

ASSEMBLY, No. 1616

STATE OF NEW JERSEY

218th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2018 SESSION

Sponsored by:
Assemblywoman HOLLY T. SCHEPISI
District 39 (Bergen and Passaic)

SYNOPSIS

Revises State funding formula for public education.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning State funding for education, supplementing
2 chapter 7F of Title 18A of the New Jersey Statutes, and
3 amending and repealing various parts of the statutory law.
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. (New section) Notwithstanding any law to the contrary,
9 State funding for public education, other than funding for special
10 education, shall be distributed on a per pupil basis; except that the
11 Legislature may distribute funding other than on a per pupil basis if
12 it determines that an alternative funding method is necessary.
13

14 2. Section 3 of P.L.1996, c.138 (C.18A:7F-3) is amended to
15 read as follows:

16 3. As used in this act, unless the context clearly requires a
17 different meaning:

18 **["Abbott district"** means one of the 28 urban districts in district
19 factor groups A and B specifically identified in the appendix to
20 Raymond Abbott, et al. v. Fred G. Burke, et al. decided by the New
21 Jersey Supreme Court on June 5, 1990 (119 N.J.287, 394) or any
22 other district classified as a special needs district under the "Quality
23 Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.);

24 "Bilingual education pupil" means a pupil enrolled in a program
25 of bilingual education or in an English as a second language
26 program approved by the State Board of Education;

27 "Budgeted local share" means the sum of designated general
28 fund balance, miscellaneous revenues estimated consistent with
29 GAAP, and that portion of the district's local tax levy contained in
30 the T&E budget certified for taxation purposes; **"]**

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

32 "Commissioner" means the Commissioner of Education;

33 **["Concentration of low-income pupils"** shall be based on
34 prebudget year pupil data and means, for a school district or a
35 county vocational school district, the number of low-income pupils
36 among those counted in modified district enrollment, divided by
37 modified district enrollment. For a school, it means the number of
38 low-income pupils recorded in the registers at that school, divided
39 by the total number of pupils recorded in the school's registers; **"]**

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

44 "County special services school district" means any
45 entity established pursuant to article 8 of chapter 46 of Title 18A of

**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 the New Jersey Statutes;

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

5 "County vocational school, special education services pupil"
6 means a pupil who is attending a county vocational school and who
7 is receiving specific services pursuant to chapter 46 of Title 18A of
8 the New Jersey Statutes;

9 "Debt service" means and includes payments of principal and
10 interest upon school bonds and other obligations issued to finance
11 the purchase or construction of school facilities, additions to school
12 facilities, or the reconstruction, remodeling, alteration,
13 modernization, renovation or repair of school facilities, including
14 furnishings, equipment, architect fees and the costs of issuance of
15 such obligations and shall include payments of principal and
16 interest upon bonds heretofore issued to fund or refund such
17 obligations, and upon municipal bonds and other obligations which
18 the commissioner approves as having been issued for such
19 purposes. Debt service pursuant to the provisions of P.L.1978,
20 c.74 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et
21 seq.) and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

22 **["District factor group A district" means a school district, other**
23 **than an Abbott district or a school district in which the equalized**
24 **valuation per pupil is more than twice the average Statewide**
25 **equalized valuation per pupil and in which resident enrollment**
26 **exceeds 2,000 pupils, which based on the 1990 federal census data**
27 **is included within the Department of Education's district factor**
28 **group A;】**

29 "District income" for the 1997-98 school year means the
30 aggregate income of the residents of the taxing district or taxing
31 districts, based upon data provided by the Bureau of the Census in
32 the United States Department of Commerce for 1989. Beginning
33 with the 1998-99 school year and thereafter, district income means
34 the aggregate income of the residents of the taxing district or taxing
35 districts, based upon data provided by the Division of Taxation in
36 the New Jersey Department of the Treasury and contained on the
37 New Jersey State Income Tax forms for the calendar year ending
38 prior to the prebudget year. The commissioner may supplement
39 data contained on the State Income Tax forms with data available
40 from other State or federal agencies in order to better correlate the
41 data to that collected on the federal census. With respect to
42 regional districts and their constituent districts, however, the district
43 income as described above shall be allocated among the regional
44 and constituent districts in proportion to the number of pupils
45 resident in each of them;

46 **["Estimated minimum equalized tax rate" for a school district**
47 **means the district's required local share divided by its equalized**
48 **valuation; for the State it means the sum of the required local shares**

1 of all school districts in the State, excluding county vocational and
2 county special services school districts as defined pursuant to this
3 section, divided by the sum of the equalized valuations for all the
4 school districts in the State except those for which there is no
5 required local share;】

6 "Equalized valuation" means the equalized valuation of the
7 taxing district or taxing districts, as certified by the Director of the
8 Division of Taxation on October 1, or subsequently revised by the
9 tax court by January 15, of the prebudget year. With respect to
10 regional districts and their constituent districts, however, the
11 equalized valuations as described above shall be allocated among
12 the regional and constituent districts in proportion to the number of
13 pupils resident in each of them. In the event that the equalized table
14 certified by the director shall be revised by the tax court after
15 January 15 of the prebudget year, the revised valuations shall be
16 used in the recomputation of aid for an individual school district
17 filing an appeal, but shall have no effect upon the calculation of the
18 property value multiplier, Statewide equalized valuation per pupil,
19 estimated minimum equalized tax rate for the State, or Statewide
20 average equalized school tax rate;

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

24 【"Household income" means income as defined in 7CFR 245.2
25 and 245.6 or any subsequent superseding federal law or regulation;

26 "Lease purchase payment" means and includes payments of
27 principal and interest for lease purchase agreements in excess of
28 five years approved pursuant to subsection f. of N.J.S.18A:20-4.2 to
29 finance the purchase or construction of school facilities, additions
30 to school facilities, or the reconstruction, remodeling, alteration,
31 modernization, renovation or repair of school facilities, including
32 furnishings, equipment, architect fees and issuance costs. Approved
33 lease purchase agreements in excess of five years shall be accorded
34 the same accounting treatment as school bonds;

35 "Low-income pupils" means those pupils from households with a
36 household income at or below the most recent federal poverty
37 guidelines available on October 15 of the prebudget year multiplied
38 by 1.30;

39 "Minimum permissible T&E budget" means the sum of a
40 district's core curriculum standards aid, and required local share
41 calculated pursuant to sections 5, 14 and 15 of this act;

42 "Modified district enrollment" means the number of pupils other
43 than preschool pupils, evening school pupils, post-graduate pupils,
44 and post-secondary vocational pupils who, on the last school day
45 prior to October 16, are enrolled in the school district or county
46 vocational school district; or are resident in the school district or
47 county vocational school district and are: (1) receiving home
48 instruction, (2) enrolled in an approved private school for the

1 handicapped, (3) enrolled in a regional day school, (4) enrolled in a
2 county special services school district, (5) enrolled in an
3 educational services commission including an alternative high
4 school program operated by an educational services commission,
5 (6) enrolled in a State college demonstration school, (7) enrolled in
6 the Marie H. Katzenbach School for the Deaf, or (8) enrolled in an
7 alternative high school program in a county vocational school.
8 Modified district enrollment shall be based on the prebudget year
9 count for the determination of concentration of low-income pupils,
10 and shall be projected to the current year and adjusted pursuant to
11 section 5 of this act when used in the calculation of aid;

12 "Net budget" unless otherwise stated in this act, means the sum
13 of the net T&E budget and the portion of the district's local levy
14 that is above the district's maximum T & E budget;

15 "Net T&E budget" means the sum of the T&E program budget,
16 early childhood program aid, demonstrably effective program aid,
17 instructional supplement aid, transportation aid, and categorical
18 program aid received pursuant to sections 19 through 22, 28, and 29
19 of this act;】

20 "Prebudget year" means the school fiscal year preceding the year
21 in which the school budget is implemented;

22 【"Prebudget year equalized tax rate" means the amount
23 calculated by dividing the district's general fund levy for the
24 prebudget year by its equalized valuation certified in the year prior
25 to the prebudget year;

26 "Prebudget year net budget" for the 1997-98 school year means
27 the sum of the foundation aid, transition aid, transportation aid,
28 special education aid, bilingual education aid, aid for at-risk pupils,
29 technology aid, and county vocational program aid received by a
30 school district or county vocational school district in the 1996-97
31 school year pursuant to P.L.1996, c.42, and the district's local levy
32 for the general fund;】

