

# SENATE, No. 520

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## STATE OF NEW JERSEY 217th LEGISLATURE

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PRE-FILED FOR INTRODUCTION IN THE 2016 SESSION

**Sponsored by:**

**Senator JENNIFER BECK**

**District 11 (Monmouth)**

**Co-Sponsored by:**

**Senators Bateman and Singer**

**SYNOPSIS**

Modifies school funding law to incorporate recommendations of DOE's Education Funding Report and Educational Adequacy Report.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 4/19/2016)**

1    **AN ACT** concerning the provision of State school aid and amending  
2       P.L.2007, c.260.

3

4       **BE IT ENACTED** *by the Senate and General Assembly of the State*  
5 *of New Jersey:*

6

7       1. Section 3 of P.L.2007, c.260 (C.18A:7F-45) is amended to  
8 read as follows:

9       3. As used in this act and P.L.1996, c.138, unless the context  
10 clearly requires a different meaning:

11       "At-risk pupils" means those resident pupils from households  
12 with a household income at or below the most recent federal  
13 poverty guidelines available on October 15 of the prebudget year  
14 multiplied by 1.85;

15       "Base per pupil amount" means the cost per elementary pupil of  
16 delivering the core curriculum content standards and extracurricular  
17 and cocurricular activities necessary for a thorough and efficient  
18 education;

19       "Bilingual education pupil" means a resident pupil enrolled in a  
20 program of bilingual education or in an English as a second  
21 language program approved by the State Board of Education;

22       "Budgeted local share" means the district's local tax levy  
23 contained in the budget certified for taxation purposes;

24       "Capital outlay" means capital outlay as defined in GAAP;

25       "Combination pupil" means a resident pupil who is both an at-  
26 risk pupil and a bilingual education pupil;

27       "Commissioner" means the Commissioner of Education;

28       "Concentration of at-risk pupils" shall be based on prebudget  
29 year pupil data and means, for a school district or a county  
30 vocational school district, the number of at-risk pupils among those  
31 counted in resident enrollment, divided by resident enrollment;

32       "County special services school district" means any entity  
33 established pursuant to article 8 of chapter 46 of Title 18A of the  
34 New Jersey Statutes;

35       "County vocational school district" means any entity established  
36 pursuant to article 3 of chapter 54 of Title 18A of the New Jersey  
37 Statutes;

38       "CPI" means the increase, expressed as a decimal, in the average  
39 annualized consumer price index for the New York City and  
40 Philadelphia areas in the fiscal year preceding the prebudget year  
41 relative to the previous fiscal year as reported by the United States  
42 Department of Labor;

43       "Debt service" means payments of principal and interest upon  
44 school bonds and other obligations issued to finance the purchase or  
45 construction of school facilities, additions to school facilities, or the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

      Matter underlined thus is new matter.

1 reconstruction, remodeling, alteration, modernization, renovation or  
2 repair of school facilities, including furnishings, equipment,  
3 architect fees, and the costs of issuance of such obligations and  
4 shall include payments of principal and interest upon bonds  
5 heretofore issued to fund or refund such obligations, and upon  
6 municipal bonds and other obligations which the commissioner  
7 approves as having been issued for such purposes;

8 "District attendance adjustment rate" means the lesser of 100%  
9 or the sum of the district's average daily attendance rate for the  
10 three most recent school years, as reported in the School Register  
11 Summary, and four percentage points;

12 "District income" means the aggregate income of the residents of  
13 the taxing district or taxing districts, based upon data provided by  
14 the Division of Taxation in the New Jersey Department of the  
15 Treasury and contained on the New Jersey State Income Tax forms  
16 for the calendar year ending two years prior to the prebudget year.  
17 The commissioner may supplement data contained on the State  
18 Income Tax forms with data available from other State or federal  
19 agencies in order to better correlate the data to that collected on the  
20 federal census. With respect to regional districts and their  
21 constituent districts, however, the district income as described  
22 above shall be allocated among the regional and constituent districts  
23 in proportion to the number of pupils resident in each of them;

