



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT
OF EDUCATION**

FISCAL YEAR

2009 - 2010

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF EDUCATION

Budget Pages..... C-5; C-12; C-19; C-26; C-28 to C-30;
D-87 to D-112

Fiscal Summary (\$000)

	Expended FY 2008	Adjusted Appropriation FY 2009	Recommended FY 2010	Percent Change 2009-10
State Budgeted	\$10,960,987	\$11,570,338	\$10,413,691	(10.0%)
Federal Funds	\$784,458	\$832,253	\$2,526,268	203.5%
<u>Other</u>	<u>\$15,925</u>	<u>\$23,150</u>	<u>\$18,221</u>	<u>(21.3%)</u>
Grand Total	\$11,761,370	\$12,425,741	\$12,958,180	4.3%

Personnel Summary - Positions By Funding Source

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change 2009-10
State	438	420	423	.7%
Federal	214	198	198	—
<u>Other</u>	<u>235</u>	<u>229</u>	<u>229</u>	<u>—</u>
Total Positions	887	847	850	.4%

FY 2008 (as of December) and revised FY 2009 (as of January) personnel data reflect actual payroll counts. FY 2010 data reflect the number of positions funded.

Key Points

- The total recommended State appropriation for the Department of Education in FY 2010 is \$10.414 billion. This is a reduction of \$1.157 billion, or 10 percent, from the adjusted appropriation in FY 2009. The proposed appropriation for the department represents 34.9 percent of the total recommended State budget for FY 2010.
- The total recommended appropriation for the department, including federal and other funds, is \$12.958 billion, an increase of \$532.4 million, or 4.3 percent, over the FY 2009 adjusted appropriation. The net increase is attributable to the infusion of additional federal funds. The FY 2010 projected federal revenue, \$2.526 billion, is more than triple the amount of federal revenue received in FY 2009. Approximately \$1.686 billion (two-thirds) of the federal funding is one-time revenue awarded as part of the American Recovery and Reinvestment Act of 2009 (ARRA).

Key Points (Cont'd)

- The proposed FY 2010 budget recommends a significant reduction in the State's contribution to the Teacher's Pension and Annuity Fund (TPAF). The recommended appropriation of \$95.1 million is a reduction of \$566.2 million (85.6 percent) relative to the FY 2009 adjusted appropriation. According to the June 30, 2008 Actuarial Valuation Report, the projected State contribution to TPAF in FY 2010 (including contributions shown in other departments) is 6.25 percent of the \$1.526 billion that is required to meet the full funding obligation for the fiscal year.
- The proposed FY 2010 budget uses \$1.057 billion from the State Fiscal Stabilization Fund (SFSF), part of the ARRA, to provide education aid to school districts. This funding represents one-time revenue that will not be available for the same purpose in FY 2011. As such, an additional \$1.057 billion in State revenue would be necessary in FY 2011 to replace the federal funding in order to maintain the same total level of education aid.
- Other one-time federal funding included in the proposed FY 2010 budget includes \$183 million in additional Title I, Part A funding that provides support to low-income schools and districts and \$372.5 million in Individuals with Disabilities Education Act (IDEA) funding that assists in funding the excess costs of educating special education students. This funding will be allocated to school districts based on the formulas included in existing federal law.
- The proposed budget includes an appropriation of \$8.076 billion in aid to school districts to support K-12 educational programs, an increase of \$254.4 million (3.3 percent) over the FY 2009 adjusted appropriation. The FY 2010 recommended appropriation is supported by the General Fund, the Property Tax Relief Fund, and revenue from the SFSF.
- State aid to school districts reflects the second year of implementation of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C:18A:7F-43 et al.). However, language included in the proposed FY 2010 budget reduces the amount by which a school district's State aid can increase in one year.
 - A district spending below its "adequacy" threshold can receive a maximum increase of five percent (as opposed to the 20 percent limit established in SFRA).
 - A district spending above the "adequacy" threshold will not receive an increase in State aid in the upcoming school year (SFRA includes a State aid growth limit of 10 percent for such school districts).
 - In total, 171 districts, (28.7 percent of districts) will receive an increase in State school aid under the proposed budget.
- The proposed FY 2010 budget recommends an appropriation of \$621.1 million to support preschool programs in the 2009-2010 school year. This is an increase of \$77.3 million (14.2 percent) over the FY 2009 adjusted appropriation.
 - The proposed FY 2010 appropriation for preschool education aid, \$596.1 million, is \$52.3 million (9.6 percent) more than the FY 2009 adjusted

Key Points (Cont'd)

appropriation. Most of the appropriation supports full-day preschool programs in the former Abbott school districts and five school districts that began preschool expansion during the 2008-2009 school year. This aid category also provides funding to other school districts that received either early childhood program aid or an early launch to learning initiative grant in the 2007-2008 school year.

- The proposed budget also recommends a \$25 million appropriation for preschool incentive aid. This aid category would provide funding to school districts that elect to use some or all of the Title I, Part A grant awarded pursuant to ARRA to expand full-day preschool opportunities. Specific criteria for this aid would be outlined in emergency regulations to be promulgated by the commissioner; however, language included in the proposed budget notes that priority would be given to districts that are required to provide preschool opportunities to all resident three- and four-year old children. The Budget In Brief also notes that eligibility would be limited to districts that offer full-day kindergarten.
- The proposed FY 2010 budget significantly reduces or eliminates the appropriation for four categories of State aid that were included in the FY 2009 Appropriations Act through language.
 - The proposed appropriation for charter school aid, \$7.6 million, is \$27.7 million (78.5 percent) less than the FY 2009 appropriation. The FY 2010 budget proposes the elimination of language that provided school districts with additional aid if the increase in funding due to charter schools was greater than the increase in State aid. The proposed budget also eliminates language ensuring that charter schools receive the same amount of revenue on a per pupil basis.
 - The recommended FY 2010 budget eliminates SDA new facilities transition aid. This category, for which \$13.2 million was appropriated in FY 2009, was provided to former Abbott school districts that were slated to open new school buildings (or additions to existing buildings) in the 2008-2009 school year. The funding was to support non-recurring costs that occur with the opening of a new school and served as part of the transition to the new school funding law.
 - The FY 2010 proposed budget eliminates the \$5 million appropriation for integration assistance aid. As enacted, the FY 2009 budget provided this aid to three school districts. However, FY 2009 budget reductions announced in January 2009 reduced the appropriation to \$2 million.
 - The budget recommendations for FY 2010 eliminate the \$10 million appropriation for adult education aid. SFRA does not provide funding for adult education programs. The Legislature added \$10 million for adult education in the FY 2008 Appropriations Act; the proposed FY 2009 budget included a recommended appropriation of the same amount.
- The proposed FY 2010 budget appropriates \$93.5 million for nonpublic school aid, a reduction of \$11.1 million, or 10.6 percent, relative to the FY 2009 adjusted

Key Points (Cont'd)

- appropriation. Most of the decline is due to the elimination of nonpublic technology initiative aid, for which \$7.1 million was appropriated in FY 2009.
- Total State aid for school facilities equals \$755.1 million in the proposed FY 2010 budget, an increase of \$92.5 million (or 14 percent) relative to the adjusted FY 2009 appropriation.
 - The proposed FY 2010 budget appropriates \$13.5 million for Grants-In-Aid. This is a reduction of \$5.2 million (27.7 percent) relative to FY 2009 and is concentrated in three programs.
 - The recommended appropriation for the Governor's Literacy Initiative program is reduced to \$270,000, a reduction of \$780,000 (74.3 percent). In previous years, the appropriation was used to provide grants to school districts to improve instruction. Under the FY 2010 budget proposal, the entire appropriation would be allocated to the Learning Through Listening program at the New Jersey Unit of the Recording for the Blind and Dyslexic.
 - The proposed budget reduces the appropriation for NJ After 3 from \$14.5 million in FY 2009 to \$10.5 million in FY 2010, a reduction of 27.7 percent. Unlike previous years, language included in the proposed budget does not allow a portion of this appropriation to be used to support the administrative costs of NJ After 3, Inc. See OLS discussion point 12 for additional information regarding how this reduction may affect grant awards.
 - The proposed budget for FY 2010 includes \$38,000 for teacher preparation. While this is a significant reduction from the FY 2009 appropriation (\$65,000, or 63.1 percent less), the proposed FY 2010 appropriation is similar to the actual expenditures incurred in recent years.
 - The recommended FY 2010 budget does not propose substantive changes to the appropriations for Direct State Services. The recommended appropriation, \$71.2 million, is approximately \$1 million (1.4 percent) less than the FY 2009 adjusted appropriation.
 - The projected average spending per pupil for FY 2010 is \$18,100, an increase of \$865 per pupil, or 5.0 percent, relative to the FY 2009 average of \$17,235.
 - Local revenue accounts for \$9,515, or 52.6 percent, of the projected spending per pupil.
 - Projected State revenue per pupil, \$7,139, is 39.4 percent of the total projected spending per pupil, \$360 (4.8 percent) less than in FY 2009.
 - The amount of federal education revenue will increase significantly in FY 2010. The revenue, \$1,447 per pupil, accounts for 8.0 percent of all education spending and is an increase of \$919 (174 percent) relative to the 2008-2009 school year.

Key Points (Cont'd)

Background Papers:

- Districts Impacted by Reduced State Aid Growth Limit.....p. 44-55
- Preschool Incentive Aid.....p. 56-59
- Additional Compensation in School District Superintendents' Contracts.....p. 60-61

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2008	Adj. Approp. FY 2009	Recom. FY 2010	Percent Change	
				2008-10	2009-10
<u>General Fund</u>					
Direct State Services	\$79,662	\$72,183	\$71,186	(10.6%)	(1.4%)
Grants-In-Aid	29,564	18,653	13,488	(54.4%)	(27.7%)
State Aid	626,146	976,961	725,291	15.8%	(25.8%)
Capital Construction	1,234	0	400	(67.6%)	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$736,606	\$1,067,797	\$810,365	10.0%	(24.1%)
<u>Property Tax Relief Fund</u>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	10,224,381	10,502,541	9,603,326	(6.1%)	(8.6%)
Sub-Total	\$10,224,381	\$10,502,541	\$9,603,326	(6.1%)	(8.6%)
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$10,960,987	\$11,570,338	\$10,413,691	(5.0%)	(10.0%)
Federal Funds	\$784,458	\$832,253	\$2,526,268	222.0%	203.5%
Other Funds	\$15,925	\$23,150	\$18,221	14.4%	(21.3%)
Grand Total	\$11,761,370	\$12,425,741	\$12,958,180	10.2%	4.3%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2008	Revised FY 2009	Funded FY 2010	Percent Change	
				2008-10	2009-10
State	438	420	423	(3.4%)	0.7%
Federal	214	198	198	(7.5%)	0.0%
All Other	235	229	229	(2.6%)	0.0%
Total Positions	887	847	850	(4.2%)	0.4%

FY 2008 (as of December) and revised FY 2009 (as of January) personnel data reflect actual payroll counts. FY 2010 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	27.7%	28.1%	24.9%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2009</u>	<u>Recomm.</u> <u>FY 2010</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Total State Appropriation, Department of Education	\$11,570,338	\$10,413,691	(\$1,156,647)	(10.0%)	D-87

The proposed FY 2010 State appropriation for the Department of Education totals \$10.414 billion; this represents \$1.157 billion, or 10.0 percent, less than the amount of State revenue appropriated to the department in FY 2009. It should be noted, however, that this decrease does not include the \$1.057 billion of State Fiscal Stabilization Fund revenue awarded to the State as part of the American Recovery and Reinvestment Act of 2009 (ARRA).

Direct State Services

Total Direct State Services	\$72,183	\$71,186	(\$ 997)	(1.4%)	D-87
District and School Improvement	\$8,026	\$7,510	(\$ 516)	(6.4%)	D-88
Facilities Planning and School Building Aid	\$2,077	\$1,802	(\$ 275)	(13.2%)	D-88
Student Services	\$1,439	\$1,342	(\$ 97)	(6.7%)	D-88

The total State appropriation for Direct State Services, the department's operating costs, decreases by nearly \$1 million, or 1.4 percent in the proposed FY 2010 budget. Nearly half of the total decrease is due to a proposed reduction in the District and School Improvement program classification of \$516,000, or 6.4 percent. Most of the remaining decrease is associated with a proposed reduction of \$275,000 in Facilities Planning (13.2 percent) and \$97,000 (6.7 percent) in Student Services. The reduction in Student Services is attributable to recommended reductions in appropriations to the New Jersey Commission on Holocaust Education (a reduction of \$72,000, or 31.2 percent) and the Commission on Italian American Heritage Cultural and Educational Programs (\$25,000, or 18.5 percent). It should be noted that the appropriation for the Statewide Assessment Program (\$20.7 million) accounts for 29.1 percent of the total recommended appropriation for Direct State Services.

Grants-In-Aid

Total Grants-In-Aid	\$18,653	\$13,488	(\$5,165)	(27.7%)	D-87
Governor's Literacy Initiative	\$1,050	\$270	(\$ 780)	(74.3%)	D-106

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2009</u>	<u>Recomm.</u> <u>FY 2010</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
New Jersey After 3	\$14,500	\$10,480	(\$4,020)	(27.7%)	D-106
Teacher Preparation	\$103	\$38	(\$ 65)	(63.1%)	D-106

The recommended FY 2010 State appropriation for Grants-in-Aid is \$13.488 million, representing a decrease of nearly \$5.2 million (27.7 percent) relative to the FY 2009 adjusted appropriation. The proposed reduction in the appropriation for NJ After 3, a decrease of \$4.02 million, accounts for more than three-quarters of the total reduction to Grants-In-Aid. This reduction is explored further in discussion point 12.

The budget also recommends a significant reduction in the Governor's Literacy Initiative; the proposed appropriation of \$270,000 is a 74.3 percent reduction when compared to the FY 2009 adjusted appropriation. The primary purpose of this appropriation has changed as well. Language included in the FY 2009 Appropriations Act stipulated that the money would be used to provide grants to school districts to improve instruction in language arts literacy, science, and mathematics. The language included in the proposed FY 2010 budget designates the entire appropriation for the Learning Through Listening program in the New Jersey Unit of the Recording for the Blind and Dyslexic.

The recommended FY 2010 appropriation for Teacher Preparation of \$38,000 is \$65,000 (63.1 percent) less than the adjusted appropriation for FY 2009. While this change may on its face suggest a significant curtailment of the program, the recommended FY 2010 appropriation is generally consistent with recent actual expenditures in the program. For example, in FY 2008, actual expenditures totaled \$41,000 (with more than \$139,000 of the original appropriation going unspent). To date, FY 2009 expenditures total approximately \$27,000.

State Aid

Total State Aid	\$11,479,502	\$11,385,537	(\$93,965)	(.8%)	
General Fund	\$976,961	\$725,291	(\$251,670)	(25.8%)	D-87
Property Tax Relief Fund	\$10,502,541	\$9,603,326	(\$899,215)	(8.6%)	D-87
Federal Stimulus Funding	\$0	\$1,056,920	\$1,056,920	—	D-93

The proposed FY 2010 budget recommends a total appropriation of \$11.386 billion in total State school aid, representing a \$94.0 million (0.8 percent) decrease relative to the adjusted FY 2009 appropriation. The total amount of the State aid appropriation that originates from State revenue sources will decline significantly in the upcoming fiscal year. The total recommended FY 2010 appropriation from the General Fund and Property Tax Relief Fund,

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2009</u>	<u>Recomm.</u> <u>FY 2010</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Total K-12 Education Aid	\$7,822,021	\$8,076,461	\$254,440	3.3%	
Equalization Aid	\$5,666,191	\$5,824,882	\$158,691	2.8%	D-93
Special Education Aid	\$770,131	\$865,144	\$95,013	12.3%	D-93
Transportation Aid	\$296,774	\$363,126	\$66,352	22.4%	D-89
Security Aid	\$223,792	\$241,998	\$18,206	8.1%	D-94
Educational Adequacy Aid	\$8,167	\$24,674	\$16,507	202.1%	D-93
Adjustment Aid	\$849,115	\$747,661	(\$101,454)	(11.9%)	D-94
School Choice Aid	\$7,851	\$8,976	\$ 1,125	14.3%	D-94

The proposed FY 2010 budget includes \$8.076 billion in direct aid to school districts to support educational programs from grades kindergarten through 12; this figure represents an increase of \$254.4 million (or 3.3 percent) over the amount of funding provided in FY 2009 and includes the amount supported by federal funding awarded as part of ARRA. These figures reflect the second year of implementation of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260, (C.18A:7F-43 et al.). However, language included in the proposed budget reduces the State aid growth limit and, therefore the amount of aid some school districts would received under SFRA. For districts spending below the "adequacy" threshold, the maximum increase in aid is limited to 5 percent (as opposed to the 20 percent limit included in the law). The recommended budget includes a limit of 0 percent (as opposed to the 10 percent limit provided for in SFRA) for districts spending above the "adequacy" threshold. The changes seen in five of the aid categories shown above warrant additional discussion.

