



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT  
OF EDUCATION**

**FISCAL YEAR**

**2014 - 2015**

# NEW JERSEY STATE LEGISLATURE

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This report was prepared by the Education Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was Allen T. Dupree.

Questions or comments may be directed to the OLS Education Section (609-847-3850) or the Legislative Budget and Finance Office (609-847-3105).

# DEPARTMENT OF EDUCATION

Budget Pages..... C-4, C-11, C-18, C-24, C-26 to C-27,  
D-79 to D-104, H-1 to H-3, H-12,  
H-15, H-17 to H-19

## **Fiscal Summary (\$000)**

	Expended FY 2013	Adjusted Appropriation FY 2014	Recommended FY 2015	Percent Change 2014-15
State Budgeted	\$11,738,742	\$12,482,155	\$12,977,228	4.0%
Federal Funds	\$853,519	\$815,792	\$815,792	—
<u>Other</u>	<u>\$16,660</u>	<u>\$13,424</u>	<u>\$11,902</u>	<u>( 11.3%)</u>
Grand Total	\$12,608,921	\$13,311,371	\$13,804,922	3.7%

## **Personnel Summary - Positions By Funding Source**

	Actual FY 2013	Revised FY 2014	Funded FY 2015	Percent Change 2014-15
State	387	372	438	17.7%
Federal	185	203	239	17.7%
<u>Other</u>	<u>216</u>	<u>213</u>	<u>175</u>	<u>( 17.8%)</u>
Total Positions	788	788	852	8.1%

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

## Highlights

- ***The proposed FY 2015 budget includes an appropriation for State aid of \$12.886 billion, an increase of \$475.9 million, or 3.8 percent, over the FY 2014 adjusted appropriation.*** The vast majority of this increase is associated with payments made by the State on behalf of school districts, rather than direct State aid to school districts. Larger payments to the Teachers' Pension and Annuity Fund, post-retirement medical benefits, the employer's share of social security taxes, and debt service payments on pension obligation bonds account for 93.9 percent of this total increase.
- ***Proposed direct aid to school districts was not determined pursuant to the provisions of the "School Funding Reform Act of 2008" (SFRA).*** Rather, districts will generally receive the same amount of funding as was received in FY 2014, plus an additional \$20 per pupil. A school district that participates in the interdistrict public school choice program will see an additional increase in aid if its choice enrollment is projected to increase in the 2014-2015 school year.
- ***Statewide, school districts received, on average, a 0.4 percent increase in direct aid under the proposed budget.*** The average increase for a school district that is participating in the interdistrict public school choice program for the first time is 1.3 percent, while the average increase for a district that participated in the 2013-2014 school year is 0.9 percent. The average increase among all other districts is 0.3 percent.
- ***The proposed FY 2015 budget includes a small increase in the appropriation for aid to nonpublic schools.*** The recommended appropriation, \$84.5 million, represents an increase of \$1 million (1.2 percent) relative to the FY 2014 appropriation.
- ***Similar to the FY 2014 recommended budget, the FY 2015 proposed budget includes a \$5 million appropriation for an Innovation Fund.*** The fund would be used to provide competitive grants to schools that use innovative practices that result in extended learning time. The Commissioner of Education would be authorized to use up to five percent (\$250,000) of the appropriation for administrative costs.
- ***The proposed FY 2015 budget includes an appropriation of \$30.9 million for the State assessment program.*** This is an increase of \$11.1 million, or 56.2 percent, above the FY 2014 appropriation, and reflects the cost associated with replacing the current State assessments with the tests developed by the Partnership for Assessment of Readiness for College and Careers. It is unclear how much of the increase reflects one-time transition costs versus a permanent increase.
- ***The recommended FY 2015 State appropriation to the Marie H. Katzenbach School for the Deaf, nearly \$6.6 million, is \$3 million (83.6 percent) greater than the FY 2014 appropriation.*** The increased State support offsets a projected decline in tuition revenue that has occurred as enrollment at the school has declined, and increases total spending by 10.3 percent.

**Highlights (Cont'd)**

- ***The proposed budget does not include an appropriation to the Bullying Prevention Fund.*** The proposed FY 2014 budget proposal did not include an appropriation to this fund either; the Legislature appropriated \$1 million to the fund in the FY 2014 appropriations act.

