1. P.L. 2007, c.63 required that all executive county superintendents of schools study feasibility of regionalizing school districts that are not operating grades kindergarten through 12, and submit a report to the Commissioner of education that proposes recommendations based on that study. In response to discussion point 1 from fiscal year 2010-2011, the department stated that, “[t]he reports from the Executive County Superintendents are all in and are currently under review.” A subsequent media report made copies of these reports available. Each of which included language stating that financial resources were not available to gather all of the necessary information and develop the recommendations as required by statute.

- ***Question: Please identify the resources included in the fiscal year 2011-2012 budget recommendations that would support the completion of the required reports. If no such resources have been included in the proposed package, please explain why this is the case. How much funding does the department estimate would be needed for the executive county superintendents to gather all of the required information and complete the reports?***

  The Executive County Superintendents, at the direction of the present administration, have been working with school districts to consolidate and share administrative and operational resources. Examples of administrative shared services include shared superintendents, business administrators, curriculum coordinators, special education directors, child study teams. Shared operational services have been achieved in a variety of areas such as transportation routes, special education services, energy, supplies, and technology. Each county has a shared services committee, which includes school district administrators; the committee meets on a regular basis to discuss shared services needs and to explore additional ways to pool resources.

2. Language included in the fiscal year 2010-2011 Appropriations Act provided that school districts that received a grant from the Schools Development Authority to complete a school facilities project would have an assessment deducted from their State school aid. The assessment would equal 15 percent of districts’, “proportionate share of the required interest and principal payments in fiscal 2011 on the bonds issued by the New Jersey Economic Development Authority,” and was based on the State making debt service payments in fiscal year 2010-2011 totaling approximately $513 million.

To date, approximately 21.0 percent of the total amount appropriated to make the debt service payments has been either transferred to another account or is expected to lapse. An additional 16.7 percent had not been expended or encumbered. These transactions suggest that the debt service payments to be made in fiscal year 2010-2011 will be less than initially expected.

- ***Question: Has the department adjusted the assessment to reflect the lower required debt service payment in fiscal year 2010-2011? If not, please explain why the department considers this to be consistent with the authorizing language included in the Appropriations Act.***

The district assessment of the EDA-issued school construction bonds has not been adjusted to reflect the lower-than-expected debt service payments in fiscal 2011. Although the language authorizing this assessment, found on page B-54 of the fiscal 2011 Appropriations Act, does not explicitly provide a date by which the principal and interest on the bonds outstanding will be assessed to the districts, the intent is that, consistent with the date of SDA spending by-district, the assessment of debt service will reflect debt service outstanding as of December 31, 2009. It is important to note that due to several factors, including, variable rate bonds' debt service, new money issues, and refunding bond issues, debt service projections fluctuate throughout the fiscal year. Although the change in fiscal 2011 debt service would provide that approximately $4.8 million be returned to the districts, a fiscal 2012 assessment based on the required debt service including issues after December 31, 2010 would provide that districts be assessed an additional $6.4 million in fiscal 2012. Rather than updating the assessment after state aid notices have been issued, which could negatively impact districts' budgets when they owe the State additional funding (as is the case for fiscal 2012), it makes more sense to calculate the assessment based on one point in time, or as of December 31, the same date by which the districts' proportionate share is calculated.

3. In its March 1, 2011 interim report, the new Jersey Educator Effectiveness Task Force recommended, among other things: 1) that between 35 percent and 45 percent of teachers' evaluation be based on student growth scores, and 2) that the State develop standardized assessments in as many additional subjects and grades as appropriate so growth scores can be calculated for a growing number of teachers. The report also stated that information linking student growth to individual teachers of language arts and math for grades four through eight will be available in fall of 2012. A March 3, 2011 Department of Education press release suggested support for the report's recommendations, stating, "[t]his report provides a roadmap to make these common sense reforms a reality, to challenge the status quo and to move the system toward the mutual goals of tangibly valuing our best teachers and excellent results for children."

The proposed fiscal year 2011-2012 budget does not recommend an increase in the appropriation for Statewide assessments. Similarly, the recommended budget does not make a specific appropriation to the Student Registration and Record System account. Rather, it continues to include budget language authorizing the appropriation of revenue received from the Special Education Medicaid Initiative (SEMI) program for required enhancements to the longitudinal data system. In a report dated September 2010, the federal Department of Health and Human Services, Office of the Inspector General, recommended that the State reimburse $5.6 million to the federal government for SEMI claims that were not fully compliant with federal and state requirements.

