

CHAPTER 260

AN ACT providing for the maintenance and support of a thorough and efficient system of free public schools and revising parts of the statutory law.

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

C.18A:7F-43 Short title.

1. This act shall be known and may be cited as the “School Funding Reform Act of 2008.”

C.18A:7F-44 Findings, declarations relative to school funding reforms.

2. The Legislature finds and declares that:

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

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

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

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

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

f. The decisions in the Abbott cases have resulted in frequent litigation and a fragmented system of funding under which limited resources cannot be distributed equitably to all districts where at-risk children reside, instead dividing the districts sharply into Abbott and non-Abbott categories for funding purposes without regard to a district’s particular pupil characteristics and leading to needlessly adversarial relationships among school districts and between districts and the State.

g. In the absence of a clear, unitary, enforceable statutory formula to govern appropriations for education, crucial funding decisions are made annually, in competition for limited State resources with other needs and requirements as part of the annual budget

negotiation process, utilizing many different classes and categories of aid, leading to an uncertain, unpredictable, and untenable funding situation for the State and school districts alike.

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

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

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

k. In light of the demonstrable, beneficial results and success of the current Abbott preschool program, it is appropriate to build upon this success by incorporating in the formula an expanded high-quality preschool program for all children who qualify for free and reduced price meals in all districts. It is appropriate for the formula to acknowledge that at-risk children do not always receive the same educational exposure at an early age as their peers and to provide the additional resources necessary through high-quality preschool to prepare every child to learn and succeed.

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

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

n. In recognition of the potentially wide variability in special education costs, even for the same category of disability, from district to district, it is appropriate for the new funding formula to mitigate the impact of that variability by establishing a census model based on the actual Statewide average excess cost of educating special education students and by providing for an increase in State aid for extraordinary costs incurred by districts.

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

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

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

C.18A:7F-45 Definitions relative to school funding reform.

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

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

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

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

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

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

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

"Commissioner" means the Commissioner of Education;

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

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

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

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

“Debt service” means payments of principal and interest upon school bonds and other obligations issued to finance the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees, and the costs of issuance of such obligations and shall include payments of principal and interest upon bonds heretofore issued to fund or refund such obligations, and upon municipal bonds and other obligations which the commissioner approves as having been issued for such purposes;

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

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

“Full-day preschool” means a preschool day consisting of a six-hour comprehensive educational program in accordance with the district’s kindergarten through grade 12 school calendar;

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

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

“Geographic cost adjustment” means an adjustment that reflects county differences in the cost of providing educational services that are outside the control of the district;

“Household income” means income as defined in 7 CFRss.245.2 and 245.6 or any subsequent superseding federal law or regulation;

“Net budget” means the sum of the district’s general fund tax levy, State aid received pursuant to the provisions of this act other than preschool education aid, miscellaneous revenue estimated pursuant to GAAP, and designated general fund balance;

“Prebudget year” means the school fiscal year preceding the year in which the school budget is implemented;

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

“Report” means the Educational Adequacy Report issued by the commissioner pursuant to section 4 of this act;

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

“School district” means any local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes;

“Spending growth limitation” means the annual rate of growth permitted in the net budget of a school district, county vocational school district, or county special services school district as measured between the net budget of the prebudget year and the net budget of the budget year as calculated pursuant to the provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5);

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

“Statewide equalized school tax rate” means the amount calculated by dividing the general fund tax levy for all school districts, which excludes county vocational school districts and county special services school districts as defined pursuant to this section, in the State for the prebudget year by the equalized valuations certified in the year prior to the prebudget year of all taxing districts in the State except taxing districts for which there are not school tax levies.

C.18A:7F-46 Review, update of core curriculum content standards; Educational Adequacy Report.

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

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

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

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

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

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

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

(5) the State average classification rate for general special education services pupils and for speech-only pupils;

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

(7) the extraordinary special education aid thresholds.

The base per pupil amount, the per pupil amounts for full-day preschool, the excess costs for general special education services pupils and for speech-only pupils, and the cost-coefficients for security aid and transportation aid shall be adjusted by the CPI for each of the two school years following the first school year to which the report is applicable.

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

C.18A:7F-47 Total stabilized aid per district, limit on increase.

5. a. Notwithstanding any provision of this act to the contrary, the total stabilized aid for each district shall not be increased by more than the district's State aid growth limit. In the event that total stabilized aid exceeds the prebudget year total by a rate greater than the State aid growth limit, the commissioner shall adjust the components of total stabilized aid so that they total exactly the prebudget year total increased by the State aid growth limit.

b. For the 2008-2009 school year, the prebudget year total shall include Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Education Opportunity Aid, Above Average Enrollment Growth Aid, High Expectations for Learning Proficiency Aid, Instructional Supplement Aid, Demonstrably Effective Program Aid,

Stabilization Aid, Supplemental Stabilization Aid, Adult and Postsecondary Education Grants, Bilingual Education Aid, Special Education Aid, County Vocational Program Aid, Transportation Aid, School Choice Aid, Consolidated Aid, Additional Formula Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid, Nonpreschool ECPA, Extraordinary Special Education Aid paid in 2006-2007, and Aid for Enrollment Adjustments, taking into consideration the June 2008 payment made in July 2008. For the 2009-2010 school year and thereafter, the prebudget year total shall be the total for the same aid categories as included in total stabilized aid.

c. For the 2008-2009 school year, total stabilized aid shall include equalization aid, special education categorical aid, extraordinary special education aid projected for 2008-2009, security aid, and transportation aid.

For the 2009-2010 school year and thereafter, total stabilized aid shall include equalization aid, special education categorical aid, security aid, and transportation aid.

d. For the purposes of this section, "State aid growth limit" means 10% in the case of a district spending above adequacy and 20% in the case of a district spending below adequacy.

(1) For purposes of determining if a school district or county vocational school district is spending above or below adequacy and its applicable State aid growth limit, the district's spending shall equal the sum for the prebudget year of its equalization aid calculated pursuant to section 11 of this act, special education categorical aid calculated pursuant to section 13 of this act, security categorical aid calculated pursuant to section 14 of this act, and general fund local levy.

(2) Notwithstanding any provision of this section to the contrary, for the purposes of determining a district's increase in State aid between the 2007-2008 and 2008-2009 school years, the commissioner shall compare the State aid received by the district for the 2007-2008 school year under the State aid categories listed under subsection b. of this section, other than transportation aid, and the district's general fund levy for that school year to the sum of the district's adequacy budget calculated pursuant to section 9 of this act, special education categorical aid calculated pursuant to section 13 of this act, extraordinary special education aid projected for the 2008-2009 school year, and security aid calculated pursuant to section 14 of this act.

(3) Notwithstanding any provision of this section to the contrary, the commissioner may increase the State aid growth limit in the case of a county vocational school district that has revised one or more of its programs from a shared-time program to a full-time program between the 2001-2002 and 2007-2008 school years or shall make such revision in the 2008-2009 school year. In the event that the commissioner increases the State aid growth limit for a county vocational school district, the commissioner shall adjust the State aid amount provided for the district in the December 12, 2007 report.

C.18A:7F-48 Calculation of equalization aid.

6. Beginning in the 2009-2010 school year and for each school year thereafter, the amount of equalization aid for the budget year shall equal the total Statewide equalization aid calculated pursuant to section 11 of this act for the prebudget year and prior to the application of section 5 of this act indexed by the sum of 1.0, the CPI, and the State average enrollment growth percentage between the prebudget year and the budget year as projected by the commissioner.

C.18A:7F-49 Determination of base per pupil amount; grade level weights.

7. The commissioner shall determine, based on the standards established pursuant to section 4 of this act, a base per pupil amount, and shall develop appropriate weights reflecting the differing costs of providing education at the kindergarten, elementary, middle school, and high school levels, which weights shall be applied in determining a district's base cost as set forth in section 8 of this act. The base per pupil amount for the 2008-2009 school year shall be \$9,649. The weight for kindergarten shall be 0.5 in the case of a pupil enrolled in a half-day kindergarten program and 1.0 in the case of a pupil enrolled in a full-day kindergarten program, and shall be 1.0 for the elementary (grades 1–5) level, 1.04 for the middle school (grades 6–8) level, and 1.17 for the high school (grades 9-12) level.

The base per pupil amount shall be adjusted by the CPI in the 2009-2010 and 2010-2011 school years as required pursuant to subsection b. of section 4 of this act. For subsequent school years, the base per pupil amount and the grade level weights shall be established in the Educational Adequacy Report, with the base per pupil amount adjusted by the CPI for each of the two school years following the first school year to which the report is applicable.

C.18A:7F-50 Calculation of weighted enrollment for each school district.

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

$$\text{WENR} = (\text{PW} \times \text{PENR}) + (\text{EW} \times \text{EENR}) + (\text{MW} \times \text{MENR}) + (\text{HW} \times \text{HENR})$$

where

PW is the applicable weight for kindergarten enrollment;

EW is the weight for elementary enrollment;

MW is the weight for middle school enrollment;

HW is the weight for high school enrollment;

PENR is the resident enrollment for kindergarten;

EENR is the resident enrollment for grades 1 - 5;

MENR is the resident enrollment for grades 6 – 8; and

HENR is the resident enrollment for grades 9 – 12.

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

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

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

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

$$\text{BC} = \text{BPA} \times \text{WENR} \times 1.31$$

where

BPA is the base per pupil amount; and

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

C.18A:7F-51 Calculation of adequacy budget.

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

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

where

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

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

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

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

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

GCA is geographic cost adjustment.

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

b. AR Cost shall be calculated as follows:

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

where

BPA is the base per pupil amount;

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

AR Weight is the at-risk weight.

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

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

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

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

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

c. LEP Cost shall be calculated as follows:

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

where

BPA is the base per pupil amount;

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

LEP Weight is the bilingual pupil weight.

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

d. COMB Cost shall be calculated as follows:

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

where

BPA is the base per pupil amount;

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

AR Weight is the at-risk weight; and

COMB Weight is the combination pupil weight.

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

e. SE Census shall be calculated as follows:

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

where

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

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

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

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

SEC is the excess cost for speech-only pupils.

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

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

C.18A:7F-52 Determination of equalization aid.

10. Each school district and county vocational school district shall receive equalization aid predicated on a local share determined by district property wealth and district income.

a. Each district's local share shall be calculated as follows:

$$\text{LSHARE} = (\text{EQVAL} \times \text{PVR} \times 50\%) + (\text{INC} \times \text{INR} \times 50\%)$$

where

EQVAL is the district's prebudget year equalized valuation;

PVR is the Statewide property value rate determined pursuant to subsection c. of this section;

INC is the district's income; and

INR is the Statewide income rate determined pursuant to subsection c. of this section.

b. The local share for each county vocational school district shall be calculated as follows:

$$\text{LSHARE} = (\text{COLSHARE}/\text{COAB}) \times \text{AB}$$

where

COLSHARE is the sum of the local shares for all school districts in the county calculated pursuant to subsection a. of this section;

COAB is the sum of the adequacy budgets for all school districts in the county calculated pursuant to section 9 of this act; and

AB is the county vocational school district's adequacy budget calculated pursuant to section 9 of this act.

c. For the 2008-2009 school year, the property value rate shall be set at 0.0092690802 and the income value rate shall be set at 0.04546684. For subsequent school years the values for the property value rate and the income value rate shall be annually determined by the commissioner as follows:

the property value rate shall be determined such that equalization aid equals the Statewide available equalization aid for all districts determined according to this act had each school district's local share equaled the product of the property value rate and the district's equalized

valuation and each county vocational school district's local share equaled the product of the county vocational school district's adequacy budget and the average local share, expressed as a percent, of the school districts located in the county; and

the income rate shall be determined such that equalization aid equals the Statewide available equalization aid for all districts determined according to this act had each school district's local share equaled the product of the income rate and the district's income and each county vocational school district's local share equaled the product of the county vocational school district's adequacy budget and the average local share, expressed as a percent, of the school districts located in the county.

In the event that these rates, when used in accordance with the provisions of this section and assuming that each district's general fund levy is equal to its local share, do not result in equalization aid for all districts equal to the Statewide available equalization aid, the commissioner shall adjust these rates appropriately, giving equal weight to each.

C.18A:7F-53 Calculation of equalization aid.

11. Each school district's and county vocational school district's equalization aid shall be calculated as follows:

$EQAID = AB - LSHARE$ provided that $EQAID$ shall not be less than zero; and where

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

$LSHARE$ is the district's local share calculated pursuant to section 10 of this act.

Each district's equalization aid for general fund expenses shall be expended to provide a thorough and efficient system of education consistent with the core curriculum content standards established pursuant to section 4 of this act.

A school district may make an appeal to the commissioner on the amount of its equalization aid on the basis that the calculation of income within the local share formula under section 10 of this act does not accurately reflect the district's income wealth.

C.18A:7F-54 Access to full-day preschool; calculation of preschool education aid.

12. a. District factor group A and B school districts, and district factor group CD school districts with a concentration of at-risk pupils equal to or greater than 40%, shall provide free access to full-day preschool for all three- and four-year old pupils. All other school districts shall provide free access to full-day preschool for at-risk pupils. Preschool education aid shall reflect the cost of the pupil's placement in either a district program, a licensed child care provider program, or a Head Start Program.

(1) Preschool education aid shall be calculated for district factor group A and B school districts, and for district factor group CD school districts with a concentration of at-risk pupils equal to or greater than 40%, as follows:

$$\text{Aid} = (\text{IDE} \times \text{IDA}) + (\text{PRE} \times \text{PRA}) + (\text{HSE} \times \text{HSA})$$

where

IDE is the number of district pupils, other than preschool disabled pupils, in an in-district preschool program;

IDA is the per pupil aid amount for an in-district preschool program;

PRE is the number of district pupils, other than preschool disabled pupils, in a preschool program operated by a licensed child care provider;

PRA is the per pupil aid amount for a preschool program operated by a licensed child care provider;

HSE is the number of district pupils, other than preschool disabled pupils, in a Head Start Program; and

HSA is the per pupil aid amount for a Head Start Program.

A CD school district with a concentration of at-risk pupils equal to or greater than 40% shall be eligible to receive preschool education aid pursuant to the provisions of this paragraph for a minimum of three school years from the time of initial determination of eligibility even if the district's concentration of at-risk pupils falls below a 40% concentration of at-risk pupils. In the event that the district falls below a 40% concentration of at-risk pupils for two consecutive school years, in the third school year the district shall receive preschool education aid for each at-risk pupil and for any four-year old pupil for whom the district received preschool education aid in the prior school year, and that pupil shall receive free preschool education.

(2) Preschool education aid shall be calculated for all other districts as follows:

$$\text{Aid} = (\text{ARID} \times \text{IDA}) + (\text{ARP} \times \text{PRA}) + (\text{ARHS} \times \text{HSA})$$

where

ARID is the number of at-risk district pupils, other than preschool disabled pupils, in an in-district preschool program;

IDA is the per pupil aid amount for an in-district preschool program;

ARP is the number of at-risk district pupils, other than preschool disabled pupils, in a preschool program operated by a licensed child care provider;

PRA is the per pupil aid amount for a preschool program operated by a licensed child care provider;

ARHS is the number of at-risk district pupils, other than preschool disabled pupils, in a Head Start Program; and

HSA is the per pupil aid amount for a Head Start Program.

b. In accordance with regulations adopted by the commissioner, all districts shall submit a five-year plan that provides for the full implementation of full day preschool for all eligible three- and four-year olds by the 2013-2014 school year. For the purposes of this section, "full implementation" means serving 90% of eligible pupils in accordance with the preschool quality standards adopted by the commissioner or such greater percentage as determined by the commissioner. A school district shall annually update the five-year plan based on actual implementation experience and shall revise its pupil projections in accordance with that experience.

c. (1) In the case of a school district that did not receive any form of preschool aid in the 2007-2008 school year, the 2008-2009 school year shall be a preschool planning year. Beginning in the 2009-2010 school year, the school district shall receive preschool education aid calculated in accordance with the provisions of subsection a. of this section based upon projected preschool enrollment.

In the 2009-2010 school year the school district may also receive start-up funds in accordance with regulations adopted by the commissioner.

(2) In the case of a school district that received Early Launch to Learning Initiative aid in the 2007-2008 school year, for the 2008-2009 school year the district shall receive preschool education aid in an amount equal to the district's allocation of Early Launch to Learning Initiative aid in the 2007-2008 school year. Beginning in the 2009-2010 school year, the school district shall receive preschool education aid calculated in accordance with the provisions of subsection a. of this section based upon projected preschool enrollment.

In the 2009-2010 school year the school district may also receive start-up funds in accordance with regulations adopted by the commissioner.

(3) In the case of a school district that received early childhood program aid in the 2007-2008 school year but did not receive preschool expansion aid or education opportunity aid in that year, for the 2008-2009 school year the district shall receive preschool education aid equal to the greater of the district's 2007-2008 amount of early childhood program aid for preschool or the district's 2007-2008 per pupil allocation of early childhood program aid as included in the district's original 2007-2008 budget certified for taxes, inflated by the CPI, and multiplied by the district's projected preschool enrollment; except that if the district is able to demonstrate in the five-year plan submitted to the commissioner that it has the capacity to offer a full-day three- or four-year-old program, or a full-day three- and four-year-old program, in the 2008-2009 school year, the commissioner may approve the funding of the full-day program calculated in accordance with the provisions of subsection a. of this section based upon projected preschool enrollment. The district shall be informed of the commissioner's determination upon approval of the five-year plan. Beginning in the 2009-2010 school year, the school district shall receive preschool education aid calculated in accordance with the provisions of subsection a. of this section based upon projected preschool enrollment.

In the 2009-2010 school year the school district may also receive start-up funds in accordance with regulations adopted by the commissioner.

(4) In the case of a school district that received preschool expansion aid or education opportunity aid in the 2007-2008 school year, for the 2008-2009 school year the district shall receive preschool education aid in an amount equal to the preschool budget approved by the commissioner for the 2008-2009 school year. Preschool education aid for the 2008-2009 school year shall be adjusted following receipt of the Application for State School Aid in October 2008. Beginning in the 2009-2010 school year, the school district shall receive preschool education aid calculated in accordance with the provisions of subsection a. of this section based upon projected preschool enrollment; except that for any school year the district shall not receive preschool aid in an amount less than either the total amount of preschool aid the district received in the 2008-2009 school year after the State aid adjustment or the district's 2008-2009 school year preschool per pupil aid amount multiplied by the projected number of preschool pupils after the State aid adjustment, whichever is greater.

In the 2009-2010 school year the school district may also receive start-up funds in accordance with regulations adopted by the commissioner.

d. For the 2008-2009 school year, the preschool per pupil aid amounts shall be \$11,506 for pupils enrolled in an in-district program, \$12,934 for pupils enrolled in a licensed child care provider program, and \$7,146 for pupils enrolled in a Head Start Program. The preschool per pupil aid amounts shall be adjusted by the CPI in the 2009-2010 and 2010-2011 school years as required pursuant to subsection b. of section 4 of this act. For subsequent school years, the preschool per pupil aid amounts shall be established in the Educational Adequacy Report, with the amounts adjusted by the CPI for each of the two school years following the first school year to which the report is applicable.

e. A district shall appropriate preschool education aid in a special revenue fund for expenditure. In the event that any preschool education aid is not expended during the budget year, the aid may be carried forward in accordance with regulations adopted by the commissioner.

f. In the event that a district has fully implemented a full-day preschool program for three- and four-year old pupils in accordance with its five-year plan and meets the preschool quality standards or has provided preschool education to the number of eligible students to be served during a school year in accordance with that plan and its annual updates and the

preschool quality standards, the district may appropriate preschool education aid to support kindergarten through grade 12 or to provide preschool education for three- and four-year old pupils for whom the district is not required to provide preschool education upon the approval of the commissioner. The district shall request approval in its annual plan update and any approval granted by the commissioner shall be made during the annual school budget process.

g. A school district shall maintain the preschool quality standards as adopted by the commissioner as a condition of receipt of preschool education aid.