**Fiscal and Personnel Summary**

**AGENCY FUNDING BY SOURCE OF FUNDS (\$000)**

	Expended FY 2013	Adj. Approp. FY 2014	Recom. FY 2015	Percent Change	
				2013-15	2014-15
<b>General Fund</b>					
Direct State Services	\$76,157	\$68,302	\$83,257	9.3%	21.9%
Grants-In-Aid	2,400	3,400	7,650	218.8%	125.0%
State Aid	148,493	181,360	143,720	( 3.2%)	( 20.8%)
Capital Construction	609	0	0	( 100.0%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$227,659</b>	<b>\$253,062</b>	<b>\$234,627</b>	<b>3.1%</b>	<b>( 7.3%)</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	11,511,083	12,229,093	12,742,601	10.7%	4.2%
<b>Sub-Total</b>	<b>\$11,511,083</b>	<b>\$12,229,093</b>	<b>\$12,742,601</b>	<b>10.7%</b>	<b>4.2%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$11,738,742</b>	<b>\$12,482,155</b>	<b>\$12,977,228</b>	<b>10.6%</b>	<b>4.0%</b>
<b>Federal Funds</b>	<b>\$853,519</b>	<b>\$815,792</b>	<b>\$815,792</b>	<b>( 4.4%)</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>\$16,660</b>	<b>\$13,424</b>	<b>\$11,902</b>	<b>( 28.6%)</b>	<b>( 11.3%)</b>
<b>Grand Total</b>	<b>\$12,608,921</b>	<b>\$13,311,371</b>	<b>\$13,804,922</b>	<b>9.5%</b>	<b>3.7%</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	Actual FY 2013	Revised FY 2014	Funded FY 2015	Percent Change	
				2013-15	2014-15
State	387	372	438	13.2%	17.7%
Federal	185	203	239	29.2%	17.7%
All Other	216	213	175	( 19.0%)	( 17.8%)
<b>Total Positions</b>	<b>788</b>	<b>788</b>	<b>852</b>	<b>8.1%</b>	<b>8.1%</b>

FY 2013 (as of December) and revised FY 2014 (as of January) personnel data reflect actual payroll counts. FY 2015 data reflect the number of positions funded.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	29.3%	29.7%	27.8%	---	---
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<b>Total State Appropriation</b>	<b>\$12,482,155</b>	<b>\$12,977,228</b>	<b>\$495,073</b>	<b>4.0%</b>	<b>D-79</b>
<b>State Aid</b>					
<b>Total State Aid</b>	<b>\$12,410,453</b>	<b>\$12,886,321</b>	<b>\$475,868</b>	<b>3.8%</b>	<b>D-79</b>

The proposed FY 2015 budget includes a recommended appropriation for State aid of nearly \$12.9 billion, an increase of \$475.9 million, or 3.8 percent, relative to the FY 2014 adjusted appropriation. As shown in the tables below, this aid increase is due primarily to increased appropriations for the Teachers' Pension and Annuity Fund and post-retirement medical benefits. There is little increase in direct aid to school districts.

<b>Per Pupil Growth Aid</b>	<b>\$0</b>	<b>\$13,460</b>	<b>\$13,460</b>	<b>—</b>	<b>D-87</b>
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The proposed budget includes a new category of State school aid, titled per pupil growth aid. The budget includes a recommended appropriation of \$13.5 million, with school districts receiving \$10 per pupil (based on the projected resident enrollment for October 2014). Despite the name of the aid category, all school districts would receive the aid on the same basis; the aid is not limited to school districts that are experiencing enrollment growth.

<b>PARCC Readiness</b>	<b>\$0</b>	<b>\$13,460</b>	<b>\$13,460</b>	<b>—</b>	<b>D-87</b>
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The recommended FY 2015 budget includes an appropriation of \$13.5 million for PARCC readiness. New Jersey is part of a consortium known as the Partnership for Assessment of Readiness for College and Careers, which has developed assessments in language arts and mathematics that will replace the current State assessments in those subjects in the 2014-2015 school year. Unlike the current examinations, the PARCC assessments will be taken online, and schools' technological equipment must meet certain minimum specifications for the schools to be able to administer the tests. This new category of aid is allocated to school districts at a rate of \$10 per pupil. It should be noted that the proposed budget does not include language making PARCC readiness funding restricted revenue. As such, it appears that a school district that already has sufficient technological capacity would be able to use this funding for other purposes.

<b>School Choice</b>	<b>\$49,065</b>	<b>\$53,946</b>	<b>\$ 4,881</b>	<b>9.9%</b>	<b>D-87</b>
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The proposed FY 2015 budget appropriates \$53.9 million for school choice aid, representing an increase of \$4.9 million, or nearly 10 percent, over the FY 2014 adjusted appropriation. School choice aid is provided to districts that participate in the interdistrict public school choice program. Participant districts receive a per pupil amount of school choice aid equal to the difference between the district's per pupil adequacy budget (the amount of spending deemed sufficient for the district to educate its students to the State's standards) and

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2014</u>	<u>Recomm. FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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the district's per pupil equalization aid (the aid provided by the State to support a district's adequacy budget).

