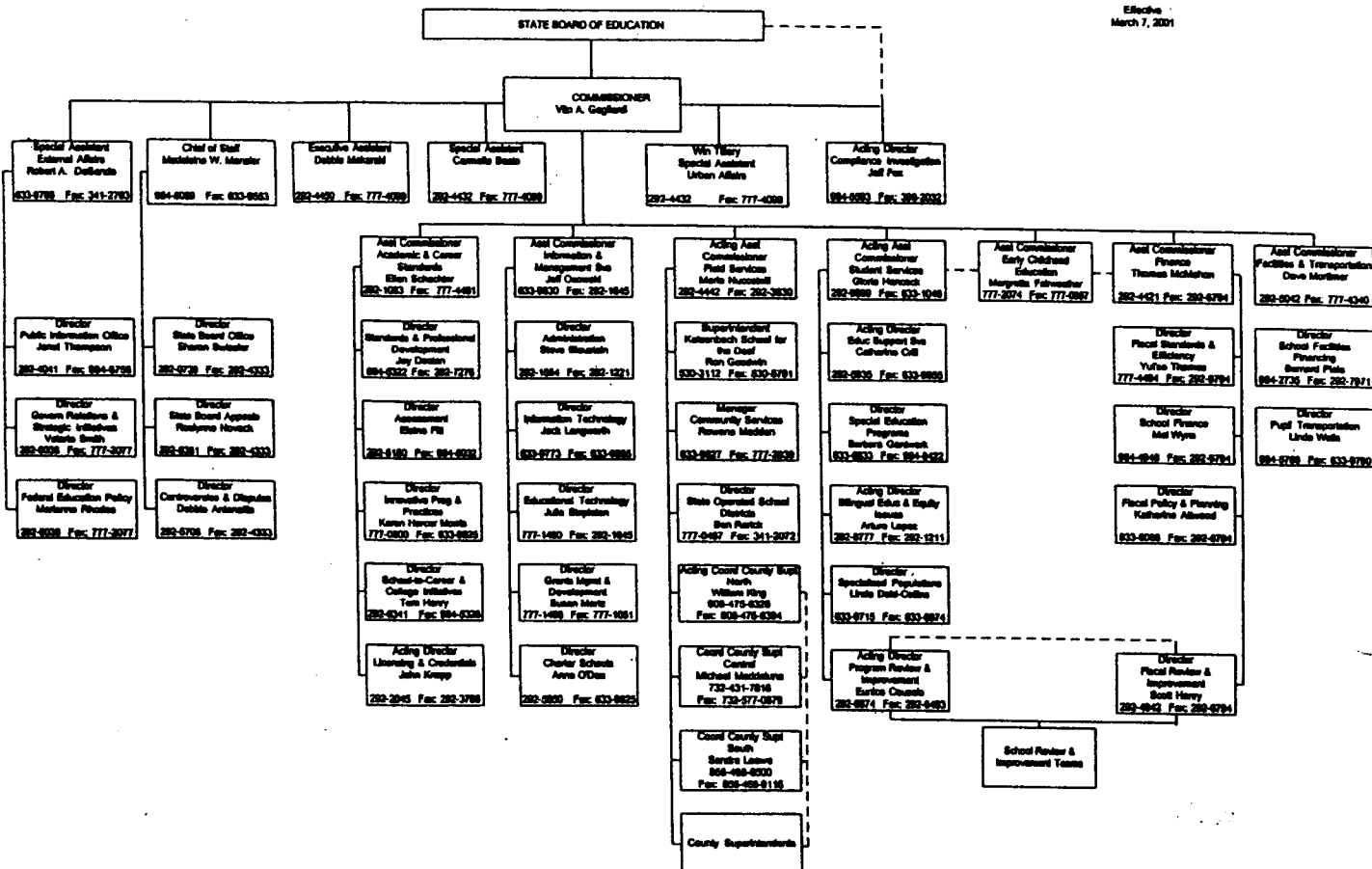
Table 2: Stabilization Aid
(Thousands of Dollars)

| Stabilization Aid Categories | FY 2001 Adjusted Appropriation | FY 2002 Recommend Appropriation | Dollar Change FY 01 to FY 02 | Percent Change FY 00 to FY02 |
|---|--------------------------------------|---------------------------------------|---------------------------------|---------------------------------------|
| Stabilization Aid | \$135,705 | \$116,650 | (\$19,055) | (14.0)% |
| County Special Services Tuition Stabilization | \$500 | \$250 | (\$250) | (50.0)% |
| Large Efficient District Aid | \$4,500 | \$5,250 | \$750 | 16.7% |
| Regionalization Incentive Aid | \$17,612 | \$18,295 | \$683 | 3.9% |
| Aid for Districts with High Senior Citizen Populations | \$1,850 | \$1,231 | (\$619) | (33.5)% |
| Stabilization Aid 2 | \$5,070 | \$2,545 | (\$2,525) | (49.8)% |
| Stabilization Aid 3* | \$0 | \$11,400 | \$11,400 | — |
| TOTAL | \$165,237 | \$155,621 | (\$9,616) | (5.8)% |

Organization Chart

NEW JERSEY STATE DEPARTMENT OF EDUCATION

Effective March 7, 2001



Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

| | Expended FY 2000 | Adj. Approp. FY 2001 | Recom. FY 2002 | Percent Change | |
|---------------------------------|---------------------|----------------------------|--------------------|----------------|---------------|
| | | | | 2000-02 | 2001-02 |
| General Fund | | | | | |
| Direct State Services | \$50,056 | \$57,604 | \$56,717 | 13.3% | (1.5)% |
| Grants-In-Aid | 3,684 | 6,629 | 6,429 | 74.5% | (3.0)% |
| State Aid | 308,582 | 98,679 | 100,216 | (67.5)% | 1.6% |
| Capital Construction | 1,149 | 4,536 | 2,930 | 155.0% | (35.4)% |
| Debt Service | 0 | 0 | 0 | 0.0% | 0.0% |
| Sub-Total | \$363,471 | \$167,448 | \$166,292 | (54.2)% | (0.7)% |
| Property Tax Relief Fund | | | | | |
| Direct State Services | \$0 | \$0 | \$0 | 0.0% | 0.0% |
| Grants-In-Aid | 0 | 0 | 0 | 0.0% | 0.0% |
| State Aid | 5,829,451 | 6,585,471 | 7,169,138 | 23.0% | 8.9% |
| Sub-Total | \$5,829,451 | \$6,585,471 | \$7,169,138 | 23.0% | 8.9% |
| Casino Revenue Fund | \$0 | \$0 | \$0 | 0.0% | 0.0% |
| Casino Control Fund | \$0 | \$0 | \$0 | 0.0% | 0.0% |
| State Total | \$6,192,922 | \$6,752,919 | \$7,335,430 | 18.4% | 8.6% |
| Federal Funds | \$444,988 | \$542,919 | \$638,811 | 43.6% | 17.7% |
| Other Funds | \$16,579 | \$18,770 | \$18,970 | 14.4% | 1.1% |
| Grand Total | \$6,654,489 | \$7,314,608 | \$7,993,211 | 20.1% | 9.3% |

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

| | Actual FY 2000 | Revised FY 2001 | Funded FY 2002 | Percent Change | |
|------------------------|-------------------|--------------------|-------------------|----------------|--------------|
| | | | | 2000-02 | 2001-02 |
| State | 434 | 466 | 592 | 36.4% | 27.0% |
| Federal | 236 | 240 | 295 | 25.0% | 22.9% |
| All Other | 183 | 188 | 218 | 19.1% | 16.0% |
| Total Positions | 853 | 894 | 1,105 | 29.5% | 23.6% |

FY 2000 (as of December) and revised FY 2001 (as of September) personnel data reflect actual payroll counts. FY 2002 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

| | | | | | |
|------------------------|-------|-------|-------|------|------|
| Total Minority Percent | 21.0% | 22.9% | 22.9% | ---- | ---- |
|------------------------|-------|-------|-------|------|------|

Significant Changes/New Programs (\$000)

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|--------------------------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Core Curriculum Standards Aid | \$2,942,900 | \$3,077,724 | \$134,824 | 4.6% | D-138 |

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.

| | | | | | |
|--|------------------|------------------|------------------|--------------|--------------|
| Abbott v. Burke Parity Remedy Aid | \$335,907 | \$439,754 | \$103,847 | 30.9% | D-138 |
|--|------------------|------------------|------------------|--------------|--------------|

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.

| | | | | | |
|---|------------------|------------------|-----------------|--------------|--------------|
| Additional Abbott v. Burke State Aid | \$173,969 | \$248,674 | \$74,705 | 42.9% | D-139 |
|---|------------------|------------------|-----------------|--------------|--------------|

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. As indicated in note (b), p. D-141 of the FY 2002 recommended budget, "the recommended fiscal 2002 appropriation for Additional Abbott v. Burke State Aid will be adjusted downward or upward by the Commissioner, as necessary, to fulfill the responsibilities of the Commissioner under the Abbott order."

| | | | | | |
|---|------------------|------------------|-----------------|--------------|--------------|
| Supplemental Core Curriculum Standards Aid | \$209,621 | \$253,149 | \$43,528 | 20.8% | D-138 |
|---|------------------|------------------|-----------------|--------------|--------------|

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. Supplemental Core Curriculum Standards Aid will be provided in FY 2002 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 the T&E budget tax rate of those districts to \$1.72 per \$100 in equalized property valuation per pupil.

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

| <u>Budget Item</u> | <u>Adj. Approp.</u> <u>FY 2001</u> | <u>Recomm.</u> <u>FY 2002</u> | <u>Dollar</u> <u>Change</u> | <u>Percent</u> <u>Change</u> | <u>Budget</u> <u>Page</u> |
|----------------------------|---------------------------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|
| Early Childhood Aid | \$313,226 | \$328,552 | \$15,326 | 4.9% | D-139 |

The aid increase reflects the recommended increase in the early childhood aid per pupil amounts contained in the March 2000 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 \$506 per pupil. Districts with concentrations of low-income pupils equal to or greater than 40 percent will receive \$817 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 | \$192,906 | \$197,486 | \$4,580 | 2.4% | D-140 |
|---|------------------|------------------|----------------|-------------|--------------|

This increase is attributable to an increase in the per pupil amount for demonstrably effective program aid (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 \$327 per pupil, while schools with low-income enrollments equal to or greater than 40 percent receive \$463 per pupil.

| | | | | | |
|---------------------------------|-----------------|-----------------|------------------|---------------|--------------|
| Instructional Supplement | \$17,552 | \$16,180 | (\$1,372) | (7.8)% | D-139 |
|---------------------------------|-----------------|-----------------|------------------|---------------|--------------|

The recommended FY 2002 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 2001-2002 school year, districts will receive an allocation based on the number of pupils from low-income families multiplied by \$369 per pupil, an increase of \$6 over the per pupil amount of \$363 in FY 2001. The reduction in the total aid amount is due to a combination of a decrease in the number of districts which qualify for this aid (from 221 in FY 2001 to 191 in FY 2002) and a decrease in the total number of eligible students (from 48,344 in FY 2001 to 42,331 in FY 2002).

| | | | | | |
|--------------------------|------------------|------------------|-------------------|----------------|--------------|
| Stabilization Aid | \$135,705 | \$116,650 | (\$19,055) | (14.0)% | D-139 |
|--------------------------|------------------|------------------|-------------------|----------------|--------------|

Stabilization aid is provided pursuant to recommended FY 2002 budget language to ensure that a district will receive cash State aid which, when compared with FY 2001 cash aid, does not result in a loss of cash State aid of more than 2 percent. The reduction in the amount of Stabilization aid can be a result of many factors, but perhaps chief among those for FY 2002 is the large increase in the total amount of Special Education Aid in FY 2002.