C.18A:7F-55 Calculation of special education categorical aid.

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

$$SE = (RE \times SEACR \times AEC \times 1/3) \times GCA$$

where

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

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

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

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

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

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

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

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

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

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

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

where

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

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

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

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

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

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

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

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

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

C.18A:7F-56 Calculation of security categorical aid.

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

$$SA = ((RE \times \$70) + (AREN \times ARSA)) \times GCA$$

where

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

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

ARSA means the at-risk security amount; and

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

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

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

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

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

C.18A:7F-57 Calculation of State aid for transportation.

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

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

where

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

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

P1 is the total number of regular education public pupils and regular nonpublic pupils eligible for transportation pursuant to N.J.S.18A:39-1, excluding preschool pupils except pupils that qualify for free full-day preschool pursuant to section 12 of this act, and of special education pupils eligible for transportation pursuant to N.J.S.18A:46-23 with no special transportation requirements, who are resident in the district as of the last school day prior to October 16 of the prebudget year;

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

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

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

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

IF is the incentive factor, which modifies base aid paid for pupils transported on regular vehicles according to each district's percentile rank in regular vehicle capacity utilization. Students within the district who receive courtesy busing services shall be included in the calculation of the district's regular vehicle capacity utilization if the courtesy busing services are provided to a student who would otherwise be required to walk to and from school along a route designated as a hazardous route by the school district pursuant to section 2 of P.L.1999, c.310 (C.18A:39-1.5). For the 2008-2009 school year, IF = 1. The Governor shall submit to the Legislature at least 60 days prior to the FY 2011 budget address proposed transportation incentive factors applicable to the 2010-2011 school year and thereafter along with supporting data. The incentive factors shall be deemed approved by the Legislature unless a concurrent resolution is passed within 60 days of the date of submission.

b. For the 2008-2009 school year, the cost coefficients in subsection a. of this section shall have the following values:

CP1 = \$383.88;

CD1 = \$10.50;

CP2 = \$2,675.77; and

CD2 = \$5.10.

The cost coefficients shall be adjusted by the CPI in the 2009-2010 and 2010-2011 school years as required pursuant to subsection b. of section 4 of this act. For subsequent school years, the cost coefficients shall be established in the Educational Adequacy Report with the amounts adjusted by the CPI for each of the two school years following the first school year to which the report is applicable.

c. For the 2008-2009 school year each district and county vocational district shall receive State transportation aid in an amount equal to the school district's or county vocational school district's State aid entitlement calculated pursuant to subsections a. and b. of this section multiplied by 81.4876%.

d. Each executive county superintendent of schools shall complete a study of pupil transportation services in the county no later than 18 months after the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.). The purpose of the study shall be to determine ways to provide pupil transportation services in a more cost-effective and efficient manner. The study shall be transmitted upon completion to the Commissioner of Education and to the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1).

C.18A:7F-58 Adjustment aid; educational adequacy aid.

16. a. (1) For the 2008-2009 school year, each school district and county vocational school district shall receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated for the district pursuant to the provisions of this act or the State aid received by the district for the 2007-2008 school year multiplied by 102%. The State aid received by the district for the 2007-2008 school year shall include the following aid categories: Core Curriculum Standards Aid, Supplemental Core Curriculum Standards Aid, Education Opportunity Aid, Above Average Enrollment Growth Aid, High Expectations for Learning Proficiency Aid, Instructional Supplement Aid, Demonstrably Effective Program Aid, Stabilization Aid, Supplemental Stabilization Aid, Adult and Postsecondary Education Grants, Bilingual Education Aid, Special Education Aid, County Vocational Program Aid, Transportation Aid, School Choice Aid, Consolidated Aid, Additional Formula Aid, Full-day Kindergarten Supplemental Aid, Targeted-At-Risk Aid, Abbott-Bordered District Aid, Nonpreschool ECPA, Extraordinary Special Education Aid paid in 2006-2007, and Aid for Enrollment Adjustments, taking into consideration the June 2008 payment made in July 2008.

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

(3) For the 2011-2012 school year and for each school year thereafter, a school district or county vocational school district that does not have a decline in its weighted enrollment, adjusted for bilingual education pupils and at-risk pupils, between the 2008-2009 school year and the budget year that is greater than 5% shall receive adjustment aid in such amount as to ensure that the district receives the greater of the amount of State aid calculated pursuant to the provisions of

this act or the State aid, other than educational adequacy aid, received by the district for the 2008-2009 school year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

$$EA \text{ aid} = (AB - (GFL + PEQAID) - ls)$$

where

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

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

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

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

For the 2011-2012 school year and for each school year thereafter, the district shall receive the amount of educational adequacy aid that the district received in the 2010-2011 school year.

C.18A:7F-59 Study of tax levy growth limitation.

17. The Commissioner of Education shall complete by the end of the 2010-2011 school year a study of the tax levy growth limitation enacted pursuant to sections 2 through 5 of P.L.2007, c.62 (C.18A:7F-37-18A:7F-40), for the purpose of analyzing any effects that the tax levy growth limitation has had on disparities in spending among the districts. The study shall include a recommendation by the commissioner on whether the tax levy growth limitation should be continued after the 2011-2012 school year, or whether the spending growth limitation under the provisions of section 5 of P.L.1996, c.138 (C.18A:7F-5) would be more effective in addressing any identified disparities in school district spending, or whether a revised growth limitation method might be warranted.

C.18A:7F-60 Conditions for disbursement of funds.

18. The Commissioner of Education shall not authorize the disbursement of funds to any district until the commissioner is satisfied that all educational expenditures in the district will be spent effectively and efficiently in order to enable students to achieve the core curriculum content standards. The commissioner shall be authorized to take any affirmative action as is necessary to ensure the effective and efficient expenditure of funds by school districts and county vocational school districts.

C.18A:7F-61 Percentage of district's district aid for 2008-09.

19. Notwithstanding any law or regulation to the contrary, 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.

C.18A:7F-62 Calculation of aid for choice student in choice district, resident enrollment.

20. For the purpose of calculating all forms of State aid pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) for a choice student in a choice district, the student shall be counted in the resident enrollment of the receiving district. The receiving district shall receive school choice aid for each choice student equal to the adequacy budget local levy per pupil amount.

For purposes of this section, "adequacy budget local levy per pupil amount" means the adequacy budget calculated pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51) minus equalization aid calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53) divided by the resident enrollment.

C.18A:7F-63 Inclusion of facilities projects in SDA district budget.

21. a. Notwithstanding any provision of P.L.2000, c.72 (C.18A:7G-1 et al.) or P.L.2007, c.137 (C.52:18A-235 et al.) to the contrary, an SDA district as defined in section 3 of

P.L.2000, c.72 (C.18A:7G-3) may include in its annual capital outlay budget and construct one or more school facilities projects if the cost of each project does not exceed \$500,000 and the commissioner approves the inclusion of the project upon a demonstration by the district that its budget includes sufficient funds to finance the project. A district may also withdraw funds from a capital reserve account for such purpose with the approval of the commissioner.

b. A school facilities project, the cost of which does not exceed \$500,000 and that is not financed and constructed pursuant to subsection a. of this section, shall continue to be financed and constructed in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.).

22. Section 10 of P.L.1975, c.212 (C.18A:7A-10) is amended to read as follows:

C.18A:7A-10 New Jersey Quality Single Accountability Continuum for evaluating school performance.

10. For the purpose of evaluating the thoroughness and efficiency of all the public schools of the State, the commissioner, with the approval of the State board and after review by the Joint Committee on the Public Schools, shall develop and administer the New Jersey Quality Single Accountability Continuum for evaluating the performance of each school district. The goal of the New Jersey Quality Single Accountability Continuum shall be to ensure that all districts are operating at a high level of performance. The system shall be based on an assessment of the degree to which the thoroughness and efficiency standards established pursuant to section 4 of P.L.2007, c.260 (C.18A:7F-46) are being achieved and an evaluation of school district capacity in the following five key components of school district effectiveness: instruction and program; personnel; fiscal management; operations; and governance. A school district's capacity and effectiveness shall be determined using quality performance indicators comprised of standards for each of the five key components of school district effectiveness. The quality performance indicators shall take into consideration a school district's performance over time, to the extent feasible. Based on a district's compliance with the indicators, the commissioner shall assess district capacity and effectiveness and place the district on a performance continuum that will determine the type and level of oversight and technical assistance and support the district receives.

23. Section 24 of P.L.2007, c.16 (C.18A:7A-14a) is amended to read as follows:

C.18A:7A-14a Findings, declarations relative to school district evaluation and monitoring.

24. The Legislature finds and declares that:

a. It is the constitutional obligation of the Legislature to provide all children in New Jersey with a thorough and efficient system of free public schools;

b. The breadth and scope of such a system are defined by the Legislature through the commissioner and the State board pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) so as to insure quality educational programs for all children;

c. It is imperative that the program in every school district in this State includes all of the major elements identified as essential for that system consistent with standards adopted pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10);

d. It is the responsibility of the State to insure that any school district which is shown to be deficient in one or more of these major elements takes corrective actions without delay in order to remedy those deficiencies;

e. This responsibility can be fulfilled, in addition to the mechanism for ensuring compliance established pursuant to section 6 of P.L.1996, c.138 (C.18A:7F-6), through an effective and efficient system of evaluation and monitoring which will insure quality and comprehensive instructional programming in every school district and provide for immediate and direct corrective action to insure that identified deficiencies do not persist, and which does so within the context of the maximum of local governance and management and the minimum of paperwork and unnecessary procedural requirements.

24. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to read as follows:

C.18A:7A-55 Appointment of State monitor in certain school districts; duties.

2. a. In addition to the powers provided pursuant to P.L.2005, c.235, P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law, the Commissioner of Education shall have the authority to appoint a State monitor and additional staff, as necessary, to provide direct oversight of a board of education's business operations and personnel matters if: the school district receives an adverse or a disclaimer of opinion by its independent auditor in the annual audit required pursuant to N.J.S.18A:23-1; or any two or more of the following circumstances apply to the school district:

(1) the school district ends the fiscal year with a deficit balance as calculated for budgetary purposes in the general fund, special revenue fund, or capital projects fund, with the exception of a capital projects fund deficit caused by the issuance of bond anticipation notes;

(2) the school district receives a qualified opinion by its independent auditor in the annual audit required pursuant to N.J.S.18A:23-1;

(3) the school district receives an adverse, disclaimer, or qualified opinion by its independent auditor under the single audit section for State or federal awards in the annual audit required pursuant to N.J.S.18A:23-1;

(4) the school district receives any audit findings by its independent auditor identified as material weaknesses in internal controls;

(5) the school district fails to develop and implement a plan acceptable to the commissioner or his designee to address a potential or actual deficit balance in the general fund, special revenue fund, or capital projects fund, with the exception of a capital projects fund deficit caused by the issuance of bond anticipation notes;

(6) the school district fails to implement a plan from the prior year which causes any findings from the independent auditor to be repeated;

(7) the school district is required to return federal funds once it is determined that the school district's expenditures are not in compliance with the grant requirements; or

(8) the school district submits the annual audit after the submission date required pursuant to N.J.S.18A:23-1.

b. The State monitor shall:

(1) oversee the fiscal management and expenditures of school district funds, including, but not limited to, budget reallocations and reductions, approvals of purchase orders, budget transfers, and payment of bills and claims;

(2) oversee the operation and fiscal management of school district facilities, including the development and implementation of recommendations for redistricting and restructuring of schools;

(3) ensure development and implementation of an acceptable plan to address the circumstances set forth in subsection a. of this section which resulted in the appointment of

the State monitor. The plan shall include measurable benchmarks and specific activities to address the deficiencies of the school district;

(4) oversee all district staffing, including the ability to hire, promote, and terminate employees;

(5) have authority to override a chief school administrator's action and a vote by the board of education on any of the matters set forth in this subsection, except that all actions of the State monitor shall be subject to the education, labor, and employment laws and regulations, including the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective bargaining agreements entered into by the school district;

(6) attend all meetings of the board of education, including closed sessions; and

(7) meet with the board of education on at least a quarterly basis to discuss with the members of the board the past actions of the board which led to the appointment of the State monitor and to provide board members with education and training that address the deficiencies identified in board actions.

c. The Commissioner of Education shall notify the State Board of Education following the appointment of a State monitor pursuant to subsection a. of this section. The State monitor shall report directly to the commissioner or his designee on a weekly basis. The State monitor shall also report monthly to the board of education and members of the public at the regularly scheduled board of education meeting.

d. For purposes of the "New Jersey Tort Claims Act," N.J.S.59:1-1 et seq., the State monitor shall be considered a State officer, but for all other purposes the State monitor shall be considered an employee of the district.

e. The State monitor shall provide oversight in the school district until the commissioner determines that all remedial actions required under the plan have been implemented and the necessary local capacity and fiscal controls have been restored to school district operations.

f. The salary of the State monitor shall be fixed by the commissioner and adjusted from time to time as the commissioner deems appropriate. The school district shall assume the total cost of the State monitor and necessary additional staff appointed pursuant to subsection a. of this section. The State monitor shall have the authority to appoint legal counsel if legal action is taken against him while acting in his official duties as a State monitor or as needed upon approval of the commissioner.

25. Section 14 of P.L.2007, c.53 (C.18A:7A-60) is amended to read as follows:

C.18A:7A-60 Additional powers of Commissioner of Education relative to performance of compliance audit report.

14. a. In addition to the powers provided pursuant to P.L.2005, c.235, P.L.1996, c.138 (C.18A:7F-1 et al.), and P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law, the Commissioner of Education may appoint an external entity, in accordance with State procurement laws, to perform a compliance audit of the spending of the district's general fund budget upon identification that the district may be spending State education funds for purposes that are not in compliance with State education law and regulation. The scope of the compliance audit shall be determined by the commissioner based upon the specific circumstances of the district.

b. The final report of a compliance audit conducted pursuant to subsection a. of this section shall include specific findings and recommendations, as applicable, and shall be submitted to the commissioner. The commissioner may use the audit report as evidence for

the appointment of a State monitor pursuant to the provisions of subsection a. of section 2 of P.L.2006, c.15 (C.18A:7A-55).

c. The school district shall reimburse the Department of Education for the total cost of the compliance audit conducted pursuant to subsection a. of this section if the final audit report includes findings that the district has spent State education funds for purposes that are not in compliance with State education law and regulation.

26. Section 9 of P.L.1979, c.207 (C.18A:7B-5) is amended to read as follows:

C.18A:7B-5 Rules, regulations to ensure thorough and efficient education for children in State facilities.

9. The Commissioner of Education, with the approval of the State Board of Education, shall promulgate rules and regulations to ensure a thorough and efficient education, consistent with the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.), for the children in State facilities. In the case of county juvenile detention centers, the Office of Education in the Juvenile Justice Commission shall develop, in consultation with the commissioner, appropriate standards, to be effective for Fiscal Year 1999, for the provision of a thorough and efficient education by the county for facilities established under chapter 10 and chapter 11 of Title 9 of the Revised Statutes.

The commissioner shall continually review the operation of educational programs in State facilities. If he finds that the operation of any of these programs does not meet the educational standard required by the regulations, he shall direct that a remedial plan be prepared by the education director of the facility in which the program is located, together with the director of educational services of the department which is operating or contracting with the facility. The plan shall be submitted to the Commissioner of Education for his approval. If he approves the plan, it shall be implemented in a timely and effective manner. If he finds the plan or its implementation to be insufficient, he may, until the insufficiency is corrected, withhold and place in a special account any State aid funds which otherwise would have been forwarded pursuant to section 6 of P.L.1979, c.207.

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

C.18A:7B-12 Determination of district of residence.

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

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

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

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

c. The district of residence for children whose parent or guardian temporarily moves from one school district to another as the result of being homeless shall be the district in

which the parent or guardian last resided prior to becoming homeless. For the purpose of this amendatory and supplementary act, "homeless" shall mean an individual who temporarily lacks a fixed, regular and adequate residence.

d. If the district of residence cannot be determined according to the criteria contained herein, or if the criteria contained herein identify a district of residence outside of the State, the State shall assume fiscal responsibility for the tuition of the child. The tuition shall equal the approved per pupil cost established pursuant to P.L.1996, c.138 (C.18A:7F-1 al.). This amount shall be appropriated in the same manner as other State aid under this act. The Department of Education shall pay the amount to the Department of Human Services, the Department of Children and Families, the Department of Corrections or the Juvenile Justice Commission established pursuant to section 2 of P.L.1995, c.284 (C.52:17B-170) or, in the case of a homeless child, the Department of Education shall pay to the school district in which the child is enrolled the weighted base per pupil amount calculated pursuant to section 7 of P.L.2007, c.260 (C.18A:7F-49) and the appropriate security categorical aid per pupil and special education categorical aid per pupil.

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

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

C.18A:7F-5 Notification of districts of aid payable; budget submissions.

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

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

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

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

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

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

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

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

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

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

c. Annually, on or before March 4, each district board of education shall adopt, and submit to the commissioner for approval, together with such supporting documentation as the commissioner may prescribe, a budget that provides for a thorough and efficient education. Notwithstanding the provisions of this subsection to the contrary, the commissioner may adjust the date for the submission of district budgets if the commissioner determines that the availability of preliminary aid numbers for the subsequent school year warrants such adjustment.

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

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

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

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

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

(1) the district's prior year per pupil administrative costs; except that the district may submit a request to the commissioner for approval to exceed the district's prior year per pupil administrative costs due to increases in enrollment, administrative positions necessary as a result of mandated programs, administrative vacancies, nondiscretionary fixed costs, and such other items as defined in accordance with regulations adopted pursuant to section 7 of P.L.2004, c.73. In the event that the commissioner approves a district's request to exceed its prior year per pupil administrative costs, the increase authorized by the commissioner shall not exceed the cost of living or 2.5 percent, whichever is greater; or

(2) the prior year per pupil administrative cost limits for the district's region inflated by the cost of living or 2.5 percent, whichever is greater.

d. (1) A district shall submit, as appropriate, to the board of school estimate or to the voters of the district at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et al.), a general fund tax levy which when added to the other components of its net budget does not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of the cost of living or 2.5 percent, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil transportation services provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection with the opening of a new school facility during the budget year, and special education costs per pupil in excess of \$40,000. The adjustment for special education costs shall equal any increase in the sum of per pupil amounts in excess of \$40,000 for the budget year less the sum of per pupil amounts in excess of \$40,000 for the prebudget year indexed by the cost of living or 2.5 percent, whichever is greater. The adjustment for enrollments shall equal the increase in weighted resident enrollments between the prebudget year and budget year multiplied by the per pupil general fund tax levy amount for the prebudget year indexed by the cost of living or 2.5 percent, whichever is greater. The adjustment for capital outlay shall equal any increase between the capital outlay portion of the general fund budget for the budget year less any withdrawals from the capital reserve account and the capital outlay portion of the general fund budget for the prebudget year indexed by the cost of living or 2.5 percent, whichever is greater. Any district with a capital outlay adjustment to its spending growth limitation shall be restricted from transferring any funds from capital outlay

accounts to current expense accounts. The adjustment for capital outlay shall not become part of the prebudget year net budget for purposes of calculating the spending growth limitation of the subsequent year. The adjustment for pupil transportation costs provided pursuant to N.J.S.18A:39-1.1 shall equal any increase between the cost of providing such pupil transportation services for the budget year and the cost of providing such pupil transportation services for the prebudget year indexed by the cost of living or 2.5 percent, whichever is greater. The adjustment for the opening of a new school facility shall include costs associated with the new facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner.