33 "Report on the Cost of Providing a Thorough and Efficient
34 Education" or "Report" means the report issued by the Governor
35 pursuant to section 4 of this act;

36 "Resident enrollment" means the number of pupils other than
37 preschool pupils, post-graduate pupils, and post-secondary
38 vocational pupils who, on the last school day prior to October 16 of
39 the current school year, are residents of the district and are enrolled
40 in: (1) the public schools of the district, excluding evening schools,
41 (2) another school district, other than a county vocational school
42 district in the same county on a full-time basis, or a State college
43 demonstration school or private school to which the district of
44 residence pays tuition, or (3) a State facility in which they are
45 placed by the district; or are residents of the district and are: (1)
46 receiving home instruction, or (2) in a shared-time vocational
47 program and are regularly attending a school in the district and a
48 county vocational school district. In addition, resident enrollment

1 shall include the number of pupils who, on the last school day prior
2 to October 16 of the prebudget year, are residents of the district and
3 in a State facility in which they were placed by the State. Pupils in
4 a shared-time vocational program shall be counted on an equated
5 full-time basis in accordance with procedures to be established by
6 the commissioner. Resident enrollment shall include regardless of
7 nonresidence, the enrolled children of teaching staff members of the
8 school district or county vocational school district who are
9 permitted, by contract or local district policy, to enroll their
10 children in the educational program of the school district or county
11 vocational school district without payment of tuition. Handicapped
12 children between three and five years of age and receiving programs
13 and services pursuant to N.J.S.18A:46-6 shall be included in the
14 resident enrollment of the district;

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

18 **["School enrollment" means the number of pupils other than**
19 **preschool pupils, evening school pupils, post-graduate pupils, and**
20 **post-secondary vocational pupils who, on the last school day prior**
21 **to October 16 of the current school year, are recorded in the**
22 **registers of the school;]**

23 "Special education services pupils" means a pupil receiving
24 specific services pursuant to chapter 46 of Title 18A of the New
25 Jersey Statutes;

26 "Spending growth limitation" means the annual rate of growth
27 permitted in the net budget of a school district, county vocational
28 school district or county special services school district as measured
29 between the net budget of the prebudget year and the net budget of
30 the budget year as calculated pursuant to subsection d. of section 5
31 of this act;

32 **["Stabilization aid growth limit" means 10% or the rate of**
33 **growth in the district's projected resident enrollment over the**
34 **prebudget year, whichever is greater. For the 1997-98 school year,**
35 **this means 8% or one-half the rate of growth in the district's**
36 **projected resident enrollment and preschool enrollment between the**
37 **October 1991 enrollment report as contained on the district's**
38 **Application for State School Aid for 1992-93 and the 1997-98**
39 **school year, whichever is greater. For the 1998-99 and 1999-2000**
40 **school years, this means the greatest of the following: 10%, one-**
41 **half the district's rate of growth in projected resident enrollment and**
42 **preschool enrollment over the October 1991 enrollment report as**
43 **contained on the district's Application for State School Aid for**
44 **1992-93, or the district's projected rate of growth in resident**
45 **enrollment over the prebudget year;]**

46 "State facility" means a State developmental center; a State
47 Division of Youth and Family Services' residential center; a State
48 residential mental health center; a DHS Regional Day School; a

1 State training school / Secure care facility; a State juvenile
2 community program; a juvenile detention center or a boot camp
3 under the supervisory authority of the Juvenile Justice
4 Commission pursuant to P.L.1995, c.284 (C.52:17B-169 et seq.); or
5 an institution operated by or under contract with the Department of
6 Corrections or Human Services, or the Juvenile Justice
7 Commission;

8 **["Statewide average equalized school tax rate" means the**
9 amount calculated by dividing the general fund tax levy for all
10 school districts, which excludes county vocational school districts
11 and county special services school districts as defined pursuant to
12 this section, in the State for the prebudget year by the equalized
13 valuations certified in the year prior to the prebudget year of all
14 taxing districts in the State except taxing districts for which there
15 are no school tax levies;

16 "Statewide equalized valuation per pupil" means the equalized
17 valuations of all taxing districts having resident enrollment in the
18 State, divided by the resident enrollment for the State;

19 "T&E amount" means the cost per elementary pupil of delivering
20 the core curriculum content standards and extracurricular and
21 cocurricular activities necessary for a thorough regular education
22 under the assumptions of reasonableness and efficiency contained in
23 the Report on the Cost of Providing a Thorough and Efficient
24 Education;

25 "T&E flexible amount" means the dollar amount which shall be
26 applied to the T&E amount to determine the T&E range;

27 "T&E program budget" means the sum of core curriculum
28 standards aid, supplemental core curriculum standards aid,
29 stabilization aid, designated general fund balance, miscellaneous
30 local general fund revenue and that portion of the district's local
31 levy that supports the district's T&E budget;

32 "T&E range" means the range of regular education spending
33 which shall be considered thorough and efficient. The range shall
34 be expressed in terms of T&E budget spending per elementary
35 pupil, and shall be delineated by alternatively adding to and
36 subtracting from the T&E amount the T&E flexible amount;

37 "Total Statewide income" means the sum of the district incomes
38 of all taxing districts in the State. **】**

39 (cf: P.L.1999, c.413, s.11)
40

41 3. Section 4 of P.L.1996, c.138 (C.18A:7F-4) is amended to
42 read as follows:

43 4. a. The State Board of Education shall review each core
44 curriculum content standard no later than three years after the
45 school year in which the standard is implemented. In conducting its
46 review, the State board shall examine the curricula and programs
47 offered in high performing schools and school districts. Thereafter,
48 the State board shall review and update the core curriculum content

1 standards every five years. The standards shall ensure that all
2 children are provided the educational opportunity needed to equip
3 them for the role of citizen and labor market competitor in the
4 contemporary setting.

5 b. The Commissioner of Education shall develop and establish,
6 through the report issued pursuant to subsection c. of this section,
7 efficiency standards which define the types of programs, services,
8 activities, and materials necessary to achieve a thorough and
9 efficient education. The efficiency standards shall be reviewed
10 biennially and revised as appropriate.

11 As part of the periodic review process for the standards
12 established pursuant to this subsection and subsection a. of this
13 section, the **State board and commissioner shall review the**
14 **portions of districts' local levies which are above the districts'**
15 **maximum T&E budgets submitted in the intervening years to assess**
16 **whether elements included in those portions should be incorporated**
17 **into the revised standards. The** Commissioner of Education shall
18 **also** review the advisory cost benchmarks for the provision of
19 non-instructional services by school districts as developed by the
20 Commission on Business Efficiency in the Public Schools pursuant
21 to subsection d. of this section and shall consider the cost
22 benchmarks in the development of the efficiency standards.

23 c. Biennially by March 15 of each even numbered year, the
24 Governor, after consultation with the commissioner, shall
25 recommend to the Legislature through the issuance of the Report on
26 the Cost of Providing a Thorough and Efficient Education:

27 (1) the per pupil **T&E amount, based upon the thoroughness**
28 **and efficiency standards established pursuant to subsections a. and**
29 **b. of this section** State aid amount; and

30 (2) **the T&E range as calculated pursuant to section 12 of this**
31 **act; and**

32 (3) **additional** the per pupil amounts for **the following aid**
33 **programs:**

34 special education**;**
35 early childhood programs;
36 demonstrably effective programs;
37 instructional supplement;
38 bilingual education;
39 county vocational schools; and
40 distance learning network**].**

41 The amounts, adjusted for inflation by the CPI in the second year
42 to which the report applies, shall be deemed approved for the two
43 successive fiscal years beginning one year from the subsequent July
44 1, unless between the date of transmittal and the subsequent
45 October 15, the Legislature adopts a concurrent resolution stating
46 that the Legislature is not in agreement with all or any part of the
47 report. The concurrent resolution shall advise the Governor of the

1 Legislature's specific objections to the report and shall direct the
2 Commissioner of Education to submit to the Legislature a revised
3 report which responds to those objections by December 1.

4 d. The Commission on Business Efficiency in the Public
5 Schools shall develop advisory cost benchmarks for the efficient
6 provision of non-instructional services by school districts including,
7 but not limited to, food services, transportation, operation and
8 maintenance of plant services, purchasing, extracurricular and
9 cocurricular activities, health and guidance services, and other
10 support services. The cost benchmarks developed by the
11 commission shall incorporate factors which reflect the actual costs
12 of similarly situated school districts throughout the State in the
13 provision of those services. The commission shall make
14 information on the cost benchmarks available to school districts.

