

ASSEMBLY, No. 5186

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED DECEMBER 19, 2024

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman MITCHELLE DRULIS

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman ANDREA KATZ

District 8 (Atlantic and Burlington)

Assemblyman ALEX SAUICKIE

District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Makes various changes to school funding and budgeting laws; eliminates use of census-based funding for special education aid; establishes reimbursement program for school district fuel costs.

CURRENT VERSION OF TEXT

As introduced.



A5186 FREIMAN, DRULIS

2

1 AN ACT concerning school financing and budgeting, amending
2 various parts of the statutory law, and supplementing P.L.2007,
3 c.260.

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

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

10 5. As used in this section, "cost of living" means the CPI as
11 defined in section 3 of P.L.2007, c.260 (C.18A:7F-45).

12 a. Within 30 days following the approval of the Educational
13 Adequacy Report, the commissioner shall notify each district of the
14 base per pupil amount, the per pupil amounts for full-day preschool,
15 the weights for grade level, county vocational school districts, at-
16 risk pupils, bilingual pupils, and combination pupils, the cost
17 coefficients for security aid and for transportation aid, **the State**
18 **average classification rate and** the excess cost for general special
19 education services pupils, **the State average classification rate**
20 **and** the excess cost for speech-only pupils, and the geographic cost
21 adjustment for each of the school years to which the report is
22 applicable.

23 Annually, no later than the end of the first week in January, the
24 commissioner shall provide each district with a preliminary State
25 aid notice that details the maximum amount of aid payable to the
26 district in the succeeding school year pursuant to the provisions of
27 P.L.2007, c.260 (C.18A:7F-43 et al.).

28 Annually, within two days following the transmittal of the State
29 budget message to the Legislature by the Governor pursuant to
30 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
31 shall notify each district of the maximum amount of aid payable to
32 the district in the succeeding school year pursuant to the provisions
33 of P.L.2007, c.260 (C.18A:7F-43 et al.), and shall notify each
34 district of the district's adequacy budget for the succeeding school
35 year.

36 For the 2008-2009 school year and thereafter, unless otherwise
37 specified within P.L.2007, c.260 (C.18A:7F-43 et al.), aid amounts
38 payable for the budget year shall be based on budget year pupil
39 counts, which shall be projected by the commissioner using data
40 from prior years. Adjustments for the actual pupil counts of the
41 budget year shall be made to State aid amounts payable during the
42 school year succeeding the budget year. Additional amounts
43 payable shall be reflected as revenue and an account receivable for
44 the budget year.

45 Notwithstanding any other provision of this act to the contrary,
46 each district's State aid payable for the 2008-2009 school year, with

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 exception of aid for school facilities projects, shall be based on
2 simulations employing the various formulas and State aid amounts
3 contained in P.L.2007, c.260 (C.18A:7F-43 et al.). The
4 commissioner shall prepare a report dated December 12, 2007
5 reflecting the State aid amounts payable by category for each
6 district and shall submit the report to the Legislature prior to the
7 adoption of P.L.2007, c.260 (C.18A:7F-43 et al.). Except as
8 otherwise provided pursuant to this subsection and paragraph (3) of
9 subsection d. of section 5 of P.L.2007, c.260 (C.18A:7F-47), the
10 amounts contained in the commissioner's report shall be the final
11 amounts payable and shall not be subsequently adjusted other than
12 to reflect the phase-in of the required general fund local levy
13 pursuant to paragraph (4) of subsection b. of section 16 of
14 P.L.2007, c.260 (C.18A:7F-58) and to reflect school choice aid to
15 which a district may be entitled pursuant to section 20 of that act.
16 The projected pupil counts and equalized valuations used for the
17 calculation of State aid shall also be used for the calculation of
18 adequacy budget, local share, and required local share. For 2008-
19 2009, extraordinary special education State aid shall be included as
20 a projected amount in the commissioner's report dated December
21 12, 2007 pending the final approval of applications for the aid. If
22 the actual award of extraordinary special education State aid is
23 greater than the projected amount, the district shall receive the
24 increase in the aid payable in the subsequent school year pursuant
25 to the provisions of subsection c. of section 13 of P.L.2007, c.260
26 (C.18A:7F-55). If the actual award of extraordinary special
27 education State aid is less than the projected amount, other State aid
28 categories shall be adjusted accordingly so that the district shall not
29 receive less State aid than as provided in accordance with the
30 provisions of sections 5 and 16 of P.L.2007, c.260 (C.18A:7F-47
31 and C.18A:7F-58).

32 In the event that the commissioner determines, following the
33 enactment of P.L.2007, c.260 (C.18A:7F-43 et al.) but prior to the
34 issuance of State aid notices for the 2008-2009 school year, that a
35 significant district-specific change in data warrants an increase in
36 State aid for that district, the commissioner may adjust the State aid
37 amount provided for the district in the December 12, 2007 report to
38 reflect the increase.

39 b. Each district shall have a required local share. For districts
40 that receive educational adequacy aid pursuant to subsection b. of
41 section 16 of P.L.2007, c.260 (C.18A:7F-58), the required local
42 share shall be calculated in accordance with the provisions of that
43 subsection.

44 For all other districts, the required local share shall equal the
45 lesser of the local share calculated at the district's adequacy budget
46 pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51), or the
47 district's budgeted local share for the prebudget year.

1 In order to meet this requirement, each district shall raise a
2 general fund tax levy which equals its required local share.

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

6 c. Annually, on or before March 4, or on or before March 20 in
7 the case of a school district with an annual school election in
8 November, each district board of education shall adopt, and submit
9 to the commissioner for approval, together with such supporting
10 documentation as the commissioner may prescribe, a budget that
11 provides for a thorough and efficient education. Notwithstanding
12 the provisions of this subsection to the contrary, the commissioner
13 may adjust the date for the submission of district budgets if the
14 commissioner determines that the availability of preliminary aid
15 numbers for the subsequent school year warrants such adjustment.

