



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT
OF EDUCATION**

FISCAL YEAR

2016 - 2017

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-10, C-16 to C-17, C-23, C-25,
C-26, D-81 to D-106, H-1 to H-3,
H-11, H-14 to H-15

Fiscal Summary (\$000)

	Expended FY 2015	Adjusted Appropriation FY 2016	Recommended FY 2017	Percent Change 2016-17
State Budgeted	\$12,125,085	\$12,850,576	\$13,395,033	4.2%
Federal Funds	\$902,577	\$906,347	\$906,347	—
<u>Other</u>	<u>\$19,435</u>	<u>\$13,046</u>	<u>\$12,998</u>	<u>(.4%)</u>
Grand Total	\$13,047,097	\$13,769,969	\$14,314,378	4.0%

Personnel Summary - Positions By Funding Source

	Actual FY 2015	Revised FY 2016	Funded FY 2017	Percent Change 2016-17
State	413	420	439	4.5%
Federal	197	189	204	7.9%
<u>Other</u>	<u>153</u>	<u>141</u>	<u>152</u>	<u>7.8%</u>
Total Positions	763	750	795	6.0%

FY 2015 (as of December) and revised FY 2016 (as of January) personnel data reflect actual payroll counts. FY 2017 data reflect the number of positions funded.

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

Highlights

- ***The recommended FY 2017 budget provides a small increase in direct K-12 State aid to school districts, with funding increasing by \$71.3 million (0.9 percent).*** The increase is smaller, \$45.5 million, if one discounts host district support aid, which districts will be required to transfer to charter schools. All school districts will receive an increase in direct State aid, with a small majority of districts receiving an increase of less than one percent.
- ***Based on the State aid notice issued by the Department of Education, State support to charter schools will increase significantly in the 2016-2017 school year.*** The aid amounts included in the notice total \$40.6 million, and would fund two hold harmless provisions for charter schools. While the recommended appropriation for charter school aid is insufficient to support this amount of aid, a language provision authorizes supplemental appropriations that would not be subject to legislative approval.
- ***Most of the State aid increase included in the proposed FY 2017 budget is attributable to payments made by the State on behalf of school districts, rather than payments made directly to districts.*** For example, the State's contribution to the Teachers' Pension and Annuity Fund will increase by nearly \$322 million (42.3 percent), while the cost of medical benefits for retired school district personnel will increase by nearly \$40 million (4.4 percent).
- ***The proposed budget includes a \$32 million allotment for the Atlantic City School District.*** This is the first year in which additional State school aid will be provided pursuant to the provisions of P.L.2015, c.143. In the current school year, the district received \$20 million from the appropriation for Transitional Aid to Localities in the Department of Community Affairs.
- ***The proposed FY 2017 budget eliminates several items that were added to the FY 2016 Appropriations Act by the Legislature.*** These items include nonpublic security aid (\$5 million), adult education aid (\$4 million), the county vocational school district partnership grant program (\$3 million), the education reform implementation grant program (\$2 million), and the advanced placement fee waiver program (\$435,000).

Background Papers

- Explanation of Fiscal Year 2017 Proposed State School Aid.....pp. 26-29
- Proposed Charter School Funding in the 2016-2017 School Yearpp. 30-38

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2015	Adj. Approp. FY 2016	Recom. FY 2017	Percent Change	
				2015-17	2016-17
General Fund					
Direct State Services	\$85,133	\$81,179	\$79,174	(7.0%)	(2.5%)
Grants-In-Aid	5,095	5,085	3,650	(28.4%)	(28.2%)
State Aid	152,663	162,524	149,274	(2.2%)	(8.2%)
Capital Construction	138	0	0	(100.0%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$243,029	\$248,788	\$232,098	(4.5%)	(6.7%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	11,882,056	12,601,788	13,162,935	10.8%	4.5%
Sub-Total	\$11,882,056	\$12,601,788	\$13,162,935	10.8%	4.5%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$12,125,085	\$12,850,576	\$13,395,033	10.5%	4.2%
Federal Funds	\$902,577	\$906,347	\$906,347	0.4%	0.0%
Other Funds	\$19,435	\$13,046	\$12,998	(33.1%)	(0.4%)
Grand Total	\$13,047,097	\$13,769,969	\$14,314,378	9.7%	4.0%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2015	Revised FY 2016	Funded FY 2017	Percent Change	
				2015-17	2016-17
State	413	420	439	6.3%	4.5%
Federal	197	189	204	3.6%	7.9%
All Other	153	141	152	(0.7%)	7.8%
Total Positions	763	750	795	4.2%	6.0%

FY 2015 (as of December) and revised FY 2016 (as of January) personnel data reflect actual payroll counts. FY 2017 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	30.5%	31.1%	N/A	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Total State Appropriation	\$12,850,576	\$13,395,033	\$544,457	4.2%	D-81

State Aid

Total State Aid	\$12,764,312	\$13,312,209	\$547,897	4.3%	D-81
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The Governor's FY 2017 Budget appropriates \$13.3 billion in direct aid payments to, and payments on behalf of, school districts, charter schools, and nonpublic schools. This represents an increase of \$547.9 million (4.3 percent) relative to the FY 2016 adjusted appropriation. As shown in the various tables below, the vast majority of the increase is due to increased payments into the Teachers' Pension and Annuity Fund, medical benefits for retired school district employees, and debt service payments.

Equalization Aid	\$6,070,004	\$6,088,957	\$18,953	.3%	D-88
Special Education Categorical Aid	\$763,304	\$769,628	\$ 6,324	.8%	D-89
Security Aid	\$195,491	\$199,525	\$ 4,034	2.1%	D-89
Transportation Aid	\$186,859	\$192,991	\$ 6,132	3.3%	D-89
Total	\$7,215,658	\$7,251,101	\$35,443	.5%	

In determining the recommended appropriations for equalization aid, special education categorical aid, security aid, and transportation aid, the department initially calculated school districts' FY 2017 aid pursuant to the provisions of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-43 et al.). If a district's total aid among these four categories (as well as school choice aid) for FY 2017 as calculated under the school funding law's provisions is less than the FY 2016 amount of aid actually received, then the district's FY 2017 aid in these categories (as well as adjustment aid) will equal the FY 2016 funding level. However, if the total FY 2017 funding level in these four categories is greater than the FY 2016 aid amount, then the district's final FY 2017 aid allocation in each category would equal the sum of the FY 2016 aid amount and 3.5 percent of the difference (positive or negative) between the FY 2016 aid amount for that category and the FY 2017 aid level, as calculated pursuant to the SFRA. These four State aid categories account for 90 percent of the total direct State aid that will be provided to school districts under the proposed budget.

This funding methodology yields a net increase between the FY 2016 adjusted appropriation and the recommended FY 2017 appropriation in each category. The recommended FY 2017 appropriation for equalization aid, \$6.089 billion, is approximately \$19 million, (0.3 percent) above the FY 2016 adjusted appropriation. The FY 2017

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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recommended appropriation for special education categorical aid, \$769.6 million, is \$6.3 million, or 0.8 percent, greater than the FY 2016 adjusted appropriation. For security aid, the recommended FY 2017 appropriation, \$199.5 million, is \$4.0 million (2.1 percent) more than the FY 2016 adjusted appropriation. Recommended funding for transportation aid, nearly \$193 million, is \$6.1 million more than the amount appropriated in FY 2016.

School Choice Aid	\$52,468	\$53,690	\$ 1,222	2.3%	D-89
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The recommended FY 2017 appropriation for school choice aid, nearly \$53.7 million, represents an increase of \$1.2 million, or 2.3 percent, relative to the FY 2016 adjusted appropriation. School choice aid is provided to school districts that receive non-resident students as part of the State’s interdistrict public school choice program. The aid is calculated by multiplying the district’s projected enrollment in the program by its adequacy budget local levy per pupil amount (the district’s adequacy budget minus its equalization aid, divided by the projected resident enrollment).

The Office of Legislative Services (OLS) notes that the recommended appropriation is based on calculating school choice aid using districts’ adequacy budget local levy per pupil amounts from the 2013-2014 school year. The OLS estimates that school choice aid would total \$58.5 million if the department were to calculate school choice aid based on the adequacy budget local levy per pupil amount for the 2016-2017 school year.

Adjustment Aid	\$570,551	\$571,607	\$ 1,056	.2%	D-89
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The recommended appropriation for adjustment aid, \$571.6 million, represents an increase of \$1.06 million (0.2 percent) over the FY 2016 adjusted appropriation. This appropriation actually combines two forms of State aid in one line item. Adjustment aid, which was included in the State’s school funding law upon enactment, was used to ensure that all school districts received a minimum two percent increase in State aid in the 2008-2009 school year, and no less funding than that level in subsequent school years (assuming enrollment does not decline by more than a specified threshold). A second category, additional adjustment aid, was added in the FY 2014 Appropriations Act to prevent a school district from receiving less total State aid than it received in the prior school year.

The Governor’s FY 2017 Budget reduces adjustment aid to school districts that otherwise receive a net increase in the other State aid categories included in the school funding law. Otherwise, the district would receive the same amount of adjustment aid in FY 2017 as it received in FY 2016. The total proposed reduction, relative to the amount of adjustment aid that these districts received in FY 2016, is \$5.6 million, with FY 2017 adjustment aid totaling \$550.2 million.

A school district will receive an increase in its additional adjustment aid allotment if the district participates in the interdistrict public school choice program and experiences a decrease in school choice aid from FY 2016 to the proposed FY 2017 budget. The total

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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amount of additional adjustment aid increases by somewhat more than \$1 million, to \$15.8 million.

The Office of Legislative Services notes that the proposed FY 2017 appropriation for adjustment aid, \$571.6 million, exceeds school districts' proposed allocations of adjustment aid and additional adjustment aid by nearly \$5.6 million.

Professional Learning Community Aid	\$0	\$13,427	\$13,427		D-89
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The Department of Education recommends creating a new category of State aid, professional learning community aid, in FY 2017. A district's allocation of this aid would equal \$10 multiplied by the district's projected October 2016 resident enrollment. The total recommended FY 2017 appropriation is \$13.4 million. This aid category ensures that all school districts will receive an increase in total aid relative to the 2015-2016 school year. In the absence of this aid category, 104 school districts would have received the same amount of total aid as was allotted in the prior year.

