



State of New Jersey
DEPARTMENT OF EDUCATION
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June 2, 2015

The Honorable Gary S. Schaer, Chairman
Assembly Budget Committee
Office of Legislative Services
State House Annex
P.O. Box 068
Trenton, NJ 08625-0068

Dear Chairman Schaer:

Below are the Department of Education's responses to the questions raised by members of the Assembly Budget Committee in their correspondence dated April 27, 2015.

Assemblyman Schaer:

- Please provide a list of members of the School Security Task Force that was established pursuant to P.L.2013, c. 142.

A: The School Security Task Force Members are as follows:

David C. Hespe, Co-Chair, NJ Department of Education
Christopher Rodriguez, Co-Chair, NJ Office of Homeland Security and Preparedness
Charles McKenna, New Jersey Schools Development Authority
Lieutenant Patrick B. Kissane, Public Member
Chief Kevin M. Craig, MAS, CPM, CCLEE, Public Member
Aaron Shaun Eyler, NJ Principals and Supervisors Association
Kathleen Devlin, CPP, PCI, NJ Association of School Business Officials
Donald Webster, Jr., NJ School Boards Association
Joseph P. Galego, New Jersey Education Association
James Smith, NJ Assembly
Joseph Coppola, Jr., NJ Senate

- Please provide a comparison of the amount of State aid per public school pupil included in the recommended FY 2016 budget versus the State aid per pupil enrolled in a nonpublic school in the state.

A: The proposed FY16 budget provides an average of \$8,934 per pupil for public school students, and \$566 per pupil for nonpublic school students. In addition to this nonpublic aid, about \$9 million is included in the proposed budget to support transportation for eligible nonpublic school students.

- The FY 2015 appropriations act allotted \$2.5 million for grants to be awarded to school districts. Half of that amount was to be used for grants to assist districts in making technological upgrades to successfully administer the new State assessments. Of that \$1.25 million, the department has awarded grants totaling approximately \$766,000. Please provide information regarding the department's plans for awarding additional grants with the remaining balance and the timeline for making such awards.

A: NJDOE is preparing an application process that would allow schools to submit reimbursement requests for expenses relating to the administration of the PARCC assessments. The application process will be released shortly, and the remaining balance of the grant money will be awarded by the end of the school year.

Assemblyman Burzichelli:

- P.L.2007, c.63, required the executive county superintendents of schools to, among other things, within three years of the law's effective date, develop plans to regionalize school districts that currently do not operate grades kindergarten through 12. Upon the commissioner's acceptance of those plans, the plans were to be submitted to the voters of the affected districts for approval. Please explain why these plans have not been developed.

A: The Department has learned from recent regionalization efforts that efforts to regionalize are most successful when supported by the districts that may regionalize. The Department is helping those districts regionalize by coordinating feasibility studies, meetings, and serving as a resource for districts to determine whether regionalization would benefit their communities. The Department is currently working with several districts looking to improve their school configuration.

Each Executive County Superintendent has developed a plan for regionalizing districts within their respective counties as required by statute (18A:7-8). However, districts will incur additional costs associated by holding a special election for a referendum. Accordingly, the Department does not believe it is an effective use of public funds to mandate the holding of a special election for a referendum if there is not support within the districts to be regionalized.

Assemblyman Wimberly:

- Please provide information regarding the current status of the litigation among the constituent municipalities of the Manchester Regional School District. Additionally, please discuss options that may be considered by the department to prevent the substantive increase in property taxes that would occur in the absence of any action.

A: This matter is currently pending before the New Jersey Superior Court, Appellate Division. The constituent municipalities and the North Haledon School District, filed an appeal of the Commissioner's August 29, 2013 decision altering the funding formula to 50 percent equalized property valuation and 50 percent enrollment valuation.

Assemblyman Singleton:

- Please provide a copy of the charter school framework that is used to evaluate a charter school's performance.