The proposed increase in special education aid is primarily the result of the growth in aid to reimburse school districts for extraordinary special education costs. The recommended appropriation, \$130 million, is \$78 million, or 150 percent, greater than the FY 2009 adjusted appropriation. The appropriation reflects the inclusion of language in the proposed budget that

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2009</u>	<u>Recomm.</u> <u>FY 2010</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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increases the reimbursement rates for these costs beyond what is included in SFRA. The reimbursement rates of 90 percent and 75 percent for certain costs that are included in SFRA are increased to 95 percent and 85 percent, respectively.

The recommended appropriation for transportation aid, \$363.1 million, is an increase of \$66.4 million (22.4 percent) over the adjusted FY 2009 appropriation. Section 15 of SFRA (C.18A:7F-57) stipulated that a school district's transportation aid for the 2008-2009 school year would be reduced to approximately 81.5 percent of the amount that would otherwise be awarded. This proration is not included in the recommendation for the 2009-2010 school year and contributes significantly to the growth in the transportation aid appropriation.

The proposed budget for FY 2010 includes an appropriation of \$24.7 million for educational adequacy aid; this figure more than triples the adjusted appropriation for FY 2009. This aid category is awarded to districts that were previously classified as Abbott districts that are spending below the "adequacy" threshold and either 1) have been classified as a district in need of improvement, or 2) are experiencing municipal overburden. The objective is to, through the combination of increased State aid and a required increase in the general fund tax levy, increase the districts' spending to the "adequacy" threshold within three years. The growth in this appropriation is caused by the provision included in SFRA that closes the 50 percent of the gap in the 2009-2010 school year as opposed to 33 percent, as was the case in the 2008-2009 school year.

Adjustment aid is the only State aid category for which the recommended FY 2010 appropriation is less than the adjusted FY 2009 appropriation. The proposed budget's appropriation of \$747.7 million is \$101.5 million (11.9 percent) less than the FY 2009 adjusted amount. In the 2008-2009 school year, adjustment aid was provided to ensure that all school districts received a minimum 2 percent increase in State aid if such an increase did not occur through the other categories of State aid; in FY 2010, adjustment aid is provided to ensure that districts receive the same amount of State aid as it received in the previous year. Given that the amount of aid awarded in other categories will generally increase over time (as a result of enrollment and inflationary increases), a decrease in the aggregate amount of adjustment aid is to be expected, although it may fluctuate for individual districts.

The proposed FY 2010 appropriation for school choice aid totals nearly \$9 million, an increase of \$1.1 million (14.3 percent) over the FY 2009 adjusted appropriation. This aid category supports students who are enrolled in districts outside their resident school district as part of the Interdistrict Public School Choice Program established by P.L.1999, c.413. The pilot program created under this law was to last five years (with the 2005-2006 school year being the last year of operation). Students participating in the program at the time of its expiration would be allowed to remain in the choice district until graduation. The projected increase appears inconsistent with the program's current status; however, a memo to the State Board of Education has indicated that the department has allowed school choice districts to continue to accept new students beyond the expiration date included in the statute (see discussion point 9 for additional information).

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2009</u>	<u>Recomm. FY 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Total Preschool Aid	\$543,839	\$621,094	\$77,255	14.2%	
Preschool Education Aid	\$543,839	\$596,094	\$52,255	9.6%	D-94
Preschool Incentive Aid	\$0	\$25,000	\$25,000	—	D-95

The proposed FY 2010 appropriation for preschool programs, \$621.1 million, reflects an increase of \$77.3 million (14.2 percent) over the FY 2009 adjusted appropriation. Most of this change (an increase of \$52.3 million, or 9.6 percent over the prior year) is associated with preschool education aid. Most of the preschool education aid appropriation is allocated to the former Abbott districts to support enrollment and inflationary growth. Language included in the proposed FY 2010 budget provides preschool education aid to other school districts in a manner that deviates from the formula included in SFRA.

The proposed budget also includes an appropriation of \$25 million for preschool incentive aid. The funding would provide aid to school districts that elect to use some or all of their allocation of Title I, Part A funding awarded as part of ARRA to expand the districts' preschool program. While detailed criteria would be determined by emergency regulations to be promulgated by the commissioner, language included in the proposed budget states that school districts that are required under SFRA to offer preschool opportunities to all three- and four-year olds would be given priority. Additionally, the Budget In Brief (although, not the proposed budget language) states that a recipient school district would be required to offer full-day kindergarten.

Charter School Aid	\$35,271	\$7,596	(\$27,675)	(78.5%)	D-94
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The proposed appropriation for charter school aid for FY 2010, \$7.6 million, is \$27.7 million, or 78.5 percent, less than the FY 2009 adjusted appropriation. The FY 2009 Appropriations Act included language that provided charter school aid to school districts in which the increase in payments to charter schools increased by more than the districts' State aid. The FY 2010 budget does not include similar language; however, language included in the proposed budget stipulates that this aid category will be included in the calculation of adjustment aid for districts that received this aid in FY 2009.

Additionally, the FY 2009 Appropriations Act included language that guaranteed that individual charter schools would receive, at minimum, the total amount of revenue received in the 2007-2008 school year from the State and local school districts in aggregate and on a per pupil basis. While the proposed FY 2010 budget continues to ensure total funding at the 2007-2008 level for charter schools, additional funding is not recommended to guarantee the amount of funding on a per pupil basis.

SDA New Facilities Transition Aid	\$13,240	\$0	(\$13,240)	(100.0%)	D-95
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2009</u>	<u>Recomm.</u> <u>FY 2010</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The FY 2010 proposed budget eliminates funding for SDA new facilities transition aid. This category of State aid was included in the FY 2009 Appropriations Act to provide additional funding to the former Abbott school districts that were slated to open new schools (or additions on existing schools) in the 2008-2009 school year. The category was supposed to pay for the one-time, non-recurring costs of opening a new school and was to serve as part of the transition to the new school funding formula.

Integration Assistance Aid	\$5,000	\$0	(\$5,000)	(100.0%)	D-95
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As enacted, the FY 2009 Appropriations Act included a \$5 million appropriation for integration assistance aid that was to be allocated to three school districts (\$4 million to Englewood City School District and \$500,000 each to Montclair Town and Teaneck Township School Districts). Actions taken by the Executive to reduce FY 2009 expenditures reduced the appropriation to \$2 million (eliminating the allocations for Teaneck and Montclair in their entirety and reducing the allocation to Englewood by half). The proposed FY 2010 budget does not include any appropriation for integration assistance aid.

Adult Education Aid	\$10,000	\$0	(\$10,000)	(100.0%)	D-95
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The proposed budget for FY 2010 eliminates funding for adult education aid in its entirety. SFRA does not provide funding for adult education; however, \$10 million in funding for this program was added to the FY 2008 Appropriations Act by the Legislature. The recommended budget for FY 2009 included funding at the same level.

Total Nonpublic School Aid	\$104,664	\$93,533	(\$11,131)	(10.6%)	D-89
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Nonpublic Technology Initiative Aid	\$7,133	\$0	(\$7,133)	(100.0%)	D-94
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The total amount of nonpublic school aid included in the FY 2010 budget recommendations, \$93.5 million, is \$11.1 million, or 10.6 percent, less than the total adjusted appropriation for FY 2009. The proposed elimination of nonpublic technology initiative aid accounts for \$7.1 million (nearly two-thirds) of the total reduction. Proposed decreases in appropriations for other nonpublic school aid categories are based on recent trends in actual expenditures in these aid categories and account for the remaining reduction shown above.

Total School Facilities Aid	\$662,581	\$755,117	\$92,536	14.0%	D-106
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School Construction and Renovation Fund	\$501,394	\$592,986	\$91,592	18.3%	D-106
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Significant Changes/New Programs (\$000) (Cont'd)

<u>Budget Item</u>	<u>Adj. Approp. FY 2009</u>	<u>Recomm. FY 2010</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Total State aid for school facilities in the proposed FY 2010 budget is \$755.1 million and represents an increase of \$92.5 million, or 14 percent, relative to the FY 2009 adjusted appropriation. The increase in total school facilities aid is driven almost exclusively by the appropriation to the School Construction and Renovation Fund. This aid category provides for State debt service for school facilities bonds issued by the Economic Development Authority as part of the "Educational Facilities Construction and Financing Act" (EFCFA), P.L.2000, c.72.

Total Pensions and Benefits on Behalf of School Districts	\$2,291,160	\$1,800,351	(\$490,809)	(21.4%)	D-106
Teachers' Pension and Annuity Fund	\$661,219	\$95,069	(\$566,150)	(85.6%)	D-107

This group of State aid categories includes the State's reimbursement to school districts for the employer's share of the Social Security tax, the State's contribution to the Teachers' Pension and Annuity Fund (TPAF), post-retirement medical costs, and debt service on pension obligation bonds. The proposed FY 2010 appropriation of \$1.8 billion is a decrease of \$490.8 million (21.4 percent) relative to the adjusted appropriation for FY 2009. The aggregate decline is the result of a significantly smaller State contribution to the TPAF. The proposed contribution of \$95.1 million is \$566.2 million (85.6 percent) less than the contribution made in FY 2009. It is estimated that the total proposed FY 2010 contribution to TPAF, including appropriations that appear in other departments, is 6.2 percent of the amount that is required to meet the full funding obligation for FY 2010.

Language Provisions

2009 Appropriations Handbook

2010 Budget Recommendations

p. B-46

[Nonpublic Technology Initiative aid shall be paid to school districts and allocated for nonpublic school pupils at the rate of \$40 per pupil in a manner that is consistent with the provisions of the federal and State constitutions.]

No comparable language.

Explanation

The FY 2010 budget recommends the elimination of nonpublic technology initiative aid. This category of State aid was first included in the FY 1999 budget and was awarded at a rate of \$20 per pupil. In FY 2000, the per pupil funding level was increased to \$40 per pupil and mirrored the per pupil aid provided to public schools as distance learning network aid, an aid category included in the "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), P.L.1996, c.138. The FY 2009 budget included \$7.1 million to fund this program.

2009 Appropriations Handbook

2010 Budget Recommendations

No comparable language.

p. D-96

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Preschool Incentive Aid shall be distributed to districts that elect to dedicate a portion or all of the district's additional allocation of federal Title I, Part A funding authorized under the American Recovery and Reinvestment Act of 2009 towards serving additional full-day preschool students or expanding from half-day to full-day preschool programs in 2009-2010. Notwithstanding any provision of P.L. 1968, c.410 (C.52:14B-1 et seq.), the Commissioner of Education shall be authorized to develop the criteria for distributing this aid and shall adopt regulations that shall be deemed adopted and effective immediately upon filing with the Office of Administrative Law. Priority will be given to applications from "universal" districts. Districts shall be required to place funds in a restricted

Language Provisions (Cont'd)

2009 Appropriations Handbook

2010 Budget Recommendations

p. D-96

account to support expansion in 2009-2010 or, at the discretion of the commissioner, for 2009-2010 and 2010-2011.

Explanation

The FY 2010 budget recommends an appropriation of \$25 million for preschool incentive aid. Section 12 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-54), provided for the phased expansion of full-day preschool programs for three- and four-year old children in the State. "Universal" districts include districts classified in District Factor Groups (DFG) A and B, and districts classified in DFG CD with a low-income concentration of at least 40 percent; these districts are required to offer preschool opportunities to all age eligible resident children. The remaining "targeted" districts are required to offer preschool to low-income age-eligible children. Under the provisions of SFRA, districts are to reach full implementation, serving at least 90 percent of the eligible universe, by the 2013-2014 school year.

The proposed FY 2010 budget does not include funding for districts to begin operating the programs in the 2009-2010 school year as provided under SFRA. Rather, the \$25 million in preschool incentive aid is available to districts that wish to begin implementation and are willing to commit a portion of their Title I, Part A allotment awarded under the American Recovery and Reinvestment Act of 2009. The recommended language provides that the Commissioner of Education will promulgate emergency regulations establishing criteria on which funding will be granted. While the language does not specify any criteria, it notes that priority will be given to "universal" districts. The Budget in Brief states that districts will also be required to provide full-day kindergarten in order to receive preschool incentive aid.



2009 Appropriations Handbook

2010 Budget Recommendations

p. B-46

[From the amount hereinabove appropriated for Integration Assistance Aid, there is appropriated \$4,000,000 for Englewood City School District, \$500,000 for Teaneck Township School District, and \$500,000 for Montclair Town School District to assist with the implementation of integration programs, subject to the approval of the Director of the Division of Budget and Accounting.]

No comparable language.

Language Provisions (Cont'd)

Explanation

The FY 2009 Appropriations Act included \$5 million for integration assistance aid to be awarded to three school districts. The list of FY 2009 budget reductions released in January 2009 reduced the appropriation to \$2 million, eliminating funding to Teaneck Township and Montclair Town School Districts and reducing the award to Englewood City School District by half. The recommended FY 2010 budget eliminates this appropriation in its entirety.

2009 Appropriations Handbook

p. B-46

Notwithstanding the provisions of section 13 of P.L.2007, c.260 (C.18A:7F--55) to the contrary, [for the purposes of approving an 2008--2009 application for reimbursement of extraordinary special education costs,] an individual classified pupil shall be reimbursed: pursuant to paragraph (1) of subsection b. of that section at 95% of the direct instructional and support services costs in excess of \$40,000; pursuant to paragraph (2) of that subsection at 85% of the direct instructional and support services costs in excess of \$40,000; and pursuant to paragraph (3) of that subsection at 85% for tuition costs in excess of \$55,000. [The reimbursement will occur in 2009--2010, subject to appropriation.]

2010 Budget Recommendations

p. D-96

Notwithstanding the provisions of section 13 of P.L.2007, c.260 (C.18A:7F-55) to the contrary, Extraordinary Special Education Costs Aid for an individual classified pupil shall be reimbursed: pursuant to paragraph (1) of subsection b. of that section at 95% of the direct instructional and support services costs in excess of \$40,000; pursuant to paragraph (2) of that subsection at 85% of the direct instructional and support services costs in excess of \$40,000; and pursuant to paragraph (3) of that subsection at 85% for tuition costs in excess of \$55,000.

Explanation

Language included in the FY 2009 Appropriations Act noted that extraordinary special education costs incurred in the 2008-2009 school year and reimbursed from appropriations included in the FY 2010 budget would be reimbursed at rates greater than the rates included in section 13 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-55), subject to appropriation, but did not have any effect in that year. The language in the FY 2010 recommended budget would effectuate the increased reimbursement rates.

Language Provisions (Cont'd)

2009 Appropriations Handbook2010 Budget Recommendations

p. B-46

[Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Extraordinary Special Education Costs Aid shall be used for payment to a district of amounts approved by the commissioner based on review and approval of a 2007--2008 Extraordinary Aid application filed with the department for reimbursement of expenses in excess of \$40,000 incurred on behalf of a classified pupil in that school year. State aid awarded for this purpose shall be recorded by the district as revenue in 2007--2008 and paid to the district in 2008--2009.]

No comparable language.

Explanation

The FY 2009 Appropriations Act included language clarifying that the \$52 million appropriation for special education extraordinary costs aid was to support reimbursements for certain costs incurred during the 2007-2008 school year and that while the reimbursement would be made in the 2008-2009 school year, districts would record the revenue as being received in the 2007-2008 school year. The language is now obsolete and is not included in the recommended FY 2010 budget.

2009 Appropriations Handbook2010 Budget Recommendations

No comparable language.

p. D-96

Notwithstanding the provisions of subsection d. of section 5 of P.L.2007, c.260 (C.18A:7F-47) to the contrary, the calculation of a district's allocation of the amounts hereinabove appropriated for Equalization Aid, Special Education Categorical Aid, and Security Aid shall use a State aid growth limit of 0% in the case of a district spending above adequacy and 5% in the case of a district spending below adequacy.

Language Provisions (Cont'd)

Explanation

Section 5 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260, (C.18A:7F-47), provides that the total amount of State school aid a district receives in certain categories cannot increase in one year by more than the State aid growth limit. For districts spending below the "adequacy" threshold, the State aid growth limit is 20 percent; the State aid growth limit is 10 percent for school districts spending above the "adequacy" threshold. The proposed FY 2010 budget recommends reducing the State aid growth limit to 5 percent for school districts spending below "adequacy" and 0 percent for districts spending above that threshold. A similar provision in the proposed FY 2010 budget applies the decreased State aid growth limit to transportation aid. Based on the table included on page 54 of the Budget In Brief, the effect of this language provision is to reduce State aid by \$306.6 million.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-96

Notwithstanding the provisions of section 5 of P.L.2007, c.260 (C.18A:7F-47) to the contrary, the prebudget year spending categories used for the purposes of determining: whether a school district or county vocational school district is spending above or below adequacy; its applicable State aid growth limit in the determination of district spending; and prebudget year total stabilized aid used in the calculation of 2009-2010 district allocations of the amounts hereinabove appropriated for Equalization Aid, Special Education Categorical Aid, and Security Aid, shall also include adjustment aid.

Explanation

For the purposes of determining if a school district is spending above or below its "adequacy" threshold, the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260, defines district spending as the sum of the general fund tax levy, equalization aid, special education categorical aid, and security categorical aid from the prebudget year. The proposed FY 2010 budget adds prebudget year adjustment aid to the calculation of district spending. A similar provision in the proposed FY 2010 budget modifies the calculation of spending relative to "adequacy" for the purposes of calculating transportation aid.

