

[First Reprint]

**SENATE, No. 3244**

---

**STATE OF NEW JERSEY**  
**216th LEGISLATURE**

---

INTRODUCED NOVEMBER 5, 2015

**Sponsored by:**

**Senator M. TERESA RUIZ**

**District 29 (Essex)**

**Senator PAUL A. SARLO**

**District 36 (Bergen and Passaic)**

**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:**

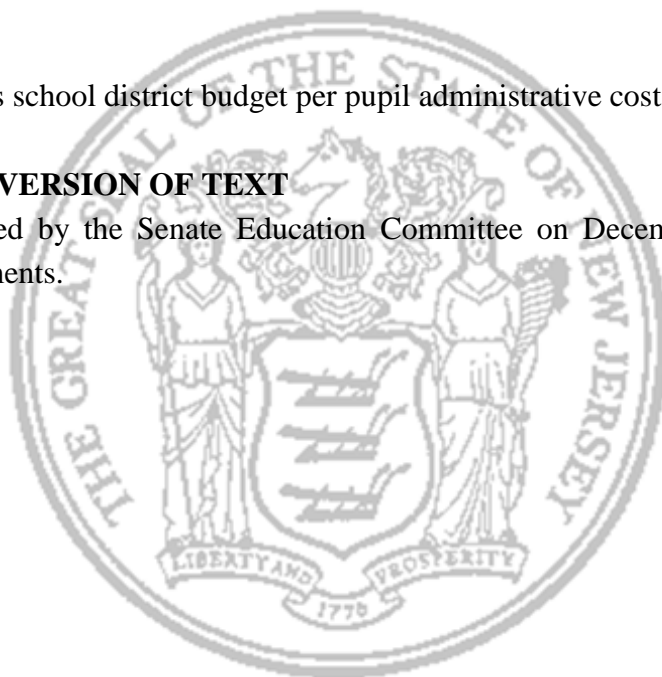
**Assemblyman Singleton**

**SYNOPSIS**

Eliminates school district budget per pupil administrative cost limits.

**CURRENT VERSION OF TEXT**

As reported by the Senate Education Committee on December 14, 2015,  
with amendments.



**(Sponsorship Updated As Of: 1/12/2016)**

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 read  
8 as follows:

9 5. As used in this section <sup>1</sup>**[**, “cost **]** :

10 “Administrative costs” means expenditures related to general  
11 administration, school administration, and business and other support  
12 services, both business and central. Administrative costs shall include,  
13 but need not be limited to, the costs associated with the activities  
14 concerned with establishing and administering policy for operating the  
15 district; the costs associated with the overall administrative  
16 responsibility for the individual schools within the district; business  
17 support services and central support services such as research and  
18 development, planning, evaluation, information services, data  
19 processing services, and staff services; board of education services;  
20 executive administration services such as the superintendent, assistant  
21 superintendents, board secretary, school business administrator, and  
22 treasurer of school moneys; activities performed by the principal,  
23 assistant principals, and other assistants while they supervise the  
24 operation of the schools, evaluate staff members, supervise and  
25 maintain school records, and coordinate instructional activities;  
26 activities of department heads and the work of clerical staff in support  
27 of teaching and administrative duties; full-time, part-time, and prorated  
28 salaries and allocated benefits of all employees performing such  
29 activities, both professional and administrative, and amounts paid to  
30 non-district personnel performing those services; purchased  
31 professional services such as legal services, outside auditors, bond-  
32 paying agents, election services, staff relations and negotiation  
33 services, curriculum developers, workshop presenters, and other  
34 consultants; district-wide costs for telephone and communication  
35 services, including expenses for postage equipment rental and postage;  
36 forms, office supplies, and other supplies used to perform these  
37 functions; rental or lease purchase of equipment related to these  
38 services; outside workshop fees, the travel of these staff, and the costs  
39 of their dues and fees for membership in professional or other  
40 organizations, including a school board association.

41 “Cost<sup>1</sup> of living” means the CPI as defined in section 3 of  
42 P.L.2007, c.260 (C.18A:7F-45).

43 a. Within 30 days following the approval of the Educational  
44 Adequacy Report, the commissioner shall notify each district of the  
45 base per pupil amount, the per pupil amounts for full-day preschool,

**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.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SED committee amendments adopted December 14, 2015.

1 the weights for grade level, county vocational school districts, at-risk  
2 pupils, bilingual pupils, and combination pupils, the cost coefficients  
3 for security aid and for transportation aid, the State average  
4 classification rate and the excess cost for general special education  
5 services pupils, the State average classification rate and the excess cost  
6 for speech-only pupils, and the geographic cost adjustment for each of  
7 the school years to which the report is applicable.

8 Annually, within two days following the transmittal of the State  
9 budget message to the Legislature by the Governor pursuant to section  
10 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner shall notify  
11 each district of the maximum amount of aid payable to the district in  
12 the succeeding school year pursuant to the provisions of P.L.2007,  
13 c.260 (C.18A:7F-43 et al.), and shall notify each district of the  
14 district's adequacy budget for the succeeding school year.