In calculating school choice aid for the 2014-2015 school year, the department used the most recent school choice enrollment data available. However, the department did not update the per pupil aid amount based on changes in a choice district's adequacy budget. Rather, it applied the same per pupil amount in FY 2015 that was used in FY 2014. The impact of this method will vary across choice districts, as the per pupil amount could increase or decrease based on changes in the districts' overall enrollment and student characteristics that may impact the adequacy budget.

The year-to-year increase in school choice aid is less than the State has experienced in recent years. This is likely due to a directive from the department that limited the degree to which an existing school choice district could expand its choice enrollment. Specifically, the department notified choice districts that funding would be limited to an enrollment increase of no more than five percent. Choice aid increased by more than five percent because an additional 23 school districts will operate choice programs for the first time in FY 2015.

<b>Charter School Aid</b>	<b>\$16,000</b>	<b>\$12,000</b>	<b>(\$4,000)</b>	<b>( 25.0%)</b>	<b>D-87</b>
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The recommended FY 2015 appropriation for charter school aid, \$12 million, is a reduction of \$4 million (25 percent) relative to the adjusted appropriation for the current year. It should be noted, however, that \$4 million of the current year's appropriation is scheduled to lapse, meaning that the proposed budget essentially holds charter school aid flat relative to the current year's expenditures.

<b>Nonpublic School Aid</b>	<b>\$83,503</b>	<b>\$84,503</b>	<b>\$ 1,000</b>	<b>1.2%</b>	<b>D-87</b>
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The proposed FY 2015 budget includes an appropriation of \$84.5 million for six categories of nonpublic school aid, representing an increase of \$1 million, or 1.2 percent, over the FY 2014 appropriation. The entire \$1 million increase is allocated to one category, nonpublic handicapped aid. The other categories (technology aid, auxiliary services aid, auxiliary/handicapped transportation aid, nursing services aid, and technology initiative) are funded at the same level as in FY 2014. However, the recommended budget includes a language provision that grants the Commissioner of Education the authority to transfer funds across the categories in response to differences in student enrollment and the level of services provided.

<b>School Building Aid</b>	<b>\$67,352</b>	<b>\$55,974</b>	<b>(\$11,378)</b>	<b>( 16.9%)</b>	<b>D-87</b>
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The appropriation for school building aid provides State support to school districts for debt service expenses for school facilities projects initiated prior to the enactment of the "Educational Facilities Construction and Financing Act" (EFCFA) P.L.2000, c.72. The recommended FY 2015 appropriation is nearly \$56.0 million, a reduction of \$11.4 million, or



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

<u>Budget Item</u>	<u>Adj. Approp. FY 2014</u>	<u>Recomm. FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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16.9 percent. The reduction reflects the decrease in outstanding principal on projects initiated before the enactment of EFCFA. Similar to the current fiscal year, the recommended appropriation supports 85 percent of the amount of aid that school districts would receive under current law.

<b>Teachers' Pension and Annuity Fund</b>	<b>\$985,948</b>	<b>\$1,316,529</b>	<b>\$330,581</b>	<b>33.5%</b>	<b>D-99</b>
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The FY 2015 recommended appropriation for the State's contribution to the Teachers' Pension and Annuity Fund, \$1.317 billion, represents an increase of \$330.6 million, or 33.5 percent over FY 2014. This increase reflects the continued effect of P.L.2010, c.1, which requires that the State meets its full annual pension obligation by the seventh year after enactment. This appropriation represents four-sevenths of the full actuarially determined annual pension obligation.

<b>Post-Retirement Medical (Total)</b>	<b>\$969,048</b>	<b>\$1,050,986</b>	<b>\$81,938</b>	<b>8.5%</b>	<b>D-99</b>
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<b>Post-Retirement Medical (TPAF)</b>	<b>\$782,016</b>	<b>\$852,999</b>	<b>\$70,983</b>	<b>9.1%</b>	<b>D-99</b>
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<b>Post-Retirement Medical (Other than TPAF)</b>	<b>\$187,032</b>	<b>\$197,987</b>	<b>\$10,955</b>	<b>5.9%</b>	<b>D-99</b>
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The total recommended FY 2015 appropriation for medical benefits for retired school district employees, \$1.051 billion, is \$81.9 million (8.5 percent) greater than the adjusted appropriation in FY 2014. It should be noted that the Executive has indicated that \$100 million of the FY 2014 appropriation will lapse. The Office of Legislative Services, through its discussion points sent to the Department of Education, has inquired about the reason for the lapse in the current fiscal year and the projected increase for FY 2015.

<b>Affordable Care Act Fees</b>	<b>\$0</b>	<b>\$3,128</b>	<b>\$ 3,128</b>	<b>—</b>	<b>D-99</b>
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The FY 2015 budget recommendations include an appropriation of \$3.1 million to pay two fees required pursuant to the federal Affordable Care Act: the Transitional Reinsurance Program fee and the Patient Centered Outcomes Research Institute fee. These fees are imposed on health insurers and self-insured plans.

