

# ASSEMBLY, No. 2740

## STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED FEBRUARY 25, 2014

**Sponsored by:**

**Assemblyman PATRICK J. DIEGNAN, JR.**

**District 18 (Middlesex)**

**Assemblyman GORDON M. JOHNSON**

**District 37 (Bergen)**

**Assemblywoman MILA M. JASEY**

**District 27 (Essex and Morris)**

**Co-Sponsored by:**

**Assemblyman Singleton**

**SYNOPSIS**

Eliminates school district budget per pupil administrative cost limits.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 1/8/2016)**

1 AN ACT concerning school district per pupil administrative cost  
2 limits and amending P.L.1996, c.138.

3

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

6

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

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

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

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

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

39 Notwithstanding any other provision of this act to the contrary,  
40 each district's State aid payable for the 2008-2009 school year, with  
41 the exception of aid for school facilities projects, shall be based on  
42 simulations employing the various formulas and State aid amounts  
43 contained in P.L.2007, c.260 (C.18A:7F-43 et al.). The  
44 commissioner shall prepare a report dated December 12, 2007  
45 reflecting the State aid amounts payable by category for each

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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

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

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

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

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

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

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

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

15 (1) the district's advertised per pupil administrative costs for the  
16 2004-2005 school year inflated by the cost of living or 2.5 percent,  
17 whichever is greater; or

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

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

30 For the 2006-2007 **【school year and each school year thereafter】**  
31 through 2014-2015 school years, each district board of education  
32 shall submit a proposed budget in which the advertised per pupil  
33 administrative costs do not exceed the lower of the following:

34 (1) the district's prior year per pupil administrative costs; except  
35 that the district may submit a request to the commissioner for  
36 approval to exceed the district's prior year per pupil administrative  
37 costs due to increases in enrollment, administrative positions  
38 necessary as a result of mandated programs, administrative  
39 vacancies, nondiscretionary fixed costs, and such other items as  
40 defined in accordance with regulations adopted pursuant to section  
41 7 of P.L.2004, c.73. In the event that the commissioner approves a  
42 district's request to exceed its prior year per pupil administrative  
43 costs, the increase authorized by the commissioner shall not exceed  
44 the cost of living or 2.5 percent, whichever is greater; or

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

1 d. (1) A district's general fund tax levy shall not exceed the  
2 district's adjusted tax levy as calculated pursuant to sections 3 and 4  
3 of P.L.2007, c.62 (C.18A:7F-38 and 18A:7F-39).

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

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

6 (4) Any debt service payment made by a school district during  
7 the budget year shall not be included in the calculation of the  
8 district's adjusted tax levy.

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

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

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

12 (8) (Deleted by amendment, P.L.2010, c.44)

13 (9) Any district may submit at the annual school budget  
14 election, in accordance with subsection c. of section 4 of P.L.2007,  
15 c.62 (C.18A:7F-39), a separate proposal or proposals for additional  
16 funds, including interpretive statements, specifically identifying the  
17 program purposes for which the proposed funds shall be used, to the  
18 voters, who may, by voter approval, authorize the raising of an  
19 additional general fund tax levy for such purposes. In the case of a  
20 district with a board of school estimate, one proposal for the  
21 additional spending shall be submitted to the board of school  
22 estimate. Any proposal or proposals submitted to the voters or the  
23 board of school estimate shall not: include any programs and  
24 services that were included in the district's prebudget year net  
25 budget unless the proposal is approved by the commissioner upon  
26 submission by the district of sufficient reason for an exemption to  
27 this requirement; or include any new programs and services  
28 necessary for students to achieve the thoroughness standards  
29 established pursuant to subsection a. of section 4 of P.L.2007, c.260  
30 (C.18A:7F-46).

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

37 (10) Notwithstanding any provision of law to the contrary, if a  
38 district proposes a budget with a general fund tax levy and  
39 equalization aid which exceed the adequacy budget, the following  
40 statement shall be published in the legal notice of public hearing on  
41 the budget pursuant to N.J.S.18A:22-28, posted at the public  
42 hearing held on the budget pursuant to N.J.S.18A:22-29, and  
43 printed on the sample ballot required pursuant to section 10 of  
44 P.L.1995, c.278 (C.19:60-10):

45 "Your school district has proposed programs and services in  
46 addition to the core curriculum content standards adopted by the  
47 State Board of Education. Information on this budget and the

1 programs and services it provides is available from your local  
2 school district."

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

11 e. (1) Any general fund tax levy rejected by the voters for a  
12 proposed budget that includes a general fund tax levy and  
13 equalization aid in excess of the adequacy budget shall be submitted  
14 to the governing body of each of the municipalities included within  
15 the district for determination of the amount that should be expended  
16 notwithstanding voter rejection. In the case of a district having a  
17 board of school estimate, other than a Type II district with a board  
18 of school estimate in which the annual election is in November, the  
19 general fund tax levy shall be submitted to the board for  
20 determination of the amount that should be expended. If the  
21 governing body or bodies or board of school estimate, as  
22 appropriate, reduce the district's proposed budget, the district may  
23 appeal any of the reductions to the commissioner on the grounds  
24 that the reductions will negatively impact on the stability of the  
25 district given the need for long term planning and budgeting. In  
26 considering the appeal, the commissioner shall consider enrollment  
27 increases or decreases within the district; the history of voter  
28 approval or rejection of district budgets; the impact on the local  
29 levy; and whether the reductions will impact on the ability of the  
30 district to fulfill its contractual obligations. A district may not  
31 appeal any reductions on the grounds that the amount is necessary  
32 for a thorough and efficient education.

33 (2) Any general fund tax levy rejected by the voters for a  
34 proposed budget that includes a general fund tax levy and  
35 equalization aid at or below the adequacy budget shall be submitted  
36 to the governing body of each of the municipalities included within  
37 the district for determination of the amount that should be expended  
38 notwithstanding voter rejection. In the case of a district having a  
39 board of school estimate, other than a Type II district with a board  
40 of school estimate in which the annual election is in November, the  
41 general fund tax levy shall be submitted to the board for  
42 determination. Any reductions may be appealed to the  
43 commissioner on the grounds that the amount is necessary for a  
44 thorough and efficient education or that the reductions will  
45 negatively impact on the stability of the district given the need for  
46 long term planning and budgeting. In considering the appeal, the  
47 commissioner shall also consider the factors outlined in paragraph  
48 (1) of this subsection.

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

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

13 (4) When the voters, municipal governing body or bodies, board  
14 of education in the case of a school district in which the annual  
15 school election has been moved to November pursuant to subsection  
16 a. of section 1 of P.L.2011, c.202 (C.19:60-1.1), or the board of  
17 school estimate authorize the general fund tax levy, the district shall  
18 submit the resulting budget to the commissioner within 15 days of  
19 the authorization.

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

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

22 (cf: P.L.2013, c.280, s.1)

23

24 2. This act shall take effect immediately.

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26

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#### STATEMENT

28

29 Under current law, the proposed budget submitted by a school  
30 district to the Commissioner of Education for approval may not  
31 include per pupil administrative costs which exceed its per pupil  
32 administrative cost limit. The district's limit would be the lower of:  
33 1) the district's prior year per pupil administrative costs; or 2) the  
34 prior year per pupil administrative cost limits for the district's  
35 region inflated by the cost of living or 2.5%, whichever is greater.

36 This bill eliminates the per pupil administrative cost limit for  
37 school districts. Eliminating this limit will provide school districts  
38 with greater flexibility, particularly in the area of personnel, as  
39 school districts work to meet the new teacher and principal  
40 evaluation requirements.