

ASSEMBLY, No. 2988

STATE OF NEW JERSEY

INTRODUCED MAY 22, 1997

By Assemblywoman TURNER

1 AN ACT concerning adjustments to State school aid and amending
2 P.L.1996, c.138.

3

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

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

9 5. a. Biennially, within 30 days following the approval of the
10 Report on the Cost of Providing a Thorough and Efficient Education,
11 the commissioner shall notify each district of the T&E amount, the
12 T&E flexible amount, the T&E range, early childhood program
13 amount, demonstrably effective program amount, instructional
14 supplement amount, and categorical amounts per pupil for the
15 subsequent two fiscal years.

16 Annually, within two days following the transmittal of the State
17 budget message to the Legislature by the Governor pursuant to section
18 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner shall notify
19 each district of the maximum amount of aid payable to the district in
20 the succeeding school year pursuant to the provisions of this act, and
21 shall notify each district of the district's T&E budget, maximum T&E
22 budget, and minimum permissible T&E budget for the succeeding
23 school year.

24 Beginning in the 1998-99 school year, unless otherwise specified
25 within this act, aid amounts payable for the budget year shall be based
26 on budget year pupil counts, which shall be projected by the
27 commissioner using data from prior years. Adjustments for the actual
28 pupil counts of the budget year shall be made to State aid amounts
29 payable during the school year succeeding the budget year.
30 Additional amounts payable shall be reflected as revenue and an
31 account receivable for the budget year.

32 Notwithstanding any other provision of this act to the contrary,
33 each district's State aid payable for the 1997-98 school year, with the
34 exception of transportation and facilities aids pursuant to sections 25,

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

Matter underlined thus is new matter.

1 26, and 27 of this act, shall be based on simulations employing the
2 various formulas and State aid amounts contained in this act using
3 projections based on the October 1995 pupil counts, December 1995
4 special education census data and October 1995 equalized valuations.
5 Transportation aid shall be calculated based on the provisions of this
6 act using pupil data used for the 1996-97 school year and adjusted to
7 reflect the total amount of State aid disbursed in the 1996-97 school
8 year. The commissioner shall prepare a report dated December 19,
9 1996 reflecting the State aid amounts payable by category for each
10 district and shall submit the report to the Legislature prior to the
11 adoption of this act. The amounts contained in the commissioner's
12 report shall be the final amounts payable and shall not be subsequently
13 adjusted because of changes in pupil counts or equalized valuations.
14 The projected pupil counts and equalized valuations used for the
15 calculation of State aid shall also be used for the calculation of
16 maximum T&E budget, minimum T&E budget, local share, required
17 local share, and spending growth limitation. State aid notification of
18 debt service aid pursuant to section 27 of this act shall include a
19 statement that debt service aid shall be determined in the budget.

20 Notwithstanding the provisions of P.L. 1996, c.138 (C.18A:7F-1
21 et seq.) or any other law to the contrary, beginning in the 1997-98
22 school year and thereafter, no adjustments shall be made to a district's
23 State aid for any enrollment overcount made by the district in any of
24 the school years prior to the 1997-98 school year.

25 Any school district which enrolls students who reside on federal
26 property which were not included in the calculation of core curriculum
27 standards aid for 1997-98 shall have its core curriculum standards aid
28 recalculated for these additional enrollments through the 1997-98
29 school year using the property value multiplier, income value
30 multiplier, equalized valuation, and district income which were used
31 in the original Statewide calculation of core curriculum standards aid.
32 The additional aid resulting from the recalculations shall be divided by
33 20 and the product shall be added to each of the remaining core
34 curriculum standards aid payments for the 1997-98 school year.
35 Additionally, the core curriculum standards aid calculation and
36 payment schedule for 1998-99 shall be adjusted for such enrollments
37 arriving after the last school day prior to October 16, 1997.

38 b. Each district shall have a required local share. For Abbott
39 districts, the required local share for the purpose of determining its
40 estimated minimum equalized tax rate and supplemental core
41 curriculum standards aid shall equal the district's local share calculated
42 at the middle of the T&E range (T&E amount x WENR, where WENR
43 is the district's weighted enrollment pursuant to section 13 of this act).