16 Notwithstanding any provision of this section to the contrary, for
17 the 2005-2006 school year each district board of education shall
18 submit a proposed budget in which the advertised per pupil
19 administrative costs do not exceed the lower of the following:

20 (1) the district's advertised per pupil administrative costs for the
21 2004-2005 school year inflated by the cost of living or 2.5 percent,
22 whichever is greater; or

23 (2) the per pupil administrative cost limits for the district's
24 region as determined by the commissioner based on audited
25 expenditures for the 2003-2004 school year.

26 The executive county superintendent of schools may disapprove
27 the school district's 2005-2006 proposed budget if he determines
28 that the district has not implemented all potential efficiencies in the
29 administrative operations of the district. The executive county
30 superintendent shall work with each school district in the county
31 during the 2004-2005 school year to identify administrative
32 inefficiencies in the operations of the district that might cause the
33 superintendent to reject the district's proposed 2005-2006 school
34 year budget.

35 For the 2006-2007 school year and each school year thereafter,
36 each district board of education shall submit a proposed budget in
37 which the advertised per pupil administrative costs do not exceed
38 the lower of the following:

39 (1) the district's prior year per pupil administrative costs; except
40 that the district may submit a request to the commissioner for
41 approval to exceed the district's prior year per pupil administrative
42 costs due to increases in enrollment, administrative positions
43 necessary as a result of mandated programs, administrative
44 vacancies, nondiscretionary fixed costs, and such other items as
45 defined in accordance with regulations adopted pursuant to section
46 7 of P.L.2004, c.73. In the event that the commissioner approves a
47 district's request to exceed its prior year per pupil administrative

1 costs, the increase authorized by the commissioner shall not exceed
2 the cost of living or 2.5 percent, whichever is greater; or
3 (2) the prior year per pupil administrative cost limits for the
4 district's region inflated by the cost of living or 2.5 percent,
5 whichever is greater.
6 d. (1) A district's general fund tax levy shall not exceed the
7 district's adjusted tax levy as calculated pursuant to sections 3 and 4
8 of P.L.2007, c.62 (C.18A:7F-38 and 18A:7F-39).
9 (2) (Deleted by amendment, P.L.2007, c.260).
10 (3) (Deleted by amendment, P.L.2007, c.260).
11 (4) Any debt service payment made by a school district during
12 the budget year shall not be included in the calculation of the
13 district's adjusted tax levy.
14 (5) (Deleted by amendment, P.L.2007, c.260).
15 (6) (Deleted by amendment, P.L.2007, c.260).
16 (7) (Deleted by amendment, P.L.2004, c.73).
17 (8) (Deleted by amendment, P.L.2010, c.44)
18 (9) Any district may submit at the annual school budget
19 election, in accordance with subsection c. of section 4 of P.L.2007,
20 c.62 (C.18A:7F-39), a separate proposal or proposals for additional
21 funds, including interpretive statements, specifically identifying the
22 program purposes for which the proposed funds shall be used, to the
23 voters, who may, by voter approval, authorize the raising of an
24 additional general fund tax levy for such purposes. In the case of a
25 district with a board of school estimate, one proposal for the
26 additional spending shall be submitted to the board of school
27 estimate. Any proposal or proposals submitted to the voters or the
28 board of school estimate shall not: include any programs and
29 services that were included in the district's prebudget year net
30 budget unless the proposal is approved by the commissioner upon
31 submission by the district of sufficient reason for an exemption to
32 this requirement; or include any new programs and services
33 necessary for students to achieve the thoroughness standards
34 established pursuant to subsection a. of section 4 of P.L.2007, c.260
35 (C.18A:7F-46).
36 A district without a board of school estimate may also submit to
37 the voters at a special election authorized pursuant to section 2 of
38 P.L.1995, c.278 (C.19:60-2), a separate proposal or proposals for
39 additional funds for the subsequent budget year, including
40 interpretive statements, specifically identifying the program
41 purposes for which the proposed funds shall be used. A proposal
42 submitted at a special election shall comply with the requirements
43 of this paragraph and section 4 of P.L.2007, c.62 (C.18A:7F-39). A
44 separate proposal or proposals for additional funds may only be
45 submitted on a date of a special election once during a school year.
46 Nothing in this paragraph shall be construed to prohibit the
47 submission to the voters of a question or questions for the approval
48 of a capital project or projects on the same special election date as

1 the submission of a separate proposal or proposals for additional
2 funds.

3 The executive county superintendent of schools may prohibit the
4 submission of a separate proposal or proposals to the voters or
5 board of school estimate if he determines that the district has not
6 implemented all potential efficiencies in the administrative
7 operations of the district, which efficiencies would eliminate the
8 need for the raising of an additional general fund tax levy.

9 (10) Notwithstanding any provision of law to the contrary, if a
10 district proposes a budget with a general fund tax levy and
11 equalization aid which exceed the adequacy budget, the following
12 statement shall be published in the legal notice of public hearing on
13 the budget pursuant to N.J.S.18A:22-28, and posted at the public
14 hearing held on the budget pursuant to N.J.S.18A:22-29:

15 "Your school district has proposed programs and services in
16 addition to the core curriculum content standards adopted by the
17 State Board of Education. Information on this budget and the
18 programs and services it provides is available from your local
19 school district."

20 (11) Any reduction that may be required to be made to programs
21 and services included in a district's prebudget year net budget in
22 order for the district to limit the growth in its budget between the
23 prebudget and budget years by its tax levy growth limitation as
24 calculated pursuant to sections 3 and 4 of P.L.2007, c.62
25 (C.18A:7F-38 and 18A:7F-39), shall only include reductions to
26 excessive administration or programs and services that are
27 inefficient or ineffective.

28 e. (1) In the case of a district having a board of school estimate,
29 other than a Type II district with a board of school estimate, which
30 has a proposed budget that includes a general fund tax levy and
31 equalization aid in excess of the adequacy budget, the general fund
32 tax levy shall be submitted to the board for determination of the
33 amount that should be expended. If the board of school estimate
34 reduces the district's proposed budget, the district may appeal any
35 of the reductions to the commissioner on the grounds that the
36 reductions will negatively impact on the stability of the district
37 given the need for long term planning and budgeting. In
38 considering the appeal, the commissioner shall consider enrollment
39 increases or decreases within the district; the impact on the local
40 levy; and whether the reductions will impact on the ability of the
41 district to fulfill its contractual obligations. A district may not
42 appeal any reductions on the grounds that the amount is necessary
43 for a thorough and efficient education.