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

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

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

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

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

(7) (Deleted by amendment, P.L.2004, c.73)

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

(9) Any district may submit at the annual school budget election a separate proposal or proposals for additional funds, including interpretive statements, specifically identifying the program purposes for which the proposed funds shall be used, to the voters, who may, by voter approval, authorize the raising of an additional general fund tax levy for such purposes. In the case of a district with a board of school estimate, one proposal for the additional spending shall be submitted to the board of school estimate. Any proposal or proposals submitted to the voters or the board of school estimate shall not: include any programs and services that were included in the district's prebudget year net budget unless the proposal is approved by the commissioner upon submission by the district of sufficient reason for an exemption to this requirement; or include any new programs and services necessary for students to achieve the thoroughness standards established pursuant to subsection a. of section 4 of P.L.2007, c.260 (C.18A:7F-46).

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

Except as otherwise provided pursuant to paragraph (3) of subsection c. of section 4 of P.L.2007, c.62 (C.18A:7F-39), any proposal or proposals rejected by the voters shall be submitted to the municipal governing body or bodies for a determination as to the amount, if any, that should be expended notwithstanding voter rejection. The decision of the municipal governing body or bodies or board of school estimate, as appropriate, shall be final and no appeals shall be made to the commissioner.

(10) Notwithstanding any provision of law to the contrary, if a district proposes a budget with a general fund tax levy and equalization aid which exceed the adequacy budget, the following statement shall be published in the legal notice of public hearing on the budget

pursuant to N.J.S.18A:22-28, posted at the public hearing held on the budget pursuant to N.J.S.18A:22-29, and printed on the sample ballot required pursuant to section 10 of P.L.1995, c.278 (C.19:60-10):

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

(11) Any reduction that may be required to be made to programs and services included in a district's prebudget year net budget in order for the district to limit the growth in its budget between the prebudget and budget years by its spending growth limitation as calculated pursuant to this subsection, shall only include reductions to excessive administration or programs and services that are inefficient or ineffective.

e. (1) Any general fund tax levy rejected by the voters for a proposed budget that includes a general fund tax levy and equalization aid in excess of the adequacy budget shall be submitted to the governing body of each of the municipalities included within the district for determination of the amount that should be expended notwithstanding voter rejection. In the case of a district having a board of school estimate, the general fund tax levy shall be submitted to the board for determination of the amount that should be expended. If the governing body or bodies or board of school estimate, as appropriate, reduce the district's proposed budget, the district may appeal any of the reductions to the commissioner on the grounds that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the commissioner shall consider enrollment increases or decreases within the district; the history of voter approval or rejection of district budgets; the impact on the local levy; and whether the reductions will impact on the ability of the district to fulfill its contractual obligations. A district may not appeal any reductions on the grounds that the amount is necessary for a thorough and efficient education.

(2) Any general fund tax levy rejected by the voters for a proposed budget that includes a general fund tax levy and equalization aid at or below the adequacy budget shall be submitted to the governing body of each of the municipalities included within the district for determination of the amount that should be expended notwithstanding voter rejection. In the case of a district having a board of school estimate, the general fund tax levy shall be submitted to the board for determination. Any reductions may be appealed to the commissioner on the grounds that the amount is necessary for a thorough and efficient education or that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the commissioner shall also consider the factors outlined in paragraph (1) of this subsection.

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

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

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

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

29. Section 36 of P.L.2000, c.126 (C.18A:7F-5a) is amended to read as follows:

C.18A:7F-5a Inclusion of certain amounts in future school district budget.

36. a. Notwithstanding any provision of P.L.1996, c.138 (C.18A:7F-1 et al.) or P.L.2007, c.260 (C.18A:7F-43 et al.) to the contrary and except as otherwise provided pursuant to subsection b. of this section, any school district which increases its net budget between the prebudget and budget years in an amount less than that authorized pursuant to subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), shall be permitted to include the amount of the difference between its actual net budget and its permitted net budget in either of the next two succeeding budget years; except that beginning with any difference in the 2004-2005 budget year and any difference in a subsequent budget year, only 50% of the difference may be included in either of the next two succeeding budget years.

b. For the 2005-2006 school year and thereafter, the executive county superintendent of schools may disapprove a school district's proposed budget which includes the amount of any difference authorized pursuant to subsection a. of this section if the executive county superintendent determines that the district has not implemented all potential efficiencies in the administrative operations of the district, which efficiencies would eliminate the need for the inclusion of the differential amount. The executive county superintendent shall work with each school district in the county during the 2004-2005 school year and each subsequent school year to identify administrative inefficiencies in the operations of the district that might cause the executive county superintendent to reject the district's proposed budget.

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

C.18A:7F-6 Approval of budget by commissioner.

6. a. The commissioner shall not approve any budget submitted pursuant to subsection c. of section 5 of this act unless he is satisfied that the district has adequately implemented within the budget the thoroughness and efficiency standards set forth pursuant to section 4 of P.L.2007, c.260 (C.18A:7F-46). In those instances in which a district submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget, the commissioner may, when he deems it necessary to ensure implementation of standards, direct additional expenditures, in specific accounts and for specific purposes, up to the district's adequacy budget. A district which submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget and which fails to meet core curriculum content standards in any school year shall be required to increase expenditures so as to meet at least the adequacy budget within the next two budget years. In all cases, including those instances in which a district submits a budget with a general fund tax levy and equalization aid above its adequacy budget, the commissioner may direct such budgetary reallocations and programmatic adjustments, or take such other measures, as he deems necessary to ensure implementation of the required thoroughness and efficiency standards.

b. In addition, whenever the commissioner determines, through the results of Statewide assessments conducted pursuant to law and regulation, or during the course of an evaluation of school performance conducted pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10), that a district, or one or more schools within the district, is failing to achieve the core

curriculum content standards, the commissioner may summarily take such action as he deems necessary and appropriate, including but not limited to:

- (1) directing the restructuring of curriculum or programs;
- (2) directing staff retraining or reassignment;
- (3) conducting a comprehensive budget evaluation;
- (4) redirecting expenditures;
- (5) enforcing spending at the full adequacy budget; and
- (6) notwithstanding any provisions of the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), to the contrary, reviewing the terms of future collective bargaining agreements.

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

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

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

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

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

e. (Deleted by amendment, P.L.2007, 260).

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

C.18A:7F-8 Payments to school district by State Treasurer, dates.

8. The amounts payable to each school district and county vocational school district pursuant to this act shall be paid by the State Treasurer upon the certification of the commissioner and warrant of the Director of the Division of Budget and Accounting. Five percent of the appropriation for equalization aid, special education categorical aid, preschool education aid, security aid, transportation aid, adjustment aid, and any other aid pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) shall be paid on the eighth and twenty-second of each month from September through June. If a local board of education requires funds prior to the first payment, the board shall file a written request with the commissioner stating the need for the funds. The commissioner shall review each request and forward for payment those for which need has been demonstrated.

Facilities funds shall be paid as required to meet due dates for payment of principal and interest. Each school district, county vocational school district, and county special services school district shall file an annual report regarding facilities payments to the commissioner. The report shall include the amount of interest bearing school debt, if any, of the

municipality or district then remaining unpaid, together with the rate of interest payable thereon, the date or dates on which the bonds or other evidences of indebtedness were issued, and the date or dates upon which they fall due. In the case of a Type I school district, the board secretary shall secure the schedule of outstanding obligations from the clerk of the municipality.

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

C.18A:7F-9 Receipt of State aid by school district; conditions.

9. In order to receive any State aid pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.), a school district, county vocational school district, or county special services school district shall comply with the rules and standards for the equalization of opportunity which have been or may hereafter be prescribed by law or formulated by the commissioner pursuant to law, including those implementing P.L.1996, c.138 (C.18A:7F-1 et al.) and P.L.2007, c.260 (C.18A:7F-43 et al.) or related to the core curriculum content standards required by P.L.2007, c.260 (C.18A:7F-43 et al.), and shall further comply with any directive issued by the commissioner pursuant to section 6 of P.L.1996, c.138 (C.18A:7F-6). The commissioner is hereby authorized to withhold all or part of a district's State aid for failure to comply with any rule, standard or directive. No State aid shall be paid to any district which has not provided public school facilities for at least 180 days during the preceding school year, but the commissioner, for good cause shown, may remit the penalty.

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

C.18A:7F-32 Adjustment of State aid calculations in regional districts.

32. a. When State aid is calculated for any year and a part of any district becomes a new school district or a part of another school district, or comes partly under the authority of a regional board of education, the commissioner shall adjust the State aid calculations among the districts affected, or between the district and the regional board, as the case may be, on an equitable basis in accordance with the intent of this act.

Whenever an all-purpose regional school district is approved by the voters during any calendar year, the regional district shall become effective on the succeeding July 1 for the purpose of calculating State aid, and the commissioner shall request supplemental appropriations for such additional State aid as may be required. After a regional school district becomes entitled to State aid, it shall continue to be entitled to aid as calculated for a regional district notwithstanding the subsequent consolidation of the constituent municipalities of the regional school district.

b. For a period of five years following regionalization, each regional school district formed after the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.) shall be eligible to receive supplemental State aid equal to the difference between the regional district's equalization aid calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53) for the budget year and the sum of equalization aid received by each constituent district of that regional school district in the year prior to regionalization, multiplied by the transition weight. For the purpose of this section, the transition weight shall equal 1.0 for the first year following regionalization, .80 for the second year following regionalization, .60 for the third year following regionalization, .40 for the fourth year following regionalization, and .20 for the fifth year following regionalization.

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

C.18A:7F-33 Annual filing of district report with commissioner.

33. Annually, on or before October 20, the secretary of the board of education, with approval of the superintendent of schools, or if there is no superintendent of schools, with the approval of the executive county superintendent of schools, shall file with the commissioner a report prescribed by the commissioner containing all data necessary to effectuate the aid provisions of P.L.2007, c.260 (C.18A:7F-43 et al.), which shall include but not be limited to, the number of pupils enrolled by grade, the number of these pupils classified as eligible for special education services and speech-only services, the number of pupils in approved programs for bilingual education, the number of at-risk pupils, the number of combination pupils, and the number of pupils in State facilities, county vocational schools, State college demonstration schools, evening schools, other public or private schools to which the district is paying tuition, or who are receiving home instruction on the last school day prior to October 16. In addition, districts shall file annual reports providing such information as the commissioner may require for pupils receiving special education services.

35. Section 84 of P.L.1996, c.138 (C.18A:7F-34) is amended to read as follows:

C.18A:7F-34 Rules, regulations.

84. The Commissioner of Education shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate the provisions of this act.

36. Section 2 of P.L.2007, c.62 (C.18A:7F-37) is amended to read as follows:

C.18A:7F-37 Definitions relative to property tax levy cap concerning school districts.

2. For the purposes of sections 2 through 7 of P.L.2007, c.62 (C.18A:7F-37 through C.18A:7F-42):

"Adjusted tax levy" means the amount raised by property taxation for the purposes of the school district, excluding any debt service payment.

"Commissioner" means the Commissioner of Education.

"New Jersey Quality Single Accountability Continuum" or "NJQSAC" means the monitoring and evaluation process of school districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).

"Prebudget year adjusted tax levy" means the amount raised by property taxation in the prebudget year for the purposes of the school district, excluding any debt service payment, less any amounts raised after approval of a waiver by the commissioner or separate question by the voters or board of school estimate in the prebudget year unless such approval explicitly allows the approved increases to be permanent.

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

"Unrestricted State aid" means, for the 2007-2008 school year, State aid that is included in a school district's State aid notice and allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any other law for appropriation in a school district's general fund plus early childhood program aid allocated pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably effective program aid and instructional supplement aid allocated pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law; and for the 2008-

2009 through 2011-2012 school years, State aid that is included in a school district's State aid notice and allocated pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law for appropriation in a school district's general fund plus preschool education aid allocated pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54) or any other law.

"Weighted resident enrollment" means weighted resident enrollment as calculated pursuant to section 8 of P.L.2007, c.260 (C.18A:7F-50) and as projected by the commissioner.

37. Section 3 of P.L.2007, c.62 (C.18A:7F-38) is amended to read as follows:

C.18A:7F-38 School district budget increase subject to tax levy growth limitation.

3. a. (1) Notwithstanding the provisions of any other law to the contrary, a school district shall not adopt a budget pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6) with an increase in its adjusted tax levy that exceeds the tax levy growth limitation calculated as follows: the sum of the prebudget year adjusted tax levy and the adjustment for increases in enrollment multiplied by four percent, and adjustments for a reduction in total unrestricted State aid from the prebudget year, an increase in health care costs, and beginning in the 2008-2009 school year, amounts approved by a waiver granted by the commissioner pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).

(2) Notwithstanding any provision of paragraph (1) of this subsection to the contrary, beginning in the 2008-2009 school year the tax levy growth limitation for a district which is spending above adequacy as determined pursuant to subsection d. of section 5 of P.L.2007, c.260 (C.18A:7F-47) and has a prebudget year general fund tax levy greater than its local share as calculated pursuant to section 10 of that act and which receives an increase in State aid between the prebudget and budget years that is greater than 2% or the CPI, whichever is greater, shall be reduced by the amount of the State aid increase that exceeds 2% or the CPI, whichever is greater. For the purposes of this paragraph, the CPI shall not exceed 4%. The reduction shall be made following the calculation of any adjustments for increases in enrollment, a reduction in total unrestricted State aid, and an increase in health care costs calculated pursuant to subsections b., c., and d. of this section and prior to the request or approval of waivers pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39). In the event that the reduction would bring the district's spending below adequacy, notwithstanding the requirements of this paragraph to the contrary the amount of the reduction made to the district's tax levy growth limitation shall not be greater than the amount that brings the district's spending to adequacy.

b. (1) The allowable adjustment for increases in enrollment authorized pursuant to subsection a. of this section shall equal the per pupil prebudget year adjusted tax levy multiplied by EP, where EP equals the sum of:

(a) 0.50 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 1%, but not more than 2.5%;

(b) 0.75 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 2.5%, but not more than 4%; and

(c) 1.00 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 4%.

(2) A school district may request approval from the commissioner to calculate EP equal to 1.00 for any increase in weighted resident enrollment if it can demonstrate that the calculation pursuant to paragraph (1) of this subsection would result in an average class size

that exceeds 10% above the facilities efficiency standards established pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.).

c. The allowable adjustment for a reduction in total unrestricted State aid authorized pursuant to subsection a. of this section shall equal any reduction in total unrestricted State aid from the prebudget to the budget year.

d. The allowable adjustment for increases in health care costs authorized pursuant to subsection a. of this section shall equal that portion of the actual increase in total health care costs for the budget year, less any withdrawals from the current expense emergency reserve account for increases in total health care costs, that exceeds four percent of the total health care costs in the prebudget year, but that is not in excess of the product of the total health care costs in the prebudget year multiplied by the average percentage increase of the State Health Benefits Program, P.L.1961, c.49 (C.52:14-17.25 et seq.), as annually determined by the Division of Pensions and Benefits in the Department of the Treasury.

e. In addition to the adjustments authorized pursuant to subsection a. of this section, for the purpose of determining a school district's allowable tax levy growth limitation for the 2007-2008 school year, a school district may apply to the commissioner for an adjustment for increases in special education costs over \$40,000 per pupil, increases in tuition, capital outlay increases, and incremental increases in costs for opening a new school facility in the budget year.

(1) The allowable adjustment for increases in special education costs over \$40,000 per pupil shall equal any increase in the sum of per pupil amounts in excess of \$40,000 for the budget year less the sum of per pupil amounts in excess of \$40,000 for the prebudget year indexed by four percent.

(2) The allowable adjustment for increases in tuition shall equal any increase in the tuition for the budget year charged to a sending district by the receiving district pursuant to the provisions of N.J.S.18A:38-19 or charged by a county vocational school district pursuant to the provisions of section 71 of P.L.1990, c.52 (C.18A:54-20.1) less 104 percent of the tuition for the prebudget year charged to a sending district by the receiving district pursuant to the provisions of N.J.S.18A:38-19 or charged by a county vocational school district pursuant to the provisions of section 71 of P.L.1990, c.52 (C.18A:54-20.1).

(3) The allowable adjustment for increases in capital outlay shall equal any increase in capital outlay, less any withdrawals from the capital reserve account, over the prebudget year in excess of four percent.

f. The adjusted tax levy shall be increased or decreased accordingly whenever the responsibility and associated cost of a school district activity is transferred to another school district or governmental entity.

38. Section 2 of P.L.2000, c.72 (C.18A:7G-2) is amended to read as follows:

C.18A:7G-2 Findings, declarations relative to construction, financing of public school facilities.

2. The Legislature finds and declares that:

a. The Constitution of the State of New Jersey requires the Legislature to provide for the maintenance and support of a thorough and efficient system of free public schools and this legislative responsibility includes ensuring that students are educated in physical facilities that are safe, healthy, and conducive to learning.

b. Inadequacies in the quality, utility, and safety of educational facilities have arisen among local school districts of this State. In order to ensure that the Legislature's

constitutional responsibility for adequate educational facilities is met, there is a need to establish an efficiency standard for educational facilities at the elementary, middle, and secondary school levels which will assure that the core curriculum content standards are taught to all of the children of the State in a setting which facilitates and promotes that learning.

c. Educational infrastructure inadequacies are greatest in the SDA districts where maintenance has been deferred and new construction has not been initiated due to concerns about cost. To remedy the facilities inadequacies of the SDA districts, the State must promptly engage in a facilities needs assessment and fund the entire cost of repairing, renovating, and constructing the new school facilities determined by the Commissioner of Education to be required to meet the school facilities efficiency standards in the SDA districts. In other districts, the State must also identify need in view of anticipated growth in school population, and must contribute to the cost of the renovation and construction of new facilities to ensure the provision of a thorough and efficient education in those districts.

d. While providing that the educational infrastructure meets the requirements of a thorough and efficient education, the State must also protect the interests of taxpayers who will bear the burden of this obligation. Design of school facilities should incorporate maximum operating efficiencies and new technologies to advance the energy efficiency of school facilities and the efficiency of other school building systems, construction should be achieved in as efficient a manner as possible, and a mechanism to assure proper maintenance of new facilities should be established and implemented, in order to reduce the overall cost of the program and to preserve this infrastructure investment.

39. Section 3 of P.L.2000, c.72 (C.18A:7G-3) is amended to read as follows:

C.18A:7G-3 Definitions relative to construction, financing of public school facilities.

