

CHAPTER 19**COMPREHENSIVE EDUCATIONAL IMPROVEMENT
AND FINANCING PROGRAM****Authority**

N.J.S.A. 18A:7F-34 (P.L. 1996, c.138) and 18A:7A-1 et seq.

Source and Effective Date

R.1997 d.372, effective September 2, 1997.
See: 29 N.J.R. 2591(a), 29 N.J.R. 3806(a).

Executive Order No. 66(1978) Expiration Date

Chapter 24, Comprehensive Educational Improvement and Financing Program, expires on September 2, 2002.

CHAPTER TABLE OF CONTENTS**SUBCHAPTER 1. GENERAL PROVISIONS**

6:19-1.1 Purpose
6:19-1.2 Definitions

SUBCHAPTER 2. BUDGET REVIEW AND APPROVAL

6:19-2.1 Review of budget proposals for thoroughness and efficiency
6:19-2.2 Review of Abbott district budgets
6:19-2.3 Commissioner to ensure achievement of the Core Curriculum Content Standards
6:19-2.4 Additional spending proposals
6:19-2.5 Designation of general fund balances
6:19-2.6 Public notice and inspection
6:19-2.7 Adjustments to spending growth limitation

SUBCHAPTER 3. EARLY CHILDHOOD PROGRAM AID

6:19-3.1 Requirement to establish early childhood programs
6:19-3.2 Requirements for fiscal operations and program operational plans

SUBCHAPTER 4. DEMONSTRABLY EFFECTIVE PROGRAMS

6:19-4.1 Required uses of Demonstrably Effective Programs Aid
6:19-4.2 Requirements for fiscal operations and program operational plans
6:19-4.3 Sanctions for failure to use aid as required

SUBCHAPTER 5. RESTORATION OF BUDGET REDUCTIONS

6:19-5.1 Authority
6:19-5.2 Procedures following voter defeat or board of school estimate reduction of proposed budget
6:19-5.3 Application to Commissioner for restoration of reductions; automatic review of budgets below minimum T&E amount
6:19-5.4 Procedures for submission of application or budget subject to automatic review
6:19-5.5 Grounds for application or review
6:19-5.6 Commissioner review and determination

SUBCHAPTER 1. GENERAL PROVISIONS**6:19-1.1 Purpose**

These rules are adopted pursuant to N.J.S.A. 18A:7F-34 to effectuate the provisions of the Comprehensive Educational Improvement and Financing Act of 1996 and to integrate within the new procedures, procedures related to existing statutory provisions, such as N.J.S.A. 18A:7A-1 et seq., and the general authority conferred pursuant to the "thorough and efficient" clause of the New Jersey Constitution in order to produce a well coordinated and efficient system of rules. The Act establishes procedures for defining the substantive content of a thorough education in the form of rigorous Core Curriculum Content Standards which are uniformly required of all districts in the State. The Act also establishes procedures for setting and maintaining standards for the efficient delivery of programs and services that will accomplish these goals. In addition, the Act provides a funding mechanism to ensure that each school district has a level of financial support sufficient to provide those programs and services. Finally, it establishes an accountability system to ensure that public funds will be expended prudently and effectively to enable all students to meet the established substantive standards.

Petition for Rulemaking.

See: 31 N.J.R. 902(a), 31 N.J.R. 3532(a).

6:19-1.2 Definitions

The following words and terms, when used in this chapter, shall have the following meanings:

"Abbott district," as defined by N.J.S.A. 18A:7F-3, means one of the 28 urban districts in district factor groups A and B specifically identified in the appendix to *Raymond Abbott, et al. v. Fred G. Burke, et al.* decided by the New Jersey Supreme Court on June 5, 1990 (119 N.J. 287, 394) as follows: Asbury Park City, Bridgeton City, Burlington City, Camden City, East Orange City, Elizabeth City, Garfield City, Gloucester City, Harrison Town, Hoboken City, Irvington Township, Jersey City, Keansburg Borough, Long Branch City, Millville City, New Brunswick City, Newark City, City of Orange Township, Passaic City, Paterson City, Pemberton Township, Perth Amboy City, Phillipsburg Town, Pleasantville City, Trenton City, Union City, Vineland City, and West New York Town.