44 (2) In the case of a district having a board of school estimate,
45 other than a Type II district with a board of school estimate, which
46 has a proposed budget that includes a general fund tax levy and
47 equalization aid at or below the adequacy budget, the general fund
48 tax levy shall be submitted to the board for determination. Any

1 reductions may be appealed to the commissioner on the grounds
2 that the amount is necessary for a thorough and efficient education
3 or that the reductions will negatively impact on the stability of the
4 district given the need for long term planning and budgeting. In
5 considering the appeal, the commissioner shall also consider the
6 factors outlined in paragraph (1) of this subsection.

7 In addition, the board of school estimate shall be required to
8 demonstrate clearly to the commissioner that the proposed budget
9 reductions shall not adversely affect the ability of the school district
10 to provide a thorough and efficient education or the stability of the
11 district given the need for long term planning and budgeting.

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

18 (4) When the board of education or the board of school estimate
19 authorize the general fund tax levy, the district shall submit the
20 resulting budget to the commissioner within 15 days of the
21 authorization.

22 f. (Deleted by amendment, P.L.2007, c.260).

23 g. (Deleted by amendment, P.L.2007, c.260).

24 (cf: P.L.2024, c.60, s.1)

25

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

28 7. a. For the 2004-2005 school year, an undesignated general
29 fund balance in excess of 3% of the budgeted general fund for the
30 prebudget year or \$100,000, whichever is greater, shall be
31 appropriated by a school district based on surplus as anticipated
32 pursuant to paragraph (2) of subsection a. of N.J.S.18A:22-8 and
33 included in the budget prepared pursuant to section 5 of this act. In
34 the event that the district's 2004-2005 budget is not approved by the
35 voters of the district or the board of school estimate, the district
36 may use the undesignated general fund balance which exceeds 3%
37 to meet the reduction in tax levy certified by the municipal
38 governing body or bodies or board of school estimate following
39 review of the defeated budget. Any appropriation of the
40 undesignated general fund balance made by board resolution
41 following the April 2004 school budget election and prior to the
42 effective date of P.L.2004, c.73 to the capital reserve account or
43 maintenance reserve account or to increase spending for the 2003-
44 2004 school year shall be null and void unless, upon written
45 application to the commissioner, the district demonstrates that the
46 appropriation was necessary for use in the 2003-2004 school year to
47 meet the thoroughness standards established pursuant to subsection

1 a. of section 4 of P.L.1996, c.138 (C.18A:7F-4) and no other line
2 item account balances were available.

3 In the 2005-2006 school year and **[thereafter]** each school year
4 prior to the first full school year following the enactment of P.L. ,
5 c. (C.) (pending before the Legislature as this bill), an
6 undesignated general fund balance in excess of 2% of the budgeted
7 general fund for the prebudget year or \$250,000, whichever is
8 greater, shall be appropriated by a school district for the purpose of
9 the budget prepared pursuant to section 5 of this act.

10 In the first full school year following the enactment of P.L. , c.
11 (C.) (pending before the Legislature as this bill) and each
12 school year thereafter, an undesignated general fund balance in
13 excess of six percent of the first \$100,000,000 and in excess of
14 three percent of the amount which exceeds \$100,000,000 shall be
15 appropriated by a school district for the purpose of the budget
16 prepared pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5).

17 The amount of any funds made available for appropriation as a
18 result of the reduction in the percentage of authorized undesignated
19 general fund balance pursuant to P.L.2004, c.73 shall be used to
20 reduce the general fund tax levy required for the budget year.

21 In the case of a county vocational school district, if the amount
22 of the budgeted general fund for the prebudget year is \$100 million
23 or less, an undesignated general fund balance in excess of 6% of
24 that amount or \$250,000, whichever is greater, shall be appropriated
25 by the county vocational school district for the purpose of the
26 budget prepared pursuant to section 5 of P.L.1996, c.138
27 (C.18A:7F-5). If the amount of the budgeted general fund for the
28 prebudget year exceeds \$100 million, an undesignated general fund
29 balance in excess of 6% of the first \$100 million and in excess of
30 3% of the amount which exceeds \$100 million shall be appropriated
31 by a county vocational school district for the purpose of the budget
32 prepared pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5).

33 b. Notwithstanding the provisions of subsection a. of this
34 section, the district may, with the approval of the commissioner,
35 appropriate any anticipated excess undesignated general fund
36 balance to the capital reserve account established pursuant to
37 N.J.S.18A:21-3 or section 57 of P.L.2000, c.72 (C.18A:7G-31) for
38 that purpose.

39 c. If it is determined that the undesignated general fund
40 balances at June 30 of any school year exceed those permitted under
41 subsection a. of this section, the excess undesignated general fund
42 balances shall be reserved and designated in the subsequent year's
43 budget submitted to the commissioner pursuant to subsection c. of
44 section 5 of this act.

45 d. The commissioner may withhold State aid in an amount not
46 to exceed the excess undesignated general fund balances for failure
47 to comply with subsection c. of this section.

1 e. Proceeds from the sale and lease-back of textbooks and non-
2 consumable instructional materials shall not be included in the
3 calculation of excess undesignated general fund balance during the
4 budget year in which they are realized.

5 (cf: P.L.2007, c.62, s.8)

6

7 3. Section 2 of P.L.2007, c.260 (C.18A:7F-44) is amended to
8 read as follows:

9 2. The Legislature finds and declares that:

10 a. The Constitution of the State of New Jersey states that the
11 Legislature shall provide for the maintenance and support of a
12 thorough and efficient system of free public schools for the
13 instruction of all children in the State between the ages of five and
14 eighteen years. (N.J. Const. art. VIII, sec. 4, par.1).

15 b. The State, in addition to any constitutional mandates, has a
16 moral obligation to ensure that New Jersey's children, wherever
17 they reside, are provided the skills and knowledge necessary to
18 succeed. Any school funding formula should provide resources in a
19 manner that optimizes the likelihood that children will receive an
20 education that will make them productive members of society.

