

ANALYSIS OF THE NEW JERSEY
FISCAL YEAR 1998 - 1999 BUDGET



DEPARTMENT OF EDUCATION

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 1998

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF EDUCATION

Budget Pages..... D-79 to D- 97; E-9 to E-10; F-4 to F-7; G-4 to G-5; I-4 to I-7

Fiscal Summary (\$000)

	Expended FY 1997	Adjusted. Appropriation FY 1998	Recommended FY 1999	Percent Change 1998-99
State Budgeted	\$4,846,530	\$5,363,532	\$5,906,278	10.1%
Federal Funds	302,273	382,522	377,728	(1.3)%
<u>Other</u>	<u>10,802</u>	<u>15,617</u>	<u>16,122</u>	<u>3.2%</u>
Grand Total	\$5,159,605	\$5,761,671	\$6,300,128	9.3%

Personnel Summary - Positions By Funding Source

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change 1998-99
State	420	410	440	7.3%
Federal	244	232	272	17.2%
<u>Other</u>	<u>168</u>	<u>166</u>	<u>205</u>	<u>23.5%</u>
Total Positions	832	808	917	13.5%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

Introduction

The Department of Education is responsible for the governance of the public schools and the system under which instruction will be provided to 1.3 million students in FY 1999. The department's responsibilities include: calculating and distributing in FY 1999 \$4.8 billion in State school aid to local districts, exclusive of pension and social security costs paid by the State on behalf of teaching staff members; establishing uniform standards for the Statewide system of public schools; implementing and monitoring the achievement of those standards; and providing technical assistance for local school operation and management. In addition, the department operates the Marie H. Katzenbach School for the Deaf. The Governor's Recommended Budget for FY 1999 proposes that \$40.0 million be appropriated for the department to carry out its administrative and supervisory responsibilities over public school districts and to operate the Marie Katzenbach School for the Deaf.

Key Points

- ! State aid payments (including Grants-in-Aid) totaling \$5.9 billion to or on behalf of local school districts are recommended in FY 1999, a \$538.9 million (10.1 percent) increase over the FY 1998 adjusted appropriation.
- ! Total State aid allocated under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (CEIFA), and Abbott v. Burke Parity Remedy Aid, equals \$4.8 billion, a \$151.0 million (3.3 percent) increase over the \$4.6 billion allocated in FY 1998.
- ! State aid totaling \$255.3 million is recommended in FY 1999 for Abbott v. Burke Parity Remedy Aid. This aid category is allocated to the 28 Abbott School Districts pursuant to the May 14, 1997 order of the New Jersey Supreme Court. The court required that additional State aid be provided to the Abbott Districts to increase the per pupil regular education expenditures in each of those districts to the level of the average per pupil regular education expenditure of the District Factor Groups I and J districts. This FY 1999 recommendation of \$255.3 million represents an increase of \$9.1 million (3.7 percent) over the FY 1998 adjusted appropriation of \$246.2 million. However, of the \$246.2 million, only \$216.2 million was allocated as a consequence of the enrollment adjustments made pursuant to FY 1998 budget language which requires final aid allocations to be based on actual enrollments rather than projected enrollments.
- ! \$10.0 million will be deducted from the FY 1999 core curriculum standards aid entitlement of the Abbott districts. CEIFA provides that any surplus in excess of 6 percent of the first \$100 million of a school district's budget and 3 percent of the amount of the district's budget which exceeds \$100 million shall be appropriated in the district's subsequent year's budget to reduce the district's tax levy. Because the FY 1999 budget does not permit the Abbott districts to reduce their tax levies below 1997-98 levels as a condition for the receipt of parity aid, the State is applying the excess surplus as a reduction against the district's core curriculum standards aid entitlement.
- ! An additional \$35.1 million in State aid has been proposed by the Governor that is not included in the total amount of State aid recommended in the FY 1999 budget. The additional aid represents revisions made to the State aid allocation to school districts as originally released by the Department of Education on February 11, 1998. Those revisions were made to correct errors in the State income tax data used to determine school district wealth and eligibility for core curriculum standards aid. The revisions also reflect the Governor's proposal to hold certain school districts harmless to FY 1998 aid levels in order to phase in potential shifts in aid which result from using State income tax data as opposed to federal census data to determine eligibility for aid under CEIFA.
- ! There is the possibility that an additional \$312.4 million in State aid will be required for FY 1999 if the New Jersey Supreme Court accepts the recommendations of Superior Court Judge Michael Patrick King contained in his January 22, 1998 report to the court. The Supreme Court, in its May 14, 1997 order, had directed Judge King to conduct hearings to determine the needs of the Abbott districts in the areas of supplemental programs and facilities and to recommend to the court the relief that it should order in these areas. Judge King's recommendations on the issue of supplemental programs, including full-day kindergarten, full-day pre-kindergarten for three and four year olds, summer school, health and social services, and accountability, total an additional \$312.4 million over FY 1999

Key Points

recommended funding levels. In the area of facilities, Judge King identified approximately \$2.8 billion in facilities needs in the Abbott districts which need to be addressed; however he did not recommend a particular funding mechanism.

- ! State aid totaling \$917.2 million is recommended in FY 1999 for teachers' health benefits, and pension and social security payments on behalf of the teaching staff of local school districts, an increase of \$343.6 million (59.9 percent).

An appropriation of \$371.3 million is recommended for the Teachers' Pension and Annuity Fund (TPAF) in FY 1999, an increase of \$273.7 million (280.3 percent) over the \$97.7 million FY 1998 adjusted appropriation. The relatively low amount appropriated for teachers' pensions in FY 1998 was due to legislation enacted in June 1997 (P.L. 1997, c.114) authorizing: (1) the issuance of \$2.8 billion in bonds to finance a portion of the unfunded liability of the State pension systems including the TPAF; and, (2) the use of additional assets recognized by the one-time change to full-market value of assets in the TPAF (P.L. 1997, c.115). Together, these two enactments created a surplus which was sufficient to fully fund the TPAF's State liability, excluding the post-retirement medical liability. In FY 1999, the State's liability has increased, while surplus assets in TPAF have decreased, resulting in a recommended increase in the appropriation for FY 1999.

In addition, funds totaling \$68.3 million are recommended in FY 1999 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the "Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Social security payments on behalf of local teaching staff, totaling \$460.6 million, is recommended in FY 1999. This represents an increase of \$22.3 million (5.1 percent) over the \$438.3 million FY 1998 adjusted appropriation.

State aid totaling \$17.0 million is recommended for FY 1999 to pay for additional health benefits for local teaching staff, an increase of \$3.5 million (25.6 percent) over the FY 1998 adjusted appropriation.

- ! An amount totaling \$153.2 million is proposed for other aid programs recommended for funding in FY 1999. This represents a net increase of \$44.3 million (40.6 percent) over the \$108.9 million appropriated for other aid programs in FY 1998. The major changes are shown below.

A \$50.0 million appropriation for school construction aid, separate from the CEIFA school aid formula, is recommended for FY 1999; however, the allocation of these funds requires enabling legislation as indicated in section 4 of P.L. 1997, c.264. Funding is supported by dedicated revenues from the cigarette tax pursuant to c.264.

Appropriations totaling \$6.6 million for 18 separate State aid grants added by the Legislature in FY1998 are not recommended for FY 1999.

Key Points

Funding for Additional School Building Aid Debt Service is recommended at \$7.7 million, a reduction of \$1.5 million in FY 1999. The 16.8 percent reduction in State funding reflects a decrease in debt service obligations due to the scheduled retirement of a portion of the debt of the three remaining school building aid programs enacted by the Legislature pursuant to P.L.1968, c. 177, P.L.1971, c. 10, and P.L.1978, c.74.

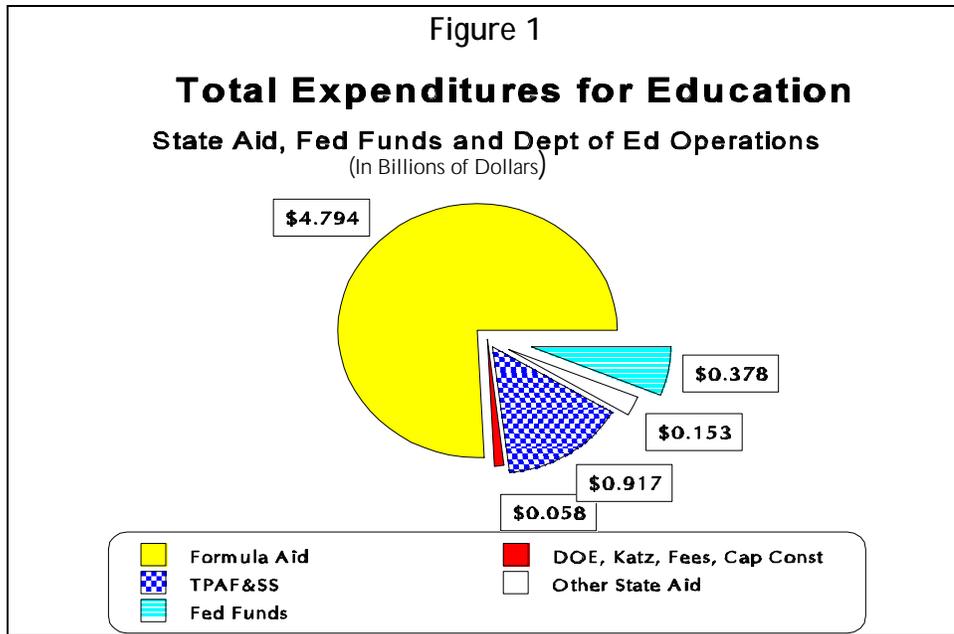
- ! The Department of Education's Direct State Services budget for FY 1999 is recommended to increase by \$4.2 million, from \$35.8 to \$40.0 million, an 11.7 percent increase. The increase is primarily attributable to the recommended funding of \$11.3 million for the Statewide Assessment Program, a \$4.7 million increase from the FY 1998 adjusted appropriation of \$6.6 million. The recommended 72.0 percent increase in funding represents additional funds recommended in FY 1999 to implement the newly configured statewide assessment program and its objective of assessing pupil performance in the seven core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests:
 - 4th Grade: The Elementary School Proficiency Assessment (ESPA);
 - 8th Grade: Grade Eight Proficiency Assessment (GEPA); and,
 - 11th Grade: High School Proficiency Test (HSPT).
- ! The recommended total operating budget for the Marie H. Katzenbach School for the Deaf in FY 1999 is \$11.4 million, an increase of \$805,000 (7.6 percent) above FY 1998. Funding for FY 1999 includes \$7.9 million in tuition, \$956,000 in federal funds, and \$2.5 million in State funding, the same amount of State funds appropriated in FY 1998. Katzenbach's day school tuition is projected to increase, on a per pupil basis, from \$22,850 to \$23,878, a 4.5 percent increase, while the State's contribution on a per pupil basis is projected to decrease from \$10,147 to \$9,759, a 3.8 percent decrease.
- ! There is a total number of 917 funded positions recommended for the Department of Education in FY 1999. Of the 917 positions, 205 will be funded from fees and revolving funds, 272 will be funded from federal funds, and 440 will be supported by State funds. The total number of filled positions indicated for FY 1998 (808) is the payroll count as of October 24, 1997.
- ! Funding for technical assistance to local districts as offered by the regional training centers is not recommended in FY 1999. Funded largely through fees and federal funds, the recommended total budget for FY 1998 was \$3.5 million, with a State appropriation of only \$396,000 (17.3 percent). Statewide technical assistance has been provided to local districts out of regional offices since 1976. The regional training centers were eliminated as part of departmental operations in August 1997.
- ! The Department of Education is anticipating the expenditure of an estimated \$377.7 million in federal funds in FY 1999, a 1.3 percent decrease from the \$382.5 million anticipated in FY 1998. This is based on an amount of federal funds projected for New Jersey prior to November 1997 when the Governor's Recommended Budget was prepared.

Key Points

- ! There is an additional \$420,000 in fee revenue being anticipated for FY 1999 as a result of a fee increase proposed for the criminal background checks for public school employees required pursuant to P.L. 1986, c. 116. Currently the department imposes a \$49 fee to cover the costs of a criminal background check. It is proposed that the fee be increased to \$61 for FY 1999, a \$12 increase (24.5 percent).

Program Description and Overview

The total recommended funding from all sources for the Department of Education in FY 1999 is \$6.3 billion. This includes \$4.8 billion of formula aid, \$917.2 million in pension and social security payments, \$377.7 million in federal funds, \$153.2 million in other State aid including nonpublic aid, and \$57.9 million for the Department of Education and the Marie H. Katzenbach School for the Deaf.



Department of Education Operations and the Katzenbach School

Of the \$57.9 million appropriated for departmental operations and the Katzenbach School in FY 1999, \$45.7 million in State appropriations and other funds support departmental operations, and \$10.4 million in State appropriations and other funds (tuition receipts) support the Katzenbach School. The remaining \$1.8 million supports capital construction projects for the regional day schools and the Katzenbach School.

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

The chart in Figure 2 represents the State general fund appropriation, excluding capital and federal funds, appropriated for the operation of the Department of Education and the Katzenbach School compared to the annual amount of other funds appropriated. Between FY 1994 and FY 1999, the fees and other funds have increased from \$7.7 million to \$16.1 million, a 110.2 percent increase, as indicated in Table 1, while the total general fund appropriation for DOE operations increased from \$30.0 million to \$40.0 million, a 33.0 percent increase.