A: A copy of the charter school framework may be found at: <http://www.nj.gov/education/chartsch/PerformanceFramework.pdf>.

- Of the 31 SDA districts, how many have updated their long-range facilities plans as required pursuant to section 4 of P.L.2000, c.72?

A: The Department has received long-range facilities plan amendment submissions from 27 of the 31 SDA districts. The remaining 4 districts and their consultants are actively working with the Department to finalize their updated plans and are expected to submit amendments soon.

- What is the current status of the New Jersey Education Funding Task Force? Is the task force continuing to meet? What is the anticipated completion date of the final report that was due 120 days after the task force organized?

A: The work of the task force is ongoing. There is currently no timetable for the release of either an interim or a final report.

Assemblyman Mukherji:

- Please provide an estimate of the costs incurred to comply with the provisions of the February 2014 settlement agreement that resolved litigation related to allegations that students with disabilities in the State were not being educated in the least restrictive environment, as required under federal law.

A: The activities required by the LRE Settlement Agreement were designed to expand upon the comprehensive work already being performed by the New Jersey Office of Special Education Programs (NJOSPEP) to support placement of students with disabilities in the least restrictive environment. Placement in the least restrictive environment has been a priority area of the NJDOE for many years, although both federal and State regulations call for a continuum of placements that includes separate classes and separate schools. Since the settlement activities are intertwined with the professional development and monitoring activities conducted around placement in the least restrictive environment, the Department has not maintained data on the exact number of hours and associated costs of the settlement.

- Can the department confirm, for the most recent school year for which information is available, that school districts did not receive federal funding under the Special Education Medicaid Initiative because the districts did not complete the required paperwork? If this is the case, please indicate the amount of federal revenue that was not received.

A: To generate revenue under the Special Education Medicaid Initiative (SEMI), participating school districts are required to enter data into the state vendor's billing website (known as Ed Plan).

In order to bill Medicaid, the district must document that a current IEP was on file. Some districts were denied funding because they have not been consistently logging in current IEP dates in the 2014-2015 fiscal year. In addition, districts must also document that the appropriately credentialed practitioners are providing the related services. Some districts had not been consistently logging in current certification/licensure information, and were similarly denied funding.

Nevertheless, total revenue achieved in FY14 by all participating districts was \$43,292,920.91 (2013-2014). The state receives 65% and the districts receive 35% of this revenue amount. The anticipated amount of revenue for FY15 (2014-2015) is approximately \$45 million. We are unable to determine the amount of revenue not received as this is dependent on the specific facts of each district.

It is important to note that districts have continued to increase their participation in the SEMI program as seen in the increase in the number of logged services and documentation of data needed for reimbursement.

Assemblyman Schaer:

- Under the census-based methodology of providing State aid for special education services, how many school districts have a special education classification rate that exceeds the State average classification rate (14.78 percent in the last Educational Adequacy Report)? In those districts, what is the total number of special education students in excess of the State average classification rate? How many school districts have a special education classification rate less than the State average classification rate and, therefore, receive additional State school aid for “phantom” students? How many such students are counted in these districts for special education aid purposes?

A: The state average classification rate applied in the last year the census formula was used was 14.78%. Since it is a mean average classification rate, it is expected that half the districts would exceed the average rate and half would fall below the average rate.

- Among school districts in which the special education classification rate is greater than the State average classification rate, how much State aid is lost as a result of some students not receiving additional funding? Similarly, how much more aid is received by school districts in which the special education classification rate is less than the State average classification rate? Please provide this information for both equalization aid and special education categorical aid.

A: The census formula is designed to fund districts based on the average classification Rate in conjunction with the average additional cost to educate those students. This means that while some districts may have a higher or lower classification rate, this does not directly translate to over or under funding as the classification rate itself does not address the cost of the services those students require. For this reason, it is not appropriate to conclude that districts with lower

classification rates are over-funded, and districts with higher classification rates are under-funded due to the wide variation in special education costs.