<b>Bullying Prevention Fund</b>	<b>\$1,000</b>	<b>\$0</b>	<b>(\$1,000)</b>	<b>( 100.0%)</b>	<b>D-99</b>
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The proposed FY 2015 budget eliminates the \$1 million appropriation to the "Bullying Prevention Fund" (Fund). After the enactment of the "Anti-Bullying Bill of Rights Act," the

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2014</u>	<u>Recomm.</u> <u>FY 2015</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Council on Local Mandates determined that certain sections of the statute represented an unfunded mandate on school districts and were not enforceable. P.L.2012, c.1, in addition to making other changes to the law, appropriated \$1 million to the Bullying Prevention Fund, from which grants were made to school districts to offset costs associated with implementing the law. In FY 2014, the Legislature included a \$1 million appropriation to the fund after it was not included in the Governor's proposed budget.

**Grants-In-Aid**

<b>Innovation Fund</b>	<b>\$0</b>	<b>\$5,000</b>	<b>\$ 5,000</b>	<b>—</b>	<b>D-98</b>
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The FY 2015 recommended budget includes a \$5 million appropriation for an innovation fund. The appropriation would be used to provide competitive grants to schools that, "...engage in innovative educational practices that result in extended learning time to improve educational outcomes for students..." Of the total appropriation, the Commissioner would be authorized to use \$250,000, or five percent, for administrative costs.

The FY 2014 budget recommended a similar appropriation, except that the grants were not limited to practices that result in extended learning time, and the commissioner was authorized to use up to 10 percent of the appropriation on administrative costs. The Legislature did not include that appropriation and the associated language in the appropriations act.

<b>New Jersey After 3</b>	<b>\$750</b>	<b>\$0</b>	<b>(\$ 750)</b>	<b>( 100.0%)</b>	<b>D-98</b>
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The proposed FY 2015 budget does not include an appropriation for New Jersey After 3. The board of the organization opted to cease operations as of August 30, 2013, and the appropriation for FY 2014 will lapse.

**Direct State Services**

<b>Marie H. Katzenbach School for the Deaf</b>	<b>\$3,590</b>	<b>\$6,590</b>	<b>\$ 3,000</b>	<b>83.6%</b>	<b>D-91</b>
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The recommended FY 2015 appropriation for the Marie H. Katzenbach School for the Deaf totals nearly \$6.6 million, a \$3 million (83.6%) increase over the current fiscal year's appropriation. The school's estimated enrollment for the 2014-2015 school year is approximately 35 percent lower than the enrollment in the 2011-2012 school year, resulting in a decline in tuition revenue. The increased State appropriation would be sufficient to replace the projected decrease in tuition revenue, and increases the total revenue, including tuition, by 10.3 percent.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2014</u>	<u>Recomm. FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Statewide Assessment Program</b>	<b>\$19,794</b>	<b>\$30,912</b>	<b>\$11,118</b>	<b>56.2%</b>	<b>D-98</b>

The recommended FY 2015 appropriation for the Statewide assessment program, \$30.9 million, is \$11.1 million, or 56.2 percent, greater than the FY 2014 adjusted appropriation. In the 2014-2015 school year, the department will replace the current State assessment for language arts and mathematics, the New Jersey Assessment of Skills and Knowledge (NJ ASK), with the assessments developed by the Partnership for Assessment of Readiness for College and Careers (PARCC).

While the PARCC assessments will be administered in high schools in the 2014-2015 school year, the current high school assessment, the High School Proficiency Assessment, will still be administered next year.

## Significant Language Changes

### Allocation of Equalization Aid – General Fund

Addition

2014 Handbook: p.  
2015 Budget: p. D-88

Notwithstanding the provisions of any law or regulation to the contrary, a district's 2014--2015 allocation of the amounts hereinabove appropriated for Equalization Aid shall be as set forth in the February 25, 2014 State Aid notice issued by the Commissioner of Education.

### Allocation of Various State Aid Categories – Property Tax Relief Fund

Addition

2014 Handbook: p.  
2015 Budget: p. D-89

Notwithstanding the provisions of any law or regulation to the contrary, a district's 2014--2015 allocation of the amounts hereinabove appropriated for Equalization Aid, Educational Adequacy Aid, Adjustment Aid, Preschool Education Aid, School Choice Aid, Security Aid, Special Education Categorical Aid, Supplemental Enrollment Growth Aid, Transportation Aid, and Under Adequacy Aid shall be as set forth in the February 25, 2014 State Aid notice issued by the Commissioner of Education.