According to the available budget material, this aid category is to "...support the development of learning communities within and across districts, in order to help teachers and administrators analyze and use the data they collect." However, this aid will be provided as general fund revenue, and nothing would preclude a school district from using the funds for purposes other than developing learning communities.

Host District Support Aid	\$0	\$25,860	\$25,860		D-89
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The Governor's FY 2017 Budget includes a new aid category titled host district support aid, with a proposed appropriation of \$25.9 million. In calculating the per pupil amount that resident school districts must transfer to charter schools, the department used the same base charter school funding per pupil amount that was used in the 2015-2016 school year. If that per pupil amount is greater than the per pupil amount calculated using current year data, as would be done pursuant to the section 12 of P.L.1995, c.426 (C.18A:36A-12), then the proposed budget would provide host district support aid to the school district in an amount equal to the difference between the two per pupil amounts multiplied by the projected number of it students who will enroll in charter schools. While the State would make the payment to the school district, the entire amount would be transferred to the charter schools in which the district's students are enrolled.

Charter School Aid	\$10,000	\$7,157	(\$2,843)	(28.4%)	D-89
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The Governor's FY 2017 Budget proposes a reduction in charter school aid. The proposed FY 2017 appropriation, \$7.2 million, is \$2.8 million (28 percent) less than the FY 2016 adjusted appropriation of \$10 million.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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The Office of Legislative Services notes that the recommended appropriation for FY 2017 is substantially less than the amount necessary to support the State payments to charter schools included in the February 2016 aid notices. The State’s initial payments to charter schools total nearly \$40.6 million, and would subsequently be adjusted based on charter schools’ actual enrollment. A language provision included in the proposed budget would authorize supplemental appropriations, not subject to legislative approval, to make these payments. The aid notices include two hold harmless provisions for charter schools. The first, which has been included in the appropriations acts in recent years, hold charter schools harmless to the total amount of revenue they received in the 2007-2008 school year and totals \$5.7 million. The second would hold charter schools harmless to the amount of total revenue received in the 2015-2016 school year, and would provide \$34.9 million in State funding to charter schools. The second provision prevents a decrease in charter school funding that would have resulted from the recommendations included in the department’s most recent *Educational Adequacy Report*. This is discussed in more detail in the background paper titled “Proposed Charter School Funding for the 2016-2017 School Year.”

Integration Assistance

Aid	\$1,276	\$0	(\$1,276)	(100.0%)	D-89
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The Governor’s FY 2017 Budget eliminates the appropriation for integration assistance aid. This funding was included in the FY 2016 Appropriations Act, along with a language provision stating that the appropriation would be used to provide funding to the Englewood School District to “...assist with the implementation of integration programs...” In response to Discussion Point # 4 in the Office of Legislative Services’ FY 2015-2016 Department of Education Budget Analysis, the department stated that the appropriation was needed to “...address issues underlying a current litigation.”

Adult Education Aid	\$4,000	\$0	(\$4,000)	(100.0%)	D-89
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In developing the FY 2016 Appropriations Act, the Legislature included an appropriation of \$4 million for adult education aid. The appropriation provided \$1,500 for each individual enrolled in an approved adult high school, a postsecondary career and technical education (CTE) program operated by a county vocational school district, or a CTE program operated by a county college if the CTE program had been transferred from a county vocational school district to the county college. The Governor’s FY 2017 Budget eliminates this appropriation.

**Commercial
Valuation**

Stabilization Aid	\$0	\$32,000	\$32,000		D-89
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Section 1 of P.L.2015, c.143 (C.18A:7F-65) gave the Commissioner of Education the authority to provide additional State school aid to a school district that is situated in a municipality in which: 1) commercial property accounted for at least 75 percent of the total assessed property valuation in 2008; and 2) the total assessed value of commercial property

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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decreased by at least 25 percent between 2008 and 2013; the Atlantic City School District is the only district that satisfies these criteria. The FY 2017 budget proposal would appropriate \$32 million for that purpose.

The Office of Legislative Services notes that, during the 2015-2016 school year, the Atlantic City School District received \$20 million from the Transitional Aid to Localities account in the Department of Community Affairs.

Extraordinary Special Education Costs Aid	\$165,000	\$170,000	\$ 5,000	3.0%	D-89
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The proposed FY 2017 appropriation for extraordinary special education costs aid, \$170 million, is an increase of \$5 million (3.0 percent) over the adjusted FY 2016 appropriation. This aid is provided to school districts as a partial reimbursement of certain costs incurred while educating special education students for whom the cost of providing educational and support services exceeds certain thresholds. The FY 2017 appropriation would be used to reimburse costs incurred during the 2015-2016 school year. The FY 2016 appropriation funded 58 percent of the aid to which school districts were entitled under the statutory law.

Nonpublic Nursing Services Aid	\$13,451	\$12,902	(\$ 549)	(4.1%)	D-89
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The Governor's FY 2017 Budget reduces the appropriation for nonpublic nursing services aid by \$549,000, or 4.1 percent, relative to the FY 2016 adjusted appropriation. This reduction reflects the amount added to this line item by the Legislature during the development of the FY 2016 Appropriations Act. A corresponding language provision in the proposed budget stipulates that the per pupil funding will equal \$85 for each nonpublic school pupil. The current year's appropriation is sufficient to provide \$89 per pupil.

Nonpublic Security Aid	\$5,000	\$0	(\$5,000)	(100.0%)	D-89
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In the FY 2016 Appropriations Act, the Legislature included a \$5 million appropriation for nonpublic security aid. Of the total amount, \$3 million were to be allotted at a rate of \$25 per pupil enrolled in nonpublic schools. School districts were to use the funding to provide security services, equipment, or technology to the nonpublic schools located in the district. The remaining \$2 million were to be transferred to the Office of the Secretary of Higher Education who would provide the funding to institution of higher education most in need of security enhancements; to date, that transfer has not occurred. The recommended FY 2017 budget eliminates this appropriation.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Nonpublic Technology Initiative	\$3,951	\$3,000	(\$ 951)	(24.1%)	D-89
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The recommended FY 2017 appropriation for nonpublic technology initiative, \$3 million, is a reduction of \$951,000, or 24.1 percent, relative to the FY 2016 adjusted appropriation. When developing the FY 2016 Appropriations Act, the Legislature increased the per pupil funding provided for this purpose from \$20 per pupil enrolled in a nonpublic school to \$26. The FY 2017 budget proposal eliminates that increase and reverts to the \$20 per pupil allotment.

School Building Aid	\$51,768	\$45,992	(\$5,776)	(11.2%)	D-89
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School Construction Debt Service Aid	\$63,403	\$72,542	\$ 9,139	14.4%	D-89
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The school building aid and school construction debt service aid line items are both used to assist school districts in making principal and interest payments on bonds that were used to finance school facilities projects. School building aid supports aid for bonds issued for school facilities projects approved by the Commissioner of Education prior to the effective date of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et al.). The recommended FY 2017 appropriation of nearly \$46.0 million represents a reduction of \$5.8 million, or 11.2 percent from the prior year. This reduction reflects the fact that the amount of outstanding debt continues to decline.

The recommended appropriation of \$72.5 million for school construction debt service aid is an increase of \$9.1 million (14.4 percent) over the FY 2016 adjusted appropriation. The increase is due to school districts issuing new debt for school facilities projects.

School Construction & Renovation Fund	\$884,167	\$936,258	\$52,091	5.9%	D-89
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The recommended appropriation for the school construction & renovation fund, \$936.3 million, is an increase of \$52.1 million (5.9 percent) relative to the adjusted appropriation for FY 2016. This line item is used to make principal and interest payments on bonds issued by the Economic Development Authority to support the State's school construction program.

County Vocational School District Partnership Grant Program	\$3,000	\$0	(\$3,000)	(100.0%)	D-96
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The Legislature added a \$3 million appropriation in the FY 2016 Appropriations Act for a county vocational school district partnership grant program. The funding was to be used to provide grants to county vocational school districts that partner with other entities to establish career and technical education programs in the partners' facilities. The department has issued

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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a notice of grant opportunity to support projects from March 2016 through June 2019. The Governor's FY 2017 Budget does not continue this program.

Teachers' Pension and Annuity Fund	\$761,169	\$1,083,157	\$321,988	42.3%	D-101
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The FY 2017 recommended budget includes a contribution to the Teachers' Pension and Annuity Fund of \$1.083 billion, an increase of \$322.0 million, or 42.3 percent, over the FY 2016 adjusted appropriation. This figure represents 4/10ths of the actuarially determined contribution necessary to fund the normal and accrued pension liability.

Teachers' Pension and Annuity Fund – Post Retirement Medical	\$891,306	\$930,755	\$39,449	4.4%	D-101
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Post Retirement Medical Other than TPAF	\$206,218	\$215,306	\$ 9,088	4.4%	D-101
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Total	\$1,097,524	\$1,146,061	\$48,537	4.4%	
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The recommended FY 2017 appropriation for medical benefits for retired school district employees total \$1.146 billion, an increase of \$48.5 million (4.4 percent) relative to the prior year. The increase reflects the projected growth in the cost of these benefits, which total \$297 million across all employee health benefits appropriations, offset by a share of anticipated savings from unspecified plan design changes totaling \$250 million.

Debt Service on Pension Obligation Bonds	\$184,840	\$210,750	\$25,910	14.0%	D-101
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The recommended FY 2017 appropriation for debt service on pension obligation bonds, \$210.8 million, is \$25.9 million, or 14.0 percent, greater than the FY 2016 adjusted appropriation. The "Pension Bond Funding Act of 1997," P.L.1997, c.114, authorized the Economic Development Authority to issue bonds, the proceeds of which were used to fund the accrued pension liability in the State's various pension systems, including the Teachers' Pension and Annuity Fund (TPAF). This line item is used to make the principal and interest payments due that are attributable to payments made into the TPAF from these bond proceeds.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2016</u>	<u>Recomm. FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Grants-In-Aid

Advanced Placement Fee Waiver	\$435	\$0	(\$ 435)	(100.0%)	D-100
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The FY 2016 Appropriations Act included a line item added by the Legislature for an Advanced Placement fee waiver program with an appropriation of \$435,000. The appropriation was to be used to defray the remaining costs of Advance Placement (AP) exam fees for low-income students after applying the fee reduction offered by the College Board and the grant provided under the federal AP Test Fee program. The proposed FY 2017 budget eliminates this grant program.