Program Description and Overview

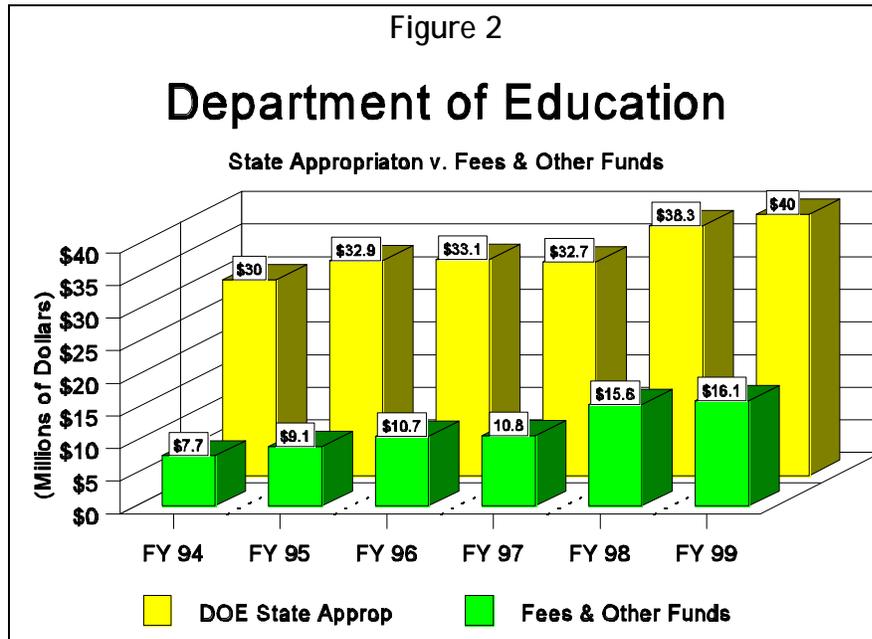


Table 1
DOE Fees and Other Funds Compared to the Direct State Services Appropriation for DOE
(in thousands)

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	\$ CHG. 94 to 99	% Chg 94 to 99
DSS Approp for Dept. of Educ.	30,043	32,889	33,100	32,712	38,261	39,953	9,910	33.0%
DOE Fees & Other Funds	7,670	9,107	10,700	10,802	15,617	16,122	8,452	110.2%
TOTAL	37,713	41,996	43,800	43,514	53,878	56,075	18,362	48.7%

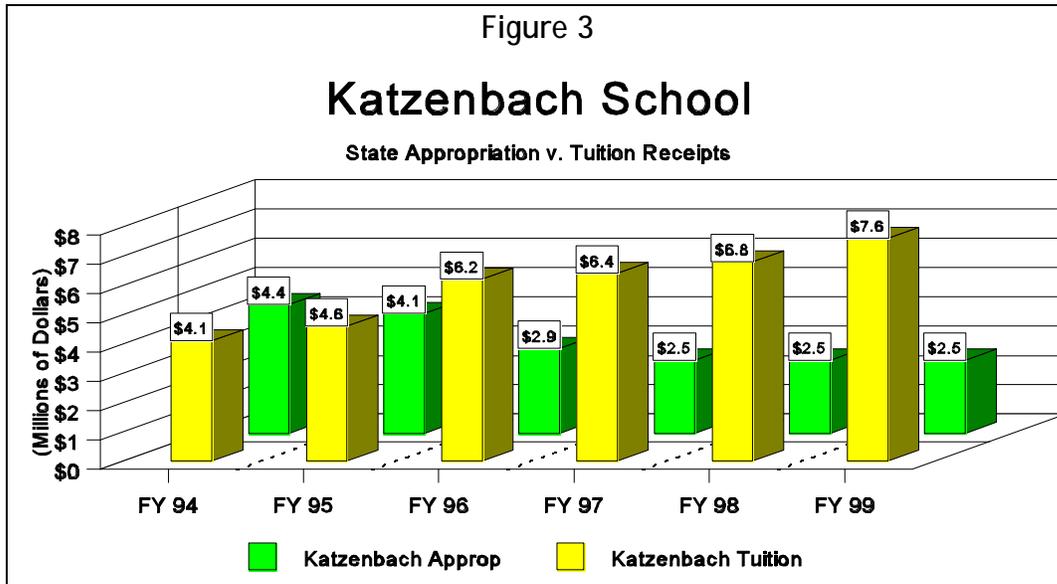
The DOE direct State services appropriation has been adjusted for the divestiture of the State Library, School Nutrition, and a portion of the School Facilities and Building Aid programs.

Of the various programs funded through the Department of Education’s budget, there are two programs in which significant changes have occurred between FY 1994 and FY 1999. The Katzenbach School has had a significant change in funding sources, and the Statewide Assessment Program has received significant increases in the amounts appropriated for the Statewide tests.

The Marie H. Katzenbach School for the Deaf

The 110.2 percent increase in the total amount of fees and other funds in the Department of Education’s operating budget is in large part attributable to an increase in tuition receipts as the basis of support for the Katzenbach School. The chart in Figure 3 represents the shift in the source of funding for the Katzenbach School. Between FY 1994 and FY 1999, tuition receipts represent an increasing percentage of Katzenbach funding while the general fund appropriation has decreased. In FY 1994, the Katzenbach School revenue included \$4.1 million in tuition receipts and a general fund appropriation of \$4.4 million. In FY 1999, it is anticipated that tuition receipts for the Katzenbach School will total \$7.6 million, while the recommended appropriation from the general fund is \$2.5 million.

Program Description and Overview



As a percentage of the total amount of fees and other funds in the department budget, the data in Table 2 indicate that the tuition receipts of the Katzenbach School constitute 44.1 percent of the increase in the total amount of fees and other funds since FY 1994. Since FY 1994, with the exception of the amount received in FY 1998, Katzenbach tuition receipts constitute approximately one-half of all other funds in the department budget, ranging from a high of 59.4 percent in FY 1997 to a low of 45.1 percent in FY 1998.

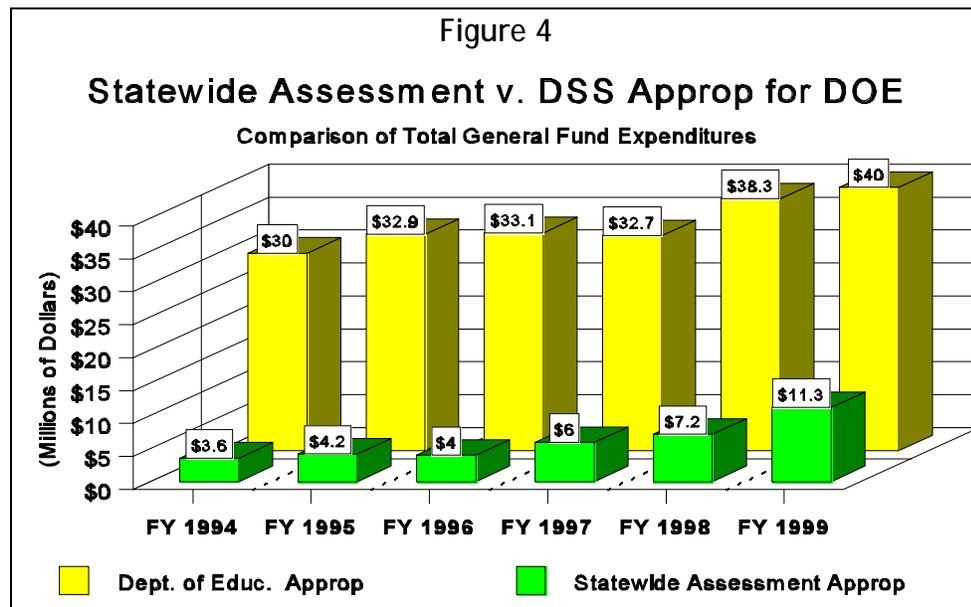
Table 2
Katzenbach Tuition as a Percent of DOE Fees & Other Funds
(in thousands)

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	\$Change 94 to 99	Pct. Chg. 94 to 99
DOE Fees & Other Funds	7,578	8,925	10,700	10,802	15,617	16,122	8,544	112.75%
Katzenbach Tuition (fees)	4,087	4,570	5,880	6,419	7,048	7,857	3,770	92.24%
Katzenbach Tuition As a Pct. of DOE Fees & Other Funds	53.93%	51.20%	54.95%	59.42%	45.13%	48.73%	44.12%	

Statewide Tests

The appropriation for the Statewide tests has increased from \$3.6 million in FY 1994 to \$11.3 million in FY 1999, a \$7 million increase (214.3 percent), while the appropriation for the department, including the Katzenbach School, has increased by \$9.9 million (33.0 percent).

Program Description and Overview



As a percent of the Direct State Services appropriation for the department, the data in Table 3 indicate that the State tests have grown from an amount equal to 12.0 percent of the department's budget in FY 1994, to an amount equal to 28.4 percent of the budget in FY 1999. The \$7.7 million increase in the cost of the State testing program between FY 1994 and FY 1999 represents 77.9 percent of the \$9.9 million total increase in the department's budget during that period.

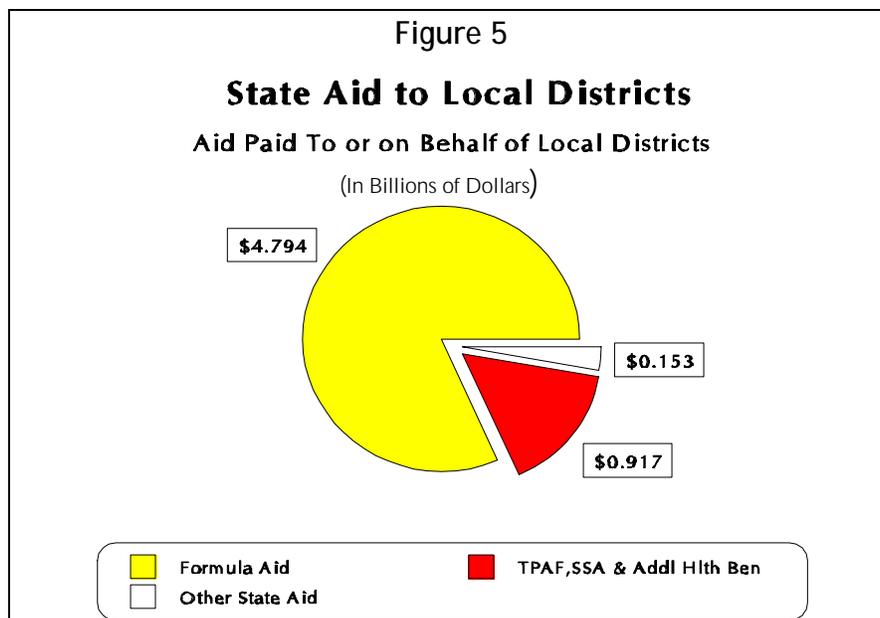
Table 3
 The Statewide Assessment Appropriation as a Pct. of the Direct State Service Appropriation for DOE
 (in thousands)

	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99	\$Change 94 to 99	Pct. Chg. 94 to 99
DSS Appropriation for DOE	30,043	32,889	33,100	32,712	38,261	39,953	9,910	32.98%
Statewide Assess Appropriation	3,605	4,165	3,981	6,026	6,587	11,329	7,724	214.26%
Statewide Assessment as a Pct. of DSS Approp for DOE	12.00%	12.66%	12.03%	18.42%	17.22%	28.36%	77.94%	

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

The chart in Figure 5 represents the recommended \$5.9 billion in State aid paid to or on behalf of local school districts in FY 1999. Of the \$5.9 billion, \$4.8 billion are formula aid entitlements pursuant to the "Comprehensive Educational Improvement and Financing Act of 1996," P.L. 1996, c. 138 (CEIFA), \$917.2 million represents payments on behalf of districts to the Teachers' Pension and Annuity Fund (TPAF), the Social Security Administration (SSA), and the additional health benefits program for employees of local districts who are members of the Public Employee Retirement System (PERS), and \$153.2 million are various aid and grant programs to local districts, including aid to nonpublic schools.

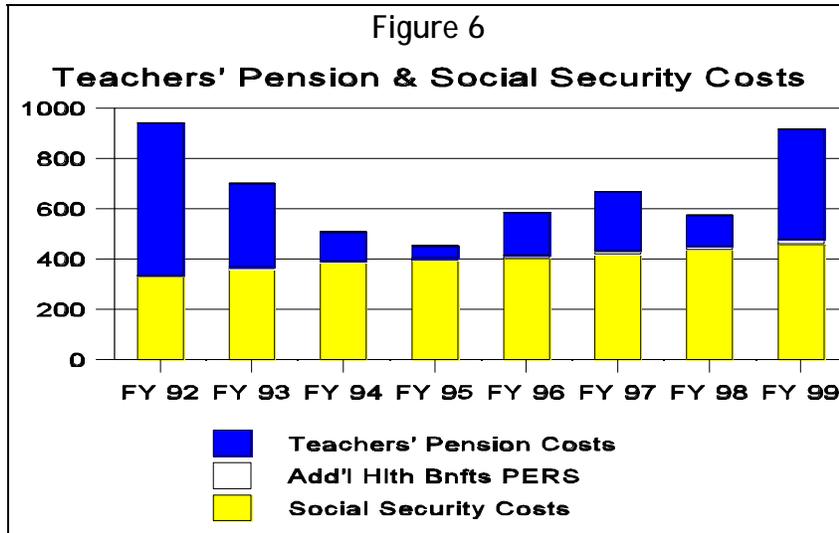
Program Description and Overview



Formula Aid. The individual State aid program amounts under the CEIFA school aid formula are contained in a background paper on page 61.

TPAF, SSA Payments and Additional Health Benefits for Retired School Employees in PERS. The FY 1999 amount recommended on behalf of local districts for the TPAF, SSA, and the additional health benefit program for employees of local districts who are members of the Public Employee Retirement System (PERS) is \$917.2 million, of which \$439.6 million is recommended for TPAF, \$460.6 million is recommended for SSA, and \$17.0 million is recommended for the PERS additional health benefit program. Figure 6 presents the annual amounts paid for TPAF, SSA and the PERS additional health benefits program during a 7 year period between FY 1992 and FY 1999. With respect to the payments made to the SSA, it shows a steady growth in payments on behalf of local district staff over the 7 years. However, with respect to the annual TPAF payments, the chart shows significant decreases occurring in FY 1993, FY 1994, and FY 1995 reflecting the effect of the restructuring of the pension fund. In FY 1996 and FY 1997, payments again began to increase, until FY 1998, the year in which a decrease in the TPAF appropriation reflects the issuance of \$2.8 billion in bonds to finance a portion of the unfunded liability of the pension systems and the use of additional assets recognized by the one-time change to full-market value of TPAF assets. In FY 1999, a recommended increase in the TPAF appropriation reflects the impact of increasing liabilities and decreasing surplus assets of the TPAF.

Program Description and Overview



Other State Aid. An amount totaling \$153.2 million is proposed for other aid programs recommended for funding in FY 1999. This represents a net increase of \$44.3 million (40.6 percent) over the \$108.9 million appropriated for other aid programs in FY 1998. The individual program amounts for Other State Aid are contained in a background paper on page 62.

Organization Chart

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 1997	Adj. Approp. FY 1998	Recom. FY 1999	Percent Change	
				1997-99	1998-99
<u>General Fund</u>					
Direct State Services	\$32,712	\$35,761	\$39,953	22.1%	11.7%
Grants - In - Aid	6,020	2,113	1,513	-74.9%	-28.4%
State Aid	1,421,600	940,572	900,954	-36.6%	-4.2%
Capital Construction	1,489	2,148	1,810	21.6%	-15.7%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$1,461,821	\$980,594	\$944,230	-35.4%	-3.7%
<u>Property Tax Relief Fund</u>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	3,384,709	4,382,938	4,962,048	46.6%	13.2%
Sub-Total	\$3,384,709	\$4,382,938	\$4,962,048	46.6%	13.2%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$4,846,530	\$5,363,532	\$5,906,278	21.9%	10.1%
Federal Funds	\$302,273	\$382,522	\$377,728	25.0%	-1.3%
Other Funds	\$10,802	\$15,617	\$16,122	49.3%	3.2%
Grand Total	\$5,159,605	\$5,761,671	\$6,300,128	22.1%	9.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 1997	Revised FY 1998	Funded FY 1999	Percent Change	
				1997-99	1998-99
State	420	410	440	4.8%	7.3%
Federal	244	232	272	11.5%	17.2%
All Other	168	166	205	22.0%	23.5%
Total Positions	832	808	917	10.2%	13.5%

FY 1997 and revised FY 1998 personnel data reflect actual payroll counts. FY 1999 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	21.0%	21.7%	22.4%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
All Other Funds - Special Education	\$265	\$0	(\$265)	(100.0)%	D-85

There are no funds anticipated for this program in FY 1999 by the Department of Education as a result of the program being transferred to the Department of Treasury. These funds represent the State's share of funds collected from the special education Medicaid initiative in which the federal reimbursement for Medicaid is shared between the State and local school districts.