3. As used in sections 1 through 30 and 57 through 71 of P.L.2000, c.72 (C.18A:7G-1 et al.) and sections 14 through 17 of P.L.2007, c.137 (C.18A:7G-45 through C.18A:7G-48), unless the context clearly requires a different meaning:

"Area cost allowance" means \$138 per square foot for the school year 2000-2001 and shall be inflated by an appropriate cost index for the 2001-2002 school year. For the 2002-2003 school year and subsequent school years, the area cost allowance shall be established by the commissioner pursuant to subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4). The area cost allowance used in determining preliminary eligible costs of school facilities projects shall be that of the year of application for approval of the project;

"Capital maintenance project" means a school facilities project intended to extend the useful life of a school facility, including up-grades and replacements of building systems, such as structure, enclosure, mechanical, plumbing and electrical systems;

"Commissioner" means the Commissioner of Education;

"Core curriculum content standards" means the standards established pursuant to the provisions of subsection a. of section 4 of P.L.2007, c.260 (C.18A:7F-46);

"Cost index" means the average annual increase, expressed as a decimal, in actual construction cost factors for the New York City and Philadelphia areas during the second fiscal year preceding the budget year as determined pursuant to regulations promulgated by the development authority pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-26);

"Debt service" means and includes payments of principal and interest upon school bonds issued to finance the acquisition of school sites and the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration,

modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and the costs of issuance of such obligations and shall include payments of principal and interest upon school bonds heretofore issued to fund or refund such obligations, and upon municipal bonds and other obligations which the commissioner approves as having been issued for such purposes. Debt service pursuant to the provisions of P.L.1978, c.74 (C.18A:58-33.22 et seq.), P.L.1971, c.10 (C.18A:58-33.6 et seq.) and P.L.1968, c.177 (C.18A:58-33.2 et seq.) is excluded;

"Demonstration project" means a school facilities project selected by the State Treasurer for construction by a redevelopment entity pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6);

"Development authority" means the New Jersey Schools Development Authority established pursuant to section 3 of P.L.2007, c.137 (C.52:18A-237);

"District" means a local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes, a county special services school district established pursuant to article 8 of chapter 46 of Title 18A of the New Jersey Statutes, a county vocational school district established pursuant to article 3 of chapter 54 of Title 18A of the New Jersey Statutes, and a district under full State intervention pursuant to P.L.1987, c.399 (C.18A:7A-34 et al.);

"District aid percentage" means the number expressed as a percentage derived from dividing the district's equalization aid calculated pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53) as of the date of the commissioner's determination of preliminary eligible costs by the district's adequacy budget calculated pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51) as of the date of the commissioner's determination of preliminary eligible costs;

"Excess costs" means the additional costs, if any, which shall be borne by the district, of a school facilities project which result from design factors that are not required to meet the facilities efficiency standards and not approved pursuant to paragraph (1) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5) or are not authorized as community design features included in final eligible costs pursuant to subsection c. of section 6 of P.L.2000, c.72 (C.18A:7G-6);

"Facilities efficiency standards" means the standards developed by the commissioner pursuant to subsection h. of section 4 of P.L.2000, c.72 (C.18A:7G-4);

"Final eligible costs" means for school facilities projects to be constructed by the development authority, the final eligible costs of the school facilities project as determined by the commissioner, in consultation with the development authority, pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); for demonstration projects, the final eligible costs of the project as determined by the commissioner and reviewed by the development authority which may include the cost of community design features determined by the commissioner to be an integral part of the school facility and which do not exceed the facilities efficiency standards, and which were reviewed by the development authority and approved by the State Treasurer pursuant to section 6 of P.L.2000, c.72 (C.18A:7G-6); and for districts other than SDA districts, final eligible costs as determined pursuant to paragraph (1) of subsection h. of section 5 of P.L.2000, c.72 (C.18A:7G-5);

"Financing authority" means the New Jersey Economic Development Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et seq.);

"FTE" means a full-time equivalent student which shall be calculated as follows: each student in grades 1 through 12 shall be counted at 100% of the actual count of students, in the case of districts which operate a half-day kindergarten program each kindergarten student

shall be counted at 50% of the actual count of kindergarten students, in the case of districts which operate a full-day kindergarten program or which currently operate a half-day kindergarten program but propose to build facilities to house a full-day kindergarten program each kindergarten student shall be counted at 100% of the actual count of kindergarten students, and each preschool student who is enrolled in a full-day preschool program pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54) shall be counted at 100% of the actual count of preschool students. In addition, each preschool disabled child who is entitled to receive a full-time program pursuant to N.J.S.18A:46-6 shall be counted at 100% of the actual count of these students in the district;

"Functional capacity" means the number of students that can be housed in a building in order to have sufficient space for it to be educationally adequate for the delivery of programs and services necessary for student achievement of the core curriculum content standards. Functional capacity is determined by dividing the existing gross square footage of a school building by the minimum area allowance per FTE student pursuant to subsection b. of section 8 of P.L.2000, c.72 (C.18A:7G-8) for the grade level students contained therein. The difference between the projected enrollment determined pursuant to subsection a. of section 8 of P.L.2000, c.72 (C.18A:7G-8) and the functional capacity is the unhoused students that are the basis upon which the additional costs of space to provide educationally adequate facilities for the entire projected enrollment are determined. The existing gross square footage for the purposes of defining functional capacity is exclusive of existing spaces that are not contained in the facilities efficiency standards but which are used to deliver programs and services aligned to the core curriculum content standards, used to provide support services directly to students, or other existing spaces that the district can demonstrate would be structurally or fiscally impractical to convert to other uses contained in the facilities efficiency standards;

"Lease purchase payment" means and includes payment of principal and interest for lease purchase agreements in excess of five years approved pursuant to subsection (f) of N.J.S.18A:20-4.2 prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) to finance the purchase or construction of school facilities, additions to school facilities, or the reconstruction, remodeling, alteration, modernization, renovation or repair of school facilities, including furnishings, equipment, architect fees and issuance costs. Approved lease purchase agreements in excess of five years shall be accorded the same accounting treatment as school bonds;

"Local share" means, in the case of a school facilities project to be constructed by the development authority, the total costs less the State share as determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration project, the total costs less the State share as determined pursuant to sections 5 and 6 of P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school facilities project which shall be financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the total costs less the State share as determined pursuant to that section;

"Local unit" means a county, municipality, board of education or any other political subdivision or instrumentality authorized to construct, operate and maintain a school facilities project and to borrow money for those purposes pursuant to law;

"Local unit obligations" means bonds, notes, refunding bonds, refunding notes, lease obligations and all other obligations of a local unit which are issued or entered into for the purpose of paying for all or a portion of the costs of a school facilities project, including moneys payable to the development authority;

"Long-range facilities plan" means the plan required to be submitted to the commissioner by a district pursuant to section 4 of P.L.2000, c.72 (C.18A:7G-4);

"Maintenance" means expenditures which are approved for repairs and replacements for the purpose of keeping a school facility open and safe for use or in its original condition, including repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. Maintenance shall not include capital maintenance or contracted custodial or janitorial services, expenditures for the cleaning of a school facility or its fixtures, the care and upkeep of grounds or parking lots, and the cleaning of, or repairs and replacements to, movable furnishings or equipment, or other expenditures which are not required to maintain the original condition over the school facility's useful life. Approved maintenance expenditures shall be as determined by the commissioner pursuant to regulations to be adopted by the commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-26);

"Other allowable costs" means the costs of temporary facilities, site development, acquisition of land or other real property interests necessary to effectuate the school facilities project, fees for the services of design professionals, including architects, engineers, construction managers and other design professionals, legal fees, financing costs and the administrative costs of the development authority and the financing authority or the district incurred in connection with the school facilities project;

"Other facilities" means athletic stadiums, swimming pools, any associated structures or related equipment tied to such facilities including, but not limited to, grandstands and night field lights, greenhouses, facilities used for non-instructional or non-educational purposes, and any structure, building, or facility used solely for school administration;

"Preliminary eligible costs" means the initial eligible costs of a school facilities project as calculated pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7) or as otherwise provided pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and which shall be deemed to include the costs of construction and other allowable costs;

"Redevelopment entity" means a redevelopment entity authorized by a municipal governing body to implement plans and carry out redevelopment projects in the municipality pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et al.);

"School bonds" means, in the case of a school facilities project which is to be constructed by the development authority, a redevelopment entity, or a district under section 15 of P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a district to finance the local share; and, in the case of a school facilities project which is not to be constructed by the development authority or a redevelopment entity, or financed under section 15 of P.L.2000, c.72 (C.18A:7G-15), bonds, notes or other obligations issued by a district to finance the total costs;

"School enrollment" means the number of FTE students other than evening school students, including post-graduate students and post-secondary vocational students, who, on the last school day prior to October 16 of the current school year, are recorded in the registers of the school;

"School facility" means and includes any structure, building or facility used wholly or in part for educational purposes by a district and facilities that physically support such structures, buildings and facilities, such as district wastewater treatment facilities, power generating facilities, and steam generating facilities, but shall exclude other facilities;

"School facilities project" means the planning, acquisition, demolition, construction, improvement, alteration, modernization, renovation, reconstruction or capital maintenance of

all or any part of a school facility or of any other personal property necessary for, or ancillary to, any school facility, and shall include fixtures, furnishings and equipment, and shall also include, but is not limited to, site acquisition, site development, the services of design professionals, such as engineers and architects, construction management, legal services, financing costs and administrative costs and expenses incurred in connection with the project;

"SDA district" is a district that received education opportunity aid or preschool expansion aid in the 2007-2008 school year;

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

"State aid" means State municipal aid and State school aid;

"State debt service aid" means for school bonds issued for school facilities projects approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) of districts which elect not to have a redevelopment entity construct the project or which elect not to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15), the amount of State aid determined pursuant to section 9 of P.L.2000, c.72 (C.18A:7G-9); and for school bonds or certificates of participation issued for school facilities projects approved by the commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) the amount of State aid determined pursuant to section 10 of P.L.2000, c.72 (C.18A:7G-10);

"State municipal aid" means business personal property tax replacement revenues, State urban aid and State revenue sharing, as these terms are defined in section 2 of P.L.1976, c.38 (C.40A:3-3), or other similar forms of State aid payable to the local unit and to the extent permitted by federal law, federal moneys appropriated or apportioned to the municipality or county by the State;

"State school aid" means the funds made available to school districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53);

"State share" means the State's proportionate share of the final eligible costs of a school facilities project to be constructed by the development authority as determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5); in the case of a demonstration project, the State's proportionate share of the final eligible costs of the project as determined pursuant to sections 5 and 6 of P.L.2000, c.72 (C.18A:7G-5 and C.18A:7G-6); and in the case of a school facilities project to be financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the State share as determined pursuant to that section;

"Total costs" means, in the case of a school facilities project which is to be constructed by the development authority or a redevelopment entity or financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the final eligible costs plus excess costs if any; and in the case of a school facilities project which is not to be constructed by the development authority or a redevelopment entity or financed pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15), the total cost of the project as determined by the district.

40. Section 4 of P.L.2000, c.72 (C.18A:7G-4) is amended to read as follows:

C.18A:7G-4 Long-range facilities plan; facilities efficiency standards; time lines.

4. a. By December 15, 2000 and by October 1, 2005, each district shall prepare and submit to the commissioner a long-range facilities plan that details the district's school facilities needs and the district's plan to address those needs for the ensuing five years. Following the approval of the 2005 long-range facilities plan, each district shall amend its long-range facilities plan at least once every five years to update enrollment projections, building

capacities, and health and safety conditions. The long-range facilities plan shall incorporate the facilities efficiency standards and shall be filed with the commissioner for approval in accordance with those standards. For those Abbott districts that have submitted long-range facilities plans to the commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), this subsection shall not be read to require an additional filing by October 1, 2000.

b. Notwithstanding any other law or regulation to the contrary, an application for a school facilities project pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) shall not be approved unless the district has filed a long-range facilities plan that is consistent with the application and the plan has been approved by the commissioner; except that prior to October 1, 2000, the commissioner may approve an application if the project is necessary to protect the health or safety of occupants of the school facility, or is related to required early childhood education programs, or is related to a school facility in which the functional capacity is less than 90% of the facilities efficiency standards based on current school enrollment, or the district received bids on the school facilities project prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) and the district demonstrates that further delay will negatively affect the cost of the project.

c. An amendment to a long-range facilities plan may be submitted at any time to the commissioner for review and determination on the approval or disapproval of the amendment.

d. Each long-range facilities plan shall include a cohort survival methodology or other methodology approved by the commissioner, accompanied by a certification by a qualified demographer retained by the district that serves as the basis for identifying the capacity and program needs detailed in the long-range facilities plan.

e. The long-range facilities plan shall include an educational adequacy inventory of all existing school facilities in the district including the adequacy of school facilities to educate within the district the existing and projected number of pupils with disabilities, the identification of all deficiencies in the district's current inventory of school facilities, which includes the identification of those deficiencies that involve emergent health and safety concerns, and the district's proposed plan for future construction and renovation. The long-range facilities plan submissions shall conform to the guidelines, criteria and format prescribed by the commissioner.

f. Each district shall determine the number of "unhoused students" for the ensuing five-year period calculated pursuant to the provisions of section 8 of P.L.2000, c.72 (C.18A:7G-8).

g. Each district shall submit the long-range facilities plan to the planning board of the municipality or municipalities in which the district is situate for the planning board's review and findings and the incorporation of the plan's goals and objectives into the municipal master plan adopted by the municipality pursuant to section 19 of P.L.1975, c.291 (C.40:55D-28).

h. The commissioner shall develop, for the March 2002 Report on the Cost of Providing a Thorough and Efficient Education issued by the commissioner pursuant to section 4 of P.L.1996, c.138 (C.18A:7F-4), facilities efficiency standards for elementary, middle, and high schools consistent with the core curriculum school delivery assumptions in the report and sufficient for the achievement of the core curriculum content standards, including the provision of required programs in Abbott districts and early childhood education programs in the districts in which these programs are required by the State. The area allowances per FTE student in each class of the district shall be derived from these facilities efficiency standards. The commissioner shall revise the facilities efficiency standards and the area cost allowance

in accordance with such schedule as the commissioner deems necessary. The commissioner shall publish the revised facilities efficiency standards and the area cost allowance in the New Jersey Register and, within a reasonable period of time after 30 days following publication, shall file the revised facilities efficiency standards and the area cost allowance with the Office of Administrative Law for publication in the New Jersey Register and those standards shall become effective immediately upon filing. During the 30-day period the commissioner shall provide an opportunity for public comment on the proposed facilities efficiency standards and the area cost allowance.

The facilities efficiency standards developed by the commissioner shall not be construction design standards but rather shall represent the instructional spaces, specialized instructional areas, and administrative spaces that are determined by the commissioner to be educationally adequate to support the achievement of the core curriculum content standards including the provision of required programs in Abbott districts and early childhood education programs in the districts in which these programs are required by the State. A district may design, at its discretion, the educational and other spaces to be included within the school facilities project. The design of the project may eliminate spaces in the facilities efficiency standards, include spaces not in the facilities efficiency standards, or size spaces differently than in the facilities efficiency standards upon a demonstration of the adequacy of the school facilities project to deliver the core curriculum content standards pursuant to paragraph (2) of subsection g. of section 5 of P.L.2000, c.72 (C.18A:7G-5).

Within a reasonable period of time after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall publish the facilities efficiency standards developed for the 2000-2001, 2001-2002, and 2002-2003 school years in the New Jersey Register. Within a reasonable period of time after 30 days after publication in the New Jersey Register, the commissioner shall file the facilities efficiency standards with the Office of Administrative Law and those standards shall become effective immediately upon filing with the Office of Administrative Law. During the 30-day period the commissioner shall provide an opportunity for public comment on the proposed facilities efficiency standards.

i. Within 90 days of the commissioner's receipt of a long-range facilities plan for review, the commissioner shall determine whether the plan is fully and accurately completed and whether all information necessary for a decision on the plan has been filed by the district. If the commissioner determines that the plan is complete, the commissioner shall promptly notify the district in writing and shall have 60 days from the date of that notification to determine whether to approve the plan or not. If the commissioner determines that the plan is not complete, the commissioner shall notify the district in writing. The district shall provide to the commissioner whatever information the commissioner determines is necessary to make the plan accurate and complete. The district shall submit that information to the commissioner, and the commissioner shall have 60 days from the date of receipt of accurate and complete information to determine whether to approve the plan or not.

j. Notwithstanding any provision in subsection i. of this section, if at any time the number of long-range facilities plans filed by school districts with the commissioner and pending review exceeds 20% of the number of school districts in New Jersey, the commissioner may extend by 60 days the deadline for reviewing each plan pending at that time.

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

l. By July 1, 2001, the commissioner shall provide the Legislature with recommendations to address the circumstances of districts which are contiguous with two or

more Abbott districts. The recommendations shall address the issues of the financing of school facilities projects and the funding of the educational and other programs required within these districts as a result of their unique demographic situation.

m. By July 1, 2001, the commissioner shall study the Safe Schools Design Guidelines, prepared by the Florida Center for Community Design and Research, which address the issues of school safety and security through the design of school facilities. Based upon the commissioner's study, the commissioner shall issue recommendations to districts on the appropriateness of including the Safe Schools Design Guidelines in the design and construction of school facilities projects.

41. Section 5 of P.L.2000, c.72 (C.18A:7G-5) is amended to read as follows:

C.18A:7G-5 Undertaking and financing of school facilities in certain districts.

5. a. The development authority shall undertake and the financing authority shall finance the school facilities projects of SDA districts.

b. In the case of a district other than an SDA district, State support for the project shall be determined pursuant to section 9 or section 15 of P.L.2000, c.72 (C.18A:7G-9 or C.18A:7G-15), as applicable.

c. Notwithstanding any provision of N.J.S.18A:18A-16 to the contrary, the procedures for obtaining approval of a school facilities project shall be as set forth in this act; provided that any district whose school facilities project is not constructed by the development authority shall also be required to comply with the provisions of N.J.S.18A:18A-16.

d. (1) Any district seeking to initiate a school facilities project shall apply to the commissioner for approval of the project. The application may include, but not be limited to: a description of the school facilities project; a schematic drawing of the project or, at the option of the district, preliminary plans and specifications; a delineation and description of each of the functional components of the project; educational specifications detailing the programmatic needs of each proposed space; the number of unhoused students to be housed in the project; the area allowances per FTE student as calculated pursuant to section 8 of P.L.2000, c.72 (C.18A:7G-8); and the estimated cost to complete the project as determined by the district.

(2) In the case of an SDA district school facilities project, based upon its educational priority ranking and the Statewide strategic plan established pursuant to subsection m. of this section, the commissioner may authorize the development authority to undertake preconstruction activities which may include, but need not be limited to, site identification, investigation, and acquisition, feasibility studies, land-related design work, design work, site remediation, demolition, and acquisition of temporary facilities. Upon receipt of the authorization, the development authority may initiate the preconstruction activities required to prepare the application for commissioner approval of the school facilities project.

e. The commissioner shall review each proposed school facilities project to determine whether it is consistent with the district's long-range facilities plan and whether it complies with the facilities efficiency standards and the area allowances per FTE student derived from those standards; and in the case of an SDA district the commissioner shall also review the project's educational priority ranking and the Statewide strategic plan developed pursuant to subsection m. of this section. The commissioner shall make a decision on a district's application within 90 days from the date he determines that the application is fully and accurately completed and that all information necessary for a decision has been filed by the district, or from the date of the last revision made by the district. If the commissioner is not

able to make a decision within 90 days, he shall notify the district in writing explaining the reason for the delay and indicating the date on which a decision on the project will be made, provided that the date shall not be later than 60 days from the expiration of the original 90 days set forth in this subsection. If the decision is not made by the subsequent date indicated by the commissioner, then the project shall be deemed approved and the preliminary eligible costs for new construction shall be calculated by using the proposed square footage of the building as the approved area for unhoused students.

f. If the commissioner determines that the school facilities project complies with the facilities efficiency standards and the district's long-range facilities plan and does not exceed the area allowance per FTE student derived from those standards, the commissioner shall calculate the preliminary eligible costs of the project pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7); except that (1) in the case of a county special services school district or a county vocational school district, the commissioner shall calculate the preliminary eligible costs to equal the amount determined by the board of school estimate and approved by the board of chosen freeholders pursuant to section 14 of P.L.1971, c.271 (C.18A:46-42) or N.J.S.18A:54-31 as appropriate, and (2) in the case of an SDA district, the commissioner shall calculate the preliminary eligible costs to equal the estimated cost as determined by the development authority.

g. If the commissioner determines that the school facilities project is inconsistent with the facilities efficiency standards or exceeds the area allowances per FTE student derived from those standards, the commissioner shall notify the district.