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|---------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Stabilization Aid 2 | \$5,070 | \$2,545 | (\$2,525) | (49.8)% | D-139 |

Stabilization Aid 2 in FY 2001 was appropriated to certain districts to either keep the district's cash State aid in FY 2001 at its FY 2000 level or to increase the cash State aid of certain districts over their FY 2000 level by an amount equal to the greater of 1 percent of the district's net budget for FY 2000 or \$100,000. Stabilization Aid 2 will be distributed in accordance with the same criteria in FY 2002, however not all districts qualify for the aid or the same aid amounts.

| | | | | | |
|---------------------|-----|----------|----------|---|--|
| Stabilization Aid 3 | \$0 | \$11,401 | \$11,401 | — | |
|---------------------|-----|----------|----------|---|--|

While not in the FY 2002 budget document, as announced by the Acting Governor on March 13, 2001, Stabilization Aid 3 in the amount of \$11.4 million will be recommended for inclusion in the FY 2002 budget. This aid will mean that no district will receive less cash aid in FY 2002 than it received in FY 2001. Under this recommendation, 136 districts will receive up to 2 percent more in State aid in FY 2002 than was originally announced in the State aid figures released by the department on January 24, 2001.

| | | | | | |
|------------------------------|---------|---------|-------|-------|-------|
| Large Efficient District Aid | \$4,500 | \$5,250 | \$750 | 16.7% | D-139 |
|------------------------------|---------|---------|-------|-------|-------|

Pursuant to subsection d. of section 10 of CEIFA, certain districts are eligible for Large Efficient District Aid. Recommended FY 2002 budget language provides that each district eligible for State aid pursuant to that subsection is entitled to receive aid in the net amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 (C.18A: 7F--32.1), Regionalization Incentive Aid, or \$1,250,000 per school district, whichever is greater. The recommended FY 2002 budget language also provides that if the amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 is greater than \$1,250,000 the district will also receive an additional amount of \$500,000, or, as provided in budget language new for FY 2002, in the case of a district that has a projected T&E budget equal to its projected minimum T&E budget, an additional amount of \$1,250,000. The increase of \$750,000 over the FY 2001 level is a result of the additional \$1.25 million provided for a district that meets the T&E budget criteria pursuant to the new budget language as opposed to \$500,000 under the FY 2001 budget language.

| | | | | | |
|--|---------|---------|---------|---------|-------|
| Aid for Districts with High Senior Citizen Populations | \$1,850 | \$1,231 | (\$619) | (33.5)% | D-139 |
|--|---------|---------|---------|---------|-------|

The recommended FY 2002 Aid for Districts with High Senior Citizen Populations is \$1.23 million, a decrease of \$619,000 from the FY 2001 adjusted appropriation of \$1.85 million. The FY 2001 adjusted appropriation of \$1.85 million includes a supplemental appropriation of \$929,000 which was paid to Central Regional School District for Berkeley Township's students at that school as a result of the Superior Court decision in Township of Berkeley v. The Department of Education, Docket No. A-5555-98T1 (August 22, 2000). The recommended FY 2002 appropriation actually

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|--------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
|--------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|

represents an increase of \$310,000 (33.7 percent) over the adjusted FY 2001 appropriation without the FY 2001 supplemental appropriation.

Regionalization

| | | | | | |
|----------------------|-----------------|-----------------|--------------|-------------|--------------|
| Incentive Aid | \$17,612 | \$18,295 | \$683 | 3.9% | D-139 |
|----------------------|-----------------|-----------------|--------------|-------------|--------------|

Pursuant to section 1 of P.L.1999, c.438, certain districts are eligible for Regionalization Incentive Aid. This section provides that the aid amount for each year will be increased by the increase in the CPI and the projected enrollment growth, with the proviso that the projected enrollment growth shall not be less than 1 percent. These growth factors account for the increase in aid over the FY 2001 level.

Aid for Enrollment

| | | | | | |
|--------------------|-----------------|-----------------|-------------------|----------------|--------------|
| Adjustments | \$34,558 | \$13,458 | (\$21,100) | (61.1)% | D-139 |
|--------------------|-----------------|-----------------|-------------------|----------------|--------------|

The aid funds State aid adjustments 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 2000 to FY 2001. The large reduction in aid recommended for FY 2002 is due to the fact that most districts completed reclassification of special education students prior to the October 1999 pupil count and did not need a further major reclassification which would be reflected in the October 2000 pupil count.

Non-Public School Aid--

| | | | | | |
|--------------|-----------------|-----------------|----------------|-------------|--------------|
| TOTAL | \$94,068 | \$97,018 | \$2,950 | 3.1% | D-138 |
|--------------|-----------------|-----------------|----------------|-------------|--------------|

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 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.

Teacher Quality

| | | | | | |
|------------------|----------------|-----------------|-----------------|---------------|--------------|
| Mentoring | \$2,000 | \$14,000 | \$12,000 | 600.0% | D-139 |
|------------------|----------------|-----------------|-----------------|---------------|--------------|

This aid will be used to offer Statewide a program the Department of Education tested in FY 2001 as a pilot program in 15 districts. The program supports 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. The aid amounts for Teacher Quality Mentoring

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|--------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
|--------------------|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|

will be paid to districts at the rates of \$1,750 for newly hired alternative route teachers and \$1,350 for newly hired traditional route teachers and \$883 for second year teachers.

| | | | | | |
|--|-----------------|-----------------|----------------|-------------|--------------|
| Distance Learning Network Aid | \$56,820 | \$59,112 | \$2,292 | 4.0% | D-139 |
|--|-----------------|-----------------|----------------|-------------|--------------|

The aid increase reflects an increase in pupil enrollment for the 2001-2002 school year and an increase in the per pupil amount from \$43 to \$44 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 pursuant to section 22 of P.L.1996, c.138.

| | | | | | |
|---|-----------------|-----------------|----------------|-------------|--------------|
| Adult and Postsecondary Education Grants | \$26,654 | \$28,721 | \$2,067 | 7.8% | D-140 |
|---|-----------------|-----------------|----------------|-------------|--------------|

The March 2000 Biennial Report recommended that the Adult Education Aid amount be increased by the inflation rate represented by the CPI, from \$1,420 to \$1,443 per pupil, and that the Post-Secondary Education Aid amount be increased by 10 percent plus the inflation rate represented by the CPI, from \$1,775 to \$1,985 per pupil. The differential increase in the per pupil amounts is based on studies done by the department which demonstrated actual differential costs for these two types of educational programs. The recommendation was that the differential between Adult Education Aid and Post-Secondary Education Aid be increased incrementally over time. The FY 2002 amounts represent a phase in of the recommended differential.

| | | | | | |
|--------------------------------|-----------------|-----------------|----------------|-------------|--------------|
| Bilingual Education Aid | \$59,250 | \$64,225 | \$4,975 | 8.4% | D-140 |
|--------------------------------|-----------------|-----------------|----------------|-------------|--------------|

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 2002 bilingual per pupil amount of \$1,168. Funds are provided to school districts with 20 or more students of limited English proficiency in any one language classification who are enrolled in approved bilingual programs, to districts with fewer than 20 students of limited English proficiency who are enrolled in an approved English as a Second Language program, and to districts operating other programs approved by the State Board of Education.

| | | | | | |
|--|------------------|------------------|------------------|--------------|--------------|
| Special Education Aid | \$760,350 | \$895,520 | \$135,170 | 17.8% | D-141 |
| Extraordinary Special Education Costs Aid | \$10,000 | \$15,000 | \$5,000 | 50.0% | D-141 |

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|---|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Special Education Transportation Costs | \$94,633 | \$97,731 | \$3,098 | 3.3% | |
| State Total | \$864,983 | \$1,008,251 | \$143,268 | 16.6% | |
| Federal Funds | \$180,235 | \$224,975 | \$44,740 | 24.8% | D-141 |
| TOTAL | \$1,045,218 | \$1,233,226 | \$188,008 | 18.0% | |

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 March 2000 Biennial Report set the following amounts for FY 2002: Tier I -- \$310; Tier II -- \$3,260; Tier III -- \$6,607; and Tier IV -- \$13,037. The increased FY 2002 appropriation reflects an increase in the number of pupils classified for Special Education Aid and an increased aid amount for each tier. The Tier III increase over the FY 2001 amount of \$4,276 is a 54.5 percent increase. This follows the department's determination that districts' actual expenditures for Tier III students were 60 percent of the expenditures on Tier IV students. The FY 2001 amount represents only 33 percent of the Tier IV expenditures. Because of the larger than expected increase in Special Education Aid required by the Tier III increase, recommended FY 2002 budget language reduces the March 2000 Biennial Report recommendation for Tier III from \$6,607 to \$5,975 and the full increase is expected to be implemented in the next fiscal year.

Transportation costs for special education are calculated separately by the department, but are included in the overall State Transportation aid.

Extraordinary Special Education Costs Aid is provided, under certain circumstances, to districts for those costs of the district to educate an individual student which are in excess of \$40,000. The department has apportioned this aid in the past based on the amount appropriated; the increase from \$10.0 million to \$15.0 million will permit the department to more fully fund these extraordinary special education costs. Data from the most recent school district applications for Extraordinary Special Education Costs Aid indicate that the total special education costs to districts in excess of \$40,000 a student is \$21.3 million.

Federal aid for special education for FY 2002 is \$224.98 million an increase of \$44.7 million (24.8 percent) over the FY 2001 adjusted appropriation. Under the federal "Individuals with Disabilities Education Act," 20 U.S.C. s.1400 et seq., the maximum amount of the grant a State may receive for any fiscal year is 40 percent of the average per-pupil expenditure in public elementary and secondary schools in the United States times the number of children with disabilities in the State who are receiving special education and related services. States have never received the maximum amount. The FY 2002 amount would provide funding from the federal government at about 15 percent as opposed to the 40 percent referenced above.

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|---|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Stabilization Growth Limitation | (\$68,073) | (\$78,285) | (\$10,212) | 15.0% | D-141 |
| 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 \$78.3 million represents an increase of \$10.2 million in the amount of reduction in aid to districts which exceeded their stabilization aid growth limit in the department's FY 2002 calculations. | | | | | |
| Marie H. Katzenbach School for the Deaf (General Fund) | \$3,093 | \$3,093 | \$0 | 0.0% | D-145 |
| Capital Construction | \$1,946 | \$1,380 | (\$566) | (29.1)% | D-146 |
| Total State Appropriation | \$5,039 | \$4,473 | (\$566) | (11.2)% | D-146 |
| Marie H. Katzenbach School for the Deaf (All Other Funds) | \$8,780 | \$8,735 | (\$45) | (0.5)% | D-146 |
| Federal Funds | \$951 | \$998 | \$47 | 4.9% | D-147 |
| TOTAL | \$14,770 | \$14,206 | (\$564) | (3.8)% | D-147 |

The Marie H. Katzenbach School for the Deaf provides educational and vocational services to deaf and multiply disabled deaf children from birth through twelfth grade. Residential services will be provided to approximately 36 percent of the school's students on a five-day-a-week basis. Funding for FY 2002 includes \$3.1 million in State funding, and \$8.7 million in tuition receipts. Katzenbach's gross cost per pupil is projected to increase from \$46,029 to \$47,194, a 2.5 percent increase. The State's contribution on a per pupil basis is projected to increase from \$12,996 to \$13,050 (0.4 percent); and payments from local school boards are expected to increase by 4.5 percent for Regular Day Pupils (\$26,076 to \$27,249) and Residential Pupils (\$32,035 to \$33,475).

| | | | | | |
|--|-----------------|-----------------|----------------|--------------|--------------|
| County Vocational Program Aid (State Aid) | \$35,273 | \$38,948 | \$3,675 | 10.4% | D-149 |
|--|-----------------|-----------------|----------------|--------------|--------------|