"Adjusted for inflation," as defined by N.J.S.A. 18A:7F-5, means the greater of the CPI or three percent.

"Base budget" means the district board of education's school budget which contains a net budget at its adjusted spending growth limitation pursuant to N.J.S.A. 18A:7F-5, but exclusive of additional spending proposals submitted to the voters or board of school estimate.

"Comparative Spending Guide" means the annual report of comparative financial statistics of school districts compiled and published for general distribution by the Commissioner pursuant to N.J.S.A. 18A:4-30.

"Core Curriculum Content Standards" means the seven academic and five workplace readiness areas adopted by the State Board of Education May 1, 1996 and as thereafter revised by the State Board. These standards communicate the common expectations for the achievement to which all New Jersey students will be held throughout their 13 year public education experience. The standards are articulated in areas including: visual and performing arts, comprehensive health/physical education, language arts literacy, mathematics, science, social studies and world languages and cross content areas for: career planning, use of technology information and other tools, critical thinking/decision making/problem solving, self management and safety principles.

"CPI," as defined by N.J.S.A. 18A:7F-3, 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.

"Debt service," as defined by N.J.S.A. 18A:7F-3, 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 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 (N.J.S.A. 18A:58-33.22 et seq.), P.L. 1971, c.10 (N.J.S.A. 18A:58-33.6 et seq.) and P.L. 1968, c.177 (N.J.S.A. 18A:58-33.2 et seq.) is excluded.

"Demonstrably effective programs" means those programs, strategies or services pursuant to N.J.S.A. 18A:7F-18 that are established through State resources and are research-based or have demonstrated through strong, logical, empirical, research evidence that improvement in academic performance is educationally significant. Such programs, strategies or services result in high student achievement. These programs, strategies or services are either expressly identified in N.J.S.A. 18A:7F-18 or are approved by the State Board in accordance with N.J.A.C. 6:19-4.1(a).

"Early childhood program aid" means State aid pursuant to N.J.S.A. 18A:7F-16 which is distributed to all school districts with high concentrations of low-income students, for the purpose of providing full-day kindergarten and pre-school classes and other early childhood programs and services.

"Educationally Meritorious Programs," as used in the Comprehensive Educational Improvement and Financing Act of 1996, means programs that are established through State resources and are research-based programs or services that have demonstrated effectiveness, and have been evaluated and proven successful in promoting high student achievement in any type of district regardless of socio-economic conditions. Such programs or services directly support student achievement of the Core Curriculum Content Standards, and demonstrate fiscal and administrative efficiency.

"Efficiency standards," established pursuant to N.J.S.A. 18A:7F-4b, means the efficiency standards contained in the biennial Report on the Cost of Providing a Thorough and Efficient Education.

"GAAP," as defined by N.J.S.A. 18A:7F-3, means the generally accepted accounting principles established by the Governmental Accounting Standards Board as prescribed by the State Board pursuant to N.J.S.A. 18A:4-14.

"Lease purchase payment," as defined by N.J.S.A. 18A:7F-3, means payments of principal and interest for lease purchase agreements in excess of five years approved pursuant to subsection f of N.J.S.A. 18A:20-4.2 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.

"Low-income pupils," as defined by N.J.S.A. 18A:7F-3, means those 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 1.30.

"Net budget," as defined by N.J.S.A. 18A:7F-3, means the sum of the net T&E budget and the portion of the district's local levy that is above the district's maximum T&E budget.

"Net T&E budget," as defined by N.J.S.A. 18A:7F-3, means the sum of the T&E program budget, early childhood program aid, demonstrably effective program aid, instructional supplement aid, transportation aid, and categorical program aid received pursuant to N.J.S.A. 18A:7F-19 through 22, 28 and 29.

