



ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF EDUCATION

FISCAL YEAR

2018-2019

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Paul A. Sarlo (D), 36th District (Parts of Bergen and Passaic), *Chair*
Brian P. Stack (D), 33rd District (Part of Hudson), *Vice-Chair*
Dawn Marie Addiego (R), 8th District (Parts of Atlantic, Burlington and Camden)
Anthony R. Bucco (R), 25th District (Parts of Morris and Somerset)
Nilsa Cruz-Perez (D), 5th District (Parts of Camden and Gloucester)
Sandra B. Cunningham (D), 31st District (Part of Hudson)
Patrick J. Diegnan Jr. (D), 18th District (Part of Middlesex)
Linda R. Greenstein (D), 14th District (Parts of Mercer and Middlesex)
Declan O'Scanlon, Jr. (R), 13th District (Part of Monmouth)
Steven V. Oroho (R), 24th District (All of Sussex, and parts of Morris and Warren)
M. Teresa Ruiz (D), 29th District (Part of Essex)
Troy Singleton (D), 7th District (Part of Burlington)
Samuel D. Thompson (R), 12th District (Parts of Burlington, Middlesex, Monmouth and Ocean)

GENERAL ASSEMBLY BUDGET COMMITTEE

Elizabeth Pintor Marin (D), 29th District (Part of Essex), *Chair*
John J. Burzichelli (D), 3rd District (All of Salem, parts of Cumberland and Gloucester), *Vice-Chair*
Daniel R. Benson (D), 14th District (Parts of Mercer and Middlesex)
Robert D. Clifton (R), 12th District (Parts of Burlington, Middlesex, Monmouth and Ocean)
John DiMaio (R), 23rd District (Parts of Hunterdon, Somerset and Warren)
Gordon M. Johnson (D), 37th District (Part of Bergen)
Patricia Egan Jones (D), 5th District (Parts of Camden and Gloucester)
John F. McKeon (D), 27th District (Parts of Essex and Morris)
Raj Mukherji (D), 33rd District (Part of Hudson)
Nancy F. Munoz (R), 21st District (Parts of Morris, Somerset and Union)
Carol A. Murphy (D), 7th District (Part of Burlington)
Edward H. Thomson (R), 30th District (Parts of Monmouth and Ocean)
Benjie E. Wimberly (D), 35th District (Parts of Bergen and Passaic)

OFFICE OF LEGISLATIVE SERVICES

Frank W. Haines III, *Legislative Budget and Finance Officer*
Thomas Koenig, *Assistant Legislative Budget and Finance Officer*

Marvin W. Jiggetts, *Director, Central Staff*
Kathleen Fazzari, *Section Chief, Education Section*

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-17, C-23, C-25, C-27,
D-83 to D-109, H-1, H-2, H-13, H-14

Fiscal Summary (\$000)

	Expended FY 2017	Adjusted Appropriation FY 2018	Recommended FY 2019	Percent Change 2018-19
State Budgeted	\$13,292,148	\$13,331,229	\$14,236,845	6.8%
Federal Funds	\$918,469	\$903,394	\$799,909	(11.5%)
<u>Other</u>	<u>\$13,509</u>	<u>\$12,264</u>	<u>\$12,810</u>	<u>4.5%</u>
Grand Total	\$14,224,126	\$14,246,887	\$15,049,564	5.6%

Personnel Summary - Positions By Funding Source

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change 2018-19
State	405	375	381	1.6%
Federal	182	178	178	—
<u>Other</u>	<u>140</u>	<u>131</u>	<u>131</u>	<u>—</u>
Total Positions	727	684	690	.9%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

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

Highlights

- ***The recommended FY 2019 budget increases direct aid to school districts by \$283.6 million, or 3.5 percent, above the amount appropriated for this purpose in the current fiscal year.***
 - The Executive Branch has described the methodology for allocating State aid in FY 2019 as the beginning of a four-year phase-in of providing funding pursuant to the provisions of the “School Funding Reform Act of 2008” (SFRA), P.L.2007, c.260 (C:18A:7F-43 et al.). Most school districts will receive total K-12 State aid in an amount equal to what the district received in the 2017-2018 school year plus 25 percent of the total increase in aid that the district would have received if the provisions of the SFRA were fully funded in FY 2019. An additional 34 school districts will receive the same amount of total aid.
 - The proposed budget allocates districts’ K-12 State aid among the various categories that are included in the SFRA. Other categories that have been added pursuant to language provisions in the annual budgets have been eliminated, and the amounts that each district received in FY 2018 are reallocated to the SFRA aid categories.
 - The amount included in the proposed FY 2019 budget for direct aid to school districts, \$8.418 billion, is \$831.4 million less than the amount that would need to be appropriated in order to fully fund school districts pursuant to the provisions of the SFRA.
- ***The proposed budget increases the appropriations for two line items that support preschool programs.*** The recommended appropriation for preschool education aid, \$688.1 million, is nearly \$33 million (5 percent) greater than the FY 2018 adjusted appropriation. This increase is largely attributable to the reallocation to this category of aid of preschool education expansion aid that 26 school districts received in the 2017-2018 school year. The proposed FY 2019 appropriation for preschool education expansion aid, \$50 million, is double the amount appropriated in FY 2018.
- ***The recommended appropriation for extraordinary special education costs aid, at \$195 million, remains the same as the amount appropriated in FY 2018.*** That funding level was sufficient to provide districts with approximately 57 percent of the aid to which they were entitled under current law.
- ***The proposed appropriation for nonpublic school aid, \$97.8 million, is \$3.8 million (3.7 percent) less than the amount appropriated in FY 2018.*** The total reduction is due to a proposed \$2.4 million (44.4 percent) decrease in the appropriation for nonpublic technology initiative funding and a \$1.4 million (9.8 percent) decrease in nonpublic nursing services aid. In both cases, the Legislature increased the appropriation in the FY 2018 Appropriations Act beyond the amount included in the Governor’s recommended budget for that year. These reductions reverse the increases made by the Legislature.
- ***The proposed budget calculates school choice aid based on fiscal data pertinent to the budget year, rather than the 2013-2014 school year.*** This change causes the

Highlights (Cont'd)

recommended appropriation to exceed the prior year adjusted appropriation by nearly 10 percent, increasing by \$5.4 million.

- ***The FY 2019 budget proposal recommends creating two new grant programs:***
 - a \$400,000 appropriation for an initiative to create high schools that focus on science, technology, engineering, and math (STEM), which would provide grants to no more than two high schools; and
 - an appropriation of \$2 million to assist districts in expanding advanced computer science course offerings.

- ***The budget proposes to eliminate several FY 2018 appropriations, including:***
 - a supplemental appropriation of \$2.7 million that was made to support the expansion of recovery high schools in the State;
 - \$4 million that provided aid to school districts for their adult education programs;
 - \$3 million used to provide grants to county vocational school districts to establish career and technical education programs in facilities owned by other entities;
 - a \$270,000 grant to Learning Ally through the Governor's Literacy Initiative;
 - a \$100,000 grant to the Institute of Italian and Italian American Heritage Studies, which was created pursuant to P.L.2001, c.343 (C.18A:4-42 et seq.); and
 - a \$30,000 grant to the Community Relations Committee of the United Jewish Federation of Metrowest.

- ***The proposed budget does not include an appropriation to reimburse entities under the auspices of the State Board of Education for lead testing conducted on water outlets. However, a language provision will allow unexpended funds to carry forward into FY 2019 to be used for the same purpose.***

- ***The State's contribution to the Teacher Pension and Annuity Fund increases by \$392.3 million, or nearly 55 percent.*** This appropriation represents 60 percent of the of the actuarially determined contribution necessary to fund the normal and accrued pension liability.

Highlights (Cont'd)

- The FY 2018 Appropriations Act authorized supplemental appropriations for the commissioner to award emergency aid to school districts upon the demonstration of need. The proposed FY 2019 budget includes language stipulating that a supplemental appropriation will be made to ensure that the total amount of K-12 aid that a school district receives in FY 2019 is no less than the amount received in FY 2018, inclusive of the emergency aid.* The OLS estimates that this would lead to a supplemental appropriation of \$13.8 million, with funding going to 17 districts. The estimated allocations are shown in the following table.