21 c. Although the Supreme Court of New Jersey has held that
22 prior school funding statutes did not establish a system of public
23 education that was thorough and efficient as to certain districts, the
24 Court has consistently held that the Legislature has the
25 responsibility to substantively define what constitutes a thorough
26 and efficient system of education responsive to that constitutional
27 requirement.

28 d. Every child in New Jersey must have an opportunity for an
29 education based on academic standards that satisfy constitutional
30 requirements regardless of where the child resides, and public funds
31 allocated to this purpose must be expended to support schools that
32 are thorough and efficient in delivering those educational standards.
33 In turn, school districts must be assured the financial support
34 necessary to provide those constitutionally compelled educational
35 standards. Any school funding formula should provide State aid for
36 every school district based on the characteristics of the student
37 population and up-to-date measures of the individual district's
38 ability to pay.

39 e. New Jersey's current public school funding formula,
40 established under the provisions of the "Comprehensive Educational
41 Improvement and Financing Act of 1996," (CEIFA) P.L.1996,
42 c.138, has not been used to calculate State aid for public schools
43 since the 2001-02 school year. Any new school funding formula
44 should account for changes in enrollment and other significant
45 developments, providing relief to those districts that have
46 experienced substantial enrollment increases.

47 f. The decisions in the Abbott cases have resulted in frequent
48 litigation and a fragmented system of funding under which limited

1 resources cannot be distributed equitably to all districts where at-
2 risk children reside, instead dividing the districts sharply into
3 Abbott and non-Abbott categories for funding purposes without
4 regard to a district's particular pupil characteristics and leading to
5 needlessly adversarial relationships among school districts and
6 between districts and the State.

7 g. In the absence of a clear, unitary, enforceable statutory
8 formula to govern appropriations for education, crucial funding
9 decisions are made annually, in competition for limited State
10 resources with other needs and requirements as part of the annual
11 budget negotiation process, utilizing many different classes and
12 categories of aid, leading to an uncertain, unpredictable, and
13 untenable funding situation for the State and school districts alike.

14 h. This act represents the culmination of five years of diligent
15 efforts by both the Executive and Legislative branches of State
16 government to develop an equitable and predictable way to
17 distribute State aid that addresses the deficiencies found in past
18 formulas as identified by the Supreme Court. Working together
19 toward this common goal, the Department of Education and the
20 Legislature engaged nationally recognized experts in education
21 funding and provided significant opportunities for stakeholder
22 involvement and public input to assist in formulating and refining a
23 comprehensive school funding model that has been validated by
24 experts. The formula accounts for the individual characteristics of
25 school districts and the realities of their surroundings, including the
26 need for additional resources to address the increased disadvantages
27 created by high concentrations of children at-risk.

28 i. The formula established under this act is the product of a
29 careful and deliberative process that first involved determining the
30 educational inputs necessary to provide a high-quality education,
31 including specifically addressing the supplemental needs of at-risk
32 students and those with limited English proficiency (LEP), and a
33 determination of the actual cost of providing those programs. The
34 formula provides adequate funding that is realistically geared to the
35 core curriculum content standards, thus linking those standards to
36 the actual funding needed to deliver that content.

37 j. In recognition of the unique problems and cost
38 disadvantages faced by districts with high concentrations of at-risk
39 students, it is appropriate to reflect in the formula a greater weight
40 as the district's proportion of at-risk students increases. In addition,
41 the new formula recognizes the disadvantages of an expanded group
42 of students by including in the definition of at-risk those students
43 who qualify for free or reduced-price lunch. Expanding the
44 definition of at-risk students in this manner will significantly
45 increase the resources flowing to districts with high concentrations
46 of these low-income students.

47 k. In light of the demonstrable, beneficial results and success of
48 the current Abbott preschool program, it is appropriate to build

1 upon this success by incorporating in the formula an expanded high-
2 quality preschool program for all children who qualify for free and
3 reduced price meals in all districts. It is appropriate for the formula
4 to acknowledge that at-risk children do not always receive the same
5 educational exposure at an early age as their peers and to provide
6 the additional resources necessary through high-quality preschool to
7 prepare every child to learn and succeed.

8 l. It is appropriate to reflect in this formula the inherent value
9 of educating a child in the least restrictive environment and,
10 whenever possible, in that child's neighborhood school alongside
11 his peers. The new funding formula should provide incentives for
12 keeping classified students in district.

13 m. It is also appropriate to recognize in the formula the need for
14 all schools to incorporate effective security measures, which may
15 vary from district to district depending upon the at-risk student
16 population and other factors, and to provide categorical funding to
17 address these important requirements.

18 n. **【In recognition of the potentially wide variability in special**
19 **education costs, even for the same category of disability, from**
20 **district to district, it is appropriate for the new funding formula to**
21 **mitigate the impact of that variability by establishing a census**
22 **model based on the actual Statewide average excess cost of**
23 **educating special education students and by providing for an**
24 **increase in State aid for extraordinary costs incurred by districts.】**
25 (Deleted by amendment, P.L. _____, c. _____) (pending before the
26 Legislature as this bill)

27 o. It is imperative that any new school funding formula work in
28 conjunction with the key school accountability measures that have
29 been enacted in recent years to promote greater oversight,
30 transparency, and efficiency in the delivery of educational services.
31 These accountability measures include the New Jersey Quality
32 Single Accountability Continuum, the "School District Fiscal
33 Accountability Act," P.L.2006, c.15 (C.18A:7A-54 et seq.),
34 P.L.2007, c.63 (C.40A:65-1 et al.) which established the duties and
35 responsibilities of the executive county superintendent of schools,
36 and P.L.2007, c.53 (C.18A:55-3 et al.).

37 p. Together with a renewed legislative focus on and
38 commitment to providing sufficient means to maintain and support
39 a high-quality system of free public schools in the State, a new
40 funding formula supported by significantly increased State
41 resources will ensure compliance with all statutory and
42 constitutional mandates. Districts that were formerly designated as
43 Abbott districts will be provided sufficient resources to continue
44 those Court-identified programs, positions, and services that have
45 proven effective while being provided the flexibility to shift
46 resources and programmatic focus based on the needs of their
47 students and current research.