Marie H. Katzenbach School for the Deaf	\$9,109	\$9,614	\$505	5.5%	D-86
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The recommended operating budget for the Marie H. Katzenbach School for the Deaf is \$9.6 million in FY 1999, a \$505,000 increase (5.5 percent) from the \$9.1 million appropriated in FY 1998. Of the total operating amount, \$7.1 million is supported by tuition, an increase of \$505,000, and \$2.5 million is supported by a direct State appropriation, the same amount as appropriated in FY 1998. Total expenditures for Katzenbach are projected to increase in FY 1999 as total enrollment is estimated to increase from 251 pupils in FY 1998 to 261 pupils in FY 1999. The most significant cost increase is due to an expected increase in the number of higher cost residential pupils. The number of residential pupils is expected to increase from 109 to 118, while the number of day school pupils is expected to increase from 142 to 143.

Program for Behaviorally Difficult Deaf Pupils	\$486	\$790	\$304	62.6%	D-86
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The recommended appropriation for the Program for Behaviorally Difficult Deaf Pupils at the Katzenbach School is \$790,000 in FY 1998, a \$304,000 increase (62.6 percent). This program is fully supported by tuition.

Capital Construction- Marie H. Katzenbach School for the Deaf	\$238	\$803	\$565	237.4%	G-5
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The recommended appropriation for Capital Construction- Marie H. Katzenbach School for the Deaf is \$803,000 in FY 1999, a \$565,000 increase (237.4 percent). The construction projects include the re-roofing of various buildings, bathroom renovations, improvements to the fire protection system, and the installation of attic insulation in various buildings.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Statewide Assessment Program (Grades 4, 8,11)	\$6,587	\$11,329	\$4,742	72.0%	D-93

The recommended appropriation for the Statewide Assessment Program in FY 1999 is \$11.3 million, a \$4.7 million increase from the FY 1998 adjusted appropriation of \$6.6 million. The funding is recommended to implement the newly configured Statewide assessment program and its objective of assessing pupil performance in the seven core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate and the following three tests: 4th Grade, The Elementary School Proficiency Assessment (ESPA); 8th Grade, Grade Eight Proficiency Assessment (GEPA); and, 11th Grade, High School Proficiency Test (HSPT).

CEIFA Implementation - Administration

Academic Programs and Standards	\$59	\$0	(\$59)	(100.0)%	D-93
Pupil Transportation	\$116	\$0	(\$116)	(100.0)%	D-93
Health, Safety, and Community Services	\$59	\$0	(\$59)	(100.0)%	D-93
School Finance	\$1,583	\$660	(\$923)	(58.3)%	D-96
Management and Administrative Services	\$683	\$0	(\$683)	(100.0)%	D-96
TOTAL	\$2,500	\$660	(\$1,840)	(73.6)%	

The amount recommended for CEIFA Implementation-Administration as a special purpose line item in FY 1999 is \$660,000. However, according to the department, \$2.5 million appropriated in FY 1998 for CEIFA administration is continued in FY 1999. Of the \$2.5 million recommended in FY 1999, \$660,000 is recommended for school finance as a special purpose amount and \$1.8 million is included within the program class totals recommended for the various departmental programs listed above.

Blueprint for Drug-Free New Jersey	\$30	\$0	(\$30)	(100.0)%	D-93
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Funds for Blueprint for Drug-Free New Jersey are not recommended for FY 1999 because there is sufficient federal funding to support substance abuse prevention education. In FY 1998 funds were

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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used to supplement federal funds for training local district staff in substance abuse prevention education .

**Demonstrably Effective
Program Resource**

Team	\$260	\$0	(\$260)	(100.0)%	D-93
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Special purpose funds are not recommended for the Demonstrably Effective Program Resource Team in FY 1999. According to the department, funding for this program in FY 1999 is included within the amount recommended for the Health, Safety and Community Services program class.

**Student Services - State
Mandated 4th Grade
Civics Program**

	\$20	\$0	(\$20)	(100.0)%	D-93
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No funding is recommended for Student Services - State Mandated 4th Grade Civics Program in FY 1999. These funds were added to the FY 1998 budget by the Legislature.

Federal Funds -

Educational Technology	\$12,175	\$8,454	(\$3,721)	(30.6)%	D-93
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Educational Technology is anticipated to receive \$8.5 million in federal funds in FY 1999, a \$3.7 million decrease (30.6 percent). The decrease in federal funds is a net decrease resulting primarily from a \$3.7 million reduction in the Technology Literacy Challenge Fund.

**Federal Funds -
Grants Management
and Development**

	\$2,383	\$2,505	\$122	5.1%	D-93
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Grants Management and Development is anticipated to receive a total of \$2.5 million in federal funds in FY 1999, a \$122,000 increase (5.1 percent). This net increase primarily reflects a \$584,000 increase in funds received under the Individuals Disabilities Education Act (I.D.E.A Part B-Handicapped, Administration).

**Federal Funds -
Health, Safety and
Community Services**

	\$15,413	\$13,962	(\$1,451)	(9.4)%	D-93
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Health, Safety and Community Services is anticipated to receive \$14.0 million in federal funds in FY 1999, a \$1.5 million decrease (9.4 percent). This net decrease primarily reflects the \$1.5 million

Significant Changes/New Programs (\$000)

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loss of federal funding due to the elimination of the GoodStarts Program.

**All Other Funds -
Professional
Development and
Licensure**

\$712	\$465	(\$247)	(34.7)%	D-94
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The expected level of funding reflects an anticipated decrease in revolving fund revenues and the elimination of a non-recurring \$50,000 grant from the Dodge Foundation in FY 1998.

**All Other Funds -
Facilities Planning and
School Building Aid**

\$173	\$161	(\$12)	(6.9)%	D-94
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A \$12,000 decrease (6.9 percent) is anticipated in fees collected for reviewing the schematics and educational specifications for new school construction or school renovation.

**Compliance and
Auditing**

\$1,114	\$1,039	(\$75)	(6.7)%	D-96
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No special purpose account funding for Comprehensive Compliance Audits is recommended for the program class in FY 1999. In prior years this appropriation has been included in the budget for the purpose of having funds available for start up costs in the event that a comprehensive compliance investigation is required. Under the State takeover statute, P.L. 1987, c. 399, a comprehensive compliance investigation is required upon determining that a district has persistently failed to implement a corrective action plan required to address the deficiencies which have prevented the district from receiving State certification. According to the department, budget language authorizing the appropriation of "such sums as may be necessary for the Department of Education to conduct comprehensive compliance investigations" is sufficient for any investigations that may be necessary in FY 1999.

**Comprehensive Plan
Implementation -
Technology**

\$263	\$0	(\$263)	(100.0)%	D-96
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No special purpose amount is recommended for Comprehensive Plan Implementation - Technology in FY 1999. In FY 1998, the primary use of these funds (\$225,000) was to support the conversion of technology systems to the year 2000. According to the department, funding for this program in FY 1999 has been absorbed within the recommended amount for the management and administrative services program class.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Capital Construction - Regional Day Schools					
Electrical Systems Upgrade	\$0	\$50	\$50	—	G-5
Roof Replacement and HVAC Repairs	\$1,910	\$957	(\$953)	(49.9)%	G-5
TOTAL	\$1,910	\$1,007	(\$903)	(47.3)%	G-5

The recommended appropriation for Capital Construction Regional Day Schools is \$1.0 million in FY 1999. Of the total amount recommended, \$957,000 is for roof replacement and repairs to the heating, ventilation and air conditioning systems, and \$50,000 is for the upgrade of the electrical system.

Federal Funds - School Finance	\$280	\$210	(\$70)	(25.0)%	D-96
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School Finance is anticipating the receipt of \$210,000 in FY 1999. This decrease is the result of a \$70,000 reduction of federal funds used in administering the audit function under the Individuals with Disabilities Education Act (I.D.E.A. Part B-Handicapped grant).

Federal Funds - Compliance and Auditing	\$479	\$445	(\$34)	(7.1)%	D-96
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Compliance and Auditing is anticipating the receipt of \$445,000 in FY 1999. This decrease is the result of a \$34,000 reduction of federal funds used in administering the audit function under the Individuals with Disabilities Education Act (I.D.E.A. Part B-Handicapped grant).

GRANTS-IN-AID

Educational Technology	\$500	\$0	(\$500)	(100.0)%	E-9
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The appropriation for Educational Technology is not recommended in FY 1999 because there is sufficient federal funding to support this program in FY 1999. In FY 1998, the funds were used to maintain educational technology training sites and distance learning access centers to provide staff development to local district personnel. The centers provide teachers with telecommunications

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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access, as well as software, video discs, CDS and various print based materials related to technology in schools.

Arts Programs for Teenagers	\$100	\$0	(\$100)	(100.0)%	E-9
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The appropriation for Arts Programs for Teenagers is not recommended in FY 1999. The funds support art programs for teenagers in music, theater, dance, visual arts, film, creative writing and play writing, and were added to the FY 1998 budget by the Legislature.

STATE AID

General Fund - Core Curriculum Standards Aid	\$759,789	\$670,002	(\$89,787)	(11.8)%	F-5
Property Tax Relief Fund - Core Curriculum Standards Aid	\$1,860,411	\$2,079,333	\$218,922	11.8%	I-4
TOTAL	\$2,620,200	\$2,749,335	\$129,135	4.9%	

The recommended appropriation for Core Curriculum Standards Aid (CCSA) is \$2.7 billion in FY 1999, an increase of \$129.1 million (4.9 percent). Under CEIFA an increase in CCSA is based on annual increases in the CPI and Statewide enrollment. The 4.9 percent increase in aid represents the sum of the 2.67 percent increase in the CPI, and the 2.2 percent growth in projected Statewide average resident enrollment between October 1997 and October 1998.

Plainfield CEIFA - Hold Harmless Aid	\$475	\$0	(\$475)	(100.0)%	F-5
Hoboken CEIFA - Hold Harmless Aid	\$943	\$0	(\$943)	(100.0)%	F-5
Additional Senior Citizen Stabilization Aid	\$288	\$0	(\$288)	(100.0)%	F-5
Somerset County Vo-Tech/High Tech Coordinator	\$60	\$0	(\$60)	(100.0)%	F-5

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Florence Township School District - Facility Repairs	\$75	\$0	(\$75)	(100.0)%	F-5
Maurice River School District Statistical Anomaly Correction Aid	\$241	\$0	(\$241)	(100.0)%	F-5
Southampton School District Statistical Anomaly Correction Aid	\$200	\$0	(\$200)	(100.0)%	F-5
Roosevelt School District - Roof Repairs	\$65	\$0	(\$65)	(100.0)%	F-5
Total Language Immersion - Wallington	\$50	\$0	(\$50)	(100.0)%	F-6
Impact Aid Replacement - Northern Burlington County Regional	\$50	\$0	(\$50)	(100.0)%	F-6
Willingboro School District Statistical Anomaly Correction Aid	\$1,800	\$0	(\$1,800)	(100.0)%	F-6
Stanhope School District Statistical Anomaly Correction Aid	\$180	\$0	(\$180)	(100.0)%	F-6
Wildwood - Education Impact Aid	\$500	\$0	(\$500)	(100.0)%	F-6
Education Impact Aid - Folsom School District	\$135	\$0	(\$135)	(100.0)%	F-6
Franklin Elementary School - Elevator	\$75	\$0	(\$75)	(100.0)%	F-6
Technology Initiative - East Brunswick Schools	\$750	\$0	(\$750)	(100.0)%	F-6
Auditorium - Ewing High School	\$325	\$0	(\$325)	(100.0)%	F-6
TOTAL	\$6,212	\$0	(\$6,212)	(100.0)%	

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Funds for the 17 programs listed above are not recommended in FY 1999. These funds were added to the FY 1998 budget by the Legislature either as a line item or a language authorization.

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Educational Information and Resource Center	\$400	\$0	(\$400)	(100.0)%	F-5

No appropriation is recommended for the Educational Information and Resource Center (EIRC) in FY 1999. These funds were added by the Legislature in FY 1998. The functions and activities of the EIRC include: providing information and other resources to school districts throughout the State; operating an instructional materials loan library for teachers; and, providing consulting, technical assistance services and staff development programs for school districts throughout the State. The State funds recommended for elimination are used in part to support basic operations at the EIRC which include support for clerical staff, utilities, and other operation and maintenance costs. The State subsidy covered approximately 15 percent of the center's operating budget in FY 1998. The EIRC receives other grants, many of which require either an in-kind service such as clerical support, or matching funds, as a condition for receiving the grant. Any matching funds that are required of the center are funded from the State appropriation.

County College Urban Education	\$450	\$0	(\$450)	(100.0)%	F-5
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Funds for County College Urban Education are not recommended by the Governor in FY 1999. These funds were appropriated to assist county colleges to establish remedial programs for pupils with performance levels in reading and math skills that are below the 7th grade level.

Payments for Institutionalized Children - Unknown District of Residence	\$6,418	\$10,056	\$3,638	56.7%	F-5
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In addition to changing the method for determining tuition, the increase also reflects three other factors: an increase in the total number of pupils residing in State institutions for whom a district of residence cannot be determined (\$1.2 million); the first year in which the Department of Education is required to pay the full cost of tuition for orphan children placed in private educational facilities (\$1.8 million); and, an increase in the number of homeless pupils for whom a district of residence cannot be determined (\$600,000).

Distance Learning Network Aid	\$50,378	\$52,271	\$1,893	3.8%	F-5
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The recommended appropriation for Distance Learning Network Aid is \$52.3 million in FY 1999, an increase of \$1.9 million (3.8 percent). The recommended increase in aid in FY 1999 is the result of two factors: adjusting the per pupil aid amount by the CPI; and a Statewide enrollment increase

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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of 2.2 percent.