Estimated FY 2019 Supplemental Appropriation to the Emergency Fund

County	District	FY 2018 K-12 Aid July 2017 State Aid Notice (A)	FY 2018 Emergency Aid (B)	FY 2019 K-12 Aid March 2018 State Aid Notice (C)	Estimated FY 2019 Emergency Aid (A + B - C)
Atlantic	Weymouth Twp	\$2,326,148	\$47,472	\$2,365,542	\$8,078
Bergen	Englewood City	\$9,489,104	\$160,731	\$9,645,811	\$4,024
Burlington	Burlington City	\$16,661,574	\$149,493	\$16,734,628	\$76,439
Camden	Camden City	\$280,088,059	\$10,600,000	\$282,029,317	\$8,658,742
Cape May	Woodbine Boro	\$2,941,904	\$30,131	\$2,970,547	\$1,488
Cumberland	Millville City	\$67,197,040	\$811,983	\$67,381,936	\$627,087
Cumberland	Vineland City	\$134,750,848	\$2,059,792	\$135,167,969	\$1,642,671
Essex	East Orange	\$175,158,952	\$3,130,330	\$176,273,478	\$2,015,804
Monmouth	Keansburg Boro	\$26,830,161	\$517,808	\$26,990,877	\$357,092
Ocean	Toms River Regional	\$66,975,394	\$1,366,845	\$68,224,666	\$117,573
Sussex	Andover Regional	\$2,312,540	\$47,195	\$2,352,819	\$6,916
Sussex	Hopatcong	\$11,170,937	\$227,978	\$11,339,944	\$58,971
Sussex	Kittatinny Regional	\$5,964,645	\$121,727	\$6,005,433	\$80,939
Sussex	Stanhope Boro	\$1,485,876	\$30,324	\$1,513,032	\$3,168
Sussex	Stillwater Twp	\$1,771,122	\$36,145	\$1,804,081	\$3,186
Sussex	Walkkill Valley Regional	\$4,650,280	\$94,904	\$4,671,317	\$73,867
Warren	Washington Twp	\$2,585,480	\$52,765	\$2,622,788	\$15,457
Total					\$13,751,502

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2017	Adj. Approp. FY 2018	Recom. FY 2019	Percent Change	
				2017-19	2018-19
General Fund					
Direct State Services	\$85,649	\$83,540	\$83,540	(2.5%)	0.0%
Grants-In-Aid	3,084	3,185	5,185	68.1%	62.8%
State Aid	369,018	272,103	104,790	(71.6%)	(61.5%)
Capital Construction	300	0	0	(100.0%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$458,051	\$358,828	\$193,515	(57.8%)	(46.1%)
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	12,834,097	12,972,401	14,043,330	9.4%	8.3%
Sub-Total	\$12,834,097	\$12,972,401	\$14,043,330	9.4%	8.3%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$13,292,148	\$13,331,229	\$14,236,845	7.1%	6.8%
Federal Funds	\$918,469	\$903,394	\$799,909	(12.9%)	(11.5%)
Other Funds	\$13,509	\$12,264	\$12,810	(5.2%)	4.5%
Grand Total	\$14,224,126	\$14,246,887	\$15,049,564	5.8%	5.6%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change	
				2017-19	2018-19
State	405	375	381	(5.9%)	1.6%
Federal	182	178	178	(2.2%)	0.0%
All Other	140	131	131	(6.4%)	0.0%
Total Positions	727	684	690	(5.1%)	0.9%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	29.6%	32.6%	N/A	---	---
------------------------	-------	-------	-----	-----	-----

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Total State Appropriation	\$13,331,229	\$14,236,845	\$905,616	6.8%	D-83

State Aid

Total State Aid	\$13,244,504	\$14,148,120	\$903,616	6.8%	D-85
------------------------	---------------------	---------------------	------------------	-------------	-------------

Total State aid includes direct aid payments to school districts and charter schools, as well as funding to school districts to pay for goods and services that districts provide to nonpublic schools located in the districts. It also includes payments made by the State on behalf of school districts, including payments to the Teachers’ Pension and Annuity Fund (TPAF), reimbursements made to school districts for the employer’s share of FICA taxes for most school district employees, retired school district employees’ health benefits, and debt service payments on bonds issued to finance the State’s school construction program and bonds that financed payments to the TPAF. While the amount of direct State aid to school districts will increase by \$283.6 million, from \$8.135 billion to \$8.418 billion, the majority of the State aid increase results from increased debt service payments and greater contributions to the TPAF, rather than aid paid directly to school districts.

Equalization Aid	\$6,208,660	\$6,289,660	\$81,000	1.3%	D-91
Special Education Categorical Aid	\$780,335	\$887,842	\$107,507	13.8%	D-92
Security Aid	\$199,526	\$265,725	\$66,199	33.2%	D-91
Transportation Aid	\$195,992	\$321,960	\$125,968	64.3%	D-92
Adjustment Aid	\$535,605	\$522,049	(\$13,556)	(2.5%)	D-91

The Executive Branch has described its FY 2019 recommended appropriation for direct aid to school districts as the first step of a four-year phase-in of fully funding the “School Funding Reform Act of 2008” (SFRA), P.L.2007, c.260 (C.18A:7F-43 et al.). The department’s methodology for calculating districts’ State aid for the 2018-2019 school year, and the resulting recommended appropriations, entailed five steps:

1. using data submitted by school districts in the Application for State School Aid, as well as data related to communities’ property wealth and income, the department calculated the amount of State aid to which districts would be entitled pursuant to the provisions of the SFRA;

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
2. the department calculated the difference between the total amount of aid that a school district would receive under the SFRA if it were to be fully funded in FY 2019 and the total amount of aid that the district received in FY 2018, and multiplied that amount by one-fourth (representing the beginning of the four-year phase-in of fully funding the SFRA);					
3. the department then summed the amount of State aid that school districts received in the seven non-SFRA aid categories ¹ in FY 2018;					
4. if the sum of the amounts obtained in steps 2 and 3 was positive, that amount was distributed among the various aid categories included in the SFRA. Specifically, the aid was added to the amount that the district received in FY 2018 in an SFRA aid category until the FY 2019 allotment equaled the district's FY 2019 aid allocation in that category as calculated pursuant to the provisions of the SFRA. The aid increases and reallocation of non-SFRA funding were distributed to the SFRA categories in the following order: transportation aid; security aid; special education categorical aid; equalization aid; and adjustment aid; and					
5. if a district's total State aid as calculated in the first step was less than the amount that the district received in the 2017-2018 school year, the district was provided additional adjustment aid to hold the district harmless to the prior year's aid level. The recommended appropriation for adjustment aid in the above table includes approximately \$2.2 million allocated to 34 school districts ² for this purpose.					

Supplemental Enrollment Growth Aid	\$4,141	\$0	(\$4,141)	(100.0%)	D-91
Per Pupil Growth Aid	\$13,460	\$0	(\$13,460)	(100.0%)	D-91
PARCC Readiness Aid	\$13,460	\$0	(\$13,460)	(100.0%)	D-91
Professional Learning Community Aid	\$13,427	\$0	(\$13,427)	(100.0%)	D-91

¹ Non-SFRA aid categories are forms of State aid that do not exist in the permanent statutory law, but were included in language provisions of appropriations acts in recent years. These categories are additional adjustment aid, host district support aid, PARCC readiness aid, per pupil growth aid, professional learning community aid, supplemental enrollment growth aid, and under adequacy aid.

² In the case of a non-operating school district that was eliminated and merged with another school district, State aid is calculated as if the merger had not occurred, and then summed to determine the aid allocation for the existing district. When discussing the number of districts affected by provisions included in the proposed budget, the OLS analysis counts these former non-operating districts as separate entities. This may result in slightly different figures than those reported by the department.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Under Adequacy Aid	\$16,763	\$0	(\$16,763)	(100.0%)	D-91
Host District Support Aid	\$27,683	\$0	(\$27,683)	(100.0%)	D-91

The recommended FY 2019 budget eliminates six State aid categories that are not part of the permanent statutory law, but have been included in the annual appropriations acts over several recent fiscal years. Each school district will continue to receive the amount of funding provided in FY 2018. However, the proposed FY 2019 budget would reallocate the funding to the categories of State aid that were established under the SFRA.

- Supplemental enrollment growth aid was first awarded in FY 2013 pursuant to P.L.2012, c.37. Under that statute, additional State aid was awarded to 13 school districts, other than non-operating and county vocational school districts, that experienced an enrollment increase of at least 13 percent between October 2008 and October 2011. Districts continued to receive the same amount of aid in this category in subsequent fiscal years.
- Per pupil growth aid and PARCC readiness aid were initially included in the FY 2015 Appropriations Act. For each of these categories, districts received \$10 per pupil included in the projected October 2014 resident enrollment. The proposed budget stated that the purpose of PARCC readiness aid was to assist districts in acquiring the technology necessary to administer the PARCC assessments electronically. In each subsequent fiscal year, school districts continued to receive the same total amount of aid in these categories.
- Professional learning community aid was first included in the FY 2017 Appropriations Act. Districts received \$10 per pupil included in the projected October 2016 resident enrollment. The rationale for this aid category was to assist districts in developing learning communities within and across school districts in order to help teachers and administrators analyze and use data they collect. Districts received the same total amount of aid in FY 2018.
- Under adequacy aid was included in the FY 2014 Appropriations Act, and was provided to school districts, other than non-operating and county vocational school districts, that were spending below the State-determined adequacy amount by more than 10 percent. The total amount of aid received varied based on the amount by which a district's spending was below the adequacy amount, but could not exceed \$500,000. Districts continued to receive the same amount of under adequacy aid in subsequent fiscal years.
- When determining the amount of revenue that school districts would be required to transfer to charter schools in the 2016-2017 school year, the department used the per pupil amount that was applicable to the 2015-2016 school year. If the per pupil amount from the 2015-2016 school year was greater than the amount that would be

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

applicable to the 2016-2017 school year, then the department provided host district support aid in an amount equal to the difference between the per pupil amounts multiplied by the number of the district’s resident students projected to enroll in a charter school. The department implemented a similar mechanism for funding charter schools in the 2017-2018 school year and recalculated host district support aid based on the projected charter school enrollments for that year. In both years, while the funding was paid to the district, the entire amount was then transferred to charter schools. While 63 school districts received host district support aid in FY 2017, and 75 received it in FY 2018, the vast majority of the aid was awarded to the Newark School District.