44 Notwithstanding the above provision, no Abbott district shall raise
45 a general fund tax levy which is less than the prior year general fund
46 tax levy unless the sum of the levy and the other components of the

1 T&E program budget equals or exceeds its maximum T&E budget
2 calculated pursuant to section 13 of this act.

3 For district factor group A districts, the required local share shall
4 equal the district's local share calculated at its minimum T&E budget
5 pursuant to section 13 of this act.

6 For all other districts, the required local share shall equal the lesser
7 of the local share calculated at the district's minimum T&E budget
8 pursuant to section 13 of this act, or the district's budgeted local share
9 for the prebudget year.

10 In order to meet this requirement, each district shall raise a general
11 fund tax levy which, when added to the general fund balance
12 designated for the budget year, miscellaneous local general fund
13 revenues estimated consistent with GAAP to be realized during the
14 budget year, supplemental core curriculum standards aid calculated
15 pursuant to section 17 of this act and stabilization aid and
16 supplemental school tax reduction aid calculated pursuant to section
17 10 of this act, equals its required local share or, for Abbott districts,
18 the amount required when the calculation of required local share
19 would result in a general fund tax levy which is less than the general
20 fund tax levy of the prebudget year. For 1997-98, the budgeted local
21 share for the prebudget year shall be the district's general fund tax
22 levy.

23 For the 1997-98 school year, any tax increase which would be
24 required of an Abbott district or district factor group A district to
25 meet its required local share, after consideration of supplemental core
26 curriculum standards aid, stabilization aid, and supplemental school tax
27 reduction aid shall be fully funded by the State and recorded as
28 supplemental core curriculum standards aid. The commissioner, in
29 consultation with the Commissioner of the Department of Community
30 Affairs and the Director of the Division of Local Government Services
31 in the Department of Community Affairs, shall examine the fiscal
32 ability of the Abbott districts and the district factor group A districts
33 eligible for supplemental core curriculum standards aid to absorb any
34 reduction in such aid and shall make recommendations to the
35 Legislature and the Governor regarding the continuation of
36 supplemental core curriculum standards aid to those districts. In
37 making those recommendations, the commissioner shall consider the
38 ratable base of the municipality or municipalities in which the district
39 is located, the tax burden placed upon the local community due to
40 other required municipal services, and the fiscal ability of the school
41 district to raise its required local share. The commissioner shall not
42 implement any of those recommendations until the recommendations
43 are enacted into law.

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

1 c. Annually, on or before March 4, each district board of education
2 shall adopt, and submit to the commissioner for approval, together
3 with such supporting documentation as the commissioner may
4 prescribe, a budget that provides no less than the minimum permissible
5 T&E budget, plus categorical amounts required for a thorough and
6 efficient education as established pursuant to the report, special
7 revenue funds and debt service funds.

8 d. (1) A district proposing a budget which includes spending
9 which exceeds the maximum T&E budget established pursuant to
10 section 13 of this act shall submit, as appropriate, to the board of
11 school estimate or to the voters of the district at the annual school
12 budget election conducted pursuant to the provisions of P.L.1995,
13 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added
14 to the other components of its net budget does not exceed the
15 prebudget year net budget by more than the spending growth
16 limitation calculated as follows: the sum of three percent or the CPI,
17 whichever is greater, multiplied by the prebudget year net budget, and
18 adjustments for changes in enrollment, certain capital outlay
19 expenditures, expenditures for pupil transportation services provided
20 pursuant to N.J.S.18A:39-1.1, and special education costs per pupil
21 in excess of \$40,000. The adjustment for special education costs shall
22 equal any increase in the sum of per pupil amounts in excess of
23 \$40,000 for the budget year less the sum of per pupil amounts in
24 excess of \$40,000 for the prebudget year indexed by the CPI or three
25 percent, whichever is greater. The adjustment for enrollments shall
26 equal the increase in unweighted resident enrollments between the
27 prebudget year and budget year multiplied by the per pupil general
28 fund tax levy amount for the prebudget year indexed by the CPI or
29 three percent, whichever is greater. The adjustment for capital outlay
30 shall equal any increase between the capital outlay portion of the
31 general fund budget for the budget year less any withdrawals from the
32 capital reserve account and the capital outlay portion of the general
33 fund budget for the prebudget year indexed by the CPI or three
34 percent, whichever is greater. Any district with a capital outlay
35 adjustment to its spending growth limitation shall be restricted from
36 transferring any funds from capital outlay accounts to current expense
37 accounts. The adjustment for capital outlay shall not become part of
38 the prebudget year net budget for purposes of calculating the spending
39 growth limitation of the subsequent year. The adjustment for pupil
40 transportation costs provided pursuant to N.J.S.18A:39-1.1 shall equal
41 the cost of providing such pupil transportation services for the budget
42 year.