Education Reform Implementation Grant Program	\$2,000	\$0	(\$2,000)	(100.0%)	D-100
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The recommended FY 2017 budget eliminates the \$2 million appropriation included in the FY 2016 Appropriations Act by the Legislature for the education reform implementation grant program. Under the accompanying language provision, half of the appropriation would be used to provide grants to school districts to support professional development activities, while the other half would be used to assist districts in making technology improvements needed for administering the assessments developed by the Partnership for Assessment of Readiness for College and Careers (PARCC assessments). While the department has issued a press release announcing the 15 school districts that received grants related to professional development, the Office of Legislative Services has not identified a notice of grant opportunity related to the PARCC assessments.

Opportunity Scholarship Grant Program	\$0	\$1,000	\$ 1,000		D-100
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The FY 2017 recommended budget includes a \$1 million appropriation for an Opportunity Scholarship Demonstration Program. Under the corresponding language provision included in the budget, the program would award scholarships, not to exceed \$10,000, to students enrolled in selected "chronically failing schools" (the commissioner would determine what constitutes a chronically failing school, and the subset of such schools whose students would be eligible to receive a scholarship). A student must also reside in a household in which the income does not exceed 185 percent of the federal poverty threshold. The commissioner may establish additional eligibility criteria for receipt of a scholarship, and would select one or more public or nonpublic schools that would be authorized to receive scholarship students.

Both the FY 2014 and FY 2016 proposed budgets included nearly identical provisions with proposed appropriations of \$2 million. The Legislature did not include that recommended appropriation in either appropriations act.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2016</u>	<u>Recomm.</u> <u>FY 2017</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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Direct State Services**Statewide Assessment
Program**

	\$28,550	\$25,550	(\$3,000)	(10.5%)	D-100
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The recommended FY 2017 appropriation for the Statewide assessment program, \$25.6 million, is \$3 million (10.5 percent) less than the FY 2016 adjusted appropriation. This reduction is consistent with the amount of the FY 2016 appropriation that is expected to lapse.

At the time that the FY 2016 budget recommendations were developed, it was projected that the assessments developed by the Partnership for Assessment of Readiness for College and Careers (PARCC assessments) would cost \$29.50 per pupil. After the contract was awarded for the development of the PARCC assessments, the actual per pupil cost was approximately \$24.

**Military Interstate
Children's Compact
Commission**

	\$5	\$0	(\$ 5)	(100.0%)	D-100
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The FY 2017 budget recommendations eliminate the \$5,000 appropriation for the military interstate children's compact commission. Upon the enactment of P.L.2009, c.279, New Jersey entered into an interstate compact that aimed to facilitate the educational transitions of students who, as a result of being children of military personnel, may be required to change schools frequently. This appropriation, which has been included in each Appropriations Act since FY 2013, was to be used to pay the State's dues to the interstate commission. However, the dues were paid from an account in the Department of Military and Veterans Affairs, and this line item has lapsed each year.

**Services Other Than
Personal
(Administration and
Support Services)**

	\$1,349	\$2,349	\$ 1,000	74.1%	D-104
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The proposed FY 2017 budget includes a recommended appropriation of \$2.3 million for services other than personal, which is an increase of \$1 million (74.1 percent) over the FY 2016 adjusted appropriation. Under the provisions of the "Teacher Effectiveness and Accountability for the Children of New Jersey (TEACHNJ) Act," the State is responsible for compensating arbitrators selected to hear tenure cases. The increase in this line item, which is allocated to the Administration and Support Services program classification, would support that compensation. It is not clear to what extent the anticipated cost increase is based on an assumption that more tenure cases will be heard in the 2016-2017 school year as opposed to the compensation level being higher, given the enactment of P.L.2015, c.109, which eliminated the limit on the amount that an arbitrator could be paid for each case. The proposed budget also includes a language provision that would authorize supplemental appropriations for this purpose.

Significant Language Changes

Nonpublic Nursing Services Aid Per Pupil Amount

Revision

2016 Handbook: p. B-45
2017 Budget: p. D-90

Notwithstanding the provisions of section 9 of P.L.1991, c.226 (C.18A:40–31), the amount hereinabove appropriated for Nonpublic Nursing Services Aid shall be made available to local school districts based upon the number of pupils enrolled in each nonpublic school on the last day prior to October 16, ~~2014~~ 2015 and the rate per pupil shall be \$85.

Explanation

The proposed modification to the language provision regarding the allocation of nonpublic nursing services aid establishes a per pupil rate of \$85. The FY 2016 appropriation of \$13.451 million, when divided by the pertinent nonpublic school enrollment for that year, yields an FY 2016 per pupil allocation of approximately \$89.

Nonpublic Security Aid

Deletion

2016 Handbook: p. B-45
2017 Budget: p.

~~From the amount hereinabove appropriated for Nonpublic Security Aid the Commissioner of Education shall provide State aid to each school district in an amount equal to \$25 multiplied by the number of nonpublic school students within the district identified by the district on or before November 5 for security services, equipment, or technology to ensure safe and secure school environment for nonpublic school students. Provided further that \$2,000,000 shall be transferred to the Office of the Secretary of Higher Education and shall be allocated to the institution of higher education determined by the Secretary to be most in need of security enhancements in order to protect the safety of students and faculty.~~

Explanation

In developing the FY 2016 Appropriations Act, the Legislature included a \$5 million appropriation for nonpublic security aid. Of that amount, \$3 million were to be used to provide \$25 per nonpublic school pupil to school districts so that the districts could provide security services, equipment, or technology to the nonpublic schools located in the district. The remaining \$2 million were to be transferred to the Secretary of Higher Education, who would then allocate the funds to the institution of higher education most in need of security enhancements; to date, that transfer has not occurred. The Governor’s FY 2017 Budget eliminates the appropriation and the corresponding budget language.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Nonpublic Technology Initiative Per Pupil Funding

Revision

2016 Handbook: p. B-45
2017 Budget: p. D-90

Notwithstanding the provisions of any other law or regulation to the contrary, Nonpublic Technology Initiative Aid shall be paid to school districts and allocated for nonpublic school pupils at the rate of ~~\$26~~ \$20 per pupil in a manner that is consistent with the provisions of the federal and State constitutions.

Explanation

The Governor's FY 2016 Budget included a per pupil allocation of \$20 per nonpublic school pupil for nonpublic technology initiative aid, yielding a total appropriation of \$3 million. The Legislature increased the per pupil funding amount to \$26, for a total funding level in the FY 2016 Appropriations Act of \$3.951 million. This recommended language provision reverts to the \$20 per pupil funding amount.

Emergency Aid Account

Revision

2016 Handbook: p. B-46
2017 Budget: p. D-90

Notwithstanding the provisions of any law or regulation to the contrary, there are appropriated to the Emergency Fund account such additional amounts as may be required, ~~not to exceed \$650,000,~~ to fund approved applications for emergency aid ~~in accordance with the provisions of N.J.S.18A:58-11~~ following district needs assessments conducted by the Department of Education, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

N.J.S.18A:58-11 stipulates that the Commissioner of Education may distribute funds to a school district to address unforeseeable conditions, subject to the approval of the State Board of Education. State board regulations at N.J.A.C.6A:23A-19.1 detail the information that a school district seeking emergency aid must provide to the department, and the process that would culminate in the State board's decision. The proposed revision appears to have two effects. First, it would eliminate the current limit on the amount that may be appropriated to the Emergency Fund account for this purpose. Second, it would

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

eliminate the requirement that the State board approve the application and replaces the process detailed in the State board regulations with an unspecified needs assessment to be conducted by the department.

Adult Education Aid

Deletion

2016 Handbook: p. B-46
2017 Budget: p.

~~The amount hereinabove appropriated for Adult Education Programs shall be distributed at a rate of \$1,500 per pupil for students enrolled on a full-time equivalent basis (as determined by the Commissioner of Education) in an approved adult high school, a postsecondary career and technical education program at a county vocational-technical school, or a non-credit career and technical education program that has been transferred to a county college from a county vocational school district pursuant to a formal resolution prior to the effective date of this appropriations act. The per pupil amount shall be reduced proportionally if the amount appropriated is insufficient to provide full funding for all eligible enrolled students.~~

Explanation

When developing the FY 2016 Appropriations Act, the Legislature included an appropriation of \$4 million for adult education. The above language provision stipulated that the funding would be allocated at a rate of \$1,500 per pupil enrolled in an approved adult high school or postsecondary career and technical education program operated by a county vocational school district or certain county colleges. The Governor’s FY 2017 Budget eliminates that appropriation and deletes the corresponding language.

Level Funding of Certain State Aid Categories

Deletion

2016 Handbook: p. B-46
2017 Budget: p.

~~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 2015-2016 school year than the sum of the district’s total State aid amount payable for the 2014-2015 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, Supplemental Enrollment Growth Aid, PARCC Readiness, and Per Pupil Growth Aid, taking into consideration the June 2015 payment made in July 2015.~~

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Aid Allocations Pursuant to February 2016 Aid Notices

Revision

2016 Handbook: p. B-47
2017 Budget: p. D-91

Notwithstanding the provisions of any law or regulation to the contrary, a district's ~~2015-2016~~ 2016-2017 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, Under Adequacy Aid, PARCC Readiness, ~~and~~ Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid shall be as set forth in the February ~~2015~~ 2016 State Aid notice issued by the Commissioner of Education, ~~as amended subject to the provisions herein.~~

Explanation

The FY 2016 Appropriations Act includes two language provisions regarding the allocation of State aid to school districts. The first, which is deleted in the Governor's FY 2017 Budget, stipulates that school districts' allocations of State aid in several categories will be the same as the prior year. The second, which is revised in the proposed FY 2017 budget, provides that school districts will receive an amount of State aid in several categories based on what was included in the State aid notice issued by the Commissioner of Education. This second language provision is revised to include two new State aid categories: professional learning community aid and host district support aid.