Preschool Education

Aid	\$655,517	\$688,086	\$32,569	5.0%	D-91
------------	------------------	------------------	-----------------	-------------	-------------

Under the provisions of the SFRA, school districts were to provide State-funded full-day, full-year preschool for three- and four-year old children who reside in the district.³ However, the State never appropriated sufficient funds to allow for the expansion to occur, and only 35 school districts have fully implemented preschool programs consistent with the department’s standards (the 31 former Abbott districts and four districts that received approval from the Commissioner of Education to expand their preschool programs in the 2008-2009 school year). Most of the recommended FY 2019 appropriation, \$617.7 million, supports the programs in these districts.

Most of the recommended increase in the appropriation for preschool education aid is due to a change in the manner in which certain school districts’ programs are funded by the State. The FY 2018 Appropriations Act included \$25 million for preschool education expansion aid to provide grants to districts to enhance the preschool programs that they were currently operating. The 26 school districts that received an allotment of preschool education expansion aid in FY 2018 also received preschool education aid, totaling \$19.4 million. In FY 2019, these districts would only receive preschool education aid in the amount of \$38.6 million, accounting for nearly \$20 million of the total increase in the appropriation.

Preschool Education

Expansion Aid	\$25,000	\$50,000	\$25,000	100.0%	D-91
----------------------	-----------------	-----------------	-----------------	---------------	-------------

When developing the FY 2018 Appropriations Act, the Legislature included an appropriation that would allow the Commissioner of Education to provide grants to school districts to expand their existing preschool programs. The Department of Education awarded \$19.4 million in grants to 26 school districts. The proposed FY 2019 budget would double that appropriation.

³ School districts classified in district factor groups (DFGs) A and B, and districts in DFG CD with a concentration of low-income students of at least 40 percent, were required to offer preschool to all age-eligible students. All other districts were to provide preschool to age-eligible children who resided in low-income households.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
School Choice Aid	\$55,038	\$60,421	\$ 5,383	9.8%	D-91

School choice aid is provided to the 128 school districts that participate in the Interdistrict Public School Choice program established pursuant to P.L.2010, c.65 (C.18A:36B-14 et seq.). A district that participates in the program enrolls non-resident students without charging tuition. The choice district receives an amount of school choice aid equal to the adequacy budget local levy per pupil amount⁴ multiplied by the number of students who are enrolled in the district under the program.

In FY 2018, districts that participated in the school choice program received aid based on the adequacy budget local levy per pupil amount from the 2013-2014 school year. The recommended increase in the appropriation for FY 2019 is primarily due to calculating the aid using current data.

	\$51,355				
Charter School Aid	S \$1,844	\$55,454	\$ 2,255	4.2%	D-91

The State provides direct payments to charter schools for two purposes. First, pursuant to section 12 of P.L.1995, c.426 (C.18A:36A-12), in the case of a student who enrolls in a charter school without having been included in the projected resident enrollment of a school district for that year (for example, a student who leaves a nonpublic school to enroll in a charter school), the State makes the payment for that student to the charter school, rather than the school district, in that student's first year of enrollment. In recent years, payments to charter schools under that provision have typically totaled less than \$3 million annually.

Second, the State aid notices for charter schools include two hold harmless provisions. The first, which only applies to charter schools that were in operation during the 2007-2008 school year, ensures that the total revenue that a charter school receives is no less, either on a total or per pupil basis, than the amount of revenue that the school received in the 2007-2008 school year. This hold harmless provision accounts for \$4.3 million of the recommended appropriation for FY 2019. The second hold harmless provision, which totals \$47.2 million in FY 2019, will guarantee that a charter school's revenue, both on a total and per pupil basis, will not be less than the amount received in the 2017-2018 school year.

Emergency Fund	S \$21,413	\$0	(\$21,413)	(100.0%)	D-91
-----------------------	-------------------	------------	-------------------	------------------	-------------

A language provision included in the FY 2018 Appropriations Act provided for a supplemental appropriation so that the Commissioner of Education could provide financial assistance to a school district after the district demonstrated its financial need. The language provision also specified that, in the case of a school district that received less State school aid under the provisions of the FY 2018 Appropriations Act than the amount included in the

⁴ This is the difference, on a per pupil basis, between a district's total adequacy budget and the amount of equalization aid it would receive prior to the application of the State aid growth limit.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2018</u>	<u>Recomm.</u> <u>FY 2019</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
--------------------	---------------------------------------	----------------------------------	--------------------------------	---------------------------------	------------------------------

district’s March 2017 State aid notice, the commissioner may provide additional funding to the district in the form of a grant or a loan.

Of the total amount appropriated in FY 2018, \$10.8 million was allotted to 26 school districts in which the final aid amount provided under the Appropriations Act was less than the amount included in the March 2017 State aid notices. Based on information previously provided by the department, these 26 districts include three districts⁵ in which the additional aid was a ten-year interest-free loan. The remaining \$10.6 million was emergency aid provided to the Camden School District to avert a deficit.

The recommended FY 2019 budget does not include an appropriation, but includes a language provision that continues to authorize a supplemental appropriation to provide assistance to districts that demonstrate need. Additionally, the language provision makes a supplemental appropriation that would allow the commissioner to grant additional aid to any school district that received emergency aid in the 2017-2018 school year such that the total amount of aid that the district will receive in FY 2019 will be no less than the amount received in FY 2018, including the emergency aid received in that year. Assuming that this provision would apply to districts that received a loan in FY 2018, the OLS estimates that this language provision would yield a supplemental appropriation of \$13.8 million in FY 2019.

Recovery High School Access Project	S	\$2,700	\$0	(\$2,700)	(100.0%)	D-91
--	----------	----------------	------------	------------------	------------------	-------------

There was a supplemental appropriation of \$2.7 million in the department to make grants to support recovery high schools – high schools that are designed to provide educational and support services to high school students who are addressing addiction. According to the department, the funding was used to provide grants of \$1.3 million each to two existing recovery high schools – the Raymond J. Lesniak Experience, Strength, Hope Recovery High School in Union County and KEYS Academy Recovery High School in Monmouth County. The funding allows these schools to increase the number of students who may enroll. Additionally, a planning grant of \$100,000 was awarded to the Middle Township School District to allow it to conduct a needs assessment and to develop a plan to establish an additional recovery high school.

Lead Testing for Schools		\$7,000	\$0	(\$7,000)	(100.0%)	D-91
-------------------------------------	--	----------------	------------	------------------	------------------	-------------

The State Board of Education promulgated regulations requiring that entities under its supervision conduct testing for the presence of lead in water outlets that are used for drinking or food preparation. The regulations required that the testing be completed, with certain exceptions, by July 17, 2017. The FY 2018 Appropriations Act included an appropriation of \$7 million, and a total of \$3 million was carried forward from the prior fiscal year, to reimburse entities for the cost of conducting the tests. The FY 2019 budget recommendations do not include an appropriation for this purpose, but does include a language provision that any funds

⁵ These three districts are East Orange, Millville, and Vineland.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

not expended in FY 2018 will be carried forward for the same purpose in FY 2019. As of April 12, \$6.7 million remains uncommitted in this account.

Adult Education Programs

	\$4,000	\$0	(\$4,000)	(100.0%)	D-91
--	----------------	------------	------------------	------------------	-------------

The Legislature included an appropriation in FY 2018 to fund existing adult education programs. The appropriation provided \$1,500 per pupil enrolled in an approved adult education program. Funding was provided to 29 school districts.

Nonpublic Nursing Services Aid

	\$14,302	\$12,902	(\$1,400)	(9.8%)	D-91
--	-----------------	-----------------	------------------	----------------	-------------

Pursuant to the provisions of P.L.1991, c.226 (C.18A:40-23 et seq.), school districts are required to provide nursing services in nonpublic schools located in the districts' boundaries. The cost of providing these services is borne by the State, and districts are not required to provide services that exceed the amount of State funding. In developing the FY 2018 Appropriations Act, the Legislature increased the amount of funding for this purpose by \$1.4 million above what was included in the Governor's budget proposal for that year. The recommended FY 2019 budget eliminates the additional amount that was included by the Legislature. The FY 2019 per pupil aid amount will be \$87, compared to \$95 in FY 2018.