Language Provisions (Cont'd)

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
No comparable language.	<p>p. D-96</p> <p><u>Notwithstanding the provisions of subsection b of section 16 of P.L.2007, c.260 (C.18A:7F-58) to the contrary, an eligible district's allocation of the amount hereinabove appropriated for Educational Adequacy Aid shall be calculated as $(AB + CAT - (GFL + PEQAID + PECAT)) \times .50 - Is - ai$, where: "CAT" is the sum of the district's special education categorical aid and security aid; "PECAT" is the sum of the district's prebudget year special education categorical aid, security aid, and adjustment aid; and "ai" is the sum of the increase between 2008-2009 to 2009-2010 in the district's aid other than education adequacy aid, adult education aid, and preschool education aid. A qualifying district is defined as a district that meets the eligibility criteria under the provisions of that section.</u></p>

Explanation

Section 16 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-58), established eligibility criteria for educational adequacy aid. Specifically, a school district that received education opportunity aid in the 2007-2008 school year (all of the districts that were classified as Abbott districts with the exception of Hoboken) is eligible to receive educational adequacy aid if the district 1) is spending below its "adequacy" threshold and either, 2) was classified as a "district in need of improvement" during the 2006-2007 school year or 3) is experiencing municipal overburden (defined as having a total equalized tax rate more than 30 percent above the State average total equalized tax rate or the combination of an equalized school tax rate more than 10 percent above the State average equalized school tax rate and a total equalized tax rate more than 20 percent above the State average total equalized tax rate). In the upcoming school year, an eligible school district is required to increase its general fund tax levy by 4 percent (if it meets the municipal overburden criteria) or 8 percent (if it does not meet the municipal overburden criteria). Another proposed language provision allows for a smaller required tax levy increase if such an increase is sufficient to raise the district's spending to the "adequacy" threshold.

The proposed FY 2010 budget includes language to clarify the calculation that determines the amount of educational adequacy aid an eligible district will receive. Specifically,

- the variable "CAT" is added to include the budget year special education categorical aid and security categorical aid to the districts' "adequacy" measure;
- the variable "PECAT" is added to include prebudget year special education categorical aid, security categorical aid, and adjustment aid as a part of the measure of revenue available to the districts to support spending on the "adequacy" budget; and

Language Provisions (Cont'd)

- the variable "ai" is added to include the increase in certain categories of State aid as a part of the measure of revenue available to the districts to support spending on the "adequacy" budget.

Additionally, the language specifies that a "qualifying district" is any school district that meets the eligibility criteria outlined above, even if the district does not receive educational adequacy aid once the formula calculations are completed. Such districts are still required to increase the general fund tax levy by 4 percent or 8 percent, depending on whether the district meets the municipal overburden criteria.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-96

Notwithstanding the provisions of subsection a.(2) of section 16 of P.L.2007, c.260 (C.18A:7F-58) to the contrary, the prebudget year total aid used in the calculation of a district's allocation of the amount hereinabove appropriated as Adjustment Aid shall include a district's 2008-2009 allocations of Equalization Aid, Special Education Categorical Aid, Security Aid, Transportation Aid, School Choice Aid, Adjustment Aid, and Charter School Aid.

Explanation

The FY 2009 Appropriations Act included a provision that awarded charter school aid to school districts in which the increase in the districts' payments to charter schools increased more than the districts' State school aid between the 2007-2008 and 2008-2009 school years. Under this provision, 24 school districts received a total of \$25.4 million in the 2008-2009 school year for this purpose.

The language included in the proposed FY 2010 budget adds charter school aid to the list of State school aid categories to which school districts will be held harmless during the 2009-2010 school year. The recipient districts will be guaranteed that amount of State funding, albeit in the form of adjustment aid rather than charter school aid. It should be noted that since the proposed language would provide the aid as part of adjustment aid in FY 2010, the districts would continue to be guaranteed this amount of funding in future budget years even in the absence of similar language.

Language Provisions (Cont'd)

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-96

Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Preschool Education aid shall be used for such sums as are necessary: 1) in the case of a district that received Early Launch to Learning Initiative aid in the 2007-2008 school year, an amount equal to the district's 2007-2008 allocation of Early Launch to Learning Initiative aid; 2) in the case of a school district that received an 2008-2009 allocation of Preschool Education aid based on its 2007-2008 early childhood program aid allocation, to provide the greater of the district's prebudget year award or the district's per pupil allocation of Preschool Education Aid, inflated by the CPI, and multiplied by the district's projected preschool enrollment; 3) in the case of a district with an allocation of Preschool Education aid in the 2008-2009 school year calculated using the provisions of subsection a. of section 12 of P.L.2007, c.260 (18A:7F-54), an amount calculated in accordance with those provisions based upon 2009-2010 projected enrollments, subject to the final determination of the Commissioner of Education based on plan review; and 4) in the case of a district that received preschool expansion aid or education opportunity aid in the 2007-2008 school year, an amount calculated in accordance with the provisions of section 12 of P.L.2007, c.260 (18A:7F-54) based on projected 2009-2010 enrollments, subject to the final determination of the commissioner based on plan review.

Explanation

Section 12 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-54), provides for the expansion of full-day preschool programs for three- and four-year old children throughout the State and specifies the formula by which the State would provide aid for the programs. Under the provisions of SFRA, most districts were to begin the preschool expansion in the 2009-2010 school year and reach full implementation, defined as serving at least 90 percent of the eligible students, by the 2013-2014 school year.

Language Provisions (Cont'd)

The above language proposes a suspension of the statutory funding mechanism for the 2009-2010 school year and specifies four different funding mechanisms for different types of school districts. Specifically,

- school districts that received preschool education aid in the 2008-2009 school year based on the 2007-2008 Early Launch to Learning Initiative (ELLI) grant will receive preschool education aid equal to the amount of the 2007-2008 ELLI grant;
- school districts that received preschool education aid in the 2008-2009 school year based on the 2007-2008 early childhood program aid allocation will receive preschool education aid equal to the greater of the amount of preschool education aid received in the 2008-2009 school year or the 2008-2009 preschool education aid amount per pupil, inflated by the consumer price index (CPI) multiplied by the projected preschool enrollment;
- school districts that received approval to begin preschool expansion during the 2008-2009 school year and received preschool education aid based on the per pupil aid amounts included in subsection a. of section 12 of SFRA (C.18A:7F-54(a)) will receive preschool education aid based of the per pupil amounts included in that subsection multiplied by the corresponding projected enrollment. These districts include Fairfield Township School District (Cumberland County), Little Egg Harbor School District, Pemberton Borough School District, Red Bank School District, and Woodbine School District;
- school districts previously classified as Abbott districts will receive preschool education aid pursuant to section 12 of SFRA (C.18A:7F-54). Based on the law, the district will receive the greater of 1) the amount of aid calculated by multiplying the corresponding per pupil aid amounts included in SFRA by the districts' projected preschool enrollment, 2) the total amount of preschool education aid received in FY 2009, or 3) FY 2009 preschool aid per pupil multiplied by the projected preschool enrollment.

Separate language included in the proposed budget would create a separate program, preschool incentive aid, to support preschool expansion in school districts that choose to use a portion of their Title I, Part A grant received as part of the American Recovery and Reinvestment Act of 2009 to begin expanding preschool opportunities.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-97

Notwithstanding the provisions of section 20 of P.L.2007, c.260 (C.18A:7F-62) to the contrary, a district allocation of the amount hereinabove appropriated for School Choice Aid shall be determined based on stabilized equalization aid.

Language Provisions (Cont'd)

Explanation

Section 20 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-62), provides for the calculation of school choice aid for districts that participated in the Interdistrict Public School Choice Program. Under SFRA, school choice aid is calculated by multiplying the district's "adequacy budget local levy per pupil" by the number of students enrolled in the district as part of the school choice program. As detailed in that section, the "adequacy budget local levy per pupil" is the difference, on a per pupil basis, between the district's adequacy budget, as calculated in section 9 of SFRA (C.18A:7F-51) and equalization aid.

The proposed language specifies that school choice aid will be calculated based on the amount of equalization aid received after any reductions resulting from the district being subject to the State aid growth limit. The change would ensure that the district receives school choice aid based on the difference between the adequacy budget and the amount of equalization aid actually received.

2009 Appropriations Handbook

p. B-47

Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Charter School aid shall be used for such sums as are necessary: 1) to provide that in the [2008--2009] school year, a charter school receives no less total support from the State and the resident district than the sum of the total 2007--2008 payments from the resident district and the 2007--2008 payments of Charter School [aid] and Charter Schools -- Council on Local Mandates [aid] and [to ensure that such total payments provide a 2008--2009 per pupil amount that is no less than the 2007--2008 per pupil amount based on average daily enrollment;] 2) [to provide that a resident district will receive State support in the amount of any increase in the required payments to charter schools from 2007--2008 to 2008--2009 in excess of the 2008--2009 increase reflected in the revised 2008--09 District State Aid Profile; and 3)] to provide amounts pursuant to section 12 of P.L.1995, c.426 (C.18A:36A--12).

2010 Budget Recommendations

p. D-97

Notwithstanding the provisions of any law or regulation to the contrary, amounts hereinabove appropriated for Charter School Aid shall be used for such sums as are necessary: 1) to provide that in the 2009-2010 school year, a charter school receives no less total support from the State and the resident district than the sum of the total 2007-2008 payments from the resident district and the 2007-2008 payments of Charter School Aid and Charter Schools - Council on Local Mandates Aid and 2) to provide amounts pursuant to section 12 of P.L.1995, c.426 (C.18A:36A-12).

Language Provisions (Cont'd)

Explanation

The FY 2009 Appropriations Act provided charter school aid for three purposes: 1) to ensure that charter schools receive total funding in the 2008-2009 school year that is no less than the total amount of funding received, in total and on a per pupil basis, in the 2007-2008 fiscal year, 2) to provide aid to school districts in which the increase in the payments due to charter schools between the 2007-2008 and 2008-2009 school years was greater than the increase in State school aid, and 3) to make payments to charter schools for students enrolling in the charter school who were not included in the resident districts' projected resident enrollment for that year.

The language included in the proposed FY 2010 budget eliminates the provision ensuring that charter schools will receive the same amount of funding on a per pupil basis; however, the budget recommendations do preserve the provision ensuring that total funding to charter schools in the 2009-2010 school year will be no lower than total funding in the 2007-2008 school year as well as the payments for students who were not included in the resident district's projected enrollment.

The proposed FY 2010 budget language also removes the provision that would provide additional State aid to school districts in which the increase in payments to charter schools is greater than the increase in State aid. A separate language provision modifies the calculation of adjustment aid for school districts to include the amount of charter school aid received in the 2008-2009 school year.

2009 Appropriations Handbook

2010 Budget Recommendations

p. B-14

[The amount hereinabove appropriated as Adult Education Aid shall be distributed at a rate of \$1,116 per pupil for pupils enrolled in approved adult high schools and post-graduate programs as of October, 2007 as reported in the Application for State School Aid.]

No comparable language.

Explanation

The proposed FY 2010 budget eliminates the appropriation for adult education aid. The "Comprehensive Educational Improvement and Financing Act of 1996" (CEIFA), P.L.1996, c.138, included adult education as a separate category of State aid. Beginning in FY 2004, language included in the Appropriations Act combined this aid category with distance learning network aid and academic achievement awards to create a new category of consolidated aid. As part of the FY 2008 Appropriations Act, the Legislature reintroduced adult education aid as a separate State aid category. The "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260, did not include funding for adult education. However, the FY 2009 budget

Language Provisions (Cont'd)

recommendations did include an appropriation for this purpose and language specifying how it would be allocated.

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
<p>p. B-47</p> <p>[Notwithstanding the provisions of any law or regulation to the contrary, there are appropriated as SDA New Facilities Transition Aid such additional sums as may be required, not to exceed \$15,000,000, to be distributed at a rate of \$9.00 per square foot based on the gross square footage of new facilities construction as determined by the Schools Development Authority subject to the approval of the Director of the Division of Budget and Accounting. The Commissioner of Education shall notify the Joint Budget Oversight Committee of all sums paid as SDA New Facilities Transition Aid.]</p>	<p>No comparable language.</p>

Explanation

The FY 2009 Appropriations Act provided for SDA new facilities transition aid to districts that were once classified as Abbott districts that were scheduled to open new school facilities in the 2008-2009 school year. In response to discussion point 14 in the FY 2009 budget analysis, the department stated that the funding would be targeted to, "non-recurring, one time cost increases associated with opening the new facility." Since these districts were able to receive similar funding in the past, this aid category was made available as part of the transition to the new school funding law. The FY 2010 budget recommendations do not include this funding.

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
<p>No comparable language.</p>	<p>p. D-97</p> <p><u>From the amount hereinabove appropriated for Special Education Categorical Aid, there is appropriated \$5,000,000 for eligible districts with "unusually high rates" of low-incidence disabilities, with an unusually high rate defined as a district with a classification percentage greater than 1.5 standard</u></p>

Language Provisions (Cont'd)

2009 Appropriations Handbook2010 Budget Recommendations

p. D-97

deviations above the mean classification rate for the district's enrollment cohort for at least one of the following classification groups: autism; multiple disabilities; mental retardation; or a combination of orthopedic impairments, autism, deaf blindness, hearing impairments, visual impairments, mental retardation, traumatic brain injury, and preschool disabled. An eligible district is defined as one with an enrollment of 1,000 or more pupils, as defined by the Commissioner of Education, filing an application that demonstrates that the district meets the "high rate of low-incidence disabilities" definition and demonstrates the extent to which the costs to the district for the high rate of low-incidence disabilities are not sufficiently addressed through Special Education Aid, Extraordinary Special Education Aid, and local funds. The application must provide details of all special education expenditures, including details on the use of federal funds to support those expenditures. The allocation of additional Special Education Aid shall be made on a per pupil basis prorated, if necessary, over the number of eligible pupils and shall be based on the extent the district's costs are not sufficiently addressed through Special Education Aid, Extraordinary Special Education Aid and local revenue. Additional Special Education State Aid shall be recorded by the district as revenue in the current year and paid to the district in the subsequent school year. Districts receiving this aid may be subject to audit to verify eligibility and expenditures.

Explanation

Section 13 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-55), adopted census-based funding of special education which provides special education funding based on a school district's total enrollment rather than the actual number of special education students enrolled in the district. In response to concerns raised that this funding methodology may be detrimental to districts educating an unusually high share of students with low-

Language Provisions (Cont'd)

incidence disabilities, a provision was added to SFRA to allow a school district to apply for additional special education categorical aid to address such needs.

The language included in the proposed FY 2010 budget sets aside \$5 million for this purpose. To be eligible to receive this additional funding, the district must have a classification rate greater than 1.5 standard deviations above the average classification rate among districts in its enrollment cohort in certain special education classifications or a group of special education classifications; an eligible district must have an enrollment of at least 1,000 students (as defined by the commissioner) in order to qualify for the aid.

Assuming that the special education classification rates within the enrollment cohorts follow a "normal distribution," approximately 7 percent of districts in each cohort will have a classification rate at least 1.5 standard deviations above the enrollment cohort average in each classification group. It should also be noted that if the projected resident enrollment is used to determine eligibility, the proposed threshold of 1,000 students would make approximately 45 percent of school districts that receive formula aid ineligible for this aid.

Given that a school district satisfies the criteria included in the proposed language, additional aid would be awarded based on the district demonstrating that the combination of special education aid from State and federal sources and local revenue are not sufficient to support the total costs.

2009 Appropriations Handbook

2010 Budget Recommendations

p. B-47

[Notwithstanding the provisions of the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B--1 et seq.), to the contrary, the Commissioner of Education, in consultation with the Commissioner of Human Services, shall adopt immediately upon filing with the Office of Administrative Law such regulations as the commissioner deems necessary to ensure that funds appropriated to the Department of Human Services for before- and after-school and summer "wrap around" child care are expended in accordance with this act.]

No comparable language.

Explanation

In the past several fiscal years, the Appropriations Act has included language authorizing the Commissioner of Education, in consultation with the Commissioner of Human Services, to promulgate regulations to implement "wrap around" child care programs that are funded by appropriations included in the Department of Human Services' (DHS) budget. The FY 2010 recommended budget eliminates this language; presumably, DHS will promulgate whatever regulations are necessary for this purpose.

Language Provisions (Cont'd)

2009 Appropriations Handbook2010 Budget Recommendations

No comparable language.

p. D-102

Of the amount hereinabove appropriated for Vocational Education, an amount not to exceed \$367,000 is available for transfer to Direct State Services for the administration of vocational education programs, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The proposed FY 2010 budget includes language authorizing a transfer of no more than \$367,000 from a State aid account for vocational education to a Direct State Services account for the provision of oversight and management of the programs supported by that State aid. The language is included to provide the department with explicit authority to continue a past practice and to obviate the need for the department to submit a request for this transfer to the Joint Budget Oversight Committee on an annual basis.

2009 Appropriations Handbook2010 Budget Recommendations

p. B-51

[From the amount hereinabove appropriated for the Governor's Literacy Initiative, the sum of \$900,000 may be transferred to the Commission for the Blind and Visually Impaired for increased Braille lessons for blind children, subject to the approval of the Director of the Division of Budget and Accounting.]

No comparable language.