### Explanation

*The two above language provisions stipulate that, for FY 2015, various categories of State school aid will be allocated to school districts as detailed in the State school aid notices dated February 25, 2014, rather than based on the provisions of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-43 et al.).*

*The proposed language provisions do not explain how the aid figures included in the State aid notices were determined. For the following State aid categories that are provided for in the SFRA, the proposed FY 2015 State aid notice provides the same amount of funding as was provided in FY 2014: equalization aid, security aid, special education categorical aid, and transportation aid. The proposed FY 2015 budget also provides level funding for educational adequacy aid; however, this is consistent with the provisions of the SFRA.*

*The recommended FY 2015 budget recalculates school choice aid based on the projected number of school choice students that will enroll in the participating school choice district in the 2014-2015 school year. However, in the case of a previously existing school choice district, the total school choice aid was calculated using the per pupil choice aid amount applicable to the 2013-2014 school year. In the case of a new school choice district, the per pupil choice aid amount was calculated based on the districts' FY 2014 adequacy budget and enrollment. The per pupil choice aid is the difference between a school district's*

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

### Significant Language Changes (Cont'd)

*per pupil adequacy budget (the amount of spending deemed sufficient for the district to educate its students to the State's standards) and the district's per pupil equalization aid (the aid provided by the State to support the district's adequacy budget).*

*Most school districts will receive the same amount of adjustment aid in FY 2015 as was received in FY 2014. The one exception is for the 19 school districts that participate in the interdistrict public school choice program. The districts are projected to experience a decrease in the number of school choice students enrolling in the districts' schools in the 2014-2015 school year, and will receive less school choice aid in FY 2015 as a result. These districts will receive an increase in adjustment aid to fully offset the decrease in school choice aid.*

*School districts that received an Early Launch to Learning Initiative grant in the 2007-2008 school year will receive an allocation of preschool education aid equal to the amount of that grant; this is consistent with the funding practices included in the appropriations acts since FY 2010. All other school districts that received preschool education aid in the past will receive an amount based on their projected preschool enrollment for the 2014-2015 school year multiplied by the per pupil amounts used to allocate aid in FY 2014. The proposed funding does not make an adjustment for the CPI.*

*Supplemental enrollment growth aid (SEGA) and under adequacy aid (UAA) were not established as part of the SFRA. SEGA was created as a supplemental appropriation in FY 2013 upon the enactment of P.L.2012, c.37. Districts that received the aid in FY 2013 received the same amount in FY 2014. UAA was included in the FY 2014 appropriations act, and provided additional funding to school districts that were spending more than 10 percent below their adequacy budgets. For both categories of aid, the February 25 State aid notice provides for awarding districts an amount identical to what was received in FY 2014.*

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**PARCC Readiness Aid**

Addition

2014 Handbook: p.  
2015 Budget: p. D-89

Notwithstanding the provisions of any other law or regulation to the contrary, the amount hereinabove appropriated for PARCC Readiness shall be allocated to school districts at the rate of \$10 per pupil multiplied by the district's projected enrollment as set forth in the February 25, 2014 State Aid notice issued by the Commissioner of Education.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

## Significant Language Changes (Cont'd)

### Explanation

*New Jersey is a member of a consortium known as the Partnership for Assessment of Readiness for College and Careers (PARCC). PARCC has developed assessments in language arts and mathematics that align to the Common Core State Standards, which New Jersey adopted in 2010. In the 2014-2015 school year, the PARCC assessments will replace the current State assessments in grades three through eight. Unlike current assessments, which are administered in pencil-and-paper format, PARCC assessments will be administered online, and schools will require a certain level of technological capacity to administer the exams. The department overview in the recommended budget states that the appropriation will, "...support the purchase of the technology required to effectively administer the...online tests." It should be noted that the above language does not make PARCC readiness funding restricted revenue, nor is it allocated based on a measure of technological need. Presumably, if a district's schools already have the required technology, this revenue may be spent in other areas.*

### Per Pupil Growth Aid

Addition

2014 Handbook: p.  
2015 Budget: p. D-89

Notwithstanding the provisions of any other law or regulation to the contrary, the amount hereinabove appropriated for Per Pupil Growth Aid shall be allocated to school districts at the rate of \$10 per pupil multiplied by the district's projected enrollment as set forth in the February 25, 2014 State Aid notice issued by the Commissioner of Education.