- Currently, what is the amount of excess cost for general special education services per pupil that is applied when calculating equalization aid? What is the amount used to calculate special education categorical aid?

A: The excess cost for special education (census amount) that was applied in the most recent running of the funding formula was \$15,337. This amount was applied in the special education portion of equalization aid as well as special education categorical aid. In the proposed FY2016 budget, an additional \$165 million is included to reimburse districts for extraordinary special education costs.

- Of the total amount of equalization aid awarded to school districts, what amount is attributable to special education?

A: The Department estimates that about \$565 million represents the special education portion of equalization aid allocated to districts. The same amount was allocated in FY2015 and FY2016.

- The FY 2015 appropriations act appropriated \$8.5 million for consolidation implementation. The accompanying language provision stipulated that the funding, "...shall be allocated to provide reimbursement to local government units that consolidate pursuant to any law . . . for non-recurring costs that . . . in the case of a school district consolidation the Commissioner of Education determines to be necessary to implement such consolidation" The department indicated that it would reimburse South Hunterdon Regional School District 20 percent of the costs incurred due to the regionalization of that district with its three constituent school districts. In November, the superintendent advised the state that the costs associated with regionalization totaled \$1.3 million. In March, the department advised the district that less than \$500,000 of the costs incurred were acceptable, and the district received a reimbursement of less than \$99,000 - less than eight percent of the total costs incurred. This reimbursement was sufficient to pay for legal fees incurred, leaving approximately \$7,000 for all other expenses. To date, the district has not received an explanation why more than 60 percent of the costs incurred were not acceptable for reimbursement.

- Please explain why the South Hunterdon Regional School District has not received a rationale for the disallowance of the majority of costs that it incurred as a result of its regionalization efforts.

A: From the outset of conversations with the District, it was indicated that up to 20% of eligible costs would be available for reimbursement. As indicated to the South Hunterdon Regional School District, the Department determined that approximately \$500,000 of the \$1.3 million in costs submitted by South Hunterdon were directly associated with the costs of the regionalization process, and therefore considered eligible for reimbursement. Although the remaining \$800,000 may have been costs incurred by the district, it was determined these were operational expenses and not directly related to the expense of establishing a regional district.

- Given that the FY 2015 appropriations act included funding for this specific purpose, why did the department not collaborate with the district to ensure the maximum reimbursement for the district's expenses?

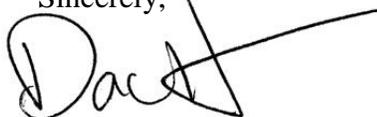
A: The Department did collaborate with the district in determining which of those submitted expenses were nonrecurring and directly related to implementing the regionalization. However, it was determined that not all of the costs submitted were used for this purpose.

- Given the department's stated desire for this regionalization to serve as a model for other school districts throughout the State, would it not behoove the department to ensure proper reimbursements in these situations? Does the department anticipate other districts will invest time, effort, and financial resources for various items (e.g., feasibility studies, lawyers, special elections, alignment of district policies, infrastructure, etc.) if the district can only expect a reimbursement rate of 7.6 percent?

A: The Department ensured that the South Hunterdon Regional School District received 20 percent of the eligible costs and logistical support associated with regionalization. In addition, the Department will provide financial assistance to other districts interested in pursuing regionalization by funding one-third of the costs of a feasibility study upon a showing that there is interest by the local community to regionalize as expressed through a referendum.

I trust that you and the members of the committee will find these responses useful in your continued deliberations.

Sincerely,



David C. Hesse
Commissioner

DCH/ST/rg

- c. David J. Rosen, Legislative Budget and Finance Officer
Charlene Holzbaur, Office of Management and Budget
Aaron Binder, Assembly Democratic Office
Christopher Hughes, Assembly Republican Office
Allen T. Dupree, Office of Legislative Services