Explanation

In recent years, the Appropriations Act has allocated a portion of the funding for the Governor's Literacy Initiative (Direct State Services) to the Commission for the Blind and Visually Impaired. The proposed FY 2010 budget eliminates this appropriation in its entirety.

Language Provisions (Cont'd)

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
p. B-51	p. D-108
<p>【From the】 amount hereinabove appropriated for the Governor's Literacy Initiative【, there is appropriated \$300,000】 for a grant for the Learning Through Listening program at the New Jersey Unit of the Recording for the Blind and Dyslexic.</p>	<p>The amount hereinabove appropriated for the Governor's Literacy Initiative shall be used for a grant for the Learning Through Listening program at the New Jersey Unit of the Recording for the Blind and Dyslexic.</p>

Explanation

In recent years, the Appropriations Act has allocated a portion of the funding for the Governor's Literacy Initiative (Direct State Services) to the Learning Through Listening program at the New Jersey Unit of the Recording for the Blind and Dyslexic. The proposed FY 2010 budget eliminates the appropriation for the Governor's Literacy Initiative (Direct State Services). The recommended budget includes an appropriation of \$270,000 for Governor's Literacy Initiative (Grants-In-Aid) and proposes that the entire allotment be dedicated to the New Jersey Unit of the Recording for the Blind and Dyslexic in the upcoming school year.

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
p. B-51	
<p>【The amount hereinabove appropriated for the Governor's Literacy Initiative shall be used to provide grants to districts to improve instruction in language arts literacy, science, and mathematics. In awarding such grants, the Commissioner of Education shall use criteria including the School Improvement Status based upon the federal No Child Left Behind Act and student performance on the New Jersey Assessment of Skills and Knowledge.】</p>	<p>No comparable language.</p>

Explanation

The Governor's Literacy Initiative was first included in the FY 2003 Appropriations Act and was designed to provide reading coaches and other forms of reading assistance to schools, children, and communities. The FY 2007 Appropriations Act specified that the appropriation would be used to provide grants to school districts to improve instruction in language arts literacy and mathematics; subsequent Appropriations Acts included similar language. The proposed FY 2010 budget eliminates this language and the associated funding.

Language Provisions (Cont'd)

2009 Appropriations Handbook

p. B-51

The sums provided hereinabove for New Jersey After 3 shall be conditioned upon the State Treasurer and the grant recipient entering into a grant agreement; shall be available for grants [and reasonable administrative costs of] New Jersey After 3, Inc.; and shall be available for funding programs, activities, functions and facilities consistent with recommendations and proposals of the New Jersey After 3 Advisory Committee.

2010 Budget Recommendations

p. D-108

The sums provided hereinabove for New Jersey After 3 shall be conditioned upon the State Treasurer and the grant recipient entering into a grant agreement; shall be available for grants awarded by New Jersey After 3, Inc.; and shall be available for funding programs, activities, functions and facilities consistent with recommendations and proposals of the New Jersey After 3 Advisory Committee.

Explanation

In prior years, the Appropriations Act has included language authorizing the use of appropriations for New Jersey After 3 to support grants awarded by and the administrative costs of New Jersey After 3, Inc. The proposed FY 2010 budget eliminates the use of this appropriation to support the administrative costs; the budget proposes reducing the appropriation by approximately \$4 million to \$10.48 million. See the department's response to OLS discussion point 12 for an explanation of how much of this reduction is attributable to the above language provision and how much reflects decreased funding for grant awards.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-108

Notwithstanding the provisions of section 15 of P.L.2007, c.260 (C.18A:7F-57) to the contrary, a district's allocation of the amount hereinabove appropriated for Transportation Aid shall be based on the amount set forth in the March 11, 2009 state aid notice issued by the Commissioner of Education.

Explanation

Section 15 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-57), provides that transportation aid for school districts will be calculated pursuant to the following formula:

Language Provisions (Cont'd)

$$BA = (BA1 \times IF) + BA2,$$

where,

$$BA1 = CP1 \times P1 + CD1 \times P1 \times D1,$$

$$BA2 = CP2 \times P2 + CD2 \times P2 \times D2.$$

Of the variables shown, CP2 is the only one in which the value used in the State aid notice of March 11, 2009 deviates from the statutorily specified value. CP2 is a cost coefficient used to determine transportation aid for students with disabilities who have special transportation needs. Under the provisions of SFRA, CP2 would equal \$2,765.14 in the 2009-2010 school year. The State aid notice of March 11, 2009 utilized a value of \$2,675.14 for CP2. This represents a reduction of 3.3 percent. The impact of this change on district's total transportation aid will vary across districts based on factors such as the relative share of transported students who require special transportation services and variations in the number of miles students are transported.

This change is likely to have little impact on the total amount of State aid school districts will receive. To the extent that a school district receives adjustment aid, which includes 42.6 percent of school districts, an increase in transportation aid would result in an equal decrease in adjustment aid, yielding no net change in State aid (unless the additional transportation aid is greater than the total amount of adjustment aid). Similarly, any school district that has reached its State aid growth limit (54.7 percent) would not receive more total State aid if the higher value for CP2 were used in the calculation. As such, only the remaining 2.7 percent of districts (16 districts) might have received an increase in aid.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-108

Notwithstanding the provisions of subsection d. of section 5 of P.L.2007, c.260 (C.18A:7F-47) to the contrary, the calculation of a district's allocation of the amount hereinabove appropriated for Transportation Aid shall use a State aid growth limit of 0% in the case of a district spending above adequacy and 5% in the case of a district spending below adequacy.

Explanation

Section 5 of the "School Funding Reform Act of 2008" (SFRA) P.L.2007, c.260 (C.18A:7F-47), provides that the total amount of State school aid a district receives in certain categories cannot increase in one year by more than the State aid growth limit. For districts spending below the "adequacy" threshold, the State aid growth limit is 20 percent; the State aid growth limit is 10 percent for school districts spending above the "adequacy" threshold. The proposed FY 2010

Language Provisions (Cont'd)

budget recommends reducing the State aid growth limit to 5 percent for school districts spending below "adequacy" and 0 percent for districts spending above that threshold. A similar provision in the proposed FY 2010 budget applies the decreased State aid growth limit to equalization aid, special education categorical aid, and security categorical aid.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-108

Notwithstanding the provisions of section 5 of P.L.2007, c.260 (C.18A:7F-47) to the contrary, the prebudget year spending categories used for the purposes of determining: whether a school district or county vocational school district is spending above or below adequacy; its applicable State aid growth limit in the determination of district spending; and prebudget year total stabilized aid used in the calculation of 2009-2010 district allocations of the amount hereinabove appropriated for Transportation Aid, shall also include adjustment aid.

Explanation

For the purposes of determining if a school district is spending above or below its "adequacy" threshold, the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260, defines district spending as the sum of the general fund tax levy, equalization aid, special education categorical aid, and security categorical aid from the prebudget year. The proposed FY 2010 budget adds prebudget year adjustment aid to the calculation of district spending. A similar provision in the proposed FY 2010 budget modifies the calculation of spending relative to "adequacy" for the purposes of calculating equalization aid, special education categorical aid, and security categorical aid.

2009 Appropriations Handbook

p. B-52

For any school district receiving amounts from the amount hereinabove appropriated for **[Pupil]** Transportation, and notwithstanding the provisions of

2010 Budget Recommendations

p. D-108

For any school district receiving amounts from the amount hereinabove appropriated for Transportation Aid, and notwithstanding the provisions of any law or regulation to the

Language Provisions (Cont'd)

2009 Appropriations Handbook

p. B-52

[N.J.S.18A:39--1] to the contrary, [if the school district is located in a county of the third class or a county of the second class with a population of less than 235,000, according to the 1990 federal decennial census,] transportation shall be provided to school pupils residing in this school district in going to and from any remote school other than a public school, not operated for profit in whole or in part, located within the State not more than [30] miles from the residence of the pupil.

2010 Budget Recommendations

p. D-108

contrary, transportation shall be provided to school pupils residing in this school district in going to and from any remote school other than a public school, not operated for profit in whole or in part, located within the State not more than 20 miles from the residence of the pupil.

Explanation

The language included in the proposed FY 2010 budget stipulates that a school district that receives transportation aid will be obligated to provide transportation services to certain students who attend nonpublic schools that do not operate for a profit. Specifically, the student must travel to a remote school (more than two miles away from home for an elementary school student and 2.5 miles away from home for a high school student) but not more than 20 miles away from home. Additionally, the nonpublic school must be located within the State. The recommendation included in the proposed budget impacts three current policies.

First, it eliminates a provision that requires school districts located in certain counties to transport nonpublic school students who live up to 30 miles away from the school of attendance. This language was included in FY 2002 Appropriations Act and in each Appropriations Act from FY 2004 through FY 2009. This provision extended eligibility in six counties including Cumberland, Gloucester, Hunterdon, Salem, Sussex, and Warren.

Second, the proposed language overrides a provision included in N.J.S.A. 18A:39-1 that requires school districts in certain counties to provide transportation services to nonpublic school students who attend schools outside of the State if the students are remote from the school but are within the 20 mile limit established in that section of law. At the time this provision was added to the law in 1985, Hunterdon, Sussex, and Warren Counties were impacted.

Third, the proposed language overrides the provisions of P.L.1999, c.350 (C.18A:39-1.6) that require school districts to provide transportation services or aid-in-lieu-of payments to nonpublic school students who live more than 20 miles from their school under certain circumstances. Specifically, current law requires that if a school district provides transportation services (or, in the case of a regional school district, transportation services or aid-in-lieu-of payments) to nonpublic school students who are remote from their school of attendance and within the 20 mile limit, then the school district is required to provide transportation services or aid-in-lieu-of payments to all nonpublic school students who reside in the district, attend that same nonpublic school, and live more than 20 miles from the school. For the purposes of this

Language Provisions (Cont'd)

section of law, a regional school district is a regional or consolidated school district composed of only two constituent municipalities.

The Budget in Brief (Appendix I, page 13) states that the elimination of nonpublic school transportation over 20 miles yields a savings of \$649,000. It is unclear if this figure includes the elimination of transportation services for nonpublic school students who attend a school outside of the State that is within 20 miles of the student's home.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-108

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

Explanation

Section 2 of P.L.1981, c.57 (C.18A:39-1a) provides that the maximum per pupil amount for transportation services for nonpublic school students is to be increased annually by the consumer price index (CPI) and any increase in costs resulting from these inflationary adjustments will be borne by the State. Under this statutory provision, the maximum per pupil amount for FY 2010 would be increased by the greater of the percent change in the CPI (3.34 percent) or the percent change in transportation aid per pupil. The percent change in transportation aid per pupil is not readily available; the per pupil amount for FY 2010 based on the change in the CPI would be \$914. The FY 2010 budget recommends freezing the maximum nonpublic school transportation cost at the FY 2009 level.

2009 Appropriations Handbook

p. B-52

Of the [amount] hereinabove appropriated for School Building Aid, the calculation of each eligible district's allocation shall include the amount based on school bond and lease purchase agreement payments for interest and principal payable during the [2008--2009] school year pursuant to [section] 10 of P.L.2000, c.72 [(C.18A:7G--10)] and the adjustments required based on

2010 Budget Recommendations

p. D-108

Of the amounts hereinabove appropriated for School Building Aid and School Construction Debt Service Aid, the calculation of each eligible district's allocation shall include the amount based on school bond and lease purchase agreement payments for interest and principal payable during the 2009-2010 school year pursuant to sections 9 and 10 of P.L.2000, c.72

Language Provisions (Cont'd)

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
<p>p. B-52</p> <p>the difference between the amounts calculated using actual [2006--2007] principal and interest amounts and the amounts allocated and paid in [2006--2007].</p>	<p>p. D-108</p> <p>(C.18A:7G-9 and 10) and the adjustments required for prior years based on the difference between the amounts calculated using actual principal and interest amounts in a prior year and the amounts allocated and paid in that prior year.</p>

Explanation

The language included in the FY 2009 Appropriations Act authorized the department to use money appropriated for school building aid to pay for adjustments that may be required from the previous fiscal year. This aid category provides debt service aid to school districts for school bonds issued after the effective date of the "Educational Facilities Construction and Financing Act" (EFCFA), July 18, 2000. The language included in the proposed FY 2010 budget would extend the same authority to the department with respect to school construction debt service aid, which supports districts' debt service costs for school bonds issued before the effective date of EFCFA.



<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
<p>No comparable language.</p>	<p>p. D-108</p> <p><u>Notwithstanding the provisions of any law or regulation to the contrary, of the amounts hereinabove appropriated for School Building Aid for the 2008-2009 school year, a district's district aid percentage calculated for purposes of the provisions of section 10 of P.L.2000, c.72 (C.18A:7G-10) shall equal the percentage calculated for the 2001-2002 school year.</u></p>

Explanation

Section 10 of the "Educational Facilities Construction and Financing Act" (EFCFA), P.L.2000, c.72 (C.18A:7G-10), provides that, for the purposes of calculating debt service aid for school bonds issued prior to the effective date of that act, the district aid percentage will equal the ratio of the district's equalization aid as calculated pursuant to section 9 of the "School Funding Reform Act" (SFRA), P.L.2007, c.260 (C18A:7F-51), and the adequacy budget calculated pursuant to section 11 of that act (C.18A:7F-53). Section 19 of SFRA (C.18A:7F-61) stipulated that for the 2008-2009 school year, the district aid percentage will equal the district aid

Language Provisions (Cont'd)

percentage that was applied in the 2001-2002 school year. The language included in the proposed FY 2010 budget would extend this calculation into the 2009-2010 school year.

2009 Appropriations Handbook

No comparable language.

2010 Budget Recommendations

p. D-108

Notwithstanding the provisions of any law or regulation to the contrary, when calculating a district's allocation of the amount hereinabove appropriated for School Construction Debt Service Aid, the provisions of section 3 of P.L.2008, c.39 (C.18A:7G-9d) shall also be applicable for a school facilities project approved by the commissioner and by the voters in a referendum after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and prior to the effective date of P.L.2008, c.39 (C.18A:7G-1 et al. as amended and supplemented).

Explanation

Prior to amendments made by P.L.2008, c.39, which became effective on July 9, 2008, section 9 of the "Educational Facilities Construction and Financing Act" (EFCFA), P.L.2000, c.72 (C.18A:7G-9), calculated debt service aid by increasing the district aid percentage of each school district by 15 percent. P.L.2008, c.39 eliminated this upward adjustment; however, it specified that the adjustment would continue to be made for school bonds issued after the effective date of P.L.2000, c.72 and before the effective date of P.L.2008, c.39. This "grandfather clause" did not apply the more generous formula to school facilities projects that were approved by the department and the voters within the same timeframe but for which school bonds had not yet been issued. The proposed language would apply the "grandfather clause" to school facilities projects that fall into this category.

2009 Appropriations Handbook

p. B-54

The unexpended balances at the end of the preceding fiscal year in the State Aid accounts, not to exceed \$650,000, are appropriated to the State Aid Supplemental

2010 Budget Recommendations

p. D-112

The unexpended balances at the end of the preceding fiscal year in the State Aid accounts, not to exceed \$650,000, are appropriated to the State Aid Supplemental

Language Provisions (Cont'd)

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
p. B-54 Funding account.	p. D-112 Funding account <u>and may be available to fund approved applications for emergency aid in accordance with the provisions of P.L.1967, c.271 (C.18A:58-11).</u>

Explanation

As in previous years, the FY 2009 Appropriations Act included language appropriating a maximum of \$650,000 of unexpended balances from the previous year to the State aid supplemental funding account. The purpose of the supplemental funding account was to provide the department with resources to address possible shortfalls in the funding of other State aid categories.

The language included in the proposed FY 2010 budget would authorize the department to use this funding to support the emergency aid provisions included in N.J.S.A. 18A:58-11. This statute provides for an annual appropriation of \$500,000 to the department to assist school districts in addressing unforeseen circumstances. In recent years, \$200,000 has been appropriated for this purpose; the FY 2009 Appropriations Act did not include any appropriation for emergency aid.

<u>2009 Appropriations Handbook</u>	<u>2010 Budget Recommendations</u>
p. B-55 [Notwithstanding the provisions of section 5 of P.L.1996, c.138 (C.18A:7F--5), where the 2008--09 District State Aid Profile differs from a district's State Aid amounts payable in the December 12, 2007 report of the commissioner, the 2008--09 District State Aid Profile shall govern the State Aid amounts payable to the district, except as otherwise provided in P.L.2007, c.260.]	No comparable language.

Explanation

The FY 2009 Appropriations Act included language stating that, notwithstanding the provisions included in section 5 of P.L.1996, c.138 (C.18A:7F-5), State aid payable to school districts in the 2008-2009 school year would be governed by State aid profiles released by the department. The language is now obsolete and not necessary in FY 2010.

Discussion Points

1. The Governor's budget incorporates an estimated \$5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use \$3.074 billion (\$854 million in FY09 and \$2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, \$2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- **Question:** Please itemize the federal stimulus funding, if any, other than portions of the \$3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?
- **Question:** In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

2. Over the past several years, the overall staffing level in the executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

- **Question:** How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?

3. The FY 2009 Appropriations Act anticipated that \$25 million in procurement savings would be achieved by executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another \$25 million from procurement savings (Budget in Brief, Appendix I, page 8).