The recommended FY 2017 budget provides professional learning support aid to school districts at a rate of \$10 per pupil. While the budget material indicates that this aid is to "...support the development of learning communities within and across districts, in order to help teachers and administrators analyze and use the data they collect," the aid is provided as general fund revenue, and nothing precludes a district from using the funds in some other manner. Host district support aid is provided to school districts that will be required to transfer revenue to charter schools in an amount greater than the amount calculated pursuant to the "Charter School Program Act of 1995," P.L.1995, c.426 (C.18A:36A-1 et seq.). Under the calculations detailed in the department's State aid notices, some school districts will receive an increase in equalization, transportation, special education, security, and adjustment aids; other districts will experience a reduction in adjustment aid. All school districts will receive the same amount of aid as they received in FY 2016 in supplemental enrollment growth, under adequacy, PARCC readiness, and per pupil growth aids.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Preschool Education Aid Calculation	
Revision	2016 Handbook: p. B-47 2017 Budget: p. D-91

Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Preschool Education Aid shall be used for such amounts 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 ~~2014–2015~~ 2015-2016 per pupil allocation of Preschool Education Aid multiplied by the district’s projected preschool enrollment, except in the case of a school district participating in the federal Preschool Expansion Grant, in which case the district shall receive the greater of either the district’s total 2015-2016 Preschool Education Aid allocation or the district’s 2015-2016 per pupil allocation of Preschool Expansion Aid 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 ~~2014–2015~~ 2015-2016 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 ~~2015–2016~~ 2016-2017 projected enrollments multiplied by the per pupil allocations as set forth in the February ~~2015~~ 2016 State Aid notice issued by the Commissioner of Education.

Explanation

The “School Funding Reform Act of 2008” (SFRA), P.L.2007, c.260, provided for the expansion of full-day preschool throughout the State. To the extent that the State has not appropriated sufficient funding for this expansion to occur in most districts, recent budgets have included a language provision that determined the amount of preschool funding that a school district would receive. In the case of certain school districts that received Early Childhood Program Aid (the preschool aid category prior to the enactment of the SFRA), districts would receive the prior year’s per pupil preschool funding amount multiplied by the projected preschool enrollment.

The revision to the above language provision modifies the preschool education aid calculation for the 17 school districts that are participating in the federal Preschool Expansion grant. In the case of these 17 districts, the preschool education aid allotment will equal the greater of the total amount received in FY 2016, or the FY 2016 per pupil funding amount multiplied by the projected enrollment.



EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

School Choice Aid Calculation

Deletion

2016 Handbook: p. B-47
2017 Budget: p.

~~Notwithstanding the provisions of section 20 of P.L.2007, c.260 (C.18A:7F-62) to the contrary, a district allocation of the amount hereinabove appropriated for School Choice Aid shall be determined by multiplying approved enrollment as reported in the Supplemental Choice Enrollment Collection as of January 23, 2015, by the district's Choice Prebudget Year Local Share Per Pupil as indicated on the February 2015 State Aid notice issued by the Commissioner of Education. Approved enrollment shall not exceed the district's maximum funded choice student enrollment as determined by the commissioner. Where choice enrollment reflected on the October 15, 2014 Application for State School Aid is less than the projected choice enrollment reflected on the fiscal year 2015 State Aid Notice, such districts' 2016 School Choice Aid allocations shall be adjusted to reflect actual pre-budget year enrollment as of October 15, 2014.~~

Explanation

The FY 2016 Appropriations Act includes language specifying how school choice aid would be calculated for a school district that participates in the State's interdistrict public school choice program. The provision stipulated that per pupil funding provided to a school district would be based on the FY 2014 per pupil funding amount. Additionally, the language limited the extent to which a given district's choice program enrollment could increase, and it authorized reducing a district's aid in the event that the prior year's projected enrollment in the choice program exceeded the actual enrollment.

The FY 2017 budget recommends eliminating this language provision. However, a separate provision in the proposed budget specifies that a school district's allocation of school choice aid in FY 2017 will be based on the February 2016 State aid notices. The Office of Legislative Services notes that the calculations employed in those notices are consistent with the deleted language provision, including the continued use of the per pupil funding amount from FY 2014.

Charter School Aid Calculation

Revision

2016 Handbook: p. B-47
2017 Budget: p. D-91

Notwithstanding the provisions of any law or regulation to the contrary, amounts a charter school's initial allocation of the amount hereinabove appropriated for Charter School Aid shall be ~~used for such amounts as are necessary: 1) in the case of a charter school with higher enrollment in the 2015-2016 school year than in the 2007-2008 school year, to~~

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

~~provide that in the 2015–2016 school year, the charter school receives no less total support from the State and the resident district than the sum of the total 2007–2008 payments from the resident district and the 2007–2008 payments of Charter School Aid and Charter Schools—Council on Local Mandates Aid and to ensure that such total payments provide a 2015–2016 per pupil amount that is no less than the 2007–2008 per pupil amount based on average daily enrollment; 2) in the case of a charter school with lower enrollment in the 2015–2016 school year than in the 2007–2008 school year, to ensure that such total payments provide a 2015–2016 per pupil amount that is no less than the 2007–2008 per pupil amount based on average daily enrollment; and 3) to provide amount pursuant to section 12 of P.L.1995, c.426 (C.18A:36A–12) as set forth in the February 2016 State Aid notice issued by the Commissioner of Education, and shall be adjusted based on the October 15th and the end of the school year actual pupil counts. In addition to the amount hereinabove appropriated for Charter School Aid, such amounts as the Commissioner of Education shall determine to be necessary to support the initial and adjusted payments are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

Similar to prior fiscal years, the FY 2016 Appropriations Act includes a language provision providing State aid directly to charter schools for two purposes: 1) to hold the charter school harmless, either on a total or per pupil basis, to the level of funding received from school districts and the State in the 2007-2008 school year; and 2) to make payments on behalf of the resident school district for students who enroll in a charter school without having been included in the school district's resident enrollment in the prior year, as required under section 12 of P.L.1995, c.426 (C.18A:36A-12).

The Governor's FY 2017 Budget revises this provision to state that charter school aid will be allocated based on the February 2016 aid notices, provide for a charter school's aid amount to be adjusted based on the October 15 and end-of-year enrollment, and authorize a supplemental appropriation, subject to the approval of the Director of the Division of Budget and Accounting, to support the initial and adjustment aid amounts to be paid to charter schools.

The Office of Legislative Services notes that while the Governor's FY 2017 Budget appropriates less than \$7.2 million for charter school aid, the initial State funding to be provided to charter schools under the February 2016 aid notice exceeds \$40 million. This suggests that a supplemental appropriation of approximately \$33 million would be necessary to support these initial payments. Under the proposed language provision, the supplemental appropriation would not be subject to legislative approval.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

District Funding to Renaissance School Project

Addition

2016 Handbook: p.
2017 Budget: p. D-91

Notwithstanding the provisions of P.L.2011, c.176 (C.18A:36C) or any other law or regulation to the contrary, the per pupil allocation of funding by student characteristic for a Renaissance school shall be equal to its 2015--2016 per pupil allocation of funding by student characteristic as prescribed by the Commissioner of Education, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

Under the provisions of the "Urban Hope Act," P.L.2011, c.176 (C.18:36C-1 et seq.), a renaissance school district is required to transfer 95 percent of its per pupil expenditure for each of its students that enrolls in a renaissance school project. The law defines per pupil expenditure to include the district's budget year equalization aid and adjustment aid, and the prebudget year general fund tax levy adjusted by the consumer price index. This proposed language provision would require that a renaissance school district transfer the FY 2016 per pupil amount to renaissance school projects, rather than using data pertinent to the upcoming school year.

Integration Assistance Aid

Deletion

2016 Handbook: p. B-47
2017 Budget: p.

~~From the amount hereinabove appropriated for Integration Assistance Aid, there is appropriated \$1,276,000 for Englewood City School District, to assist with the implementation of integration programs, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The FY 2016 Appropriations Act includes an appropriation of \$1.276 million for integration assistance aid to be allotted to the Englewood City School District. According to the Department of Education's response to Discussion Point #4 in the Office of Legislative Services' FY 2015-2016 Department of Education Budget Analysis, the appropriation was to "...address issues underlying a current litigation." The recommended FY 2017 budget eliminates the appropriation and the associated budget language.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

County Vocational School District Partnership Grant Program

Deletion

2016 Handbook: p. B-49
2017 Budget: p.

~~The amount hereinabove appropriated for County Vocational School District Partnership Grant Program shall be allocated for grants to county vocational school districts to partner with urban districts, other school districts, county colleges, and other entities to create high-quality career and technical education programs in existing facilities. The Commissioner of Education shall award grants, within the limit of available State appropriations, to selected county vocational school districts to be used to support the development and implementation of a career and technical education program in an existing school or college facility that is not owned or leased by the county vocational school district. The commissioner shall determine the amount of each grant awarded under the program and may award multi-year grants.~~

Explanation

Similar to the prior year's Appropriations Act, the Legislature included a \$3 million appropriation in the FY 2016 Appropriations Act to be used to fund grants for county vocational school districts that partner with other entities to create career and technical education programs in the partner entities' facilities. The department has issued a notice of grant opportunity to support projects from March 2016 to June 2019. The Governor's FY 2017 Budget eliminates the appropriation and associated language provision.

Advanced Placement Exam Fee Waiver

Deletion

2016 Handbook: p. B-52
2017 Budget: p.

~~The amount hereinabove appropriated for Advanced Placement Exam Fee Waiver shall supplement the portion of the Advanced Placement Exam Fee that is not currently funded by the Federal Advanced Placement Test Fee Program, The College Board Test Fee Waiver and School Test Processing Fee Waiver.~~

Explanation

Under separate programs operated by the College Board and the federal government, low-income students are able to take Advanced Placement (AP) exams at a reduced cost. For example, during the 2015-2016 school year, the fee for taking an AP exam is \$92. Under the College Board's AP Fee waiver program,

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough. Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

for a student who is eligible to participate in the federal free or reduced-price meal program, the organization reduces the AP exam fee by \$30, while schools were expected to forego their \$9 processing fee. The cost is further reduced under the federal AP Test Fee program, although the amount of the reduction for the 2015-2016 school year is not currently known. The student would be responsible for any remaining costs.