24 "Equalized valuation" means the equalized valuation of the  
25 taxing district or taxing districts, as certified by the Director of the  
26 Division of Taxation on October 1, or subsequently revised by the  
27 tax court by January 15, of the prebudget year. With respect to  
28 regional districts and their constituent districts, however, the  
29 equalized valuations as described above shall be allocated among  
30 the regional and constituent districts in proportion to the number of  
31 pupils resident in each of them. In the event that the equalized table  
32 certified by the director shall be revised by the tax court after  
33 January 15 of the prebudget year, the revised valuations shall be  
34 used in the recomputation of aid for an individual school district  
35 filing an appeal, but shall have no effect upon the calculation of the  
36 property value rate, Statewide average equalized school tax rate, or  
37 Statewide equalized total tax rate;

38 "Full-day preschool" means a preschool day consisting of a six-  
39 hour comprehensive educational program in accordance with the  
40 district's kindergarten through grade 12 school calendar;

41 "GAAP" means the generally accepted accounting principles  
42 established by the Governmental Accounting Standards Board as  
43 prescribed by the State board pursuant to N.J.S.18A:4-14;

44 "General special education services pupil" means a pupil  
45 receiving specific services pursuant to chapter 46 of Title 18A of  
46 the New Jersey Statutes;

1 "Geographic cost adjustment" means an adjustment that reflects  
2 county differences in the cost of providing educational services that  
3 are outside the control of the district;

4 "Household income" means income as defined in 7 CFR ss.245.2  
5 and 245.6 or any subsequent superseding federal law or regulation;

6 "Net budget" means the sum of the district's general fund tax  
7 levy, State aid received pursuant to the provisions of this act other  
8 than preschool education aid, miscellaneous revenue estimated  
9 pursuant to GAAP, and designated general fund balance;

10 "Prebudget year" means the school fiscal year preceding the year  
11 in which the school budget is implemented;

12 "Nonpreschool ECPA" means the amount of early childhood  
13 program aid, excluding prior year carry-forward amounts, included  
14 in a district's 2007-2008 school year budget certified for taxes that  
15 was allocated to grades K through 3;

16 "Report" means the Educational Adequacy Report issued by the  
17 commissioner pursuant to section 4 of this act;

18 "Resident enrollment" means the number of pupils other than  
19 preschool pupils, post-graduate pupils, and post-secondary  
20 vocational pupils who, on the last school day prior to October 16 of  
21 the current school year, are residents of the district and are enrolled  
22 in: (1) the public schools of the district, excluding evening schools,  
23 (2) another school district, other than a county vocational school  
24 district in the same county on a full-time basis, or a State college  
25 demonstration school or private school to which the district of  
26 residence pays tuition, or (3) a State facility in which they are  
27 placed by the district; or are residents of the district and are: (1)  
28 receiving home instruction, or (2) in a shared-time vocational  
29 program and are regularly attending a school in the district and a  
30 county vocational school district. In addition, resident enrollment  
31 shall include the number of pupils who, on the last school day prior  
32 to October 16 of the prebudget year, are residents of the district and  
33 in a State facility in which they were placed by the State. Pupils in  
34 a shared-time vocational program shall be counted on an equated  
35 full-time basis in accordance with procedures to be established by  
36 the commissioner. Resident enrollment shall include regardless of  
37 nonresidence, the enrolled children of teaching staff members of the  
38 school district or county vocational school district who are  
39 permitted, by contract or local district policy, to enroll their  
40 children in the educational program of the school district or county  
41 vocational school district without payment of tuition. Disabled  
42 children between three and five years of age and receiving programs  
43 and services pursuant to N.J.S.18A:46-6 shall be included in the  
44 resident enrollment of the district;

45 "School district" means any local or regional school district  
46 established pursuant to chapter 8 or chapter 13 of Title 18A of the  
47 New Jersey Statutes;