- **Question:** Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program? What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the

Discussion Points (Cont'd)

department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

4. In response to OLS discussion point 1 from FY 2009, the department provided a copy of a memorandum of understanding (MOU) with Rutgers University to conduct a study of resource allocation in public schools in the State. This MOU specified that the final report would be submitted to the department by June 30, 2008. Additionally, in response to OLS discussion point 5, the department provided copies of two MOUs with Rutgers University to conduct a needs assessment of preschool programs. The first MOU required that the final report be submitted to the department by September 28, 2008.

- **Question:** Please provide a copy of the final report of the resource allocation study that was submitted to the department. To the extent that this study was supported by funding included in the FY 2008 Appropriations Act for the purposes of developing a school funding formula, please describe how the information obtained in the study will influence State policies with respect to the provision of education aid.
- **Question:** Please provide a copy of the preschool program needs assessment report that was to be submitted to the department by September 28, 2008 and discuss how the department used the information gathered in the report to implement the expansion of preschool programs in the State.

5. A report titled, "The Abbott Preschool Program Longitudinal Effects Study (APPLES): Interim Report" is on the department's website and is dated June 2007. The report, which summarizes research conducted pursuant to a memorandum of agreement with the department, notes that the report discusses the educational impacts of preschool attendance as of kindergarten and that future reports would continue to make such comparisons through the end of the fourth grade.

- **Question:** Please provide a copy of all reports that the department has received pursuant to this agreement subsequent to the June 2007 interim report.
- **Question:** The interim report notes that some funding for the study was provided by Pew Charitable Trusts. Were any State funds committed to support this study? If so, please provide information regarding the amount of State funds that have already been expended and any amounts that are expected to be expended in the future.

6. The department has proposed amendments to its administrative code to implement recommendations included in a report titled, "NJ STEPS: Redesigning Education in New Jersey for the 21st Century." The recommendations include requiring that high school students pass specific courses to obtain a high school diploma and establishing a series of competency assessments for language arts, science, and mathematics. A competency assessment has already been administered in biology; a pilot end of course exam in Algebra II has also been administered.

- **Question:** In a report titled, "The Connecticut Plan: Academic and Personal Success for Every Middle and High School Student," that state's Board of Education estimated that it would cost the state \$331 million over eight years to fully implement

Discussion Points (Cont'd)

a similar secondary education redesign proposal. The report also noted that some local school districts would need to increase expenditures to satisfy the new requirements. In contrast, the economic impact statement in the proposed regulations states, "While the proposed amendments will undoubtedly have further impact on the content of instructional programs for some students, there is no reason to anticipate that such curricular modifications would involve increased expenditures for school districts." Please provide the analysis utilized by the department to reach that conclusion.

- *Question:* What is the cost of administering the High School Proficiency Assessment in its current form? What was the cost of administering the end of course assessment in biology and the pilot end of course assessment in Algebra II? What is the estimated total cost of administering the entire battery of end of course assessments?

7. The Department of Education overview of the recommended fiscal year 2009 budget stated that, "The Department is also expanding NJSMART, a student-level database that includes a unique identification number for every student in the State. This is another tool that can be used to monitor academic improvements."

- *Question:* What analysis has the department conducted (or has been conducted on the department's behalf) using the student-level data to monitor academic improvements? What were the results of such analysis and how has the department used this information to monitor academic improvements in school districts?

- *Question:* In response to a question raised during the April 7, 2008 Senate Budget and Appropriations Committee budget hearing, the department stated that it would be able to use the data collected via NJSMART to provide information regarding the number of 9th grade students in the 2006-2007 school year who were never reported as active students in the 10th grade and the number of 9th grade students who withdrew from school for various reasons. Please provide information regarding the percent of 9th grade students from the 2006-2007 school year who dropped out of school by the end of the 2007-2008 school year.

- *Question:* The department instructed school districts to provide data as of October 15, 2008 via NJSMART as well as in the Application for State School Aid. Please provide an assessment of the consistency of the data collected from the two submissions. Specifically, please provide information on the percent of school districts in which there is a discrepancy between the number of students reported in the two collections and the percent difference in the total number of students. Please provide this information for the total resident enrollment, the number of students who are eligible for free or reduced-price lunch, classified as possessing limited English proficiency, "combination" students, special education students, and speech-only students.

8. P.L.2008, c.36, eliminated the role of the State Board of Education in appeals of decisions made by the commissioner in disputes arising under State school laws. In discussing

Discussion Points (Cont'd)

the legislation, the department suggested that savings would be achieved through the elimination of staff required to perform duplicative tasks as part of the process.

- **Question:** In fiscal year 2008, the department spent \$3.562 million on salaries and wages in the program classification that included the office that addressed appeals of commissioner's decisions on behalf of the State Board of Education. In fiscal year 2009, that adjusted appropriation increased to \$3.629 million; the recommended appropriation for fiscal year 2010 is also \$3.629 million. Please discuss why the recommended fiscal year 2010 appropriation does not reflect the savings that the department thought would be achieved with the enactment of P.L.2008, c.36.

9. P.L.1999, c.413 established the Interdistrict Public School Choice Program. The five-year pilot program allowed school districts to submit an application to the Department of Education to become a school choice district, which would allow the district to accept students who reside in other communities without charging tuition. The school choice students' educational costs were to be supported by State school aid. The law specified that the program would expire after the fifth full year of operation (the 2005-2006 school year). However, students participating in the choice program at the time of expiration would be allowed to continue attending the choice district until graduation.

In a memo to the State Board of Education regarding proposed amendments to the corresponding regulations, the department noted that the number of students participating in the program increased from 852 in the 2007-2008 school year to 872 in the 2008-2009 school year. Additionally, the memo noted that 15 school choice districts are currently accepting applications for new students to begin attendance in the 2009-2010 school year.

- **Question:** Please identify the statutory authority under which the department allowed school choice districts to continue to accept new students after the 2005-2006 school year.
- **Question:** The proposed FY 2010 budget includes an increase of approximately \$1.1 million (14.3 percent) in school choice aid. How much of this increase is associated with new students who are expected to enter the program in the 2009-2010 school year?

10. Subsection g. of section 13 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-55), provides that a school district may apply for additional special education categorical aid if the district has an unusually high rate of low-incidence disabilities and demonstrates the impact of this situation on the school district's budget. Language included in the proposed budget effectuates this provision. The proposed language would reserve \$5 million of the appropriation of special education categorical aid to provide additional aid to qualifying districts. Eligibility for this additional aid is limited to school districts with an enrollment of at least 1,000 pupils in which the special education classification rate in certain special education categories exceeds the average classification rate among districts in the same "enrollment cohort" by at least 1.5 standard deviations.

- **Question:** Please detail the "enrollment cohorts" that the department plans to use in determining districts' eligibility for the additional special education categorical

Discussion Points (Cont'd)

aid. In addition, please provide the department's rationale for requiring that school districts enroll at least 1,000 students before they can be eligible to receive additional special education categorical aid. Is it the department's position that smaller school districts are inherently more capable of absorbing the budgetary effects associated with educating an unusually high share of students with low-incidence disabilities? Why does the department's proposed use of "enrollment cohorts" not obviate the need for an enrollment minimum?

11. The proposed FY 2010 budget includes a recommended appropriation of \$25 million for preschool incentive aid. The language included in the budget states that, as a condition of receiving this aid, a district must commit to using some or all of its additional allotment of Title I, Part A awarded pursuant to the American Recovery and Reinvestment Act of 2009 (ARRA) towards serving additional students in full-day programs or expanding its current program from half-day to full-day. A document posted on the federal Department of Education's website on March 7, 2009 advises that, "ARRA represents a historic infusion of funds that is expected to be temporary. Depending on the program, these funds are available for only two to three years. The funds should be invested in ways that do not result in unsustainable continuing commitments after the funding expires." In suggesting permissible uses of the Title I, Part A funding awarded under ARRA, the document further states that districts can, "strengthen and expand early childhood education by providing resources to align a district-wide Title I pre-K program with state early learning standards and state content standards for grades K-3 and, if there is a plan for sustainability beyond 2010-11, expanding high-quality programs to larger numbers of young children."

- **Question:** Is it the department's expectation that the combination of preschool incentive aid awarded and Title I, Part A funding committed for this purpose would provide a total per pupil funding consistent with the per pupil preschool education aid amounts included in the "School Funding Reform Act of 2008?"
- **Question:** Given that an additional \$1.057 billion in State revenue would be needed in FY 2011 to replace FY 2010 ARRA funding to maintain the proposed FY 2010 level of total State aid, has the department considered the possibility that there will not be sufficient revenue in FY 2011 to support preschool programs in districts that receive preschool incentive aid?

12. Language included in the proposed FY 2010 budget provides that the appropriation for NJ After 3 is to be used to support grants awarded by NJ After 3, Inc.; however, unlike previous years, the appropriation cannot be used to support administrative costs incurred by NJ After 3, Inc. The proposed appropriation for NJ After 3 is reduced from \$14.5 million in FY 2009 to \$10.48 million in FY 2010, a decrease of nearly 28 percent.

- **Question:** How much of the proposed reduction is attributable to the administrative costs that will no longer be supported by the State appropriation? How much of the reduction is due to less money being made available for grant awards?
- **Question:** Please list, by source and amount, the revenue available to NJ After 3, Inc. to support its administrative costs in the current fiscal year as well as the

Discussion Points (Cont'd)

previous and succeeding fiscal years. Should the Legislature be concerned that NJ After 3, Inc. may not have adequate administrative capacity to fulfill its function?

13. Evaluation data on page D-109 indicate that the number of minority personnel in the department will decrease by 25 between FY 2009 and FY 2010; the share of personnel who are minority will decrease from 28.1 percent to 24.9 percent. Evaluation data throughout the budget suggests that total staffing in the department will increase slightly (from 847 to 850).

- *Question:* Please describe the factors that account for the demographic changes that are projected for the upcoming year.

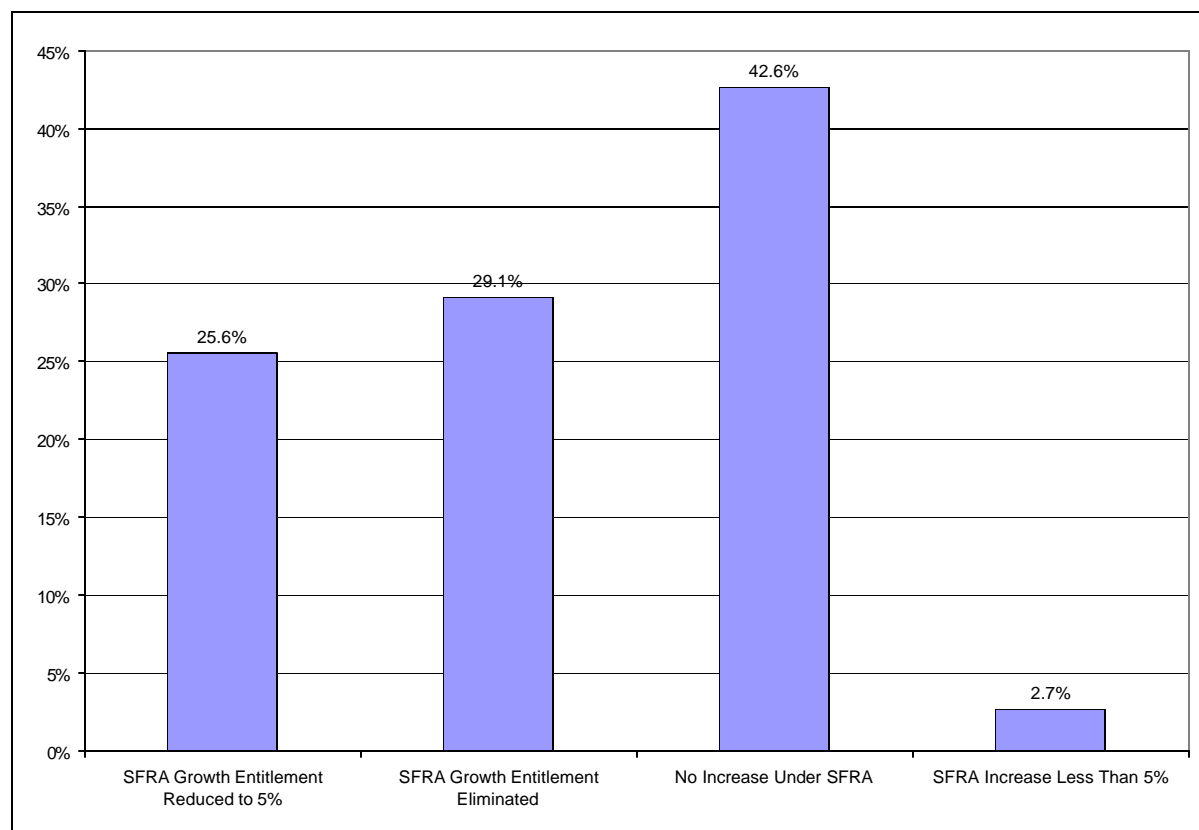
Background Paper: Districts Impacted by Reduced State Aid Growth Limit

Budget Pages.... D-96; D-108

Section 5 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-47), established a maximum amount by which State school aid can increase in one year. For school districts spending below the "adequacy" threshold, the State aid growth limit equals 20 percent of the total amount of State aid received in the previous year in certain aid categories.¹ The State aid growth limit equals 10 percent for districts spending above the "adequacy" level.

The proposed FY 2010 budget includes language that lowers the State aid growth limit included in SFRA. Under the provisions included in the proposed budget, a district spending below "adequacy" is limited to a five percent increase in State aid while a district spending above "adequacy" will not be eligible for a State aid increase. Figure 1 categorizes school

Figure 1
Impact of Lower State Aid Growth Limit



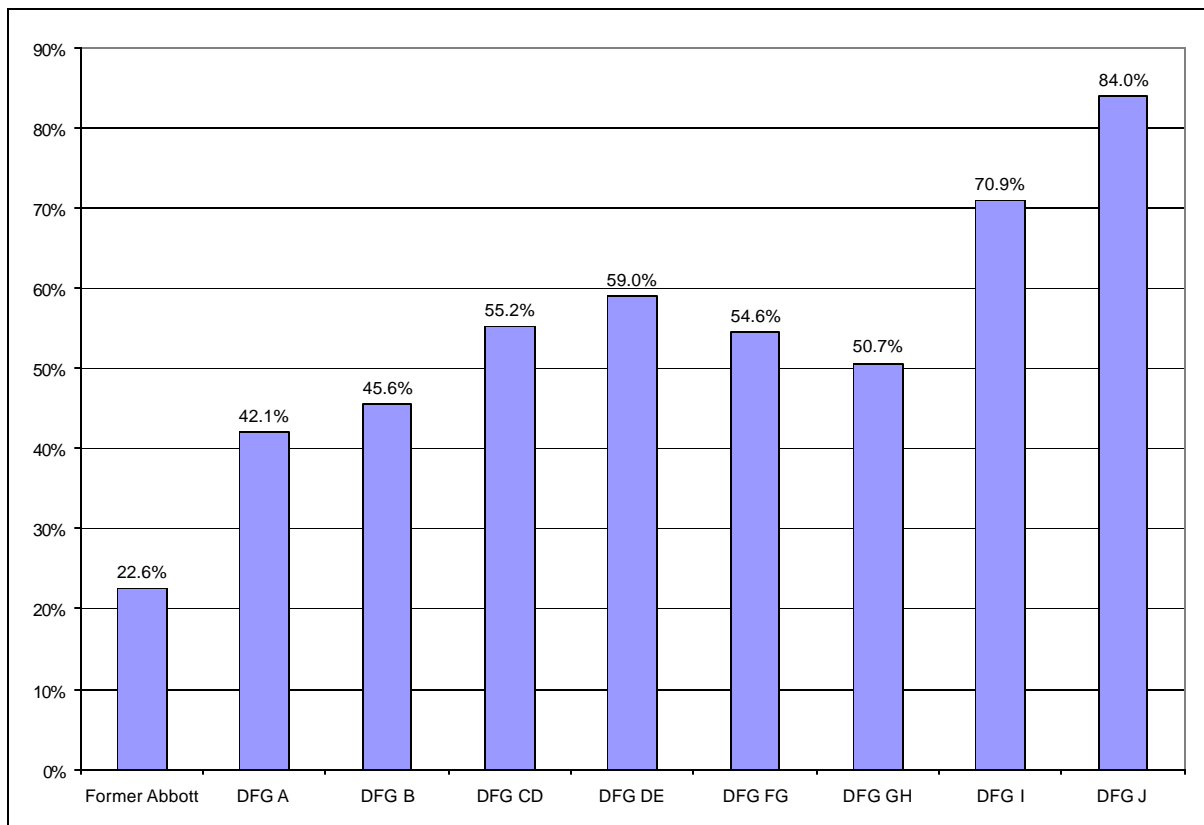
¹ These aid categories include equalization aid, special education categorical aid, security aid, and transportation aid.