"Prebudget year," as defined by N.J.S.A. 18A:7F-3, means the school fiscal year preceding the year in which the school budget is implemented.

2. Prepare a narrative statement based on the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-4 which describes in specific detail the reasons why and to the extent that the district's proposed budget contains spending which exceeds its maximum T&E budget (that is, the maximum amount needed to deliver curriculum and instruction which will enable all students to achieve the Core Curriculum Content Standards). That statement shall be included with the budget application and other materials for public inspection.

6:19-2.7 Adjustments to spending growth limitation

(a) A district board of education shall comply with the following requirements when adjusting the spending growth limitation for capital outlay expenditures pursuant to N.J.S.A. 18A:7F-5. The district board shall:

1. Adopt and submit with the budget application a true copy of a formal board resolution which contains a narrative description of the capital purposes and the full amount to be included in the base budget, the need for and the amount of the adjustment, and a statement that said purposes must be completed by the end of the budget year and cannot be deferred or incrementally completed over a longer period of time;

2. Provide evidence that the proposed capital expenditures were the result of long term planning and deliberation and are also one of the following: directly related to classroom instruction, part of an established periodic schedule of equipment replacement, essential to the administration of necessary school level activities, required to ensure the health and safety of persons using school facilities or sites; or that the capital outlay portion of the prebudget year was an aberration in that it was the lowest of the previous three budget years;

3. If the proposed capital outlay portion of the budget includes funds to purchase, expand, renovate or construct school facilities or sites, provide a true copy of the minutes of the board meeting at which the proposal was formally introduced and discussed in public;

4. In the event that the capital outlay portion of the budget will not be or is not fully expended or encumbered by the end of the budget year, reserve and designate any balances in the subsequent budget year when determined prior to the adoption of that budget or the second subsequent budget year when determined after adoption; and

5. Use amounts for the purchase, expansion, renovation or construction of school facilities or sites or the major replacement or purchase of equipment exclusively for their intended purposes and reserve and designate any balances which will not be or are not expended or encumbered by the end of the budget year in the subsequent budget year when determined prior to the adoption of that budget or the second subsequent budget year when determined after adoption. A district board of education may apply to the Commissioner for an exemption to this provision due to unforeseeable conditions which result in other urgent capital outlay needs. An exemption shall be granted if the existence of such conditions is demonstrated.

(b) A district board of education's adjustment to the spending growth limitation for pupil transportation costs provided pursuant to N.J.S.A. 18A:39-1.1 shall be calculated, unless the district board of education can clearly document that the actual costs of such transportation are higher, as follows:

$$\frac{(E \times 2) + (S \times 2.5)}{TEM + (E \times 2) + (S \times 2.5)} \times TPTC$$

where:

E is the elementary pupils provided transportation pursuant to N.J.S.A. 18A:39-1.1

S is the secondary pupils provided transportation pursuant to N.J.S.A. 18A:39-1.1

TEM is the total eligible miles for transportation aid

TPTC is the total pupil transportation costs contained in the proposed budget

(c) For the 1998-99 through 2001-2002 school years, the Commissioner shall not approve an application pursuant to N.J.S.A. 18A:7F-5d(7) for adjustment to the spending growth limitation because of the implementation of early childhood programs for an amount greater than the prebudget year net budget less all categorical aid adjusted for inflation pursuant to N.J.S.A. 18A:7F-5 less the sum of the net budget less all categorical aid of the budget year prior to adjustments to the spending growth limitation other than the adjustment for inflation and any adjustments granted under this provision in prior years. The prebudget year net budget less all categorical aid for the purpose of this calculation shall be the sum of local general fund tax levy, designated general fund balance, miscellaneous local general fund revenue, core curriculum standards aid, supplemental core curriculum standards aid and all forms of stabilization aid pursuant to N.J.S.A. 18A:7F-10. The net budget less all categorical aid of the budget year for the purpose of this calculation shall be the prebudget year net budget adjusted for inflation less all State aid of the budget year accounted for in the net budget other than Core Curriculum Standards aid, supplemental Core Curriculum Standards aid and all forms of stabilization aid pursuant to N.J.S.A. 18A:7F-10. In subsequent years, the adjustment shall not exceed the excess of the percentage increase in early childhood program aid over the greater of three percent or CPI, whichever is greater, multiplied by the early childhood program aid.