Nonpublic Technology Initiative

	\$5,400	\$3,000	(\$2,400)	(44.4%)	D-91
--	----------------	----------------	------------------	-----------------	-------------

School districts use nonpublic technology initiative funding to purchase and loan technological hardware and software to nonpublic schools or to provide professional development to improve nonpublic school teachers' technology skills. The Governor's budget recommendation for FY 2018 provided \$3 million for this line item. The Legislature increased the funding to \$5.4 million in the FY 2018 Appropriations Act, an amount sufficient to provide \$37 per nonpublic school pupil. The recommended appropriation for FY 2019 removes the amount added by the Legislature, and would provide \$26 per pupil.

School Building Aid	\$40,572	\$33,709	(\$6,863)	(16.9%)	D-92
----------------------------	-----------------	-----------------	------------------	-----------------	-------------

School Construction Debt Service Aid

	\$89,887	\$95,118	\$ 5,231	5.8%	D-92
--	-----------------	-----------------	-----------------	-------------	-------------

A school district may receive State aid to defray the cost of debt service payments made on bonds that were issued to pay for school facilities projects. In the case of school facilities projects that were approved prior to the effective date of the "Educational Facilities Construction and Financing Act," P.L.2000, c.72 (C.18A:7G-1 et al.), debt service payments are supported through the appropriations made to the school building aid line item. The recommended appropriation is declining as the outstanding debt continues to be retired.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

For school facilities projects approved after the school construction law’s effective date, debt service aid to school districts is paid from the school construction debt service aid line item. The proposed increase reflects the additional bonds that have been issued by school districts for school facilities projects.

School Construction & Renovation Fund	\$918,767	\$1,067,092	\$148,325	16.1%	D-92
--	------------------	--------------------	------------------	--------------	-------------

Under the provisions of the “Educational Facilities Construction and Financing Act,” P.L.2000, c.72 (C.18A:7G-1 et al.), the Schools Development Authority is responsible for undertaking the school facilities projects in the 31 SDA (former Abbott) districts, and the State is responsible for 100 percent of the eligible costs. Additionally, a school district that is not an SDA district may receive, in lieu of debt service aid, a one-time grant to partially fund the costs of a school facilities project. The costs of these grants and the projects in the SDA districts are funded from the proceeds of bonds issued by the Economic Development Authority. Appropriations to the school construction and renovation fund are used to make the principal and interest payments due during the fiscal year. The recommended FY 2019 appropriation is consistent with the debt service schedule displayed in the State’s most recent debt report.

Growth Savings – Payment Changes	(\$10,317)	(\$33,714)	(\$23,397)		D-91
---	-------------------	-------------------	-------------------	--	-------------

Under current law, school districts are to receive a total of 20 State school aid payments, two per month from September through June, over the course of the school year. Beginning in FY 2003, the last payment has been delayed until the following fiscal year. Since FY 2009, the final two payments have been delayed until the subsequent fiscal year. If the total amount of State aid payable to school districts increases from one year to the next, this accounting maneuver reduces the total amount that must be appropriated for State aid in that subsequent fiscal year, as the two delayed payments from the prior year will be smaller than the other 18 payments that will be made in the subsequent fiscal year. A larger increase in State aid payable to school districts would yield a larger savings that may be deducted from the total State aid appropriation. The larger savings included in the FY 2019 recommended budget reflects the fact that aid payable to school districts is increasing by a larger margin relative to the prior year than the amount by which aid increased from FY 2017 to FY 2018.

County Vocational School District Partnership Grant Program	\$3,000	\$0	(\$3,000)	(100.0%)	D-98
--	----------------	------------	------------------	------------------	-------------

The appropriations acts in FY 2015 and FY 2016 each included a \$3 million appropriation for the Commissioner of Education to award grants to county vocational school districts that would allow them to establish career and technical education programs in facilities owned by other entities, such as other school districts and county colleges. In FY 2017, the Legislature included an identical amount for this purpose in the Appropriations Act, but it was reduced to \$1 million through a line-item veto. The Legislature provided \$3 million

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

in funding for this purpose in the FY 2018 Appropriations Act. P.L.2014, c.73 (C.18A:6-132 et seq.) established a similar four-year program.

Teachers' Pension and Annuity Fund	\$719,396	\$1,111,690	\$392,294	54.5%	D-103
---	------------------	--------------------	------------------	--------------	--------------

The State makes a contribution to the Teachers' Pension and Annuity Fund (TPAF) on behalf of employers, as opposed to the employers being responsible for the contribution. The recommended FY 2019 appropriation is 60 percent of the actuarially determined contribution necessary to fund the normal and accrued pension liability in the TPAF, net of an offset of about \$806 million from the transfer of State Lottery revenue to the TPAF.

Teachers' Pension and Annuity Fund – Post Retirement Medical	\$970,058	\$1,012,382	\$42,324	4.4%	D-103
---	------------------	--------------------	-----------------	-------------	--------------

Post Retirement Medical Other than TPAF	\$225,469	\$235,488	\$10,019	4.4%	D-103
--	------------------	------------------	-----------------	-------------	--------------

The State pays the cost of providing health benefit coverage for retired school district employees. The recommended increase in the appropriations reflects the net difference between cost increases from the delivery of medical services and enrollment growth and assumed cost savings from: 1) modifying the manner in which out-of-network medical care is managed and reimbursed; and 2) the State Health Benefits Program Plan Design Committee readopting policies made in previous years, including those related to prescription drug formulary management and mandatory utilization of generic medications.

Affordable Care Act Fees	\$784	\$278	(\$ 506)	(64.5%)	D-103
---------------------------------	--------------	--------------	-----------------	-----------------	--------------

The federal Affordable Care Act imposed two temporary fees on self-funded, non-federal sponsors of group health plans: the Transitional Reinsurance fee, which has already expired, and the Patient-Centered Outcomes Research Institute fee. The recommended appropriation will fund the latter fee, which is scheduled to sunset in October 2019.

The OLS notes that the decrease from the FY 2018 adjusted appropriation to the FY 2019 proposal masks the fact that the FY 2018 expenditure is significantly less than the adjusted appropriation shown. The expenditure totals approximately \$478,000, while \$102,000 was transferred to another account. The remaining amount is expected to lapse.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Debt Service on Pension Obligation Bonds	\$226,217	\$243,809	\$17,592	7.8%	D-103

The "Pension Bond Funding Act of 1997," P.L.1997, c.114 (C.34:1B-7.45 et seq.), 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 principal and interest payments due that are attributable to the payments made into the TPAF from these bond proceeds.

Grants-In-Aid

Community Relations Committee of the United Jewish Federation of Metrowest	\$30	\$0	(\$ 30)	(100.0%)	D-90
---	-------------	------------	----------------	------------------	-------------

A supplemental appropriation of \$30,000 was made in FY 2002 pursuant to P.L.2001, c.452 to provide a grant to the Community Relations Committee of the United Jewish Federation of Metrowest to expand its Holocaust education program. Each subsequent appropriations act included a \$30,000 grant to the organization, although there were several fiscal years, including FY 2007 through FY 2012, in which the appropriated funds were not expended. The proposed FY 2019 budget eliminates the grant.

Secondary School Computer Science Education Initiative	\$0	\$2,000	\$ 2,000		D-103
---	------------	----------------	-----------------	--	--------------

The Governor's FY 2019 budget recommendation includes the creation of a grant program to assist districts in expanding advanced computer science course offerings. The parameters of the application and evaluation process would be determined by the commissioner.

STEM Dual Enrollment High Schools	\$0	\$400	\$ 400		D-103
--	------------	--------------	---------------	--	--------------

The FY 2019 budget proposal recommends creating a pilot program that would establish high schools that focus on science, technology, engineering, and math (STEM). The corresponding language provision stipulates that no more than two high schools would receive funding from this appropriation. The commissioner would be responsible for developing the eligibility criteria.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Governor’s Literacy Initiative	\$270	\$0	(\$ 270)	(100.0%)	D-103

The appropriation for the Governor’s literacy initiative is eliminated in the FY 2019 budget proposal. This line item was first included in the FY 2003 Appropriations Act, and was used to provide grants for hiring reading coaches in schools and providing other forms of reading assistance. In that year, a language provision allotted \$300,000 from this appropriation to the Learning through Listening program at the New Jersey unit of the Recording for the Blind and Dyslexic (later renamed Learning Ally). Each subsequent budget provided an amount ranging between \$250,000 and \$300,000 to the organization. Since the FY 2010 Appropriations Act, the entire appropriation of this line item, \$270,000 in each year, has been used to provide a grant to the organization.