At-Risk Youth Employment Internship Program	\$500	\$0	(\$500)	(100.0)%	F-7
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Funds for the At-Risk Youth Employment Internship Program are not recommended for FY 1999. Originally established in FY 1996 as a pilot program supporting internships for at-risk youth in local businesses, each county was allocated \$23,000. As a consequence of having a limited amount of funds per county, few districts chose to participate.

School Building Aid Debt Service	\$9,204	\$7,655	(\$1,549)	(16.8)%	F-7
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The School Building Aid - Debt Service appropriation is used to pay the costs for the three outstanding Statewide bond programs for school construction. It is anticipated that, based on payment schedules for the bonds, the appropriation for this aid program will decrease annually until the bonds have been fully paid.

School Construction and Renovation Fund	\$0	\$50,000	\$50,000	—	F-7
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A \$50.0 million appropriation for a school construction and renovation fund is recommended for FY 1999 supported by dedicated revenues from the cigarette tax pursuant to P.L. 1997, c.264. The allocation of these funds requires enabling legislation.

Additional Health Benefits	\$13,536	\$17,000	\$3,464	25.6%	F-7
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This appropriation provides the health benefits costs of employees of boards of education who are members of the Public Employees' Retirement System (PERS) and to employees of county colleges who are members of PERS or the alternate benefits program. The increase reflects a growth in the number of school board and county college employees enrolled in PERS.

PROPERTY TAX RELIEF FUND

Abbott v. Burke Parity Remedy Aid	\$246,193	\$255,339	\$9,146	3.7%	I-4
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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A State aid line item appropriation of \$255.3 million is recommended in FY 1999 for Abbott v. Burke Parity Remedy Aid. This aid is allocated to the 28 Abbott districts pursuant to the May 14, 1997 order of the New Jersey Supreme Court. The aid increase is the result of the projected increase in the State average regular education spending per pupil in the I & J districts for the 1998-99 school year. The court required that additional State aid be provided to increase the per pupil expenditures for regular education in each of the Abbott districts to a level equal to the average per pupil expenditure for regular education in the District Factor Groups I and J districts. However, of the \$246.2 million appropriated in FY 1998, only \$216.2 million was allocated due to enrollment adjustments required by FY 1998 budget language to reflect actual as opposed to projected enrollments. The unexpended balance of \$30 million would be appropriated through FY 1999 footnote language. The recommended language directs that any balance in the FY 1998 parity remedy aid account due to enrollment adjustments be appropriated for parity remedy aid allocation in FY 1999.

Supplemental Core Curriculum Standards

Aid	\$208,794	\$158,792	(\$50,002)	(23.9)%	I-4
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Supplemental Core Curriculum Standards Aid is for districts with a concentration of low-income pupils equal to or greater than 40 percent of the enrollment, and a minimum school tax rate greater than 110 percent of the Statewide average. Eligible districts receive aid in an amount equal to the amount required to reduce their equalized school tax rate to 110 percent of the State average equalized tax rate. The aid decrease is due to a decrease in the number of districts meeting the eligibility criteria in FY 1999.

Early Childhood Aid	\$287,575	\$302,698	\$15,123	5.3%	I-4
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The recommended increase in the appropriation for early childhood aid is attributable to a CPI adjustment to the per pupil aid amount as authorized under CEIFA. This aid is distributed to school districts with high concentrations of low-income pupils for the purpose of providing full-day kindergarten, preschool classes, and other early childhood programs and services. In FY 1999, for districts in which the concentration of low income pupils is equal to or greater than 20 percent and less than 40 percent of the modified district enrollment, aid will increase from \$465 to \$477 per pupil. For districts in which the concentration of low-income pupils is equal to or greater than 40 percent of the modified district enrollment, the aid per pupil will increase from \$750 to \$770 per pupil.

CEIFA Stabilization Programs

Stabilization Aid	\$52,685	\$61,023	\$8,338	15.8%	I-4
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Supplemental Stabilization Aid	\$53,026	\$53,026	\$0	0.0%	I-4
Stabilization Growth Limitation	(\$173,800)	(\$210,609)	(\$36,809)	21.2%	I-5
Net Total	(\$68,089)	(\$96,560)	(\$28,471)	41.8%	

The three stabilization programs listed above, established pursuant to the provisions of the "Comprehensive Educational Improvement and Financing Act of 1996", P.L. 1996, c. 138 (CEIFA), are designed to limit either the loss or increase in State aid. The amounts appropriated are as follows:

The recommended appropriation for Stabilization Aid is \$61.0 million in FY 1999. Designed to hold districts harmless against significant decreases in State aid, stabilization aid is allocated to districts with aid decreases, in certain categories, greater than 10 percent over the prebudget year.

The recommended appropriation for supplemental Stabilization Aid is \$53.0 million in FY 1999. Local districts will receive the same dollar amount they received in FY 1998.

The recommended stabilization aid growth limit, which limits aid increases between the prebudget and budget years, is a negative \$210.6 million in FY 1999. Under CEIFA, the Stabilization Aid growth limitation restricts the amount by which a district's State aid may increase. For FY 1999, the growth limit is 10 percent, ½ the district's rate of growth in projected resident enrollment between October 1991 and October 1998, or the district's projected rate of growth in resident enrollment over the prebudget year, whichever is greatest.

**County Special Services
Tuition Stabilization
Aid**

\$0	\$2,500	\$2,500	—	I-4
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The recommended appropriation for County Special Services Tuition Stabilization Aid is \$2.5 million in FY 1999. Established under CEIFA for county special services districts, this aid reduces the impact of any tuition revenue loss by guaranteeing an amount of tuition revenue equal to 95 percent of the amount received in the prior year.

**County Special Services
School District
Placements**

\$10,994	\$0	(\$10,994)	(100.0)%	I-4
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Significant Changes/New Programs (\$000)

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No funds are recommended for County Special Services School District Placement Aid in FY 1999. In FY 1998 this program provided additional aid to county special services school districts to assist them in the transition from being a district eligible to receive State aid directly to a district funded through tuition paid by the resident school district and a county appropriation.

Significant Changes/New Programs (\$000)

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Restoration of Administrative Penalties	\$6,602	\$0	(\$6,602)	(100.0)%	I-4
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No funds are recommended for the Restoration of Administrative Penalties in FY 1999. This was a one year program to offset the administrative penalties imposed in FY 1997. The statute imposing administrative penalties (P.L. 1995, c. 256) was repealed under CEIFA.

Bilingual Education Aid	\$57,428	\$52,998	(\$4,430)	(7.7)%	I-4
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The recommended appropriation for Bilingual Education Aid is \$53.0 million in FY 1999, a \$4.4 million decrease (7.7 percent). The reduction in aid is due to a decrease in projected enrollments for FY 1999.

Demonstrably Effective Program Aid	\$175,420	\$187,736	\$12,316	7.0%	I-4
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Demonstrably Effective Program Aid is allocated for the purpose of providing instructional, school governance, and health and social service programs to students enrolled in individual schools with high concentrations of low-income students. For schools with concentrations of low-income pupils equal to or greater than 20 percent but less than 40 percent of enrollment, the district will receive a per pupil aid amount equal to \$308 in FY 1999 for each pupil enrolled in the school, an increase of \$8 per pupil. For schools with concentrations of low-income pupils equal to or greater than 40 percent of enrollment, the district will receive an aid amount equal to \$436 in FY 1999 for each pupil enrolled in the school, an increase of \$11 per pupil. The per pupil aid increases are the result of CPI adjustments made pursuant of CEIFA.

Special Education Aid	\$585,589	\$638,883	\$53,294	9.1%	I-5
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There are two factors which contribute to the increase in special education aid in FY 1999: (1) an increase in the per pupil aid amounts in the four aid categories (Tiers I,II, III, and IV) to adjust for inflation as authorized under CEIFA; and, (2) an increase in the number of classified pupils projected as eligible to receive aid in FY 1999 based on each district's enrollment growth rate rather than the 1.3 percent Statewide growth rate used in FY 1998.

Extraordinary Special Education Costs Aid	\$0	\$10,000	\$10,000	—	I-5
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Under CEIFA, this aid is allocated on a discretionary basis, by a review panel established by the commissioner, in those instances in which a district has individual classified pupils with placement

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 1998</u>	<u>Recom. FY 1999</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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costs that exceed \$40,000 per pupil. The aid is based on costs incurred in the prior year.

**Abbott District Excess
Surplus Reduction**

\$0	(\$10,043)	(\$10,043)	—	I-5
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It is recommended that \$10.0 million be deducted from the FY 1999 core curriculum standards aid entitlement for Abbott District Excess Surplus Reduction. The proposed \$10.0 million reduction in Core Curriculum Standards Aid represents an amount equal to the amount by which Abbott districts exceeded their maximum surplus in FY 1997. CEIFA provides that any surplus in excess of 6 percent of the first \$100 million of a school district's budget and 3 percent of the amount of the district's budget which exceeds \$100 million shall be appropriated in the district's subsequent year's budget to reduce the district's tax levy. Because the FY 1999 budget does not permit the Abbott districts to reduce their tax levies below 1997-98 levels as a condition for the receipt of parity aid, the State is applying the excess surplus as a reduction against the district's core curriculum standards aid entitlement.

**County Vocational
Program Aid**

\$22,564	\$32,486	\$9,922	44.0%	I-6
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The recommended appropriation for County Vocational Program Aid is \$32.5 million in FY 1999, a \$9.9 million increase (44.0 percent). The increase in aid is the result of using an adjusted enrollment base for projecting county vocational enrollments for FY 1999, and adjusting the per pupil aid amount by the CPI as required under CEIFA.

Transportation Aid	\$243,916	\$262,597	\$18,681	7.7%	I-7
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The increase in transportation aid in FY 1999 is due to per pupil aid amounts increased by the increase in the CPI, and an increase in the number of pupils being transported. Further, since the FY 1998 transportation aid was based on the total amount allocated in FY 1997, a portion of the aid increase is attributable to the amount by which FY 1998 was underfunded.

**Teachers' Pension and
Annuity Fund**

\$97,650	\$371,316	\$273,666	280.3%	I-7
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An appropriation of \$371.3 million is recommended for the Teachers' Pension and Annuity Fund in FY 1999, an increase of \$273.7 million (280.3 percent) over the \$97.7 million FY 1998 adjusted appropriation. The relatively low amount appropriated for teachers' pensions in FY 1998 was due to legislation enacted in June 1997 (P.L. 1997, c.114) authorizing: (1) the issuance of \$2.8 billion in bonds to finance a portion of the unfunded liability of the State pension systems including the TPAF; and, (2) the use of additional assets recognized by the one-time change to full-market value of assets in the TPAF (P.L. 1997, c.115). Together, these two enactments created a surplus which

Significant Changes/New Programs (\$000)

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was sufficient to fully fund the TPAF's State liability, excluding the post-retirement medical liability. In FY 1999, the State's liability has increased, while surplus assets in TPAF have decreased, resulting in a recommended increase in the appropriation for FY 1999.

Social Security Tax	\$438,268	\$460,568	\$22,300	5.1%	I-7
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The recommended appropriation for the payments of Social Security Taxes on behalf of local teaching staff is \$460.6 million in FY 1999, an increase of \$22.3 million (5.1 percent).

Debt Service on Pension Obligation Bonds	\$24,095	\$68,297	\$44,202	183.4%	I-7
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The recommended appropriation for Debt Service on Pension Obligation Bonds is \$68.3 million in FY 1999 to pay TPAF's portion of the debt service on the pension bonds issued pursuant to the "Pension Bond Financing Act of 1997," P.L. 1997, c. 114.

Language Provisions

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Receipts derived from tuition for behaviorally difficult students are appropriated for the operation of the program. No comparable language.

Explanation

No similar language is recommended for FY 1999.

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No comparable language

The unexpended balance as of June 30, 1998, in the receipt account of the Positive Learning Understanding Support (PLUS) program is appropriated for the expenses of operating the Marie H. Katzenbach School for the Deaf.

Explanation

This recommended FY 1999 language authorizes the FY 1998 balance in the receipt account of the Positive Learning Understanding Support (PLUS) program to be appropriated in FY 1999. In FY 1998, this program was designated as the program for behaviorally difficult students.

1998 Appropriations Handbook

1999 Budget Recommendations

p. B-65

Receipts derived from charges at the Regional Training Centers in excess of those anticipated and the unexpended balance as of June 30, 1997 of such receipts are appropriated for the costs of operation. No comparable language.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. B-65

Receipts derived from special training initiatives of the Regional Training Centers to assist school districts in meeting new standards established by the Department of Education are appropriated for the operation of the program.

No comparable language.

Explanation

No similar language is recommended for FY 1999. The regional training centers were eliminated under the departmental reorganization in FY 1998.



1998 Appropriations Handbook

1999 Budget Recommendations

p. D-94

No comparable language.

The unexpended balance as of June 30, 1998 in the Statewide Assessment Program (Grades 4,8,11) is appropriated for the operation of the assessment program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language recommends that any FY 1998 balances in the Statewide Assessment Program be appropriated in FY 1999. It is anticipated that the bidding and contracting process will not have been completed for the FY 1998 funded projects until after the fiscal year has ended. Under State budgeting rules, funds cannot be encumbered and held for purposes of future payment until the bidding and contract approval process has been completed.



Language Provisions

1998 Appropriations Handbook1999 Budget Recommendations

p. B-68

In addition to the amounts appropriated hereinabove, an amount not to exceed \$2,500,000 is appropriated for the costs of implementing the Comprehensive Educational Improvement and Financing Act of 1996, subject to the approval of the Director of the Division of Budget and Accounting.

No comparable language.

Explanation

The FY 1998 budget language authorized the appropriation of \$2.5 million for the implementation and administration of CEIFA. Although a language appropriation is not recommended for CEIFA implementation, according to the department, an amount equal to the \$2.5 million FY 1998 adjusted appropriation is included in FY 1999. Of the \$2.5 million recommended in FY 1999, \$1.8 million is recommended within the separate line item amounts for various departmental programs, and \$660,000 is recommended as a special purpose amount.

1998 Appropriations Handbook1999 Budget Recommendations

p. D-97

No comparable language.

The unexpended balance as of June 30, 1998 in the CEIFA Implementation account is appropriated subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This recommended FY 1999 budget language authorizes the FY 1998 balances in the CEIFA implementation and administration account to be appropriated for the same purpose in FY 1999. The department anticipates that the balances will be used for the costs associated with any additional studies that may be required by the New Jersey Supreme Court under the Abbott v. Burke decision.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. D-5

Notwithstanding the provisions of section 10 of P.L.1996, c.138 (C.18A:7F-10), the Central Regional School District shall be entitled to Additional Senior Citizen Stabilization Aid as provided herein. The regional school tax levy shall be calculated without the Additional Senior Citizen Stabilization Aid and then the amount appropriated herein shall be applied in full toward the Berkeley Township share of the regional tax apportionment. The district shall amend its certification of the amounts to be raised by each constituent municipality to support the regional district and notify the county Board of Taxation accordingly.