43 (2) A district proposing a budget set at or below the minimum
44 T&E budget established pursuant to section 13 of this act shall submit,
45 as appropriate, to the board of school estimate or to the voters of the
46 district at the annual school budget election conducted pursuant to the

1 provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax
2 levy which when added to the other components of the net T&E
3 budget shall not exceed the prebudget year net T&E budget or in
4 1997-98 the prebudget year net budget by more than the spending
5 growth limitation calculated as follows: the sum of three percent or the
6 CPI, whichever is greater, multiplied by the prebudget year net budget,
7 and adjustments for changes in enrollment, certain capital outlay
8 expenditures, expenditures for pupil transportation services provided
9 pursuant to N.J.S.18A:39-1.1, and special education costs per pupil in
10 excess of \$40,000. The enrollment adjustment shall equal the increase
11 in weighted resident enrollment between the prebudget year and the
12 budget year multiplied by the T&E amount less the T&E flexible
13 amount. The adjustments for special education costs, pupil
14 transportation services, and capital outlay expenditures shall be
15 calculated pursuant to the provisions of paragraph (1) of this
16 subsection.

17 Notwithstanding the provisions of this paragraph, no district shall
18 raise a net budget which is less than the local share required under the
19 required local share provisions of this act plus the other components
20 of its net budget.

21 (3) A district proposing a budget set at or below the maximum
22 T&E budget, but including amounts in excess of the minimum T&E
23 budget established pursuant to section 13 of this act, shall submit, as
24 appropriate, to the board of school estimate or to the voters at the
25 annual school budget election conducted pursuant to the provisions of
26 P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which
27 when added to the other components of its net T&E budget does not
28 exceed the prebudget year net T&E budget or in 1997-98 the
29 prebudget year net budget by more than the spending growth
30 limitation calculated as follows: the sum of three percent or the CPI,
31 whichever is greater, multiplied by the prebudget year net budget, and
32 adjustments for changes in enrollment, certain capital outlay
33 expenditures, expenditures for pupil transportation services provided
34 pursuant to N.J.S.18A:39-1.1, and special education costs per pupil
35 in excess of \$40,000 per pupil. The enrollment adjustment shall equal
36 the increase in the unweighted resident enrollment between the
37 prebudget year and the budget year multiplied by the prebudget year
38 T&E program budget per pupil indexed by the CPI or three percent,
39 whichever is greater. For the 1997-98 school year, the T&E program
40 budget for the prebudget year shall equal the sum of the general fund
41 tax levy, foundation aid, and transition aid. The adjustment for special
42 education costs, pupil transportation services, and capital outlay
43 expenditures shall be made pursuant to the provisions of paragraph (1)
44 of this subsection.

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

1 spending growth limitation.

2 (5) For the 1997-98 school year, a district's spending growth
3 limitation shall be increased by the excess of county special services
4 school district tuition over prebudget year county special services
5 school district tuition indexed by the CPI or three percent, whichever
6 is greater.

7 (6) For the purpose of determining a district's spending growth
8 limitation for the 1997-98 school year, a district may apply to the
9 commissioner to add all or a part of the district's original designated
10 general fund balance for 1996-97 to the spending growth limitation if
11 it can demonstrate through current accounting records and historical
12 trend data that the fund balance will actually be spent in the budget
13 year.

14 (7) If the use of early childhood program aid for the provision of
15 full-day kindergarten and preschool classes and other early childhood
16 programs and services will cause the district to exceed its spending
17 growth limitation, the district may apply to the commissioner for an
18 adjustment to that limitation.

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

26 (9) Any district may submit at the annual school budget election a
27 separate proposal or proposals for additional funds, including
28 interpretive statements, specifically identifying the program purposes
29 for which the proposed funds shall be used, to the voters, who may, by
30 voter approval, authorize the raising of an additional general fund tax
31 levy for such purposes. In the case of a district with a board of school
32 estimate, one proposal for the additional spending shall be submitted
33 to the board of school estimate. Any proposal or proposals rejected by
34 the voters shall be submitted to the municipal governing body or
35 bodies for a determination as to the amount, if any, that should be
36 expended notwithstanding voter rejection. The decision of the
37 municipal governing body or bodies or board of school estimate, as
38 appropriate, shall be final and no appeals shall be made to the
39 commissioner.

