

**Differences Between S4000/A500
and the Earlier “School Funding Reform Act of 2008” Draft**

- 1. Legislative Finding 3(l):** Changes second sentence to “The new funding formula should provide incentives for keeping classified students in district.”

Reason: To more accurately reflect one of the new funding formula’s goals.

- 2. Sec. 4:** Provides that the Educational Adequacy Report will be issued by September 1 every 3 years rather than every 5 years; various per pupil amounts and cost coefficients will therefore be adjusted by CPI for each of the 2 years, rather than the four years, following the first year to which the report is applicable.

Reason: To ensure that the educational inputs are reviewed periodically so per-pupil amounts and cost coefficients can be updated as necessary.

- 3. Sec. 5d. (3):** Authorizes the commissioner to increase the State aid growth limit in the case of a county vocational school district that has revised one or more of its programs from a shared-time to a full-time program between the 2001-2002 and 2007-2008 school years or will do so in the 2008-2009 school year. If the commissioner increases the limit, the State aid amounts for the county vocational school district included on the December 12, 2007 State aid report will be adjusted to reflect the change.

Reason: To address the limited situation of a county vocational school that moved from shared-time in the base year to full-time in the budget year.

- 4. Sec. 9:** The geographic cost adjustment (GCA) will not be included in the Educational Adequacy Report; the GCA will be developed by the commissioner and updated every 5 years in accordance with receipt of census data.

Reason: To relate the update of the GCA with the release of updated census data every five years.

- 5. Sec. 12 b:** Changes definition of “full implementation” of full-day preschool to mean serving 90% rather than 80% of eligible pupils.

Reason: To address concerns that full implementation should mean serving 90% of the eligible preschool population, which is the current measure for some districts.

- 6. Sec. 12 c(3):** Clarifies that a school district that received early childhood program aid (ECPA) in the 2007-08 school year, but did not receive preschool expansion aid will receive the greater of the district’s total 2007-08 preschool allocation of ECPA as included in the district’s original 2007-08 budget or the district’s 2007-08 per pupil

preschool allocation of ECPA inflated and multiplied by the district's projected preschool enrollment.

Reason: To clarify that an ECPA district will receive at a minimum its total 2007-08 preschool allocation of ECPA in 2008-09.

7. **Sec. 12 f:** Clarifies that the Commissioner shall approve a transfer of preschool aid to support K-12 only after the district meets the preschool quality standards adopted by the Commissioner in addition to the other criteria listed.

Reason: To reemphasize the requirement that a district must meet the preschool quality standards prior to any approval to transfer preschool aid to support K-12.

8. **Sec. 13 b:** Clarifies that extraordinary aid is available for general education classroom, special education program, or any combination of general education and special education programs and services. Provides that the \$40,000 threshold for extraordinary special education aid applies to public school programs without a reference to "in-district" and specifies that the costs being supported are "instructional and student support services." Section further provides that reimbursement for in-district public school program with non-disabled peers over \$40,000 will equal 90% of the amount of that excess. Separate public school programs for students with disabilities will equal 75% of the amount of the excess over \$40,000. The \$55,000 threshold applies to separate private schools for students with disabilities and will equal 75% of the tuition costs in excess of \$55,000.

Reason: To address concerns that the extraordinary special education aid reimbursement thresholds for public school programs should be the same as such programs are required to follow the same chart of accounts. The change also promotes the least restrictive environment by reimbursing in-district public school programs with non-disabled peers, whether run by a public school or by a private school for the disabled, at the higher rate of 90%.

9. **Sec. 13 f:** Clarifies the Commissioner will commission an independent study rather than conduct an internal review of the special education census funding methodology. Also clarifies the study will make recommendations for any adjustments and that the study and recommendations will be completed by June 30, 2010.

Reason: To clarify the study will be independent, include recommendations, and be completed by the end of 2010.

10. **Sec. 13:** Adds new subsection g. to authorize a district to apply to the commissioner for additional special education categorical aid because of an unusually high rate of low-incidence disabilities such as autism, deaf/blindness, severe cognitive impairment, and medically fragile.

Reason: To address concerns that districts with unusually high rate of low-incidence disabilities may have a financial impact under the special education census approach.