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

districts into one of four groups to show the effect of this proposed change to the State aid growth limit:

- **SFRA Growth Entitlement Reduced to 5%:** Under the provisions of SFRA, approximately one-quarter of school districts would receive an increase in State aid greater than five percent, but no more than 20 percent. The proposed language would reduce the State aid increase to five percent for these districts.
- **SFRA Growth Entitlement Eliminated:** Approximately 29 percent of school districts would receive an increase of up to 10 percent under SFRA, but will not receive any increase under the language provision proposed in the FY 2010 budget.
- **No Increase Under SFRA:** Nearly 43 percent of districts were not entitled to an increase in State aid under SFRA. As a result, the provision included in the FY 2010 budget recommendations does not have any effect on the amount of aid the districts will receive in the upcoming school year.
- **SFRA Increase Less than 5 Percent:** A small share of districts, approximately three percent, would receive a State aid increase of less than five percent under the provisions of SFRA. Because these districts spend below their “adequacy” threshold, they will receive their full increase under the proposed budget and are not affected by the language that reduces the State aid growth limit.

Figure 2
Percent of Districts Affected by Lower State Aid Growth,
Former Abbott / District Factor Group Classification

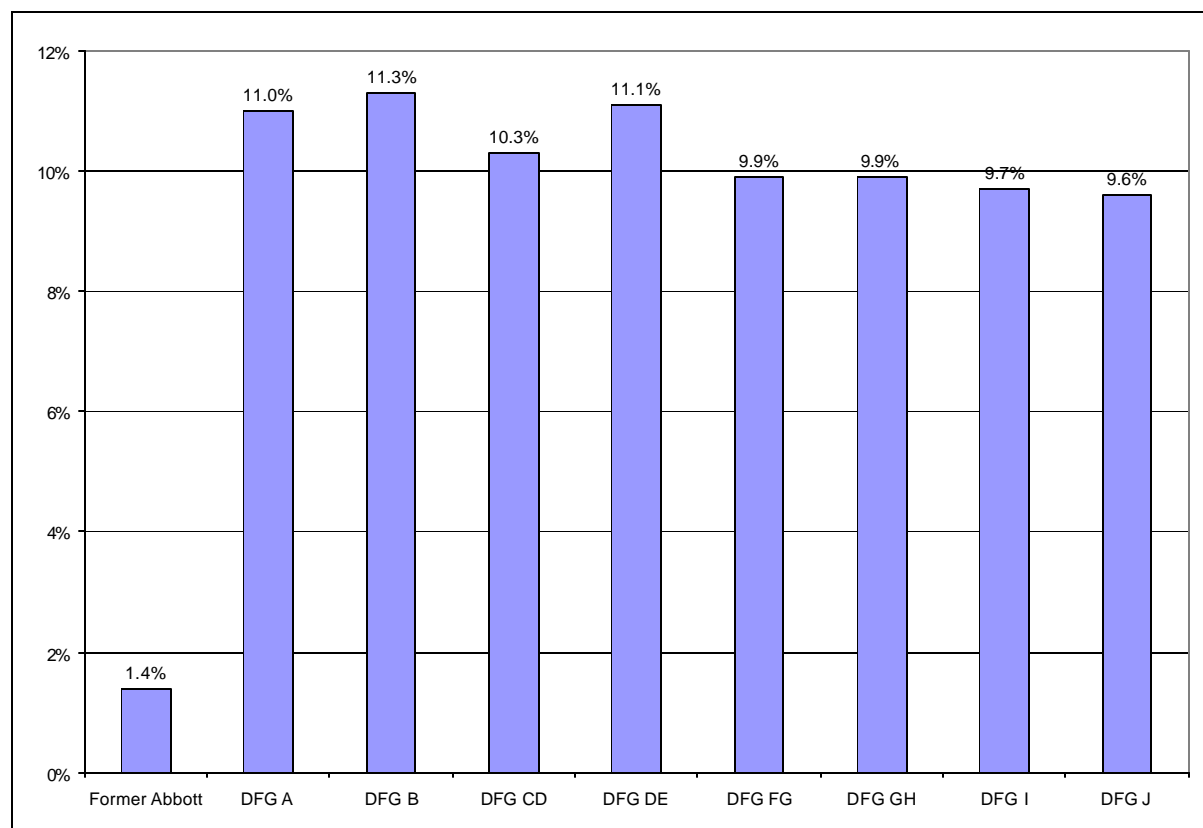


Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

In total, nearly 55 percent of school districts will receive less State aid under the proposed FY 2010 budget than the amount to which the district would be entitled under SFRA. Figure 2 displays the percent of school districts among the former Abbott school districts and each District Factor Group (DFG) classification that would be affected by the reduced State aid growth limit. Districts that were classified as Abbott districts were least likely to be affected by the reduced State aid growth limit (largely because they are less likely than other districts to be entitled to any State aid increase in the upcoming school year). Districts classified in DFGs I and J, those that have the highest socioeconomic characteristics, are most likely to experience a State aid reduction with 71 percent and 84 percent, respectively, of the districts in these groups receiving less aid than the entitlement amount under SFRA. Districts in the four middle DFG categories display a similar likelihood of be affected.

Among districts that were affected by the lower State aid growth limit, the Statewide average reduction in aid from the SFRA entitlement amount is 8.5 percent. As seen in Figure 3,

Figure 3
Percent State Reduction Among 55 Percent of Districts Affected by Lower State Aid Growth, Former Abbott / District Factor Group Classification



there is little variation across the various DFGs in terms of the percent by which the SFRA entitlement amount of State aid is reduced in the proposed budget. The average reduction within DFG classifications ranges between approximately 10 and 11 percent for the eight groups. The average reductions are somewhat higher in the four lower DFG categories. This occurs because districts in the lower DFG classifications are more likely to spend below the

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

"adequacy" threshold and would be entitled to a maximum 20 percent increase in State aid under the provisions of SFRA. Districts in the higher DFG classifications are more likely to spend above the "adequacy" threshold and would be limited to a 10 percent increase under SFRA. As such, districts in the lower DFG classes are more likely to have a somewhat larger aid reduction relative to the amount to which it would be entitled under SFRA.

One will note that the average reduction among the former Abbott districts, 1.4 percent, is significantly lower than the State average reduction and the average reduction seen in each DFG. This is the result of the provision of educational adequacy aid to some of these districts. Of the seven former Abbott districts affected by the change in the State aid growth limit, four will receive educational adequacy aid in FY 2010. To the extent that this aid is not subject to the growth limit, it decreases the percent difference between the amount of aid to which the districts are entitled and the amount that would be received under the proposed FY 2010 budget.

Table 1 displays the impact of the proposed reduction in the State aid growth limit on individual school districts. The table includes information regarding the amount of aid the district will receive under the proposed budget, the amount the district would have received if the proposed budget did not change the SFRA growth limit, and the difference (in dollars and as a percentage) between the two State aid calculations. Districts that are not impacted by the proposed changes in the State aid growth limit are not shown in the table.