While developing the FY 2016 Appropriations Act, the Legislature added an appropriation of \$435,000 to defray the remaining exam fee. The Governor's FY 2017 Budget eliminates this appropriation and the corresponding language provision.

Education Reform Implementation Grant Program

Deletion

2016 Handbook: p. B-52
2017 Budget: p.

~~The amounts hereinabove appropriated for the Education Reform Implementation Grant Program shall be used by the Commissioner of Education to establish a competitive grant program to award grants to school districts implementing education reform initiatives. No more than \$1,000,000 shall be used to award grants to school districts to provide teaching staff members with professional development opportunities consistent with the provisions of P.L.2012, c.26 (C.18A:6-119 et al.). No more than \$1,000,000 shall be used to award grants to school districts to prepare for the implementation of assessments developed by the Partnership for Assessment of Readiness for College and Careers. No school district shall receive grants totaling more than \$250,000.~~

Explanation

Similar to the prior fiscal year, the Legislature added an appropriation of \$2 million to support an education reform implementation grant program. Half of the funding would be used to support grants for professional development, while the other half would be used to assist districts in preparing to administer the assessments developed by the Partnership for Assessment of Readiness for College and Careers. The recommended FY 2017 budget omits this appropriation and the corresponding budget language.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Opportunity Scholarship Demonstration Program

Addition

2016 Handbook: p.
2017 Budget: p. D-102

The amount hereinabove appropriated for the Opportunity Scholarship Demonstration Program for the 2016–2017 school year is subject to the following conditions: the Commissioner of Education shall establish, implement, and oversee a pilot program to provide expanded educational opportunities for a limited number of pupils from families with limited financial resources who are enrolled in selected chronically failing schools by providing scholarships not to exceed \$10,000 per student to enable them to enroll in a different school selected by their parents or guardians; provided, however, that in order to be eligible to receive a scholarship pursuant to this paragraph, a student shall be from a household with an income that does not exceed 1.85 times the official federal poverty level for the school year and be enrolled in a chronically failing school as selected and determined by the Commissioner of Education. The Commissioner of Education shall be responsible for establishing written eligibility criteria for scholarships and for selecting one or more public or nonpublic schools located in this State to provide an approved program of instruction to students receiving scholarships under this program. Such written eligibility criteria and other relevant information concerning the utilization of these scholarship funds shall be publicly available and published on the Department’s Internet website.

Explanation

The Governor’s FY 2017 Budget provides \$1 million for an Opportunity Scholarship Demonstration Program. The above language specifies that a student would be eligible to receive a scholarship, not to exceed \$10,000, if the student lives in a household in which income does not exceed 185 percent of the federal poverty threshold, and attends a “chronically failing school,” which would be defined and selected by the Commissioner of Education. The commissioner would also develop other eligibility criteria for receipt of a scholarship, and would select one or more public or nonpublic schools that would be able to enroll scholarship students. Substantively identical language was included in the Governor’s budgets for FY 2014 and FY 2016, but neither the funding nor language were included in either appropriations act.

Payments to Arbitrators

Addition

2016 Handbook: p.
2017 Budget: p. D-104

Such additional amounts as may be required for payments to arbitrators in accordance with P.L. 2015, c. 109 are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

Section 22 of P.L.2012, c.26 (C.18A:6-17.1) requires that the State pay the costs of arbitrators hired to hear cases under the State's teacher tenure laws. In response to Discussion Point #1 in the Office of Legislative Services' FY 2015-2016 Department of Education Budget Analysis, the department indicated that it anticipated a significant increase in the number of cases to be heard, potentially numbering in the hundreds. The recommended FY 2017 budget increases funding for arbitrators by \$1 million. The above language provision authorizes supplemental appropriations for this purpose.

Resident School District Payments to Charter Schools

Deletion

2016 Handbook: p. B-56
2017 Budget: p.

~~Notwithstanding the provisions of any law or regulation to the contrary, the school districts receiving Equalization Aid, Special Education Categorical Aid, or Security Categorical Aid shall provide per pupil payments to charter schools for regular education Equalization Aid and general fund levy pursuant to section 12 of P.L.1995, c.426 (C.18A:36A-12) calculated using the greater of: (1) the per pupil amount calculated using weighted enrollment pursuant to section 8 of P.L.2007, c.260 (C.18A:7F-50), local levy, Equalization Aid from the fiscal year 2014 year, and the district's adequacy budget from the 2014 fiscal year; or (2) the per pupil amount calculated using weighted enrollment pursuant to section 8 of P.L.2007, c.260 (C.18A:7F-50), local levy, Equalization Aid from the fiscal year 2016 year, and the district's adequacy budget from the 2014 fiscal year.~~

Explanation

Section 12 of P.L.1995, c.426 (C.18A:36A-12) details the amount of funding that a school district must transfer to a charter school for each of its students who enrolls in a charter school. The law stipulates that the per pupil funding will equal 90 percent of the sum of the district's budget year equalization aid and prebudget year tax levy adjusted by the consumer price index. The FY 2016 Appropriations Act includes a language provision requiring that school districts transfer a per pupil amount equal to the greater of the per pupil amount calculated for the 2015-2016 school year (as would be required under statutory law) or the 2013-2014 school year. The Governor's FY 2017 Budget eliminates this language provision.

While the recommended budget proposes to eliminate this provision, the Office of Legislative Services notes that the department's charter school payment notices are

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Significant Language Changes (Cont'd)

based on calculations that deviate from the charter school law, and remain consistent with the deleted language. Specifically, the base per pupil amounts used to determine school districts' payments to charter schools in the 2016-2017 school year are the same as the amount used in the 2015-2016 school year (i.e., the greater of the base per pupil amount calculated for the 2013-2014 or the 2015-2016 school year) rather than the 2016-2017 per pupil amount.

EXPLANATION: FY 2016 language not recommended for FY 2017 denoted by strikethrough.
Recommended FY 2017 language that did not appear in FY 2016 denoted by underlining.

Background Paper: Explanation of Fiscal Year 2017 Proposed State School Aid

Budget Pages.... D-88 to D-89; D-91

In February 2016, the Department of Education issued State aid notices to school districts advising them of the amount of aid that districts will receive in the 2016-2017 school year under the proposed FY 2017 budget. While these notices detail how the proposed aid amounts were calculated, the Office of Legislative Services (OLS) is not aware of any publicly-available document that explains the methodology to a broader audience. Additionally, the language provisions in the proposed budget do not detail the aid calculations.¹ This background paper describes how the department calculated direct aid to school districts.

Summary of Aid Categories Included in School Funding Reform Act of 2008

The "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-43 et al.), includes six State aid categories that are relevant to this discussion:

- **Equalization Aid** is allocated to school districts to support the costs of providing most educational services. This aid is determined by first calculating a district's adequacy budget, which is an estimate of the funding that a school district requires, based on overall enrollment and its students' characteristics,² to provide educational opportunities consistent with the State's standards. Next, the department calculates the district's local share, which is an estimate of the amount that the district can afford to raise locally to support its adequacy budget, based on its equalized property valuation and aggregate income. If the adequacy budget is greater than the local share, the equalization aid will equal the difference; otherwise, the district would not receive equalization aid;
- **Special education categorical aid** is given to all school districts by providing a fixed dollar amount per pupil to a district based on the assumption that a certain percentage of the district's total student population requires special education services;
- **Security categorical aid** includes two components. The first is a per pupil amount that is awarded based on a school district's total enrollment. The second is an amount provided based on the number of low-income students in the district, with the per pupil amount varying based on the percent of students in the district who are low-income;
- **Transportation aid** supports costs incurred by school districts while providing State-mandated transportation services. The aid is calculated based on the number of students receiving mandatory transportation services and the average distance between home and school for these students;
- **Adjustment aid** was provided to school districts in the 2008-2009 school year, if necessary, to ensure that each district received a two percent increase in total aid relative to the prior year. In subsequent years, districts would receive adjustment aid such that total aid would be no less than the amount received in the 2008-2009 school year (unless enrollment decreased below a certain threshold); and

¹ Rather, consistent with a practice in place since the FY 2013 Appropriations Act, the recommended budget includes a language provision stating that school districts will receive aid amounts based on the State aid notice.

² Student characteristics that are factored into the adequacy budget calculations include grade level, whether the student resides in a household in which income is no greater than 185 percent of the federal poverty guidelines, and whether the student is a bilingual pupil.

Background Paper: Explanation of Fiscal Year 2017 Proposed State School Aid (Cont'd)

- **School choice aid** is awarded to school districts that participate in the Interdistrict Public School Choice Program (choice program) to offset the cost of educating non-resident students who enroll in the district under the choice program. The aid is equal to the difference between a district's per pupil adequacy budget and per pupil equalization aid.

Under the SFRA, equalization, special education, security, and transportation aids are subject to the State aid growth limit. Depending on a district's spending level, the total amount of aid awarded in these four categories may not increase in one year by more than 10 percent (for higher spending districts) or 20 percent (for lower spending districts). If a district's total aid as described above exceeds the growth limit, then the district's aid allotment is reduced until the total aid no longer exceeds the limit.

Equalization, Special Education, Security, Transportation, and Adjustment Aids

To calculate school districts' State aid for the 2016-2017 school year, the department performed the calculations included in the SFRA for the categories previously listed (with a modification to school choice aid that will be discussed later). If the department were to award aid to school districts based on these calculations, the aid would total \$8.896 billion, or approximately \$865 million more than the amount of direct State aid to school districts included in the proposed FY 2017 budget.

In order to reduce the total allocation, the department compared the total amount of aid calculated under the SFRA for equalization, special education, security, transportation and school choice aids, as well as a hold harmless aid that will be awarded to some districts that participate in the choice program, to the total amount of aid that districts received in these categories in FY 2016. If the total calculated for FY 2017 pursuant to the SFRA is less than the amount that the district actually received in these categories in FY 2016, then the district's FY 2017 allotment for equalization, special education, security, transportation, and adjustment aids, will be the same amount as the district received in FY 2016. There are 114 school districts that fall into this classification.