(d) The Commissioner shall not approve a sending district's application pursuant to N.J.S.A. 18A:7F-5d(8) for an adjustment to the spending growth limitation for increases in receiving district tuition rates in an amount greater than that which would restore the district's per pupil net budget, adjusted for inflation and after deducting the tuition rate increase per resident pupil, to its actual prebudget year level. In determining the amount of the adjustment, the Commissioner shall consider any available reports, documents or other information which is pertinent to a determination on the application.

SUBCHAPTER 3. EARLY CHILDHOOD PROGRAM AID

6:19-3.1 Requirement to establish early childhood programs

(a) Pursuant to N.J.S.A. 18A:7F-16, district boards of education with high concentrations of low-income students shall establish preschool and full-day kindergarten for all four and five-year olds by the 2001-2002 school year and shall maintain them thereafter.

1. District boards of education with a concentration of low-income students equal to or greater than 20 percent and less than 40 percent of the total enrollment shall provide full-day kindergarten for all five year-olds and preschool classes for all four year-olds and other early childhood programs and services.

2. District boards of education with a concentration of low-income pupils equal to or greater than 40 percent, may expand instructional services previously specified to three year-olds, at such time that full-day kindergarten is offered to all five year-olds and preschool classes are offered to all four year-olds.

6:19-3.2 Requirements for fiscal operations and program operational plans

(a) District boards of education shall appropriate aid in a special revenue fund for early childhood programs for expenditure, but may place all or a portion of the aid in a capital reserve account during the first four years to establish facilities for early childhood programs or to enlarge existing facilities for use by pupils other than those enrolled in early childhood programs, provided the new or enlarged facilities are used for and are adequate to house the planned early childhood programs, or create adequate capacity in other existing facilities.

(b) District boards of education which demonstrate good progress toward establishing and maintaining early childhood programs may use the early childhood aid for establishing or maintaining demonstrably effective or educationally meritorious programs.

(c) A district board of education that does not intend to fully serve all four and five year-olds in the 1997-98 school year shall conduct and submit to the Commissioner or his or her designee an annual assessment, until full implementation of preschool and full-day kindergarten, of the district's school facilities for idle or underutilized capacity, and the district's ability to reassign students to other existing school facilities in a way that maximizes the efficient and effective educational usage of existing school facilities. If the assessment indicates that the district has the ability to fully implement or expedite the implementation of such programs, the district board of education shall also submit a detailed explanation as to the reasons why it chooses to implement such programs over a longer period of time and/or why the use of a capital reserve account is necessary. The Commissioner may direct the full implementation or expedited implementation of such programs as he or she deems appropriate and/or reduce or deny deposits to a capital reserve account if he or she determines that further delay in implementation is not warranted.

(d) A district board of education which has fully implemented preschool and full-day kindergarten shall continue the full operation of such programs for as long as it receives Early Childhood Program Aid. Beginning in the 2001-2002 school year, a district board of education shall only use Early Childhood Program Aid for preschool, full-day kindergarten and other early childhood programs and services.

(e) Fiscal and program operational plans for Early Childhood Program Aid shall be submitted to the county superintendent for review and approval and shall be subject to monitoring. The county superintendent shall review each line item in the district's fiscal and program operational plans to determine if it is appropriate. Fiscal and program operational plans shall be revised annually to reflect changes in program and fiscal components.