(1) The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the board of education or State district superintendent, as appropriate, demonstrates that school facilities needs related to required programs cannot be addressed within the facilities efficiency standards and that all other proposed spaces are consistent with those standards. The commissioner shall approve area allowances in excess of the area allowances per FTE student derived from the facilities efficiency standards if the additional area allowances are necessary to accommodate centralized facilities to be shared among two or more school buildings within the district and the centralized facilities represent a more cost effective alternative.

(2) The commissioner may waive a facilities efficiency standard if the board of education or State district superintendent, as appropriate, demonstrates to the commissioner's satisfaction that the waiver will not adversely affect the educational adequacy of the school facility, including the ability to deliver the programs and services necessary to enable all students to achieve the core curriculum content standards.

(3) To house the district's central administration, a district may request an adjustment to the approved areas for unhoused students of 2.17 square feet for each FTE student in the projected total district school enrollment if the proposed administrative offices will be housed in a school facility and the district demonstrates either that the existing central administrative offices are obsolete or that it is more practical to convert those offices to instructional space. To the extent that existing administrative space will continue to be used for administrative purposes, the space shall be included in the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7).

If the commissioner approves excess facilities efficiency standards or additional area allowances pursuant to paragraph (1), (2), or (3) of this subsection, the commissioner shall calculate the preliminary eligible costs based upon the additional area allowances or excess facilities efficiency standards pursuant to the formulas set forth in section 7 of P.L.2000, c.72 (C.18A:7G-7). In the event that the commissioner does not approve the excess facilities

efficiency standards or additional area allowances, the district may either: modify its submission so that the school facilities project meets the facilities efficiency standards; or pay for the excess costs.

(4) The commissioner shall approve spaces in excess of, or inconsistent with, the facilities efficiency standards, hereinafter referred to as nonconforming spaces, upon a determination by the district that the spaces are necessary to comply with State or federal law concerning individuals with disabilities, including that the spaces are necessary to provide in-district programs and services for current disabled pupils who are being served in out-of-district placements or in-district programs and services for the projected disabled pupil population. A district may apply for additional State aid for nonconforming spaces that will permit pupils with disabilities to be educated to the greatest extent possible in the same buildings or classes with their nondisabled peers. The nonconforming spaces may: (a) allow for the return of pupils with disabilities from private facilities; (b) permit the retention of pupils with disabilities who would otherwise be placed in private facilities; (c) provide space for regional programs in a host school building that houses both disabled and nondisabled pupils; and (d) provide space for the coordination of regional programs by a county special services school district, educational services commission, jointure commission, or other agency authorized by law to provide regional educational services in a school building that houses both disabled and nondisabled pupils. A district's State support ratio shall be adjusted to equal the lesser of the sum of its district aid percentage as defined in section 3 of P.L.2000, c.72 (C.18A:7G-3) plus 0.25, or 100% for any nonconforming spaces approved by the commissioner pursuant to this paragraph.

h. Upon approval of a school facilities project and determination of the preliminary eligible costs:

(1) In the case of a district other than an SDA district, the commissioner shall notify the district whether the school facilities project is approved and, if so approved, the preliminary eligible costs and the excess costs, if any. Following the determination of preliminary eligible costs and the notification of project approval, the district may appeal to the commissioner for an increase in those costs if the detailed plans and specifications completed by a design professional for the school facilities project indicate that the cost of constructing that portion of the project which is consistent with the facilities efficiency standards and does not exceed the area allowances per FTE student exceeds the preliminary eligible costs as determined by the commissioner for the project by 10% or more. The district shall file its appeal within 30 days of the preparation of the plans and specifications. If the district chooses not to file an appeal, then the final eligible costs shall equal the preliminary eligible costs.

The appeal shall outline the reasons why the preliminary eligible costs calculated for the project are inadequate and estimate the amount of the adjustment which needs to be made to the preliminary eligible costs. The commissioner shall forward the appeal information to the development authority for its review and recommendation. If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted as the final eligible costs. If the development authority determines the additional costs are not within the control of the district or are the result of design factors required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner a final eligible cost based on its experience for districts with similar characteristics, provided that, notwithstanding anything to the contrary, the commissioner

shall not approve an adjustment to the preliminary eligible costs which exceeds 10% of the preliminary eligible costs. The commissioner shall make a determination on the appeal within 30 days of its receipt. If the commissioner does not approve an adjustment to the school facilities project's preliminary eligible costs, the commissioner shall issue his findings in writing on the reasons for the denial and on why the preliminary eligible costs as originally calculated are sufficient.

(2) In the case of an SDA district, the commissioner shall promptly prepare and submit to the development authority a preliminary project report which shall consist, at a minimum, of the following information: a complete description of the school facilities project; the actual location of the project; the total square footage of the project together with a breakdown of total square footage by functional component; the preliminary eligible costs of the project; the project's priority ranking determined pursuant to subsection m. of this section; any other factors to be considered by the development authority in undertaking the project; and the name and address of the person from the district to contact in regard to the project.

i. Upon receipt by the development authority of the preliminary project report, the development authority, upon consultation with the district, shall prepare detailed plans and specifications and schedules which contain the development authority's estimated cost and schedule to complete the school facilities project. The development authority shall transmit to the commissioner its recommendations in regard to the project which shall, at a minimum, contain the detailed plans and specifications; whether the school facilities project can be completed within the preliminary eligible costs; and any other factors which the development authority determines should be considered by the commissioner.

(1) In the event that the development authority determines that the school facilities project can be completed within the preliminary eligible costs: the final eligible costs shall be deemed to equal the preliminary eligible costs; the commissioner shall be deemed to have given final approval to the project; and the preliminary project report shall be deemed to be the final project report delivered to the development authority pursuant to subsection j. of this section.

(2) In the event that the development authority determines that the school facilities project cannot be completed within the preliminary eligible costs, prior to the submission of its recommendations to the commissioner, the development authority shall, in consultation with the district and the commissioner, determine whether changes can be made in the project which will result in a reduction in costs while at the same time meeting the facilities efficiency standards approved by the commissioner.

(a) If the development authority determines that changes in the school facilities project are possible so that the project can be accomplished within the scope of the preliminary eligible costs while still meeting the facilities efficiency standards, the development authority shall so advise the commissioner, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs; give final approval to the project with the changes noted; and issue a final project report to the development authority pursuant to subsection j. of this section.

(b) If the development authority determines that it is not possible to make changes in the school facilities project so that it can be completed within the preliminary eligible costs either because the additional costs are the result of factors outside the control of the district or the additional costs are required to meet the facilities efficiency standards, the development authority shall recommend to the commissioner that the preliminary eligible costs be increased accordingly, whereupon the commissioner shall: calculate the final eligible costs to equal the sum of the preliminary eligible costs plus the increase

recommended by the development authority; give final approval to the project; and issue a final project report to the development authority pursuant to subsection j. of this section.

(c) If the additional costs are the result of factors that are within the control of the district or are the result of design factors that are not required to meet the facilities efficiency standards or approved pursuant to paragraph (1) of subsection g. of this section, the development authority shall recommend to the commissioner that the preliminary eligible costs be accepted, whereupon the commissioner shall: calculate the final eligible costs to equal the preliminary eligible costs and specify the excess costs which are to be borne by the district; give final approval to the school facilities project; and issue a final project report to the development authority pursuant to subsection j. of this section; provided that the commissioner may approve final eligible costs which are in excess of the preliminary eligible costs if, in his judgment, the action is necessary to meet the educational needs of the district.

(d) For a school facilities project undertaken by the development authority, the development authority shall be responsible for any costs of construction, but only from the proceeds of bonds issued by the financing authority pursuant to P.L.2000, c.72 (C.18A:7G-1 et al.) and P.L.2007, c.137 (C.52:18A-235 et al.), which exceed the amount originally projected by the development authority and approved for financing by the development authority, provided that the excess is the result of an underestimate of labor or materials costs by the development authority. After receipt by the development authority of the final project report, the district shall be responsible only for the costs associated with changes, if any, made at the request of the district to the scope of the school facilities project.

j. The development authority shall not commence the construction of a school facilities project unless the commissioner transmits to the development authority a final project report and the district complies with the approval requirements for the local share, if any, pursuant to section 11 of P.L.2000, c.72 (C.18A:7G-11). The final project report shall contain all of the information contained in the preliminary project report and, in addition, shall contain: the final eligible costs; the excess costs, if any; the total costs which equals the final eligible costs plus excess costs, if any; the State share; and the local share.

k. For the SDA districts, the State share shall be 100% of the final eligible costs. For all other districts, the State share shall be an amount equal to 115% of the district aid percentage; except that the State share shall not be less than 40% of the final eligible costs.

If any district which is included in district factor group A or B, other than an SDA district, is having difficulty financing the local share of a school facilities project, the district may apply to the commissioner to receive 100% State support for the project and the commissioner may request the approval of the Legislature to increase the State share of the project to 100%.

l. The local share for school facilities projects constructed by the authority or a redevelopment entity shall equal the final eligible costs plus any excess costs less the State share.

m. (1) Within 90 days of the effective date of P.L.2007, c.137 (C.52:18A-235 et al.), the commissioner shall develop an educational facilities needs assessment for each SDA district. The assessment shall be updated periodically by the commissioner in accordance with the schedule the commissioner deems appropriate for the district; except that each assessment shall at a minimum be updated within five years of the development of the district's most recent prior educational needs assessment. The assessment shall be transmitted to the development authority to be used to initiate the planning activities required prior to the establishment of the educational priority ranking of school facilities projects pursuant to paragraph (2) of this subsection.

(2) Following the approval of an SDA district's long-range facilities plan or of an amendment to that plan, but prior to authorization of preconstruction activities for a school facilities project included in the plan or amendment, the commissioner shall establish, in consultation with the SDA district, an educational priority ranking of all school facilities projects in the SDA district based upon the commissioner's determination of critical need in accordance with priority project categories developed by the commissioner. The priority project categories shall include, but not be limited to, health and safety, overcrowding in the early childhood, elementary, middle, and high school grade levels, spaces necessary to provide in-district programs and services for current disabled students who are being served in out-of-district placements or in-district programs and services for the projected disabled student population, rehabilitation, and educational adequacy.

(3) Upon the commissioner's determination of the educational priority ranking of school facilities projects in SDA districts pursuant to paragraph (2) of this subsection, the development authority, in consultation with the commissioner, the SDA districts, and the governing bodies of the municipalities in which the SDA districts are situate, shall establish a Statewide strategic plan to be used in the sequencing of SDA district school facilities projects based upon the projects' educational priority rankings and issues which impact the development authority's ability to complete the projects including, but not limited to, the construction schedule and other appropriate factors. The development authority shall revise the Statewide strategic plan and the sequencing of SDA district school facilities projects in accordance with that plan no less than once every five years.

Any amendment to an SDA district's long-range facilities plan that is submitted to the commissioner in the period between the five-year updates of the long-range facilities plan shall be considered by the development authority, in consultation with the commissioner, for incorporation into the Statewide strategic plan. In making a determination on whether or not to amend the Statewide strategic plan, the development authority shall consider the cost of the amendment, the impact of the amendment upon the school development plans for other districts, and other appropriate factors.

n. The provisions of the "Public School Contracts Law," N.J.S.18A:18A-1 et seq., shall be applicable to any school facilities project constructed by a district but shall not be applicable to projects constructed by the development authority or a redevelopment entity pursuant to the provisions of this act.

o. In the case of a school facilities project of a district other than an SDA district, any proceeds of school bonds issued by the district for the purpose of funding the project which remain unspent upon completion of the project shall be used by the district to reduce the outstanding principal amount of the school bonds.

p. Upon completion by the development authority of a school facilities project, if the cost of construction and completion of the project is less than the total costs, the district shall be entitled to receive a portion of the local share based on a pro rata share of the difference based on the ratio of the State share to the local share.

q. The development authority shall determine the cause of any costs of construction which exceed the amount originally projected by the development authority and approved for financing by the financing authority.

r. (Deleted by amendment, P.L.2007, c.137).

s. (Deleted by amendment, P.L.2007, c.137).

42. Section 9 of P.L.2000, c.72 (C.18A:7G-9) is amended to read as follows:

C.18A:7G-9 Distribution of State debt service aid.

9. a. State debt service aid for capital investment in school facilities for a district other than an SDA district which elects not to finance the project under section 15 of P.L.2000, c.72 (C.18A:7G-15), shall be distributed upon a determination of preliminary eligible costs by the commissioner, according to the following formula:

Aid is the sum of A for each issuance of school bonds issued for a school facilities project approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), where

$$A = B \times AC/P \times (DAP \times 1.15) \times M, \text{ with } AC/P = 1$$

whenever AC/P would otherwise yield a number greater than one,

and where:

B is the district's debt service for the individual issuance for the fiscal year;

AC is the preliminary eligible costs determined pursuant to section 7 of P.L.2000, c.72 (C.18A:7G-7);

P is the principal of the individual issuance plus any other funding sources approved for the school facilities project;

DAP is the district's district aid percentage as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3) and where $(DAP \times 1.15)$ shall not be less than 40%; and

M is a factor representing the degree to which a district has fulfilled maintenance requirements for a school facilities project determined pursuant to subsection b. of this section.

For county special services school districts, DAP shall be that of the county vocational school district in the same county.

b. The maintenance factor (M) shall be 1.0 except when one of the following conditions applies, in which case the maintenance factor shall be as specified:

(1) Effective ten years from the date of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the maintenance factor for aid for reconstruction, remodeling, alteration, modernization, renovation or repair, or for an addition to a school facility, shall be zero for all school facilities projects for which the district fails to demonstrate over the ten years preceding issuance a net investment in maintenance of the related school facility of at least 2% of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) using the area cost allowance of the year ten years preceding the year in which the school bonds are issued.

(2) For new construction, additions, and school facilities aided under subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7) supported by financing issued for projects approved by the commissioner after the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), beginning in the fourth year after occupancy of the school facility, the maintenance factor shall be reduced according to the following schedule for all school facilities projects for which the district fails to demonstrate in the prior fiscal year an investment in maintenance of the related school facility of at least two-tenths of 1% of the replacement cost of the school facility, determined pursuant to subsection b. of section 7 of P.L.2000, c.72 (C.18A:7G-7).

Maintenance Percentage	Maintenance Factor (M)
.199% - .151%	75%
.150% - .100%	50%
Less than .100%	Zero

(3) Within one year of the enactment of P.L.2000, c.72 (C.18A:7G-1 et al.), the commissioner shall promulgate rules requiring districts to develop a long-range maintenance plan and specifying the expenditures that qualify as an appropriate investment in maintenance for the purposes of this subsection.

c. Any district which obtained approval from the commissioner since September 1, 1998 and prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.) of the educational specifications for a school facilities project or obtained approval from the Department of Community Affairs or the appropriately licensed municipal code official since September 1, 1998 of the final construction plans and specifications, and the district has issued debt, may elect to have the final eligible costs of the project determined pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) and to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10).

Any district which received approval from the commissioner for a school facilities project at any time prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.), and has not issued debt, other than short term notes, may submit an application pursuant to section 5 of P.L.2000, c.72 (C.18A:7G-5) to have the final eligible costs of the project determined pursuant to that section and to have the New Jersey Economic Development Authority construct the project; or, at its discretion, the district may choose to receive debt service aid under this section or under section 10 of P.L.2000, c.72 (C.18A:7G-10) or to receive a grant under section 15 of P.L.2000, c.72 (C.18A:7G-15).

For the purposes of this subsection, the "issuance of debt" shall include lease purchase agreements in excess of five years.

43. Section 10 of P.L.2000, c.72 (C.18A:7G-10) is amended to read as follows:

C.18A:7G-10 Issuance of school bonds, certificates of participation, determination of aid.

10. For each issuance of school bonds or certificates of participation issued for a school facilities project approved by the commissioner prior to the effective date of P.L.2000, c.72 (C.18A:7G-1 et al.):

Aid is the sum of A

where

$$A = B \times \text{EQAID}/\text{AB}$$

and where

B is the district's total debt service or lease purchase payment for the individual issuance for the fiscal year;

EQAID is the district's equalization aid amount determined pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53); and

AB is the district's adequacy budget determined pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51).

For county special services school districts, EQAID/AB shall be that of the county vocational school district in the same county.

44. Section 13 of P.L.2000, c.72 (C.18A:7G-13) is amended to read as follows:

C.18A:7G-13 Responsibilities of financing authority, development authority.

13. a. The financing authority shall be responsible for the issuance of bonds pursuant to section 14 of P.L.2000, c.72 (C.18A:7G-14) and the development authority shall be responsible for the planning, design, construction management, acquisition, construction, and

completion of school facilities projects. In the case of a capital maintenance project, the development authority may, in its discretion, authorize an SDA district to undertake the design, acquisition, construction and all other appropriate actions necessary to complete the capital maintenance project and shall enter into a grant agreement with the district for the payment of the State share. The development authority may also authorize an SDA district to undertake the design, acquisition, construction and all other appropriate actions necessary to complete any other school facilities project in accordance with the procedures established pursuant to subsection e. of this section.

b. The financing authority shall undertake the financing of school facilities projects pursuant to the provisions of this act. The financing authority shall finance the State share of a school facilities project and may, in its discretion and upon consultation with the district, finance the local share of the project. In the event that the financing authority finances only the State share of a project, the development authority shall not commence acquisition or construction of the project until the development authority receives the local share from the district.

c. In order to implement the arrangements established for school facilities projects which are to be constructed by the development authority and financed pursuant to this section, a district shall enter into an agreement with the development authority and the commissioner containing the terms and conditions determined by the parties to be necessary to effectuate the project.

d. Upon completion by the development authority of a school facilities project, the district shall enter into an agreement with the development authority to provide for the maintenance of the project by the district. In the event that the school facilities project is constructed by a district, upon the completion of the project, the district shall submit to the commissioner a plan to provide for the maintenance of the project by the district. Any agreement or plan shall contain, in addition to any other terms and provisions, a requirement for the establishment of a maintenance reserve fund consistent with the appropriation and withdrawal requirements for capital reserve accounts established pursuant to section 57 of P.L.2000, c.72 (C.18A:7G-31), the funding levels of which shall be as set forth in regulations adopted by the commissioner pursuant to section 26 of P.L.2000, c.72 (C.18A:7G-26).

e. (1) Within one year of the effective date of P.L.2007, c.137 (C.52:18A-235 et al.), the commissioner, in consultation with the development authority, shall adopt pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations by which the commissioner shall determine whether an SDA district is eligible to be considered by the development authority to manage a school facilities project or projects. In making the determination, the commissioner shall consider the district's fiscal integrity and operations, the district's performance in each of the five key components of school district effectiveness under the New Jersey Quality Single Accountability Continuum (NJQSAC) in accordance with section 10 of P.L.1975, c.212 (C.18A:7A-10), and other relevant factors.

(2) Within one year of the effective date of P.L.2007, c.137 (C.52:18A-235 et al.), the development authority, in consultation with the commissioner, shall adopt pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations by which the development authority shall determine the capacity of an SDA district, deemed eligible by the commissioner pursuant to paragraph (1) of this subsection, to manage a school facilities project or projects identified by the development authority. In making the determination, the development authority shall consider the experience of the SDA district, the size, complexity, and cost of the project, time constraints, and other relevant factors.

(3) The development authority, in consultation with the commissioner, shall develop and implement training programs, seminars, or symposia to provide technical assistance to SDA districts deemed to lack the capacity to manage a school facility project or projects; except that nothing herein shall be construed to require the development authority or the commissioner to authorize an SDA district to hire additional staff in order to achieve capacity.