Institute of Italian and Italian American Heritage Studies	\$100	\$0	(\$ 100)	(100.0%)	D-107
---	--------------	------------	-----------------	------------------	--------------

P.L.2001, c.343 (C.18A:4-42 et seq.) established the Commission on Italian and Americans of Italian Heritage Cultural and Educational Programs in, but not of, the Department of Education to provide assistance to public and nonpublic schools on the implementation of cultural and educational programs related to Italians and Americans of Italian heritage. Pursuant to that law, the commission established the Institute of Italian and Italian American Heritage Studies, which is housed at Rutgers University. The Legislature included a \$100,000 grant to the institute in the FY 2018 Appropriations Act, which is not included in the FY 2019 budget proposal.

Federal Revenue

Early Childhood Education	\$17,775	\$275	(\$17,500)	(98.5%)	D-104
----------------------------------	-----------------	--------------	-------------------	-----------------	--------------

The reduction in federal funding for the early childhood education program classification is due to the expiration of the \$17.5 million preschool development grant that the State received in the prior four fiscal years. Under this program, 17 school districts received funding to expand their preschool programs to enroll more students. These districts will receive an allotment of preschool education aid under the FY 2019 budget proposal.

Programs for Disadvantaged Youth	\$364,541	\$354,332	(\$10,209)	(2.8%)	D-104
---	------------------	------------------	-------------------	----------------	--------------

Under the federal “Elementary and Secondary Education Act,” schools and districts with high concentrations of low-income students receive funding through a program commonly referred to as Title I. The funds are initially given to state education agencies, which then disperse the funds to districts based on a formula included in the law. Schools use the funding to provide supplemental educational services to their students. The projected reduction shown

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2018</u>	<u>Recomm. FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
--------------------	---------------------------------	----------------------------	--------------------------	---------------------------	------------------------

above reflects the proposed funding reduction for the Title I program included in the President’s budget proposal for the federal fiscal year 2018-2019.

**Standards,
Assessments and
Curriculum**

\$64,169	\$8,870	(\$55,299)	(86.2%)	D-104
-----------------	----------------	-------------------	-----------------	--------------

The President’s budget proposal for federal fiscal year 2018-2019 eliminates two grant programs that are classified in the standards, assessment and curriculum program class. The Student Support and Academic Enrichment Grants program provides school districts, through the state education agencies, with funding to implement programmatic activities in three areas: providing well-rounded educational opportunities; promoting student health and safety; and promoting effective use of technology. Revenue from this grant program totals \$8.9 million in the current fiscal year.

Second, the President’s budget proposal would eliminate the Supporting Effective Instruction State Grants program. The program provides grants to states, which in turn provide subgrants to school districts, to develop incentives and policies for attracting and retaining effective teachers and school leaders. The State received \$46.3 million from this grant program in FY 2018.

**Learning Supports
and Specialized
Services**

\$26,283	\$13,259	(\$13,024)	(49.6%)	D-104
-----------------	-----------------	-------------------	-----------------	--------------

The 21st Century Community Learning Centers program provides grants to support academic enrichment programs outside of the regular school hours. New Jersey received \$25.3 million in grant funding in the current fiscal year. The Executive Branch anticipates receiving \$12.7 million in FY 2019.

It should be noted that the proposed reductions in funding for, or elimination of, these federal programs are subject to Congressional action. As such, the actual amount of federal revenue received may differ significantly from the amounts included in the Governor’s budget.

Significant Language Changes

Methodology for Allocating Certain FY 2018 State School Aid Categories

Deletion

2018 Handbook: p. B-45
2019 Budget: p. - -

~~Notwithstanding the provisions of any law or regulation to the contrary, a district's 2017-2018 allocation of the amounts hereinabove appropriated for Equalization Aid shall be determined based on the relationship between the district's modified proposed aid amount and uncapped aid amount. In the case of a district in which the funding percentage exceeds 100 percent, the district's allocation of the amounts hereinabove appropriated for Equalization Aid shall be as set forth in the March 2017 State Aid notice issued by the Commissioner of Education. In the case of a district in which the funding percentage is less than 100 percent, the district's allocation of the amounts hereinabove appropriated for Equalization Aid shall be as set forth in the March 2017 State Aid notice issued by the commissioner plus any additional aid awarded pursuant to this provision. In the case of a district in which the funding percentage is no greater than 70 percent, the commissioner shall allocate additional aid to the district in an amount equal to 11.71 percent of the district's modified underfunding amount. In the case of a district in which the funding percentage is greater than 70 percent, but less than 100 percent, the commissioner shall allocate additional aid to the district in an amount equal to 25.54 percent of the district's modified underfunding amount. The additional funding shall first be used to increase a school district's allocation of Equalization Aid, up to the amount calculated pursuant to section 10 of P.L.2007, c.260 (C.18A:7F-52), provided that the district's Equalization Aid as calculated pursuant to that section is greater than the amount of Equalization Aid included in the March 2017 State Aid notice issued by the commissioner. As used in this provision: "total proposed aid amount" means the sum of Equalization Aid, Adjustment Aid, Security Aid, Special Education Categorical Aid, School Choice Aid, Educational Adequacy Aid, Supplemental Enrollment Growth Aid, Transportation Aid, Under Adequacy Aid, PARCC Readiness, Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid as set forth in the March 2017 State Aid notice issued by the commissioner; "modified proposed aid amount" means the total proposed aid amount minus the amount of School Choice Aid and Educational Adequacy Aid as set forth in the March 2017 State Aid notice issued by the commissioner; "uncapped aid amount" means the sum of Equalization Aid, as calculated pursuant to section 10 of P.L.2007, c.260 (C.18A:7F-52), Special Education Categorical Aid, as calculated pursuant to section 13 of P.L.2007, c.260 (C.18A:7F-55), Security Aid, as calculated pursuant to section 14 of P.L.2007, c.260 (C.18A:7F-56), and Transportation Aid, as calculated pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57); "funding percentage" means a district's modified proposed aid amount divided by the uncapped aid amount; and "modified underfunding amount" means 1 minus the district's funding percentage multiplied by the difference between the district's uncapped aid amount and modified proposed aid amount.~~

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Methodology for Allocating Certain FY 2018 State School Aid Categories

Deletion

2018 Handbook: p. B-46
2019 Budget: p. - -

~~Notwithstanding the provisions of any law or regulation to the contrary, a district's 2017–2018 allocation of the amounts hereinabove appropriated for Educational Adequacy Aid, Preschool Education Aid, School Choice Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness, Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid shall be as set forth in the March 2017 State Aid notice issued by the Commissioner of Education.~~

Methodology for Allocating Certain FY 2018 State School Aid Categories (PTRF)

Deletion

2018 Handbook: p. 47
2019 Budget: p. - -

~~Notwithstanding the provisions of any law or regulation to the contrary, a district's 2017–2018 allocation of the amounts hereinabove appropriated for Equalization Aid, Security Aid, Special Education Categorical Aid, Transportation Aid, and Adjustment Aid shall be determined based on the relationship between the district's modified proposed aid amount and uncapped aid amount. In the case of a district, other than a county vocational district, in which the funding percentage exceeds 100 percent: (1) the district's allocation of the amounts hereinabove appropriated for Equalization Aid, Security Aid, Special Education Categorical Aid, and Transportation Aid shall be as set forth in the March 2017 State Aid notice issued by the Commissioner of Education; and (2) the district's allocation of the amount hereinabove appropriated for Adjustment Aid shall equal the amount as set forth in the March 2017 State Aid notice issued by the commissioner reduced by the lesser of: (i) an amount equal to 20 percent of the difference between the district's uncapped aid amount and modified proposed aid amount; (ii) an amount equal to two percent of the district's total proposed aid amount; or (iii) an amount equal to 1.5 percent of the district's general fund budget for the 2016–2017 school year. Any reduction in a district's allocation of Adjustment Aid shall not include any amount classified as Additional Adjustment Aid in the March 2017 State Aid notice issued by the commissioner. In the case of a county vocational district in which the funding percentage is greater than 100 percent, the district's allocation of the amounts hereinabove appropriated for Equalization Aid, Security Aid, Special Education Categorical Aid, Transportation Aid, and Adjustment Aid shall be as set forth in the March 2017 State Aid notice issued by the commissioner. In the case of a district in which the funding percentage is less than 100 percent: (1) the district's allocation of the amount hereinabove appropriated for Adjustment Aid shall be as set forth in the March 2017 State Aid notice issued by the commissioner; and (2) the district's allocation of the amounts hereinabove appropriated for Equalization Aid, Security Aid, Special Education Categorical Aid, and Transportation Aid shall be as set forth in the March 2017 State Aid notice issued by the commissioner plus any additional aid awarded pursuant to this provision. In the case of a district in which the funding percentage is no greater than 70 percent, the commissioner shall allocate additional aid to the district in an amount equal to 11.71 percent of the district's modified underfunding amount. In the case of a district in which the funding~~