### Explanation

*The proposed language related to per pupil growth aid would provide districts with an additional \$10 per pupil multiplied by the district's projected October 2014 resident enrollment. Despite the name of this new aid category, it is awarded to school districts independent of whether the district's enrollment is increasing or decreasing.*

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

**Significant Language Changes (Cont'd)**

<b>School Choice Aid</b>	
Revision	2014 Handbook: p. B-45 2015 Budget: p. D-89
<p>Notwithstanding the provisions of section 20 of P.L.2007, c.260 (C.18A:7F-62), <del>or any other law or regulation</del> to the contrary, a district allocation of the amount hereinabove appropriated for School Choice Aid shall be <del>based on choice</del> <u>determined by multiplying approved enrollment, which is defined as the choice enrollment as reported in the <del>October 2012 Application for State School Aid, reduced by the projected number of students graduating from or otherwise exiting the district program at the end of the 2012-2013 school year, plus the additional new enrollments for the 2013-2014 school year as reported to the commissioner as of February 11, 2013</del> Supplemental Choice Enrollment Collection as of January 24, 2014, by the district's Choice Prebudget Year Local Share Per Pupil as indicated on the February 25, 2014 State Aid Notice.</u> <u>Approved enrollment shall not exceed the district's maximum funded choice student enrollment as determined by the Commissioner of Education.</u></p>	

<b>FY 2014 School Choice Aid</b>	
Deletion	2014 Handbook: p. B-45 2015 Budget: p.
<p><del>Notwithstanding the provisions of section 20 of P.L.2007, c.260 (C.18A:7F-62), or any other law or regulation to the contrary, a district allocation of the amount hereinabove appropriated for School Choice Aid shall be determined based on stabilized Equalization Aid.</del></p>	

**Explanation**

*The proposed language regarding the calculation of school choice aid stipulates that the aid will be calculated using the per pupil funding level that was used in the 2013-2014 school year. For districts that will participate in the interdistrict public school choice program for the first time in the 2014-2015 school year, the per pupil funding amount was determined based on data from the 2013-2014 school year.*

*The proposed language also authorizes the imposition of a cap on the increase in the enrollment of school choice students. Prior to the release of the State aid notices, the Department of Education advised existing school choice districts that they would be allowed to increase enrollment in their choice programs by no more than five percent.*

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough. Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

**Significant Language Changes (Cont'd)**

*Given the provisions of the revised budget language (particularly, specifying that the local share per pupil amount will be based on what is included in the State aid notices) the deleted language provision is no longer necessary.*



<b>Hold Harmless Provision</b>	
Addition	2014 Handbook: p. 2015 Budget: p. D-90

Notwithstanding the provisions of any law or regulation to the contrary, each district shall receive no less of a total State aid amount payable for the 2014--2015 school year than the sum of the district's total State aid amount payable for the 2013--2014 school year for the following aid categories: Equalization Aid, Educational Adequacy Aid, Security Aid, Adjustment Aid, School Choice, Special Education Categorical Aid, Transportation Aid, Under Adequacy Aid, and Supplemental Enrollment Growth Aid, taking into consideration the June 2014 payment made in July 2014.

**Explanation**

*This recommended language provision specifies that the total amount of aid awarded to school districts in several categories will be no less than the total amount awarded in those same categories in FY 2014. As discussed on pages 10 and 11, in FY 2015, all school districts will receive the same amount of aid as was received in FY 2014 in the following categories: equalization aid, educational adequacy aid, security aid, special education categorical aid, transportation aid, under adequacy aid, and supplemental enrollment growth aid.*

*Because of the proposed allocation of aid in these categories, this proposed language provision would only have a practical impact on school districts that participate in the interdistrict public school choice program. Specifically, a school choice district that has a projected decline in the number of school choice students enrolled in the district will receive less school choice aid in FY 2015. The above language, in conjunction with the flat funding of the other aid categories, would result in these school choice districts receiving an increase in adjustment aid to fully offset the reduction in school choice aid.*



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough. Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.



**Significant Language Changes (Cont'd)**

<b>Preschool Education Aid</b>	
Revision	2014 Handbook: p. B-45 2015 Budget: p. D-89

Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Preschool Education Aid shall be used for such sums as are necessary: 1) in the case of a district that received Early Launch to Learning Initiative aid in the 2007–2008 school year, an amount equal to the district’s 2007–2008 allocation of Early Launch to Learning Initiative aid; 2) in the case of a school district that received a 2008–2009 allocation of Preschool Education Aid based on its 2007–2008 Early Childhood Program Aid allocation, an aid amount equal to the district’s ~~2012–2013~~ 2013-2014 per pupil allocation of Preschool Education Aid, ~~inflated by CPI and~~ multiplied by the district’s projected preschool enrollment; and 3) in the case of any other district with an allocation of Preschool Education Aid in the ~~2012–2013~~ 2013-2014 school year calculated using the provisions of section 12 of P.L.2007, c.260 (C.18A:7F–54), an amount calculated in accordance with those provisions based upon ~~2013–2014~~ 2014-2015 projected enrollments multiplied by the per pupil allocations as set forth in the February 25, 2014 State Aid notice issued by the Commissioner of Education.