(4) If the development authority determines to delegate a school facilities project to an SDA district in accordance with paragraph (2) of this subsection, the development authority, the commissioner, and the district shall enter into a grant agreement.

45. Section 14 of P.L.2000, c.72 (C.18A:7G-14) is amended to read as follows:

C.18A:7G-14 Powers of financing authority; powers of development authority.

14. Notwithstanding any other provisions of law to the contrary:

a. The financing authority shall have the power, pursuant to the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.) and P.L.2007, c.137 (C.52:18A-235 et al.), to issue bonds and refunding bonds, incur indebtedness and borrow money secured, in whole or in part, by moneys received pursuant to sections 17, 18 and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19) for the purposes of: financing all or a portion of the costs of school facilities projects and any costs related to the issuance thereof, including, but not limited to, the administrative, insurance, operating and other expenses of the financing authority to undertake the financing, and the development authority to undertake the planning, design, and construction of school facilities projects; lending moneys to local units to pay the costs of all or a portion of school facilities projects and any costs related to the issuance thereof; funding the grants to be made pursuant to section 15 of P.L.2000, c.72 (C.18A:7G-15); and financing the acquisition of school facilities projects to permit the refinancing of debt by the district pursuant to section 16 of P.L.2000, c.72 (C.18A:7G-16). The aggregate principal amount of the bonds, notes or other obligations issued by the financing authority shall not exceed: \$100,000,000 for the State share of costs for county vocational school district school facilities projects; \$6,000,000,000 for the State share of costs for Abbott district school facilities projects; and \$2,500,000,000 for the State share of costs for school facilities projects in all other districts. This limitation shall not include any bonds, notes or other obligations issued for refunding purposes.

The financing authority may establish reserve funds to further secure bonds and refunding bonds issued pursuant to this section and may issue bonds to pay for the administrative, insurance and operating costs of the financing authority and the development authority in carrying out the provisions of this act. In addition to its bonds and refunding bonds, the financing authority shall have the power to issue subordinated indebtedness, which shall be subordinate in lien to the lien of any or all of its bonds or refunding bonds as the financing authority may determine.

b. The financing authority shall issue the bonds or refunding bonds in such manner as it shall determine in accordance with the provisions of P.L.2000, c.72 (C.18A:7G-1 et al.), P.L.1974, c.80 (C.34:1B-1 et seq.), and P.L.2007, c.137 (C.52:18A-235 et al.); provided that notwithstanding any other law to the contrary, no resolution adopted by the financing authority authorizing the issuance of bonds or refunding bonds pursuant to this section shall be adopted or otherwise made effective without the approval in writing of the State Treasurer; and refunding bonds issued to refund bonds issued pursuant to this section shall be issued on such terms and conditions as may be determined by the financing authority and

the State Treasurer. The financing authority may, in any resolution authorizing the issuance of bonds or refunding bonds issued pursuant to this section, pledge the contract with the State Treasurer provided for pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18), or any part thereof, or may pledge all or any part of the repayments of loans made to local units pursuant to section 19 of P.L.2000, c.72 (C.18A:7G-19) for the payment or redemption of the bonds or refunding bonds, and covenant as to the use and disposition of money available to the financing authority for payment of the bonds and refunding bonds. All costs associated with the issuance of bonds and refunding bonds by the financing authority for the purposes set forth in this act may be paid by the financing authority from amounts it receives from the proceeds of the bonds or refunding bonds, and from amounts it receives pursuant to sections 17, 18, and 19 of P.L.2000, c.72 (C.18A:7G-17, C.18A:7G-18 and C.18A:7G-19). The costs may include, but shall not be limited to, any costs relating to the issuance of the bonds or refunding bonds, administrative costs of the financing authority attributable to the making and administering of loans and grants to fund school facilities projects, and costs attributable to the agreements entered into pursuant to subsection d. of this section.

c. Each issue of bonds or refunding bonds of the financing authority shall be special obligations of the financing authority payable out of particular revenues, receipts or funds, subject only to any agreements with the holders of bonds or refunding bonds, and may be secured by other sources of revenue, including, but not limited to, one or more of the following:

(1) Pledge of the revenues and other receipts to be derived from the payment of local unit obligations and any other payment made to the financing authority pursuant to agreements with any local unit, or a pledge or assignment of any local unit obligations, and the rights and interest of the financing authority therein;

(2) Pledge of rentals, receipts and other revenues to be derived from leases or other contractual arrangements with any person or entity, public or private, including one or more local units, or a pledge or assignment of those leases or other contractual arrangements and the rights and interests of the financing authority therein;

(3) Pledge of all moneys, funds, accounts, securities and other funds, including the proceeds of the bonds;

(4) Pledge of the receipts to be derived from payments of State aid to the financing authority pursuant to section 21 of P.L.2000, c.72 (C.18A:7G-21);

(5) Pledge of the contract or contracts with the State Treasurer pursuant to section 18 of P.L.2000, c.72 (C.18A:7G-18);

(6) Pledge of any sums remitted to the local unit by donation from any person or entity, public or private, subject to the approval of the State Treasurer;

(7) A mortgage on all or any part of the property, real or personal, comprising a school facilities project then owned or thereafter to be acquired, or a pledge or assignment of mortgages made to the financing authority by any person or entity, public or private, including one or more local units and rights and interests of the financing authority therein; and

(8) The receipt of any grants, reimbursements or other payments from the federal government.

d. The resolution authorizing the issuance of bonds or refunding bonds pursuant to this section may also provide for the financing authority to enter into any revolving credit agreement, agreement establishing a line of credit or letter of credit, reimbursement agreement, interest rate exchange agreement, currency exchange agreement, interest rate floor or cap, options, puts or calls to hedge payment, currency, rate, spread or similar

exposure or similar agreements, float agreements, forward agreements, insurance contracts, surety bonds, commitments to purchase or sell bonds, purchase or sale agreements, or commitments or other contracts or agreements and other security agreements approved by the financing authority in connection with the issuance of the bonds or refunding bonds pursuant to this section. In addition, the financing authority may, in anticipation of the issuance of the bonds or the receipt of appropriations, grants, reimbursements or other funds, including, without limitation, grants from the federal government for school facilities projects, issue notes, the principal of or interest on which, or both, shall be payable out of the proceeds of notes, bonds or other obligations of the financing authority or appropriations, grants, reimbursements or other funds or revenues of the financing authority.

e. The financing authority is authorized to engage, subject to the approval of the State Treasurer and in such manner as the State Treasurer shall determine, the services of financial advisors and experts, placement agents, underwriters, appraisers, and other advisors, consultants and agents as may be necessary to effectuate the financing of school facilities projects.

f. Bonds and refunding bonds issued by the financing authority pursuant to this section shall be special and limited obligations of the financing authority payable from, and secured by, funds and moneys determined by the financing authority in accordance with this section. Notwithstanding any other provision of law or agreement to the contrary, any bonds and refunding bonds issued by the financing authority pursuant to this section shall not be secured by the same property as bonds and refunding bonds issued by the financing authority to finance projects other than school facilities projects. Neither the members of the financing authority nor any other person executing the bonds or refunding bonds shall be personally liable with respect to payment of interest and principal on these bonds or refunding bonds. Bonds or refunding bonds issued pursuant to this section shall not be a debt or liability of the State or any agency or instrumentality thereof, except as otherwise provided by this subsection, either legal, moral or otherwise, and nothing contained in this act shall be construed to authorize the financing authority to incur any indebtedness on behalf of or in any way to obligate the State or any political subdivision thereof, and all bonds and refunding bonds issued by the financing authority shall contain a statement to that effect on their face.

g. The State hereby pledges and covenants with the holders of any bonds or refunding bonds issued pursuant to this act that it will not limit or alter the rights or powers vested in the financing authority by this act, nor limit or alter the rights or powers of the State Treasurer in any manner which would jeopardize the interest of the holders or any trustee of the holders, or inhibit or prevent performance or fulfillment by the financing authority or the State Treasurer with respect to the terms of any agreement made with the holders of the bonds or refunding bonds or agreements made pursuant to subsection d. of this section; except that the failure of the Legislature to appropriate moneys for any purpose of this act shall not be deemed a violation of this section.

h. The financing authority and the development authority may charge to and collect from local units, districts, the State and any other person, any fees and charges in connection with the financing authority's or development authority's actions undertaken with respect to school facilities projects, including, but not limited to, fees and charges for the financing authority's administrative, organization, insurance, operating and other expenses incident to the financing of school facilities projects, and the development authority's administrative, organization, insurance, operating, planning, design, construction management, acquisition, construction, completion and placing into service and maintenance of school facilities

projects. Notwithstanding any provision of this act to the contrary, no SDA district shall be responsible for the payment of any fees and charges related to the development authority's operating expenses.

i. Upon the issuance by the financing authority of bonds pursuant to this section, other than refunding bonds, the net proceeds of the bonds shall be transferred to the development authority.

46. Section 15 of P.L.2000, c.72 (C.18A:7G-15) is amended to read as follows:

C.18A:7G-15 Election by district to receive one-time grant for State share.

15. In the case of a district other than an SDA district, for any project approved by the commissioner after the effective date of this act, the district may elect to receive a one-time grant for the State share of the project rather than annual debt service aid under section 9 of P.L.2000, c.72 (C.18A:7G-9). The State share payable to the district shall equal the product of the project's final eligible costs and 115% of the district aid percentage or 40%, whichever is greater. The development authority shall provide grant funding for the State's share of the final eligible costs of a school facilities project pursuant to an agreement between the district and the development authority which shall, in addition to other terms and conditions, set forth the terms of disbursement of the State share. The funding of the State share shall not commence until the district secures financing for the local share.

47. Section 21 of P.L.2000, c.72 (C.18A:7G-21) is amended to read as follows:

C.18A:7G-21 Payment to financing, development authority to cover deficiency.

21. a. In the event that a local unit has failed or is unable to pay to the financing authority or the development authority in full when due any local unit obligations issued by the local unit to the financing authority, including, but not limited to, any lease or sublease obligations, or any other moneys owed by the district to the financing authority, to assure the continued operation and solvency of the authority, the State Treasurer shall pay directly to the financing authority an amount sufficient to satisfy the deficiency from State aid payable to the local unit; provided that if the local unit is a school district, the State aid shall not include any State aid which may otherwise be restricted pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.). As used in this section, local unit obligations include the principal or interest on local unit obligations or payment pursuant to a lease or sublease of a school facilities project to a local unit, including the subrogation of the financing authority to the right of the holders of those obligations, any fees or charges payable to the financing authority, and any amounts payable by a local unit under a service contract or other contractual arrangement the payments under which are pledged to secure any local unit obligations issued to the financing authority by another local unit.

b. If the financing authority requires, and if there has been a failure or inability of a local unit to pay its local unit obligations to the financing authority for a period of 30 days, the chairman or the executive director of the financing authority shall certify to the State Treasurer, with written notice to the fiscal officer of the local unit, the amount remaining unpaid, and the State Treasurer shall pay that amount to the financing authority; or if the right to receive those payments has been pledged or assigned to a trustee for the benefit of the holders of bonds or refunding bonds of the financing authority, to that trustee, out of the State aid payable to the local unit, until the amount so certified has been paid. Notwithstanding any provision of this act to the contrary, the State Treasurer's obligation to

pay the financing authority pursuant to this section shall not extend beyond the amount of State aid payable to the local unit.

c. The amount paid to the financing authority pursuant to this section shall be deducted from the appropriation or apportionment of State aid payable to the local unit and shall not obligate the State to make, nor entitle the local unit to receive, any additional appropriation or apportionment. The obligation of the State Treasurer to make payments to the financing authority or trustee and the right of the financing authority or trustee to receive those payments shall be subject and subordinate to the rights of holders of qualified bonds issued prior to the effective date of this act pursuant to P.L.1976, c.38 (C.40A:3-1 et seq.) and P.L.1976, c.39 (C.18A:24-85 et seq.).

48. Section 15 of P.L.2007, c.137 (C.18A:7G-46) is amended to read as follows:

C.18A:7G-46 Acquisition of land in SDA district; submission of land inventory.

15. If land is necessary to be acquired in connection with a school facilities project in an SDA district, the board of education of the district and the governing body of the municipality in which the district is situate shall jointly submit to the commissioner and to the development authority a complete inventory of all district- and municipal-owned land located in the municipality. The inventory shall include a map of the district showing the location of each of the identified parcels of land. The board of education and the governing body of the municipality shall provide an analysis of why any district- or municipal-owned land is not suitable as a site for a school facilities project identified in the district's long-range facilities plan. The inventory shall be updated as needed in connection with any subsequent school facilities projects for which it is necessary to acquire land.

49. Section 16 of P.L.2007, c.137 (C.18A:7G-47) is amended to read as follows:

C.18A:7G-47 Approval of site plan in SDA district; procedure.

16. a. Whenever the board of education of an SDA district submits to the New Jersey Schools Development Authority established pursuant to P.L.2007, c.137 (C.52:18A-235 et al.) information on a proposed preferred site for the construction of a school facilities project, the development authority shall file a copy of a map, plan or report indicating the proposed preferred site with the county clerk of the county within which the site is located and with the municipal clerk, planning board, and building inspector of the municipality within which the site is located.

b. Whenever a map, plan, or report indicating a proposed preferred site for the construction of an SDA district school facilities project is filed by the development authority pursuant to subsection a. of this section, any municipal approving authority before granting any site plan approval, building permit, or approval of a subdivision plat, or exercising any other approval power with respect to the development or improvement of any lot, tract, or parcel of land which is located wholly or partially within the proposed preferred site shall refer the site plan, application for a building permit or subdivision plat or any other application for proposed development or improvement to the development authority for review and recommendation as to the effect of the proposed development or improvement upon the construction of the school facilities project.

c. A municipal approving authority shall not issue any site plan approval or building permit or approve a subdivision plat or exercise any other approval power with respect to the development or improvement of the lot, tract, or parcel of land without the recommendation

of the development authority until 45 days following referral to the development authority pursuant to subsection b. of this section. Within that 45-day period, the development authority may:

(1) give notice to the municipal approving authority and to the owner of the lot, tract, or parcel of land of probable intention to acquire the whole or any part thereof, and no further action shall be taken by the approving authority for a further period of 180 days following receipt of notice from the development authority. If within the 180-day period the development authority has not acquired, agreed to acquire, or commenced an action to condemn the property, the municipal approving authority shall be free to act upon the pending application in such manner as may be provided by law; or

(2) give notice to the municipal approving authority and to the owner of the lot, tract, or parcel of land that the development authority has no objection to the granting of the permit or approval for which application has been made. Upon receipt of the notice the municipal approving authority shall be free to act upon the pending application in such manner as may be provided by law.

50. N.J.S.18A:13-23 is amended to read as follows:

Apportionment of appropriations.

18A:13-23. The annual or special appropriations for regional districts, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, shall be apportioned among the municipalities included within the regional district, as may be approved by the voters of each municipality at the annual school election or a special school election, upon the basis of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.2007, c.260 (C.18A:7F-45);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section.

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

Earnings credited to capital reserve accounts.

18A:21-3. The account shall be established by resolution of the board of school estimate or the board of education, as the case may be, in such form as shall be prescribed by the commissioner, a true copy of which shall be filed with the department. The account shall include the earnings attributable to the investment of the assets of the account.

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

Contents of budget; format.

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

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

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

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

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

- (a) Total to be raised by local property taxes
- (b) Total State aid
 - (i) Equalization aid
 - (ii) Special education categorical aid
 - (iii) Transportation aid
 - (iv) Preschool education aid
 - (v) Security aid
 - (vi) Adjustment aid
 - (vii) Other (detailed at the discretion of the commissioner)
- (c) Total federal aid
 - (i) Elementary and Secondary Education Act of 1965 (20 U.S.C.s.2701 et seq.)
 - (ii) Handicapped
 - (iii) Impact Aid
 - (iv) Vocational
 - (v) Other (detailed at the discretion of the commissioner)
- (d) Other sources (detailed at the discretion of the commissioner).
- b. (Deleted by amendment, P.L.1993, c.117).

c. In the event that the total expenditure for any item of appropriation is equal to \$0.00 for: (1) the preceding school year, (2) the current school year, and (3) the amount estimated to be necessary to be appropriated for the ensuing school year, that item shall not be required to be published pursuant to N.J.S.18A:22-11.

d. The instruction function of the budget shall be divided at a minimum into elementary (K-5), middle school (6-8), and high school (9-12) cost centers, each of which shall be further divided by the core curriculum content areas. The commissioner shall phase in these requirements as soon as practicable.

e. The budget as adopted for the school year pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public inspection on the school district's Internet site, if one exists, and made available in print in a "user-friendly" format using plain language. The Commissioner of Education shall promulgate a "user-friendly," plain language budget summary format for the use of school districts for this purpose.

53. Section 2 of P.L.1979, c.294 (C.18A:22-8.1) is amended to read as follows:
C.18A:22-8.1 Transfer of funds, conditions.

2. Except as otherwise provided pursuant to this section, whenever a school district desires to transfer amounts among line items and program categories, the transfers shall be by resolution of the board of education approved by a two-thirds affirmative vote of the authorized membership of the board; however, a board may, by resolution, designate the

chief school administrator to approve such transfers as are necessary between meetings of the board. Transfers approved by the chief school administrator shall be reported to the board, ratified and duly recorded in the minutes at a subsequent meeting of the board, but not less than monthly. Transfers of surplus amounts or any other unbudgeted or underbudgeted revenue to line items and program categories shall require the approval of the Commissioner of Education and shall only be approved between April 1 and June 30 for line items and program categories necessary to achieve the thoroughness standards established pursuant to section 4 of P.L.2007, c.260 (C.18A:7F-46); except that upon a two-thirds affirmative vote of the authorized membership of a board of education, the board may petition the commissioner for authority to transfer such revenue prior to April 1 due to an emergent circumstance and the commissioner may authorize the transfer if he determines that the transfer is necessary to meet such emergency. Transfers from any general fund appropriation account that, on a cumulative basis, exceed 10% of the amount of the account included in the school district's budget as certified for taxes shall require the approval of the commissioner. In a school district wherein the Commissioner of Education has directed an in-depth evaluation pursuant to subsection e. of section 14 of P.L.1975, c.212 (C.18A:7A-14), the board of education shall obtain the written approval of the executive county superintendent of schools prior to implementing any board authorized transfer of funds.

54. N.J.S.18A:22-38 is amended to read as follows:

Failure to certify; commissioner to act; amount included in tax levy.

18A:22-38. If the governing body or bodies fail to certify any amount determined to be necessary pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) for any item rejected at the annual school election, or in the event that the governing bodies of the municipalities comprising a school district, shall certify different amounts, then the commissioner shall determine the amount or amounts which in his judgment, are necessary to be appropriated, for each of the items appearing in the budget, submitted to the governing body or bodies, and certify to the county board of taxation the totals of the amount determined to be necessary for the general fund expenses of the schools; and the amount certified shall be included in the taxes to be assessed, levied and collected in the municipality or municipalities for those purposes.

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

C.18A:24-87 Definitions.

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

- a. "Commissioner" means the Commissioner of Education of the State of New Jersey;
- b. "Debt service" means and includes payments of principal and interest upon qualified bonds issued pursuant to the terms of this act or amounts required in order to satisfy sinking fund payment requirements with respect to such bonds;
- c. "Local Finance Board" means the Local Finance Board in the Division of Local Government Services in the Department of Community Affairs, established pursuant to P.L.1974, c.35 (C.52:27D-18.1);
- d. "Paying agent" means any bank, trust company or national banking association having the power to accept and administer trusts, named or designated in any qualified bond of a school district or municipality as the agent for the payment of the principal of and interest

thereon and shall include the holder of any sinking fund established for the payment of such bonds;

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

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

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

h. "State school aid" means the funds made available to local school districts pursuant to section 11 of P.L.2007, c.260 (C.18A:7F-53).