40 (10) Notwithstanding any provision of law to the contrary, if a
41 district proposes a budget which exceeds the maximum T&E budget,
42 the following statement shall be published in the legal notice of public
43 hearing on the budget pursuant to N.J.S.18A:22-28, posted at the
44 public hearing held on the budget pursuant to N.J.S.18A:22-29, and
45 printed on the sample ballot required pursuant to section 10 of
46 P.L.1995, c.278 (C.19:60-10):

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

5 e. (1) Any general fund tax levy rejected by the voters for a
6 proposed budget in excess of the maximum T&E budget shall be
7 submitted to the governing body of each of the municipalities included
8 within the district for determination of the amount that should be
9 expended notwithstanding voter rejection. In the case of a district
10 having a board of school estimate, the general fund tax levy shall be
11 submitted to the board for determination of the amount that should be
12 expended. If the governing body or bodies or board of school
13 estimate, as appropriate, reduce the district's proposed net budget, the
14 district may appeal any of the reductions to the commissioner on the
15 grounds that the reductions will negatively impact on the stability of
16 the district given the need for long term planning and budgeting. In
17 considering the appeal, the commissioner shall consider enrollment
18 increases or decreases within the district; the history of voter approval
19 or rejection of district budgets; the impact on the local levy; and
20 whether the reductions will impact on the ability of the district to fulfill
21 its contractual obligations. A district may not appeal any reductions
22 on the grounds that the amount is necessary for a thorough and
23 efficient education.

24 (2) Any general fund tax levy rejected by the voters for a proposed
25 budget at or below the maximum T&E budget shall be submitted to
26 the governing body of each of the municipalities included within the
27 district for determination of the amount that should be expended
28 notwithstanding voter rejection. In the case of a district having a
29 board of school estimate, the general fund tax levy shall be submitted
30 to the board for determination. Any reductions may be appealed to the
31 commissioner on the grounds that the amount is necessary for a
32 thorough and efficient education or that the reductions will negatively
33 impact on the stability of the district given the need for long term
34 planning and budgeting. In considering the appeal, the commissioner
35 shall also consider the factors outlined in paragraph (1) of this
36 subsection.

37 In the case of a school district in which the proposed budget is
38 below, or after a reduction made by the municipal governing body or
39 board of school estimate is below, the minimum T&E budget
40 calculated pursuant to section 13 of this act, any reductions made by
41 the municipal governing body or board of school estimate shall be
42 automatically reviewed by the commissioner. In reviewing the budget,
43 the commissioner shall also consider the factors outlined in paragraph
44 (1) of this subsection. In addition, the municipal governing body or
45 board of school estimate shall be required to demonstrate clearly to the
46 commissioner that the proposed budget reductions shall not adversely

1 affect the ability of the school district to provide a thorough and
2 efficient education or the stability of the district given the need for
3 long term planning and budgeting.

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

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

16 f. Any district which is not an Abbott district but which was
17 classified as a special needs district under the "Quality Education Act
18 of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.), may appeal any budget
19 reduction made by the municipal governing body or board of school
20 estimate, as appropriate, to the commissioner.

21 g. The commissioner shall annually review the budget of any
22 district which was classified as a special needs district under the
23 "Quality Education Act of 1990," P.L.1990, c.52 (C.18A:7D-1 et al.),
24 to determine if any educationally meritorious program or service
25 established through State resources provided as a result of that
26 funding law is proposed to be reduced or eliminated. If the
27 commissioner determines that the program or service is in jeopardy
28 and that a reallocation of resources is possible without jeopardizing
29 other educationally meritorious programs or services, he may require
30 the school board to fund the program or service through a reallocation
31 of resources.

32 (cf: P.L.1996, c.138, s.5)

33

34 2. This act shall take effect immediately.

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STATEMENT

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39 This bill amends the "Comprehensive Educational Improvement and
40 Financing Act of 1996," P.L.1996, c.138, to provide that beginning in
41 the 1997-98 school year and thereafter, State aid will not be adjusted
42 for any enrollment overcount made by a district in a school year prior
43 to 1997-98.

- 1 _____
- 2 Provides that no adjustment shall be made to State school aid for
- 3 enrollment overcount in school years prior to 1997-98.