Table 1
Districts Impacted by Proposed Reduction in the State Aid Growth Limit

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
1	Atlantic	Atlantic Co Vocational	3,793,793	4,023,095	229,302	5.7%
1	Atlantic	Buena Regional	19,819,189	21,847,741	2,028,552	9.3%
1	Atlantic	Mainland Regional	7,625,719	8,388,291	762,572	9.1%
1	Atlantic	Somers Point City	5,710,123	6,419,492	709,369	11.1%
2	Atlantic	Absecon City	1,641,221	1,776,079	134,858	7.6%
2	Atlantic	Atlantic Co Vocational	3,793,793	4,023,095	229,302	5.7%
2	Atlantic	Corbin City	752,750	785,645	32,895	4.2%
2	Atlantic	Egg Harbor Twp	40,758,504	46,581,148	5,822,644	12.5%
2	Atlantic	Galloway Twp	23,971,932	24,251,052	279,120	1.2%
2	Atlantic	Greater Egg Harbor Reg	31,640,980	36,161,120	4,520,140	12.5%
2	Atlantic	Hamilton Twp	22,626,804	25,817,318	3,190,514	12.4%
2	Atlantic	Mainland Regional	7,625,719	8,388,291	762,572	9.1%
2	Atlantic	Northfield City	3,998,846	4,570,110	571,264	12.5%
3	Cumberland	Bridgeton City	64,376,595	65,681,876	1,305,281	2.0%
3	Cumberland	Deerfield Twp	2,500,834	2,814,006	313,172	11.1%
3	Cumberland	Lawrence Twp	5,850,583	5,924,030	73,447	1.2%
3	Gloucester	Clayton Boro	9,667,637	11,048,728	1,381,091	12.5%
3	Gloucester	Clearview Regional	14,884,843	16,948,227	2,063,384	12.2%
3	Gloucester	East Greenwich Twp	2,883,573	3,295,512	411,939	12.5%
3	Gloucester	Gloucester Co Vocational	7,730,619	8,834,993	1,104,374	12.5%
3	Gloucester	Harrison Twp	6,262,787	7,157,471	894,684	12.5%
3	Gloucester	Kingsway Regional	8,007,071	9,150,938	1,143,867	12.5%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
3	Gloucester	Logan Twp	5,870,473	6,035,295	164,822	2.7%
3	Gloucester	Mantua Twp	6,573,613	7,230,974	657,361	9.1%
3	Gloucester	National Park Boro	2,130,673	2,311,282	180,609	7.8%
3	Gloucester	Paulsboro Boro	12,444,134	14,221,867	1,777,733	12.5%
3	Gloucester	South Harrison Twp	1,204,032	1,376,036	172,004	12.5%
3	Gloucester	Delsea Regional H.S Dist.	13,746,611	13,748,413	1,802	0.0%
3	Gloucester	Swedesboro-Woolwich	6,087,863	6,957,558	869,695	12.5%
3	Gloucester	Wenonah Boro	536,519	613,164	76,645	12.5%
3	Gloucester	West Deptford Twp	12,511,152	12,981,669	470,517	3.6%
3	Salem	Alloway Twp	4,050,724	4,197,504	146,780	3.5%
3	Salem	Penns Grv-Carney's Pt Reg	21,540,671	24,617,910	3,077,239	12.5%
3	Salem	Pennsville	9,059,009	9,964,910	905,901	9.1%
3	Salem	Quinton Twp	3,399,422	3,644,101	244,679	6.7%
3	Salem	Salem County Vocational	4,590,159	5,245,896	655,737	12.5%
4	Camden	Black Horse Pike Regional	33,525,729	38,315,119	4,789,390	12.5%
4	Camden	Clementon Boro	6,520,768	6,730,730	209,962	3.1%
4	Camden	Laurel Springs Boro	1,766,683	1,943,351	176,668	9.1%
4	Camden	Lindenwold Boro	23,882,607	25,618,023	1,735,416	6.8%
4	Gloucester	Franklin Twp	9,217,382	9,221,307	3,925	0.0%
4	Gloucester	Glassboro	16,509,887	16,790,365	280,478	1.7%
4	Gloucester	Gloucester Co Vocational	7,730,619	8,834,993	1,104,374	12.5%
4	Gloucester	Monroe Twp	34,654,309	39,604,925	4,950,616	12.5%
4	Gloucester	Newfield Boro	1,449,074	1,656,084	207,010	12.5%
4	Gloucester	Delsea Regional H.S Dist.	13,746,611	13,748,413	1,802	0.0%
5	Camden	Barrington Boro	3,433,461	3,776,807	343,346	9.1%
5	Camden	Bellmawr Boro	4,946,649	5,653,313	706,664	12.5%
5	Camden	Black Horse Pike Regional	33,525,729	38,315,119	4,789,390	12.5%
5	Camden	Lawnside Boro	3,797,013	4,176,714	379,701	9.1%
5	Camden	Magnolia Boro	3,140,051	3,454,056	314,005	9.1%
5	Camden	Mount Ephraim Boro	3,760,255	4,136,281	376,026	9.1%
5	Camden	Runnemede Boro	4,822,860	5,511,840	688,980	12.5%
5	Camden	Somerdale Boro	2,759,890	3,154,160	394,270	12.5%
5	Camden	Sterling High School Dist	6,144,645	7,022,452	877,807	12.5%
5	Camden	Stratford Boro	4,295,477	4,725,025	429,548	9.1%
5	Camden	Woodlynne Boro	6,798,258	7,769,437	971,179	12.5%
5	Gloucester	Deptford Twp	23,682,095	26,050,305	2,368,210	9.1%
5	Gloucester	Gloucester Co Vocational	7,730,619	8,834,993	1,104,374	12.5%
5	Gloucester	Woodbury City	11,930,033	13,634,323	1,704,290	12.5%
5	Gloucester	Woodbury Heights Boro	1,047,489	1,152,238	104,749	9.1%
6	Camden	Berlin Boro	3,660,146	4,017,417	357,271	8.9%
6	Camden	Berlin Twp	5,321,126	5,498,697	177,571	3.2%
6	Camden	Cherry Hill Twp	16,516,832	18,168,515	1,651,683	9.1%
6	Camden	Haddon Twp	8,891,153	9,780,268	889,115	9.1%
6	Camden	Voorhees Twp	6,480,200	7,128,220	648,020	9.1%
6	Camden	Waterford Twp	12,484,363	13,652,767	1,168,404	8.6%
6	Camden	Winslow Twp	47,209,762	49,194,976	1,985,214	4.0%
7	Burlington	Burlington Twp	18,954,479	21,662,262	2,707,783	12.5%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
7	Burlington	Cinnaminson Twp	9,696,201	9,998,088	301,887	3.0%
7	Burlington	Delanco Twp	2,603,738	2,873,526	269,788	9.4%
7	Burlington	Delran Twp	11,941,238	13,647,130	1,705,892	12.5%
7	Burlington	Edgewater Park Twp	6,691,554	6,838,436	146,882	2.1%
7	Burlington	Florence Twp	9,733,933	10,657,182	923,249	8.7%
7	Burlington	Maple Shade Twp	8,858,968	9,744,865	885,897	9.1%
7	Burlington	Riverside Twp	10,863,120	12,350,373	1,487,253	12.0%
7	Camden	Merchantville Boro	1,811,772	1,967,712	155,940	7.9%
7	Camden	Pennsauken Twp	48,283,721	55,181,395	6,897,674	12.5%
8	Burlington	Eastampton Twp	5,076,112	5,190,347	114,235	2.2%
8	Burlington	Lenape Regional	30,985,528	34,084,081	3,098,553	9.1%
8	Burlington	Mansfield Twp	780,151	858,166	78,015	9.1%
8	Burlington	Medford Lakes Boro	1,228,077	1,403,516	175,439	12.5%
9	Atlantic	Atlantic Co Vocational	3,793,793	4,023,095	229,302	5.7%
9	Atlantic	Folsom Boro	5,233,730	5,323,810	90,080	1.7%
9	Atlantic	Hammonton Town	13,319,215	15,221,960	1,902,745	12.5%
11	Monmouth	Brielle Boro	659,283	721,478	62,195	8.6%
11	Monmouth	Neptune City	2,066,587	2,361,814	295,227	12.5%
11	Monmouth	Rumson Boro	666,277	732,905	66,628	9.1%
11	Monmouth	Rumson-Fair Haven Reg	730,419	803,461	73,042	9.1%
11	Monmouth	Shore Regional	786,378	836,459	50,081	6.0%
11	Monmouth	West Long Branch Boro	467,323	473,107	5,784	1.2%
12	Mercer	East Windsor Regional	19,489,362	21,438,298	1,948,936	9.1%
12	Monmouth	Colts Neck Twp	1,478,736	1,626,610	147,874	9.1%
12	Monmouth	Freehold Boro	9,223,870	10,541,566	1,317,696	12.5%
12	Monmouth	Freehold Regional	53,212,627	60,814,430	7,601,803	12.5%
12	Monmouth	Freehold Twp	5,584,205	6,142,626	558,421	9.1%
12	Monmouth	Little Silver Boro	522,301	545,588	23,287	4.3%
12	Monmouth	Marlboro Twp	13,124,985	14,999,983	1,874,998	12.5%
12	Monmouth	Millstone Twp	5,402,308	5,942,539	540,231	9.1%
12	Monmouth	Red Bank Boro	2,518,251	2,878,001	359,750	12.5%
12	Monmouth	Rumson-Fair Haven Reg	730,419	803,461	73,042	9.1%
13	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
13	Middlesex	Old Bridge Twp	46,570,372	51,189,857	4,619,485	9.0%
13	Monmouth	Hazlet Twp	13,454,145	14,799,560	1,345,415	9.1%
13	Monmouth	Holmdel Twp	2,936,766	3,230,443	293,677	9.1%
13	Monmouth	Keyport Boro	5,720,292	6,537,476	817,184	12.5%
13	Monmouth	Matawan-Aberdeen Regional	12,984,637	14,283,101	1,298,464	9.1%
13	Monmouth	Union Beach	8,709,240	9,656,450	947,210	9.8%
14	Mercer	Hamilton Twp	76,303,036	84,405,320	8,102,284	9.6%
14	Mercer	W Windsor-Plainsboro Reg	10,690,743	11,759,817	1,069,074	9.1%
14	Middlesex	Cranbury Twp	769,042	845,946	76,904	9.1%
14	Middlesex	Jamesburg Boro	4,924,349	5,627,827	703,478	12.5%
14	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
14	Middlesex	Monroe Twp	4,668,983	5,135,881	466,898	9.1%
14	Middlesex	South Brunswick Twp	25,251,515	28,858,874	3,607,359	12.5%
15	Mercer	Ewing Twp	10,454,867	11,948,419	1,493,552	12.5%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
15	Mercer	Hopewell Valley Regional	4,053,488	4,134,031	80,543	1.9%
16	Morris	Mendham Boro	372,893	410,182	37,289	9.1%
16	Morris	West Morris Regional	5,429,862	5,564,376	134,514	2.4%
16	Somerset	Bedminster Twp	989,108	1,000,287	11,179	1.1%
16	Somerset	Bernards Twp	4,730,331	5,406,092	675,761	12.5%
16	Somerset	Bound Brook Boro	7,533,856	8,610,121	1,076,265	12.5%
16	Somerset	Branchburg Twp	2,855,271	3,140,798	285,527	9.1%
16	Somerset	Bridgewater-Raritan Reg	12,035,956	13,755,378	1,719,422	12.5%
16	Somerset	Hillsborough Twp	26,237,679	29,985,919	3,748,240	12.5%
16	Somerset	Manville Boro	5,382,686	6,151,642	768,956	12.5%
16	Somerset	Millstone	107,322	122,653	15,331	12.5%
16	Somerset	Montgomery Twp	5,320,850	6,080,971	760,121	12.5%
16	Somerset	Rocky Hill	94,353	103,788	9,435	9.1%
16	Somerset	Somerset Hills Regional	1,353,405	1,488,746	135,341	9.1%
16	Somerset	Somerville Boro	5,983,567	6,838,362	854,795	12.5%
16	Somerset	South Bound Brook	3,417,863	3,759,649	341,786	9.1%
17	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
17	Middlesex	Milltown Boro	1,379,580	1,517,538	137,958	9.1%
17	Middlesex	New Brunswick City	104,860,245	105,713,410	853,165	0.8%
17	Middlesex	North Brunswick Twp	12,640,118	14,445,850	1,805,732	12.5%
17	Middlesex	Piscataway Twp	16,802,641	19,203,018	2,400,377	12.5%
17	Somerset	Franklin Twp	15,398,795	16,938,675	1,539,880	9.1%
18	Middlesex	East Brunswick Twp	20,450,656	22,495,722	2,045,066	9.1%
18	Middlesex	Edison Twp	17,471,309	19,967,210	2,495,901	12.5%
18	Middlesex	Helmetta Boro	1,026,679	1,129,347	102,668	9.1%
18	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
18	Middlesex	South Plainfield Boro	10,005,341	11,434,675	1,429,334	12.5%
18	Middlesex	South River Boro	12,479,004	14,261,719	1,782,715	12.5%
18	Middlesex	Spotswood Boro	5,433,658	6,209,894	776,236	12.5%
19	Middlesex	Carteret Boro	26,413,446	30,186,796	3,773,350	12.5%
19	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
19	Middlesex	Perth Amboy City	126,261,365	128,543,677	2,282,312	1.8%
19	Middlesex	Sayreville Boro	21,421,923	24,482,197	3,060,274	12.5%
19	Middlesex	Woodbridge Twp	26,442,116	30,219,562	3,777,446	12.5%
20	Union	Elizabeth City	287,920,485	289,875,282	1,954,797	0.7%
20	Union	Kenilworth Boro	3,736,540	4,092,729	356,189	8.7%
20	Union	Roselle Boro	23,815,622	27,217,854	3,402,232	12.5%
20	Union	Union County Vocational	5,866,283	6,704,323	838,040	12.5%
20	Union	Union Twp	32,228,883	36,833,009	4,604,126	12.5%
21	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
21	Essex	Millburn Twp	2,998,159	3,297,975	299,816	9.1%
21	Morris	Sch Dist Of The Chathams	2,990,648	3,188,855	198,207	6.2%
21	Morris	Harding Township	364,473	400,920	36,447	9.1%
21	Morris	Madison Boro	1,588,290	1,688,217	99,927	5.9%
21	Morris	Long Hill Twp	950,415	968,092	17,677	1.8%
21	Somerset	Warren Twp	2,073,678	2,093,881	20,203	1.0%
21	Somerset	Watchung Boro	665,825	725,805	59,980	8.3%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
21	Somerset	Watchung Hills Regional	1,588,279	1,747,107	158,828	9.1%
21	Union	Berkeley Heights Twp	2,005,650	2,206,215	200,565	9.1%
21	Union	Cranford Twp	3,346,082	3,824,094	478,012	12.5%
21	Union	Garwood Boro	640,186	731,641	91,455	12.5%
21	Union	Mountainside Boro	780,455	891,948	111,493	12.5%
21	Union	New Providence Boro	1,480,672	1,553,679	73,007	4.7%
21	Union	Roselle Park Boro	10,671,165	12,195,617	1,524,452	12.5%
21	Union	Springfield Twp	1,476,798	1,624,478	147,680	9.1%
21	Union	Summit City	2,587,433	2,611,324	23,891	0.9%
21	Union	Union County Vocational	5,866,283	6,704,323	838,040	12.5%
22	Middlesex	Dunellen Boro	5,371,752	6,139,145	767,393	12.5%
22	Middlesex	Middlesex Boro	9,133,820	10,047,202	913,382	9.1%
22	Middlesex	Middlesex Co Vocational	13,555,207	14,910,728	1,355,521	9.1%
22	Somerset	Green Brook Twp	1,382,729	1,521,002	138,273	9.1%
22	Somerset	North Plainfield Boro	24,805,219	28,348,822	3,543,603	12.5%
22	Union	Clark Twp	1,714,335	1,885,769	171,434	9.1%
22	Union	Linden City	23,099,681	26,399,635	3,299,954	12.5%
22	Union	Rahway City	20,860,774	23,840,885	2,980,111	12.5%
22	Union	Scotch Plains-Fanwood Reg	4,506,226	4,956,849	450,623	9.1%
22	Union	Union County Vocational	5,866,283	6,704,323	838,040	12.5%
23	Hunterdon	Bethlehem Twp	1,705,735	1,876,309	170,574	9.1%
23	Hunterdon	Bloomsbury Boro	1,094,670	1,185,980	91,310	7.7%
23	Hunterdon	Clinton Town	271,865	299,052	27,187	9.1%
23	Hunterdon	Clinton Twp	1,571,304	1,728,434	157,130	9.1%
23	Hunterdon	Delaware Valley Regional	4,334,273	4,767,700	433,427	9.1%
23	Hunterdon	Flemington-Raritan Reg	7,147,804	7,862,584	714,780	9.1%
23	Hunterdon	Frenchtown Boro	649,677	709,895	60,218	8.5%
23	Hunterdon	Hampton Boro	920,503	1,012,553	92,050	9.1%
23	Hunterdon	Holland Twp	1,925,790	2,118,369	192,579	9.1%
23	Hunterdon	Hunterdon Central Reg	6,673,167	7,340,484	667,317	9.1%
23	Hunterdon	Lebanon Twp	2,370,455	2,607,501	237,046	9.1%
23	Hunterdon	N Hunt/Voorhees Regional	6,695,401	7,364,941	669,540	9.1%
23	Hunterdon	Readington Twp	2,081,907	2,251,485	169,578	7.5%
23	Hunterdon	Stockton Boro	14,244	15,668	1,424	9.1%
23	Warren	Alpha Boro	1,947,978	2,142,776	194,798	9.1%
23	Warren	Blairstown Twp	1,673,411	1,912,470	239,059	12.5%
23	Warren	Franklin Twp	841,002	925,102	84,100	9.1%
23	Warren	Great Meadows Regional	6,410,575	6,488,430	77,855	1.2%
23	Warren	Greenwich Twp	5,852,523	6,688,597	836,074	12.5%
23	Warren	Hackettstown	5,507,736	6,058,510	550,774	9.1%
23	Warren	Lopatcong Twp	3,554,572	4,062,368	507,796	12.5%
23	Warren	North Warren Regional	5,399,422	5,939,364	539,942	9.1%
23	Warren	Oxford Twp	2,533,933	2,655,555	121,622	4.6%
23	Warren	Pohatcong Twp	1,905,707	2,096,278	190,571	9.1%
23	Warren	Warren County Vocational	3,195,521	3,652,024	456,503	12.5%
23	Warren	Warren Hills Regional	11,068,219	12,175,041	1,106,822	9.1%
23	Warren	Washington Boro	2,808,405	3,089,246	280,841	9.1%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
24	Hunterdon	Califon Boro	295,303	324,833	29,530	9.1%
24	Hunterdon	N Hunt/Voorhees Regional	6,695,401	7,364,941	669,540	9.1%
24	Hunterdon	Tewksbury Twp	781,472	859,619	78,147	9.1%
24	Morris	Mount Olive Twp	16,527,769	18,180,546	1,652,777	9.1%
24	Morris	Netcong Boro	1,110,696	1,269,367	158,671	12.5%
24	Morris	Washington Twp	8,802,502	9,682,752	880,250	9.1%
24	Morris	West Morris Regional	5,429,862	5,564,376	134,514	2.4%
24	Sussex	Byram Twp	3,712,965	4,019,746	306,781	7.6%
24	Sussex	Fredon Twp	633,091	696,400	63,309	9.1%
24	Sussex	Lenape Valley Regional	4,304,552	4,735,007	430,455	9.1%
24	Sussex	Newton Town	6,245,884	6,597,437	351,553	5.3%
24	Sussex	Sparta Twp	7,242,554	7,299,977	57,423	0.8%
25	Morris	Boonton Town	1,587,115	1,745,827	158,712	9.1%
25	Morris	Boonton Twp	717,020	788,722	71,702	9.1%
25	Morris	Denville Twp	1,756,852	1,804,113	47,261	2.6%
25	Morris	Dover Town	21,241,482	24,275,980	3,034,498	12.5%
25	Morris	Jefferson Twp	16,696,701	18,366,371	1,669,670	9.1%
25	Morris	Mendham Twp	768,134	844,947	76,813	9.1%
25	Morris	Mine Hill Twp	2,300,229	2,552,116	251,887	9.9%
25	Morris	Morris Hills Regional	6,970,535	7,667,589	697,054	9.1%
25	Morris	Randolph Twp	14,164,607	16,188,122	2,023,515	12.5%
25	Morris	Rockaway Boro	624,759	714,011	89,252	12.5%
25	Morris	Rockaway Twp	3,697,701	4,067,471	369,770	9.1%
25	Morris	Roxbury Twp	14,781,894	16,260,083	1,478,189	9.1%
25	Morris	Victory Gardens	2,722,699	3,111,656	388,957	12.5%
25	Morris	West Morris Regional	5,429,862	5,564,376	134,514	2.4%
25	Morris	Wharton Boro	3,480,583	3,977,809	497,226	12.5%
26	Morris	Butler Boro	2,433,984	2,677,382	243,398	9.1%
26	Morris	Sch Dist Of The Chathams	2,990,648	3,188,855	198,207	6.2%
26	Morris	Florham Park Boro	821,789	853,894	32,105	3.8%
26	Morris	Hanover Park Regional	1,444,955	1,589,451	144,496	9.1%
26	Morris	Kinnelon Boro	2,169,368	2,375,710	206,342	8.7%
26	Morris	Montville Twp	3,221,015	3,543,117	322,102	9.1%
26	Morris	Parsippany-Troy Hills Twp	7,341,410	8,075,551	734,141	9.1%
26	Morris	Pequannock Twp	2,937,094	3,230,803	293,709	9.1%
26	Passaic	Bloomingtondale Boro	2,295,243	2,524,767	229,524	9.1%
26	Passaic	Passaic County Vocational	20,530,894	23,463,878	2,932,984	12.5%
26	Passaic	Pompton Lakes Boro	4,356,102	4,791,712	435,610	9.1%
27	Essex	Caldwell-West Caldwell	1,567,292	1,724,021	156,729	9.1%
27	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
27	Essex	Fairfield Twp	537,737	591,511	53,774	9.1%
27	Essex	Livingston Twp	4,312,693	4,603,479	290,786	6.3%
27	Essex	North Caldwell Boro	246,659	271,325	24,666	9.1%
27	Essex	City Of Orange Twp	67,359,118	67,891,827	532,709	0.8%
27	Essex	Roseland Boro	439,778	454,544	14,766	3.2%
27	Essex	South Orange-Maplewood	6,486,960	7,135,656	648,696	9.1%
27	Essex	West Essex Regional	1,684,531	1,823,962	139,431	7.6%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
27	Essex	West Orange Town	9,522,169	10,474,386	952,217	9.1%
28	Essex	Belleville Town	25,496,379	29,138,719	3,642,340	12.5%
28	Essex	Bloomfield Twp	21,242,545	24,277,194	3,034,649	12.5%
28	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
29	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
29	Union	Hillside Twp	21,404,783	24,462,610	3,057,827	12.5%
29	Union	Union County Vocational	5,866,283	6,704,323	838,040	12.5%
30	Burlington	Bordentown Regional	8,336,415	9,527,332	1,190,917	12.5%
30	Burlington	Chesterfield Twp	380,242	434,562	54,320	12.5%
30	Mercer	Robbinsville Twp	2,916,737	3,333,414	416,677	12.5%
30	Monmouth	Howell Twp	34,688,036	38,156,840	3,468,804	9.1%
30	Monmouth	Upper Freehold Regional	5,421,203	5,935,144	513,941	8.7%
30	Ocean	Lakewood Twp	25,750,007	28,325,008	2,575,001	9.1%
30	Ocean	Plumsted Twp	11,756,712	13,436,243	1,679,531	12.5%
31	Hudson	Bayonne City	53,434,464	61,067,959	7,633,495	12.5%
31	Hudson	Hudson County Vocational	21,316,603	24,361,832	3,045,229	12.5%
32	Bergen	Fairview Boro	7,100,284	8,114,610	1,014,326	12.5%
32	Hudson	East Newark Boro	3,294,518	3,765,163	470,645	12.5%
32	Hudson	Harrison Town	20,092,918	20,354,491	261,573	1.3%
32	Hudson	Hudson County Vocational	21,316,603	24,361,832	3,045,229	12.5%
32	Hudson	Kearny Town	30,719,897	35,108,454	4,388,557	12.5%
32	Hudson	North Bergen Twp	56,110,484	64,126,267	8,015,783	12.5%
32	Hudson	Secaucus Town	1,648,138	1,671,436	23,298	1.4%
33	Hudson	Guttenberg Town	4,762,766	5,443,162	680,396	12.5%
33	Hudson	Hudson County Vocational	21,316,603	24,361,832	3,045,229	12.5%
33	Hudson	West New York Town	79,951,928	83,800,500	3,848,572	4.6%
34	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
34	Essex	Glen Ridge Boro	1,214,981	1,336,479	121,498	9.1%
34	Passaic	Clifton City	27,843,819	31,821,508	3,977,689	12.5%
34	Passaic	Passaic Valley Regional	1,456,815	1,602,497	145,682	9.1%
34	Passaic	Passaic County Vocational	20,530,894	23,463,878	2,932,984	12.5%
34	Passaic	Woodland Park	1,029,351	1,176,401	147,050	12.5%
35	Bergen	Glen Rock Boro	1,750,107	1,925,118	175,011	9.1%
35	Passaic	Haledon Boro	6,676,785	7,630,612	953,827	12.5%
35	Passaic	Hawthorne Boro	2,691,206	3,075,664	384,458	12.5%
35	Passaic	North Haledon Boro	537,439	569,061	31,622	5.6%
35	Passaic	Passaic Valley Regional	1,456,815	1,602,497	145,682	9.1%
35	Passaic	Passaic County Vocational	20,530,894	23,463,878	2,932,984	12.5%
35	Passaic	Prospect Park Boro	7,635,573	8,726,369	1,090,796	12.5%
36	Bergen	Lyndhurst Twp	2,622,963	2,997,672	374,709	12.5%
36	Bergen	North Arlington Boro	2,212,443	2,528,507	316,064	12.5%
36	Bergen	Rutherford Boro	3,221,073	3,543,180	322,107	9.1%
36	Bergen	Wallington Boro	3,213,269	3,672,307	459,038	12.5%
36	Bergen	Wood-Ridge Boro	1,082,024	1,236,599	154,575	12.5%
36	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
36	Essex	Nutley Town	7,897,871	9,026,138	1,128,267	12.5%
36	Passaic	Passaic County Vocational	20,530,894	23,463,878	2,932,984	12.5%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
37	Bergen	Bergenfield Boro	11,399,296	12,539,226	1,139,930	9.1%
37	Bergen	Bogota Boro	5,741,514	6,561,731	820,217	12.5%
37	Bergen	Hackensack City	14,186,981	16,213,692	2,026,711	12.5%
37	Bergen	Leonia Boro	3,995,295	4,566,052	570,757	12.5%
37	Bergen	Maywood Boro	1,495,537	1,709,185	213,648	12.5%
37	Bergen	Palisades Park	2,282,984	2,371,799	88,815	3.7%
37	Bergen	Ridgefield Park Twp	5,253,361	6,003,841	750,480	12.5%
37	Bergen	Tenafly Boro	1,943,347	2,137,682	194,335	9.1%
38	Bergen	Elmwood Park	3,102,549	3,545,771	443,222	12.5%
38	Bergen	Fair Lawn Boro	5,078,685	5,586,554	507,869	9.1%
38	Bergen	Hasbrouck Heights Boro	1,584,026	1,742,429	158,403	9.1%
38	Bergen	Little Ferry Boro	1,789,030	2,044,606	255,576	12.5%
38	Bergen	Lodi Borough	14,836,901	16,956,458	2,119,557	12.5%
38	Bergen	Paramus Boro	3,554,593	3,709,504	154,911	4.2%
38	Bergen	Ridgefield Boro	3,200,511	3,657,727	457,216	12.5%
38	Bergen	Saddle Brook Twp	1,655,145	1,820,660	165,515	9.1%
38	Bergen	Teterboro	3,110	3,421	311	9.1%
39	Bergen	Allendale Boro	407,098	447,808	40,710	9.1%
39	Bergen	Alpine Boro	208,715	229,587	20,872	9.1%
39	Bergen	Closter Boro	679,865	747,852	67,987	9.1%
39	Bergen	Dumont Boro	9,326,906	10,659,322	1,332,416	12.5%
39	Bergen	Emerson Boro	838,782	922,660	83,878	9.1%
39	Bergen	Harrington Park Boro	506,952	557,647	50,695	9.1%
39	Bergen	Hillsdale Boro	1,186,998	1,356,569	169,571	12.5%
39	Bergen	Ho Ho Kus Boro	712,851	763,440	50,589	6.6%
39	Bergen	Montvale Boro	787,303	865,957	78,654	9.1%
39	Bergen	New Milford Boro	2,325,647	2,657,882	332,235	12.5%
39	Bergen	Northern Highlands Reg	821,612	903,773	82,161	9.1%
39	Bergen	Northern Valley Regional	1,893,524	2,082,876	189,352	9.1%
39	Bergen	Northvale Boro	380,142	434,448	54,306	12.5%
39	Bergen	Old Tappan Boro	572,808	625,732	52,924	8.5%
39	Bergen	Oradell Boro	564,188	566,948	2,760	0.5%
39	Bergen	Park Ridge Boro	817,724	899,496	81,772	9.1%
39	Bergen	Pascack Valley Regional	1,856,584	2,042,242	185,658	9.1%
39	Bergen	Ramsey Boro	2,191,203	2,410,323	219,120	9.1%
39	Bergen	River Dell Regional	1,009,884	1,110,872	100,988	9.1%
39	Bergen	River Edge Boro	733,922	838,768	104,846	12.5%
39	Bergen	River Vale Twp	648,608	741,266	92,658	12.5%
39	Bergen	Rockleigh	18,132	19,945	1,813	9.1%
39	Bergen	Saddle River Boro	322,599	354,859	32,260	9.1%
39	Bergen	Upper Saddle River Boro	838,908	922,799	83,891	9.1%
39	Bergen	Waldwick Boro	1,402,404	1,542,644	140,240	9.1%
39	Bergen	Woodcliff Lake Boro	602,435	632,415	29,980	4.7%
40	Bergen	Midland Park Boro	1,028,780	1,131,658	102,878	9.1%
40	Bergen	Oakland Boro	1,052,166	1,157,383	105,217	9.1%
40	Bergen	Ramapo-Indian Hill Reg	2,102,944	2,313,238	210,294	9.1%
40	Bergen	Ridgewood Village	2,985,477	3,284,025	298,548	9.1%