For the remaining 477 districts in which the calculations made pursuant to the SFRA yielded a greater total across these categories than what the districts received in the 2015-2016 school year, the department proceeded to calculate the aid increase by finding, separately for each aid category, the difference between the equalization, special education, security, and transportation aids that the district received in FY 2016 and the funding level calculated for FY 2017 pursuant to the SFRA. Next, to obtain the final FY 2017 allotments, 3.5 percent of those differences, positive or negative, was added to the FY 2016 funding level for the corresponding category.

For this same group of districts, the adjustment aid calculation is somewhat different. If a school district's FY 2017 adjustment aid, as calculated pursuant to the SFRA, was greater than the FY 2016 amount, then the district's final FY 2017 adjustment aid allotment would be equal to the amount received in FY 2016. If the FY 2017 adjustment aid calculation was less than the amount received in FY 2016, then the district's FY 2016 adjustment aid allotment would be reduced by the lesser of: 1) 3.5 percent of the difference between the FY 2016 adjustment aid received and the FY 2017 adjustment aid calculated pursuant to the SFRA, or 2) the net

Background Paper: Explanation of Fiscal Year 2017 Proposed State School Aid (Cont'd)

increase between FY 2016 and FY 2017 in equalization, special education, security, transportation, and adjustment aids.

School Choice Aid and Additional Adjustment Aid

As previously noted, school choice aid is provided to school districts that participate in the State's choice program, under which students may enroll in the schools of a district other than the student's resident district. School choice aid is calculated by multiplying the number of students enrolled in a district under the choice program by the district's adequacy budget local levy per pupil amount – the difference between a district's adequacy budget and equalization aid, divided by the projected resident enrollment.

FY 2017 school choice aid was calculated using districts' adequacy budget local levy per pupil amounts from the 2013-2014 school year. The OLS estimates that using the FY 2014 per pupil amounts generally decreases the amount of school choice aid that will be awarded in FY 2017; 112 districts that participate in the choice program will receive a total of \$5.1 million less in choice aid than the amount that the district would receive if current data were used in the calculation. A total of 17 districts received additional aid, with the resulting increase in choice aid totaling \$244,000.

Most school districts will receive the same amount of additional adjustment aid³ in FY 2017 as they received in FY 2016. However, 31 school choice districts will receive an increase in additional adjustment aid totaling \$1.1 million to offset the reduction in school choice aid.

Host District Support Aid

The department's budget recommends modifying the base per pupil funding that resident school districts are required to transfer to charter schools. Specifically, rather than calculating the per pupil funding based on school districts' FY 2017 revenue and enrollment data, the department used the per pupil amount from the 2015-2016 school year.⁴ For 63 school districts, the per pupil funding level from FY 2016 is greater than the amount obtained when using data relevant to the 2016-2017 school year. When this occurs, host district support aid is provided to the school district in an amount equal to the difference between the FY 2016 and FY 2017 per pupil charter school amounts multiplied by the projected number of the district's students who will enroll in a charter school. The funding will be dispersed from the State to school districts; the districts would pass the funding to the charter schools in the form of the higher payment required due to the use of the FY 2016 per pupil funding amount.

Professional Learning Community Aid

The FY 2017 State aid calculations provide \$10 per pupil to all school districts for professional learning community aid. According to available budget materials, the purpose of

³ This category, which was added by the department in FY 2014, should not be confused with adjustment aid, which was included in the SFRA upon enactment.

⁴ One may recall that the FY 2016 appropriations act included a language provision specifying that per pupil funding for charter schools would equal the greater of the amount calculated using data from the 2013-2014 school year or the 2015-2016 school year.

Background Paper: Explanation of Fiscal Year 2017 Proposed State School Aid (Cont'd)

the aid is to "...support the development of learning communities within and across districts, in order to help teachers and administrators analyze and use the data they collect." While this is the stated purpose, the OLS notes that the aid will be provided as general fund revenue, and nothing would preclude a school district from using the funds for another purpose. In 104 school districts, this aid category accounts for the entire State aid increase between the 2015-2016 and 2016-2017 school years.

All Other Aid Categories

The FY 2017 State aid notices include a number of categories that have been added to the appropriations acts over the past several years. In the upcoming school year, all school districts will receive the same amount of aid that was received in the 2015-2016 school year in the following categories: supplemental enrollment growth aid, under adequacy aid, per pupil growth aid, and PARCC readiness aid.

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year

Budget Pages.... D-89; D-91

The provisions of the “Charter School Program Act of 1995,” P.L.1995, c.426 (C.18A:36A-1 et seq.), specify the manner in which the Department of Education is to calculate the amount of funding that a resident school district must transfer to charter schools in which the district’s students have enrolled. A review of charter school payment notices prepared by the department indicates that the department employed calculations that deviate from statutory law. To the extent that the Governor’s FY 2017 Budget does not include language provisions that detail these calculations,⁵ this background paper will discuss the methodology that the department used to calculate charter school funding, and estimate the resulting difference in funding. In summary, the department’s FY 2017 charter school funding calculations diverge from current law in three ways:

- **First, the charter school funding calculations use the same base per pupil funding amount that was used in the 2015-2016 school year, as opposed to recalculating the funding amount using revenue and enrollment data for the 2016-2017 school year.** This change causes a net increase of nearly \$16.3 million in revenue to charter schools relative to what they would receive pursuant to current law.
- **Second, the proposed charter school funding includes a hold harmless provision linked to the schools’ funding amounts in the 2007-2008 school year.** Similar to a language provision that has been included in the most recent Appropriations Acts, the department’s calculations ensure that a charter school will receive no less total aid, or no less total aid per pupil, whichever is greater, in the 2016-2017 school year as it received in the 2007-2008 school year. This provision increases funding to 12 charter schools by a total of \$5.7 million.
- **Third, the department has added a second hold harmless provision, ensuring that a charter school’s total funding, or per pupil funding in the 2016-2017 school year is no less than what the charter school received in the 2015-2016 school year.** This second hold harmless provision increases funding to 66 charter schools by \$34.9 million. It also, with respect to charter schools, nullifies the effects of the department’s recommendations, included in the *Educational Adequacy Report*, to reduce the weights associated with at-risk and bilingual pupils.
- **In total, these three changes lead to a net increase in charter school funding of \$56.8 million, or 8.9 percent more than what charter schools would receive under current law.**⁶ This increase equates to \$1,162 per pupil projected to enroll in a charter school in the 2016-2017 school year. However, there are 18 charter schools that will receive a total of \$1.7 million, or approximately \$293 per pupil, less than what they would receive under the charter school law.

⁵ Rather, the proposed budget includes one language provision that references the February 2016 State aid notices.

⁶ The figures shown in this analysis do not include preschool education aid that is transferred to charter schools, which accounts for less than one percent of revenue received by charter schools from resident school districts.

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

Charter School Financing Under Statutory Law

Section 12 of P.L.1995, c.426 (C.18A:36A-12), specifies the amount of revenue that a resident school district must transfer to a charter school in which students who reside in the district have enrolled. The law requires that a resident school district transfer a per pupil amount equal to 90 percent of the budget year per pupil equalization aid and 90 percent of the prebudget year per pupil general fund tax levy, adjusted by the consumer price index. Additionally, a charter school would receive a share of the school district's special education categorical aid in proportion to the share of the district's special education students who enroll in the charter school, as well as the appropriate per pupil amount for security categorical aid.

When determining charter school funding, the department first divides the resident school district's equalization aid and tax levy into three components: 1) the base amount, which includes the revenues that will support most educational services, inclusive of the adjustments for grade level, at-risk pupils, and bilingual pupils; 2) a portion of the additional cost of educating special education students; and 3) the additional cost of students who require speech-only services. The department then calculates a per pupil amount for each component; in the case of the base amount, the department uses the school district's projected weighted enrollment as the denominator. For example, each middle school student who is not at-risk or bilingual would count as 1.04 students, rather than 1.0. For the special education and speech-only components, the district's projected enrollments in each category are used as the denominators. Finally, to calculate the total amount of equalization aid and tax levy that the resident school district must transfer to the charter school, 90 percent of the base per pupil amount is multiplied by the charter school's projected weighted enrollment. Similarly, the charter school's projected special education enrollment and speech-only enrollment are multiplied by the special education and speech-only per pupil amounts, respectively. The sum of these three products yields the total payment of equalization aid and tax levy to the charter school.

Proposed FY 2017 Base Per Pupil Funding Modification

The FY 2016 Appropriations Act included a language provision stipulating that a resident school district would pay a per pupil amount to charter schools based on revenue and enrollment data from the 2013-2014 school year, or the 2015-2016 school year, whichever would yield a greater per pupil amount. The FY 2017 budget proposal deletes this language provision. However, the calculations included in the State aid notices use the same base per pupil amount that was applied in the 2015-2016 school year. As such, in the 2016-2017 school year, payments to charter schools will continue to be determined using a base per pupil amount applicable to either the 2013-2014 or 2015-2016 school year.

In the absence of this modification, the Office of Legislative Services (OLS) estimates that charter schools would receive \$639.8 million in funding from school districts in the 2016-2017 school year. Using the same base per pupil funding amount from the 2015-2016 school year in the 2016-2017 school year increases charter school funding to \$656.1 million, or \$16.3 million (2.5 percent) more than what the charter schools would receive under the charter school law. However, this modification did not benefit all charter schools. Of the 92 charter schools that are expected to operate in the 2016-2017 school year, 33 schools will receive an additional \$24.9 million (8.4 percent) in funding relative to what would be provided based on the base per pupil amount for the 2016-2017 school year. In contrast, the remaining 59 charter

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

schools will receive \$8.6 million, or 2.5 percent, less revenue than what would be provided under current law. This reduction, however, is largely offset by other hold harmless aid included in the State aid notifications.