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

~~percentage is greater than 70 percent, but less than 100 percent, the commissioner shall allocate additional aid to the district in an amount equal to 25.54 percent of the district's modified underfunding amount. The additional funding shall first be used to increase a school district's allocation of Equalization Aid, up to the amount calculated pursuant to section 10 of P.L.2007, c.260 (C.18A:7F-52), provided that the district's Equalization Aid as calculated pursuant to that section is greater than the amount of Equalization Aid included in the March 2017 State Aid notice issued by the commissioner. If any additional funding for a district remains unallocated, the additional funding shall next be used to increase a school district's allocation of Special Education Categorical Aid, up to the amount calculated pursuant to section 13 of P.L.2007, c.260 (C.18A:7F-55), provided that the district's Special Education Categorical Aid as calculated pursuant to that section is greater than the amount of Special Education Categorical Aid included in the March 2017 State Aid notice issued by the commissioner. If any additional funding for a district remains unallocated, the additional funding shall next be used to increase a school district's allocation of Security Aid, up to the amount calculated pursuant to section 14 of P.L.2007, c.260 (C.18A:7F-56), provided that the district's Security Aid as calculated pursuant to that section is greater than the amount of Security Aid included in the March 2017 State Aid notice issued by the commissioner. If any additional funding for a district remains unallocated, the additional funding shall next be used to increase a school district's allocation of Transportation Aid, up to the amount calculated pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57), provided that the district's Transportation Aid as calculated pursuant to that section is greater than the amount of Transportation Aid included in the March 2017 State Aid notice issued by the commissioner. As used in this provision: "total proposed aid amount" means the sum of Equalization Aid, Adjustment Aid, Security Aid, Special Education Categorical Aid, School Choice Aid, Educational Adequacy Aid, Supplemental Enrollment Growth Aid, Transportation Aid, Under Adequacy Aid, PARCC Readiness, Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid as set forth in the March 2017 State Aid notice issued by the commissioner; "modified proposed aid amount" means the total proposed aid amount minus the amount of School Choice Aid and Educational Adequacy Aid as set forth in the March 2017 State Aid notice issued by the commissioner; "uncapped aid amount" means the sum of Equalization Aid, as calculated pursuant to section 10 of P.L.2007, c.260 (C.18A:7F-52), Special Education Categorical Aid, as calculated pursuant to section 13 of P.L.2007, c.260 (C.18A:7F-55), Security Aid, as calculated pursuant to section 14 of P.L.2007, c.260 (C.18A:7F-56), and Transportation Aid, as calculated pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57); "funding percentage" means a district's modified proposed aid amount divided by the uncapped aid amount; and "modified underfunding amount" means 1 minus the district's funding percentage multiplied by the difference between the district's uncapped aid amount and modified proposed aid amount.~~

Explanation

The three above language provisions collectively specified the manner in which State school aid was calculated for the 2017-2018 school year. Under the State school aid notices released in March 2017 following the Governor's budget message, school districts were advised that their State aid would remain essentially

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

unchanged relative to the prior school year. When developing the FY 2018 Appropriations Act, the Legislature made substantive changes to these recommendations. Specifically, the Legislature augmented school districts' State aid based on a comparison of districts' aid amounts included in the March 2017 State aid notice and the amount of funding that a district would receive if the provisions of the SFRA were implemented in the absence of the stabilized aid growth limit pursuant to section 5 of that law (C.18A:7F-47) and adjustment aid allotted pursuant to section 16 of that law (C.18A:7F-58). Under the final FY 2018 budget, a school district's adjustment aid was reduced relative to the amount included in its State aid notice if the total K-12 aid amount exceeded the amount calculated pursuant to the SFRA calculation that omits the State aid growth limit and adjustment aid. Districts that received a lesser amount in their State aid notice were given additional aid under the appropriations act.

The FY 2019 recommended budget replaces the above language provisions with one that authorizes a different methodology for allocating State aid. Under that language provision, districts generally receive the amount of aid that they received in FY 2018 plus 25 percent of any increase that it would have received if the SFRA were implemented as enacted. Any district that would have received less aid under the SFRA is held harmless in the proposed budget.

Maximum Permissible Amount for Nonpublic School Transportation

Revision

2018 Handbook: p. B-48
2019 Budget: p. D-94

Notwithstanding the provisions of section 2 of P.L.1981, c.57 (C.18A:39–1a) or any other law or regulation to the contrary, the maximum amount of nonpublic school transportation costs per pupil provided for in N.J.S.18A:39–1 shall equal ~~\$1,000~~ \$884.

Reallocation of Certain Nonpublic School Aid

Deletion

2018 Handbook: p. B-45
2019 Budget: p. - -

~~Notwithstanding any provision of law or regulation to the contrary, the commissioner shall reallocate up to \$4,350,000 from Nonpublic Auxiliary Services Aid and up to \$4,350,000 from Nonpublic Handicapped Aid in order to provide essential transportation aid for nonpublic school students.~~

Explanation

Under current law, a school district is required to provide transportation services to public school students who live remote from school – more than two miles from the school of attendance for students enrolled in grades kindergarten through eight, and more than 2.5 miles for students enrolled in high school. If a school district provides mandatory busing services to public school students, then it is

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

also required to provide transportation to nonpublic school student who live remote, but no more than 20 miles, from school. If a school district is unable to provide transportation services to nonpublic school students within the maximum per pupil limit, then the district provides students’ parents with an aid-in-lieu-of transportation payment equal to that maximum amount. The State reimburses school districts for the nonpublic student transportation costs incurred that exceed \$710 per pupil.

Since FY 2010, a language provision included in the annual appropriations act has limited the maximum cost per pupil for this purpose to \$884. The Legislature modified that language provision in the FY 2018 Appropriations Act to increase the limit to \$1,000. The proposed budget reinstates the \$884 per pupil maximum.

The Legislature also included a language provision in FY 2018 that financed the additional State cost of the higher per pupil amount by reallocating a total of \$8.7 million from two other nonpublic school aid accounts in which the department recovered unexpended funds from districts. Given that the Governor’s budget recommends reducing the maximum per pupil amount to \$884, the language reallocating funds from these accounts is not necessary.

Nonpublic Nursing Services Aid Per Pupil Amount

Revision

2018 Handbook: p. B-45
2019 Budget: p. D-92

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, 2016~~ October 13, 2017 and the rate per pupil shall be \$87.

Explanation

Pursuant to the provisions of P.L.1991, c.226 (C.18A:40-23 et seq.), school districts are required to provide nursing services in nonpublic schools located in the districts’ boundaries. The cost of providing these services is borne by the State, and districts are not required to provide services that exceed the amount of State funding. In developing the FY 2018 Appropriations Act, the Legislature increased the amount of funding for this purpose by \$1.4 million above what was included in the Governor’s budget proposal for that year. That appropriation provided approximately \$95 per pupil for nursing services. The recommended FY 2019 budget eliminates the additional amount that was included by the Legislature, and reduces the per pupil allocation to \$87.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Nonpublic Technology Initiative Aid Per Pupil Amount

Revision

2018 Handbook: p. B-46
2019 Budget: p. D-93

Notwithstanding the provisions of any 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 ~~\$37~~ \$26 per pupil in a manner that is consistent with the provisions of the federal and State constitutions.

Explanation

School districts use nonpublic technology initiative funding to purchase and loan technological hardware and software to nonpublic schools or to provide professional development to improve nonpublic school teachers' technology skills. The Governor's budget recommendation for FY 2018 provided \$3 million for this line item. The Legislature increased the funding to \$5.4 million in the FY 2018 Appropriations Act, an amount sufficient to provide \$37 per nonpublic school pupil. The recommended appropriation for FY 2019 removes the amount added by the Legislature, and would provide \$26 per pupil.

Adult Education Aid

Deletion

2018 Handbook: p. B-46
2019 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. The Commissioner of Education and the Commissioner of Labor and Workforce Development shall review all sources of federal and state funding for employment training programs, and shall make recommendations to the Legislature by May 1, 2018 regarding the availability of such funds to support these programs in future fiscal years.~~

Explanation

The Legislature included an appropriation in FY 2018 to fund existing adult education programs. The appropriation provided \$1,500 per pupil enrolled in an approved adult education program. Funding was provided to 29 school districts. The FY 2019 budget recommendation eliminates this line item.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Preschool Education Aid Allocation

Revision

2018 Handbook: p. B-48
2019 Budget: p. D-93

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 ~~2016–2017~~ 2017-2018 per pupil allocation of Preschool Education Aid inflated by the CPI and 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 ~~2016–2017~~ 2017-2018 Preschool Education Aid allocation or the district’s ~~2016–2017~~ 2017-2018 per pupil allocation of Preschool Education Aid inflated by the CPI and multiplied by the district’s projected preschool enrollment; and 3) in the case of any other district with an allocation of Preschool Education Aid in the ~~2016–2017~~ 2017-2018 school year calculated using the provisions of section 12 of P.L.2007, c.260 (C.18A:7F-54), or for districts with an allocation of Preschool Education Expansion Aid in the 2017-2018 school year, an amount calculated in accordance with those provisions based upon ~~2017–2018~~ 2018-2019 projected FTE enrollments, and multiplied by the per pupil allocations as set forth in the March ~~2017~~ 2018 State Aid notice issued by the Commissioner of Education.