56. Section 7 of P.L.1985, c.321 (C.18A:29-5.6) is amended to read as follows:

C.18A:29-5.6 Determination of teacher base salary.

7. a. The actual salary paid to each teacher under each district's or educational services commission's 1984-85 approved salary guide shall be considered a base salary for purposes of this act.

b. In addition to all other funds to which the local district or educational services commission is entitled under the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) and other pertinent statutes, each board of education or board of directors of an educational services commission shall receive from the State during the 1985-86 academic year and for two years thereafter an amount equal to the sum of the amounts by which the actual salary prescribed for each current full-time teaching staff member under the salary schedule adopted by the local board of education or board of directors for the 1984-85 academic year in the manner prescribed by law is less than \$18,500.00, provided that the teaching staff member has been certified by the local board of education or board of directors as performing his duties in an acceptable manner for the 1984-85 school year pursuant to N.J.A.C.6:3-1.19 and 6:3-1.21. Each local board of education or board of directors shall receive from the State on behalf of the newly employed full-time teaching staff members for the 1985-86 academic year and for two years thereafter an amount equal to the sum of the amounts by which the actual salary prescribed for each newly employed full-time teaching staff member under the salary schedule adopted by the local board of education or board of directors for the 1984-85 academic year is less than \$18,500.00. All adjustments for teachers who are hired or who leave employment during the school year and who make less than \$18,500.00 shall be made in the school year following the year in which they were hired or left employment.

c. For the 1988-89 academic year and thereafter, this act shall be funded in accordance with the recommendations of the State and Local Expenditure and Revenue Policy Commission created pursuant to P.L.1984, c.213. If the commission's recommendations for funding this program are not enacted into law, this act shall be funded in accordance with subsection d. of this section and sections 9 and 10 of P.L.1985, c.321 (C.18A:29-5.8 and C.18A:29-5.9).

d. For the purpose of funding this act in the 1988-89 academic year as determined pursuant to this section, each teacher's salary based on the 1984-85 salary guide shall be increased by the product of the base salary multiplied by 21%.

e. In each subsequent year the product of the base salary times 7% shall be cumulatively added to each teacher's salary as calculated in subsection d. of this section in determining the aid payable. In any year subsequent to the 1987-88 academic year in which the base salary

plus the cumulative increases under this section exceed \$18,500.00, aid will no longer be payable.

57. Section 11 of P.L.1995, c.426 (C.18A:36A-11) is amended to read as follows:

C.18A:36A-11 Operation of charter school.

11. a. A charter school shall operate in accordance with its charter and the provisions of law and regulation which govern other public schools; except that, upon the request of the board of trustees of a charter school, the commissioner may exempt the school from State regulations concerning public schools, except those pertaining to assessment, testing, civil rights and student health and safety, if the board of trustees satisfactorily demonstrates to the commissioner that the exemption will advance the educational goals and objectives of the school.

b. A charter school shall comply with the provisions of chapter 46 of Title 18A of the New Jersey Statutes concerning the provision of services to handicapped students; except that the fiscal responsibility for any student currently enrolled in or determined to require a private day or residential school shall remain with the district of residence.

Within 15 days of the signing of the individualized education plan, a charter school shall provide notice to the resident district of any individualized education plan which results in a private day or residential placement. The resident district may challenge the placement within 30 days in accordance with the procedures established by law.

c. A charter school shall comply with applicable State and federal anti-discrimination statutes.

58. Section 12 of P.L.1995, c.426 (C.18A:36A-12) is amended to read as follows:

C.18A:36A-12 Per pupil payments to charter schools.

12. a. (Deleted by amendment, P.L.2007, c.260).

b. The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the prebudget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation. In addition, the school district of residence shall pay directly to the charter school the security categorical aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school and, if applicable, 100% of preschool education aid. The district of residence shall also pay directly to the charter school any federal funds attributable to the student.

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

d. Notwithstanding the provisions of subsection b. of this section, in the case of a student who was not included in the district's projected resident enrollment for the school year, the State shall pay 100% of the amount required pursuant to subsection b. of this section for the first year of the student's enrollment in the charter school.

e. The State shall make payments required pursuant to subsection d. of this section directly to the charter school.

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

C.18A:38-7.9 Apportionment of State aid, taxes.

3. a. In the event the designated district is composed of more than one municipality, when allocating equalized valuations or district incomes, pursuant to the provisions of section 3 of P.L.2007, c.260 (C.18A:7F-45), for the purpose of calculating State aid, persons attending schools in the designated district pursuant to section 2 of this act shall be assigned to each municipality comprising the designated district in direct proportion to the number of persons ordinarily attending school from each municipality in the designated district without considering the persons attending pursuant to this act.

b. In the event the designated district is a constituent district of a limited purpose regional district, when allocating equalized valuations or district incomes, pursuant to the provisions of section 3 of P.L.2007, c.260 (C.18A:7F-45), for the purpose of apportioning the amounts to be raised by taxes for the limited purpose regional district of which the designated district is a constituent district, persons attending schools in the designated district pursuant to section 2 of this act shall not be counted.

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

C.18A:38-7.13 Designation of district for pupils residing in multi-district federal enclave.

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

For the purposes of calculating State aid pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.), whenever pupils residing in one district are attending the schools of the designated district, the district income of the resident district shall be allocated between the resident district and the designated district in proportion to the number of pupils residing in the resident district attending the schools of the resident district and designated district.

61. N.J.S.18A:38-19 is amended to read as follows:

Tuition of pupils attending schools in another district.

18A:38-19. Whenever the pupils of any school district are attending public school in another district, within or without the State, pursuant to this article, the board of education of the receiving district shall determine a tuition rate to be paid by the board of education of the sending district to an amount not in excess of the actual cost per pupil as determined under rules prescribed by the commissioner and approved by the State board, and such tuition shall be paid by the custodian of school moneys of the sending district out of any moneys in his hands available for current expenses of the district upon order issued by the board of education of the sending district, signed by its president and secretary, in favor of the custodian of school moneys of the receiving district.

62. Section 2 of P.L.1981, c.57 (C.18A:39-1a) is amended to read as follows:

C.18A:39-1a Adjustment of non-public school transportation costs.

2. For the 2002-2003 school year, the maximum amount of nonpublic school transportation costs per pupil provided for in N.J.S.18A:39-1 shall equal \$735 and this amount shall be increased in each subsequent year in direct proportion to the increase in the

State transportation aid per pupil in the year prior to the prebudget year compared to the amount for the prebudget year or by the CPI, whichever is greater.

As used in this section, State transportation aid per pupil shall equal the total State transportation aid payments made pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57) divided by the number of pupils eligible for transportation. "CPI" means the average annual increase, expressed as a decimal, in the consumer price index for the New York City and Philadelphia areas during the fiscal year preceding the prebudget year as reported by the United States Department of Labor.

In the 2002-2003 school year and thereafter, any additional costs incurred by a school district due to the increase in the maximum amount of nonpublic school transportation costs per pupil pursuant to this section shall be borne by the State.

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

Transportation of other pupils by board.

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

Districts shall not receive State transportation aid pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57) for the transportation of pupils pursuant to this section.

64. Section 1 of P.L.1995, c.106 (C.18A:39-1.3) is amended to read as follows:

C.18A:39-1.3 Contract for transportation of certain pupils; costs.

1. Any board of education which transports pupils to and from school pursuant to N.J.S.18A:39-1 or a cooperative transportation services agency may enter into a contract for the transportation of public school pupils who are not eligible for transportation services pursuant to N.J.S.18A:39-1 or any other law, and may require that if the parent, guardian or other person having legal custody of the child elects to have the pupil transported pursuant to the contract, then the parent, guardian or other person having legal custody of the child shall pay all or a part of the costs of that transportation, including, but not limited to, the cost of fuel, driver salaries and insurance. A board of education or a cooperative transportation services agency may also enter into a contract for the transportation of pupils who attend not for profit nonpublic schools and who are not eligible for transportation services pursuant to N.J.S.18A:39-1 or any other law or who receive in-lieu-of transportation payments, and may require that if the parent, guardian or other person having legal custody of the child elects to have the pupil transported pursuant to the contract, then the parent, guardian or other person having legal custody of the child shall pay all or a part of the costs of that transportation, including, but not limited to, the cost of fuel, driver salaries and insurance.

The costs of the transportation shall be paid at the time and in the manner determined by the board of education or the cooperative transportation services agency, provided that the parent, guardian or other person having legal custody of the pupil attending the public or nonpublic school shall pay no more than the per pupil cost of the route for the transportation provided pursuant to this section.

Boards of education shall not receive State transportation aid pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57) for the transportation of pupils pursuant to this section; however, the pupils shall be included in the calculation of the district's regular vehicle

capacity utilization for purposes of the application of the incentive factor pursuant to that section.

A board of education shall notify the Department of Education when it elects to provide transportation for pupils under the provisions of this act.

65. Section 1 of P.L.2000, c.114 (C.18A:39-1.7) is amended to read as follows:

C.18A:39-1.7 Purchase of transportation by nonpublic school pupils; conditions.

1. A board of education responsible for the transportation of public school pupils to and from school pursuant to N.J.S.18A:39-1 or a cooperative transportation services agency as identified by the Commissioner of Education may permit nonpublic school pupils who live in or outside of the district and who are not eligible for pupil transportation pursuant to N.J.S.18A:39-1 because the distance from the pupil's residence to the nonpublic school is greater than the mileage limit established pursuant to N.J.S.18A:39-1 or any other law to purchase transportation to the nonpublic school from the board of education or the cooperative transportation services agency provided that:

a. there is available space on the appropriate bus route; and

b. the parent, guardian or other person having legal custody of the pupil attending the nonpublic school agrees to transport the pupil to an existing bus stop as determined by the board of education or the cooperative transportation services agency.

The parent, guardian or other person having legal custody of the pupil attending the nonpublic school shall pay no more than the per pupil cost of the route for the transportation provided pursuant to this section. The costs of the transportation shall be paid at the time and in the manner determined by the board of education or cooperative transportation services agency.

A board of education or the cooperative transportation services agency shall notify the Department of Education when it elects to provide transportation for pupils under the provisions of this section.

Boards of education shall not receive State transportation aid pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57) for the transportation of pupils pursuant to this section; however these pupils shall be included in the calculation of the district's regular vehicle capacity utilization for purposes of the application of the incentive factor pursuant to that section.

Prior to providing transportation pursuant to this section to a nonpublic school pupil who lives within the district, a board of education shall determine if the pupil is eligible for transportation or an in-lieu-of payment pursuant to section 1 of P.L.1999, c.350 (C.18A:39-1.6). If the board of education determines that the pupil is eligible for transportation or an in-lieu-of payment pursuant to section 1 of P.L.1999, c.350 (C.18A:39-1.6), then that provision of law shall govern the transportation services provided to the pupil by the board of education.

66. N.J.S.18A:39-3 is amended to read as follows:

Pupil transportation contracts.

18A:39-3. a. No contract for the transportation of pupils to and from school shall be made, when the amount to be paid during the school year for such transportation shall exceed \$7,500.00 or the amount determined pursuant to subsection b. of this section, and have the approval of the executive county superintendent of schools, unless the board of education

making such contract shall have first publicly advertised for bids therefor in a newspaper published in the district or, if no newspaper is published therein, in a newspaper circulating in the district, once, at least 10 days prior to the date fixed for receiving proposals for such transportation, and shall have awarded the contract to the lowest responsible bidder.

Nothing in this chapter shall require the advertisement and letting on proposals or bids of annual extensions, approved by the executive county superintendent, of any contract for transportation entered into through competitive bidding when--

(1) Such annual extensions impose no additional cost upon the board of education, regardless of the fact that the route description has changed; or

(2) The increase in the contractual amount as a result of such extensions does not exceed the rise in the Consumer Price Index as defined in section 3 of P.L.2007, c.260 (C.18A:7F-45) for that school year, regardless of the fact that the route description has changed or an aide has been added or removed; or

(3) (Deleted by amendment, P.L.1982, c.74.)

(4) The increase in the contractual amount as a result of an extension exceeds the rise in the Consumer Price Index as defined in section 3 of P.L.2007, c.260 (C.18A:7F-45) for that school year, but the following apply to the extensions:

(a) The increase is directly attributable to a route change to accommodate new student riders or safety concerns as provided for in the original bid, or the increase is directly attributable to the addition of an aide as provided for in the original bid; and

(b) The school destination remains unchanged from the original contract.

Any such extension as described in this paragraph shall require the approval of the executive county superintendent of schools.

Nothing in this chapter shall require the immediate bid of any contract renewal for the remainder of a school year in which the only change, in addition to route description, is the bus type. However, any such extension shall be approved by the executive county superintendent of schools and shall be bid for the next school year.

b. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of each odd-numbered year, adjust the threshold amount set forth in subsection a. of this section, or subsequent to 1985 the threshold amount resulting from any adjustment under this subsection or section 17 of P.L.1985, c.469, in direct proportion to the rise or fall of the Consumer Price Index for all urban consumers in the New York City and the Philadelphia areas as reported by the United States Department of Labor. The Governor shall, no later than June 1 of each odd-numbered year, notify all local school districts of the adjustment. The adjustment shall become effective on July 1 of each odd-numbered year.

67. N.J.S.18A:39-15 is amended to read as follows:

State aid for joint transportation.

18A:39-15. If the executive county superintendent of the county in which the districts are situate shall approve the necessity, the cost, and the method of providing joint transportation and the agreement whereby the same is to be provided, each board of education providing joint transportation shall be entitled to State transportation aid pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57).

68. Section 11 of P.L.1987, c.387 (C.18A:40A-18) is amended to read as follows:

C.18A:40A-18 Employment of substance awareness coordinators in certain school districts.

11. The Commissioner of Education, in consultation with the Commissioner of Health and Senior Services, shall develop and administer a program which provides for the employment of substance awareness coordinators in certain school districts.

a. Within 90 days of the effective date of this act, the Commissioner of Education shall forward to each local school board a request for a proposal for the employment of a substance awareness coordinator. A board which wants to participate in the program shall submit a proposal to the commissioner which outlines the district's plan to provide substance abuse prevention, intervention and treatment referral services to students through the employment of a substance awareness coordinator. Nothing shall preclude a district which employs a substance awareness coordinator at the time of the effective date of this act from participating in this program. The commissioner shall select school districts to participate in the program through a competitive grant process. The participating districts shall include urban, suburban and rural districts from the north, central and southern geographic regions of the State with at least one school district per county. In addition to all other State aid to which the local district is entitled under the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) and other pertinent statutes, each board of education participating in the program shall receive from the State, for a three-year period, the amount necessary to pay the salary of its substance awareness coordinator.

b. The position of substance awareness coordinator shall be separate and distinct from any other employment position in the district, including, but not limited to district guidance counselors, school social workers and school psychologists. The State Board of Education shall approve the education and experience criteria necessary for employment as a substance awareness coordinator. The criteria shall include a requirement for certification by the State Board of Examiners. In addition to the criteria established by the State board, the Department of Education and the Department of Health and Senior Services shall jointly conduct orientation and training programs for substance awareness coordinators, and shall also provide for continuing education programs for coordinators.

c. It shall be the responsibility of substance awareness coordinators to assist local school districts in the effective implementation of this act. Coordinators shall assist with the in service training of school district staff concerning substance abuse issues and the district program to combat substance abuse; serve as an information resource for substance abuse curriculum development and instruction; assist the district in revising and implementing substance abuse policies and procedures; develop and administer intervention services in the district; provide counseling services to pupils regarding substance abuse problems; and, where necessary and appropriate, cooperate with juvenile justice officials in the rendering of substance abuse treatment services.

d. The Commissioner of Education, in consultation with the Commissioner of Health and Senior Services, shall implement a plan to collect data on the effectiveness of the program in treating problems associated with substance abuse and in reducing the incidence of substance abuse in local school districts. Six months prior to the expiration of the program authorized pursuant to this section, the Commissioner of Education shall submit to the Governor and the Legislature an evaluation of the program and a recommendation on the advisability of its continuation or expansion to all school districts in the State.

69. N.J.S.18A:44-4 is amended to read as follows:

Expenses; how paid.

18A:44-4. a. Except as otherwise provided pursuant to subsection b. of this section, the expenses of preschool schools or departments and of kindergarten schools or departments shall be paid out of any moneys available for the general fund expenses of the schools, and in the same manner and under the same restrictions as the expenses of other schools or departments are paid, except when wholly or partly subsidized by restricted funding sources or restricted endowments.

b. A district may collect tuition from the parents or guardians of students enrolled in a preschool school or department for whom the district does not receive preschool education aid pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54). The amount of tuition may not exceed the per pupil cost of the preschool program.

70. Section 2 of P.L.2000, c.139 (C.18A:44-6) is amended to read as follows:

C.18A:44-6 Division of Early Childhood Education.

2. a. There is established a Division of Early Childhood Education in the Department of Education. The administrator and head of the division shall be a person qualified by training and experience to perform the duties of the division and shall devote his entire time to the performance of those duties.

b. The division shall be responsible for:

(1) setting required standards for early childhood education programs in districts that operate preschool programs for three- and four-year olds that emphasize the quality necessary to meet children's needs, including, but not limited to, standards for teacher qualifications, program design and facilities;

(2) identifying and disseminating information on model early childhood education programs that meet and exceed high standards for program quality;

(3) the coordination of early childhood programs and services in consultation with the Department of Human Services;

(4) identifying the amount of funds necessary to implement successful early childhood education programs based on a comprehensive needs assessment;

(5) providing assistance, as needed, to school districts in implementing early childhood education programs;

(6) implementing the early childhood education orders of the New Jersey Supreme Court;

(7) overseeing the evaluation and monitoring of early childhood education programs in districts that operate preschool programs for three- and four-year olds; and

(8) providing, in consultation with the Department of Human Services, an annual report to the Legislature and public on early childhood education.

71. N.J.S.18A:46-14 is amended to read as follows:

Enumeration of facilities and programs.

18A:46-14. The facilities and programs of education required under this chapter shall be provided by one or more of the following:

a. A special class or classes in the district, including a class or classes in hospitals, convalescent homes, or other institutions;

b. A special class in the public schools of another district in this State or any other state in the United States;

c. Joint facilities including a class or classes in hospitals, convalescent homes or other institutions to be provided by agreement between one or more school districts;

- d. A jointure commission program;
- e. A State of New Jersey operated program;
- f. Instruction at school supplementary to the other programs in the school, whenever, in the judgment of the board of education with the consent of the commissioner, the handicapped pupil will be best served thereby;
- g. Sending children capable of benefiting from a day school instructional program to privately operated day classes, in New Jersey or, with the approval of the commissioner to meet particular circumstances, in any other state in the United States, the services of which are nonsectarian whenever in the judgment of the board of education with the consent of the commissioner it is impractical to provide services pursuant to subsection a., b., c., d., e. or f. otherwise;
- h. Individual instruction at home or in school whenever in the judgment of the board of education with the consent of the commissioner it is impracticable to provide a suitable special education program for a child pursuant to subsection a., b., c., d., e., f. or g. otherwise.