- ***Question:*** ***What is the estimated cost of making the necessary changes to the student database that will allow the department to calculate student growth scores for individual teachers? What funding sources does the department expect to use in the coming fiscal year to support such costs? How will the $5.6 million SEMI revenue that must be returned to the federal government impact the State's ability to support the costs of enhancing the student database?***

The Department estimates the cost of creating the link between teacher and student at approximately $4.5 million. Costs around professional development on the use of this data will also be needed. In the fall, we will be collecting staff data via NJ SMART. NJ DOE has been collecting the staff data for many years, but by moving the collection to the NJ SMART system, we will then be able to connect the data to our student data. In the Spring of 2012, we will be collecting course taking data from school districts and charter schools that will allow us to construct a roster of students that is associated with specific teachers. We will be able to meet the federal deadline of having created this link by the fall of 2012.

The funding source for this work has been identified as the Special Education Medicaid Initiative (SEMI) program. It is our understanding that any dollars that are due to be returned to the federal government will not have an impact on the State's ability to support the Department's student level database work.

- ***Question:*** ***What additional assessments does the department plan to develop or purchase for the purpose of enabling it to calculate student growth for teachers other than those who teach language arts or mathematics in grades four through eight? What would be the estimated additional cost of these assessments? To the extent that the fiscal year 2011-2012 proposed budget does not include an increased appropriation for the Statewide assessment program, what funding source would the department use to support these costs?***

  The Department does not have plans at the moment for additional assessments in FY 2012.

4. Language included in the fiscal year 2011-2012 proposed budget stipulates that no more than $1.2 million in receipts from State Board Examiners' fees in excess of what is anticipated may be used to support the operation of the department's professional development and licensure programs. The fiscal year 2011-2012 revenue estimate, $4.5 million, nearly 25 percent less than the estimated revenue for fiscal year 2010-2011 and approximately 40 percent less than the actual receipts in the prior two fiscal years.

- ***Question:*** ***Please detail facts that have led the department to anticipate receipts to be significantly lower than what has been cancelled in recent years. Would any receipts in excess of the proposed $1.2 million limit be used to subsidize the general fund?***

  While we cannot know for certain, receipts from applications appear to be significantly lower because of district layoffs of certificated staff. We would surmise that licensing applicants understand that most staff additions would first come from the pool of laid off certificated staff. Thus, the likelihood of finding employment as a new teacher, administrator, or services staff person is lower, and therefore application revenues are down. This reduced employment potential is documented by recent enrollments in the Provisional Teacher Program (PTP), for which the trend is markedly down. Note also that those who go through the PTP pay a $100 completion fee, and thus the revenues from this fee are down as well.

Yes. Receipts in excess of the proposed $1.2 million limit would be used to subsidize the general fund.

5. Beginning in fiscal year 2009-2010, the appropriations acts have included language specifying that items purchases using funds from the nonpublic technology initiative will remain the property of the school district for its useful life, but will remain on loan for the use by nonpublic school students. The proposed fiscal year 2011-2012 budget eliminates that language provisions.

- ***Question:*** ***Please describe the department's intent in recommending the deletion of this language. Does the department believe that this language is obsolete for a specific reason? Would the ownership of the loan of any existing equipment be affected by the deletion?***

  The language was considered unnecessary. The last time Nonpublic Technology was funded was in 2009. Any of the equipment that would have been purchased with the aid would likely be beyond its useful life in FY12.

6. In response to OLS discussion point 3 from fiscal year 2010-2011, the department stated that it was still awaiting a final report from Rutgers University that was to study resource allocation in public schools in the State; the final report was originally due June 30, 2008. The department stated that staff had reached out to Rutgers, and had been promised a final product shortly.

- ***Question:*** ***If the report has been submitted to the department please provide a copy, If the report has not been submitted, please provide information explaining why its submission has been delayed and when the department anticipates receiving the report. Additionally, please provide information on the total amount that the department agreed to pay for the research, and the amount that has yet to be paid.***

  The Department is still awaiting the final report from Rutgers University. The Department received a draft report that was incomplete. It was reviewed and sent back. Department staff have reached out to Rutgers on a number of occasions and have been promised the final product. To date, a final report has not been received in an acceptable form. The Department is withholding $166,395 because the terms of the agreement are not satisfied. The original agreement was for $500,000.

7. Section 5 of P.L.1996, c.138 requires that each school district raise a tax levy equal to the lesser of: 1) the previous year's general fund tax levy, or 2) the district's local share as calculated in realtion to its adequacy budget. Given the department's methodology for allocating State school aid for fiscal year 2011-2012, it appears that the adequacy budget was not calculated for the upcoming school year.

- ***Question:*** ***Please provide a description of how the department determined district's required minimum tax levy for the 2011-2012 school year. If the department did not consider a school district's adequacy budget based on data relevant to the 2011-2012 school year, please identify the statutory authority under which this decision was made.***

The minimum tax levy calculation uses the district's local fair share, prior year's levy and adequacy budget. As the school funding formula was not run for FY2012, including calculations of each district's Adequacy Budget and Local Fair Share, the best information available to the Department were those data from FY2011. For this reason, the Department utilized these most recent data when determining the minimum levy required of each district for FY2012.