Explanation

Preschool education aid is allotted to school districts to finance the full-day, full-year preschool programs for three- and four-year old children as mandated under the school funding law. While the law stipulated that school districts fully implement these programs by the 2013-2014 school year, the State has never provided sufficient appropriations to provide for this expansion. The above language provision specifies the manner in which preschool aid will be determined.

Under the language provision included in the proposed FY 2019 budget, school districts would generally receive preschool education aid in the same manner as they did in the 2017-2018 school year. The 35 school districts that have already fully implemented their preschool programs (the 31 former Abbott districts and four school districts that received permission from the commissioner to expand their programs in the 2008-2009 school year) will receive preschool education aid pursuant to the provisions of the SFRA. Districts that received an Early Launch to Learning Initiative (ELLI) grant in the 2007-2008 school year will continue to receive preschool education aid in that amount. In the case of districts that received an allocation of preschool education aid in FY 2018 based on the receipt

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

of Early Childhood Program Aid (ECPA) (an aid category from the previous school funding law) in the 2007-2008 school year, the district will receive the FY 2018 per pupil amount, adjusted by the CPI, multiplied by the projected preschool enrollment.

The language provision modifies the manner in which preschool education aid is allotted to school districts that received preschool education expansion aid in the 2017-2018 school year. In that year, in addition to receiving preschool education expansion aid, these districts received preschool education aid based on their prior receipt of either ECPA or ELLI. In FY 2019, these districts will receive preschool education aid based on the provisions of the SFRA. However, because these districts may continue to provide half-day preschool to some students, the aid calculation is based on their full-time equivalent enrollment.

School Choice Aid Calculation

Addition

2018 Handbook: p. --
2019 Budget: pp.D-93 to
D-94

Notwithstanding the provisions of any law or regulation to the contrary, a district's 2018--2019 allocation of the amounts hereinabove appropriated for School Choice Aid shall be calculated pursuant to the provisions of P.L.2007, c.260; provided, however, in the event that School Choice enrollment reflected on the October 2017 Application for State School Aid is less than projected School Choice enrollment reflected on the 2017--2018 State Aid notice, such district's 2018--2019 School Choice Aid allocation shall be adjusted to reflect actual prebudget year enrollment as of October 2017, as set forth in the March 2018 State Aid notice issued by the Commissioner of Education. A district's 2018--2019 School Choice enrollment shall not exceed the district's maximum funded choice student enrollment as determined by the Commissioner of Education.

Explanation

School choice aid is provided to districts that participate in the Interdistrict Public School Choice Program pursuant to P.L.2010, c.65 (C.18A:36B-14 et seq.), which allows a participating district to enroll non-resident students without charging tuition. Under the above language provision, a district's school choice aid is initially calculated pursuant to current law, but adjusted to account for any difference between the projected and actual enrollment of students in the school choice program in the 2017-2018 school year. The department has made this adjustment in prior fiscal years. This language merely changes the manner in which it is provided the authority to do so.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Appropriations to Emergency Fund Account	
Revision	2018 Handbook: p. B-48 2019 Budget: p. D-94

Notwithstanding the provisions of any law or regulation to the contrary, following notification to the Joint Budget Oversight Committee there are appropriated to the Emergency Fund account such additional amounts as may be required to fund approved applications for emergency aid following district needs assessments conducted by the Department of Education, subject to the approval of the Director of the Division of Budget and Accounting. ~~The Commissioner of Education may use an amount appropriated to the Emergency Fund to provide to a school district that is experiencing fiscal distress as a result of receiving less State school aid in the 2017–2018 school year than the amount received in the prior school year. The commissioner shall determine the repayment terms, if any, that will be assessed.~~ Such additional amounts are appropriated as may be required to ensure that any district that received emergency aid in the previous fiscal year will not receive less K–12 aid as set forth in the March 2018 State Aid notice issued by the Commissioner of Education than the sum of K–12 aid as set forth in the July 2017 State Aid notice issued by the Commissioner of Education and the emergency aid received in the previous fiscal year, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

In FY 2018, this language provision authorized supplemental appropriations to the emergency fund account so that the Commissioner of Education could provide additional aid to school districts upon the completion of a needs assessment. The language provision also stipulated that the commissioner may provide additional aid from this account to a school district that would receive less total State aid in the 2017-2018 school year than the district received in the prior year. At the commissioner’s discretion, that additional funding could be provided as a loan, with the commissioner determining the repayment terms, or as a grant.

The proposed FY 2019 budget modifies this language provision to provide a supplemental appropriation so that the commissioner may provide additional aid to school districts in the 2018-2019 school year. Specifically, if the total amount of K-12 State aid that a district received in the 2017-2018 school year, i.e., the sum of amounts provided for in the July 2017 State aid notice and any emergency aid received, is greater than the total K-12 aid included in the March 2018 State aid notice, then the district would receive emergency aid in FY 2019 to ensure that the total amount of State funding received is not less than the amount received in FY 2018. The OLS estimates that this provision would require a supplemental appropriation in FY 2019 of nearly \$13.8 million.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Charter School Aid Calculation	
Revision	2018 Handbook: p. B-48 2019 Budget: p. D-94

Notwithstanding the provisions of any law or regulation to the contrary, a charter school's ~~initial 2017-2018~~ 2018-2019 allocation of the amount hereinabove appropriated for Charter School Aid shall be as set forth in the March ~~2017~~ 2018 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 in each of the following cases: 1) in the case of a charter school with higher enrollment in the 2018--2019 school year than in the 2007--2008 school year, to provide that in the 2018--2019 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 2018--2019 per pupil amount that is no less than the 2007--2008 per pupil amount based on average daily enrollment; and 2) to provide amounts pursuant to section 12 of P.L.1995, c.426 (C.18A:36A--12).~~

Explanation

This language provides that charter schools will receive charter school aid based on the amounts included in the March 2018 State aid notices issued by the commissioner. The aid notices allocated charter school aid to reflect two hold harmless provisions. The first provides funding to charter schools to ensure that the total amount of funding that the charter school receives in the 2018-2019 school year is not less, both in total and on a per pupil basis, than the amount received in the 2007-2008 school year. The second holds charter schools harmless in terms of total and per pupil funding received in the 2017-2018 school year. These hold harmless provisions were included in the State aid notices for the 2017-2018 school year as well. Additionally, the provision notes that charter school aid will also be used to provide direct payments to charter schools required under the charter school law. In the case of a student who enrolls in a charter school and was not included in the school district's projected resident enrollment for that year, then the State, rather than the district, makes the necessary payment to the charter school for that student in the first year of enrollment.

The recommended budget does modify the manner in which the hold harmless provisions would be adjusted after the start of the school year. In the past, charter school aid would be adjusted for all charter schools if their payments from school districts changed due to differences between the charter schools' projected and actual enrollments. The proposed language applies the adjustment to hold charter

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

schools harmless to the amount of revenue received in the 2007-2008 school year only if the school's 2018-2019 school year enrollment is greater than its 2007-2008 enrollment. The amount of State aid provided to other charter schools for the hold harmless provisions would not be adjusted in response to differences in the schools' projected and actual enrollment.

District Payments to Renaissance School Projects

Deletion

2018 Handbook: p. B-48
2019 Budget: p. --

~~Notwithstanding the provisions of P.L.2011, c.176 (C.18A:36C-1 et seq.) 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 2016-2017 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

The "Urban Hope Act," P.L.2011, c.176 (C.18A:36C-1 et seq.), authorized certain school districts to enter into agreements with non-profit entities to construct and manage public schools, known as renaissance school projects, in the district. The Camden School District is the only district to have entered into such agreements. The law details the manner in which the school district determines the amount of revenue that must be transferred to the non-profit entities to operate the renaissance school projects. The above language provision included in the FY 2018 Appropriations Act stated that the funding allocations would be based on per pupil amounts based on data from the 2016-2017 school year, rather than the 2017-2018 school year. The proposed FY 2019 budget eliminates that language, and the payments to the non-profit entities would be based on current school year data. Given the State aid increases included in the proposed budget, eliminating the language would lead to more revenue being transferred from the district to the non-profit entities.

Use of Unexpended Receipts at Katzenbach School for the Deaf

Deletion

2018 Handbook: p. B-50
2019 Budget: p. --

~~The unexpended balance at the end of the preceding fiscal year in the receipt account of the Behavioral Support Program (BSP) is appropriated for the expenses of operating the Marie H. Katzenbach School for the Deaf.~~

Explanation

In prior school years, the Marie H. Katzenbach School for the Deaf operated the Behavioral Support Program, which was designed to provide education in a setting

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

that addressed the social, cultural, behavioral, and psychological needs of deaf and hard-of-hearing students with emotional disturbance. The program was funded by tuition payments from the students' resident school district, and the above language provision authorized the school to use unexpended receipts for operating expenses. Katzenbach will discontinue the program at the end of the 2017-2018 school year, and this language provision is no longer needed.