1. For the first year of this aid, district boards of education shall submit with their budget application a budget that outlines how the early childhood program aid shall be expended.

i. District boards of education who choose to appropriate aid for new or enlarged facilities for pupils other than those enrolled in early childhood programs shall demonstrate how all four and five year-olds can be housed and all operational program plan components can be met through the use of district resources and facilities (and/or other State approved community child care programs) by the 2001-2002 school year.

ii. District boards of education which appropriate aid for establishing and/or maintaining demonstrably effective or educationally meritorious programs shall demonstrate how these programs meet the established definitions and how the educational needs of all four and five year-olds will be met by the 2001-2002 school year.

2. For the first year of this aid, the district's five-year early childhood operational program plan shall be submitted to the Department by January 1, 1998 and thereafter shall be submitted by July 1 of the year of implementation. The operational program plan shall include the following components: district and school wide planning, community collaboration and planning, parent involvement, curriculum development and implementation, professional development and training.

i. District boards of education shall demonstrate that programs are based on a district and school wide needs and resource assessment that is a subset of the district's comprehensive strategic plan pursuant to N.J.S.A. 18A:7F-16. The early childhood program shall be developmentally appropriate to the age and skill level of the young child, coordinated with all other relevant district programs, for example, Special Education or Title I, and include an annual program evaluation.

ii. District boards of education shall demonstrate that community health and social service agencies have been included in the planning, operations and, if appropriate, the fiscal support of the early childhood program.

iii. Parent education activities shall be included in the early childhood program with specific strategies identified that assist parents in remaining actively involved in their child's education throughout their school years.

iv. Early childhood programs and curriculums shall be based on student needs, strengths and interests that focus on all aspects of development: cognitive, social, emotional and physical. Curriculum and assessment strategies/resources shall be developmentally appropriate and include performance-based measures. The curriculum must support the Core Curriculum Content Standards.

v. Instructional methods/strategies shall be congruent with the cognitive, social, emotional and physical skills of the young child. Instruction shall balance teacher-directed and child-initiated experiences. District boards of education shall provide appropriate professional development and training to prepare instructors in the early childhood program.

(f) Early Childhood Program Aid shall be a dedicated, nonlapsing source of funds. Early Childhood Program Aid revenue which is not expended or encumbered by June 30 of the budget year shall be classified as deferred revenue in the financial accounts and statements of the district and shall either be added to the Early Childhood Program Aid revenue of the subsequent year when identified prior to the preparation of the subsequent year budget, appropriated during the subsequent year with the approval of the Commissioner or his or her designee, or retained as deferred revenue until the second subsequent year budget. A district board of education shall use all new or deferred revenues

only for the purpose of early childhood programs or as otherwise permitted during the first four years pursuant to N.J.S.A. 18A:7F-16 and the provisions of this subchapter.

SUBCHAPTER 4. DEMONSTRABLY EFFECTIVE PROGRAMS

6:19-4.1 Required uses of Demonstrably Effective Programs Aid

(a) A district board of education receiving Demonstrably Effective Programs aid shall utilize these funds exclusively for demonstrably effective programs in the schools for which the aid eligibility and amount was determined.

1. Demonstrably effective programs shall include alternative schools, community schools, class size reduction programs, parent education programs, job training programs, training institutes to improve homework response, telephone tutorial programs, teleconference and video tutoring programs, and HSPT/Early Warning Test before school/after school preparation programs pursuant to N.J.S.A. 18A:7F-18; programs that are annually adopted by the State Board of Education in accordance with N.J.A.C. 6:19-4.2(a)2viii(2); and specific supplemental programs shown to be beneficial for districts with high concentrations of students from low-income families including health services, comprehensive guidance counseling, programs to ensure that schools are safe and drug free, summer school and outreach for dropouts.

Amended by R.2000 d.358, effective September 5, 2000.

See: 32 N.J.R. 1712(a), 32 N.J.R. 3332(b).

In (a)1, updated N.J.A.C. reference.