No comparable language.

Explanation

No similar language is recommended in FY 1999. This language specified the manner in which a line item appropriation of \$288,000 was to be applied. The language was included in the budget by the Legislature.



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. D-5

In addition to the aid provided hereinabove, there is appropriated an amount necessary to enable the department to distribute supplementary State aid to any Abbott District, other than a State-operated school district, in which a charter school will operate during the 1997-1998 school year in an amount to provide that the district shall receive no less total State aid, excluding debt service aid, in the 1997-1998 school year than the total State aid, excluding debt service aid, than it received in the 1996-1997 school year for comparable aid categories. The additional aid received shall be an adjustment to the district's spending growth limitation for the 1997-98 school year. A district receiving aid pursuant to this provision may apply some or all of the additional funds to its originally certified General Fund tax levy for 1997-98 and shall file a revised certificate and report of school taxes form A4F with its county board of taxation.

No comparable language.

Explanation

No similar language is recommended for FY 1999. Pursuant to this language, \$943,000 in additional State aid was appropriated to the Hoboken School District. This language was included in the budget by the Legislature.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

D-5

In addition to the aid provided hereinabove, there is appropriated an amount necessary to enable the department to distribute supplementary State aid to any school district classified as a Special Needs District pursuant to P.L.1990, c.52 (C.18A:7D-1 et seq.), but not classified as an "Abbott District" pursuant to P.L.1996, c.138 (C.18A:7F-1 et seq.), in an amount to provide that the district shall receive no less total State aid, excluding debt service aid, in the 1997-98 school year than the total State aid, excluding debt service aid, than it received in the 1996-97 school year for comparable aid categories. The additional aid received shall be an adjustment to the district's spending growth limitation for the 1997-98 school year. A district receiving aid pursuant to this provision may apply some or all of the additional funds to its originally certified General Fund tax levy for 1997-98 and shall file a revised certificate and report of school taxes form A4F with its county board of taxation.

No comparable language.

Explanation

No similar language is recommended for FY 1999. Pursuant to this language, \$474,925 in additional State aid in FY 1998 was appropriated to the Plainfield School District. The language was included in the budget by the Legislature.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. F-6

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

Explanation

The recommended FY 1999 language modifies the method used to distribute rewards and recognition aid under CEIFA. Qualifying schools, under this language, will receive aid on a per pupil basis according to the number of students projected to enroll in the 8th and the 11th grades as opposed to the overall number of students enrolled in the school. Currently, under CEIFA, eligible schools are sorted into 3 groups according to school size, while aid is allocated according to the school size grouping. The academic achievement reward program under CEIFA provides rewards to school districts having one or more schools that meet criteria for attaining absolute success in, or significant progress toward, high student academic achievement as measured by scores on the prior year's Statewide assessment tests.

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

F-6

Notwithstanding the provisions of section 9 of P.L. 1977, c. 192 (C.18A:46A-9), the per pupil amount for compensatory education for the 1998-99 school year for the purposes of computing nonpublic auxiliary services aid shall equal \$687.18.

Explanation

This recommended FY 1999 budget language would increase the compensatory education per pupil aid amount for nonpublic schools from \$628.71 to \$687.18, an increase of \$58.47 per pupil (9.3 percent). The current level of per pupil funding for compensatory education, \$628.71 per pupil, is established pursuant to section 78 of the "Comprehensive Educational Improvement and financing Act of 1996," P.L. 1996, c.138 (CEIFA) which amended P.L. 1977, c. 192.

Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. F-8, I-7

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

Explanation

This recommended language requires the commissioner to audit the enrollment of any district with significant increases or discrepancies in enrollment as of October 15, 1997 and to immediately adjust the district's State aid for FY 1999. In addition, this language authorizes districts to have 30 days from receipt of the audit to respond to the audit findings and provide any documentation necessary to dispute the audit exceptions and the aid adjustment.



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. F-8

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 1998.

No comparable language.

Explanation

No similar language is recommended for FY 1999. This language was added to the FY 1998 Appropriation Act by the Legislature.



Language Provisions

1998 Appropriations Handbook

p. G-4

The Commissioner of Education shall approve all disbursements from the Abbott v. Burke Parity Remedy account to any "Abbott district." Use of the funds shall be limited to the following five allowable categories of expenditures: 1) to achieve the class sizes; professional staff/student ratios; per-pupil expenditures for instructional materials, textbooks, supplies and equipment; expenditures for educational technology; expenditures for media equipment and supplies; and expenditures for standards-related professional development as directly related to the Core Curriculum Content Standards; 2) to accelerate implementation of programs targeted by CEIFA for multiyear phase-in and those curricular programs related to Core Curriculum Content Standards which are scheduled for future implementation; 3) to enhance delivery of the Core Curriculum Content Standards through improvement or rental of facilities; 4) to provide a safe, disciplined school environment through expenditures for safety personnel, equipment and supplies; and 5) to expand the breadth of course offerings in the Core Curriculum Content areas. The commissioner shall not authorize the disbursement of funds until the commissioner is satisfied that the funds, as well as all educational expenditures in the district, will be spent effectively and efficiently in order to enable those students to achieve the Core Curriculum Content Standards. The commissioner shall be authorized to take any necessary action to fulfill the responsibility consistent with the order of the Supreme Court of New Jersey in Abbott v. Burke dated May 14, 1997.

1999 Budget Recommendations

p. I-5

The commissioner shall not authorize the disbursement of funds to any Abbott district until the commissioner is satisfied that all educational expenditures in the district will be spent effectively and efficiently in order to enable those students to achieve the Core Curriculum Content Standards. The commissioner shall be authorized to take any necessary action to fulfill this responsibility. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the commissioner may adopt, immediately upon filing with the Office of Administrative Law, such regulations as the commissioner deems necessary to implement the order of the Supreme Court of New Jersey in Abbott v. Burke. The commissioner may deduct from the State aid of any "Abbott district" the expenses required to manage, control and supervise the implementation of that State aid. In order to expeditiously fulfill the responsibilities of the commissioner under the Abbott order, determinations by the commissioner hereunder shall be considered to be final agency action and appeal of that action shall be directly to the Appellate Division of the Superior Court.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

Continued

Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the commissioner may adopt, immediately upon filing with the Office of Administrative Law, such regulations as the commissioner deems necessary to implement the May 14, 1997 Abbott order; such regulations shall be effective through June 30, 1998. The commissioner may deduct from the State aid of any "Abbott district," the expenses required to manage, control and supervise the implementation of additional funding required under the May 14, 1997 Abbott order. In order to expeditiously fulfill the responsibilities of the commissioner under the May 14, 1997 Abbott order during Fiscal Year 1998, determinations by the commissioner hereunder shall be considered to be final agency action. If the commissioner finds that the funds in the Abbott v. Burke Parity Remedy account are not committed by the end of Fiscal Year 1998, the commissioner is directed to request that carry forward language is included in the Governor's Fiscal Year 1999 State budget recommendations.

Explanation

This recommended FY 1999 language eliminates reference to the five "allowable categories of expenditure" for Parity Remedy Aid set forth in the FY 1998 budget language. The FY 1998 language required that disbursements from the Abbott v. Burke Parity Remedy Account be approved by the Commissioner of Education and limited the use of the funds to five categories of expenditure. The recommended language deletes reference to the five categories and directs the commissioner not to authorize the disbursement of any funds, not just Parity Remedy Aid, to any Abbott district until the commissioner is satisfied that the funds will be spent effectively and efficiently in order for those students to achieve the core curriculum standards. The FY 1998 language also authorized the commissioner to take any action necessary to fulfill the responsibility consistent with the May 14, 1997 order of the Supreme Court. Reference to that specific date is not included in the FY 1999 recommended language, thereby enabling the commissioner to respond to any further actions of the court.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. G-4

The Commissioner shall report quarterly to the Education committees of the Legislature on the expenditure plans submitted by the "Abbott districts," the experience of Department of Education's assigned auditors in monitoring the expenditure of these funds, and the educational benefits that are being provided to the pupils in the eligible districts with these funds.

No comparable language.

Explanation

No similar language is recommended in FY 1999. This language was added to the FY 1998 Appropriations Act by the Legislature.



1998 Appropriations Handbook

1999 Budget Recommendations

p. I-5

No comparable language.

The unexpended balances as of June 30, 1998, in the Abbott v. Burke Parity Remedy account resulting from the underexpenditure of Abbott v. Burke Parity Remedy Aid by the Abbott districts shall be held in escrow and the commissioner shall disburse the funds in such amounts as he deems necessary for the purpose of implementing whole school reform initiatives in the Abbott districts.

Explanation

This new language recommended for FY 1999 would require that any FY 1998 Abbott v. Burke Parity Remedy Aid balances resulting from a local district's underexpenditure of parity aid be reallocated in FY 1999 for the purpose of implementing whole school reform initiatives in the Abbott districts. For the purpose of reallocating FY 1998 balances in the parity aid account in FY 1999, there are two separate amounts, balances due to underexpenditure of funds by a local district, and balances due to enrollment adjustments to the aid entitlement. This language appropriates any FY 1998 balances in FY 1999 resulting from a district's failure to use its full parity aid entitlement under the rules and terms of disbursing such aid.



Language Provisions

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. I-5

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

Explanation

This recommended FY 1999 language requires any FY 1998 fund balances remaining in the Abbott v. Burke Parity Remedy account as a result of enrollment adjustments to be appropriated in FY 1999 as parity remedy aid. In FY 1998, \$246.2 million was appropriated while only \$216.2 million was allocated subsequent to adjusting the aid to reflect the actual enrollment count as was required pursuant to FY 1998 budget language. Thus, an unexpended balance of \$30.0 million as of June 30, 1998 is anticipated in the parity aid account due to enrollment adjustments. If the balance as anticipated is carried forward, the total amount available in FY 1999 for parity aid will be \$285.3 million, a \$69.1 million increase (32.0 percent) over the adjusted entitlement amount for FY 1998.

1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. I-5

Notwithstanding any other law to the contrary, "district income" for the purposes of NJSA 18A:7F-14 shall mean the aggregate of total income reported on NJ-1040 for 1995 and all public assistance including Aid for Families with Dependent Children for 1995 of the residents of the taxing district or taxing districts.

Explanation

This FY 1999 recommended language requires that a school district's income wealth be determined according to data based on New Jersey income tax data, as reported on NJ-1040 for 1995, and all public assistance received by the residents of the taxing districts, including Aid for Families with Dependent Children. This data set replaces the federal census income data for 1989 that has been used from FY 1992 to FY 1998 for determining a school district's income wealth.

Language Provisions

1998 Appropriations Handbook

p. G-5

Notwithstanding any other law to the contrary, State aid for each "Abbott district" whose per pupil regular education expenditure for 1997-98 under P.L.1996, c.138 is below the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98 shall be increased. The amount of increase shall be determined as follows: funds shall be allocated in the amount of the difference between each Abbott district's per pupil regular education expenditure for 1997-98 and the per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1997-98. In calculating the per pupil regular education expenditure, regular education expenditure shall equal the sum of the general fund tax levy, Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P.L.1996, c.138 (C.18A:7F-10); enrollments shall initially be those resident enrollments contained on the Application for State School Aid for 1997-98 indexed by the annual growth rates used to determine the estimated enrollments at October 1997 for calculation of Core Curriculum Standards Aid and T & E budgets for 1997-98; enrollments shall be calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments in districts receiving Early Childhood Program Aid. State aid shall be adjusted upon receipt of resident enrollment as of October 15, 1997 as reflected on the Application for State School Aid for 1998-99.

1999 Budget Recommendations

p. I-5

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

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

State aid shall be adjusted upon receipt of resident enrollment for the Abbott districts as of October 15, 1998 as reflected on the Application for State School Aid for 1999–2000. State aid shall also be adjusted based on the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998–99. In calculating the actual per pupil average regular education expenditure of districts in District Factor Groups "I" and "J" for 1998–99, regular education expenditure shall equal the sum of the general fund tax levy for 1998–99, Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid and all forms of stabilization aid pursuant to section 10 of P.L. 1996, c. 138 (c.18A:7F–10); enrollments shall be the resident enrollment for preschool through grade 12 as of October 15, 1998 as reflected on the Application for State School Aid for 1999–2000; enrollments shall be calculated at their full-time equivalent and reduced by preschool and one half of full-day kindergarten enrollments in districts receiving Early Childhood program aid.

Explanation

This recommended FY 1999 language proposes two budget language changes to the FY 1998 calculation of regular education per pupil spending for receipt of parity remedy aid as required by the Supreme Court of New Jersey in Abbott v. Burke. The proposed language requires that the 1998-99 estimated regular education spending in the I and J districts be based on the 1997-98 per pupil regular education spending amount indexed by 3 percent. Also, in calculating the per pupil regular education spending of each Abbott district, it requires that the amount for core curriculum standards aid be the amount to which the district is entitled prior to any excess surplus reduction.

Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

No comparable language.

p. I-6

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

Explanation

This FY 1999 recommended budget language prohibits an Abbott district from reducing its tax levy below 1997-98 levels as a condition of receiving parity aid. The effect of this recommendation is to ensure that any aid increases are used for educational programs consistent with the order of the Supreme Court of New Jersey in Abbott v. Burke.



1998 Appropriations Handbook

1999 Budget Recommendations

No comparable language.

p. I-6

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

Language Provisions

Explanation

This recommended FY 1999 budget language requires that any Abbott district's excess surplus from the year ending June 30, 1997 be applied as a reduction against the district's core curriculum standards aid entitlement for FY 1999. CEIFA provides that any surplus in excess of 6 percent of the first \$100 million of a school district's budget and 3 percent of the amount of the district's budget which exceeds \$100 million shall be appropriated in the district's subsequent year's budget to reduce the district's tax levy. Because the FY1999 budget includes recommended language that does not permit the Abbott districts to reduce their tax levies below 1997-98 levels as a condition for the receipt of parity aid, the surplus would be applied as a reduction against the district's core curriculum standards aid entitlement.



1998 Appropriations Handbook

No comparable language.

1999 Budget Recommendations

p. I-6

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

Explanation

This FY 1999 recommended language requires that: (1) the FY 1998 Tier IV additional cost factor be used for the special education aid allocations in FY 1999; and, (2) the recommended revisions to the Tier IV cost factor, initially required for 1998-99 aid allocations under CEIFA, be included in the biennial Report on the Cost of Providing a Thorough and Efficient Education submitted to the Legislature in March 1998 for application in FY 2000 aid allocations. The Tier IV cost factor is the additional cost factor for classified pupils receiving intensive services. Currently, under CEIFA, the commissioner is required to "collect data and conduct a study to determine intensive services criteria and the appropriate per pupil cost factor to be universally applied to all service settings, beginning in the 1998-99 school year," while, any recommended revisions to the other additional cost factors are to be recommended in the Report on the Cost of Providing a Thorough and Efficient Education. This language delays, for one year, aid for Tier IV that might have otherwise been paid in FY 1999.