1 q. The time has come for the State to resolve the question of
2 the level of funding required to provide a thorough and efficient
3 system of education for all New Jersey school children. The
4 development and implementation of an equitable and adequate
5 school funding formula will not only ensure that the State's students
6 have access to a constitutional education as defined by the core
7 curriculum content standards, but also may help to reduce property
8 taxes and assist communities in planning to meet their educational
9 expenses. The development of a predictable, transparent school
10 funding formula is essential for school districts to plan effectively
11 and deliver the quality education that our citizens expect and our
12 Constitution requires.

13 (cf: P.L.2007, c.260, s.2)

14

15 4. Section 4 of P.L.2007, c.260 (C.18A:7F-46) is amended to
16 read as follows:

17 4. a. The State Board of Education shall review and update the
18 core curriculum content standards every five years. The standards
19 shall ensure that all children are provided the educational
20 opportunity needed to equip them for the role of citizen and labor
21 market competitor.

22 The Commissioner of Education shall develop and establish,
23 through the report issued pursuant to subsection b. of this section,
24 efficiency standards which define the types of programs, services,
25 activities, and materials necessary to achieve a thorough and
26 efficient education.

27 b. By September 1 of 2010 and by September 1 every three
28 years thereafter, the Governor, after consultation with the
29 commissioner, shall recommend to the Legislature through the
30 issuance of the Educational Adequacy Report for the three school
31 years to which the report is applicable:

32 (1) the base per pupil amount based upon the core curriculum
33 content standards established pursuant to subsection a. of this
34 section;

35 (2) the per pupil amounts for full-day preschool;

36 (3) the weights for grade level, county vocational school
37 districts, at-risk pupils, bilingual pupils, and combination pupils;

38 (4) the cost coefficients for security aid and transportation aid;

39 (5) **the State average classification rate for general special**
40 **education services pupils and for speech-only pupils;** (Deleted by
41 amendment, P.L. , c.) (pending before the Legislature as this
42 bill)

43 (6) the excess cost for general special education services pupils
44 and for speech-only pupils; and

45 (7) the extraordinary special education aid thresholds.

46 The base per pupil amount, the per pupil amounts for full-day
47 preschool, the excess costs for general special education services
48 pupils and for speech-only pupils, and the cost-coefficients for

1 security aid and transportation aid shall be adjusted by the CPI for
2 each of the two school years following the first school year to
3 which the report is applicable.

4 The amounts shall be deemed approved for the three successive
5 fiscal years beginning from the subsequent July 1, unless between
6 the date of transmittal and the subsequent November 30, the
7 Legislature adopts a concurrent resolution stating that the
8 Legislature is not in agreement with all or any specific part of the
9 report. The concurrent resolution shall advise the Governor of the
10 Legislature's specific objections to the report and shall direct the
11 commissioner to submit to the Legislature a revised report which
12 responds to those objections by January 1.

13 (cf: P.L.2007, c.260, s.4)

14

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

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

19
$$AB = (BC + AR \text{ Cost} + LEP \text{ Cost} + COMB \text{ Cost} + \text{[SE Census]}$$

20
$$\text{SE Cost}) \times GCA$$

21 where

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

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

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

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

33 **[SE Census]** SE Cost is the cost of providing programs and
34 services to general special education services pupils and speech-
35 only pupils as calculated pursuant to subsection e. of this section;
36 and

37 GCA is geographic cost adjustment.

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

41 b. AR Cost shall be calculated as follows:

42
$$AR \text{ Cost} = BPA \times ARWENR \times AR \text{ Weight}$$

43 where

44 BPA is the base per pupil amount;

45 ARWENR is the weighted enrollment for at-risk pupils of the
46 school district or county vocational school district, which shall not
47 include combination pupils; and

48 AR Weight is the at-risk weight.

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

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

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

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

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

13 c. LEP Cost shall be calculated as follows:

14 $\text{LEP Cost} = \text{BPA} \times \text{LWENR} \times \text{LEP Weight}$

15 where

16 BPA is the base per pupil amount;

17 LWENR is the weighted enrollment for the bilingual education
18 pupils of the school district or county vocational school district,
19 which shall not include combination pupils; and

20 LEP Weight is the bilingual pupil weight.

21 For the 2008-2009 through 2010-2011 school years the LEP weight
22 shall be 0.5. For subsequent school years, the LEP weight shall be
23 established in the Educational Adequacy Report.

24 d. COMB Cost shall be calculated as follows:

25 $\text{COMB Cost} = \text{BPA} \times \text{CWENR} \times (\text{AR Weight} + \text{COMB Weight})$

26 where

27 BPA is the base per pupil amount;

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

30 AR Weight is the at-risk weight; and

31 COMB Weight is the combination pupil weight.

32 For the 2008-2009 through 2010-2011 school years the COMB
33 weight shall be 0.125. For subsequent school years, the COMB
34 weight shall be established in the Educational Adequacy Report.

35 e. **【SE Census】** SE Cost shall be calculated as follows:

36 **【SE Census】** SE Cost = (**【RE x SEACR】** SEENR x AEC x 2/3)
37 + (**【RE x SACR】** SPEONLY x SEC)

38 where

39 **【RE** is the resident enrollment of the school district or county
40 vocational school district;

41 **SEACR** is the State average classification rate for general special
42 education services pupils**】**

43 SEENR is the number of pupils included in the school district's
44 or county vocational school district's resident enrollment who
45 receive general special education services;

46 AEC is the excess cost for general special education services
47 pupils;

1 **【SACR is the State average classification rate for speech-only**
 2 **pupils】**

3 SPEONLY is the number of pupils included in the school
 4 district's or county vocational school district's resident enrollment
 5 who receive speech-only services; and

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

7 **【For the 2008-2009 through 2010-2011 school years the State**
 8 **average classification rate shall be 14.69% for general special**
 9 **education services pupils and 1.897% for speech-only pupils. For**
 10 **subsequent school years, the State average classification rates shall**
 11 **be established in the Educational Adequacy Report.】**