The recommended FY 2002 State appropriation for County Vocational Program Aid is \$38.9 million, an increase of \$3.675 million (10.4 percent) over the FY 2001 adjusted appropriation of \$35.273 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. The cost per pupil for County Vocational Program Aid for FY 2002

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|--|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| is increased to \$1,883 from the FY 2001 cost per pupil of \$1,781, an increase of \$102 (5.7 percent). This increase is based on the recommendation contained in the March 2000 Biennial Report which found that the actual increase in per pupil expenditures over fiscal years 1998, 1999 and 2000 was about 4 percent. Enrollment in secondary vocational education for FY 2002 is expected to increase to 151,971, an increase of 3,707 pupils (2.5 percent) over the FY 2001 revised number of 148,264 pupils. | | | | | |
| School Choice/Charter School Aid | \$9,000 | \$6,833 | (\$2,167) | (24.1)% | D-155 |
| Charter Schools - Council on Local Mandates | \$6,000 | \$6,000 | \$0 | 0.0% | D-155 |
| Total State Aid | \$15,000 | \$12,833 | (\$2,167) | (14.4)% | D-155 |
| Office of School Choice (DSS) | \$1,159 | \$1,536 | \$377 | 32.5% | D-153 |
| Total State Appropriation | \$16,159 | \$14,369 | (\$1,790) | (11.1)% | D-153 and D-154 |
| Office of School Choice (federal funds) | \$193 | \$262 | \$69 | 35.8% | D-155 |
| Total | \$16,352 | \$14,631 | (\$1,721) | (10.5)% | |

The recommended FY 2002 appropriation for School Choice/Charter School aid is \$12.8 million, a decrease of \$2.167 million (14.4 percent) from the FY 2001 adjusted appropriation of \$15.0 million. State aid for School Choice/Charter Schools is used: to distribute aid to any charter school which operates a full-day kindergarten program in an Abbott district; 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; for charter schools whose budget would be reduced by the decision of the Council on Local Mandates which ruled that a district is to pay the lesser of either 90 percent of the program per pupil for the specific grade level in the district or 90 percent of the maximum T&E amount (under P.L.2000, c.142, the State is required to make up any difference in aid to any charter school whose aid is reduced under the decision of the Counsel on Local Mandates); and for aid to School Choice districts. The reduction in aid reflects a reduction in the amount required as aid for School Choice districts.

| | | | | | |
|-----------------------------|------------------|------------------|----------------|---------------|--------------|
| Pupil Transportation | \$301,718 | \$301,537 | (\$181) | (0.1)% | D-155 |
|-----------------------------|------------------|------------------|----------------|---------------|--------------|

The recommended FY 2002 appropriation of \$301.5 million is the same as the FY 2001 adjusted appropriation less the supplemental amount added through budget language by the Legislature in the FY2001 budget. The budget language added by the Legislature was to reimburse school

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

| <u>Budget Item</u> | <u>Adj. Approp.</u> <u>FY 2001</u> | <u>Recomm.</u> <u>FY 2002</u> | <u>Dollar</u> <u>Change</u> | <u>Percent</u> <u>Change</u> | <u>Budget</u> <u>Page</u> |
|---|---------------------------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|
| districts, located in a county of the third class or a county of the second class with a population of less than 235,000, for payments made for the transportation cost of providing school pupils residing in the school district who are transported 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. Recommended FY 2002 budget language provides that funding for pupil transportation will be at 95.43 percent of each eligible district's entitlement as calculated under section 25 of CEIFA. | | | | | |
| Teachers' Pension and Annuity Fund | \$174,562 | \$242,760 | \$68,198 | 39.1% | D-155 |
| Social Security Tax | \$521,300 | \$552,578 | \$31,278 | 6.0% | D-155 |
| Minimum Pension for Pre-1955 Retirees | \$2 | \$2 | \$0 | 0.0% | D-155 |
| Additional Health Benefits | \$27,056 | \$36,027 | \$8,971 | 33.2% | D-155 |
| Debt Service on Pension Obligation Bonds | \$69,545 | \$72,665 | \$3,120 | 4.5% | D-155 |
| Total | \$792,465 | \$904,032 | \$111,567 | 14.1% | D-154 |

The total recommended FY 2002 appropriation for Teachers' Pension and Annuity Assistance is \$904.0 million, an increase of \$111.6 million (14.1 percent) over the FY 2001 adjusted appropriation of \$792.5 million. The recommended funding for the Teachers' Pension and Annuity Fund (\$242,760) pays the cost of post-retirement medical benefits. The normal contribution is paid from excess valuation assets.

The recommended FY 2002 appropriation for Additional Health Benefits is \$36.0 million, an increase of \$8.97 million (33.2 percent) over the FY 2001 adjusted appropriation of \$27.1 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 | \$12,000 | \$0 | (\$12,000) | (100.0)% | D-155 |
|--|----------|-----|------------|----------|-------|

This appropriation was 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. According to the department, all of the schools in the Abbott districts have implemented Whole School Reform.

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|--|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Advisory Council on Holocaust Education | \$200 | \$144 | (\$56) | (28.0)% | D-153 |
| Neptune Township Education Foundation - Project Anchor | \$25 | \$0 | (\$25) | (100.0)% | D-154 |
| Point Pleasant School District - Audio Equipment | \$118 | \$0 | (\$118) | (100.0)% | D-140 |
| Rutherford School District - High School Capital Improvements | \$200 | \$0 | (\$200) | (100.0)% | D-140 |
| Montclair Board of Education - Minority Student Achievement Network | \$200 | \$250 | \$50 | 25.0% | D-140 |
| A+ for Kids - Institute for Science, Mathematics and Technology | \$150 | \$0 | (\$150) | (100.0)% | D-140 |
| Middle Township High School - Science Lab Renovation | \$150 | \$0 | (\$150) | (100.0)% | D-140 |
| Newfield School District - Emergency Roof Replacement | \$90 | \$0 | (\$90) | (100.0)% | D-140 |
| New Jersey Learning Through Listening | \$300 | \$0 | (\$300) | (100.0)% | D-140 |
| Bordentown Community Education/Recreation - Project ARTTS | \$30 | \$0 | (\$30) | (100.0)% | D-140 |
| Wallington - Total Language Immersion | \$75 | \$0 | (\$75) | (100.0)% | D-140 |
| Denville School District | \$200 | \$0 | (\$200) | (100.0)% | D-140 |

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

| <u>Budget Item</u> | <u>Adj. Approp. FY 2001</u> | <u>Recomm. FY 2002</u> | <u>Dollar Change</u> | <u>Percent Change</u> | <u>Budget Page</u> |
|---|---------------------------------|----------------------------|--------------------------|---------------------------|------------------------|
| Safe Schools and Communities Violence Prevention Pilot Plan | \$150 | \$0 | (\$150) | (100.0)% | D-140 |
| Total | \$1,888 | \$394 | (\$1,494) | (79.1)% | |

Funds for 11 of the programs added to the FY 2001 budget by the Legislature are not recommended in FY 2002. Of the two programs added to or increased in the FY 2001 budget, the recommendation for the Montclair Board of Education, Minority Student Achievement Network, is increased by \$50,000. Recommended funding of \$144,000 for the Advisory Council on Holocaust Education is the same amount as was originally recommended in the FY 2001 budget.

| | | | | | |
|--|-----------------|-----------------|----------------|--------------|--------------|
| Grants Management and Development | \$31,332 | \$38,702 | \$7,370 | 23.5% | D-155 |
|--|-----------------|-----------------|----------------|--------------|--------------|

Federal money for Grants Management and Development recommended for FY 2002 represents a \$7.4 million increase over the FY 2001 adjusted appropriation. The increase in funding is to be used for reduction in class size from 21 to 18 pupils in the elementary schools.

| | | | | | |
|--|------------|-----------------|-----------------|----------|--------------|
| Facilities Planning and School Building Aid | \$0 | \$24,337 | \$24,337 | — | D-155 |
|--|------------|-----------------|-----------------|----------|--------------|

The Facilities Planning and School Building Aid is a new federal grant, 75 percent of which is for urgent and necessary facilities repairs and the remaining 25 percent of which is for facilities projects authorized under the federal "Individuals with Disabilities Education Act."

Language Provisions

2001 Appropriations Handbook

p. B-53

Of the amount hereinabove for **[Core Curriculum Standards Aid]**, an amount equal to the 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.

2002 Budget Recommendations

p. D-141

Of the amount hereinabove for Direct Educational Services and Assistance, an amount equal to the 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 2002 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 Direct Educational Services and Assistance, rather than for Core Curriculum Standards Aid. Recommended FY 2002 budget language on p. D-495 provides that \$5.0 million of the total earnings of investments of the School Fund are to be allocated for School Construction and Renovation.



2001 Appropriations Handbook

p. B-53

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 of Education 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.]**

2002 Budget Recommendations

p. D-144

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 and the High School Proficiency Test and schools that administered the Grade Eight Proficiency Assessment shall qualify for an absolute success reward with 80% of the pupils performing above the passing scores. In addition, no more than \$1,000,000 of the amount appropriated hereinabove for Rewards and Recognition shall be made available to qualifying school districts as Academic

Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

Achievement Rewards Aid 2 determined in the following manner: (a) all school districts with a general education passing rate on the most recent Grade Eight Proficiency Assessment shall be ranked based upon a three year average of the general education passing rate on the Grade Eight Proficiency Assessment; (b) these districts shall also be ranked in descending order based on 1999--2000 "Total Comparative Cost Per Pupil" from the March 2000 "Comparative Spending Guide"; (c) the two rankings shall be summed; (d) within each District Factor Group, districts with combination ranks within the top 10% of the District Factor Group shall be provided \$6.25 per projected resident pupil, except that districts with a 1999--2000 Net Budget greater than their 1999--2000 Net T&E Budget, as defined in section 3 of P.L.1996, c. 138 (C. 18A: 7F--3), shall be excluded, however the exclusion shall not apply to a district sending more than 10 pupils as of October 15, 1999, with an average tuition amount per pupil greater than the district's average weighted T&E amount per sent pupil in the 1999--2000 school year. These calculations shall be repeated substituting the High School Proficiency Test for the Grade Eight Proficiency Assessment, and the aid from both calculations shall be combined. Aid provided to a district pursuant to this paragraph shall be included in the budget year for the purposes of calculating a district's stabilization reduction and stabilization aid pursuant to this paragraph shall be included in the budget year for the purposes of calculating a district's stabilization reduction and stabilization aid.

Explanation

FY 2001 budget language provided the commissioner flexibility in allocating aid under the Academic Achievement Reward Program to districts in the event adjustments were necessary when comparing the results of the new assessment test, the grade eight proficiency assessment, and the old assessment test (the early warning test). The FY 2002 budget language does not need to make the same provision since the comparison for the significant progress reward is based on comparing scores on the grade eight proficiency assessment for March of 1999 and March of 2000. Subsection b. of section 29 of CEIFA requires schools to have 90 percent of student enrollment performing at

Language Provisions (Cont'd)

or above the passing scores on one or more of the Statewide assessments in order to qualify for an absolute success award. FY 2002 budget language would change this to 80 percent of the resident pupils in the grade levels eligible to take the most recent grade eight proficiency assessment and the high school proficiency test, making it likely that more districts will qualify for this award.