Whenever a child study team determines that a suitable special education program for a child cannot be provided pursuant to subsection a., b., c., d., e., f., g. or h. of this section, and that the most appropriate placement for that child is in an academic program in an accredited nonpublic school within the State or, to meet particular circumstances, in any other state in the United States, the services of which are nonsectarian, and which is not specifically approved for the education of handicapped pupils, that child may be placed in that academic program by the board of education, with the consent of the commissioner, or by order of a court of competent jurisdiction. An academic program which meets the requirements of the child's Individual Education Plan as determined by the child study team and which provides the child with a thorough and efficient education, shall be considered an approved placement for the purposes of chapter 46 of this Title, and the board of education shall be entitled to receive State aid for that child as provided pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.), and all other pertinent statutes.

Whenever any child shall be confined to a hospital, convalescent home, or other institution in New Jersey or in any other state in the United States and is enrolled in an education program approved under this article, or shall be placed in any other State facility as defined in section 3 of P.L.2007, c.260 (C.18A:7F-45), the board of education of the district in which the child resides shall pay the tuition of that child. The board of education may also furnish (a) the facilities or programs provided in this article to any person over the age of 20 who does not hold a diploma of a high school approved in this State or in any other state in the United States, (b) suitable approved facilities and programs for children under the age of five.

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

Transportation of pupils; special classes; handicapped children; State aid.

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

The board of education shall furnish transportation to all children being sent by local boards of education to an approved 12-month program pursuant to N.J.S.18A:46-14, or any

other program approved pursuant to N.J.S.18A:46-14 and who qualify therefor pursuant to law, during the entire time the child is attending the program. The board shall furnish transportation for a lesser distance also to a handicapped child, if it finds upon the advice of the examiner, his handicap to be such as to make the transportation necessary or advisable.

The school district shall be entitled to State aid for the transportation pursuant to section 15 of P.L.2007, c.260 (C.18A:7F-57) when the necessity for the transportation and the cost and method thereof have been approved by the executive county superintendent of the county in which the district paying the cost of the transportation is situated.

73. Section 3 of P.L.1971, c.271 (C.18A:46-31) is amended to read as follows:

C.18A:46-31 Powers, duties of special services school district board of education.

3. a. Any school established pursuant to P.L.1971, c.271 (C.18A:46-29 et al.) shall accept all eligible pupils within the county, so far as facilities permit. Pupils residing outside the county may be accepted should facilities be available only after provision has been made for all eligible pupils within the county. Any child accepted shall be classified pursuant to chapter 46 of Title 18A of the New Jersey Statutes.

b. The board of education of any county special services school district may receive such funds as may be appropriated by the county pursuant to section 13 of P.L.1971, c.271 (C.18A:46-41) and shall be entitled to collect and receive from the sending districts in which the pupils attending the county special services school reside, for the tuition of those pupils, a sum not to exceed the actual cost per pupil as determined for each special education program or for the special services school district, according to rules prescribed by the commissioner and approved by the State board. Whenever funds have been appropriated by the county, the county special services school district may charge a fee in addition to tuition for any pupils who are not residents of the county. The fee shall not exceed the amount of the county's per pupil appropriation to the county special services school district. For each special education program or for the special services school district, the tuition shall be at the same rate per pupil for each sending district whether within or without the county. Ten percent of the tuition amount and the nonresident fee amount, if any, shall be paid on the first of each month from September to June to the receiving district by each sending district. The annual aggregate amount of all tuition may be anticipated by the board of education of the county special services school district with respect to the annual budget of the county special services school district. The amounts of all annual payments or tuition to be paid by any other school district shall be raised in each year in the annual budget of the other school district and paid to the county special services school district.

Tuition charged to the resident district shall be deducted from the resident district's State aid and transferred directly to the county special services district by the Department of Education according to procedures established by the commissioner. The transfers shall equal 1/20th of the tuition charged and shall occur on the same schedule of State aid payments for the resident districts. Beginning in May of the preceding year the county special services district shall report to the department and the resident districts the current enrollments and tuition rates by district. Enrollment changes reported at least 30 days in advance of a scheduled transfer shall be honored.

Unless specifically designated, county special services school districts shall not receive State aid under the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.). The county special services general fund budget, exclusive of any county contribution, shall not exceed the

general fund budget, exclusive of any county contribution, in the prebudget year adjusted by the CPI or three percent, whichever is greater, plus an enrollment factor.

An undesignated general fund balance of 10 percent of the general fund budget exclusive of tuition adjustments of prior years may be maintained. For the years 1997-98 through 2001-2002, State aid shall be provided to fund tuition losses when placements drop by more than five percent between the budget year and prebudget year. State aid shall equal the difference between 95 percent of the prebudget year enrollment on May 1 preceding the prebudget year multiplied by the budget year tuition rate and actual enrollments on May 1 preceding the budget year multiplied by the budget year tuition rate.

c. The board of education of any county special services school district, with the approval of the board of chosen freeholders of the county, may provide for the establishment, maintenance and operation of dormitory and other boarding care facilities for pupils in conjunction with any one or more of its schools for special services, and the board shall provide for the establishment, maintenance and operation of such health care services and facilities for the pupils as the board shall deem necessary.

d. (Deleted by amendment, P.L.1991, c.62).

74. Section 9 of P.L.1977, c.192 (C.18A:46A-9) is amended to read as follows:

C.18A:46A-9 Apportionment of State aid; calculation.

9. The apportionment of State aid among local school districts shall be calculated by the commissioner as follows:

a. The per pupil aid amount for providing the equivalent service to children of limited English-speaking ability enrolled in the public schools, shall be \$1274.03. The appropriate per pupil aid amount for compensatory education shall be \$628.71.

b. The appropriate per pupil aid amount shall then be multiplied by the number of auxiliary services received for each pupil enrolled in the nonpublic schools who were identified as eligible to receive each auxiliary service as of the last school day of June of the prebudget year, to obtain each district's State aid for the next school year.

c. The per pupil aid amount for home instruction shall be determined by multiplying the base per pupil amount by a cost factor of 0.0037 by the number of hours of home instruction actually provided in the prior school year.

75. N.J.S.18A:56-16 is amended to read as follows:

Certification of anticipated default; purchase of bonds, payment of interest by trustees; State aid treatment.

18A:56-16. In the event that a school district or a county or municipality anticipates that it will be unable to meet the payment of principal or interest on any of its bonds issued for school purposes after December 4, 1958, it shall certify such liability to the commissioner and the Director of the Division of Local Finance at least 10 days prior to the date any such payment is due. If the commissioner and director shall approve said certification, they shall immediately certify the same to the trustees of the fund for the support of public schools. Upon the receipt thereof, or in the event any such district, county or municipality fails to certify its anticipated inability to meet any such payments, upon notice and verification of such inability, the trustees shall, within the limits of the school bond guaranty reserve established within the fund purchase any such bonds at a price equivalent to the face amount thereof or pay to the holder of any such bond the interest due or to become due thereon, as

the case may be, and such purchases and payments of interest may continue so long as the district, county or municipality remains unable to make such payments. Upon making any such payment of interest, the trustees of the fund shall be subrogated to all rights of the bondholder against the issuer in respect to the collection of such interest and if such interest is represented by a coupon such coupon shall be delivered to the trustees of the fund.

The State Treasurer shall act as agent of the trustees of the fund in making any such payments or purchases, and he shall prescribe, in consultation with the commissioner, such rules and regulations as may be necessary and proper to effectuate the purposes of this section.

The amount of any payment of interest or purchase price pursuant to this section shall be deducted from the appropriation or apportionment of State aid, other than any State aid which may be otherwise restricted pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.), payable to the district, county or municipality and shall not obligate the State to make, nor entitle the district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the district, county or municipality arising as a result of the payment of interest or purchase price pursuant to this section.

76. Section 6 of P.L.1974, c.79 (C.18A:58-37.6) is amended to read as follows:

C.18A:58-37.6 Expenditure of aid for textbooks.

6. State aid provided pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) may be expended for the purchase and loan of textbooks for public school pupils in an amount which shall not exceed the State average budgeted textbook expense for the prebudget year per pupil in resident enrollment. Nothing contained herein shall prohibit a board of education in any district from purchasing textbooks in excess of the amounts provided pursuant to this act.

77. Section 4 of P.L.2000, c.77 (C.30:5B-6.13) is amended to read as follows:

C.30:5B-6.13 Request for criminal history record background check, time limits, restrictions upon employees.

4. a. In the case of a child care center established after the effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.), the owner or sponsor of the center, prior to the center's opening, shall ensure that a request for a criminal history record background check on each staff member is sent to the Department of Human Services for processing by the Division of State Police in the Department of Law and Public Safety and the Federal Bureau of Investigation.

A staff member shall not be left alone as the only adult caring for a child at the center until the criminal history record background has been reviewed by the department pursuant to P.L.2000, c.77 (C.30:5B-6.10 et al.).

b. In the case of a child care center licensed or granted life-safety approval prior to the effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.), the owner or sponsor of the center, at the time of the center's first renewal of license or life-safety approval next following that effective date, shall ensure that a request for a criminal history record background check for each staff member is sent to the department for processing by the Division of State Police and the Federal Bureau of Investigation.

c. Within two weeks after a new staff member begins employment at a child care center, the owner or sponsor of the center shall ensure that a request for a criminal history record

background check is sent to the department for processing by the Division of State Police and the Federal Bureau of Investigation.

A new staff member shall not be left alone as the only adult caring for a child at the center until the criminal history record background has been reviewed by the department pursuant to P.L.2000, c.77 (C.30:5B-6.10 et al.).

d. In the case of child care centers under contract to implement early childhood education programs in school districts, the department shall ensure that a criminal history record background check is conducted on all current staff members as soon as practicable, but no later than six months after the effective date of P.L.2000, c.77 (C.30:5B-6.10 et al.).

78. Section 10 of P.L.2000, c.77 (C.30:5B-6.18) is amended to read as follows:

C.30:5B-6.18 Inapplicability of C.18A:6-7.1 et seq.

10. Notwithstanding the provisions of any other law to the contrary, the provisions of P.L.1986, c.116 (C.18A:6-7.1 et seq.) shall not apply to employees of a child care center licensed or life-safety approved by the Department of Human Services pursuant to P.L.1983, c.492 (C.30:5B-1 et seq.) if the center contracts with a school district to implement an early childhood education program.

79. Section 2 of P.L.1999, c.279 (C.34:15F-2) is amended to read as follows:

C.34:15F-2 Definitions relative to mentoring programs.

2. As used in this act:

"Commissioner" means the Commissioner of Labor and Workforce Development;

"Department" means the Department of Labor and Workforce Development;

"Educational foundation" means a nonprofit organization that may be created by or on behalf of a board of education or a nonprofit organization that has experience in the establishment of mentoring programs or the provision of services to at-risk youth;

"Joint committee" means the Joint Committee on Mentoring;

"Mentor" means a volunteer from the community who agrees to participate in a mentoring program;

"Program" means the At-Risk Youth Mentoring Program established by this act; and

"SDA district" means an SDA district as defined pursuant to section 3 of P.L.2000, c.72 (C.18A:7G-3).

80. Section 2 of P.L.2003, c.113 (C.46:15-7.1) is amended to read as follows:

C.46:15-7.1 Supplemental fee for conveyance, transfer of property.

2. a. For each conveyance or transfer of property, the grantor shall pay a supplemental fee of:

(1) (a) \$0.25 for each \$500.00 of consideration or fractional part thereof not in excess of \$150,000.00 recited in the deed;

(b) \$0.85 for each \$500.00 of consideration or fractional part thereof in excess of \$150,000.00 but not in excess of \$200,000.00 recited in the deed; and

(c) \$1.40 for each \$500.00 of consideration or fractional part thereof in excess of \$200,000.00 recited in the deed, plus

(2) for a transfer described in subsection (b) of section 4 of P.L.1975, c.176 (C.46:15-10.1), an additional \$1.00 for each \$500.00 of consideration or fractional part thereof not in

excess of \$150,000.00 recited in the deed which fee shall be collected by the county recording officer at the time the deed is offered for recording, except as provided by subsection b. of this section.

b. The supplemental fee imposed by subsection a. of this section shall not be imposed on a conveyance or transfer that is made by a deed described in section 6 of P.L.1968, c.49 (C.46:15-10) or on a transfer described in paragraph (1) or paragraph (2) of subsection (a) of section 4 of P.L.1975, c.176 (C.46:15-10.1).

c. The proceeds of the supplemental fees collected by the county recording officer pursuant to subsection a. of this section shall be accounted for and remitted to the county treasurer. An amount equal to \$0.25 of the supplemental fee for each \$500.00 of consideration or fractional part thereof recited in the deed so collected pursuant to this section shall be retained by the county treasurer for the purposes set forth in subsection d. of this section, and the balance shall be remitted to the State Treasurer for deposit to the Extraordinary Aid Account, which shall be established as an account in the General Fund. Payments shall be made to the State Treasurer on the tenth day of each month following the month of collection.

d. From the proceeds of the supplemental fees collected by the county recording officer pursuant to subsection a. of this section and retained by the county treasurer pursuant to subsection c. of this section, a county that received funding in State fiscal year 2003 for the support of public health services pursuant to the provisions of the Public Health Priority Funding Act of 1977, P.L.1966, c.36 (C.26:2F-1 et seq.) shall, at a minimum, fund its priority health services under that act in subsequent years at the same level as the level at which those services were funded in State fiscal year 2003 pursuant to the annual appropriations act for that fiscal year as the Commissioner of the Department of Health and Senior Services shall determine. In any county, amounts of supplemental fees retained that are in excess of the amounts required to be used for the funding of the county's priority health services under this subsection shall be used by the county for general county purposes.

e. The Legislature shall annually appropriate the entire balance of the Extraordinary Aid Account for the purposes of providing extraordinary special education aid pursuant to section 13 of P.L.2007, c.260 (C.18A:7F-55) and "Municipal Property Tax Relief Act" extraordinary aid pursuant to section 4 of P.L.1991, c.63 (C.52:27D-118.35).

f. Every deed subject to the supplemental fee required by this section, which is in fact recorded, shall be conclusively deemed to have been entitled to recording, notwithstanding that the amount of the consideration shall have been incorrectly stated, or that the correct amount of the supplemental fee, if any, shall not have been paid, and no such defect shall in any way affect or impair the validity of the title conveyed or render the same unmarketable; but the person or persons required to pay that supplemental fee at the time of recording shall be and remain liable to the county recording officer for the payment of the proper amount thereof.

81. Section 2 of P.L.2001, c.415 (C.52:27D-491) is amended to read as follows:

C.52:27D-491 Definitions relative to the "Neighborhood Revitalization State Tax Credit Act."

2. As used in this act:

"Assistance" means the contribution of moneys to aid in the provision of neighborhood preservation and revitalization services or community services.

"Business entity" means any business firm or individual which is authorized to conduct or operate a trade or business in the State and is subject to taxes on business related income.

"Certificate for neighborhood revitalization State tax credits" means the certificate in the form prescribed by the Treasurer and issued by the commissioner to a business entity that specifies the dollar amount of neighborhood preservation and revitalization State tax credits that business entity may take as an annual credit against certain State taxes pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.).

"Commissioner" means the Commissioner of Community Affairs.

"Department" means the Department of Community Affairs.

"Eligible neighborhood" means a contiguous area located in one or more municipalities that, at the time of the application to the department for approval of a neighborhood preservation and revitalization plan, are either eligible to receive aid under the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24 et seq.) or coextensive with a school district which qualified prior to the effective date of P.L.2007, c.260 (C.18A:7F-43 et al.) for designation as an "Abbott district" pursuant to the "Comprehensive Educational Improvement and Financing Act of 1996," P.L.1996, c.138 (C.18A:7F-1 et al.).

"Housing and economic development activities" means those activities carried out in furtherance of a neighborhood preservation and revitalization plan in an eligible neighborhood approved pursuant to P.L.2001, c.415 (C.52:27D-490 et seq.), to improve the housing and economic conditions of the neighborhood; and shall include, without limitation, measures to foster the rehabilitation and construction of housing affordable to low and moderate income households within the neighborhood, including planning, design, rehabilitation, construction, and management of low and moderate income housing, home buyer counseling, and related activities needed to effectuate the rehabilitation and construction of housing affordable to low and moderate income households; measures to increase business activity within the neighborhood, including the rehabilitation and construction of commercial facilities and the provision of assistance to small business entities; and measures to increase the income and labor force participation of neighborhood residents, including provision of education, training, child care and transportation assistance to enable low income neighborhood residents to obtain or retain employment.

"Low income household" means a household whose gross household income is less than 50 percent of the median gross household income for the region in which the neighborhood is located for households of similar size as determined by the department.

"Moderate income household" means a household whose gross household income is greater than or equal to 50 percent but less than 80 percent of the median gross household income of the region in which the neighborhood is located for households of similar size as determined by the department.

"Neighborhood preservation and revitalization activities" means housing and economic development activities and other neighborhood preservation and revitalization activities.

"Neighborhood Revitalization Plan" means a plan for the preservation or revitalization of an eligible neighborhood.

"Nonprofit organization" means a private nonprofit corporation that has been determined by the Internal Revenue Service of the United States Department of the Treasury to be exempt from income taxation under 26 U.S.C.s.501(c)(3).

"Other Neighborhood Revitalization Activities" means those activities, other than housing and economic development activities, carried out in furtherance of a State-approved neighborhood preservation and revitalization plan in a qualified low and moderate income neighborhood, and may include, without limitation, improvements to infrastructure, street

scape, public open space, and transportation systems; provision of social and community services, health care, crime prevention, recreation activities, community and environmental health services; and community outreach and organizing activities.

"Qualified nonprofit organization" means a nonprofit organization that has demonstrated a commitment to the neighborhood for which it is submitting a plan or project, as reflected in its past activities or proposed activities in a preservation and revitalization plan.

"Qualified project" means one or more housing and economic development activities and which may also include one or more other neighborhood revitalization activities to be carried out in accordance with a neighborhood revitalization plan as approved by the commissioner with funds provided by a business entity eligible to receive a certificate for neighborhood revitalization State tax credits.

82. Section 7 of P.L.2004, c.73 is amended to read as follows:

7. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the commissioner may adopt, immediately upon filing with the Office of Administrative Law, such rules and regulations as the commissioner deems necessary to implement the provisions of P.L.2004, c.73 which shall be effective for a period not to exceed 12 months. Determinations made by the commissioner pursuant to P.L.2004, c.73 and the rules and regulations adopted by the commissioner to implement that act shall be considered to be final agency action and appeal of that action shall be directly to the Appellate Division of the Superior Court. The regulations shall thereafter be amended, adopted or readopted by the Commissioner of Education in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

83. Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1 et seq.) to the contrary, the Commissioner of Education may adopt, immediately upon filing with the Office of Administrative Law, such rules and regulations as the commissioner deems necessary to implement the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) which shall be effective for a period not to exceed 12 months. The regulations shall thereafter be amended, adopted or readopted by the commissioner in accordance with the provisions of P.L.1968, c.410 (C.52:14B-1 et seq.).

Repealer.

84. The following sections are repealed:

Sections 1 through 4, 10 through 23, and 25 through 31 of P.L.1996, c.138 (C.18A:7F-1 through 18A:7F-4, 18A:7F-10 through 18A:7F-23, 18A:7F-25 through 18A:7F-31);

Sections 1 and 2 of P.L.2005, c.122 (C.18A:7F-10.1 and 18A:7F-10.2);

Section 2 of P.L.1999, c.110 (C.18A:7F-13.1);

Section 1 of P.L.1999, c.438 (C.18A:7F-32.1);

P.L.1999, c.142 (C.18A:7F-35 and 18A:7F-36);

Section 1 of P.L.1999, c.167 (18A:8-1.1);

P.L.1995, c.95 (C.18A:22-8.6);

Section 10 of P.L.1999, c.279 (C.34:15F-10).

85. This act shall take effect immediately and shall first apply to the 2008-2009 school year.

Approved January 13, 2008.