15 (cf: P.L.1996, c.138, s.4)

16
17 4. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to
18 read as follows:

19 5. a. Biennially, within 30 days following the approval of the
20 Report on the Cost of Providing a Thorough and Efficient
21 Education, the commissioner shall notify each district of the **【T&E**
22 amount, the T&E flexible amount, the T&E range, early childhood
23 program amount, demonstrably effective program amount,
24 instructional supplement amount, and categorical**】** per pupil State
25 aid amount and special education amounts per pupil for the
26 subsequent two fiscal years.

27 Annually, within two days following the transmittal of the State
28 budget message to the Legislature by the Governor pursuant to
29 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
30 shall notify each district of the maximum amount of aid payable to
31 the district in the succeeding school year pursuant to the provisions
32 of **【this act, and shall notify each district of the district's T&E**
33 budget, maximum T&E budget, and minimum permissible T&E
34 budget for the succeeding school year**】** section 1 of P.L. ,
35 c. (C.)(now pending before the Legislature as this bill).

36 Beginning in the 1998-99 school year, unless otherwise specified
37 within this act, aid amounts payable for the budget year shall be
38 based on budget year pupil counts, which shall be projected by the
39 commissioner using data from prior years. Adjustments for the
40 actual pupil counts of the budget year shall be made to State aid
41 amounts payable during the school year succeeding the budget year.
42 Additional amounts payable shall be reflected as revenue and an
43 account receivable for the budget year.

44 **【**Notwithstanding any other provision of this act to the contrary,
45 each district's State aid payable for the 1997-98 school year, with
46 the exception of transportation and facilities aids pursuant to
47 sections 25, 26, and 27 of this act, shall be based on simulations
48 employing the various formulas and State aid amounts contained in

1 this act using projections based on the October 1995 pupil counts,
2 December 1995 special education census data and October 1995
3 equalized valuations. Transportation aid shall be calculated based
4 on the provisions of this act using pupil data used for the 1996-97
5 school year and adjusted to reflect the total amount of State aid
6 disbursed in the 1996-97 school year. The commissioner shall
7 prepare a report dated December 19, 1996 reflecting the State aid
8 amounts payable by category for each district and shall submit the
9 report to the Legislature prior to the adoption of this act. The
10 amounts contained in the commissioner's report shall be the final
11 amounts payable and shall not be subsequently adjusted because of
12 changes in pupil counts or equalized valuations. The projected pupil
13 counts and equalized valuations used for the calculation of State aid
14 shall also be used for the calculation of maximum T&E budget,
15 minimum T&E budget, local share, required local share, and
16 spending growth limitation. State aid notification of debt service
17 aid pursuant to section 27 of this act shall include a statement that
18 debt service aid shall be determined in the budget.

19 Any school district which enrolls students who reside on federal
20 property which were not included in the calculation of core
21 curriculum standards aid for 1997-98 shall have its core curriculum
22 standards aid recalculated for these additional enrollments through
23 the 1997-98 school year using the property value multiplier, income
24 value multiplier, equalized valuation, and district income which
25 were used in the original Statewide calculation of core curriculum
26 standards aid. The additional aid resulting from the recalculations
27 shall be divided by 20 and the product shall be added to each of the
28 remaining core curriculum standards aid payments for the 1997-98
29 school year. Additionally, the core curriculum standards aid
30 calculation and payment schedule for 1998-99 shall be adjusted for
31 such enrollments arriving after the last school day prior to October
32 16, 1997.

33 b. Each district shall have a required local share. For Abbott
34 districts, the required local share for the purpose of determining its
35 estimated minimum equalized tax rate and supplemental core
36 curriculum standards aid shall equal the district's local share
37 calculated at the middle of the T&E range (T&E amount x WENR,
38 where WENR is the district's weighted enrollment pursuant to
39 section 13 of this act).

40 Notwithstanding the above provision, no Abbott district shall
41 raise a general fund tax levy which is less than the prior year
42 general fund tax levy unless the sum of the levy and the other
43 components of the T&E program budget equals or exceeds its
44 maximum T&E budget calculated pursuant to section 13 of this act.

45 For district factor group A districts, the required local share shall
46 equal the district's local share calculated at its minimum T&E
47 budget pursuant to section 13 of this act.

48 For all other districts, the required local share shall equal the

1 lesser of the local share calculated at the district's minimum T&E
2 budget pursuant to section 13 of this act, or the district's budgeted
3 local share for the prebudget year.

4 In order to meet this requirement, each district shall raise a
5 general fund tax levy which, when added to the general fund
6 balance designated for the budget year, miscellaneous local general
7 fund revenues estimated consistent with GAAP to be realized
8 during the budget year, supplemental core curriculum standards aid
9 calculated pursuant to section 17 of this act and stabilization aid and
10 supplemental school tax reduction aid calculated pursuant to section
11 10 of this act, equals its required local share or, for Abbott districts,
12 the amount required when the calculation of required local share
13 would result in a general fund tax levy which is less than the
14 general fund tax levy of the prebudget year. For 1997-98, the
15 budgeted local share for the prebudget year shall be the district's
16 general fund tax levy.

17 For the 1997-98 school year, any tax increase which would be
18 required of an Abbott district or district factor group A district to
19 meet its required local share, after consideration of supplemental
20 core curriculum standards aid, stabilization aid, and supplemental
21 school tax reduction aid shall be fully funded by the State and
22 recorded as supplemental core curriculum standards aid. The
23 commissioner, in consultation with the Commissioner of the
24 Department of Community Affairs and the Director of the Division
25 of Local Government Services in the Department of Community
26 Affairs, shall examine the fiscal ability of the Abbott districts and
27 the district factor group A districts eligible for supplemental core
28 curriculum standards aid to absorb any reduction in such aid and
29 shall make recommendations to the Legislature and the Governor
30 regarding the continuation of supplemental core curriculum
31 standards aid to those districts. In making those recommendations,
32 the commissioner shall consider the ratable base of the municipality
33 or municipalities in which the district is located, the tax burden
34 placed upon the local community due to other required municipal
35 services, and the fiscal ability of the school district to raise its
36 required local share. The commissioner shall not implement any of
37 those recommendations until the recommendations are enacted into
38 law.

39 No municipal governing body or bodies or board of school
40 estimate, as appropriate, shall certify a general fund tax levy which
41 does not meet the required local share provisions of this section.

42 c. b. Annually, on or before March 4, each district board of
43 education shall adopt, and submit to the commissioner for approval,
44 together with such supporting documentation as the commissioner
45 may prescribe, a budget [that provides no less than the minimum
46 permissible T&E budget, plus categorical amounts required for a
47 thorough and efficient education as established pursuant to the
48 report, special revenue funds and debt service funds] for the

1 subsequent school year.

2 **【d.】** c. (1) A district **【**proposing a budget which includes
3 spending which exceeds the maximum T&E budget established
4 pursuant to section 13 of this act**】** shall submit, as appropriate, to
5 the board of school estimate or to the voters of the district at the
6 annual school budget election conducted pursuant to the provisions
7 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy
8 which when added to the other components of its net budget does
9 not exceed the prebudget year net budget by more than the spending
10 growth limitation calculated as follows: the sum of three percent or
11 the CPI, whichever is greater, multiplied by the prebudget year net
12 budget, and adjustments for changes in enrollment, certain capital
13 outlay expenditures, expenditures for pupil transportation services
14 provided pursuant to N.J.S.18A:39-1.1, and special education costs
15 per pupil in excess of \$40,000. The adjustment for special
16 education costs shall equal any increase in the sum of per pupil
17 amounts in excess of \$40,000 for the budget year less the sum of
18 per pupil amounts in excess of \$40,000 for the prebudget year
19 indexed by the CPI or three percent, whichever is greater. The
20 adjustment for enrollments shall equal the increase in unweighted
21 resident enrollments between the prebudget year and budget year
22 multiplied by the per pupil general fund tax levy amount for the
23 prebudget year indexed by the CPI or three percent, whichever is
24 greater. The adjustment for capital outlay shall equal any increase
25 between the capital outlay portion of the general fund budget for the
26 budget year less any withdrawals from the capital reserve account
27 and the capital outlay portion of the general fund budget for the
28 prebudget year indexed by the CPI or three percent, whichever is
29 greater. Any district with a capital outlay adjustment to its
30 spending growth limitation shall be restricted from transferring any
31 funds from capital outlay accounts to current expense accounts.
32 The adjustment for capital outlay shall not become part of the
33 prebudget year net budget for purposes of calculating the spending
34 growth limitation of the subsequent year. The adjustment for pupil
35 transportation costs provided pursuant to N.J.S.18A:39-1.1 shall
36 equal the cost of providing such pupil transportation services for the
37 budget year.