In addition, FY 2002 budget language establishes Academic Achievement Reward Aid 2 and provides that no more than \$1,000,000 of the amount appropriated for Rewards and Recognition shall be made available to school districts which qualify for Academic Achievement Reward Aid 2. This aid awards districts within the District Factor Groups (DFG) which not only have students performing well on the Statewide assessments, but whose comparative cost per pupil is among the 10 percent lowest in that district's DFG. Districts can qualify for this aid based on the results of the grade eight proficiency assessment, the high school proficiency test, or both. Qualification is the same for both assessments: 1) school districts with a general education passing rate on the most recent assessment or test are ranked on the basis of their average passing rate on the assessments or tests from the school years, 1997-98, 1998-99 and 1999-00; the districts are also ranked, in descending order, i.e., starting with the district with the highest score or lowest comparative cost per pupil as number one ranked, on the total comparative cost per pupil from the March 2000 "Comparative Spending Guide;" 3) the two rankings are summed for each district, creating another ranking; 4) the districts are sorted into district factor groups; 5) the top ranking ten percent of the districts in each district factor group are eligible for Academic Achievement Rewards Aid 2 in the amount of \$6.25 per projected resident pupil, except that those districts whose 1999-2000 net budget is greater than their 1999-2000 net T&E budget are excluded unless the district sends more than 10 students to another district and the average tuition amount per pupil is greater than the district's average weighted T&E amount per sent pupil in the 1999-2000 school year (if all of the top 10 percent of districts in a district factor group are excluded based on the comparison of their net and T&E budgets, no district in that district factor group would receive Academic Achievement Rewards 2).



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-54

p. D-144

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.

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 and \$883 for second year teachers.

Explanation

In FY 2002, the Teacher Quality Mentoring program is to be extended to all districts in the State. It is being conducted as a pilot program in FY 2001. The added language permits the allocation of aid to districts for Teacher Quality Mentoring of second year teachers.



Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-54

p. D-141

Notwithstanding section 11 of P.L.1996, c.138 (C.18A:7F-11), \$5,000,000 of the State's Core Curriculum Standards Aid contribution for the 2000-2001 school year shall be held in reserve pending the determination of income appeals filed pursuant to section 15 of P.L.1996, c.138 (C.18A:7F-15). In addition to the amount appropriated hereinabove for Core Curriculum Standards Aid, there is appropriated \$5,000,000 for such purpose. In determining income appeals the property value multiplier and income multipliers shall be the same as originally calculated.

Notwithstanding section 11 of P.L.1996, c.138 (C.18A: 7F--11), the required appropriation for the State's Core Curriculum Standards Aid contribution for the 2001--2002 school year has been reduced by \$5,000,000, to be held in reserve pending the determination of income appeals filed pursuant to section 15 of P.L.1996, c.138 (C.18A: 7F--15). In addition to the amount appropriated hereinabove for Core Curriculum Standards Aid, there is appropriated \$5,000,000 for payment of income appeals, subject to the approval of the Director of the Division of Budget and Accounting. In determining income appeals the property value multiplier and income multipliers shall be the same as originally calculated.

Explanation

FY 2002 budget language clarifies that the total FY 2002 appropriation for Core Curriculum Standards Aid is reduced by \$5.0 million and then appropriates that \$5.0 million for income appeals. A district's aggregate income is one of the measures used in determining a district's wealth, which in turn becomes an import factor in the calculation of a district's core curriculum standards aid.

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-54

No comparable language.

The unexpended balances as of June 30, 2000, in the Abbott v. Burke Parity Remedy account shall be held in escrow and the commissioner shall disburse the funds in such amounts as the commissioner deems necessary for the purpose of implementing whole school reform initiatives in the "Abbott districts."

Explanation

Whole school reform has been initiated in the schools in the Abbott districts beginning in the 1998-99 school year and continuing in the 1999-00 and 2000-01 school years. All of the schools in the Abbott districts have implemented whole school reform.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-55

p. D-142

Notwithstanding any other law to the contrary, as a condition of receiving Abbott v. Burke Parity Remedy Aid, an "Abbott district" shall raise a general fund tax levy which shall be no less than the difference between the product of the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999-2000 indexed by the actual percentage increase in the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999-2000 over the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998-99 multiplied by each "Abbott district's" estimated "resident enrollment" for October 13, 2000 less one half of kindergarten enrollments and the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, all forms of stabilization aid pursuant to section 10 of P.L.1996, c.138 (C.18A:7F-10) and Abbott v. Burke Parity Remedy Aid.

Notwithstanding any other law to the contrary, as a condition of receiving Abbott v. Burke Parity Remedy Aid, an "Abbott district" shall raise a general fund tax levy which shall be no less than the difference between (a) the product of the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 2000--2001 indexed by the actual percentage increase in the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 2000--2001 over the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1999--2000 multiplied by each "Abbott district's" estimated "resident enrollment" for October 15, 2001 less one half of kindergarten enrollments and (b) the sum of Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, all forms of stabilization aid pursuant to section 10 of P. L. 1996, c.138 (c.18A:7F--10) and Abbott v. Burke Parity Remedy Aid.

Explanation

The FY 2002 budget language updates the references to the school year and adds paragraph letters (a) and (b) to clarify the two amounts being subtracted to determine the amount each Abbott district is required to raise as a general fund tax levy in order to qualify for Abbott v. Burke Parity Aid.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-55

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

No comparable language.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

\$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

FY 2001 budget language was used to allocate Large and Efficient District Aid to qualifying districts in an amount of \$1.25 million, which is \$750,000 greater than the amount provided in CEIFA, \$500,000. Because similar language is contained on p. D-142 of the FY 2002 budget and discussed in the paragraph below, language is not required here.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-55

p. D-142

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 net amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 (C.18A:7F-32.1), or \$1,250,000 per school district, whichever is greater except that if the amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 is greater than \$1,250,000 the district shall also receive an additional amount of \$500,000 for the purposes of subsection d. of section 10 of P.L.1996, c.138 (C.18A:7F-10).

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 net amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 (C.18A: 7F--32.1), or \$1,250,000 per school district, whichever is greater except that if the amount calculated pursuant to the provisions of section 1 of P.L.1999, c.438 is greater than \$1,250,000 the district shall also receive an additional amount of \$500,000, or a district that has a projected T&E budget equal to its projected minimum T&E budget shall also receive an additional amount of \$1,250,000, for the purposes of subsection d. of section 10 of P. L. 1996, c.138 (C.18A: 7F--10).

Explanation

The FY 2002 budget language provides an additional \$1.25 million in aid to any district whose aid calculated under the provisions of section 1 of P.L.1999, c.438 (Regionalization Incentive Aid) is greater than \$1.25 million and is also a district whose projected T&E budget is equal to its projected minimum T&E budget. One district, Brick Township, benefits from this FY 2002 recommended language.



Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-56

p. D-142

The unexpended balances [due to enrollment adjustments made pursuant to the fiscal year 2000 appropriations act,] as of June 30, 2000 in the Abbott v. Burke Parity Remedy account is appropriated for the same purpose and with the same conditions as are applied to the fiscal year 2001 appropriation for this purpose.

The unexpended balance as of June 30, 2001, in the Abbott v. Burke Parity Remedy account is appropriated for the same purpose and with the same conditions as are applied to the fiscal year 2002 appropriation for this purpose.

Explanation

The FY 2001 budget language was predicated on unexpended balances that were available due to enrollment adjustments that were made in FY 2000. The FY 2002 budget language recommends that any balances from FY 2001 in the Parity Aid account be used for parity aid in FY 2002.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-56

p. D-142

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.

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 1998 and all public assistance including Temporary Assistance to Needy Families for 1998 of the residents of the taxing district or taxing districts.

Explanation

The FY 2002 budget language updates the date of the State Income Tax form used to measure school district income from NJ-1040 for 1997 to NJ-1040 for 1998. Language is needed because section 3 of P.L.1996, c.138 provides that district income is to be calculated using the income data from the calender year ending prior to the prebudget year, which for FY 2002 would be income data from the 1999 forms.



Language Provisions (Cont'd)

2001 Appropriations Handbook

p. B-56

Pursuant to subsection a. of section 5 of P.L.1996, c.138 (C.18A:7F-5), the net amount hereinabove appropriated for 1999-2000 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 1999-2000 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 1999-2000 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 1999-2000 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 1999-2000 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 adjustment for 50 percent of one standard deviation of the State average classification rate determined pursuant to subsection a. of section 19 of P.L.1996, c.138 (C.18A:7F-19) shall be rounded to one decimal place.] 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

2002 Budget Recommendations

p. D-143

Pursuant to subsection a. of section 5 of P.L.1996, c.138 (C.18A: 7F--5), the net amount hereinabove appropriated for 2000--2001 enrollment adjustments in the Aid for Enrollment Adjustments and Debt Service account shall be determined by using the actual October 13, 2000 pupil counts to recalculate the State aid amounts payable to each district for the 2000--2001 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 Stabilization Aid 2 that shall not be recalculated, except for Stabilization Aid 2 determined in accordance with the paragraphs for districts with an October 15, 1999 resident enrollment greater than 9,500 and for districts with a T&E tax rate greater than 125% of the State average T&E tax rate that shall also be recalculated, and comparing the recalculated amounts to the amounts originally determined as payable to the district for the 2000--2001 school year for each aid category based upon the projected October 13, 2000 pupil counts. For the purposes of this recalculation, the State's Core Curriculum Standards Aid contribution for the 2000--2001 school year shall be determined by indexing the amount for the 1999--2000 school year by the sum of 1.0, the CPI and the actual State average enrollment growth percentage between the 2000--2001 and 1999--2000 school years and the Core Curriculum Standards Aid amount payable to each district shall be calculated using the October 13, 2000 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

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

determined for the 1999-2000 school year. The percentage concentration of low income pupils for individual schools in operation on 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 counts for the school.

Aid and Instructional Supplement Aid shall remain the same as the percentage concentration originally determined for the 2000--2001 school year. The percentage concentration of low income pupils for individual schools in operation on October 13, 2000 that would otherwise qualify for Demonstrably Effective program Aid that were not in operation on October 15, 1999 shall be redetermined based upon the actual October 13, 2000 pupil counts for the school.

Explanation

FY 2002 budget language adds Stabilization Aid 2 to Rewards and Recognition as a State aid category not to be recalculated for enrollment adjustment pursuant to subsection a. of section 5 of CEIFA, except for a district with an October 15, 1999 resident enrollment greater than 9,500 or with a T&E tax rate greater than 125% of the State average T&E tax rate. For those districts Stabilization Aid 2 is to be recalculated based on the enrollment count of October 2001.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-56

p. D-143

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.

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 two--thirds of the amount of the pupil count reduction required by this section for the 2001--2002 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, FY 2002, the district would be required to be at the State average for the pre-budget year. Pursuant

Language Provisions (Cont'd)

to FY 2001 budget language, districts were not required to reduce the amount by which the pupil count of perceptually impaired students exceeded the State average to 25 percent of a standard deviation, but were permitted to exceed the State average by 31.2 percent of a standard deviation. For FY 2002, each district is required to be at the State average. Recommended FY 2002 budget language reduces the number of pupils a district has over the State average by two-thirds rather than the full amount, i.e., a district with a count of perceptually impaired pupils which is 100 more than the State average would have their count reduced so that it was only 33 pupils over the State average. Districts will receive more State aid for students classified as perceptively impaired as a result of this budget language than if the statutory provision was followed.

2001 Appropriations Handbook

p. B-56

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-10), [Stabilization Aid II, Stabilization Aid III,] 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), (C.18A:7F-25), (C.18A:7F-28), and (C.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.

2002 Budget Recommendations

p. D-143

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 2000--2001 prebudget year total that includes Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Stabilization Aid received pursuant to subsection b. of section 10 of P. L. 1996, c.138 (C.18A: 7F--10), Stabilization Aid 2, 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), (C.18A:7F--25), (C.18A:7F--28), and (C.18A:7F--29) and school choice aid calculated pursuant to section 7 of P.L. 1999, c.413 (C.18A: 36B--8). The 2000--2001 prebudget total for each school district for Stabilization Aid calculation purposes shall also be adjusted to reflect the amounts payable in the 2000--2001 school year in each aid category based upon the actual pupil counts for the prior school year.