Under the FY 2016 Appropriations Act, a school district did not receive additional revenue to support the higher base per pupil funding amount required under the language provision. The Governor's FY 2017 Budget includes an appropriation of \$25.86 million for host district support aid.⁷ This funding is allotted to any school district in which the base per pupil amount that the school district is required to pay exceeds the funding level that would be required under the charter school law. The aid is calculated as the difference between the required per pupil funding level and what would be required under the charter school law, multiplied by the school district's projected weighted charter school enrollment. While the school district would be required to make the higher payment to charter schools, the provision of this aid effectively shifts the cost of this funding modification from school districts to the State.

Hold Harmless Provision I: 2007-2008 School Year

In recent years, the Appropriations Act has included a language provision stipulating that the State would award additional funding to a charter school to ensure that the total or per pupil funding in the school year would be no less than the funding that the charter school received from resident school districts and the State in the 2007-2008 school year. While the Governor's FY 2017 Budget does not include this language provision, the February 2016 State aid notices included similar funding for charter schools. Twelve charter schools will receive approximately \$5.7 million in revenue under this hold harmless provision.

Hold Harmless Provision II: 2015-2016 School Year

In addition to the hold harmless funding that has been included in the Appropriations Act in previous fiscal years, the State aid notices for the 2016-2017 school year include a second hold harmless provision for charter schools.⁸ Under the second provision, a charter school's total funding in the 2016-2017 school year would be no less than its 2015-2016 school year funding either in total or on a per pupil basis, whichever is greater. While the first hold harmless provision had a more limited impact on charter school funding, the effects of the second provision are broader. Of the 82 charter schools that were open in the 2015-2016 school year (and will remain operational in the next school year), 66 are projected to receive an additional \$34.9 million in funding under the second hold harmless provision.

By providing the second hold harmless provision to charter schools, the department effectively nullified the impact that its recommendations in the most recent *Educational*

⁷ The amount appropriated for host district support aid is somewhat greater than the amount of additional funding that charter schools will receive due to the modified base per pupil amount. In the case of charter schools, which may receive students from multiple school districts, the increased per pupil funding received from one district may be offset by reduced per pupil funding from another.

⁸ The two hold harmless provisions are not mutually exclusive. Four charter schools receive funding under both hold harmless provisions.

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

Adequacy Report (Report) would have otherwise had on charter school funding.⁹ As previously discussed, a charter school's funding is calculated, in part, by multiplying the base per pupil amount by the charter school's projected weighted enrollment. As shown in Table 1, the department reduced the weights applied to at-risk (those living in households in which income is no greater than 185 percent of the federal poverty guidelines), bilingual, and combination (those who are both at-risk and bilingual) pupils from the 2015-2016 school year to the 2016-2017 school year.

Table 1
Selected Student Weights Applied to Charter School Funding in
2015-2016 and 2016-2017 School Years

	2015-2016	2016-2017
At-Risk Pupil		
At-Risk Concentration:		
No Greater than 20%	0.47	0.42
At 40%	0.52	0.46
60% or Greater	0.57	0.46
Bilingual	0.50	0.46
Combination	At-Risk + 0.125	At-Risk + 0.099

To the extent that charter school funding is based largely on the weighted enrollment, using the lower weights recommended in the Report would necessarily decrease the amount of funding that charter schools would receive. To determine the degree to which the second hold harmless provision eliminated the effect of the reduced weights, the OLS estimated charter schools' FY 2017 funding using the higher weights for at-risk, bilingual, and combination pupils, while keeping all other factors (including the use of the FY 2016 base per pupil amount) the same.¹⁰ Under this scenario, and prior to considering either hold harmless provision, charter school funding would have totaled \$690.8 million, nearly \$35 million (5.3 percent) more than actual FY 2017 funding, exclusive of the two hold harmless provisions. Given the increased funding associated with using the higher weights, there is a decreased need for the first hold harmless provision. The hold harmless aid amount would decrease by \$1.2 million (to \$4.4 million), representing a 21.2 percent decline. The effect on the second hold harmless provision is starker, as the need for that provision would be virtually eliminated. When using the higher weights, the amount of funding required under the second hold harmless provision falls from \$34.9 million to less than \$1.1 million, a decrease of 97 percent. Of the 66 charter schools that would receive funding under the second hold harmless provision based on the calculations included in the February 2016 State aid notices, only eight charter schools would still receive funding under the second hold harmless provision had the higher weights been used.¹¹

⁹ While the Report recommended modifying many parameters included in the SFRA, this analysis focuses on the modifications to the at-risk, bilingual, and combination pupil weights to which the Legislature objected with the adoption of Assembly Concurrent Resolution No. 131 of 2016.

¹⁰ This discussion does not intend to suggest that the higher weights should have been used to calculate charter school funding. Rather, it is to show that providing the hold harmless aid virtually eliminates effects that the department's recommendations in the Report would have had on charter school funding.

¹¹ Even among the schools that would continue to receive this hold harmless funding, the reduction is significant. The total amount of aid provided to these schools under the second hold harmless provision

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

The Combined Effect

When one compares the amount of funding charter schools will receive in the 2016-2017 school year to what they would receive under the charter school law, the total funding is \$56.8 million, or 8.9 percent greater than what the statute would provide, including using the lower weights. Approximately 29 percent of the additional funding is due to not recalculating the base per pupil amount using revenue and enrollment data for the 2016-2017 school year, while 10 percent is attributable to the first hold harmless provision. The balance, 61 percent of the total additional funding, is provided through the second hold harmless provision. The funding allotted beyond what would be required under the charter school law is approximately \$1,162 per pupil projected to enroll in a charter school.

Despite the hold harmless aid, 18 of the 92 charter schools will receive less total funding than the amount that would be provided pursuant to the charter school law. For the most part, the reduction is modest. The \$69.4 million that these schools will receive in the 2016-2017 school year is \$1.7 million, or 2.3 percent, less than the amount that the OLS estimates that the schools would receive under the charter school law. On average, this is a reduction of \$293 per pupil.¹²

Appendix Table 1 details, for each charter school, the difference in funding that the school is projected to receive in the 2016-2017 school year and the OLS estimate of what the school would have received under the provisions of the charter school law.

is slightly less than \$3 million. Based on using the higher weights, funding would total somewhat more than \$1 million, representing a decrease of nearly two-thirds.

¹² The OLS notes that the Benjamin Banneker Prep Charter School would experience a more significant impact, with funding falling nine percent, or \$1,386 per pupil, below what the school would receive under the charter school law.

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year

**APPENDIX TABLE 1
COMPARISON OF CHARTER SCHOOL FUNDING IN 2016-2017 SCHOOL YEAR:
PROPOSED AND UNDER CHARTER SCHOOL LAW**

CHARTER SCHOOL	FUNDING		DOLLAR	DIFFERENCE	
	PROPOSED	UNDER CHARTER SCHOOL LAW		PERCENT	PER PUPIL
ACADEMY CHARTER HIGH SCHOOL	\$3,224,606	\$3,075,818	\$148,788	4.8%	\$744
ACADEMY FOR URBAN LEADERSHIP CHARTER SCHOOL	\$7,531,886	\$7,418,159	\$113,727	1.5%	\$227
ACHIEVE COMMUNITY CHARTER SCHOOL	\$4,828,758	\$4,435,215	\$393,543	8.9%	\$1,211
ATLANTIC CITY COMMUNITY CHARTER SCHOOL	\$7,970,398	\$6,947,412	\$1,022,986	14.7%	\$2,046
BELOVED COMMUNITY CHARTER SCHOOL	\$9,028,189	\$8,868,194	\$159,995	1.8%	\$190
BENJAMIN BANNEKER PREP CHARTER SCHOOL	\$2,515,285	\$2,764,793	\$-249,508	-9.0%	\$-1,386
BERGEN ARTS AND SCIENCES CHARTER SCHOOL	\$15,767,829	\$15,765,852	\$1,977	0.0%	\$2
BRIDGETON PUBLIC CHARTER SCHOOL	\$1,854,794	\$1,763,301	\$91,493	5.2%	\$555
BURCH CHARTER SCHOOL OF EXCELLENCE	\$4,532,001	\$4,031,361	\$500,640	12.4%	\$1,391
CAMDEN COMMUNITY CHARTER SCHOOL	\$12,838,555	\$12,581,628	\$256,927	2.0%	\$270
CAMDEN'S PROMISE CHARTER SCHOOL	\$26,385,415	\$25,672,961	\$712,454	2.8%	\$378
CENTRAL JERSEY COLLEGE PREP CHARTER SCHOOL	\$6,365,055	\$6,493,094	\$-128,039	-2.0%	\$-267
CHARTER ~ TECH HIGH SCHOOL	\$6,111,103	\$6,116,989	\$-5,886	-0.1%	\$-16
CLASSICAL ACADEMY CHARTER SCHOOL	\$1,201,078	\$1,161,492	\$39,586	3.4%	\$330
COLLEGE ACHIEVE CENTRAL	\$7,023,353	\$6,241,719	\$781,634	12.5%	\$1,294
COMMUNITY CHARTER SCHOOL	\$12,303,229	\$11,960,608	\$342,621	2.9%	\$381
COMPASS ACADEMY CHARTER SCHOOL	\$1,887,832	\$1,908,394	\$-20,562	-1.1%	\$-90
CRESTHAVEN ACADEMY	\$894,424	\$821,025	\$73,399	8.9%	\$979
DISCOVERY CHARTER SCHOOL	\$1,308,588	\$1,152,894	\$155,694	13.5%	\$1,946
DR LENA EDWARDS ACADEMIC CHARTER SCHOOL	\$4,761,780	\$4,568,500	\$193,280	4.2%	\$493
EAST ORANGE COMMUNITY CHARTER SCHOOL	\$6,552,829	\$6,326,354	\$226,475	3.6%	\$453
ECO CHARTER SCHOOL	\$2,866,941	\$2,799,831	\$67,110	2.4%	\$308
ELYSIAN CHARTER SCHOOL OF HOBOKEN	\$4,129,621	\$3,538,938	\$590,684	16.7%	\$2,051
EMPOWERMENT ACADEMY	\$3,593,474	\$3,484,821	\$108,653	3.1%	\$323
ENGLEWOOD ON THE PALISADES CHARTER SCHOOL	\$3,896,286	\$3,412,210	\$484,077	14.2%	\$1,936
FOUNDATION ACADEMY CHARTER SCHOOL	\$14,416,298	\$13,718,976	\$697,322	5.1%	\$693