1 "State facility" means a State developmental center, a State  
 2 Division of Youth and Family Services' residential center, a State  
 3 residential mental health center, a Department of Children and  
 4 Families Regional Day School, a State training school/secure care  
 5 facility, a State juvenile community program, a juvenile detention  
 6 center or a boot camp under the supervisory authority of the  
 7 Juvenile Justice Commission pursuant to P.L.1995, c.284  
 8 (C.52:17B-169 et seq.), or an institution operated by or under  
 9 contract with the Department of Corrections, Children and Families  
 10 or Human Services, or the Juvenile Justice Commission;

11 "Statewide equalized school tax rate" means the amount  
 12 calculated by dividing the general fund tax levy for all school  
 13 districts, which excludes county vocational school districts and  
 14 county special services school districts as defined pursuant to this  
 15 section, in the State for the prebudget year by the equalized  
 16 valuations certified in the year prior to the prebudget year of all  
 17 taxing districts in the State except taxing districts for which there  
 18 are not school tax levies;

19 "Tax levy growth limitation" means the permitted annual  
 20 increase in the adjusted tax levy for a school district as calculated  
 21 pursuant to sections 3 and 4 of P.L.2007, c.62 (C.18A:7F-38 and  
 22 18A:7F-39).

23 (cf: P.L.2010, c.44, s.6)

24  
 25 2. Section 8 of P.L.2007, c.260 (C.18A:7F-50) is amended to  
 26 read as follows:

27 8. a. The weighted enrollment for each school district and  
 28 county vocational school district shall be calculated as follows:

29 
$$\text{WENR} = (\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR}) + (\text{MW} \times \text{MENR}) +$$
  
 30 
$$(\text{HW} \times \text{HENR}) \text{ ] } \text{WENR} = \text{DAAR} \times ((\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR})$$
  
 31 
$$+ (\text{MW} \times \text{MENR}) + (\text{HW} \times \text{HENR}))$$

32 where

33 DAAR is the district attendance adjustment rate;

34 PW is the applicable weight for kindergarten enrollment;

35 EW is the weight for elementary enrollment;

36 MW is the weight for middle school enrollment;

37 HW is the weight for high school enrollment;

38 PENR is the resident enrollment for kindergarten;

39 EENR is the resident enrollment for grades 1 - 5;

40 MENR is the resident enrollment for grades 6 - 8; and

41 HENR is the resident enrollment for grades 9 - 12.

42 For the purposes of this section, ungraded pupils shall be counted in  
 43 their age-equivalent grade.

44 b. The base cost for each school district shall be calculated as  
 45 follows:

46 
$$\text{BC} = \text{BPA} \times \text{WENR}; \text{ and}$$

47 the base cost for each county vocational school district shall be  
 48 calculated as follows:

1         $BC = BPA \times WENR \times 1.31$

2        where

3        BPA is the base per pupil amount; and

4        WENR is the weighted enrollment of the school district or  
5        county vocational school district.

6        (cf: P.L.2007, c.260, s.8)

7

8        3. Section 9 of P.L.2007, c.260 (C.18A:7F-51) is amended to  
9        read as follows:

10       9. a. The adequacy budget for each school district and county  
11       vocational school district shall be calculated as follows:

12        $AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + SE \text{ Census}) \times$   
13       GCA

14       where

15       BC is the district's or county vocational school district's base cost  
16       as calculated pursuant to section 8 of this act;

17       AR Cost is the cost of providing educational and other services  
18       for at-risk pupils as calculated pursuant to subsection b. of this  
19       section;

20       LEP Cost is the cost of providing educational and other services  
21       for bilingual education pupils as calculated pursuant to subsection c.  
22       of this section;

23       COMB Cost is the cost of providing educational and other  
24       services for pupils who are both at-risk and bilingual as calculated  
25       pursuant to subsection d. of this section;

26       SE Census is the cost of providing programs and services to  
27       general special education services pupils and speech-only pupils as  
28       calculated pursuant to subsection e. of this section; and

29       GCA is geographic cost adjustment.

30       The GCA shall be the geographic cost adjustment developed by  
31       the commissioner and revised by the commissioner every five years  
32       in accordance with receipt of census data.