County Vocational School District Partnership Grant Program

Deletion

2018 Handbook: p. B-50
2019 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. The commissioner shall determine the amount of each grant awarded under the program and may award multi-year grants.~~

Explanation

P.L.2014, c.73 (C.18A:6-132 et seq.) established a four-year program under which county vocational school districts were awarded grants that would allow them to partner with other entities, such as other school districts and county colleges, to establish career and technical education programs in facilities owned by those entities. The above language provision addressed a similar policy initiative. The recommended FY 2019 budget eliminates the language provision and the corresponding \$3 million appropriation.

Governor's Literacy Initiative

Deletion

2018 Handbook: p. B-53
2019 Budget: p. - -

~~The amount hereinabove appropriated for the Governor's Literacy Initiative shall be used for a grant for the Learning Through Listening program at the New Jersey Unit of Learning Ally.~~

Explanation

The line item appropriation for the Governor's Literacy Initiative was first included in the FY 2003 Appropriations Act to provide grants for reading coaches and other forms of reading assistance. In that fiscal year, a language provision was included to provide a grant of \$300,000 from that appropriation to the Learning through Listening Program at the New Jersey unit of the Recording for the Blind and

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Dyslexic (which was later renamed Learning Ally). Each subsequent appropriations act included similar language, providing grants between \$250,000 and \$300,000. Since FY 2010, the entire appropriation for the Governor’s Literacy Initiative, \$270,000 in each year, was used to provide a grant to the Learning through Listening program.

The recommended FY 2019 budget eliminates the appropriation for the Governor’s Literacy Initiative and deletes this corresponding budget language.

Secondary School Computer Science Education Initiative

Addition

2018 Handbook: p. - -
2019 Budget: p. D-104

The amount hereinabove appropriated for the Secondary School Computer Science Education Initiative shall be used to support approved applications for the expansion and support of advanced computer science course offerings as determined by the Commissioner of Education based on a district’s demonstration of its readiness to implement such a program, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The FY 2019 budget proposal includes a \$2 million appropriation to establish a grant program to assist school districts in expanding advanced computer science course offerings. The above language authorizes the commissioner to determine the program’s parameters.

STEM Dual Enrollment High School Program

Addition

2018 Handbook: p. - -
2019 Budget: p. D-104

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for STEM Dual Enrollment High Schools is subject to the following conditions: the Commissioner of Education shall develop and implement a pilot program that integrates and aligns appropriate high school coursework with appropriate college courses to improve educational outcomes for students with specific career goals; provided, however, that for the 2018–2019 school year, the Program shall be limited to not more than two schools selected by the Commissioner. The Commissioner of Education shall be responsible for establishing written eligibility criteria for the selection of participating schools as well as program goals and requirements for the 2018–2019 school year. Such eligibility criteria and other relevant information shall be publicly available and published on the Department’s Internet website.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough. Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The budget proposal includes a \$400,000 appropriation to create a pilot program to establish high schools that focus on science, technology, engineering, and math (STEM). Under the corresponding language provision, a grant would be made to no more than two high schools for this purpose, and the commissioner would determine the eligibility criteria.

Contract for Provision of Audiobooks to Schools

Deletion

2018 Handbook: p. B-55
2019 Budget: p. - -

~~Subject to the availability of federal funds, the Commissioner of Education shall enter into a contract with a nonprofit entity, having the largest library of audio textbooks, for the provision of products and services to public schools to assist students who are unable to use standard text due to a learning disability, visual impairment, or a physical disability. The products and services to be provided may include, but need not be limited to, accessible, human narrated audiobooks that are available through both mainstream and specialized devices, software capable of recording and reporting data for instructional purposes, and professional development opportunities for instructional and support staff. Upon the certification of the Director of the Division of Budget and Accounting of the availability of federal funds for the performance of the terms of such contract for the 2017-2018 school year, there is appropriated an amount of federal funds not to exceed \$1,500,000 subject to the approval of the director.~~

Explanation

The FY 2018 Appropriations Act stipulated that the Commissioner of Education would enter into an agreement with a non-profit entity for the provision of products and services to public schools for students who are able to use standard text. The contract, not to exceed \$1.5 million, would be funded by federal funds. In FY 2018, the department entered into a cooperative agreement with Learning Ally pursuant to this provision. Under this agreement, valued at \$165,000, Learning Ally provides access to its various services, including human recorded audiobooks and customer support, to up to 100 schools. The recommended budget deletes this language provision.

District Adequacy Budget Calculation

Deletion

2018 Handbook: p. B-56
2019 Budget: p. - -

~~Notwithstanding the provisions of any law or regulation to the contrary, except for the purpose of calculating a school district's Equalization Aid pursuant to the provisions of section 10 of P.L.2007, c.260 (C.18A:7F-52), school district adequacy budgets for fiscal year 2018 shall be equal to the school district's adequacy budget for fiscal year 2017.~~

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

One component of implementing the provisions of the SFRA is calculating a school district’s adequacy budget – an estimate of the funding a school district requires to provide educational opportunities to its students in a manner consistent with State curriculum standards. The adequacy budget is used for multiple purposes, including the calculation of equalization aid and determining whether or not a school district must include certain statements when placing budget-related questions on the ballot. In developing the FY 2018 budget recommendations, the department did not implement the provisions of the SFRA. As such, the language provision was included to allow the department to apply districts’ adequacy budgets from the 2016-2017 school year for purposes other than determining equalization aid. The department has calculated districts’ adequacy budgets for FY 2019, obviating the need for the above language.

FY 2019 State School Aid Allocation Methodology

Addition

2018 Handbook: p. --
2019 Budget: p. D-109

Notwithstanding the provisions of any law or regulation to the contrary, a district’s 2018–2019 allocation of the amounts hereinabove appropriated for Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid and Adjustment Aid shall be the sum of a district’s 2017–2018 total allocation of the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid, increased in total by 25% of the difference between the sum of a district’s 2017–2018 total allocation of the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid and the total amount calculated for Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid and Adjustment Aid pursuant to the provisions of P.L.2007, c.260 for 2018–2019, if the district’s 2017–2018 allocation in the following categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid is less than the total amount calculated for Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid and Adjustment Aid pursuant to the provisions of P.L.2007, c.260 for 2018–2019. In the case of a district that has a 2017–2018 allocation of the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Supplemental Enrollment

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid equal to or greater than the total amount calculated for Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid and Adjustment Aid pursuant to the provisions of P.L.2007, c.260 for 2018–2019, then the sum of the district’s 2018–2019 aid for the following categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid and Adjustment Aid shall equal the sum of the district’s 2017–2018 allocation of the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid. For districts receiving increases in aid, the Commissioner of Education shall distribute the increase in aid up to the maximum calculated for each category pursuant to the provisions of P.L.2007, c.260, in the following order: Transportation Aid, Security Aid, Special Education Categorical Aid, Equalization Aid, and Adjustment Aid. For districts receiving the same total aid, the Commissioner of Education shall reallocate aid from the following 2017–2018 categories of aid: Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid and Host District Support Aid and shall determine the hierarchy of aid categories to be increased for 2018–2019. After all reallocations, any increase in School Choice Aid shall be offset, up to the full amount of 2018–2019 Adjustment Aid, with reductions in Adjustment Aid. The sum of each district’s State aid payable for the 2018–2019 school year in the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, and School Choice Aid shall not be less than the sum of the district’s total State aid amount payable for the 2017–2018 school year for the following aid categories: Equalization Aid, Educational Adequacy Aid, Transportation Aid, Special Education Categorical Aid, Security Aid, Adjustment Aid, School Choice Aid, Supplemental Enrollment Growth Aid, Under Adequacy Aid, PARCC Readiness Aid, Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid taking into consideration the June 2018 payments made in July 2018.

Explanation

The above language provision outlines the recommended allocation of K-12 State aid for the 2018-2019 school year. In determining a district’s proposed aid for FY 2019, the department initially calculated the amount of K-12 aid that the school district would receive pursuant to the provisions of the SFRA. That total is compared with the total K-12 aid received in FY 2018. If the initial FY 2019 aid calculation is greater than the aid received in FY 2018, which is the case in all but 34 districts, then a district’s total aid for FY 2019 will be the amount received in FY 2018 plus 25 percent of the difference between the FY 2018 aid allocation and the amount that the district would receive in FY 2019 if the SFRA were fully funded. All other districts will receive the same total aid in FY 2019 and they did in the current fiscal year.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

The budget proposal allocates State aid to the categories that are part of the permanent statutory law. Specifically, any aid increase relative to the prior year and any aid that the district received in an aid category that is not part of the statutory law are allocated to the SFRA aid categories in the following order: transportation aid; security aid; special education categorical aid; equalization aid; and adjustment aid.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

OFFICE OF LEGISLATIVE SERVICES

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

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.

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

Individuals wishing information and committee schedules on the FY 2019 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**