Language Provisions (Cont'd)

Explanation

The recommended FY 2002 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 2002. The language deletes the language from FY 2001 that included all forms of stabilization aid received and includes only stabilization aid received pursuant to subsection b. of section 10 of CEIFA, Stabilization Aid 2 and school choice aid. Stabilization aid 2 and school choice aid were categories of aid first provided in FY 2001. The prebudget year amount is also to be adjusted to reflect the amounts payable in the 2000-2001 school year in each aid category based upon the actual pupil counts for the prior school year. Stabilization aid under subsections c., e., f., and h. of section 10 of CEIFA, were not calculated in FY 2001. However stabilization aid under subsections d. (Large Efficient District Aid) and g. (Aid for Districts with High Senior Citizen Population) of CEIFA, were calculated. In addition, Regionalization Incentive Aid was calculated for FY 2001 but is not included in the prebudget year base used to determine a district's eligibility for stabilization aid.

2001 Appropriations Handbook

p. B-56

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 II, Stabilization Aid III,] 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), (C.18A:7F-25), (C.18A:7F-28), and (C.18A:7F-29).

2002 Budget Recommendations

p. D-143

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 2000--2001 prebudget year total that includes Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Stabilization Aid received pursuant to subsection b. of section 10 of P. L. 1996, c.138 (C.18A: 7F--10), Stabilization Aid 2, 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 C.18A:7F--22), (C.18A:7F--25), (C.18A: 7F--28), and (C.18A: 7F--29) and school choice aid calculated pursuant to section 7 of P.L. 1999, c.413 (C.18A: 36B--8).

Language Provisions (Cont'd)

Explanation

The recommended FY 2002 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 makes changes in the items of aid to be included in that base under CEIFA: removes additional supplemental core curriculum standards aid (not provided in FY 2001); removes stabilization aid received pursuant to subsection f. of section 10 of CEIFA and stabilization aids II and III (also not provided in FY 2001), and adds school choice aid (provided for the first time in FY 2001). The revision in the prebudget year base reflects the types of aid being calculated for the districts in FY 2002 and thus provides an accurate comparison for purposes of determining a district's Stabilization Aid Growth Limit. A district's prebudget year base is increased by its Stabilization Aid Growth Limit (10 percent or the rate of growth in projected resident enrollment between the prebudget and budget year, whichever is greater) and then compared with the formula generated aid for the budget year. If the formula generated aid is greater than the district's Stabilization Aid Growth Limit, the district's formula generated aid is reduced.

2001 Appropriations Handbook

p. B-56

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% 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% 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% 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.

2002 Budget Recommendations

p. D-143

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% of the district's prebudget total and the sum of the district's aid payments for the 2001--2002 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% of the district's prebudget total and the sum of the district's aid payments for the 2001--2002 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% of the district's prebudget total for the 1997--98 school year and the sum of the district's aid payments for the 2001--2002 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.

Language Provisions (Cont'd)

Explanation

While the recommended FY 2002 budget language differs only with respect to the date changes, this recommended FY 2002 continues the 2 percent hold harmless recommendation of the ability-to-pay subgroup established by the commissioner to consider issues of district wealth and ability to pay. This recommendation was implemented for the first time in FY 2001 budget language and now forms such an important part of Stabilization aid that the language and its explanation is repeated for this year's budget analysis as well.

The recommended FY 2002 budget appropriation for Stabilization Aid is \$116.6 million. In contrast to CEIFA, which provides that a district may not lose more than 10 percent of State aid between the prebudget and budget years, Stabilization aid is provided through the recommended FY 2002 budget language to limit the amount a district may lose between the prebudget and budget years to 2 percent. This language was first adopted in the FY 2001 budget. The recommended budget language for FY 2002, which is the same as 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 2001-2002 school year greater than 2 percent of the State Aid which the district received in the 2000-2001 school year; or an amount necessary to insure that a school district does not lose State aid in the 2001-2002 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 2000-2001 and 2001-2002 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.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-56

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 of Education 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

No comparable language.

Language Provisions (Cont'd)

2001 Appropriations Handbook

of subsections c., e., f., and h. of section 10 of P.L.1996, c.138 (C.18A:F-10), shall receive Stabilization Aid II 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.

2002 Budget Recommendations

Explanation

In FY 2001, Stabilization Aid II was provided to certain districts which would have received additional supplemental core curriculum standards aid under certain provisions of CEIFA which were not being calculated in FY 2001. The FY 2001 Stabilization Aid II was provided to make up for that loss. Similar language is not necessary due to the manner in which the 2 percent hold harmless stabilization aid is calculated in FY 2002.

2001 Appropriations Handbook

p. B-57

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

2002 Budget Recommendations

p. D-143

Notwithstanding the provisions of section 17 of 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

Language Provisions (Cont'd)

2001 Appropriations Handbook

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 2 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) is eliminated.

2002 Budget Recommendations

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","B", "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) is eliminated.

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 2002 budget language continues to provide Supplemental Core Curriculum Standards Aid for districts which have a T & E tax rate in excess of \$1.72 per \$100 of equalized valuation per pupil in an amount necessary to reduce those districts T & E tax rate to \$1.72 per \$100 of equalized valuation per pupil. For a few districts which are eligible to receive aid under both calculations, the aid received is the sum of the two calculations. In FY 2002, 88 districts will receive Supplemental Core Curriculum Standards Aid to reduce their T&E tax rate to \$1.72 per \$100 of equalized valuation per pupil. The total amount of such aid is \$63.6 million.

Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

p. B-57

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) 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.

No comparable language.

Explanation

At the time at which the State aid figures for FY 2001 were made public, there was the expectation that corrections and adjustments would have to be made to Core Curriculum Standards Aid and Debt Service Aid for particular districts due to legislation enacted after December 31, 1999. The FY 2001 budget language provided that, if any legislation enacted after December 31, 1999 did not expressly require the recalculation of the multipliers and county shares, the multipliers and county shares established on January 24, 2000 would be used for the corrections and adjustments made to Core Curriculum Standards Aid and Debt Service Aid for FY 2001. There is no similar expectation regarding pending legislation for FY 2002.

2001 Appropriations Handbook2002 Budget Recommendations

p. B-57

Notwithstanding any other law to the contrary, the Commissioner of the Department of Education may waive the repayment of funds due to the department resulting from an audit of the Application of State School Aid for an Abbott district when considering an Abbott district's request for Additional Abbott v. Burke State Aid for the 2000-2001 school year.

No comparative language.

Language Provisions (Cont'd)

Explanation

The department is no longer performing audits on Abbott district's Application for State School Aid (ASSA) as a matter of policy.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-58

p. D-144

Notwithstanding any other law to the contrary, districts with an increase in their Core Curriculum Standards Aid payment for the 2000-2001 school year that also have a decrease in their total aid payments for 2000-2001 school year [other than the payment for School Building Aid and a T & E tax rate, as defined in the paragraph for determining Supplemental Core Curriculum Standards Aid, greater than \$1.40 per \$100 of equalized valuation or a net budget per resident pupil for the 1999-2000 school year less than \$10,000] shall also receive Stabilization Aid II in an amount equal to the decrease in their total aid payments for the 2000-2001 school year other than the payment for School Building Aid.

Notwithstanding any other law to the contrary, districts that were projected as qualified for Stabilization Aid 2 for the 2000--2001 school year pursuant to the provision for districts with an increase in their Core Curriculum Standards Aid payment for the 2000--2001 school year that also had a decrease in their total aid payments for the 2000--2001 school year shall also receive Stabilization Aid 2 for the 2001--2002 school year in an amount equal to the decrease in their total aid payments for the 2001--2002 school year other than the payment for School Building Aid.

Explanation

The recommended FY 2002 budget language continues Stabilization Aid 2 for any district which qualified for Stabilization Aid II under the budget language of the paragraph above in FY 2001, in an amount equal to the decrease in their total aid payment for FY 2002. Stabilization Aid 2 will ensure that these districts do not lose any cash State aid in FY 2002 when compared with that district's cash State aid in FY 2001.



Language Provisions (Cont'd)

2001 Appropriations Handbook

p. B-58

Notwithstanding any other law to the contrary, districts [with both a T & E tax rate, as defined in the paragraph for determining Supplemental Core Curriculum Standards Aid, and a 1999-2000 general fund tax rate, determined by dividing the district's 1999-2000 general fund tax levy by the district's 1998 equalized valuation,] greater than or equal to \$2.00 per \$100 of equalized valuation shall also receive Stabilization Aid II in the amount necessary to provide the district a total aid payment for the 2000-2001 school year, other than the payment for School Building Aid, that is equal to the sum of its total aid payment for the 1999-2000 school year, other than the payment for School Building Aid, and either 1% of the district's 1999-2000 net budget or \$100,000, whichever amount is greater, except that no district shall receive an aid amount that is less than zero.

2002 Budget Recommendations

p. D-144

Notwithstanding any other law to the contrary, districts that were projected as qualified for Stabilization Aid 2 for the 2000--2001 school year pursuant to the provision for districts with a T&E and general fund tax rate greater than or equal to \$2.00 per \$100 of equalized valuation shall also receive Stabilization Aid 2 in the amount necessary to provide the district a total aid payment for the 2001--2002 school year, other than the payment for School Building Aid, that is equal to the sum of its total aid payment for the 2000--2001 school year, other than the payment for School Building Aid, and either 1% of the district's 2000-2001 net budget or \$100,000, whichever amount is greater, except that no district shall receive an aid amount that is less than zero.

Explanation

Stabilization Aid II was also paid to districts in FY 2001 which qualified based on a T&E tax rate greater than \$1.72 per \$100 equalized valuation and general fund tax rate greater \$2.00 per \$100 equalized valuation based on a districts 1999-2000 general fund tax levy divided by the districts 1998 equalized valuation. Recommended FY 2002 budget language provides Stabilization Aid 2 to the same districts (no change in the years used to qualify on T&E and general fund tax rate) in an amount which will provide the district with a total aid payment for the 2001-2002 school year, other than payment for School Building Aid, which is equal to the total aid payment for the 2000-2001 school year, other than payment for School Building Aid. In addition, each of these districts is to receive an amount which is 1 percent of its 2000-2001 net budget or \$100,000, whichever is greater. No district will receive an aid amount which is less than zero.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-58

Notwithstanding any other law to the contrary, districts with an October 15, 1999 resident enrollment greater than 9,500, that qualified for Early Childhood Program Aid for the 1999-2000 school year, that do not qualify for Early Childhood Program Aid for the 2000-2001 school year, shall receive Stabilization Aid II in an amount equal to the decrease in their total State aid entitlements for the 2000-2001 school year other than the entitlement for School Building Aid.

No comparable language.

Explanation

The FY 2001 budget language provided Stabilization Aid II to certain districts which had lost Early Childhood Program Aid in FY 2001 because the district's concentration rate of low-income students had fallen below the threshold required for receipt of that aid. This language is not continued in FY 2002. A recently enacted amendment to CEIFA, P.L.2000, c.147, provides that a district which qualifies for Early Childhood Program Aid under CEIFA will now receive that aid for a minimum of two years even if, in the second year, the district's concentration rate of low-income students falls below the threshold required for receipt of that aid; however, a district which received Stabilization Aid II under the FY 2001 budget language in the paragraph above and which does not have the necessary percent of low-income pupils to qualify for early childhood program aid in FY 2002 will not be eligible for aid under the provisions of P.L.2000, c.147.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-58

Notwithstanding any other law to the contrary, any district with a T & E tax rate, as defined in the paragraph for determining Supplemental Core Curriculum Standards Aid, that is greater than 125% of the State average T & E tax rate, shall be provided Stabilization Aid II aid in an amount that will limit the decrease in their total State aid entitlements for the 2000-2001 school year other than the entitlement for School Building Aid to 2% of the district's net budget for the 1999-2000 school year.

No comparable language.

