

SENATE, No. 1385

STATE OF NEW JERSEY

INTRODUCED JUNE 27, 1996

By Senators EWING and PALAIA

1 AN ACT concerning the calculation of maximum permissible net
2 budgets of public school districts and amending P.L.1990, c.52.

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

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7 1. Section 85 of P.L.1990, c.52 (C.18A:7D-28) is amended to read
8 as follows:

9 85. a. "Maximum permissible net budget" means the amount
10 calculated as follows:

11 $PNB = PCI \times PR \times PBY$ where

12 PNB is the maximum permissible increase in the net budget for the
13 budget year;

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15 PCI is the average annual percentage increase in per capita income
16 as defined in section 3 of P.L.1990, c.52 (C.18A:7D-3);

17 PR is $1.7442 - (.6460 \times BR)$, however PR shall not be greater than
18 1.1628 or less than .9690;

19 BR is the ratio of the district's local levy budget of the prebudget
20 year to the district's maximum foundation budget for the budget year
21 as determined pursuant to section 6 of P.L.1990, c.52 (C.18A:7D-6);
22 and

23 PBY is the net budget for the prebudget year. In the event that a
24 district's net budget was less than its maximum permissible net budget
25 in each of the three prior budget years, PBY may be increased by an
26 amount not to exceed the difference between its maximum permissible
27 net budget and its net budget for each of the prior three budget years,
28 provided that the difference has not previously been included in the
29 calculation of PBY.

30 b. In determining a district's maximum permissible net budget for
31 the 1991-92 school year, the district's net budget for the 1990-91
32 school year shall be increased by the amount of any current expense or
33 capital outlay surplus which was appropriated in the district's 1990-91
34 annual school budget.

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 c. Annually through the 1995-96 school year for each special needs
2 district, the commissioner shall calculate an equity spending cap which
3 shall provide for a percentage increase in the district's budget that, if
4 sustained for each year through the 1995-96 school year, would result
5 in the per pupil budget of the special needs district equaling the
6 average per pupil budget of the districts included in the Department of
7 Education's district factor groups I and J. The equity spending cap
8 shall also allow for those budget items included in the net budget, but
9 excluded from the local levy budget, to grow annually at the PCI or
10 CPI, as appropriate. To ensure equity, the commissioner shall also
11 adjust the calculation of the equity cap, when necessary, to account for
12 the payment of teacher pension and social security aid.

13 As used in this subsection:

14 CPI is the consumer price index as defined in section 3 of P.L.1990,
15 c.52 (C.18A:7D-3);

16 PCI is the average annual percentage increase in per capita income
17 as defined in section 3 of P.L.1990, c.52 (C.18A:7D-3); and

18 Per pupil budget is the budget divided by the resident enrollment.

19 d. If, for any year, a special needs district's equity spending cap
20 determined by the commissioner pursuant to subsection c. of this
21 section exceeds the maximum permissible increase in the net budget as
22 determined pursuant to subsection a. of this section, the district may
23 increase its net budget in accordance with the equity spending cap.

24 e. A board of education of a school district which: (1) for the two
25 years prior to the prebudget year, has had an annual average increase
26 in the district's resident enrollment which is greater than two percent;
27 or (2) between the prebudget year and the year prior to the prebudget
28 year, has had an increase in the district's local cost for special
29 education pupils which is greater than five percent; or (3) during the
30 1990-91 school year but prior to April 1, 1991, has entered into a
31 lease purchase agreement, may apply to the Commissioner of
32 Education for a waiver of the expenditure limitation established
33 pursuant to this section. A board of education of a school district that
34 sends pupils and pays tuition to a special needs district may apply to
35 the Commissioner of Education for a waiver of the expenditure
36 limitation established pursuant to this section. Any waiver granted by
37 the commissioner pursuant to this subsection shall not be included in
38 the question on excess expenditures which is to be submitted to the
39 voters of the district pursuant to subsection f. of this section.

40 f. Any school district may submit a proposal to raise the amount
41 of tax levy necessary to exceed the maximum permissible net budget
42 permitted by this section to the legal voters of the district for type II
43 school districts without a Board of School Estimate and to the Board
44 of School Estimate for those school districts with a Board of School
45 Estimate as required during the school budget approval process
46 pursuant to chapters 22 and 54 of Title 18A of the New Jersey

1 Statutes and section 13 of P.L.1971, c.271 (C.18A:46-41). The
2 proposal to raise additional tax levy to exceed the maximum
3 permissible net budget shall be in addition to the amounts required to
4 be approved for each school district in accordance with chapters 22
5 and 54 of Title 18A of the New Jersey Statutes and section 13 of
6 P.L.1971, c.271 (C.18A:46-41). In the event that a school district's
7 proposal to raise the tax levy to exceed the maximum permissible net
8 budget is not approved in accordance with the budget approval
9 process set forth in chapter 22 of Title 18A of the New Jersey Statutes
10 for type II districts and for type I districts, chapter 54 of Title 18A of
11 the New Jersey Statutes for county vocational school districts and
12 section 13 of P.L.1971, c.271 (C.18A:46-41) for county special
13 services school districts, that disapproval shall be deemed final and
14 shall not be subject to further review or appeal.

15 (cf: P.L. 1991,c.62,s.19)

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17 2. This act shall take effect immediately and shall first apply to the
18 1997-98 school year .

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STATEMENT

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23 This bill amends the calculation of the maximum permissible
24 increase in a school district's budget for those school districts that did
25 not budget up to the maximum permissible net budget level in any of
26 the three prior budget years. As provided in the bill, such a school
27 district would be allowed to increase its net budget for the prebudget
28 year by an amount not to exceed the difference between the maximum
29 permissible net budget and the net budget in each of the three prior
30 budget years, provided that the difference in any particular prebudget
31 year had not been used in the calculation of the district's maximum
32 permissible net budget.

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37 Permits a board of education to increase its maximum permissible net
38 budget for the budget year under certain circumstances.