6:19-4.2 Requirements for fiscal operations and program operational plans

(a) A district board of education receiving Demonstrably Effective Programs Aid shall develop school level operational plans which provide a detailed budget for each program, a description of the demonstrably effective program or programs in use in the school, and a mechanism for annual program evaluation. The operational plan shall include goals, objectives, activities, annual benchmarks and an evaluation process.

1. As part of the budget review process in accordance with N.J.A.C. 6:19-2.1, a district board of education receiving Demonstrably Effective Programs Aid shall submit the school-level operational plan with the budget for each program to the county superintendent for approval.

2. The provisions of this paragraph concern educational improvement plans in special needs districts.

i. The following pertain to district educational improvement plans:

(1) Each board of education in a special needs district shall submit annually as part of the annual school district budget an educational improvement plan for the district. The plan shall be:

(A) Based on student outcome goals consistent with State educational goals pursuant to N.J.A.C. 6A:8-4.4;

(B) Responsive to recommendations made by the Department of Education, analysis of student performance, and other evaluation reports and studies of district, school and student needs, including recommendations of external review teams;

(C) Consistent with the elements and indicators required for district certification through the monitoring process pursuant to N.J.A.C. 6A:30.

(D) Designed to support comprehensive district-level planning to improve student outcomes through improvement of management, governance, finance and facilities;

(E) Designed to support and coordinate school-level planning and other reform efforts;

(F) Developed collaboratively by staff, parents, community members, and students, where appropriate;

(G) Adequately funded; and

(H) Formally adopted by the district board of education.

(2) The chief school administrator shall be responsible for developing, implementing and evaluating the district educational improvement plan.

(3) The plan shall be reviewed by the county superintendent and the staff of the Division of Urban Education and Field Services and approved by the Commissioner based on the requirements specified in (a)2i(1) above and (a)2iii below.

(4) In the case of State-operated school districts, the corrective action plan, required pursuant to N.J.A.C. 6A:30-3.2, shall substitute for the district educational improvement plan.

(5) The Commissioner shall review each line item in the district budget to determine if the expenditure is appropriate. The Commissioner shall reallocate funds from any line item to ensure that demonstrably effective programs which will improve specific educational outcomes for students are implemented in the district.

(6) For special needs districts, the district educational improvement plan shall substitute for required district-level planning objectives required pursuant to N.J.A.C. 6A:30.

ii. The following pertain to school educational improvement plans:

(1) Beginning with the 1993-94 school year, an educational improvement plan shall be developed for each school in a special needs district.

(2) Each school shall establish and maintain a planning team to coordinate the development, implementation and evaluation of the plan.

(A) The district shall ensure that time and resources are allocated to support planning team activities.

(B) Membership on the planning team shall include, but not be limited to, the principal, teachers and parents. A majority of the planning team shall be composed of classroom teachers and 25 percent of the team shall be composed of parents.

(C) The board of education shall establish fair and reasonable policies and procedures by which teachers shall select their representatives and parents shall select their representatives.

(3) School educational improvement plans shall be approved at the district level before the beginning of the school year.

(4) Beginning with the 1994-95 school year, the district shall submit for Department approval, a review and approval process, consistent with (a)2iii below and with other State-mandated local planning requirements as per N.J.A.C. 6A:30-3.

(5) The Division of Urban Education and Field Services shall conduct an on-site review of selected school plans each year.

(6) For schools where students are not meeting minimum State requirements on student performance as per N.J.A.C. 6A:8-4.4, objectives in the areas of deficiency shall be integrated into the school educational improvement plan.

iii. District and school educational improvement plans shall be developed using a process which includes the following components:

(1) Involvement of broad-based representation from different parts of the educational community, including administrators, supervisors, teachers, parents, community members, and students, where appropriate, in the development and implementation of the plan;

(2) Input from parents and community members at a public meeting;

(3) Analysis of student performance at the district and school levels;