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. I-6

No comparable language.

Pursuant to NJSA 18A:7F-10c and h, any district which received supplemental stabilization aid in 1997-98 shall receive an amount equal to that received in 1997-98.

Explanation

This FY 1999 recommended language requires that each district receive an amount of supplemental stabilization aid equal to the amount received in 1997-98.

1998 Appropriations Handbook

1999 Budget Recommendations

p. I-6

No comparable language.

Pursuant to NJSA 18A:7F-5b, any district which received supplemental core curriculum standards aid pursuant to NJSA 18A:7F-5b in 1997-98 shall receive an amount equal to that received in 1997-98.

Explanation

This FY 1999 recommended language requires that each district receive an amount of supplemental core curriculum standards aid equal to the amount received in 1997-98.

1998 Appropriations Handbook

1999 Budget Recommendations

p. G-5

Notwithstanding any other law to the contrary, the entitlement for each school district receiving County Vocational Program Aid shall be the same as the entitlement amount in 1995-96.

No comparable language.

Language Provisions

Explanation

No language is recommended for FY 1999. The FY 1998 Appropriations Handbook language required county vocational program aid entitlements to equal the amounts received in FY 1996. By eliminating such language in FY 1999, county vocational program aid is allocated according to the CEIFA formula under which allocations are based on a recommended per pupil amount of \$1,706 for FY 1999.

1998 Appropriations Handbook

1999 Budget Recommendations

p. G-6

Notwithstanding the provisions of section 16 of P.L.1990, c.52 (C.18A:7D-18) and section 2 of P.L.1981, c.57 (C.18A:39-1a.), the per-pupil amount for aid in lieu of transportation in the Transportation Aid program shall equal \$675.

Explanation

No language is recommended for FY 1999. The FY 1998 Appropriations Handbook language required the per-pupil amount for aid in lieu of transportation to equal \$675. By eliminating such language in FY 1999, transportation aid for FY 1999 is allocated according to the CEIFA formula under which allocations for aid in lieu of transportation are based on a recommended per pupil amount of \$702, an increase of \$27 per pupil (4.0 percent).

Language Provisions

1998 Appropriations Handbook

p. G-6

Each district shall be entitled to debt service aid for school bond and lease purchase agreement payments for interest and principal payable during the 1997-98 school year using 58.3794 percent of the district State share percentage for the 1996-97 school year, and for the appropriation balance remaining after that calculation using the percentage share of the district's Core Curriculum Standards Aid amount, determined pursuant to 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) apportioned among the districts in proportion to the appropriation balance remaining to the sum of the debt service aid amounts using the percentage shares under P.L.1996, c.138 and the principal and interest payments for each district. Debt service aid shall also be adjusted for corrections to the 1995-96 principal and interest amounts.

1999 Budget Recommendations

p. I-7

Each district shall be entitled to debt service aid for school bond and lease purchase agreement payments for interest and principal payable during the 1998-99 school year using the percentage of the district's Core Curriculum Standards Aid amount, determined pursuant to 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).

Explanation

This recommended FY 1999 language establishes the debt service aid allocation formula for the 1998-99 school year. The language provides debt service aid for school bond and lease purchase payments at the same percentage that a school district's T & E budget is supported by core curriculum standards aid.



Language Provisions

1998 Appropriations Handbook

1999 Budget Recommendations

p. G-6

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

Explanation

No similar language is recommended in FY 1999. In FY 1998, this language authorized county boards of taxation to reduce a district's local school tax levy in districts receiving additional debt service aid after the county board had struck the school tax rate. This language was added to the FY 1998 Appropriation Act by the Legislature.

1998 Appropriations Handbook

1999 Budget Recommendations

G-6

Of the amount hereinabove for School Building Aid, \$302,689 shall be paid to the Great Meadows Regional School District to correct an error in its State Aid allocation made pursuant to P.L.1996, c.138 (C.18A:7F-1 et seq.).

Explanation

No similar language is recommended in FY 1999. This language was added to the FY 1998 Appropriation Act by the Legislature.

Discussion Points

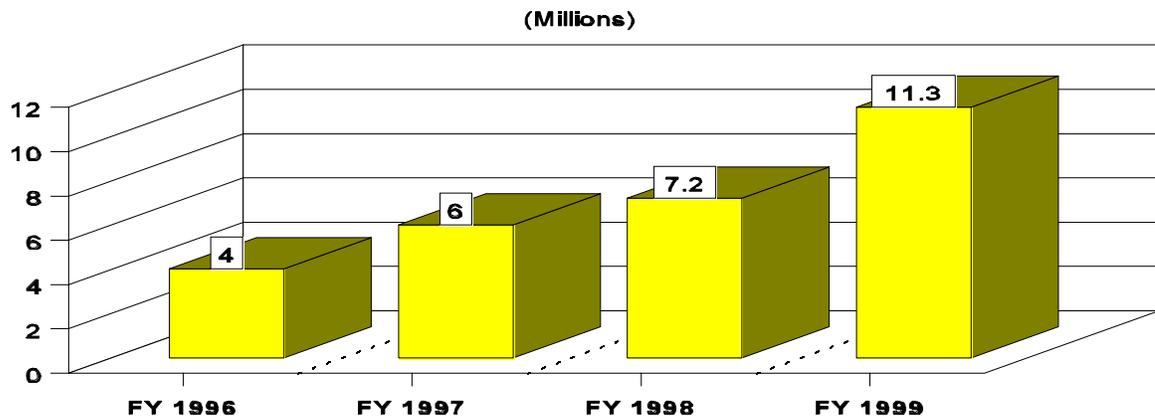
1. In May 1996 the New Jersey State Board of Education adopted the core curriculum content standards along with the Statewide Assessment Program's associated schedule for test development, administration and reporting.

The Statewide Assessment Program is recommended to be funded at \$11.3 million in FY 1999, a \$4.7 million increase over the FY 1998 adjusted appropriation of \$6.6 million. The recommended 72.0 percent increase in funding for the assessment program represents the additional funds needed in FY 1999 to implement the new configuration of the program and its objective of assessing pupil performance in the core curriculum content areas. The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests:

- 4th Grade: The Elementary School Proficiency Assessment (ESPA);
- 8th Grade: Grade Eight Proficiency Assessment (GEPA); and,
- 11th Grade: High School Proficiency Test (HSPT).

In May 1998 implementation of the new assessment program will begin as the 4th grade test is to be administered in the content areas of science, math, reading, writing and speaking. In the Spring of 1999, the new 8th grade test will be administered in the areas of math, reading, writing and speaking. The graph below indicates the growth in the annual cost of the testing program from FY 1996 to FY 1999.

Annual Costs for Statewide Testing



! *Questions:* Have curricula been developed for the core curriculum content areas that are scheduled to be started in FY 1999? Please provide estimates for future expenditure increases in the Statewide Assessment Program that can be anticipated in FY 2000? FY 2001? FY 2002?

2. Under the reorganization plan implemented by the Department of Education in FY 1998, the regional training centers were disbanded. In FY 1998, the estimated budget for the centers was \$3.5 million which included \$1.9 million in federal funds, \$1.2 million in fees from local districts and \$396,000 in net State funds.

Discussion Points

! *Questions:* Please discuss the current status of the funding for the training centers and how the funds will be used. How are training services now being delivered to local teaching staff in the three regions of the State? Is an equivalent amount of training that was expected to be delivered through the regional centers now being provided on a centralized or some other organizational basis? Will fees for services be charged to local districts as was anticipated in the budget for the regional centers?

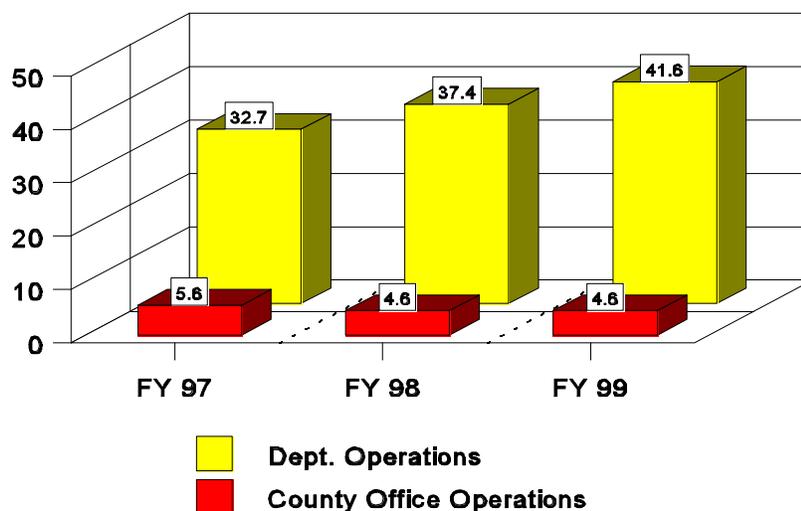
3. Language was included in the FY 1997 and FY 1998 appropriations acts that appropriated receipts from special training initiatives of the regional training centers to assist school districts in meeting the new core curriculum content standards. In each of the two years, \$650,000 was anticipated from these receipts. No similar language is recommended for FY 1999.

! *Questions:* Have the purposes for which the special training initiatives were designed been achieved? Please explain how the funding was utilized?

4. Total State funding for the county offices of education has decreased from \$5.6 million in FY 1997 to a recommended amount of \$4.6 million in FY 1999, a \$991,000 reduction (17.8 percent). If the \$1.6 million made available to the Department of Education through budget language in FY 1998 for parity aid supervisory expenditures is utilized again in FY 1999, total State funding for department operational costs will have increased from \$32.7 million in FY 1997 to \$41.6 million in FY 1999, an \$8.8 million increase (27.0 percent).

County Office Expenditures

Compared to Total DOE Expenditures



Discussion Points

! *Questions:* Does the 17.8 percent reduction in expenditures for the county offices of education indicate that administrative functions organized and focused on a specific region within the State will play a less significant role in FY 1999 and future years and that future reductions can be anticipated for county office operations? Have any administrative responsibilities and functions been transferred from the regional staff offices to the central staff offices in Trenton?

5. In FY 1998, budget language authorized the appropriation of \$2.5 million to the Department of Education for the "costs of implementing the Comprehensive Educational Improvement and Financing Act of 1996." The \$2.5 million FY 1998 adjusted appropriation was allocated among the following programs: Academic Programs and Standards (\$59,000), Pupil Transportation (\$116,000), and Health, Safety and Community Services (\$59,000), School Finance (\$1,583,000), and Management and Administrative Services (\$683,000). In FY 1999, \$1.8 million is included within the total amounts recommended for each of the above programs, while \$660,000 is recommended as a separate special purpose amount to be set aside in anticipation of further requests for studies from the Supreme Court under Abbott v. Burke.

! *Questions:* For what specific purposes was the \$2.5 million used in FY 1998? How will the \$1.8 million be used in FY 1999? What percentage of the funds were used in FY 1998 to hire new department staff with expertise and experience to implement new programs under CEIFA?

6. Budget language is being recommended in FY 1999 authorizing the commissioner to "deduct from the State aid of any Abbott district the expenses required to manage, control and supervise the implementation of additional funding required under the May 14, 1997 Abbott IV order." In FY 1998, under similar language, \$1.6 million was deducted from the parity remedy State aid account and transferred to an administrative account. Documentation accompanying the transfer request indicated that 16 former superintendents of schools would be hired on a per diem basis to approve the parity aid programs and ensure that "the funds, as well as all educational expenditures in the district, will be spent effectively and efficiently." Of the \$1.6 million deducted from State aid, \$1.2 million was for salaries, and \$400,000 was for non-salary expenditures.

! *Questions:* How many ex-superintendents were hired to oversee the approval process in FY 1998? Will the same level of per diem staff be used in FY 1999?

7. Funding of \$1 million was appropriated in FY 1998 for the Demonstrably Effective Program Resource Team to assist districts receiving Demonstrably Effective Program Aid in the selection and implementation of effective programs. In FY 1999, \$187.7 million in Demonstrably Effective Program Aid is recommended for districts in which individual schools have concentrations of low-income pupils of 20 percent or more.

However, only \$260,000 is displayed in the FY 1998 adjusted appropriation column, \$740,000 less than the \$1.0 million appropriation. No specific funding is recommended for the resource team in FY 1999.

! *Questions:* Please indicate how the FY 1998 appropriation has been adjusted for this account. Was assistance provided to districts in FY 1998? In which districts did the team provide assistance? Will districts with schools with high concentrations of low income pupils continue to have a need for departmental assistance in selecting and implementing effective programs? If so, why is funding for the resource team being eliminated?

Discussion Points

8. In FY 1998, \$246.2 million was appropriated for Abbott v. Burke Parity Remedy Aid in response to the New Jersey Supreme Court's May 14, 1997 Abbott IV decision. This aid was appropriated to increase the per pupil expenditure for regular education in each Abbott district to the average per pupil expenditure for regular education in the District Factor Groups I and J districts. The original aid entitlements were based on estimated enrollments and the aid was adjusted based on actual enrollments as of October 15, 1997. As a result, pursuant to FY 1998 budget language, the Abbott districts were entitled to only \$216.0 million in parity aid, \$30.0 million less than the original allocation. The commissioner has notified the affected Abbott districts that they must return any overpayments; however the repayment may be deferred until the 1998-99 school year if the district can demonstrate that it meets the following hardship criteria: (1) insufficient appropriation balances; (2) contractual commitments; and, (3) new programs and services that cannot be eliminated or reduced without adverse consequences to educational programs and to student achievement.

! *Questions: Of the \$30.0 million in parity remedy aid reductions, what is the total amount for which districts received deferrals in FY 1998? In which districts were deferrals granted and for what reasons? Will enrollment reduction deferrals be granted in FY 1999? Will the same deferral criteria be used?*

9. Budget language in FY 1998 and FY 1999 specifically requires the commissioner to ensure that the following condition is met prior to disbursing Abbott v. Burke Parity Remedy Aid. The commissioner:

"shall not authorize the disbursement of funds until the commissioner is satisfied that the funds, as well as all educational expenditures in the district, will be spent effectively and efficiently in order to enable those students to achieve the Core Curriculum Content Standards.