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

21 (cf: P.L.2007, c.260, s.9)

22

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

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

27 $SE = ([RE \times SEACR] \underline{SEENR} \times AEC \times 1/3) \times GCA$

28 where

29 **【RE is the resident enrollment of the school district or county**
 30 **vocational school district;**

31 SEACR is the State average classification rate for general special
 32 education services pupils**】**

33 SEENR is the number of pupils included in the school district's
 34 or county vocational school district's resident enrollment who
 35 receive general special education services;

36 AEC is the excess cost for general special education services
 37 pupils; and

38 GCA is the geographic cost adjustment as developed by the
 39 commissioner.

40 For the 2008-2009 school year the excess cost shall be \$10,898 for
 41 general special education services pupils. The excess cost amount
 42 shall be adjusted by the CPI in the 2009-2010 and 2010-2011
 43 school years as required pursuant to subsection b. of section 4 of
 44 this act. For subsequent school years, the excess cost amount shall
 45 be established in the Educational Adequacy Report, with the
 46 amount adjusted by the CPI for each of the two school years
 47 following the first school year to which the report is applicable.

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

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

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

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

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

$$33 \quad EA = ((ADC - \$40,000) \times .90) + (((AIC - \$40,000) + (ASC - \\ 34 \quad \$55,000)) \times .75)$$

35 where

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

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

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

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

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

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

15 e. The department shall review expenditures of federal and
16 State special education aid by a district in every instance in which
17 special education monitoring identifies a failure on the part of the
18 district to provide services consistent with a pupil's Individualized
19 Education Plan.

20 f. **【**The commissioner shall commission an independent study
21 of the special education census funding methodology to determine
22 if adjustments in the special education funding formulas are needed
23 in future years to address the variations in incidence of students
24 with severe disabilities requiring high cost programs and to make
25 recommendations for any such adjustments. The study and
26 recommendations shall be completed by June 30, 2010.**】** (Deleted
27 by amendment, P.L. _____, c. _____) (pending before the Legislature as
28 this bill)

29 g. **【**A school district may apply to the commissioner to receive
30 additional special education categorical aid if the district has an
31 unusually high rate of low-incidence disabilities, such as autism,
32 deaf/blindness, severe cognitive impairment, and medically fragile.
33 In applying for the aid the district shall: demonstrate the impact of
34 the unusually high rate of low-incidence disabilities on the school
35 district budget and the extent to which the costs to the district are
36 not sufficiently addressed through special education aid and
37 extraordinary special education aid; and provide details of all
38 special education expenditures, including details on the use of
39 federal funds to support those expenditures.**】** (Deleted by
40 amendment, P.L. _____, c. _____) (pending before the Legislature as this
41 bill)

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

43
44 7. Section 4 of P.L.2018, c.67 (C.18A:7F-68) is amended to read
45 as follows:

46 4. a. Notwithstanding the provisions of P.L.2007, c.260
47 (C.18A:7F-43 et al.) or any other law to the contrary, in the 2019-
48 2020 through 2024-2025 school years, a school district or county

1 vocational school district in which the State aid differential
2 calculated is negative shall receive State school aid in an amount
3 equal to the sum of the district's State aid in the prior school year
4 plus the district's proportionate share of the sum of any increase in
5 State aid included in the annual appropriations act for that fiscal
6 year and the total State aid reduction pursuant to subsection b. of
7 this section based on the district's State aid differential as a percent
8 of the Statewide total State aid differential among all school
9 districts and county vocational school districts for which the State
10 aid differential is negative. Any increase in State aid pursuant to
11 this subsection shall first be allocated to equalization aid, followed
12 by special education categorical aid, security categorical aid, and
13 transportation aid, except that no category shall exceed the total
14 amount as calculated in accordance with the provisions of sections
15 11, 13, 14, and 15 of P.L.2007, c.260 (C.18A:7F-53, C.18A:7F-55,
16 C.18A:7F-56, and C.18A:7F-57), respectively.

17 b. Except as provided pursuant to subsection c. of this section
18 and section 9 of P.L. _____, c. _____ (C. _____) (pending before the
19 Legislature as this bill), and notwithstanding the provisions of
20 P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law to the
21 contrary, in the 2019-2020 through 2024-2025 school years, a
22 school district or county vocational school district in which the
23 State aid differential is positive shall receive State school aid in an
24 amount equal to the district's State aid in the prior school year
25 minus a percent of the State aid differential according to the
26 following schedule:

- 27 (1) 13 percent in the 2019-2020 school year;
- 28 (2) 23 percent in the 2020-2021 school year;
- 29 (3) 37 percent in the 2021-2022 school year;
- 30 (4) 55 percent in the 2022-2023 school year;
- 31 (5) 76 percent in the 2023-2024 school year; and
- 32 (6) 100 percent in the 2024-2025 school year.

33 c. (1) An SDA district that is located in a municipality in
34 which the equalized total tax rate is greater than the Statewide
35 average equalized total tax rate for the most recent available
36 calendar year and is spending below adequacy as calculated
37 pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70) shall not be
38 subject to a reduction in State aid pursuant to subsection b. of this
39 section.

40 (2) An SDA district that is located in a municipality in which
41 the equalized total tax rate is greater than the Statewide average
42 equalized total tax rate for the most recent available calendar year
43 and is spending above adequacy as calculated pursuant to section 1
44 of P.L.2018, c.67 (C.18A:7F-70) shall be subject to a reduction not
45 to exceed the amount by which the district is spending above
46 adequacy multiplied by the corresponding percentage included in
47 subsection b. of this section.

1 (3) A school district, other than an SDA district, that is located
2 in a municipality in which the equalized total tax rate is at least 10
3 percent greater than the Statewide average equalized total tax rate
4 for the most recent available calendar year and is spending at least
5 10 percent below adequacy as calculated pursuant to section 1 of
6 P.L.2018, c.67 (C.18A:7F-70) shall not be subject to a reduction in
7 State aid pursuant to subsection b. of this section.