33       b. AR Cost shall be calculated as follows:

34        $AR \text{ Cost} = BPA \times ARWENR \times \underline{DAAR} \times AR \text{ Weight}$

35       where

36       BPA is the base per pupil amount;

37       ARWENR is the weighted enrollment for at-risk pupils of the  
38       school district or county vocational school district, which shall not  
39       include combination pupils;

40       DAAR is the district attendance adjustment rate; and

41       AR Weight is the at-risk weight.

42       For the 2008-2009 through 2010-2011 school years the at-risk  
43       weight shall be as follows:

44       for a district in which the concentration of at-risk pupils is less  
45       than 20% of resident enrollment, the at-risk weight shall equal 0.47;

46       for a district in which the concentration of at-risk pupils is equal  
47       to 20% but less than 60% of resident enrollment, the at-risk weight  
48       shall equal the district's  $((\text{at-risk } \% - 0.20) \times 0.25) + 0.47$ ; and

1 for a district in which the concentration of at-risk pupils is equal  
2 to or greater than 60% of resident enrollment, the at-risk weight  
3 shall equal 0.57.

4 For subsequent school years, the AR weight shall be established  
5 in the Educational Adequacy Report.

6 Notwithstanding the provisions of this subsection to the contrary,  
7 for the 2014-2015 school year, the at-risk weight shall be as  
8 follows:

9 for a district in which the concentration of at-risk pupils is less  
10 than 20% of the resident enrollment, the at-risk weight shall equal  
11 0.42;

12 for a district in which the concentration of at-risk pupils is equal  
13 to 20% but less than 40% of the resident enrollment, the at-risk  
14 weight shall equal the district's ((at-risk % - 0.20) x 0.20)) + 0.42;  
15 and

16 for a district in which the concentration of at-risk pupils is equal  
17 to or greater than 40% of the resident enrollment, the at-risk weight  
18 shall equal 0.46.

19 c. LEP Cost shall be calculated as follows:

20 
$$\text{LEP Cost} = \text{BPA} \times \text{LWENR} \times \text{DAAR} \times \text{LEP Weight}$$

21 where

22 BPA is the base per pupil amount;

23 LWENR is the weighted enrollment for the bilingual education  
24 pupils of the school district or county vocational school district,  
25 which shall not include combination pupils;

26 DAAR is the district attendance adjustment rate; and

27 LEP Weight is the bilingual pupil weight.

28 For the 2008-2009 through 2010-2011 school years the LEP weight  
29 shall be 0.5. For subsequent school years, the LEP weight shall be  
30 established in the Educational Adequacy Report.

31 Notwithstanding the provisions of this subsection to the contrary,  
32 for 2014-2015 school year, the LEP weight shall be 0.46.

33 d. COMB Cost shall be calculated as follows:

34 
$$\text{COMB Cost} = \text{BPA} \times \text{CWENR} \times \text{DAAR} \times (\text{AR Weight} + \text{COMB}$$
  
35 
$$\text{Weight})$$

36 where

37 BPA is the base per pupil amount;

38 CWENR is the weighted enrollment for pupils who are both at-  
39 risk and bilingual;

40 DAAR is the district attendance adjustment rate;

41 AR Weight is the at-risk weight; and

42 COMB Weight is the combination pupil weight.

43 For the 2008-2009 through 2010-2011 school years the COMB  
44 weight shall be 0.125. For subsequent school years, the COMB  
45 weight shall be established in the Educational Adequacy Report.

46 Notwithstanding the provisions of this subsection to the contrary,  
47 for the 2014-2015 school year, the COMB weight shall be 0.0981.

48 e. SE Census shall be calculated as follows:

1         $SE \text{ Census} = (RE \times \underline{DAAR} \times SEACR \times AEC \times 2/3) + (RE \times$   
2         $\underline{DAAR} \times SACR \times SEC)$

3        where

4        RE is the resident enrollment of the school district or county  
5        vocational school district;

6        DAAR is the district attendance adjustment rate;

7        SEACR is the State average classification rate for general special  
8        education services pupils;

9        AEC is the excess cost for general special education services  
10       pupils;

11       SACR is the State average classification rate for speech-only  
12       pupils; and

13       SEC is the excess cost for speech-only pupils.

14       For the 2008-2009 through 2010-2011 school years the State  
15       average classification rate shall be 14.69% for general special  
16       education services pupils and 1.897% for speech-only pupils. For  
17       subsequent school years, the State average classification rates shall  
18       be established in the Educational Adequacy Report.