**Explanation**

*The proposed language for the allocation of preschool education aid would eliminate the CPI adjustment to the per pupil aid amounts on which the aid is determined. Consistent with appropriations acts since FY 2010, school districts that received an Early Launch to Learning Initiative grant in the 2007-2008 school year will receive preschool education aid equal to the amount of the grant. Districts that have received preschool education aid based on the receipt of early childhood program aid in the 2007-2008 school year will receive preschool education aid in FY 2015 based on the projected preschool enrollment multiplied by the preschool aid per pupil amount used to determine aid in FY 2014. School districts that received preschool education aid based on the provisions of the school funding law (this includes the former Abbott districts and four additional districts that were allowed to expand their preschool programs in the 2008-2009 school year) will receive aid based on the projected preschool enrollment in three different settings (district-operated programs, private provider-operated programs, and Head Start programs). However, the per pupil aid amounts associated with each of these programs will not be adjusted by the CPI.*



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

## Significant Language Changes (Cont'd)

### FY 2014 Supplemental Enrollment Growth Aid Allocation

Deletion

2014 Handbook: p. B-44  
2015 Budget: p.

~~Notwithstanding the provisions of any law or regulation to the contrary, a district's allocation of the amount hereinabove appropriated for Supplemental Enrollment Growth Aid shall equal the district's 2012—2013 allocation of Supplemental Enrollment Growth Aid.~~

#### Explanation

*Pursuant to P.L.2012, c.37, 13 school districts received supplemental enrollment growth aid (SEGA) in FY 2013 due to having experienced an increase in the resident enrollment between October 2008 and October 2011 in excess of 13 percent. The FY 2014 appropriations act included language stipulating that the districts would receive the same allocation. This language provision is deleted in the proposed FY 2015 budget; however, a separate language provision (discussed on pages 10 and 11) specifies that school districts will receive the amount of aid included in the February 25, 2014 State aid notices distributed by the Department of Education. In these notices, school districts will receive the same amount of SEGA as was received in FY 2014.*

### FY 2014 Under Adequacy Aid

Deletion

2014 Handbook: p. B-45  
2015 Budget: p.

~~Notwithstanding the provisions of any law or regulation to the contrary, the allocation of the amount hereinabove appropriated for Under Adequacy Aid for a district, other than a county vocational district, shall equal the lesser of: \$500,000 or the product of the amount a district is spending under adequacy and the district's Under Adequacy Rate, as set forth in the February 2013 State Aid notice issued by the Commissioner of Education.~~

#### Explanation

*The above language provision was included in the FY 2014 appropriations act, and provided 131 school districts with under adequacy aid (UAA) because the districts' spending was more than 10 percent below the adequacy threshold. This language provision is deleted in the proposed FY 2015 budget; however, a separate language provision (discussed on pages 10 and 11) specifies that school districts will receive the amount of aid included in the February 25, 2014 State aid notices distributed by the Department of Education. In these notices, school districts will receive the same amount of UAA as was received in FY 2014.*

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

**Significant Language Changes (Cont'd)**

**FY 2014 Stabilized Aid Calculation**

Deletion

2014 Handbook: p. B-44  
2015 Budget: p.

~~Notwithstanding the provisions of section 5 of P.L.2007, c.260 (C.18A:7F-47), or any other law or regulation to the contrary, the prebudget year spending categories used for the purposes of determining: whether a school district or county vocational school district is spending above or below adequacy; its applicable State Aid growth limit in the determination of district spending; and prebudget year total stabilized aid used in the calculation of 2013-2014 district allocations of the amounts hereinabove appropriated for Equalization Aid, Special Education Categorical Aid, and Security Aid, shall also include Adjustment Aid and Supplemental Enrollment Growth Aid. Prebudget year total stabilized aid is defined as 2009-2010 State Aid allocations for "non-SDA" districts and 2011-2012 allocations for "SDA" districts.~~

**FY 2014 Stabilized Aid Calculation – Transportation Aid**

Deletion

2014 Handbook: p. B-50  
2015 Budget: p.

~~Notwithstanding the provisions of section 5 of P.L.2007, c.260 (C.18A:7F-47), or any other law or regulation to the contrary, the prebudget year spending categories used for the purposes of determining: whether a school district or county vocational school district is spending above or below adequacy; its applicable State Aid growth limit in the determination of district spending; and prebudget year total stabilized aid used in the calculation of 2013-2014 district allocations of the amount hereinabove appropriated for Transportation Aid, shall also include Adjustment Aid and Supplemental Enrollment Growth Aid. Prebudget year total stabilized aid is defined as 2009-2010 State Aid allocations for "non-SDA" districts and 2011-2012 allocations for "SDA" districts.~~