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

CHARTER SCHOOL	FUNDING		DOLLAR	DIFFERENCE	PER PUPIL
	PROPOSED	UNDER CHARTER SCHOOL LAW		PERCENT	
FREEDOM PREP CHARTER SCHOOL	\$12,539,931	\$12,281,919	\$258,012	2.1%	\$295
GRAY CHARTER SCHOOL	\$5,909,655	\$5,134,398	\$775,257	15.1%	\$1,938
GREAT FUTURES CHARTER SCHOOL	\$4,676,340	\$4,578,469	\$97,871	2.1%	\$261
GREAT OAKS CHARTER SCHOOL	\$10,922,503	\$9,392,623	\$1,529,880	16.3%	\$2,394
GREATER BRUNSWICK CHARTER SCHOOL	\$5,850,248	\$5,313,519	\$536,729	10.1%	\$1,362
HATIKVAH INTERNATIONAL CHARTER SCHOOL	\$4,817,431	\$4,896,634	\$-79,203	-1.6%	\$-207
HOBOKEN CHARTER SCHOOL	\$4,733,535	\$3,832,389	\$901,146	23.5%	\$3,024
HOLA HOBOKEN DUAL LANG CHARTER SCHOOL	\$4,135,902	\$4,236,585	\$-100,683	-2.4%	\$-268
HOPE ACADEMY CHARTER SCHOOL	\$2,986,898	\$2,699,995	\$286,903	10.6%	\$1,386
HOPE COMMUNITY CHARTER SCHOOL	\$3,367,529	\$3,256,957	\$110,572	3.4%	\$446
HUDSON ARTS & SCIENCE	\$4,055,677	\$4,106,529	\$-50,852	-1.2%	\$-141
INTERNATIONAL ACADEMY OF ATLANTIC CITY CHARTER SCHOOL	\$5,555,577	\$5,410,470	\$145,107	2.7%	\$360
INTERNATIONAL ACADEMY OF TRENTON CHARTER SCHOOL	\$7,230,182	\$7,302,171	\$-71,989	-1.0%	\$-126
INTERNATIONAL CHARTER SCHOOL	\$1,233,450	\$1,159,167	\$74,283	6.4%	\$825
JERSEY CITY COMM. CHARTER SCHOOL	\$6,551,713	\$6,281,923	\$269,790	4.3%	\$461
JERSEY CITY GLOBAL CHARTER SCHOOL	\$3,420,117	\$3,477,857	\$-57,740	-1.7%	\$-152
JERSEY CITY GOLDEN DOOR CHARTER SCHOOL	\$5,611,193	\$5,162,639	\$448,554	8.7%	\$908
JOHN P HOLLAND CHARTER SCHOOL	\$2,615,407	\$2,542,432	\$72,975	2.9%	\$376
KINGDOM CHARTER SCHOOL OF LEADERSHIP	\$2,732,340	\$2,736,511	\$-4,171	-0.2%	\$-20
LADY LIBERTY ACADEMY CHARTER SCHOOL	\$7,678,200	\$6,525,398	\$1,152,802	17.7%	\$2,402
LEAD CHARTER SCHOOL	\$1,557,240	\$1,427,803	\$129,437	9.1%	\$1,407
LEAP ACADEMY UNIVERSITY	\$20,398,052	\$20,140,823	\$257,229	1.3%	\$171
LEARNING COMMUNITY CHARTER SCHOOL	\$5,686,668	\$5,120,029	\$566,639	11.1%	\$1,049
LINK COMMUNITY CHARTER SCHOOL	\$4,290,208	\$3,845,130	\$445,079	11.6%	\$1,545
M E T S CHARTER SCHOOL	\$7,211,421	\$7,004,013	\$207,408	3.0%	\$370
MARIA L. VARISCO	\$8,674,889	\$7,331,522	\$1,343,367	18.3%	\$2,488
MARION P. THOMAS CHARTER SCHOOL	\$31,017,371	\$25,921,743	\$5,095,628	19.7%	\$2,795
MERIT PREP CHARTER SCHOOL OF NEWARK	\$8,659,230	\$7,603,876	\$1,055,354	13.9%	\$2,006
MILLVILLE PUBLIC CHARTER SCHOOL	\$3,038,202	\$3,124,056	\$-85,854	-2.7%	\$-274

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

CHARTER SCHOOL	FUNDING		DOLLAR	DIFFERENCE	PER PUPIL
	PROPOSED	UNDER CHARTER SCHOOL LAW		PERCENT	
NEW HORIZONS COMM. CHARTER SCHOOL	\$8,561,760	\$7,372,975	\$1,188,785	16.1%	\$2,146
NEWARK EDUCATORS COMMUNITY CHARTER SCHOOL	\$3,933,471	\$3,223,680	\$709,791	22.0%	\$2,839
NEWARK LEGACY CHARTER SCHOOL	\$10,329,945	\$8,755,756	\$1,574,189	18.0%	\$2,460
NEWARK PREP CHARTER SCHOOL	\$7,580,223	\$6,450,650	\$1,129,574	17.5%	\$2,403
NORTH STAR ACADEMY CHARTER SCHOOL	\$74,694,737	\$63,978,801	\$10,715,936	16.7%	\$2,274
PACE CHARTER SCHOOL OF HAMILTON	\$3,248,387	\$3,171,447	\$76,940	2.4%	\$302
PASSAIC ARTS AND SCIENCE CHARTER SCHOOL	\$11,180,291	\$10,916,856	\$263,435	2.4%	\$306
PATERSON ARTS & SCI. CHARTER SCHOOL	\$6,984,584	\$6,904,979	\$79,605	1.2%	\$147
PATERSON CHARTER SCHOOL FOR SCI/TECH	\$14,616,009	\$14,353,561	\$262,448	1.8%	\$246
PAUL ROBESON HUMANITIES CHARTER SCHOOL	\$5,248,750	\$5,039,501	\$209,249	4.2%	\$558
PAULO FREIRE CHARTER SCHOOL	\$4,778,103	\$4,207,620	\$570,483	13.6%	\$2,009
PEOPLES PREPARATORY CHARTER SCHOOL	\$7,239,482	\$6,191,884	\$1,047,598	16.9%	\$2,757
PHILLIP'S ACADEMY CHARTER SCHOOL	\$4,680,725	\$4,427,815	\$252,910	5.7%	\$669
PHILLIP'S ACADEMY OF PATERSON	\$684,010	\$705,881	\$-21,871	-3.1%	\$-405
PRIDE ACADEMY CHARTER SCHOOL	\$4,184,897	\$4,017,607	\$167,290	4.2%	\$581
PRINCETON CHARTER SCHOOL	\$5,337,918	\$5,130,759	\$207,159	4.0%	\$595
QUEEN CITY ACADEMY CHARTER SCHOOL	\$4,280,480	\$3,722,859	\$557,621	15.0%	\$1,721
RIDGE AND VALLEY CHARTER SCHOOL	\$1,806,982	\$1,765,030	\$41,952	2.4%	\$347
RIVERBANK CHARTER SCHOOL	\$1,496,205	\$1,535,153	\$-38,948	-2.5%	\$-270
ROBERT TREAT ACADEMY CHARTER SCHOOL	\$9,828,512	\$8,473,049	\$1,355,463	16.0%	\$2,002
ROSEVILLE COMMUNITY CHARTER SCHOOL	\$5,595,133	\$4,454,473	\$1,140,660	25.6%	\$3,457
SOARING HEIGHTS CHARTER SCHOOL	\$2,726,620	\$2,494,322	\$232,298	9.3%	\$929
SUSSEX COUNTY TECHNOLOGY CHARTER SCHOOL	\$3,729,846	\$3,926,128	\$-196,282	-5.0%	\$-872
TEAM ACADEMY CHARTER SCHOOL	\$60,898,356	\$51,807,411	\$9,090,945	17.5%	\$2,468
TEANECK COMMUNITY CHARTER SCHOOL	\$5,135,870	\$5,343,469	\$-207,599	-3.9%	\$-649
THE BARACK OBAMA GREEN CHARTER HIGH SCHOOL	\$3,653,620	\$3,135,346	\$518,274	16.5%	\$2,159
THE ETHICAL COMMUNITY CHARTER SCHOOL	\$4,033,346	\$3,997,462	\$35,884	0.9%	\$91
THE RED BANK CHARTER SCHOOL	\$2,760,126	\$1,663,780	\$1,096,346	65.9%	\$6,125
THOMAS EDISON ENERGYSMART CHARTER SCHOOL	\$4,707,171	\$4,871,107	\$-163,936	-3.4%	\$-385
TRENTON STEM	\$4,790,235	\$4,538,377	\$251,858	5.5%	\$840
UNION ARTS AND SCIENCE CHARTER SCHOOL	\$3,444,304	\$3,587,968	\$-143,664	-4.0%	\$-599

Background Paper: Proposed Charter School Funding in the 2016-2017 School Year (Cont'd)

CHARTER SCHOOL	FUNDING		DOLLAR	DIFFERENCE	PER PUPIL
	PROPOSED	UNDER CHARTER SCHOOL LAW		PERCENT	
UNION COUNTY TEAMS CHARTER SCHOOL	\$5,277,132	\$4,669,306	\$607,826	13.0%	\$1,520
UNITY CHARTER SCHOOL	\$3,485,335	\$3,278,355	\$206,980	6.3%	\$885
UNIVERSITY ACADEMY CHARTER SCHOOL	\$6,391,781	\$6,113,426	\$278,355	4.6%	\$612
UNIVERSITY HEIGHTS CHARTER SCHOOL	\$9,607,115	\$8,140,700	\$1,466,415	18.0%	\$2,444
VILLAGE CHARTER SCHOOL	\$4,903,280	\$4,650,218	\$253,062	5.4%	\$703
VINELAND PUBLIC CHARTER SCHOOL	\$3,852,285	\$3,888,832	\$-36,547	-0.9%	\$-87

OFFICE OF LEGISLATIVE SERVICES

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The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

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Individuals wishing information and committee schedules on the FY 2017 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**