8 (4) **【A】** Except as provided in section 9 of P.L. , c. (C.)
9 (pending before the Legislature as this bill), a school district that is
10 a participating district under an application that is approved for a
11 grant pursuant to subsection a. of section 4 of P.L.2021, c.402
12 (C.18A:13-47.4) or a school district that is a participating district
13 under an application that receives preliminary approval pursuant to
14 subsection b. of section 4 of P.L.2021, c.402 (C.18A:13-47.4) and
15 that has a State aid differential that is positive may elect to receive
16 State school aid in an amount equal to the district's State aid in the
17 prior school year minus a percent of the State aid differential
18 according to the following schedule:

- 19 (a) 30 percent in the 2021-2022 school year;
20 (b) 37 percent in the 2022-2023 school year;
21 (c) 46 percent in the 2023-2024 school year;
22 (d) 55 percent in the 2024-2025 school year;
23 (e) 65.5 percent in the 2025-2026 school year;
24 (f) 76 percent in the 2026-2027 school year;
25 (g) 88 percent in the 2027-2028 school year; and
26 (h) 100 percent in the 2028-2029 school year.

27 A school district with a State aid differential that is positive,
28 which is a participating district under an application that is
29 approved for a grant pursuant to subsection a. of section 4 of
30 P.L.2021, c.402 (C.18A:13-47.4) or that receives preliminary
31 approval under subsection b. of section 4 of P.L.2021, c.402
32 (C.18A:13-47.4) but has not created or joined a limited purpose or
33 all purpose regional school district within two years following the
34 grant application approval or preliminary approval shall not be
35 eligible to receive State aid according to the schedule enumerated in
36 this paragraph.

37 As used in this paragraph, "participating district" means a school
38 district whose board of education by resolution certifies a
39 commitment to participate in a feasibility study submitted as part of
40 an application under the grant program established pursuant to
41 section 2 of P.L.2021, c.402 (C.18A:13-47.2).

42 (5) Notwithstanding the provisions of section 32 of P.L.1996,
43 c.138 (C.18A:7F-32) or any other law, rule, or regulation to the
44 contrary, a school district that is a regional school district created
45 following the approval of a grant application pursuant to section 4
46 of P.L.2021, c.402 (C.18A:13-47.4) shall, from the first full school
47 year following the creation of the regional school district through

1 the 2028-2029 school year, receive State school aid in an amount
2 that is the greater of:

3 (a) the amount of State school aid that the newly created
4 regional school district would receive as a regional school district;
5 or

6 (b) the sum of the amount of State school aid received by each
7 school district constituting the newly created regional school
8 district prior to the creation of such regional school district.

9 (6) A school district shall not be **[not be]** subject to a reduction
10 in State aid pursuant to this section provided that:

11 (a) the district is a regional school district consisting of at least
12 five constituent school districts;

13 (b) the district has mitigated costs of regionalization, as
14 determined by the Commissioner of Education;

15 (c) for the most recent school year for which data is available,
16 the district's administrative costs per pupil are 15 percent lower
17 than the Statewide average administrative costs per pupil for
18 regional school districts; and

19 (d) the district's general fund tax levy has been increased by the
20 maximum amount permitted pursuant to section 3 of P.L.2007, c.62
21 (C.18A:7F-38) in each of the last five school years.

22 A school district that is exempt from a reduction in State aid
23 pursuant to paragraph (6) of subsection c. of this section shall
24 provide courtesy busing to pupils who reside in the district,
25 provided that the district was providing courtesy busing prior to the
26 school year in which it is exempt from a reduction in State aid.

27 d. Any decrease in State aid pursuant to subsection b. or c. of
28 this section shall first be deducted from a school district's or county
29 vocational school district's allotment of adjustment aid. Any
30 additional reduction shall be deducted from the school district's or
31 county vocational school district's allotment of non-SFRA aids,
32 followed by equalization aid, special education categorical aid,
33 security aid, and transportation aid.

34 e. Any remaining adjustment aid or non-SFRA aids shall be
35 reallocated to other State aid categories in a manner to be
36 determined by the commissioner.

37 (cf: P.L.2023, c.140, s.1)

38

39 8. (New section) a. Notwithstanding the provisions of
40 P.L.2007, c.260 (C.18A:7F-43 et al.), P.L.2018, c.67 (C.18A:7F-67
41 et al.), or any other law, rule, or regulation to the contrary, a school
42 district, other than a regional school district, shall not be subject to
43 reduction in State school aid in any school year, beginning with the
44 first full school year following the date of enactment of P.L. , c.
45 (C.) (pending before the Legislature as this bill) and each year
46 thereafter, if the school district is located in a municipality in which
47 the equalized total tax rate is at least 10 percent greater than the
48 Statewide average total tax rate for the most recent available

1 calendar year and is spending below adequacy as calculated
2 pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70).

3 b. Notwithstanding the provisions of P.L.2007, c.260
4 (C.18A:7F-43 et al.), P.L.2018, c.67 (C.18A:7F-67 et al.), or any
5 other law, rule, or regulation to the contrary, a regional school
6 district shall not be subject to a reduction in State school aid in any
7 school year, beginning with the first full school year following the
8 date of enactment of P.L. , c. (C.) (pending before the
9 Legislature as this bill) and each school year thereafter, if the
10 average of the equalized total tax rates for each constituent district
11 or municipality of the regional school district is at least 10 percent
12 greater than the Statewide average equalized total tax rate for the
13 most recent available calendar year and the regional school district
14 is spending below adequacy as calculated pursuant to section 1 of
15 P.L.2018, c.67 (C.18A:7F-70).

16 c. For the purposes of this section, "State school aid" shall
17 include equalization aid, special education categorical aid, security
18 categorical aid, and transportation aid established pursuant to
19 sections 11, 13, 14, and 15 of P.L.2007, c.260 (C.18A:7F-53,
20 C.18A:7F-55, C.18A:7F-56, and C.18A:7F-57).