Background Paper: Districts Impacted by Reduced State Aid Growth Limit (Cont'd)

Leg. Dist.	County	District	Aid w/ Reduced Limit	Aid w/ SFRA Limit	Reduction	% Reduction
40	Bergen	Wyckoff Twp	1,452,374	1,597,611	145,237	9.1%
40	Essex	Cedar Grove Twp	1,282,683	1,407,363	124,680	8.9%
40	Essex	Essex Co Voc-Tech	20,699,076	23,656,087	2,957,011	12.5%
40	Passaic	Lakeland Regional	5,245,701	5,770,271	524,570	9.1%
40	Passaic	Passaic Valley Regional	1,456,815	1,602,497	145,682	9.1%
40	Passaic	Wanaque Boro	2,757,448	3,033,193	275,745	9.1%
40	Passaic	Wayne Twp	6,741,712	7,035,747	294,035	4.2%

Background Paper: Preschool Incentive Aid

Budget Pages.... D-87; D-95 to D-96

Section 12 of the "School Funding Reform Act of 2008" (SFRA), P.L.2007, c.260 (C.18A:7F-54), provides for the expansion of full-day preschool to three- and four-year old children throughout the State and establishes a method by which State aid would be provided to fund such programs. School districts are expected to fully implement the preschool programs, defined as serving at least 90 percent of the eligible population, by the 2013-2014 school year. School districts that are classified in District Factor Groups (DFG) A and B, and districts in DFG CD with a low-income concentration of at least 40 percent are considered "universal" districts; all three- and four-year old children residing in these districts are eligible to attend preschool. All other school districts are considered "targeted" districts and are required to provide preschool opportunities to low-income, age-eligible children.

Due to fiscal limitations, the proposed FY 2010 budget does not allocate preschool education aid to school districts based on the provisions of SFRA. Alternatively, preschool education aid will be calculated in the following manner:

- school districts that received preschool education aid in the 2008-2009 school year based on the 2007-2008 Early Launch to Learning Initiative (ELLI) grant will receive preschool education aid equal to the amount of the 2007-2008 ELLI grant;
- school districts that received preschool education aid in the 2008-2009 school year based on the 2007-2008 early childhood program aid allocation will receive preschool education aid equal to the greater of the amount of preschool education aid received in the 2008-2009 school year or the 2008-2009 preschool education aid amount per pupil, inflated by the consumer price index (CPI), and multiplied by the projected preschool enrollment;
- school districts that received approval to begin preschool expansion during the 2008-2009 school year and received preschool education aid based on the per pupil aid amounts included in subsection d. of section 12 of SFRA (C.18A:7F-54(d)) will receive preschool education aid based of the per pupil amounts included in that subsection multiplied by the corresponding projected enrollment. These districts include Fairfield Township School District (Cumberland County), Little Egg Harbor School District, Pemberton Borough School District, Red Bank School District, and Woodbine School District;
- school districts previously classified as Abbott districts will receive preschool education aid pursuant to section 12 of SFRA (C.18A:7F-54). Based on the law, the district will receive the greater of 1) the amount of aid calculated by multiplying the corresponding per pupil aid amounts included in SFRA by the districts' projected preschool enrollment, 2) the total amount of preschool education aid received in FY 2009, or 3) FY 2009 preschool aid per pupil multiplied by the projected preschool enrollment.

The proposed budget does recommend an appropriation of \$25 million in preschool incentive aid. The detailed criteria upon which the aid will be awarded to school districts is to be outlined in emergency regulations to be promulgated by the commissioner. However, the Budget In Brief provides insight regarding some of the requirements:

Background Paper: Preschool Incentive Aid (Cont'd)

- the funding will be available to districts that were not classified as Abbott districts and are required to provide preschool opportunities to all age-eligible students under the provisions of SFRA;²
- the district would be required to commit some or all of its Title I, Part A funding awarded under the American Recovery and Reinvestment Act of 2009 (ARRA) to support the preschool program;
- the district must operate full-day kindergarten.

Table 1 lists the school districts, other than the former Abbott school districts, that are classified as universal preschool districts. This list omits the five school districts that began preschool expansion during the 2008-2009 school year. As noted above, these districts will receive preschool education aid based on the per-pupil State aid amounts included in SFRA and, presumably, would not receive preschool incentive aid. The districts' Title I, Part A awards under ARRA are also shown. Based on enrollment data submitted by school districts as part of the Application for State School Aid as of October 2008, all of these districts offer full-day kindergarten.

Table 1
Universal Preschool Districts other than Former Abbott School Districts
(as of April 2008)

Leg. Dist.	County	District	# Preschool Eligible Children	Title I, Part A Award
1	Atlantic	Buena Regional	278	\$370,802
1	Cape May	Cape May City	34	\$4,203
1	Cape May	Lower Twp	390	\$199,090
1	Cape May	Middle Twp	336	\$212,164
1	Cape May	North Wildwood City	56	\$50,262
1	Cape May	Sea Isle City	18	\$6,126
1	Cape May	Wildwood City	116	\$406,218
1	Cape May	Wildwood Crest Boro	36	\$23,054
1	Cumberland	Maurice River Twp	64	\$30,957
2	Atlantic	Atlantic City	1,038	\$2,320,751
2	Atlantic	Egg Harbor City	118	\$218,229
2	Atlantic	Mullica Twp	152	\$54,310
2	Atlantic	Ventnor City	162	\$242,316
2	Atlantic	Weymouth Twp	46	\$11,292
3	Cumberland	Commercial Twp	126	\$272,936
3	Cumberland	Deerfield Twp	76	\$34,732
3	Cumberland	Downe Twp	22	\$17,166
3	Cumberland	Lawrence Twp	84	\$129,380
3	Cumberland	Shiloh Boro	6	\$0
3	Cumberland	Upper Deerfield Twp	198	\$193,176
3	Gloucester	Elk Twp	76	\$20,099
3	Gloucester	National Park Boro	66	\$17,382
3	Gloucester	Paulsboro Boro	194	\$497,807
3	Salem	Penns Grv-Carney's Pt Reg	312	\$839,198

² It should be noted that the proposed budget language states that "universal" districts would be given priority, but it does not make it a specific requirement.

Background Paper: Preschool Incentive Aid (Cont'd)

Leg. Dist.	County	District	# Preschool Eligible Children	Title I, Part A Award
3	Salem	Quinton Twp	72	\$35,343
4	Camden	Clementon Boro	108	\$89,943
4	Camden	Lindenwold Boro	330	\$815,605
4	Gloucester	Glassboro	308	\$339,625
5	Camden	Bellmawr Boro	202	\$117,719
5	Camden	Brooklawn Boro	54	\$38,959
5	Camden	Lawnside Boro	50	\$71,905
5	Camden	Runnemede Boro	152	\$43,330
5	Camden	Woodlynne Boro	98	\$144,376
5	Gloucester	Westville Boro	78	\$28,376
5	Gloucester	Woodbury City	192	\$401,259
6	Camden	Chesilhurst	24	\$53,848
6	Camden	Pine Hill Boro	234	\$269,926
7	Burlington	Beverly City	40	\$108,884
7	Burlington	Mount Holly Twp	172	\$170,631
7	Burlington	Riverside Twp	176	\$119,412
7	Camden	Pennsauken Twp	716	\$967,244
9	Atlantic	Hammonton Town	328	\$189,307
9	Burlington	Washington Twp	14	\$2,472
9	Ocean	Berkeley Twp	494	\$149,736
9	Ocean	Eagleswood Twp	30	\$3,708
9	Ocean	Lakehurst Boro	80	\$40,329
9	Ocean	Manchester Twp	380	\$214,984
9	Ocean	Ocean Gate Boro	26	\$22,840
10	Ocean	Seaside Heights Boro	52	\$129,351
12	Monmouth	Freehold Boro	296	\$497,735
13	Monmouth	Keyport Boro	150	\$36,652
16	Somerset	Bound Brook Boro	240	\$433,854
16	Somerset	South Bound Brook	72	\$28,314
19	Middlesex	Carteret Boro	526	\$367,229
20	Union	Roselle Boro	424	\$400,690
22	Union	Linden City	746	\$676,145
22	Union	Rahway City	488	\$383,960
22	Union	Winfield Twp	20	\$3,461
23	Warren	Alpha Boro	62	\$6,924
24	Sussex	Montague Twp	88	\$23,112
25	Morris	Dover Town	444	\$974,490
29	Union	Hillside Twp	450	\$339,624
30	Burlington	New Hanover Twp	30	\$36,533
31	Hudson	Bayonne City	1,312	\$1,560,822
32	Bergen	Fairview Boro	226	\$450,016
32	Hudson	East Newark Boro	56	\$103,227
32	Hudson	Kearny Town	728	\$742,204
32	Hudson	North Bergen Twp	968	\$2,042,578
33	Hudson	Guttenberg Town	164	\$543,112
33	Hudson	Weehawken Twp	166	\$198,999
35	Passaic	Haledon Boro	174	\$205,297
35	Passaic	Prospect Park Boro	146	\$289,317

Background Paper: Preschool Incentive Aid (Cont'd)

Leg. Dist.	County	District	# Preschool Eligible Children	Title I, Part A Award
36	Bergen	Moonachie Boro	48	\$38,640
36	Bergen	Wallington Boro	178	\$44,256
37	Bergen	Hackensack City	670	\$667,709
38	Bergen	Cliffside Park Boro	298	\$274,376
38	Bergen	Lodi Borough	444	\$308,673

Background Paper: Additional Compensation in School District Superintendents' Contracts

In March 2006, the State Commission of Investigation (SCI) released a report titled *Taxpayers Beware: What You Don't Know Can Cost You* that identified situations in which school district administrators received significant amounts of compensation in addition to their salaries. Forms of compensation noted in the report included stipends and bonuses paid for various purposes, payment for unused sick and vacation leave (annually or upon retirement), health insurance benefits beyond what is offered to other district employees, and additional special payments due upon retirement. The report also noted that much of this compensation beyond the base salary was not widely known by the general public.

The Legislature passed two laws that attempted to address various concerns raised by the report. Section 4 of P.L.2007, c.53 (C.18A:7F-5.3) required that school districts submit annually certain data regarding compensation for certain school district employees to the Department of Education. The department, in turn, is required to publish the information on its website. Section 44 of P.L.2007, c.92 (C.18A:30-3.5) provides that compensation for accumulated unused sick leave cannot exceed \$15,000 for an officer or employee of a board of education and can only be paid upon retirement; section 46 of the same law (C.18A:30-9) provides that after the effective date of the law, the officer or employee can only accumulate unused vacation leave for one successive year. The law authorized certain exceptions for individuals who, as of the law's effective date or the expiration of a contract of employment, had accumulated sick or vacation leave in excess of these amounts. Administrative regulations at N.J.A.C. 6A:23A-3.1 provide for specific limitations on the compensation that may be included in the contracts of certain school employees, including school superintendents. These regulations became effective July 1, 2008.

This background paper uses the data collected and reported by the department to describe the forms of compensation received by school district superintendents under the provisions of the contracts in effect as of January 1, 2008. This data collection is particularly useful because it allows for an assessment of the prevalence of such provisions prior to the effective date of the regulations that placed restrictions on the compensation. This analysis is limited to full-time superintendents who are not shared by multiple school districts. In total, the analysis includes information for 508 superintendents' contracts. Table 1 provides information regarding the prevalence of each category of compensation and the median amount included in superintendents' contracts.

Table 1
Additional Compensation in School Superintendents' Contracts as of January 1, 2008

	Percent of Superintendents Rec'g Each Category of Compensation	Median Compensation Among Superintendents Rec'g Each Category of Compensation
Allowances	96.1%	\$4,772
Bonuses	14.6%	\$4,816
Stipends	2.4%	\$4,750
Add'l Insurance	58.5%	\$2,000
Add'l Retirement	25.6%	\$6,450
Post-Employment	59.5%	\$21,940
In-Kind / Other	32.3%	\$6,877

Background Paper: Additional Compensation in School District Superintendents' Contracts (Cont'd)

Allowances are expenses that an employee may submit to the district for payment in a number of specific categories (e.g., car, gas, tuition reimbursement, and professional membership fees). This category represents the most common form of compensation³ in superintendents' contracts. Nearly all superintendents' contracts (96.1 percent), provided for allowances with a median allowance of \$4,772.

Bonuses are monetary incentives paid in addition to the employee's base salary for achieving some previously established benchmark. The data suggest that bonus provisions were not common in district superintendents' contracts; approximately 15 percent of the contracts included such a provision. The median allowable bonus in these contracts was less than \$5,000.

Stipends reflect additional compensation paid for the performance of specific duties outside the scope of the employee's contracted responsibilities. It is uncommon for superintendents to receive such stipends; approximately 2 percent of superintendents received a stipend for additional work responsibilities. The median stipend equaled \$4,750.

Additional insurance reflects districts' contributions for medical, life, and other insurance policies in excess of contributions made on behalf of teaching personnel. More than half (nearly 59 percent) of the contracts included additional insurance. The median value of this benefit was \$2,000.

Additional retirement plans include contributions made by the school district into a retirement plan for the superintendent, including the contribution the employee is supposed to make into the State pension system. Approximately a quarter of superintendents' contracts included such a provision and had a median value of nearly \$6,500.

Post-employment benefits include the maximum amount of unused leave for which a superintendent can be compensated at the end of a contract and other payments to be made at the end of the contract. Nearly 60 percent of superintendents' contracts included such a provision. The median amount due pursuant to the contracts was \$21,940.

In-kind and other benefits include the value of unused leave for which a superintendent can be compensated at the end of the year or other benefits not classified elsewhere. About one-third of superintendent contracts included such a benefit with a median value of nearly \$6,900.

³ Whether or not these allowances should be considered "compensation" may be debatable. To the extent that a superintendent is reimbursed for school business travel, one may be inclined to not consider the reimbursement to be a form of compensation. However, based on the instructions provided by the department to school districts, allowances may include reimbursements for personal expenses as well. The data do not disaggregate between business and personal allowances.

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Individuals wishing information and committee schedules on the FY 2010 budget are encouraged to contact:

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