Language Provisions (Cont'd)

Explanation

The FY 2001 budget language provided Stabilization Aid II to certain districts which would have experienced a loss in State aid in FY 2001. Similar language is not needed in FY 2002 since these districts are not subject to a loss of State aid in FY 2002.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-58

In addition to the amount appropriated hereinabove for Additional Abbott v. Burke State Aid, there are appropriated such sums as the Commissioner of the Department of Education certifies to be necessary, not to exceed \$17,000,000, to meet the requirements of Abbott v. Burke, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

For FY 2001, Additional Abbott v. Burke State Aid was increased to provide funds to balance the Newark School District budget. That situation is not expected to recur in FY 2002.



2001 Appropriations Handbook

2002 Budget Recommendations

No comparable language.

p. D-144

Notwithstanding the provisions of section 19 of P.L. 1996, c. 138 (C. 18A: 7F--19) and the recommendation in the March, 2000 Report on the Cost of Providing a Thorough and Efficient Education, the Tier III cost factor for the purpose of calculating special education aid pursuant to section 19 of P.L. 1996, c. 138 (C. 18A: 7F--19) shall be \$5,975 for fiscal year 2002.

Explanation

The March 2000 Biennial Report recommended that the Tier III cost factor for the purpose of calculating special education aid be \$6,607, an amount which is \$632 more than in the FY 2002 recommended budget language. The department intends to phase in the full recommended Tier III cost factor in the FY 2003 budget. The difference results in special education aid to districts for

Language Provisions (Cont'd)

FY 2002 in an amount which is approximately \$26.1 million less than would have been apportioned to the districts if the March 2000 Biennial Report recommendation been implemented.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-63

p. D-156

The unexpended balance as of June 30, 2000 in the receipt account of the NJ School of the Arts is appropriated.

Receipts from the NJ School of the Arts and the unexpended balances of such receipts as of June 30, 2001 are appropriated for the cost of operation.

Explanation

The FY 2002 recommended budget language is more specific than the FY 2001 language. The receipts received from the NJ School of the Arts and the unexpended balances of those receipts are to be used for the costs of operating the NJ School of the Arts.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-63

p. D-156

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, Ramapo College of New Jersey - Governor's School on International Issues, [and a sixth Governor's School of Engineering/ Technology at a site to be determined.]

The amount appropriated hereinabove for the Governor's School is payable to the six 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, Ramapo College of New Jersey -- Governor's School on International Issues, and Rutgers, The State University -- Governor's School of Engineering/ Technology.

Explanation

The recommended FY 2002 budget language identifies the site of the Governor's School of Engineering/Technology as being at Rutgers, the State University.



Language Provisions (Cont'd)

2001 Appropriations Handbook2002 Budget Recommendations

p. B-63

From the amount appropriated hereinabove for Charter Schools - Council on Local Mandates Decision Offset Aid, for any student enrolled in a charter school in which 90% of the program budget per pupil amount for the specific grade level is greater than 90% of the maximum T & E amount weighted for kindergarten, elementary, middle school, and high school respectively as set forth in section 12 of P.L.1996, c.138 (C.18A:7F-12), the State shall pay the difference between the two amounts directly to the charter school.

No comparable language.

Explanation

No budget language is needed since subsection c. of section 12 of the "Charter School Program Act of 1995," as amended by P.L.2000, c.142, requires the State to pay this aid in FY 2002 and thereafter.

2001 Appropriations Handbook2002 Budget Recommendations

p. B-63

The unexpended balance as of June 30, 2000 in the School Construction and Renovation Fund is appropriated for the same purpose.

No comparable language.

Explanation

This Fund has been transferred to the Department of the Treasury. Similar budget language is found on page D-495 of the FY 2002 budget.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-64

Each district shall be entitled to School Building Aid for school bond and lease purchase agreement payments for interest and principal payable during the 2000-2001 school year by using the district State share percentage of the district's Core Curriculum Standards Aid amount determined pursuant to subsection d. of section 15 of P.L.1996, c.138 (C.18A:7F-15) to its T & E budget, determined pursuant to subsection d. of section 13 of P.L.1996, c.138 (C.18A:7F-13). Debt service shall also be adjusted for corrections to the 1998-99 principal and interest amounts.

No comparable language.

Explanation

For FY 2002, the allocation of School Building Aid is subject to the provisions of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72. The FY 2002 budget language concerning School Building Aid is found on page D-156 and in the paragraph below.



2001 Appropriations Handbook

2002 Budget Recommendations

p. D-156

No comparable language.

Each district entitled to School Building Aid for school bond and lease purchase agreement payments for interest and principal payable during the 2001--2002 school year pursuant to section 10 of P.L. 2000, c.72 (C.18A: 7G--10) shall have its debt service adjusted for corrections to the 1999--2000 principal and interest amounts.

Explanation

Section 10 of P.L.2000, c.72 , "The Educational Facilities Construction and Financing Act," applies to the issuance of school bonds or certificates of participation issued for a school facilities project approved by the commissioner prior to the effective date of P.L.2000, c.72. The FY 2002 recommended budget language in the above paragraph applies to a districts School Building Aid for FY 2002 after its debt service is adjusted for corrections to the 1999--2000 principal and interest amounts.



Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-64

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. Notwithstanding the provisions of section 1 of P.L.1999, c.385, "KPP" which is defined therein as the amount paid by the district to the charter school for each kindergarten pupil pursuant to section 12 of P.L.1995, c.426 (C.18A:36A-12), shall be the sum of the amount paid by the district and the State to the charter school for each kindergarten pupil.

No comparable language.

Explanation

Subsection d. of section 12 of the "Charter School Program Act of 1995," as amended by P.L.2000, 142, requires the State to pay directly to a charter school 100 percent of the amount the law requires the school district of residence to pay to a charter school for the first year of a nonpublic student's enrollment in a charter school. The FY 2001 budget language is no longer necessary.



2001 Appropriations Handbook

2002 Budget Recommendations

No comparable language.

p. D-156

Notwithstanding the provisions of section 2 of P.L. 1999, c.385 amounts appropriated hereinabove for Charter School Aid shall be used to distribute aid to any charter school which operates a full-day kindergarten program and which is located in an Abbott district in accordance with the formula contained in section 1 of P.L. 1999, c. 385 except that "KPP" which is defined therein as the amount paid by the district to the charter school for each kindergarten pupil pursuant to section 12 of P.L. 1995, c.426 (C.18A:36A-12), shall be the sum of the amount paid by the district and the State to the charter school for each kindergarten pupil; and to distribute aid to charter schools pursuant to the provisions of subsection d. of section 2 of P.L. 2000, c.142.

Language Provisions (Cont'd)

Explanation

P.L.1999, c.385 provides that for the 1999-2000 and the 2000-2001 school years, charter schools which operate full-day kindergarten programs and are located in Abbott districts will receive additional State aid to support the full-day kindergarten program. The recommended FY 2002 budget language continues that additional State aid for the 2001-2002 school year. The language also clarifies that the total aid the charter school will receive will be the sum of the aid the charter school receives from the Abbott district as the district of residence and the State according to the formula for deriving that aid found in section 1 of P.L.1999, c.385 and that the Charter School aid will be distributed in accordance with the payment procedure outlined under a recent amendment to the "Charter School Program Act of 1995."



2001 Appropriations Handbook

2002 Budget Recommendations

No comparable language.

p. D-156

Notwithstanding the provisions of section 11 of P.L. 1996, c.138 (C. 18A: 7F--11) as amended by P.L. 1999, c. 413 the State's core curriculum standards aid contribution for the 2001--2002 school year shall be reduced by one--half of the total projected Statewide school choice aid for the school choice districts for the 2001--2002 school year.

Explanation

The "Interdistrict Public School Choice Program Act of 1999," provides that the school choice aid paid to a choice district on behalf of a student from a sending district which qualifies for core curriculum standards aid is to be deducted from the State aid prior to the calculation of core curriculum standards aid for all districts. The FY 2002 language establishes a procedure for that process by authorizing the department to project that one-half of school choice students will come from core curriculum standards aid districts.



2001 Appropriations Handbook

2002 Budget Recommendations

No comparable language.

p. D-156

Notwithstanding the provisions of section 4 of P.L. 1996, c.138 (C. 18A: 7F--4) and the recommendation in the March, 2000 Report on the Cost of Providing a Thorough and Efficient Education, the incentive factor for the purpose of calculating transportation aid pursuant to section 25 of P.L. 1996, c.138 (C. 18A: 7F--25) shall equal 1.0.

Language Provisions (Cont'd)

Explanation

Section 4 of CEIFA requires the Commission on Business Efficiency in the Public Schools to develop advisory cost benchmarks for the efficient provision of non-instructional services by school districts, one of which non-instructional service is transportation. Section 25 of CEIFA required the submission of a report by the Governor to the Legislature prior to the FY 1998 budget address recommending a transportation efficiency factor. The aid of districts which did not meet that factor would be reduced. That report was made but it recommended at that time that the efficiency incentive factor be maintained a 1.0. The March 2000 Biennial Report recommends that districts be assessed penalties in FY 2002 if their provision of transportation services does not meet the efficiency standard. The recommended FY 2002 budget language overrides the biennial report and maintains the efficiency incentive factor at 1.0. However, by apportioning transportation aid at 95.43 percent of the formula generated aid amount, the department is, in effect, imposing a penalty on all the districts (see the discussion on top of next page).



2001 Appropriations Handbook

No comparable language.

No comparable language.

2002 Budget Recommendations

p. D-156

Notwithstanding the provisions of section 9 of P.L. 2000, c.72 (C.18A: 7G--9), for the purpose of calculating a district's State debt service aid, "DAP x 1.15" shall not be less than 40%.

Explanation

The recommended FY 2002 budget language clarifies that, for school facilities projects approved after the enactment of the "Educational Facilities Construction and Financing Act," the State share of principal and interest payments for school facilities projects will not be less than 40%.



2001 Appropriations Handbook

No comparable language.

2002 Budget Recommendations

p. D-156

Notwithstanding N.J.S.A. 18A: 7F--25, the Commissioner of Education shall apportion Transportation Aid among the districts by providing each district 95.43 percent of the amount of transportation aid that would have been apportioned to the district had the full amount of State aid required by N.J.S.A. 18A: 7F--25 been appropriated.

Language Provisions (Cont'd)

Explanation

In FY 2001, the department funded transportation aid at 100 percent. For FY 2002, the recommended budget language apportions the State aid for transportation at 95.43 percent of the amount that would have been apportioned to the districts had the full amount of State aid required by section 25 of CEIFA been appropriated. The FY 2002 recommended appropriation for transportation aid is \$301.5 million. If transportation aid were fully funded, transportation aid of approximately \$316 million would have been recommended.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-64

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.

No comparable language.

Explanation

The recommended FY 2001 budget language provided the Lindenwald School District State aid in addition to any amount that the district received as debt service aid. The additional aid represented 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. The \$244,481 has been received by the district.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-64

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

No comparable language.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

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.

Explanation

FY 2001 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.

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-65

The unexpended balance as of June 30, 2000 in the CEIFA Implementation account is appropriated subject to the approval of the Director of the Division of Budget and Accounting. No comparable language.

Explanation

FY 2001 budget language was added to appropriate any unexpended balance as of June 30, 2000 in the CEIFA Implementation account. Without similar language in FY 2002, the unexpended balance, if any, will lapse.

Language Provisions (Cont'd)

2001 Appropriations Handbook

2002 Budget Recommendations

p. B-66

p. D-160

The unexpended balances as of June 30, 2000 in the State Aid General Fund accounts, not to exceed \$650,000, are appropriated to the State Aid Supplemental Funding account[, of which \$559,000 shall be transferred to the School Building Aid account in the Property Tax Relief Fund for the purposes of additional debt service aid in the amount of \$108,008 for the Keyport School District and \$450,423 for the Vernon Township School District.]