21

22 9. (New section) Notwithstanding the provisions of any other
23 law, rule, or regulation to the contrary, the amount of State school
24 aid provided to a school district shall be subject to a State aid
25 reduction cap equal to two percent of the district's State school aid
26 in the prebudget year. The State aid reduction cap shall first apply
27 to State school aid distributed in the first full school year following
28 the date of enactment of P.L. , c. (C.) (pending before the
29 Legislature as this bill) and ensure that no district receives a
30 reduction in State school aid compared to the prebudget year that is
31 greater than two percent of the district's prebudget year State school
32 aid. For the purposes of this section, "State school aid" shall
33 include equalization aid, special education categorical aid, security
34 aid, and transportation aid established pursuant to sections 11, 13,
35 14, and 15 of P.L.2007, c.260 (C.18A:7F-53, C.18A:7F-55,
36 C.18A:7F-56, and C.18A:7F-57).

37

38 10. (New section) In addition to any other State school aid
39 provided pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-
40 43 et al.), a school district may, beginning with the first full school
41 year following the date of enactment of P.L. , c. (C.)
42 (pending before the Legislature as this bill) and each school year
43 thereafter, apply to the Commissioner of Education to receive
44 Stabilization Aid if the school district experiences a reduction in
45 State school aid compared to the prior school year or otherwise
46 confronts a structural budgetary imbalance. To receive
47 Stabilization Aid, a school district shall submit an application to the
48 commissioner, in a manner and form to be prescribed by the

1 commissioner, except that an application submitted pursuant to this
2 section shall include a written plan explaining how the district
3 intends to fund operations in future school years in which the
4 district does not receive Stabilization Aid or similar supplemental
5 State school aid.

6
7 11. (New section) Beginning with the first full school year
8 following the date of enactment of P.L. , c. (C.) (pending
9 before the Legislature as this bill) and each school year thereafter,
10 the State shall reimburse a school district for actual fuel costs
11 incurred by the district in providing student transportation services.
12 A district seeking reimbursement shall submit to the Department of
13 Education written invoices, along with any other documentation or
14 verification of costs as the department may require, on a schedule to
15 be determined by the department and no later than the submission
16 deadlines established by the department. The department shall
17 make the reimbursement available to a district within 30 days of
18 any submission deadline it establishes.

19
20 12. (New section) The Legislature shall annually appropriate
21 from the Property Tax Relief Fund to the Department of Education,
22 monies as shall be necessary to effectuate the purposes of section
23 11 of P.L. , c. (C.) (pending before the Legislature as this
24 bill).

25
26 13. This act shall take effect immediately, except that sections 5
27 and 6 shall first apply to the first full school year following the date
28 of enactment.

29
30
31 STATEMENT

32
33 This bill makes various changes to State school aid and
34 budgeting laws, including special education categorical aid,
35 establishes a State school aid reduction cap, and provides for the
36 reimbursement of school district fuel costs.

37 Under the bill, the Department of Education would be required to
38 provide school districts with a preliminary notice of State school aid
39 amounts no later than the first week of January. Under current law,
40 the first notice of State school aid is required to be sent to school
41 districts no later than two days following the delivery of the
42 Governor's budget address.

43 The bill also increases the amount of undesignated general fund
44 balance that a school district is permitted to maintain. Under
45 current law, a district, other than a county vocational district, is
46 required to appropriate any funds in excess of two percent of the
47 budgeted general fund for the prebudget year or \$250,000,
48 whichever is greater, for the subsequent year's budget. The bill

1 would increase this limit to six percent of the first \$100 million and
2 in excess of three percent of the amount which exceeds \$100
3 million. The bill does not modify current law governing the
4 allowable undesignated general fund balances of county vocational
5 school districts.

6 The bill also changes how special education aid to school
7 districts is calculated. Under the provisions of the “School Funding
8 Reform Act of 2008,” the State provides special education aid to
9 school districts using the census-based funding method. Under this
10 method, districts receive funding for special education based on the
11 assumption that a fixed percent of the total student population
12 requires special education services, rather than using the actual
13 number of special education students in a school district to
14 determine the amount of State aid the district receives. The bill
15 eliminates the use of the census-based methodology, and calculates
16 State aid for special education based on the actual number of
17 special education students included in the district’s resident
18 enrollment.

19 Additionally, the bill establishes certain municipal overburden
20 protections to prevent a school district from receiving a reduction in
21 State aid. Pursuant to the bill, a school district would not be subject
22 to a reduction in State school aid if the district is located in a
23 municipality in which the equalized total tax rate is at least 10
24 percent greater than the Statewide average equalized total tax rate
25 for the most recently available calendar year and the district is
26 spending below adequacy. Similarly, the bill provides that a
27 regional school district would not be subject to a reduction in State
28 school aid if the average of the equalized total tax rates for each
29 constituent district or municipality of the regional school district is
30 at least 10 percent greater than the Statewide average equalized
31 total tax rate for the most recent available calendar year and the
32 regional school district is spending below adequacy.

33 The bill also establishes a State school aid reduction cap to
34 ensure that the amount of State school aid provided to a school
35 district is not to be decreased by more than two percent of the
36 amount of State school aid received by the district in the prebudget
37 year.

38 Additionally, the bill provides that a school district may apply to
39 the Commissioner of Education to receive stabilization aid, in
40 addition to any other State school aid, if the school district
41 experiences a reduction in State school aid compared to the prior
42 school year or otherwise confronts a structural budgetary
43 imbalance. To receive stabilization aid, a school district is required
44 to submit an application to the commissioner, in a manner and form
45 to be prescribed by the commissioner, including a written plan
46 explaining how the district intends to fund operations in future
47 school years in which the district does not receive stabilization aid
48 or similar supplemental State school aid.

1 Finally, the bill provides that the State is to reimburse school
2 districts for actual fuel costs incurred to provide student
3 transportation services. A district seeking reimbursement is to
4 submit to the Department of Education a written invoice, along with
5 any other documentation or verification of costs as the department
6 may require, no later than the submission deadline determined by
7 the department. The department is required to make the
8 reimbursement available to the district within 30 days of the
9 submission deadline. The funds to support the reimbursement
10 program are to be appropriated by the Legislature from the Property
11 Tax Relief Fund.