38 **【**(2) A district proposing a budget set at or below the minimum
39 T&E budget established pursuant to section 13 of this act shall
40 submit, as appropriate, to the board of school estimate or to the
41 voters of the district at the annual school budget election conducted
42 pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a
43 general fund tax levy which when added to the other components of
44 the net T&E budget shall not exceed the prebudget year net T&E
45 budget or in 1997-98 the prebudget year net budget by more than
46 the spending growth limitation calculated as follows: the sum of
47 three percent or the CPI, whichever is greater, multiplied by the
48 prebudget year net budget, and adjustments for changes in

1 enrollment, certain capital outlay expenditures, expenditures for
2 pupil transportation services provided pursuant to N.J.S.18A:39-1.1,
3 and special education costs per pupil in excess of \$40,000. The
4 enrollment adjustment shall equal the increase in weighted resident
5 enrollment between the prebudget year and the budget year
6 multiplied by the T&E amount less the T&E flexible amount. The
7 adjustments for special education costs, pupil transportation
8 services, and capital outlay expenditures shall be calculated
9 pursuant to the provisions of paragraph (1) of this subsection.

10 Notwithstanding the provisions of this paragraph, no district
11 shall raise a net budget which is less than the local share required
12 under the required local share provisions of this act plus the other
13 components of its net budget.

14 (3) A district proposing a budget set at or below the maximum
15 T&E budget, but including amounts in excess of the minimum T&E
16 budget established pursuant to section 13 of this act, shall submit,
17 as appropriate, to the board of school estimate or to the voters at the
18 annual school budget election conducted pursuant to the provisions
19 of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy
20 which when added to the other components of its net T&E budget
21 does not exceed the prebudget year net T&E budget or in 1997-98
22 the prebudget year net budget by more than the spending growth
23 limitation calculated as follows: the sum of three percent or the CPI,
24 whichever is greater, multiplied by the prebudget year net budget,
25 and adjustments for changes in enrollment, certain capital outlay
26 expenditures, expenditures for pupil transportation services
27 provided pursuant to N.J.S.18A:39-1.1, and special education costs
28 per pupil in excess of \$40,000 per pupil. The enrollment
29 adjustment shall equal the increase in the unweighted resident
30 enrollment between the prebudget year and the budget year
31 multiplied by the prebudget year T&E program budget per pupil
32 indexed by the CPI or three percent, whichever is greater. For the
33 1997-98 school year, the T&E program budget for the prebudget
34 year shall equal the sum of the general fund tax levy, foundation
35 aid, and transition aid. The adjustment for special education costs,
36 pupil transportation services, and capital outlay expenditures shall
37 be made pursuant to the provisions of paragraph (1) of this
38 subsection.

39 (4) (2) Any debt service payment made by a school district
40 during the budget year shall not be included in the calculation of the
41 district's spending growth limitation.

42 (5) For the 1997-98 school year, a district's spending growth
43 limitation shall be increased by the excess of county special
44 services school district tuition over prebudget year county special
45 services school district tuition indexed by the CPI or three percent,
46 whichever is greater.

47 (6) For the purpose of determining a district's spending growth
48 limitation for the 1997-98 school year, a district may apply to the

1 commissioner to add all or a part of the district's original designated
2 general fund balance for 1996-97 to the spending growth limitation
3 if it can demonstrate through current accounting records and
4 historical trend data that the fund balance will actually be spent in
5 the budget year.

6 (7) If the use of early childhood program aid for the provision of
7 full-day kindergarten and preschool classes and other early
8 childhood programs and services or the use of demonstrably
9 effective program aid for the provision of instructional, school
10 governance, and health and social service programs will cause the
11 district to exceed its spending growth limitation, the district may
12 apply to the commissioner for an adjustment to that limitation.

13 (8) (3) If an increase in tuition for the budget year charged to a
14 sending district by the receiving district pursuant to the provisions
15 of N.J.S.18A:38-19 would reduce the sending district's per pupil net
16 budget amount below the prior year's per pupil net budget amount
17 in order to comply with the district's spending growth limitation, the
18 district may apply to the commissioner for an adjustment to that
19 limitation.

20 (9) (4) Any district may submit at the annual school budget
21 election a separate proposal or proposals for additional funds,
22 including interpretive statements, specifically identifying the
23 program purposes for which the proposed funds shall be used, to the
24 voters, who may, by voter approval, authorize the raising of an
25 additional general fund tax levy for such purposes. In the case of a
26 district with a board of school estimate, one proposal for the
27 additional spending shall be submitted to the board of school
28 estimate. Any proposal or proposals rejected by the voters shall be
29 submitted to the municipal governing body or bodies for a
30 determination as to the amount, if any, that should be expended
31 notwithstanding voter rejection. The decision of the municipal
32 governing body or bodies or board of school estimate, as
33 appropriate, shall be final and no appeals shall be made to the
34 commissioner.

35 (10) Notwithstanding any provision of law to the contrary, if a
36 district proposes a budget which exceeds the maximum T&E
37 budget, the following statement shall be published in the legal
38 notice of public hearing on the budget pursuant to N.J.S.18A:22-28,
39 posted at the public hearing held on the budget pursuant to
40 N.J.S.18A:22-29, and printed on the sample ballot required
41 pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

42 "Your school district has proposed programs and services in
43 addition to the core curriculum content standards adopted by the
44 State Board of Education. Information on this budget and the
45 programs and services it provides is available from your local
46 school district."

47 e. (1) Any general fund tax levy rejected by the voters for a
48 proposed budget in excess of the maximum T&E budget shall be

1 submitted to the governing body of each of the municipalities
2 included within the district for determination of the amount that
3 should be expended notwithstanding voter rejection. In the case of
4 a district having a board of school estimate, the general fund tax
5 levy shall be submitted to the board for determination of the amount
6 that should be expended. If the governing body or bodies or board
7 of school estimate, as appropriate, reduce the district's proposed net
8 budget, the district may appeal any of the reductions to the
9 commissioner on the grounds that the reductions will negatively
10 impact on the stability of the district given the need for long term
11 planning and budgeting. In considering the appeal, the
12 commissioner shall consider enrollment increases or decreases
13 within the district; the history of voter approval or rejection of
14 district budgets; the impact on the local levy; and whether the
15 reductions will impact on the ability of the district to fulfill its
16 contractual obligations. A district may not appeal any reductions
17 on the grounds that the amount is necessary for a thorough and
18 efficient education.

19 (2) **d.** Any general fund tax levy rejected by the voters **【for a**
20 **proposed budget at or below the maximum T&E budget】** shall be
21 submitted to the governing body of each of the municipalities
22 included within the district for determination of the amount that
23 should be expended notwithstanding voter rejection. In the case of
24 a district having a board of school estimate, the general fund tax
25 levy shall be submitted to the board for determination. Any
26 reductions may be appealed to the commissioner on the grounds
27 that the amount is necessary for a thorough and efficient education
28 or that the reductions will negatively impact on the stability of the
29 district given the need for long term planning and budgeting. In
30 considering the appeal, the commissioner shall also consider **【the**
31 **factors outlined in paragraph (1) of this subsection】** enrollment
32 increases or decreases within the district; the history of voter
33 approval or rejection of district budgets; the impact on the local
34 levy; and whether the reductions will impact on the ability of hte
35 district to fulfill its contractual obligations.

36 **【In the case of a school district in which the proposed budget is**
37 **below, or after a reduction made by the municipal governing body**
38 **or board of school estimate is below, the minimum T&E budget**
39 **calculated pursuant to section 13 of this act, any reductions made by**
40 **the municipal governing body or board of school estimate shall be**
41 **automatically reviewed by the commissioner. In reviewing the**
42 **budget, the commissioner shall also consider the factors outlined in**
43 **paragraph (1) of this subsection. In addition, the municipal**
44 **governing body or board of school estimate shall be required to**
45 **demonstrate clearly to the commissioner that the proposed budget**
46 **reductions shall not adversely affect the ability of the school district**
47 **to provide a thorough and efficient education or the stability of the**
48 **district given the need for long term planning and budgeting.**

1 (3) In lieu of any budget reduction appeal provided for
2 pursuant to [paragraphs (1) and (2) of] this subsection, the State
3 board may establish pursuant to the "Administrative Procedure
4 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), an expedited budget
5 review process based on a district's application to the commissioner
6 for an order to restore a budget reduction.