The unexpended balances as of June 30, 2000 in the State Aid General Fund accounts, not to exceed \$650,000, are appropriated to the State Aid Supplemental Funding account.

Explanation

The portion of the FY 2001 budget language which included the transfer of \$559,000 to the School Building Aid account in the Property Tax Relief Fund for the purposes of additional debt service aid for the Keyport and Vernon Township school districts was added by the Legislature in the FY 2001 budget. The FY 2002 recommended language is the same language originally recommended for FY 2001.



2001 Appropriations Handbook

2002 Budget Recommendations

p. B-67

No comparable language.

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 2001.

Explanation

The FY 2001 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

Language Provisions (Cont'd)

provided for the deferral of that repayment. No further deferral on the repayment of the unexpended balance is recommended for FY 2002. The repayment of approximately \$46,874 will be required.

2001 Appropriations Handbook

p. B-67

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 returned to the State for deposit in the School Construction and Renovation Fund 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 not more than one-third of the total amount that is to be returned to the State shall be paid during the 2000-2001 fiscal year. [Such district shall apply the savings from this provision to its originally certified General fund tax levy for the 2000-2001 school year and shall file a revised certificate and report of school taxes form A4F with its county board of taxation.]

2002 Budget Recommendations

p. D-160

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 returned to the State for deposit in the School Construction and Renovation Fund 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 not more than one-third of the total amount that is to be returned to the State shall be paid during the 2001-2002 fiscal year.

Explanation

The FY 2001 budget language deferred the total 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 and instead required that it pay no more than one-third of the total amount due the State. In addition, the FY 2001 budget language required the Clark School District to apply the savings from this provision to its originally certified General fund tax levy for the 2000-2001 school year and to file a revised certificate and report of school taxes form A4F with its county board of taxation. Since the district knew prior to the development of its FY 2002 school district budget that it would have to reimburse the State in FY 2002 only a third of the original amount owed, the FY 2002 recommended budget language does not need to include the requirement that the district apply the savings from this provision to its originally certified General fund tax levy for the 2000-2001 school year and to file a revised certificate and report of school taxes form A4F with its county board of taxation.

Discussion Points

1. Pursuant to regulations, N.J.A.C.6A:8-1.1, the Core Curriculum Content Standards specify expectations in seven academic content areas: the visual and performing arts, comprehensive health and physical education, language arts literacy, mathematics, science, social studies and world languages. These expectations are further spelled out in cumulative progress indicators at the benchmark grades of four, eight and 11-12. As part of its effort to measure the extent to which students in New Jersey are meeting expectations in these seven content areas, the department has undertaken the development, field testing and implementation of a Statewide assessment system at the fourth, eighth and eleventh grades.

- **Question:** Please provide an update regarding these standards, progress indicators and assessments as follows:

For each of the seven academic content areas identified above, please indicate where the department is in developing, field testing and implementing an assessment as part of the Statewide assessment system.

Which of the standards has been benchmarked, is being benchmarked or for which the department is seeking benchmarking by an outside expert or experts, including an expert leading State professionals in this effort? (please indicate if the assessment of content area standards was part of the benchmarking effort, the name of the expert or entity conducting the benchmarking procedure and the cost for the benchmarking effort, even if paid for by an outside grant).

What is the cost per student to administer the Elementary School Proficiency Assessment, Grade Eight Proficiency Assessment, High School Proficiency Assessment and High School Proficiency Test (including materials, administering the assessment, scoring and reporting back to the districts – and any other costs associated with the assessment)?

2. In the executive summary of the report, *Measuring Up: A Standards and Assessment Benchmarking Report for New Jersey*, Achieve, Inc., the organization issuing the report, stated that while, on the whole, the core curriculum content standards in language arts literacy and mathematics are straightforward and jargon-free, the clarity and specificity of the New Jersey standards fall well below that of exemplary standards from other states and nations, providing insufficient guidance and assistance for teachers and parents. The report also found that, with respect to assessments in language arts literacy and mathematics and in comparison with the assessments from the other eight states that Achieve has reviewed over the past three years, New Jersey's assessments "are extremely strong – some of the strongest the reviewers have examined. . . . A student who does well on the assessments can reasonably be said to have mastered important knowledge and skills. This is a commendable finding and one not characteristic of most states reviewed by Achieve." With the understanding that the State will initiate a revision of the standards in early 2001, the executive summary ends with three recommendations for strengthening the State's standards and assessments:

New Jersey should build on the strengths of the state assessments and revise the standards to provide explicit guidance to educators and the public about what all students are expected to learn. The state should provide more clarity and specificity to New Jersey teachers and citizens by developing a new set of standards based on the expectations embodied in the assessments and in exemplary standards from the U. S. and abroad. The standards should be made more useful to all classroom teachers by providing detail and guidance for two grades at a time – as

Discussion Points (Cont'd)

the curriculum frameworks do -- rather than every four years, and they should illustrate what the state expects of all students using sample math problems, sample reading passages to show the complexity of reading materials children can read as they grow older and sample student writing.

With relatively minor revisions, the assessments can be made stronger to ensure that they provide solid information about student progress toward the standards. After creating a new set of standards, New Jersey should turn its attention to developing the next set of standards-based tests. The state should focus on strengthening the high school mathematics assessment to ensure that it reflects the challenging expectations the state has for high school students and continue to address issues surrounding the scoring of open-ended items throughout the language arts literacy tests.

To reinforce the state's goal of high standards for all students, New Jersey should consider launching an early reading initiative and joining the Mathematics Achievement Partnership, a multistate consortium focused on raising mathematics achievement to world-class levels. The state should emphasize a balanced program in early literacy and mathematics, paying attention to both the basic and more advanced skills. Focusing attention and resources on early literacy and middle grade mathematics will send the right signals to educators and the public -- that the state is committed to raising the academic achievement of all students.

With respect to its recommendation that "New Jersey should consider launching an early reading initiative . . .", further comments in the report state, "there are scant expectations for early literacy; teachers and parents have little information about how to help all children learn to read. The language arts literacy standards also inadequately describe or omit other important content." Achieve's benchmark standards for early literacy include the K-3 standards from North Carolina and Texas as well as the New Standards primary literacy standards.

! *Question:* As the Achieve, Inc. study focused only on the language arts literacy and mathematics standards and assessments, what is the schedule for revising these standards, who will be involved in the revision and will the State provide detail and guidance within the revised standards for two grades at a time, as recommended?

What plans does the State have to provide educators with greater guidance, particularly with respect to the language arts literacy standards?

Does the State intend to follow Achieve's recommendation that the revised standards be developed first and then the next set of standards-based tests be developed?

Does the State intend to "launch" an early reading initiative for all districts? If so, does the department intend to incorporate Achieve's benchmark standards for early literacy?

Does the department intend to join in the Mathematics Achievement Partnership?

If any of the above are to be implemented during FY 2002, please indicate if there are sufficient funds included in the recommended budget for the department and the accounts in which they are budgeted. Or, if additional funds are needed, please indicate which activity will require the funding and the account to which it should be allocated.

Discussion Points (Cont'd)

3. In The Biennial Report on the Cost of Providing a Thorough and Efficient Education, March 2000, the aid amount set for FY 2002 for Tier III Special Education aid is \$6,607 per student. FY 2002 recommended budget language would reduce this aid amount to \$5,975 (9.6 percent).

! *Question:* If Tier III aid were to be funded at the amount recommended in the Biennial Report, how much additional funding would be needed in addition to the recommended \$895.5 million appropriation for Special Education Aid?

What are the consequences of funding the per student amount for Tier III students at 9.6 percent less than the amount recommended in the Biennial Report?

Please provide Statewide totals for Tier III students for FY 2001 (October 2000 count) and projected count for FY 2002.

4. Pursuant to section 16 of the "Charter School Program Act of 1995," P.L.1995, c.426, the commissioner is to conduct an annual assessment of each charter school and a comprehensive review prior to granting a renewal of the charter. A recent amendment to the charter school law, P.L. 2000, c.142, provides that any two charter schools within the same public school district that are not operating the same grade levels may petition the commissioner to amend their charters and consolidate into one school. The commissioner may approve an amendment to consolidate, provided that the basis for consolidation is to accommodate the transfer of students who would otherwise be subject to the random selection process for charter school admission. The same amendment to the charter school law provided that for any student enrolled in a charter school in which 90% of the program budget per pupil for the specific grade level is greater than 90% of the maximum T&E amount, the State shall pay the difference between the two amounts.

! *Question:* Please state the amount of aid required to be provided by each district as a program budget per pupil amount for FY 2002 and, if a State contribution is required toward the program budget per pupil amount pursuant to subsection c. of section 12 of P.L.1995, c.426, the amount of State aid provided and if more than one district of residence, the amount of State aid provided per district of residence. Please provide the projected total amount of categorical State aid each charter school is to receive in FY 2002.

Has the commissioner approved a petition, if any, from two charter schools in the same public school district to amend their charters to consolidate? If so, provide the names of the charter schools and the name of the consolidated charter school and the district or districts of residence. Does the department consider this a new charter or an amendment to one of the existing charters? What is or will be the total enrollment of the consolidated charter school and what is or will be the enrollment as a percent of the enrollment of the public school district or districts of residence?

5. Pursuant to the "Charter School Program Act of 1995," the commissioner is to hold public hearings 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. Under a recent amendment, the commissioner is to commission an independent study of the charter school program in order to submit an evaluation of the charter school program to the Governor, the Legislature and the State Board of Education by October 1, 2001.

Discussion Points (Cont'd)

! *Question:* Have these public hearings been held? If so, please provide the dates, times and places of these hearings, a list of names and persons testifying and a general summary of the issues raised in each hearing. If public hearings have not yet been held, please provide the schedule for these hearings. Please provide the request for proposal for the evaluation study used or being used to secure an individual or entity to conduct the study. If an individual or entity has already been approved, please provide the individual's or entity's name, the design of the comprehensive study proposed to be done by that individual or entity, the time frame for the study, the cost of the study and the account in which the cost is budgeted.

6. According to recommended FY 2002 budget language, Charter School Aid is to be used to distribute aid to any charter school which operates a full-day kindergarten program and which is located in an Abbott district.

! *Question:* Please identify any charter school which is operating a full day kindergarten in an Abbott district, the enrollment approved for the full day kindergarten and the amount of State aid that charter school is to receive in FY 2002.

7. 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 curriculum "Success for All-Roots and Wings" be the presumptive learning 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 effectively 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?

The department provided incentive grants to schools to assist in the implementation of whole school reform, especially with respect to the use of the Success For All curriculum. Please provide the total number of schools receiving an incentive grant and the total dollar amount of incentive grants, by district, over the three year phase-in period.

Has a formal evaluation program, as directed by the court, been implemented? If so, please provide a summary of evaluations to date resulting from this ongoing formal evaluation program.

For each school that has implemented Whole School Reform and for general education students only, please provide the number of students tested and the number of students and percent of students who scored partially proficient, proficient and advanced proficient on the 1999 and 2000 ESPA, GEPA and HSPT, as applicable.

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 provided 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 was \$4,220,800, or \$7,227 per student.

Discussion Points (Cont'd)

! *Question:* Please update the table provided last year regarding 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). Please add the new districts/schools and information for Newark which was not available last year.

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 provide an updated table indicating for each Abbott district how many kindergarten classes are in operation 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 insure 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 Early Childhood Program Aid (ECPA) under section 16 of CEIFA, P.L.1996, c.138, and require all Abbott districts to provide half-day pre-school for three and four-year olds.