! *Questions: What specific criteria were used to determine whether or not the educational programs included in an Abbott district's expenditure plan would be successful in enabling students to "achieve the Core Curriculum Content Standards?" Have curriculum guidelines been developed for the core curriculum content areas to assist district staff in assessing whether the expenditure plans successfully incorporate the content standards for instructional purposes? Did the department have sufficient time and staff to adequately assess whether the expenditure plans prepared by the Abbott districts were likely to further the achievement of the core curriculum content standards?*

10. FY 1998 budget language authorized five allowable categories of expenditures for Abbott v. Burke Parity Remedy Aid. The five allowable categories are:

"(1) to achieve class sizes; professional staff/student ratios; per-pupil expenditures for instructional materials, textbooks, supplies and equipment; expenditures for educational technology; expenditures for media equipment and supplies; and expenditures for standards-related professional development as directly related to the Core Curriculum Content Standards;"

"(2) to accelerate implementation of programs targeted by CEIFA for multiyear phase-in and those curricular programs related to Core Curriculum Content Standards which are

Discussion Points

scheduled for future implementation;"

"(3) to enhance delivery of the Core Curriculum Content Standards through improvement or rental of facilities;"

"(4) to provide a safe, disciplined school environment through expenditures for safety personnel, equipment and supplies; and,"

"(5) to expand the breadth of course offerings in the Core Curriculum Content Standards."

! **Questions:** Please provide a list of the funds expended in each Abbott district in FY 1998 by allowable expenditure categories. Please provide a listing of how funds are being used in the districts operated by the State.

11. Any Abbott v. Burke Parity Remedy Aid unexpended balances as of June 30, 1998, resulting from a local district's underexpenditure of such funds, are to be reallocated by the commissioner in FY 1999 "in such amounts as he deems necessary for the purpose of implementing whole school reform initiatives in the Abbott districts."

! **Questions:** How much parity aid unexpended balances are anticipated for allocation in FY 1999 and how will the funds be allocated? What criteria will be used to insure that these funds will be used efficiently and effectively for whole school reform?

12. Language in the FY 1998 budget required the commissioner to "report quarterly to the Education committees of the Legislature on the expenditure plans submitted by the Abbott districts." Further, the reporting was to include an assessment of the "educational benefits that are being provided to the pupils in the eligible districts with these funds" based on the perspective and experience of the "Department of Education's assigned auditors in monitoring the expenditure of these funds."

! **Questions:** What were the auditors' findings with respect to the Abbott districts and the educational benefits provided to pupils in those districts with the parity remedy Aid funds? What were the auditor's findings with respect to overall district management?

13. In response to the Supreme Court's May 14, 1997 Abbott IV decision the Department of Education issued A Study of Supplemental Programs and Recommendations for the Abbott Districts, November 1997, in which the department determined that half-day preschool for four year olds and full-day kindergarten programs were "essential supplemental programs." Under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L. 1996, c.138 (CEIFA), each district receiving early childhood program aid is required "to establish preschool and full-day kindergarten for all four and five year olds by the 2001-2002 school year and to maintain them thereafter." Further, each district is required to submit, for the commissioner's approval, an operational plan for the establishment of early childhood programs to ensure that each district will meet the deadline in FY 2002. In FY 1999, 136 districts with high concentrations of low income pupils will receive a total of \$302.7 million in early childhood program aid.

! **Questions:** How many operational plans have been approved to date? What percentage of the eligible 4 and 5 year olds, in districts receiving early childhood program aid do not, as yet, have pre-school and full day kindergarten programs available? What percentage

Discussion Points

will not have programs available by the end of FY 1999? How many districts received early childhood program aid in FY 1998, but failed to qualify for aid in FY 1999 due to a decrease in their percentage concentration of low-income pupils? How many districts will receive less early childhood program aid in FY 1999 than in FY 1998? Will the loss in aid affect a district's ability to establish preschool and full-day kindergarten for all four and five year olds by FY 2002?

14. The first 13 charter schools, serving nearly 1,400 children, opened in September 1997. With 21 additional charter schools opening in the Fall of 1998, and another five scheduled to open in the fall of 1999, total charter school enrollment is expected to exceed 5,400 pupils by the fall of 1999. Currently, under P.L. 1995, c. 426, there is a 135 school limit placed on the number of charter schools that may be established by January 2000, and a limit on the number of pupils that may be enrolled in a single charter school within a district - i.e. the lesser of: 500 pupils; or, an enrollment not to exceed 25 percent of the student body within the district. As an example of charter school enrollment impact, Trenton School District anticipates 990 pupils will be enrolled in six charter schools within the district by September 1998. The 990 pupils will result in an estimated \$6.7 million reallocation of State aid from the public schools to the charter schools.

! *Question:* Has the Department of Education calculated at what point charter school enrollment within a district, and the attendant loss of State aid, may adversely affect the operation of a school district? If program and staff reductions adversely affect the district's ability to maintain a thorough and efficient school system or establish required kindergarten and preschool programs, what action might the department take? How will the department oversee, monitor and audit charter school fiscal operations? How will the oversight of charter schools compare to the oversight of local public schools? Will there be a comparative spending guide and a school report card for charter schools?

15. CEIFA provides that any surplus in excess of 6 percent of the first \$100 million of a school district's budget and 3 percent of the amount of the district's budget which exceeds \$100 million shall be appropriated in the district's subsequent year's budget to reduce the district's tax levy. Because the FY 1999 budget does not permit the Abbott districts to reduce their tax levies below 1997-98 levels as a condition for the receipt of parity aid, the State is applying the excess surplus as a reduction against the district's core curriculum standards aid entitlement. As a result, \$10.0 million will be deducted from the FY 1999 core curriculum standards aid entitlement of the Abbott districts.

! *Questions:* How many non-Abbott districts failed to meet the statutory requirement placed on end-of-the-year surplus?

16. Half of 111 school bond referendums since 1996 have been defeated, according to the New Jersey School Boards Association. New Jersey's total school population has grown by 157,812 pupils over the last five years, a 13.8 percent increase. The annual growth in New Jersey's school population is expected to continue until 2006. Further, the Department of Education commissioned A Study of School Facilities and Recommendations for the Abbott Districts in which it is reported that "The estimated cost for the rehabilitation of existing Abbott district schools and the construction of additional general classroom space to meet current enrollments was computed to be \$1,807,894,610."

To alleviate the lack of school facilities, the Legislature has dedicated funds totaling \$50.0 million from cigarette tax revenues pursuant to section 4 of P.L. 1997, c.264. The \$50.0 million

Discussion Points

in cigarette tax revenues, earmarked to finance a revolving school construction fund, is recommended for allocation to local districts in FY 1999. The allocation of these funds is separate from the CEIFA school aid formula, and requires enabling legislation.

! **Questions:** What criteria should be used in determining which school districts should be considered eligible for funding from the \$50.0 million school construction fund?

17. In FY 1998 Nonpublic Handicapped Aid supports the following services for pupils attending nonpublic schools: initial evaluation or reevaluation for examination and classification of handicap, \$990.73; annual review for examination and classification, \$297.06; speech correction, \$786.70; and, supplementary instruction, \$752.41. The amount appropriated for Nonpublic Handicapped Aid has increased from \$20.2 million in 1992-93 to \$22.3 million in 1998-99, an increase of \$2.1 million (10.4 percent); however there has been a 20.5 percent increase in nonpublic pupils receiving nonpublic handicapped services during this same period. This has resulted in aid per pupil decreasing from \$830 in 1992-93 to \$761 in 1997-98, a decrease of \$73 (8.3 percent) per pupil. For certain categories of Nonpublic Handicapped Aid, the decrease has been larger than the 8.3 percent decline in the average amount of Nonpublic Handicapped Aid per pupil. In certain districts waivers have been granted by the Department of Education to increase class size in supplementary instruction classes as a result of the funding reductions.

! **Questions:** How are the per pupil aid amounts determined for nonpublic handicapped aid? Does the department have any discretion in determining the nonpublic handicapped aid amounts allocated? Have services to nonpublic handicapped students been negatively affected by the per pupil reduction in aid?

18. In the FY 1998 Budget Handbook, a total of \$798,000 was appropriated for a new technology initiative, the Comprehensive Plan Implementation. These funds were appropriated to support the reconfiguration of the computer environment to provide additional support for the DOE data collection systems and to implement statewide distance learning networks. Further, it was reported that by enabling local district financial data to be transferred over the Internet rather than phone lines, the cost of transmittal between the department and local school districts would be significantly reduced under the reconfigured environment. In addition, the appropriation included an amount for staff training, as required by the new system, and to hire additional staff.

! **Questions:** Has the reconfiguration of the computer environment been completed? Has staff training been completed and have new staff been hired under this initiative? Are districts able to transmit their financial and enrollment data to the department over the Internet? What distance learning networks have been established with these funds and which districts have access to them? Will all districts be members of distance learning networks by FY 2002 as required by CEIFA?

19. There is an additional \$420,000 in fee revenue anticipated for FY 1999 as a result of a fee increase proposed for criminal background checks for public school employees required pursuant to P.L. 1986, c.117. Currently the department imposes a \$49 fee to cover the costs of a criminal background check. It is proposed that the fee be increased to \$61 for FY 1999, a \$12 increase (24.5 percent).

Discussion Points

- !** *Questions:* What is the annual cost of completing background checks for school employees? How will the additional fee revenue be used?

20. The recommended total operating budget for the Marie H. Katzenbach School for the Deaf in FY 1999 is \$11.4 million, an increase of \$805,000 (7.6 percent) above FY 1998. Funding for FY 1999 includes \$7.9 million in tuition, \$956,000 in federal funds, and \$2.5 million in State funding, the same amount of State funds appropriated in FY 1998. Katzenbach's day school tuition is projected to increase, on a per pupil basis, from \$22,850 to \$23,878, a 4.5 percent increase, while the State's contribution on a per pupil basis is projected to decrease from \$10,147 to \$9,759, a 3.8 percent decrease. In response to discussion points presented to the department during the FY 1997 appropriations process, it was reported that a "five year strategic plan" for Katzenbach had been developed and was to have been presented to the State Board of Education in May 1996.

- !** *Questions:* What is the status of the five year strategic plan? Is an eventual phase-out of direct State support for the Katzenbach School anticipated?

21. In reports recently released by the Department of Education (DOE) and the State Commission of Investigation (SCI), it was indicated that problems, ranging from inefficiency to collusion, exist in pupil transportation operations at the local district level. The DOE report cited that many districts operate costly and underused buses, while the SCI found that school bus operators routinely refuse to bid against each other.

- !** *Questions:* How are the issues of inefficiency being addressed? What types of regional transportation programs are being implemented or anticipated? Are there any administrative measures that can be taken by the Department of Education to improve bidding and encourage a greater degree of competition? How many districts have no more than two bids submitted? What measures can be taken by local boards to minimize collusion?

Background Paper: Statewide Assessment Program - Implementation of New Tests Under Core Curriculum Content Standards.

Budget Pages... D-93

The Statewide Assessment Program is being reconfigured to measure student progress toward meeting the core curriculum content standards as required under the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (CEIFA). In FY 1999, the \$11.3 million recommended for the cost of testing represents 28.4 percent of the direct State services funding of the Department of Education. This includes the funding of contracts for new test development, support for the administration of the new tests that became operational for the first time in FY 1998, support for the new tests that will become operational in FY 1999, and support for the ongoing administration of the current 11th grade test (HSPT) until it is superseded. The Early Warning Test (EWT) is scheduled to be discontinued in FY 1999, while the final administration of the 11th grade HSPT is scheduled for FY 2000.

The new assessment program, when fully implemented, will consist of a Special Review Assessment to accommodate pupils for whom regular testing is inappropriate, and the following three tests:

- 4th Grade: The Elementary School Proficiency Assessment (ESPA);
- 8th Grade: Grade Eight Proficiency Assessment (GEPA); and,
- 11th Grade: High School Proficiency Assessment (HSPA).

When fully operational the new tests under the Statewide Assessment Program will assess pupil performance in the seven content areas, and the five workplace readiness areas.

CONTENT AREA TESTS	WORKPLACE READINESS TESTS
World Languages	Critical Thinking, Decision-making, and Problem Solving
Health, Physical Education	Career Planning and Workplace Readiness
Social Studies	Technology Information
Arts	Self Management
Language Arts Literacy	Safety Principles
Listening & Viewing	
Speaking	
Writing	
Reading	
Math	
Science	

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

FY 1999 represents the third year of funding for the ESPA contract. In FY 1998, the initial year of the 4th grade test, the following content area tests were administered: math, science, reading, writing and speaking. In addition, the 4th grade workplace readiness test for critical thinking, problem solving, and decision-making was administered for the first time. According to the Department of Education's implementation schedule, the ESPA will be fully operational in measuring student progress toward meeting the core curriculum content standards in FY 2002.

Background Paper: Statewide Assessment Program - Implementation of New Tests Under Core Curriculum Content Standards.

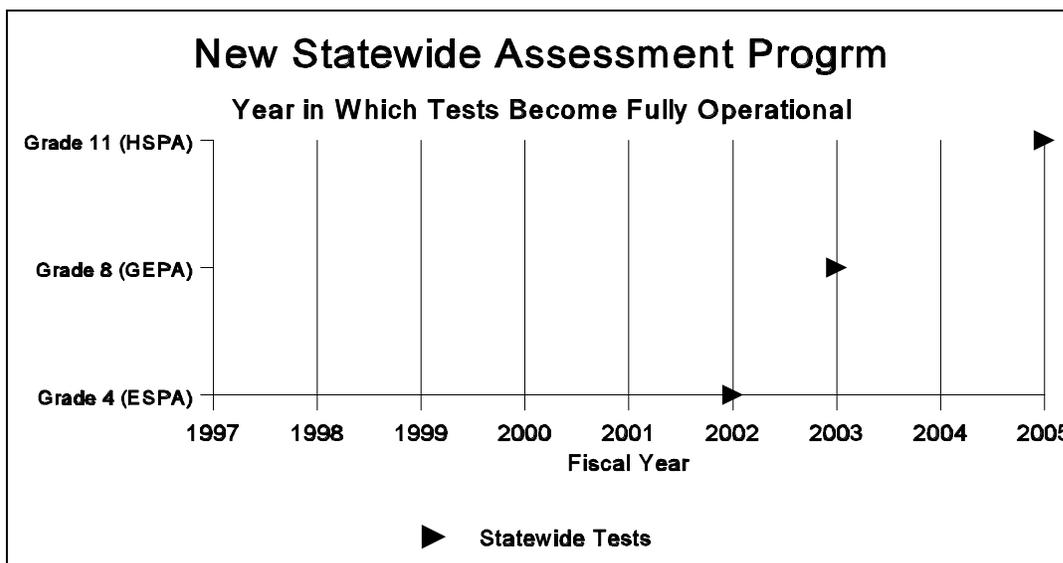
8th Grade: Grade Eight Proficiency Assessment (GEPA)

FY 1999 is the first year in which the assessment contract for 8th grade testing will support only the ongoing development and test administration costs associated with the new ESPA. Prior to FY 1999, the funding for the 8th grade test supported both the ongoing expenditures for the 8th grade Early Warning Test (EWT) as well as the initial development costs of the new ESPA. The EWT will be discontinued after FY 1998. According to the Department of Education's implementation schedule, the ESPA will be fully operational in measuring student progress toward meeting the core curriculum content standards in FY 2003.