7 [(4) e. When the voters, municipal governing body or bodies,
8 or the board of school estimate authorize the general fund tax levy,
9 the district shall submit the resulting budget to the commissioner
10 within 15 days of the action of the voters or municipal governing
11 body or bodies, whichever is later, or of the board of school
12 estimate as the case may be.

13 [f. Any district which is not an Abbott district but which was
14 classified as a special needs district under the "Quality Education
15 Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), may appeal any
16 budget reduction made by the municipal governing body or board of
17 school estimate, as appropriate, to the commissioner.

18 g. The commissioner shall annually review the budget of any
19 district which was classified as a special needs district under the
20 "Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et
21 al.), to determine if any educationally meritorious program or
22 service established through State resources provided as a result of
23 that funding law is proposed to be reduced or eliminated. If the
24 commissioner determines that the program or service is in jeopardy
25 and that a reallocation of resources is possible without jeopardizing
26 other educationally meritorious programs or services, he may
27 require the school board to fund the program or service through a
28 reallocation of resources.]

29 (cf: P.L.2000, c.147, s.1)

30
31 5. Section 6 of P.L.1996, c.138 (C.18A:7F-6) is amended to
32 read as follows:

33 6. a. The commissioner shall not approve any budget
34 submitted pursuant to subsection [c.] b. of section 5 of this act
35 unless he is satisfied that the district has adequately implemented
36 within the budget the thoroughness and efficiency standards set
37 forth pursuant to section 4 of this act. [In those instances in which
38 a district submits a budget set at less than its minimum T&E budget,
39 the commissioner may, when he deems it necessary to ensure
40 implementation of standards, direct additional expenditures, in
41 specific accounts and for specific purposes, up to the district's T&E
42 budget. A district which submits a budget set at less than its
43 minimum T&E budget and which fails to meet core curriculum
44 content standards in any school year shall be required to increase
45 expenditures so as to meet at least the minimum T&E budget within
46 the next two budget years. In those instances in which a district
47 submits a budget at or above its minimum T&E budget, the]. The

1 commissioner may **likewise**, when he deems it necessary to
2 ensure implementation of standards, direct additional expenditures,
3 in specific accounts and for specific purposes, up to the T&E
4 budget. In all cases, including those instances in which a district
5 submits a budget above its T&E budget, up to and including its
6 maximum T&E budget, the commissioner may direct such
7 budgetary reallocations and programmatic adjustments, or take such
8 other measures, as he deems necessary to ensure implementation of
9 the required thoroughness and efficiency standards.

10 b. In addition, whenever the commissioner determines, through
11 the results of Statewide assessments conducted pursuant to law and
12 regulation, or during the course of an evaluation of school
13 performance conducted pursuant to section 10 of P.L.1975,
14 c.212 (C.18A:7A-10), that a district, or one or more schools within
15 the district, is failing to achieve the core curriculum content
16 standards, the commissioner may summarily take such action as he
17 deems necessary and appropriate, including but not limited to:

18 (1) directing the restructuring of curriculum or programs;

19 (2) directing staff retraining or reassignment;

20 (3) conducting a comprehensive budget evaluation;

21 (4) redirecting expenditures; and

22 (5) **enforcing** spending at the full per pupil T&E amount; and

23 (6) notwithstanding any provisions of the "New Jersey
24 Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1
25 et seq.), to the contrary, reviewing the terms of future collective
26 bargaining agreements.

27 For the purpose of evaluating a district's results on Statewide
28 assessments pursuant to this subsection, the commissioner shall
29 limit the use of these actions to those instances in which a school in
30 a district has experienced at least three consecutive years of failing
31 test scores.

32 The commissioner shall report any action taken under this
33 subsection to the State board within 30 days. A board of education
34 may appeal a determination that the district is failing to achieve the
35 core curriculum content standards and any action of the
36 commissioner to the State board.

37 Nothing in this section shall be construed to limit such general or
38 specific powers as are elsewhere conferred upon the commissioner
39 pursuant to law.

40 Nothing in this act shall be deemed to restrict or limit any rights
41 established pursuant to the "New Jersey Employer-Employee
42 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the
43 commissioner's powers under this act be construed to permit the
44 commissioner to restrict, limit, interfere with, participate, or be
45 directly involved in collective negotiations, contract administration,
46 or processing of grievances, or in relation to any terms and
47 conditions of employment. This provision shall apply to a State-
48 operated school district only after the terms and conditions of a

1 contract have been finalized.

2 c. **【**Each Abbott district shall submit its proposed budget for
3 the next school year to the commissioner seven days prior to the
4 submission date for all other school district budgets. The review of
5 the budget shall include, but not be limited to, an assessment of
6 efforts to reduce class sizes, increase the breadth of program
7 offerings, and direct funds into the classroom. If the commissioner
8 determines during the review of an Abbott district budget that funds
9 are not appropriately directed so that students in the districts are
10 provided the educational opportunity to meet the core curriculum
11 content standards, the commissioner shall direct the reallocation of
12 funds within the budget. The commissioner shall approve any
13 transfer of funds from instructional accounts to non-instructional
14 accounts. In addition, if the commissioner directs the reallocation
15 of funds from or between instructional accounts or from or between
16 non-instructional accounts in the proposed budget, the district shall
17 not transfer any funds to or from those accounts that were subject to
18 reallocation without the prior approval of the commissioner. The
19 commissioner shall, for any Abbott district, when he deems it
20 necessary to ensure implementation of the thoroughness standards,
21 direct additional expenditures above the T&E budget in specific
22 accounts and for specific purposes, up to the maximum T&E budget
23 without approval of the local voters or board of school estimate, as
24 applicable.**】**(Deleted by amendment, P.L. , c.)(now pending
25 before the Legislature as this bill).

26 d. In addition to the audit required of school districts pursuant
27 to N.J.S.18A:23-1, the accounts and financial transactions of any
28 school district in which the State aid equals 80% or more of its net
29 budget for the budget year shall be directly audited by the Office of
30 the State Auditor on an annual basis.

31 e. Notwithstanding any provision of law to the contrary, in the
32 review of a school district's budget pursuant to **【**subsection c. or e.
33 of**】** section 5 of this act, the commissioner shall not eliminate,
34 reduce, or reallocate funds contained within the budget for pupil
35 transportation services provided pursuant to N.J.S.18A:39-1.1 nor
36 require the district to eliminate these funds from the base budget
37 and to submit a separate proposal to the voters or board of school
38 estimate pursuant to paragraph **【**(9)**】** (4) of subsection **【**d.**】** c. of
39 section 5 of this act for the inclusion of the funds within the
40 proposed budget. The decision to provide such pupil transportation
41 services shall be made by the board of education of the school
42 district. In the case of a school budget that is defeated by the voters
43 or a budget that is not approved by the board of school estimate,
44 that decision shall be made in consultation with the municipal
45 governing body or board of school estimate, as appropriate, or, in
46 the case of a regional district, the municipal governing bodies.
47 (cf: P.L.1996, c.138, s.6)

1 6. Section 8 of P.L.1996, c.138 (C.18A:7F-8) is amended to
2 read as follows:

3 8. The amounts payable to each school district and county
4 vocational school district pursuant to this act shall be paid by the
5 State Treasurer upon the certification of the commissioner and
6 warrant of the Director of the Division of Budget and Accounting.
7 Five percent of the appropriation for **【**core curriculum standards
8 aid, supplemental core curriculum standards aid,**】** aid distributed
9 pursuant to section 1 of P.L. , c. (C.)(now pending before
10 the Legislature as this bill) special education**【**, transportation, early
11 childhood programs, demonstrably effective programs, instructional
12 supplement, bilingual, county vocational education program,
13 distance learning network, and other aid pursuant to this act**】** shall
14 be paid on the first and fifteenth of each month from September
15 through June. If a local board of education requires funds prior to
16 the first payment, the board shall file a written request with the
17 commissioner stating the need for the funds. The commissioner
18 shall review each request and forward for payment those for which
19 need has been demonstrated.