**Explanation**

*These language provisions made technical adjustments to the method by which a school district's prebudget year spending is calculated under the provisions of the "School Funding Reform Act of 2008" (SFRA) P.L.2007, c.260. To the extent that the proposed FY 2015 aid allocations do not rely on the provisions of the SFRA, these language provisions are not necessary.*



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

## Significant Language Changes (Cont'd)

EDA Debt Service Assessment	
Revision	2014 Handbook: p. B-54 2015 Budget: p. D-90

Notwithstanding the provisions of any law or regulation to the contrary, "non-SDA" districts that received their State support for approved project costs through the New Jersey Schools Development Authority shall be assessed an amount ~~that represents 15% of their proportionate share of the required interest and principal payments in fiscal 2014 on the bonds issued as of December 31, 2012 by the New Jersey Economic Development Authority for the program. The district's assessment shall be determined by the commissioner based on the district's proportionate share of the amounts expended by the New Jersey Schools Development Authority from the inception of the program through December 31, 2012, less reimbursements for those costs funded by school districts; provided, however, that no district's total formula aid payments net of the assessment in fiscal year 2014 shall be less than the district's total formula aid payments net of the assessment in fiscal year 2013~~ equal to the 2013-2014 assessment. District allocations shall be withheld from ~~2013-2014~~ 2014-2015 formula aid payments and the assessment cannot exceed the total of those payments.

### Explanation

*This proposed language specifies that, in FY 2015, the EDA debt service assessment levied on school districts will be equal to the amount assessed in FY 2014.*

*Pursuant to the "Educational Facilities Construction and Financing Act," P.L.2000, c.72, a school district that is not an SDA district (former Abbott district) may receive, in lieu of annual debt service aid, a one-time grant equal to at least 40 percent of the eligible costs of a school facilities project. These grants are funded with the proceeds from bonds issued by the Economic Development Authority, and the State annually makes principal and interest payments on these bonds.*

*From FY 2011 through FY 2013, language has been included in the appropriations act to assess these districts, through a withholding of State aid, an amount equal to 15 percent of the district's share of the required principal and interest payment for the fiscal year. The FY 2014 recommended budget included identical language, which the Legislature subsequently modified to ensure that no school district would receive less aid, net of the assessment, than it received in FY 2013.*

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EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

**Significant Language Changes (Cont'd)**

**Reallocation of Nonpublic School Aid**

Addition

2014 Handbook: p.  
2015 Budget: p. D-88

Of the amounts hereinabove appropriated for Nonpublic School Aid, such amounts as determined by the commissioner may be transferred between such accounts to address changes in enrollments and services, subject to the approval of the Director of the Division of Budget and Accounting.

**Explanation**

*The proposed FY 2015 budget includes six categories of nonpublic school aid: textbook aid, handicapped aid, auxiliary services aid, auxiliary/handicapped transportation aid, nursing services aid, and technology initiative. The proposed language would provide the Commissioner of Education the authority to transfer amounts across these categories, subject to the approval of the Director of the Division of Budget and Accounting, to address fluctuations in enrollment or the level of services provided.*



**Innovation Fund**

Addition

2014 Handbook: p.  
2015 Budget: p. D-100

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Innovation Fund is subject to the following conditions: (1) the Commissioner of Education shall establish, implement, and oversee a pilot program to provide grants on a competitive basis to schools that engage in innovative educational practices that result in extended learning time to improve educational outcomes for students, subject to the approval of the Director of the Division of Budget and Accounting; (2) the Commissioner of Education shall be responsible for establishing written eligibility criteria for participation in the program, which shall be publicly available and published on the Department's Internet website; and (3) of the amount hereinabove appropriated for the Innovation Fund, an amount not to exceed \$250,000 may be allocated for the administrative costs of the program, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

## Significant Language Changes (Cont'd)

### Explanation

*The recommended FY 2015 budget includes an appropriation of \$5 million for an Innovation Fund. The fund would be used to provide competitive grants to school districts that, "engage in innovative educational practices that result in extended learning time to improve educational outcomes for students..." The language authorizes the Commissioner of Education to retain \$250,000 (five percent of the appropriation) for administrative costs.*

*The FY 2014 proposed budget included a similar line item; however, the funding was not limited to practices that resulted in extended learning time. Additionally, the language included in the FY 2014 proposed budget would have allowed the commissioner to use up to 10 percent of the appropriation on administrative costs. The Legislature did not include the recommended appropriation and associated language in the appropriations act.*



EXPLANATION: FY 2014 language not recommended for FY 2015 denoted by strikethrough.  
Recommended FY 2015 language that did not appear in FY 2014 denoted by underlining.

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Individuals wishing information and committee schedules on the FY 2015 budget are encouraged to contact:

**Legislative Budget and Finance Office  
State House Annex  
Room 140 PO Box 068  
Trenton, NJ 08625  
(609) 847-3105 • Fax (609) 777-2442**