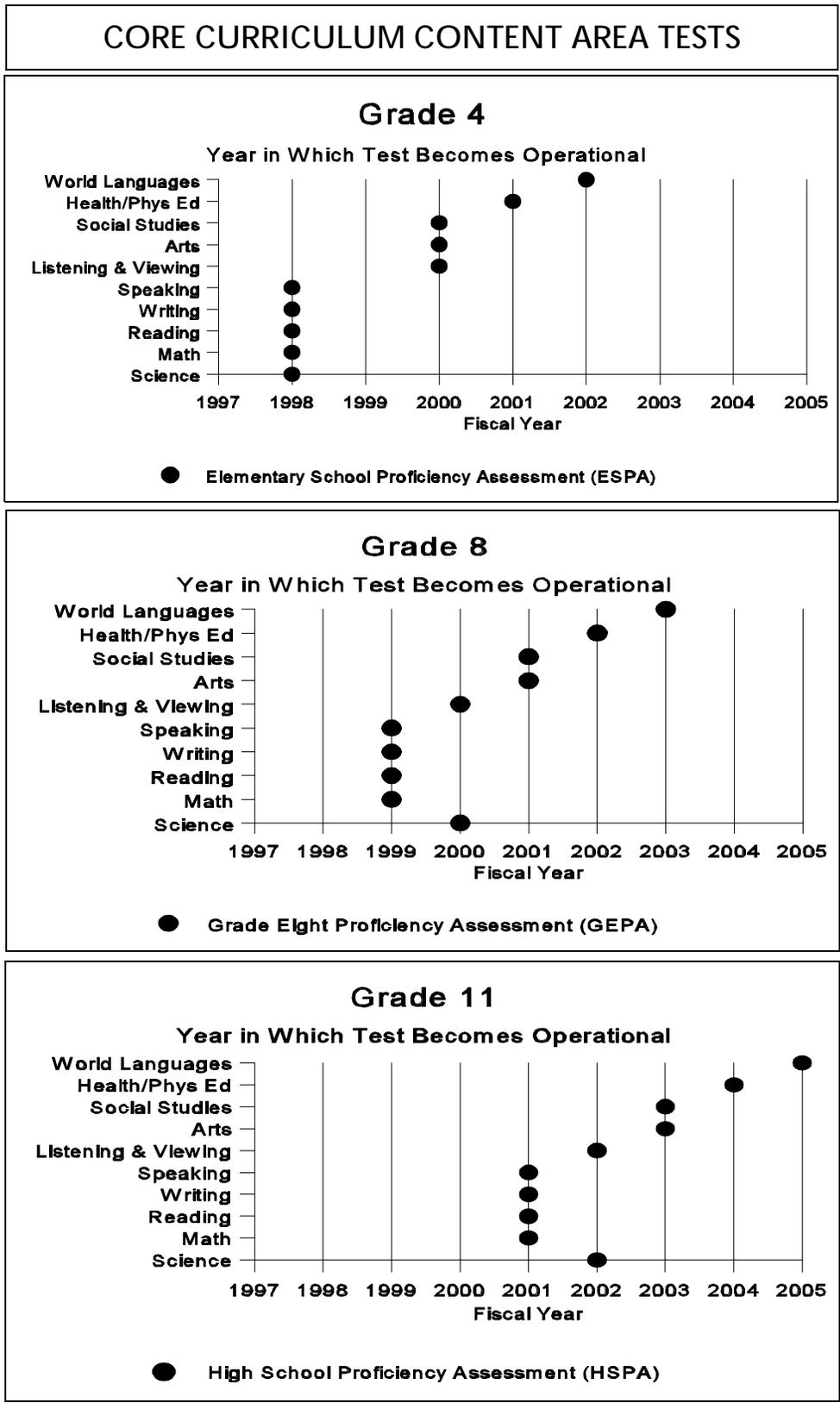
11th Grade: High School Proficiency Assessment (HSPA)

In FY 1999, funding will support the ongoing development and test administration costs associated with the High School Proficiency Test (HSPT) in addition to the initial development costs of the new HSPA. The department is continuing to use the original HSPT testing program for juniors and seniors while also developing the new HSPA that will begin its initial testing of 11th graders in October 2001. If all of the timelines of the department's schedule for test implementation are met, it is anticipated that the HSPA will be fully operational in FY 2005.

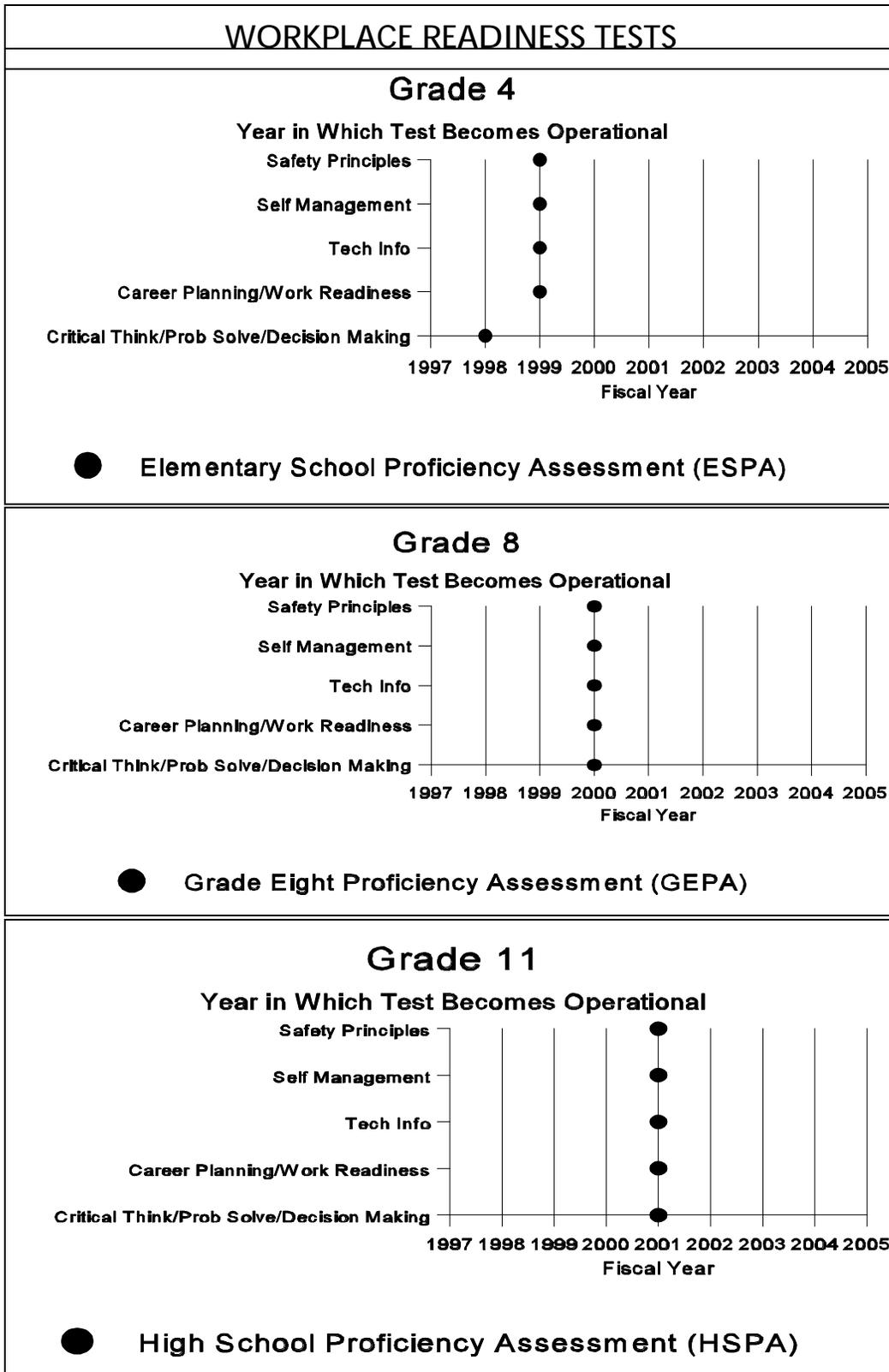
The following table and charts list the various tests and indicate the year in which each test will be operational based on the department's schedule for test implementation.



Background Paper: Statewide Assessment Program - Implementation of New Tests Under Core Curriculum Content Standards.



Background Paper: Statewide Assessment Program - Implementation of New Tests Under Core Curriculum Content Standards.



Background Paper: State Aid For Education

Budget Pages.... E-9 to E-10, F-5 to F-7, I-4 to I-7

Table 1
SCHOOL FORMULA AID FOR EDUCATION
(thousands of dollars)

	Adjusted Fiscal 1998	Recommended Fiscal 1999	Change	Percent Change
<i>Wealth Based Aid:</i>				
Core Curriculum Standards Aid	2,620,200	2,749,335	129,135	4.9%
Supplemental Core Curriculum Standards Aid	208,794	158,792	(50,002)	-23.9%
Add. Supplemental Core Curriculum Standards Aid	32,952	32,952	0	0.0%
<i>Categorical Aid:</i>				
Special Education	585,589	638,883	53,294	9.1%
Spec Educ: Extraordinary	0	10,000	10,000	New
Transportation Aid	243,916	262,597	18,681	7.7%
School Building Aid	95,248	94,945	(303)	-0.3%
Bilingual Education	57,428	52,998	(4,430)	-7.7%
Distance Learning Network	50,378	52,271	1,893	3.8%
Adult & Post Secondary Education Grants	25,000	25,343	343	1.4%
County Vocational Program Aid	22,564	32,486	9,922	44.0%
<i>Aid for Low Income Pupils:</i>				
Early Childhood Aid	287,575	302,698	15,123	5.3%
Demonstrably Effective	175,420	187,736	12,316	7.0%
Instructional Supplement	17,000	16,896	(104)	-0.6%
<i>Fiscal Incentive Aid</i>				
Rewards & Recognition	10,060	10,000	(60)	-0.6%
Restore Admin Penalties	6,602	0	(6,602)	-100.0%
<i>Hold Harmless, Court Ordered & Other Aid Adjustments:</i>				
Stabilization	52,685	61,023	8,338	15.8%
Supplemental Stabilization	53,026	53,026	0	0.0%
County Special Service District Placements	10,994	0	(10,994)	-100.0%
CSSD Tuition Stabilization	0	2,500	2,500	New
Supplemental School Tax Reduction	10,687	10,331	(356)	-3.3%
Large Efficient District	3,000	3,000	0	0.0%
High Senior Citizen Concentrations	921	921	0	0.0%
Consolidation of Services Grants	600	600	0	0.0%
Distance Learning County Special Service Districts	120	120	0	0.0%
Stabilization Growth Limitation	(173,800)	(210,609)	(36,809)	21.2%
Abbott Excess Surplus Penalty	0	(10,043)	(10,043)	New
Court Ordered Abbott Aid	246,193	255,339	9,146	3.7%
TOTAL FORMULA AID	4,643,152	4,794,140	150,988	3.3%
Total Pensions and Soc. Sec. *	573,549	917,181	343,632	59.9%
Total Other State Aid *	108,922	153,194	44,272	40.6%
TOTAL STATE AID FOR EDUCATION	5,325,623	5,864,515	538,892	10.1%

* See Table 2 on following page.

Background Paper: State Aid For Education

Table 2
OTHER STATE AID FOR EDUCATION
(thousands of dollars)

	Adjusted Fiscal 1998	Recommended Fiscal 1999	Change	Percent Change
Educ Technology	500	0	(500)	-100.0%
Gov's School	955	955	0	0.0%
Liberty Sci Cntr	250	250	0	0.0%
Sys Init Reform Math/Sci	158	158	0	0.0%
Arts Program For Teenagers	100	0	(100)	-100.0%
NJBI Sci Ed Consortium	150	150	0	0.0%
Add Supp Stab Sen Cit	288	0	-288	-100.0%
Adult Literacy	1,024	1,024	0	0.0%
At Risk Youth Employ Intern	500	0	(500)	-100.0%
County College Urban Educ	450	0	(450)	-100.0%
EIRC	400	0	(400)	-100.0%
Emergency Fund	100	100	0	0.0%
Evening Sch Foreign Born	211	211	0	0.0%
Ewing Auditorium	325	0	(325)	-100.0%
Florence Facilities Repairs	75	0	(75)	-100.0%
Folsom Impact Aid	135	0	(135)	-100.0%
Franklin Elevator	75	0	(75)	-100.0%
High School Equiv	1,213	1,213	0	0.0%
Hoboken Hold Harmless	943	0	(943)	-100.0%
Maurice River Anomaly	241	0	(241)	-100.0%
Min Pens Pre 1955 Retirees	9	6	(3)	-33.3%
Nonpublic Aux Hand Transport	2,084	2,084	0	0.0%
Nonpublic Aux Services	28,535	28,856	321	1.1%
Nonpublic Handicapped	22,253	22,280	27	0.1%
Nonpublic Nursing	11,902	11,902	0	0.0%
Nonpublic Textbook	8,973	8,973	0	0.0%
N.Burl Impact Aid Replace	50	0	(50)	-100.0%
Paymts Unknown Dist	6,418	10,056	3,638	56.7%
Plainfield CEIFA Hold Harm	475	0	(475)	-100.0%
Roosevelt Roof Repair	65	0	(65)	-100.0%
Sch Bldg Aid Debt Service	9,204	7,655	(1,549)	-16.8%
Sch Bus Crossing Arms	1,000	1,000	0	0.0%
School Construction Aid	0	50,000		New
Somerset Vo Tech Coordinator	60	0	(60)	-100.0%
Southampton Anomaly	200	0	(200)	-100.0%
Stanhope Anomaly	180	0	(180)	-100.0%
Technology Init	750	0	(750)	-100.0%
Tot Lang Immersion	50	0	(50)	-100.0%
Vocational Education	5,460	5,460	0	0.0%
Vocational:Dist & Reg	861	861	0	0.0%
Wildwood Ed Impact	500	0	(500)	-100.0%
Willingboro Anomaly	1,800	0	(1,800)	-100.0%
Total Other Aid Programs	108,922	153,194	44,272	40.6%
TEACHERS' PENSIONS AND ANNUITY ASSISTANCE	97,650	371,316	273,666	280.3%
DEBT SERVICE ON PENSION OBLIGATION BONDS	24,095	68,297	44,202	183.4%
ADDITIONAL HEALTH BENEFIT	13,536	17,000	3,464	25.6%
TEACHERS' SOCIAL SECURITY ASSISTANCE	438,268	460,568	22,300	5.1%
Total Pensions and Soc. Sec.	573,549	917,181	343,632	59.9%

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The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

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The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 1999 budget are encouraged to contact:

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