19       For the 2008-2009 school year the excess cost shall be \$10,898  
20       for general special education services pupils and \$1,082 for speech-  
21       only pupils. The excess cost amounts shall be adjusted by the CPI  
22       in the 2009-2010 and 2010-2011 school years as required pursuant  
23       to subsection b. of section 4 of this act. For subsequent school  
24       years, the excess cost amounts shall be established in the  
25       Educational Adequacy Report, with the amounts adjusted by the  
26       CPI for each of the two school years following the first school year  
27       to which the report is applicable.

28       (cf: P.L.2007, c.260. s.9)

29

30       4. Section 13 of P.L.2007, c.260 (C.18A:7F-55) is amended to  
31       read as follows:

32       13. a. Special education categorical aid for each school district  
33       and county vocational school district shall be calculated as follows:

34        $SE = (RE \times \underline{DAAR} \times SEACR \times AEC \times 1/3) \times GCA$

35       where

36       RE is the resident enrollment of the school district or county  
37       vocational school district;

38       DAAR is the district attendance adjustment rate;

39       SEACR is the State average classification rate for general special  
40       education services pupils;

41       AEC is the excess cost for general special education services  
42       pupils; and

43       GCA is the geographic cost adjustment as developed by the  
44       commissioner.

45       For the 2008-2009 school year the excess cost shall be \$10,898 for  
46       general special education services pupils. The excess cost amount  
47       shall be adjusted by the CPI in the 2009-2010 and 2010-2011  
48       school years as required pursuant to subsection b. of section 4 of



1 this act. For subsequent school years, the excess cost amount shall  
2 be established in the Educational Adequacy Report, with the  
3 amount adjusted by the CPI for each of the two school years  
4 following the first school year to which the report is applicable.

5 b. Extraordinary special education aid for an individual  
6 classified pupil shall be available when the student is educated in a  
7 general education classroom, special education program, including  
8 but not limited to a resource program or special class program, or  
9 any combination of general education and special education  
10 programs and services, subject to the requirements and thresholds  
11 set forth in this section.

12 (1) In those instances in which a pupil is educated in an in-  
13 district public school program with non-disabled peers, whether run  
14 by a public school or by a private school for the disabled, and the  
15 cost of providing direct instructional and support services for an  
16 individual classified pupil exceeds \$40,000, for those direct  
17 instructional and support services costs in excess of \$40,000 a  
18 district shall receive extraordinary special education State aid equal  
19 to 90% of the amount of that excess in accordance with the  
20 provisions of paragraph (4) of this subsection.

21 (2) In those instances in which a pupil is educated in a separate  
22 public school program for students with disabilities and the cost of  
23 providing direct instructional and support services for an individual  
24 classified pupil exceeds \$40,000, for those direct instructional and  
25 support services costs in excess of \$40,000 a district shall receive  
26 extraordinary special education State aid equal to 75% of the  
27 amount of that excess in accordance with the provisions of  
28 paragraph (4) of this subsection.

29 (3) In those instances in which a pupil is educated in a separate  
30 private school for students with disabilities and the tuition for an  
31 individual classified pupil exceeds \$55,000, for tuition costs in  
32 excess of \$55,000 a district shall receive extraordinary special  
33 education State aid equal to 75% of the amount of that excess in  
34 accordance with the provisions of paragraph (4) of this subsection.

35 (4) Extraordinary special education State aid for an individual  
36 classified pupil shall be calculated as follows:

37 
$$EA = ((ADC - \$40,000) \times .90) + (((AIC - \$40,000) + (ASC -$$
  
38 
$$\$55,000)) \times .75)$$

39 where

40 ADC equals the district's actual cost for the direct instructional  
41 and support services in an in-district public school program as set  
42 forth in paragraph (1) of this subsection;

43 AIC equals the district's actual cost for direct instructional and  
44 support services in a separate public school program as set forth in  
45 paragraph (2) of this subsection; and

46 ASC equals the district's actual cost for tuition paid to a separate  
47 private school as set forth in paragraph (3) of this subsection.