20 Facilities funds shall be paid as required to meet due dates for
21 payment of principal and interest. Each school district, county
22 vocational school district, and county special services school
23 district shall file an annual report regarding facilities payments to
24 the commissioner. The report shall include the amount of interest
25 bearing school debt, if any, of the municipality or district then
26 remaining unpaid, together with the rate of interest payable thereon,
27 the date or dates on which the bonds or other evidences of
28 indebtedness were issued, and the date or dates upon which they fall
29 due. In the case of a Type I school district, the board secretary shall
30 secure the schedule of outstanding obligations from the clerk of the
31 municipality.

32 (cf: P.L.1996, c.138, s.8)

33

34 7. Section 25 of P.L.1996, c.138 (C.18A:7F-25) is amended to
35 read as follows:

36 25. a. Each school district's and county vocational school
37 district's State aid for transportation shall consist of base aid (BA)
38 and an incentive factor (IF) determined as follows:

39 BA = (BA1 x IF) + BA2

40 where

41 BA1=CP1 x P1+CD1 x P1 x D1;

42 BA2=CP2 xP2 + CD2 x P2 x D2;

43 P1 is the total number of **【**regular education public pupils and**】**
44 regular nonpublic pupils eligible for transportation pursuant to
45 N.J.S.18A:39-1**【**, excluding preschool pupils except in districts that
46 qualify for early childhood aid pursuant to section 16 of this act,**】**
47 and of special education pupils eligible for transportation pursuant

1 to N.J.S.18A:46-23 with no special transportation requirements,
 2 who are resident in the district as of the last school day prior to
 3 October 16 of the prebudget year;

4 D1 is the average home-to-school mileage for P1 pupils;

5 P2 is the total number of special education pupils eligible for
 6 transportation pursuant to N.J.S.18A:46-23 with special
 7 transportation requirements who are resident in the district as of the
 8 last school day prior to October 16 of the prebudget year;

9 D2 is the average home-to-school mileage for P2 pupils; and

10 CP1, CD1, CP2 and CD2 are cost coefficients with values set
 11 forth in subsection b. of this section.

12 IF is the incentive factor, which modifies base aid paid for pupils
 13 transported on regular vehicles according to each district's
 14 percentile rank in regular vehicle capacity utilization. **【Students】**
 15 Nonpublic school students within the district who receive courtesy
 16 busing services shall be included in the calculation of the district's
 17 regular vehicle capacity utilization if the courtesy busing services
 18 are provided to a student who would otherwise be required to walk
 19 to and from school along a route designated as a hazardous route by
 20 the school district pursuant to section 2 of P.L.1999,
 21 c.310 (C.18A:39-1.5). For the school year 1997-98, IF = 1. The
 22 Governor shall submit to the Legislature at least 60 days prior to the
 23 1998 budget address proposed transportation incentive factors
 24 applicable to the 1998-99 school year and thereafter along with
 25 supporting data. The incentive factors shall be deemed approved by
 26 the Legislature unless a concurrent resolution is passed within 60
 27 days of the date of submission.

28 b. **【For 1997-98, the cost coefficients in subsection a. of this**
 29 **section shall have the following values:**

30 CP1 = \$ 280.24;

31 CD1 = \$ 28.75;

32 CP2 = \$1,192.69; and

33 CD2 = \$ 80.12.

34 For 1998-99, the coefficients shall be inflated by the CPI. **】** For
 35 the 2001-2002 school year the State Board of Education shall set
 36 the values of the cost coefficients.

37 In subsequent years, the coefficients shall be revised by the
 38 commissioner on a biennial basis and similarly adjusted by the CPI
 39 in intervening years.

40 c. **【For the 1997-1998 school year, each district's base aid shall**
 41 **be prorated such that the overall distribution of base aid does not**
 42 **exceed that distributed Statewide in the 1996-1997 school year.】**
 43 Delected by amendment, P.L. , c. (C.)(now pending before the
 44 Legislature as this bill).

45 (cf: P.L.1999, c.310, s.1)

46
 47 8. Section 30 of P.L.1996, c.138 (C.18A:7F-30) is amended to
 48 read as follows:

1 30. a. The Commissioner of Education shall establish a
2 Consolidation of Services Grant Program in the 1997-98 school
3 year. The goal of the grant program shall be to utilize the county
4 special services school districts to promote shared services and
5 regionalization of such services as transportation, child study teams,
6 related and other specialized services, programs of professional
7 development, legal and arbitration services, technology, and
8 purchasing.

9 A county special services school district which elects to
10 participate in the grant program shall submit an application to the
11 Department of Education based upon a request for proposal
12 developed by the department in consultation with the county special
13 services school districts. Three grants shall be awarded by the
14 commissioner in the first year of the program and an additional two
15 grants in the second year. The total grants awarded by the
16 department in the first year of the program shall be in the amount of
17 \$600,000.

18 b. The commissioner may establish a five-year sending-
19 receiving school district tuition calculation pilot project for the
20 Ocean Township School District in Ocean County and the Barnegat
21 School District in Ocean County. **【The project shall provide a**
22 **procedure whereby the tuition charged by a receiving school district**
23 **shall be established in relationship to the maximum T&E budget.】**
24 (cf: P.L.1996, c.138, s.30)
25

26 9. Section 33 of P.L.1996, c.138 (C.18A:7F-33) is amended to
27 read as follows:

28 33. Annually, on or before October 20, the secretary of the
29 board of education, with approval of the superintendent of schools,
30 or if there is no superintendent of schools, with the approval of the
31 county superintendent of schools, shall file with the commissioner a
32 report prescribed by the commissioner containing all data necessary
33 to effectuate the **【aid】** provisions of this act, which shall include
34 but not be limited to, the number of pupils enrolled by grade, the
35 number of these pupils classified as eligible for special education
36 services other than speech corrections services, **【the number of**
37 **pupils in approved programs for bilingual education, the number of**
38 **low-income pupils,】** and the number of pupils in State facilities,
39 county vocational schools, State college demonstration schools,
40 evening schools, other public or private schools to which the district
41 is paying tuition, or who are receiving home instruction on the last
42 school day prior to October 16. In addition, districts shall file
43 annual reports providing such information as the commissioner may
44 require for pupils receiving special education services.

45 (cf: P.L.1996, c.138, s.33)
46

47 10. Section 19 of P.L.1979, c.207 (C.18A:7B-12) is amended to
48 read as follows:

1 19. For school funding purposes, the Commissioner of
2 Education shall determine district of residence as follows:

3 a. The district of residence for children in foster homes shall be
4 the district in which the foster parents reside. If a child in a foster
5 home is subsequently placed in a State facility or by a State agency,
6 the district of residence of the child shall then be determined as if
7 no such foster placement had occurred.

8 b. The district of residence for children who are in residential
9 State facilities, or who have been placed by State agencies in group
10 homes, skill development homes, private schools or out-of-State
11 facilities, shall be the present district of residence of the parent or
12 guardian with whom the child lived prior to his most recent
13 admission to a State facility or most recent placement by a State
14 agency.

15 If this cannot be determined, the district of residence shall be the
16 district in which the child resided prior to such admission or
17 placement.

18 c. The district of residence for children whose parent or
19 guardian temporarily moves from one school district to another as
20 the result of being homeless shall be the district in which the parent
21 or guardian last resided prior to becoming homeless. For the
22 purpose of this amendatory and supplementary act, "homeless" shall
23 mean an individual who temporarily lacks a fixed, regular and
24 adequate residence.

25 d. If the district of residence cannot be determined according to
26 the criteria contained herein, or if the criteria contained herein
27 identify a district of residence outside of the State, the State shall
28 assume fiscal responsibility for the tuition of the child. The tuition
29 shall equal the approved per pupil cost established pursuant to
30 P.L.1996, c.138 (C.18A:7F-1 et seq.). This amount shall be
31 appropriated in the same manner as other State aid under this act.
32 The Department of Education shall pay the amount to the
33 Department of Human Services, the Department of Corrections or
34 the Juvenile Justice Commission established pursuant to section 2
35 of P.L.1995, c.284 (C.52:17B-170) or, in the case of a homeless
36 child, the Department of Education shall pay the appropriate
37 **【T&E】** per pupil amount established pursuant to P.L. c. (C)
38 (now pending before the Legislature as this bill) and any
39 appropriate additional cost factor for special education pursuant to
40 section 19 of P.L.1996, c.138 (C.18A:7F-19) to the school district
41 in which the child is enrolled.

42 e. If the State has assumed fiscal responsibility for the tuition
43 of a child in a private educational facility approved by the
44 Department of Education to serve children who are classified as
45 needing special education services, the department shall pay to the
46 Department of Human Services or the Juvenile Justice Commission,
47 as appropriate, the aid specified in subsection d. of this section and
48 in addition, such aid as required to make the total amount of aid

1 equal to the actual cost of the tuition.