- 11. Sec 15:** Add new requirement that the executive county superintendent as defined in the CORE Act will conduct a study of pupil transportation services for efficiency and effectiveness within 18 months of the effective date of the act.

Reason: To build on the expanded role of the executive county superintendent in improving school district transportation operations.

- 12. Sec. 16 b:** Technically revises the formula to accurately reflect the calculation for educational adequacy aid (EAA). Changes the reference in one of the criteria for receiving EAA from “a failing school district” to a district that “fails to meet educational adequacy standards as determined by the Commissioner.” Changes the definition of “Is” (required general fund tax levy) of an EAA district which does not meet the criteria of paragraph (2) or paragraph (3), to the district’s prebudget year general fund local levy multiplied by 106% in 2008-09, multiplied by 108% in 2009-10 and multiplied by 110% in 2010-11. Adds language to clarify that for the 2011-2012 school year and for each school year thereafter, a district will receive the amount of EAA that the district received in the 2010-2011 school year.

Reason: To make technical corrections to the formula; to more appropriate reflect the description of the criteria; to phase-in the required general fund tax levy over three years for certain EAA districts; and to clarify that EAA will not be reduced.

- 13. Sec. 17:** Adds that the Commissioner will also include in the recommendation on whether the tax levy growth limitation should be continued after the 2011-2012 school year or whether the spending growth limitation would be more effective, any suggested changes to the recommended approach.

Reason: To clarify the Commissioner shall include suggested changes to the recommended approach after completion of the growth limitation study.

- 14. Sec. 18:** Deletes last sentence of section that provided that commissioner’s action rather than the State board’s action would be final agency action that could be appealed directly to the Appellate Division.

Reason: To address concerns that the appeal process of commissioner actions to the State board should be applicable to all sections in the legislation.

- 15. Sec. 28 (NJSA 18A:7F-5):** Inserts reference to December 12, 2007 report, inserts reference to specific circumstances for which the state aid amounts may increase over the December 12, 2007 report, and inserts reference to “paragraph (3) of subsection d. of section 5 of P.L. , c. (C.) (pending before the Legislature as this bill)” which

is a technical reference to the authority given to the commissioner to increase the State aid growth limit of a county vocational school district discussed earlier.

Reason: To provide the date of the state aid runs that correspond to the proposed legislation and to allow for the Commissioner to make adjustments (increases) under limited circumstances to the amounts listed in the December 12, 2007 report.

16. Sec. 37 (NJSA 18A:7F-38): Modifies the tax levy growth limitation provision in subsection a. (2) as follows: requires the district to be taxing above its local share, in addition to spending above adequacy as a condition of being subject to the provision; modifies language concerning State aid increase to 2% or the CPI, whichever is greater, rather than 2%; and requires the district to reduce its tax levy growth limitation by the amount of State aid that exceeds 2% or the CPI, whichever is greater, rather than the amount that exceeds 2%. CPI for purposes of this provision is capped at 4%.

Reason: To address concerns that districts should be able to use state aid increases up to the CPI to address cost increases if CPI is greater than 2%.

17. Sec. 58 (NJSA 18A:36A-12): Changes the calculation of the per pupil amount paid to the charter school for security categorical aid from 90% to 100%.

Reason: To recognize the security needs of charter schools.

Technical corrections:

Sec. 5 b and sec. 16 a: delete second reference to “Extraordinary Special Education Costs Aid”.

Sec. 16 a: corrects reference to “adjustment aid” to “educational adequacy aid” in paragraph (2) and adds a reference to “educational adequacy aid” in paragraph (3).

Sec. 21: insert reference to definition of “SDA” pursuant to P.L. 2000 c.72.

Sec. 28 (NJSA 18A:7F-5): corrects reference to “geographic cost of education index” to “geographic cost adjustment” in paragraph a.

Sec. 54 b (NJSA 18A:22-38): deletes outdated reference to the separate taxation amount for appropriation to capital reserve account.

Sec. 57 (NJSA 18A:36A-11): inserts the words “of the signing of the individualized education plan” after “within 15 days” in new language.

Sec. 57 (NJSA 18A:36A-11): inserts the word “school” after “charter” in new language.

Sec. 79 (NJSA 34:15F-2): corrects definition of “SDA district.”