1 (5) The receipt of extraordinary special education State aid for  
2 an individual classified pupil shall be conditioned upon a  
3 demonstration by the district that the pupil's Individualized  
4 Education Plan requires the provision of intensive services,  
5 pursuant to factors determined by the commissioner.

6 c. In order to receive funding pursuant to this section, a district  
7 shall file an application with the department that details the  
8 expenses incurred on behalf of the particular classified pupil for  
9 which the district is seeking reimbursement. Additional State aid  
10 awarded for extraordinary special education costs shall be recorded  
11 by the district as revenue in the current school year and paid to the  
12 district in the subsequent school year.

13 d. A school district may apply to the commissioner to receive  
14 emergency special education aid for any classified pupil who  
15 enrolls in the district prior to March of the budget year and who is  
16 in a placement with a cost in excess of \$40,000 or \$55,000, as  
17 applicable. The commissioner may debit from the student's former  
18 district of residence any special education aid which was paid to  
19 that district on behalf of the student.

20 e. The department shall review expenditures of federal and  
21 State special education aid by a district in every instance in which  
22 special education monitoring identifies a failure on the part of the  
23 district to provide services consistent with a pupil's Individualized  
24 Education Plan.

25 f. The commissioner shall commission an independent study of  
26 the special education census funding methodology to determine if  
27 adjustments in the special education funding formulas are needed in  
28 future years to address the variations in incidence of students with  
29 severe disabilities requiring high cost programs and to make  
30 recommendations for any such adjustments. The study and  
31 recommendations shall be completed by June 30, 2010.

32 g. A school district may apply to the commissioner to receive  
33 additional special education categorical aid if the district has an  
34 unusually high rate of low-incidence disabilities, such as autism,  
35 deaf/blindness, severe cognitive impairment, and medically fragile.  
36 In applying for the aid the district shall: demonstrate the impact of  
37 the unusually high rate of low-incidence disabilities on the school  
38 district budget and the extent to which the costs to the district are  
39 not sufficiently addressed through special education aid and  
40 extraordinary special education aid; and provide details of all  
41 special education expenditures, including details on the use of  
42 federal funds to support those expenditures.

43 (cf: P.L.2007, c.260, s.13)

44  
45 5. Section 14 of P.L.2007, c.260 (C.18A:7F-56) is amended to  
46 read as follows:

47 14. Security categorical aid for each school district and county  
48 vocational school district shall be calculated as follows:

1        $SA = \underline{DAAR} \times ((RE \times \$70) + (AREN \times ARSA)) \times GCA$

2       where

3       DAAR means the district attendance adjustment rate;

4       RE means the school district's or county vocational school  
5       district's resident enrollment;

6       AREN means the district's number of at-risk pupils;

7       ARSA means the at-risk security amount; and

8       GCA is the geographic cost adjustment as developed by the  
9       commissioner.

10      For the 2008-2009 through 2010-2011 school years the at-risk  
11      security amount shall be calculated as follows:

12      for a district in which the concentration of at-risk pupils is less  
13      than 40% of resident enrollment, the at-risk security amount shall  
14      equal the district's  $(AR\% \times \$10.15 \times 100)$ ; and

15      for a district in which the concentration of at-risk pupils is equal  
16      to or greater than 40%, the at-risk security amount shall equal \$406.

17      The security cost coefficients, \$70, \$10.15 and \$406, used to  
18      determine the security amount, shall be adjusted by the CPI in the  
19      2009-2010 and 2010-2011 school years as required pursuant to  
20      subsection b. of section 4 of this act. For subsequent school years,  
21      the cost coefficients shall be established in the Educational  
22      Adequacy Report, with adjustments by the CPI for each of the two  
23      school years following the first school year to which the report is  
24      applicable.