2 (cf: P.L.1999, c.114, s. 1)

3

4 11. N.J.S.18A:21-3 is amended to read as follows:

5 18A:21-3. The account shall be established by resolution of the
6 board of school estimate or the board of education, as the case may
7 be, in such form as shall be prescribed by the commissioner, a true
8 copy of which shall be filed with the department. For any school
9 year an amount [not to exceed 1.5 percent of the amount of core
10 curriculum standards aid, as calculated pursuant to section 15 of
11 P.L.1996, c.138 (C.18A:7F-15), plus any additional sum expressly
12 approved by the voters of the district or the board of school
13 estimate, and any undesignated general fund balance amount,
14 authorized under section 7 of P.L.1996, c.138 (C.18A:7F-7),] may
15 be appropriated to the account in accordance with a formula
16 determined by the commissioner. The account shall also include
17 the earnings attributable to the investment of the assets of the
18 account.

19 (cf: P.L.1996, c.138, s.51)

20

21 12. N.J.S.18A:22-8 is amended to read as follows:

22 18A:22-8. The budget shall be prepared in such detail and upon
23 such forms as shall be prescribed by the commissioner and to it
24 shall be annexed a statement so itemized as to make the same
25 readily understandable, in which shall be shown:

26 a. In tabular form there shall be set forth the following:

27 (1) The total expenditure for each item for the preceding school
28 year, the amount appropriated for the current school year adjusted
29 for transfers as of February 1 of the current school year, and the
30 amount estimated to be necessary to be appropriated for the ensuing
31 school year, indicated separately for each item as determined by the
32 commissioner;

33 (2) The amount of the surplus account available at the beginning
34 of the preceding school year, at the beginning of the current school
35 year and the amount anticipated to be available for the ensuing
36 school year;

37 (3) The amount of revenue available for budget purposes for the
38 preceding school year, the amount available for the current school
39 year as of February 1 of the current school year and the amount
40 anticipated to be available for the ensuing school year in [the
41 following] categories [:

42 (a) Total to be raised by local property taxes

43 (b) Total State aid

44 (i) Core curriculum standards aid

45 (ii) Special education aid

46 (iii) Transportation aid

47 (iv) Early childhood program aid

48 (v) Demonstrably effective program aid

- 1 (vi) Instructional supplement aid
- 2 (vii) Supplemental core curriculum standards aid
- 3 (viii) Distance learning network aid
- 4 (ix) Bilingual aid
- 5 (x) Other (detailed at the discretion of the commissioner)
- 6 (c) Total federal aid
- 7 (i) Elementary and Secondary Education Act of 1965 (20
- 8 U.S.C. s.2701 et seq.)
- 9 (ii) Handicapped
- 10 (iii) Impact Aid
- 11 (iv) Vocational
- 12 (v) Other (detailed at the discretion of the commissioner)
- 13 (d) Other sources (detailed at the discretion of the
- 14 commissioner) **】 to be determined by the commissioner.**
- 15 b. (Deleted by amendment, P.L.1993, c.117).
- 16 c. In the event that the total expenditure for any item of
- 17 appropriation is equal to \$0.00 for: (1) the preceding school year,
- 18 (2) the current school year, and (3) the amount estimated to be
- 19 necessary to be appropriated for the ensuing school year, that item
- 20 shall not be required to be published pursuant to N.J.S.18A:22-11.
- 21 d. The instruction function of the budget shall be divided at a
- 22 minimum into elementary (K-5), middle school (6-8), and high
- 23 school (9-12) cost centers, each of which shall be further divided by
- 24 the core curriculum content areas. The commissioner shall phase in
- 25 these requirements as soon as practicable.
- 26 (cf: P.L.1996, c.138, s.53)
- 27
- 28 13. N.J.S.18A:22-38 is amended to read as follows:
- 29 18A:22-38. If the governing body or bodies fail to certify any
- 30 amount determined to be necessary pursuant to section 5 of
- 31 P.L.1996, c.138 (C.18A:7F-5) for any item rejected at the annual
- 32 school election, or in the event that the governing bodies of the
- 33 municipalities comprising a school district, shall certify different
- 34 amounts, then the commissioner shall determine the amount or
- 35 amounts which in his judgment, are necessary to be appropriated,
- 36 for each of the items appearing in the budget, submitted to the
- 37 governing body or bodies, and certify to the county board of
- 38 taxation the totals of the amount determined to be necessary for
- 39 each of the following:
- 40 a. General fund expenses of schools; or
- 41 b. Appropriations to capital reserve account;
- 42 and the amounts certified shall be included in the taxes to be
- 43 assessed, levied and collected in the municipality or municipalities
- 44 for those purposes. **【For any district submitting a budget in excess**
- 45 **of the maximum T&E budget, the commissioner shall certify a**
- 46 **general fund tax levy pursuant to paragraph (1) of subsection e. of**
- 47 **section 5 of P.L.1996, c.138 (C.18A:7F-5).】**
- 48 (cf: P.L.1996, c.138, s.60)

1 14. Section 2 of P.L.1976, c.39 (C.18A:24-87) is amended to
2 read as follows:

3 2. For the purposes of this act, unless the context clearly
4 requires a different meaning:

5 a. "Commissioner" means the Commissioner of Education of
6 the State of New Jersey;

7 b. "Debt service" means and includes payments of principal
8 and interest upon qualified bonds issued pursuant to the terms of
9 this act or amounts required in order to satisfy sinking fund
10 payment requirements with respect to such bonds;

11 c. "Local Finance Board" means the Local Finance Board in
12 the Division of Local Government Services in the Department of
13 Community Affairs, established pursuant to P.L.1974,
14 c.35 (C.52:27D-18.1);

15 d. "Paying agent" means any bank, trust company or national
16 banking association having the power to accept and administer
17 trusts, named or designated in any qualified bond of a school
18 district or municipality as the agent for the payment of the principal
19 of and interest thereon and shall include the holder of any sinking
20 fund established for the payment of such bonds;

21 e. "Qualified bonds" means those bonds of a school district or
22 municipality authorized and issued in conformity with the
23 provisions of this act;

24 f. "State board" means the State Board of Education of the
25 State of New Jersey;

26 g. "School district" means a Type I, Type II, regional, or
27 consolidated school district as defined in Title 18A of the New
28 Jersey Statutes;

29 h. "State school aid" means the funds made available to local
30 school districts pursuant to [sections 15 and 17 of P.L.1996, c.138
31 (C.18A:7F-15 and C.18A:7F-17)] P.L. , c. (C.)(now pending
32 before the Legislature as this bill).
33 (cf: P.L.1996, c.138, s.61)
34

35 15. Section 3 of P.L.1988, c.12 (C.18A:38-7.9) is amended to
36 read as follows:

37 3. a. In the event the designated district is composed of more
38 than one municipality, [when allocating equalized valuations or
39 district incomes, pursuant to the provisions of section 3 of
40 P.L.1996, c.138 (C.18A:7F-3), for the purpose of calculating State
41 aid,] persons attending schools in the designated district pursuant to
42 section 2 of this act shall be assigned to each municipality
43 comprising the designated district in direct proportion to the
44 number of persons ordinarily attending school from each
45 municipality in the designated district without considering the
46 persons attending pursuant to this act.

47 b. In the event the designated district is a constituent district of
48 a limited purpose regional district, when allocating equalized

1 valuations or district incomes, pursuant to the provisions of section
2 3 of P.L.1996, c.138 (C.18A:7F-3), for the purpose of apportioning
3 the amounts to be raised by taxes for the limited purpose regional
4 district of which the designated district is a constituent district,
5 persons attending schools in the designated district pursuant to
6 section 2 of this act shall not be counted.

7 (cf: P.L.1996, c.138, s.63)

8
9 16. Section 4 of P.L.1988, c.105 (C.18A:38-7.13) is amended to
10 read as follows:

11 4. The county superintendent of schools shall, within 120 days
12 of the effective date of this act, certify to the Commissioner of
13 Education which local school district shall be the designated district
14 for persons of school age residing in a multi-district federal enclave.
15 The district certified as the designated district shall count all pupils
16 who reside in a multi-district federal enclave in the resident
17 enrollment of the district for all State aid purposes and shall be
18 designated by the commissioner to receive State aid and all federal
19 funds provided under Pub.L.81-874, (20 U.S.C. s.236 et seq.).