! *Question:* For each Abbott district, indicate the amount of ECPA aid received in FY 2001 and projected for FY 2002; whether the Abbott district has in place a program serving all 3 and 4-year olds; the number of facilities in which a district offers early childhood education broken down by type of facility (district or licensed child care center); and the number of children enrolled, also broken down by type of facility. Also, for each early childhood program located in a licensed child care center, provide the dollar amount of aid the center receives from the Department of Human Services for its operation for FY 2001 and FY 2002.

e. In Abbott VI (March 7, 2000), the New Jersey Supreme Court ordered that: new teachers hired by licensed child care centers to provide preschool education to Abbott district students have a bachelor's degree 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 by September 2004 and be evaluated each year concerning retention as a teacher. Since last year, legislation has been introduced, Assembly, No. 2552 (3R), which, consistent with the Court ruling, requires that, beginning on September 1, 2001, a teacher newly hired to teach in a preschool program operated by an Abbott district and any teacher who is employed by a State authorized provider of preschool programs in an Abbott district possess a preschool through grade three endorsement to the instructional certificate in order to teach children in prekindergarten through grade three. In addition, Assembly, No. 2552 (3R) establishes an Early Childhood Education Loan and Loan Redemption Program, under which, loans will be provided to finance the cost of teachers employed by licensed child care centers in ECPA districts and teacher assistants employed by child care centers and school districts in ECPA districts to obtain the credentials required under the bill. Recently, the department has proposed an amendment to State board regulations which would permit a teacher with an Elementary School endorsement and two years of documented experience teaching three and four-year olds to teach preschool in an Abbott district or a childcare center under contract with an Abbott school district.

Discussion Points (Cont'd)

- ! **Question:** Please provide the number of persons and their certification (including experience teaching 3 and 4-year olds), or lack thereof, currently teaching in preschool programs in the Abbott districts and childcare centers under contract with the Abbott districts, broken down by district, schools within a district and childcare centers under contract with a district, and classroom within a school or childcare center.

Please provide an estimate of what it might cost the State if persons lacking the required credentials were to take advantage of the loan program proposed under Assembly, No.2552 (1R).

- f. In Abbott VI (March 7, 2000), the New Jersey Supreme Court also ordered that 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); and that 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:** How many children were added to each Abbott district's projected enrollment by including children in Headstart programs? Has the commissioner provided additional funding to assist districts in concerted outreach efforts in their communities? If so, please indicate the amount of additional funding provided, by district. What is the total projected enrollment for preschools in each Abbott district?

8. The commissioner presented a detailed Report on the Newark School District's budget and its projected deficit 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 budget deficit.

- ! **Question:** Please update the status of each of these 10 recommendations, in particular number 10 which concerns the monthly filing of cash reconciliation and account balance reports, form number A-149s. Also, with a year having elapsed since the hearing, are there any new recommendations or revisions to the initial 10 recommendations? If so, please provide those recommendations and/or revisions. Please provide a summary of the reports of outside auditors and their recommendations. What has been the cost to the State, if any, in additional aid to the Newark School District to deal with the budget deficit?

9. The "Educational Facilities Construction and Financing Act," P.L.2000, c.72, provides 100 percent financing for the final eligible costs of facilities in the Abbott districts and a minimum of 40 percent financing for the final eligible costs of facilities in all other districts. The act also provides that an early childhood program aid district, at its option, may provide, in its long-range facilities plan, for one or more community early childhood education facilities projects.

- ! **Question:** Please provide, by district, a list of facilities whose final eligible costs have been approved, the State share of those costs and total State facilities aid for each district. Also, for each early childhood program district, please provide information on any plans (district, number of rooms, cost and State share) for community early childhood education facilities projects that have been submitted and the approval status of those plans.

Discussion Points (Cont'd)

10. Pursuant to recommended FY 2002 budget language, transportation aid to the districts is not the full amount required by section 25 of CEIFA, P.L.1996, c.138. Rather transportation aid is being apportioned by providing each district 95.43 percent of the amount of transportation aid that would have been provided the district if transportation aid were fully funded.

! Question: How much would the FY 2002 recommended appropriation for transportation aid be if fully funded? Please provide the rationale for funding transportation aid at 95.43 percent of full funding.

11. Pursuant to statute, Distance Learning Network aid is to end in FY 2002. The recommended FY 2002 Distance Learning Network aid appropriation is \$59.1 million. In the March 2000 Biennial Report it was recommended that an assessment of the progress in integrating technology into the classroom be carried out.

! Question: What has the department determined concerning the integration of technology into the classroom? What recommendations will the department make concerning the potential loss in FY 2003 of approximately \$60 million in State aid to school districts?

12. In the March 2000 Biennial Report, after recommending that the FY 2002 per pupil County Vocational Technical School Aid be set at \$1,883, an increase of \$102 (5.7 percent) over the FY2001 amount of \$1,781, the Report recommended that a study be conducted to determine if a differential T&E per pupil amount corresponding to the cost variations of the vocational programs is required. The Report notes that there is an extremely wide variation in the per pupil costs from district-to-district for vocational education, likely related to the new areas of service being provided by the vocational technical schools.

! Question: Please provide a description of the various kinds of services being provided by vocation technical schools and the costs associated with those services. What has the department concluded with respect to a differential T&E amount corresponding to the cost variations of the vocational programs.

13. The recommended FY 2002 appropriation for Teacher Quality Mentoring is \$14.0 million, an increase of \$12.0 million over the FY 2001 adjusted appropriation. Teacher Quality Mentoring was a pilot program in FY 2001 and is to be expanded Statewide in FY 2002. The Teacher Quality Mentoring program makes a distinction between alternative route and traditional route teachers.

! Question: What has been the experience to date with the alternative route teachers compared with traditional route teachers? For FY 1999 and FY 2000 provide information on the number of newly hired alternative route and traditional route teachers who were continued for the next school year. What information supports the extension of the program Statewide?

14. The "Educational Facilities Construction and Financing Act," P.L.2000, c.72, requires the Commissioner of Education, in conjunction with the Commissioner of Labor, to establish a program to provide additional funding for certain apprenticeship programs and directed that \$3 million be appropriated for FY 2001 and for each subsequent fiscal year through FY 2005. In addition, the act required that a majority of the funds be used to assist apprenticeship programs in urban areas.

Discussion Points (Cont'd)

- ! *Question:* Please provide a detailed description of the program established by the Commissioner of Education and a list of apprenticeship programs or entities to which the \$3 million appropriation for FY 2001 has been or is to be distributed.

Background Paper: Interdistrict Public School Choice Program

Budget Pages.... D-151,D-153 to D-155

This background paper will provide an overview of the establishment, operation and funding of the Interdistrict Public School Choice Program in New Jersey.

An interdistrict public school choice program is one in which parents may enroll their children in a public school located outside of the school district of residence without paying any costs of tuition. The New Jersey program was established with the enactment of the "Interdistrict Public School Choice Program Act of 1999," P.L.1999, c.413, on January 18, 2000.

Under the statute, the Commissioner of Education is directed to establish an interdistrict public school choice program with the following limitations: for the first year of the program (school year 2000-2001), there can be no more than 10 choice districts in the State; for the second year, no more than 15 choice districts; and for the third, fourth and fifth years, no more than 21 choice districts. In no year can there be more than one choice district per county. The sections of the statute which establish the program will expire on June 30 following the fifth full year of the operation of the program.

CURRENT ENROLLMENT STATUS

Since FY 2002 is the second year of operation of the Interdistrict Public School Choice Program, the commissioner may establish as many as 15 choice districts. Eight choice districts are in operation in FY 2001; three more have been established for operation in the 2001-2002 school year for a total of 11 districts. The table below provides the county, district, enrollment and State aid information for FY 2002.

| County | District | Enrollment | State Aid |
|------------|---|------------|-----------|
| Atlantic | Folsom Elementary School | 17 | \$134,521 |
| Bergen | Englewood Public | none | ----- |
| Burlington | Washington Twp | 5 | \$41,545 |
| Cumberland | Cumberland Regional High School | 10 | \$83,090 |
| Hudson | Hoboken Public | 3 | \$24,927 |
| Hunterdon | Bloomsbury Elementary | 13 | \$102,869 |
| Monmouth | Upper Freehold Regional (Allentown High School) | 14 | \$110,782 |
| Morris | Mine Hill | 16 | \$126,608 |
| Salem | Salem City | none | ----- |

Background Paper: Interdistrict Public School Choice Program (Cont'd)

| | | | |
|--------------|--|------------|------------------|
| Union | Kenilworth (David Brearley Middle School | 25 | \$197,825 |
| Warren | Belvidere | none | ----- |
| Total | Eleven Disticts | 103 | \$822,167 |

ESTABLISHMENT, ENROLLMENT AND OPERATION

A school district that wishes to become a choice district is required to submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program will be implemented. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

The parents or guardian of a student must notify the resident district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades K through 9 in a school of the resident district and have attended school in the resident district for at least one full year immediately preceding enrollment in the choice district.

A choice district may evaluate a prospective student on reasonable criteria, including the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

A choice district must establish and maintain a parent information center. This center is responsible for collecting and distributing information about participating programs and for assisting parents and guardians in submitting applications for the enrollment of students in the appropriate school.

SENDING DISTRICT OPTIONS

The board of education of a sending district may impose certain limitations on the number of students who may enroll in a choice district. For example, the board may adopt a resolution restricting enrollment of its students in a choice district to a given percentage of the number of students per grade level per year in the sending district, and further limited by a resolution which may also restrict enrollment to a given percentage of the total number of students enrolled in the sending district.

STATE AID

As noted above, a student is entitled to attend a choice district without payment of tuition. In order to calculate the distribution of State aid, the student is not counted in the resident enrollment of the choice district for the calculation of core curriculum standards aid, but is treated in the same manner as a student who resides in the choice district for the purpose of calculating all other forms of State aid under CEIFA. In addition, the choice district is entitled to receive school choice aid for each choice student in the amount of the weighted per pupil T & E amount; except

Background Paper: Interdistrict Public School Choice Program (Cont'd)

that for a choice student who attends a choice district which is categorized as an A or B district factor group,* the choice district is entitled to receive the weighted per pupil maximum T & E amount (of the choice districts listed in the table above, Washington, Cumberland Regional and Hoboken are district factor B choice districts). The major purpose of this funding provision is to provide an incentive to participate in the choice program by granting additional aid to a choice district which now receives no core curriculum standards aid or less than the maximum amount, and which would therefore be required to supplement the support of the choice student with funds derived from the local tax levy.

Compensation is also provided, however, to the resident district which would otherwise lose completely the core curriculum standards aid that a student who enrolls in a choice district generates. The resident district is entitled to count a choice student in its weighted enrollment for the purposes of determining that aid according to the following formula: the student would be counted as .75 in the first year of attendance in the choice district; .50 in the second year; .25 in the third year; and .00 in the fourth year.

TRANSPORTATION

Transportation, or aid-in-lieu of transportation, must be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid-in-lieu of transportation, is the responsibility of the choice district.

REPORTS AND EVALUATION

The commissioner is required to report annually to the State Board of Education and the Legislature on the effectiveness of the interdistrict public school choice program. No later than June 30 following the second year of the operation of the program, the report must include a recommendation on the continuation of the program.

The Joint Committee on the Public Schools is required to commission an independent study of the first two years of the operation of the program. On or before January 1, 2003, the Joint Committee must submit a report to the Legislature on the implementation of the choice program based on the study and the commissioner's annual reports to the Legislature, which report must include a recommendation on whether the program should be continued as otherwise provided by the statute. If the Legislature does not act on the recommendation by the adoption of a concurrent resolution within 60 days of the Joint Committee's submission of the report, the program will then be continued through the fifth year.

*District factor groups,DFGs, were developed by the department to rank districts according to the socioeconomic characteristics of the community in which a district is located; DFG A and B school districts are the two lowest ranking socioeconomic groupings.

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Individuals wishing information and committee schedules on the FY 2002 budget are encouraged to contact:

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