25      (cf: P.L.2007, c.260, s.14)

26

27      6. Section 16 of P.L.2007, c.260 (C.18A:7F-58) is amended to  
28      read as follows:

29      16. a. (1) For the 2008-2009 school year, each school district  
30      and county vocational school district shall receive adjustment aid in  
31      such amount as to ensure that the district receives the greater of the  
32      amount of State aid calculated for the district pursuant to the  
33      provisions of this act or the State aid received by the district for the  
34      2007-2008 school year multiplied by 102%. The State aid received  
35      by the district for the 2007-2008 school year shall include the  
36      following aid categories: Core Curriculum Standards Aid,  
37      Supplemental Core Curriculum Standards Aid, Education  
38      Opportunity Aid, Above Average Enrollment Growth Aid, High  
39      Expectations for Learning Proficiency Aid, Instructional  
40      Supplement Aid, Demonstrably Effective Program Aid,  
41      Stabilization Aid, Supplemental Stabilization Aid, Adult and  
42      Postsecondary Education Grants, Bilingual Education Aid, Special  
43      Education Aid, County Vocational Program Aid, Transportation  
44      Aid, School Choice Aid, Consolidated Aid, Additional Formula  
45      Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk  
46      Aid, Abbott-Bordered District Aid, Nonpreschool ECPA,  
47      Extraordinary Special Education Aid paid in 2006-2007, and Aid

1 for Enrollment Adjustments, taking into consideration the June  
2 2008 payment made in July 2008.

3 (2) For the 2009-2010 and 2010-2011 school years a school  
4 district or county vocational school district shall receive adjustment  
5 aid in such amount as to ensure that the district receives the greater  
6 of the amount of State aid calculated for the district pursuant to the  
7 provisions of this act or the State aid, other than educational  
8 adequacy aid, received by the district for the 2008-2009 school  
9 year.

10 (3) For the 2011-2012 school year and for each school year  
11 thereafter, a school district or county vocational school district that  
12 does not have a decline in its weighted enrollment, adjusted for  
13 bilingual education pupils and at-risk pupils, between the 2008-  
14 2009 school year and the budget year that is greater than 5% shall  
15 receive adjustment aid in such amount as to ensure that the district  
16 receives the greater of the amount of State aid calculated pursuant  
17 to the provisions of this act or the State aid, other than educational  
18 adequacy aid, received by the district for the 2008-2009 school  
19 year.

20 (4) For the 2011-2012 school year and for each school year  
21 thereafter, a school district or county vocational school district that  
22 has a decline in its weighted enrollment, adjusted for bilingual  
23 education pupils and at-risk pupils, between the 2008-2009 school  
24 year and the budget year that is greater than 5% shall have its  
25 adjustment aid reduced in an amount equal to the district's 2008-  
26 2009 per pupil adjustment aid amount multiplied by the decline in  
27 its resident enrollment that is greater than 5%.

28 (5) For the 2014-2015 school year and for each school year  
29 thereafter, in the case of a school district that is spending above  
30 adequacy, the amount of adjustment aid calculated pursuant to  
31 paragraph (3) or paragraph (4) shall be reduced by an amount equal  
32 to 50% of the amount by which the district is spending above  
33 adequacy.

34 b. In the case of a school district that received education  
35 opportunity aid in the 2007-2008 school year and for which the sum  
36 of the district's 2007-2008 State aid under the State aid categories  
37 listed under paragraph (1) of subsection a. of this section and  
38 general fund local levy is less than the sum of the district's  
39 adequacy budget as calculated pursuant to section 9 of this act,  
40 special education categorical aid calculated pursuant to section 13  
41 of this act, and security aid calculated pursuant to section 14 of this  
42 act, the district shall receive educational adequacy aid if it meets the  
43 following criteria:

44 (1) the district fails to meet educational adequacy standards as  
45 determined by the commissioner; or

46 (2) the district is located in a municipality with an equalized  
47 total tax rate that is greater than 130% of the Statewide average  
48 equalized total tax rate; or

1 (3) the district has an equalized school tax rate that is greater  
2 than 110% of the Statewide average equalized school tax rate and is  
3 located in a municipality with an equalized total tax rate that is  
4 greater than 120% of the Statewide average equalized total tax rate;  
5 and

6 (4) the district will not meet adequacy in the 2008-2009 school  
7 year based on the State aid increase received by the district for that  
8 school year.