20 **【For the purposes of calculating State aid pursuant to P.L.1996,**
21 **c.138 (C.18A:7F-1 et al.), whenever pupils residing in one district**
22 **are attending the schools of the designated district, the district**
23 **income of the resident district shall be allocated between the**
24 **resident district and the designated district in proportion to the**
25 **number of pupils residing in the resident district attending the**
26 **schools of the resident district and designated district.】**

27 (cf: P.L.1996, c.138, s.64)

28
29 17. N.J.S.18A:39-1 is amended to read as follows:

30 18A:39-1. Whenever in any district there are elementary school
31 pupils who live more than two miles from their public school of
32 attendance or secondary school pupils who live more than 2 1/2
33 miles from their public school of attendance, the district shall
34 provide transportation to and from school for these pupils.

35 **【When any school district provides any transportation for public**
36 **school pupils to and from school pursuant to this section,**
37 **transportation shall be supplied to school pupils residing in such**
38 **school district in going to and from any remote school other than a**
39 **public school, not operated for profit in whole or in part, located**
40 **within the State not more than 20 miles from the residence of the**
41 **pupil; except that if the district is located in a county of the third**
42 **class with a population of not less than 80,000 and not more than**
43 **120,000 transportation shall be provided to a nonpublic school**
44 **located outside the State not more than 20 miles from the residence**
45 **of the pupil, if there is no appropriate nonpublic school within the**
46 **State located closer to the residence of the pupil; provided the per**
47 **pupil cost of the lowest bid received does not exceed \$675 for the**
48 **1992-93 school year or the amount determined for subsequent years**

1 pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a), and if such
2 bid shall exceed that cost then the parent, guardian or other person
3 having legal custody of the pupil shall be eligible to receive \$675
4 for the 1992-93 school year or the amount determined pursuant to
5 section 2 of P.L.1981, c.57 (C.18A:39-1a) for subsequent years
6 toward the cost of his transportation to a qualified school other than
7 a public school, regardless of whether such transportation is along
8 established public school routes. It shall be the obligation of the
9 parent, guardian or other person having legal custody of the pupil
10 attending a remote school, other than a public school, not operating
11 for profit in whole or in part, to register said pupil with the office of
12 the secretary of the board of education at the time and in the manner
13 specified by rules and regulations of the State board in order to be
14 eligible for the transportation provided by this section. If the
15 registration of any such pupil is not completed by September 1 of
16 the school year and if it is necessary for the board of education to
17 enter into a contract establishing a new route in order to provide
18 such transportation, then the board shall not be required to provide
19 it, but in lieu thereof the parent, guardian or other person having
20 legal custody of the pupil shall be eligible to receive \$675 or the
21 amount determined pursuant to section 2 of P.L.1981,
22 c.57 (18A:39-1a), or an amount computed by multiplying 1/180
23 times the number of school days remaining in the school year at the
24 time of registration, times \$675 for the 1992-93 school year or the
25 amount determined pursuant to section 2 of P.L.1981,
26 c.57 (C.18A:39-1a) for subsequent years, whichever is the smaller
27 amount. Whenever any regional school district provides any
28 transportation for pupils attending schools other than public schools
29 pursuant to this section, said regional district shall assume
30 responsibility for the transportation of all such pupils, and the cost
31 of such transportation for pupils below the grade level for which the
32 regional district was organized shall be prorated by the regional
33 district among the constituent districts on a per pupil basis, after
34 approval of such costs by the county superintendent. This section
35 shall not require school districts to provide any transportation for
36 pupils attending a school other than a public school, where the only
37 transportation presently provided by said district is for school
38 children transported pursuant to chapter 46 of Title 18A of the New
39 Jersey Statutes or for pupils transported to a vocational, technical or
40 other public school offering a specialized program. Any
41 transportation to a school, other than a public school, shall be
42 pursuant to the same rules and regulations promulgated by the State
43 board as governs transportation to any public school.】

44 The board of education may make rules and contracts for the
45 pupil transportation provided pursuant to this section.

46 Nothing in this section shall be so construed as to prohibit a
47 board of education from making contracts for the transportation of
48 pupils to a school in an adjoining district, when such pupils are

1 transferred to the district by order of the county superintendent, or
2 when any pupils shall attend school in a district other than that in
3 which they shall reside by virtue of an agreement made by the
4 respective boards of education.

5 Nothing herein contained shall limit or diminish in any way any
6 of the provisions for transportation for children pursuant to chapter
7 46 of this Title.

8 (cf: P.L.1992, c.33, s.1)

9

10 18. N.J.S.18A:39-1.1 is amended to read as follows:

11 18A:39-1.1. In addition to the provision of transportation for
12 pupils pursuant to N.J.S.18A:39-1 and N.J.S.18A:46-23, the board
13 of education of any district may provide, by contract or otherwise,
14 in accordance with law and the rules and regulations of the State
15 board, for the transportation of other pupils to and from school.

16 **【Districts shall not receive State transportation aid pursuant to**
17 **section 25 of P.L.1996, c.138 (C.18A:7F-25) for the transportation**
18 **of pupils pursuant to this section.】**

19 (cf: P.L.1996, c.138, s.67)

20

21 19. N.J.S.18A:46-23 is amended to read as follows:

22 18A:46-23. The board of education shall furnish transportation
23 to all children found under this chapter to be handicapped who shall
24 qualify therefor pursuant to law and it shall furnish the
25 transportation for a lesser distance also to any handicapped child, if
26 it finds upon the advice of the examiner, the handicap to be such as
27 to make transportation necessary or advisable.

28 The board of education shall furnish transportation to all children
29 being sent by local boards of education to an approved 12-month
30 program pursuant to N.J.S.18A:46-14, or any other program
31 approved pursuant to N.J.S.18A:46-14 and who qualify therefor
32 pursuant to law, during the entire time the child is attending the
33 program. The board shall furnish transportation for a lesser
34 distance also to a handicapped child, if it finds upon the advice of
35 the examiner, his handicap to be such as to make the transportation
36 necessary or advisable.

37 **【The school district shall be entitled to State aid for the**
38 **transportation pursuant to section 25 of P.L.1996, c.138 (C.18A:7F-**
39 **25) when the necessity for the transportation and the cost and**
40 **method thereof have been approved by the county superintendent of**
41 **the county in which the district paying the cost of the transportation**
42 **is situated.】**

43 (cf: P.L.1996, c.138, s.76)

44

45 20. The following acts and parts of acts are hereby repealed:

46 Sections 2, 10 through 18, 20 through 23, 26 through 28 and 32
47 of P.L.1996, c.138 (C.18A:7F-2, 18A:7F-10 through 18A:7F-18,

1 18A:7F-20 through 18A:7F-23, 18A:7F-26 through 28 and 18A:7F-
2 32); and N.J.S.18A:39-15.

3

4 21. The State Board of Education shall promulgate rules
5 pursuant to the "Administrative Procedure Act," P.L.1968,
6 c.410 (C.52:14B-1 et seq.), to effectuate the provisions of this act.

7

8 22. This act shall take effect for the 2001-2002 school year.

9

10

11

STATEMENT

12

13 This bill provides that State funding for public education, other
14 than funding for special education, will be distributed on a per
15 pupil basis; except that the Legislature may distribute funding other
16 than on a per pupil basis if it determines that an alternative funding
17 method is necessary.

18 The bill amends a number of sections in the "Comprehensive
19 Educational Improvement and Financing Act of 1996," (CEIFA)
20 P.L.1996, c.138, and other sections throughout Title 18A of the
21 New Jersey Statutes which refer to the current educational funding
22 formula. The bill also repeals statute sections which would no
23 longer be relevant in light of the revised formula.

24 In light of the rulings of the New Jersey Supreme Court in the
25 Abbott v. Burke line of decisions, one could speculate that the court
26 might invalidate the provisions of this bill as it has with prior
27 school funding formulas. However, due to the fact that the court
28 has exceeded its authority, it is the duty of the Legislature as a co-
29 equal branch of government to restore the balance of power
30 required by our form of representative government. The court in
31 the Abbott decisions has ordered that moneys be distributed to
32 districts which have demonstrated that they cannot produce
33 educational excellence, and it has diverted funding from districts in
34 which educational excellence is in place. This diversion of funds
35 has led to increases in property taxes in many non-Abbott districts
36 which in some cases have robbed senior citizens and others of the
37 value of their homes. In light of such injustice, the Legislature has
38 a moral responsibility to act.