9 An eligible district shall receive educational adequacy aid for the  
10 2008-2009 school year in accordance with the following formula:

11  $EA\ aid = ((AB + SE + SA) - (GFL + A08)) \times .33) - ls - SA;$

12 where AB is the district's adequacy budget as calculated pursuant  
13 to section 9 of this act;

14 SE is the district's special education categorical aid calculated  
15 pursuant to section 13 of this act;

16 SA is the district's security categorical aid calculated pursuant to  
17 section 14 of this act;

18 GFL is the district's prebudget year general fund local levy;

19 A08 is the sum of the district's 2007-2008 State aid under the  
20 State aid categories listed under paragraph (1) of subsection a. of  
21 this section;

22 ls is the district's prebudget year general fund local levy,  
23 multiplied by 4% in the case of a district which meets the criteria of  
24 paragraph (2) or paragraph (3) of this subsection, or in the case of a  
25 district which does not meet those criteria multiplied by 6%; and

26 SA is any increase in State aid between the prebudget and budget  
27 years.

28 An eligible district shall receive educational adequacy aid for the  
29 2009-2010 school year in accordance with the following formula:

30  $EA\ aid = ((AB - (GFL + PEQAID)) \times .50) - ls;$  and

31 An eligible district shall receive educational adequacy aid for the  
32 2010-2011 school year in accordance with the following formula:

33  $EA\ aid = (AB - (GFL + PEQAID) - ls)$

34 where

35 AB is the district's adequacy budget as calculated pursuant to  
36 section 9 of this act;

37 GFL is the district's prebudget year general fund local levy;

38 PEQAID is the district's prebudget year equalization aid  
39 calculated pursuant to section 11 of this act; and

40 ls is the district's prebudget year general fund local levy,  
41 multiplied by 4% in the case of a district which meets the criteria of  
42 paragraph (2) or paragraph (3) of this subsection, or in the case of a  
43 district which does not meet those criteria multiplied by 8% for the  
44 2009-2010 school year and by 10% for the 2010-2011 school year;

45 For the 2011-2012 school year and for each school year  
46 thereafter, the district shall receive the amount of educational  
47 adequacy aid that the district received in the 2010-2011 school year.  
48 (cf: P.L.2007, c.260, s.16)

1       7. This act shall take effect immediately.

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STATEMENT

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6       This bill amends the “School Funding Reform Act of 2008”  
7 (SFRA), P.L.2007, c.260 (C.18A:7F-43 et al.) to incorporate the  
8 certain modifications recommended by the Department of  
9 Education in its Education Funding Report issued February 23,  
10 2012 and the Educational Adequacy Report issued December 14,  
11 2012. Specifically, the bill makes three changes to the SFRA.

12       First, in the case of a school district in which the average daily  
13 attendance rate over the most recent three school years is less than  
14 96%, the enrollment figures used to calculate the district’s aid are  
15 reduced by a percentage equal to the difference between 96% and  
16 the district’s average daily attendance rate for the three most recent  
17 school years, as reported in the School Register Summary.

18       Second, in the case of a district that is spending above its  
19 adequacy threshold, adjustment aid awarded to the district is  
20 reduced by 50% of the amount by which the district is spending  
21 above adequacy.

22       Third, the bill reduces the additional weights included in the  
23 SFRA for at-risk students (students who qualify for the federal free  
24 and reduced-price lunch program), bilingual students, and  
25 combination students (those who are both at-risk and bilingual). As  
26 enacted, the additional weight for at-risk students ranged from 0.47  
27 to 0.57; under the bill, the at-risk weight would range from 0.42 to  
28 0.46. The weight for bilingual students is reduced from 0.50 to  
29 0.46, while the weight for combination students is reduced from  
30 0.125 to 0.0981 (plus the weight for at-risk students).