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

23 Notwithstanding any other provision of this act to the contrary,  
24 each district's State aid payable for the 2008-2009 school year, with  
25 the exception of aid for school facilities projects, shall be based on  
26 simulations employing the various formulas and State aid amounts  
27 contained in P.L.2007, c.260 (C.18A:7F-43 et al.). The commissioner  
28 shall prepare a report dated December 12, 2007 reflecting the State aid  
29 amounts payable by category for each district and shall submit the  
30 report to the Legislature prior to the adoption of P.L.2007, c.260  
31 (C.18A:7F-43 et al.). Except as otherwise provided pursuant to this  
32 subsection and paragraph (3) of subsection d. of section 5 of P.L.2007,  
33 c.260 (C.18A:7F-47), the amounts contained in the commissioner's  
34 report shall be the final amounts payable and shall not be subsequently  
35 adjusted other than to reflect the phase-in of the required general fund  
36 local levy pursuant to paragraph (4) of subsection b. of section 16 of  
37 P.L.2007, c.260 (C.18A:7F-58) and to reflect school choice aid to  
38 which a district may be entitled pursuant to section 20 of that act. The  
39 projected pupil counts and equalized valuations used for the  
40 calculation of State aid shall also be used for the calculation of  
41 adequacy budget, local share, and required local share. For 2008-  
42 2009, extraordinary special education State aid shall be included as a  
43 projected amount in the commissioner's report dated December 12,  
44 2007 pending the final approval of applications for the aid. If the  
45 actual award of extraordinary special education State aid is greater  
46 than the projected amount, the district shall receive the increase in the  
47 aid payable in the subsequent school year pursuant to the provisions of  
48 subsection c. of section 13 of P.L.2007, c.260 (C.18A:7F-55). If the

1 actual award of extraordinary special education State aid is less than  
2 the projected amount, other State aid categories shall be adjusted  
3 accordingly so that the district shall not receive less State aid than as  
4 provided in accordance with the provisions of sections 5 and 16 of  
5 P.L.2007, c.260 (C.18A:7F-47 and C.18A:7F-58).

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

13 b. Each district shall have a required local share. For districts that  
14 receive educational adequacy aid pursuant to subsection b. of section  
15 16 of P.L.2007, c.260 (C.18A:7F-58), the required local share shall be  
16 calculated in accordance with the provisions of that subsection.

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

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

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

26 c. Annually, on or before March 4, or on or before March 20 in  
27 the case of a school district with an annual school election in  
28 November, each district board of education shall adopt, and submit to  
29 the commissioner for approval, together with such supporting  
30 documentation as the commissioner may prescribe, a budget that  
31 provides for a thorough and efficient education. Notwithstanding the  
32 provisions of this subsection to the contrary, the commissioner may  
33 adjust the date for the submission of district budgets if the  
34 commissioner determines that the availability of preliminary aid  
35 numbers for the subsequent school year warrants such adjustment.

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

40 (1) the district's advertised per pupil administrative costs for the  
41 2004-2005 school year inflated by the cost of living or 2.5 percent,  
42 whichever is greater; or

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

46 The executive county superintendent of schools may disapprove  
47 the school district's 2005-2006 proposed budget if he determines that  
48 the district has not implemented all potential efficiencies in the

1 administrative operations of the district. The executive county  
2 superintendent shall work with each school district in the county  
3 during the 2004-2005 school year to identify administrative  
4 inefficiencies in the operations of the district that might cause the  
5 superintendent to reject the district's proposed 2005-2006 school year  
6 budget.

7 For the 2006-2007 **【school year and each school year thereafter】**  
8 through <sup>1</sup>**【2014-2015】** 2015-2016<sup>1</sup> school years, each district board of  
9 education shall submit a proposed budget in which the advertised per  
10 pupil administrative costs do not exceed the lower of the following:

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

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

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

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

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

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

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

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

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

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

37 (9) Any district may submit at the annual school budget election,  
38 in accordance with subsection c. of section 4 of P.L.2007, c.62  
39 (C.18A:7F-39), a separate proposal or proposals for additional funds,  
40 including interpretive statements, specifically identifying the program  
41 purposes for which the proposed funds shall be used, to the voters,  
42 who may, by voter approval, authorize the raising of an additional  
43 general fund tax levy for such purposes. In the case of a district with a  
44 board of school estimate, one proposal for the additional spending  
45 shall be submitted to the board of school estimate. Any proposal or  
46 proposals submitted to the voters or the board of school estimate shall  
47 not include any programs and services that were included in the  
48 district's prebudget year net budget unless the proposal is approved by

1 the commissioner upon submission by the district of sufficient reason  
2 for an exemption to this requirement; or include any new programs  
3 and services necessary for students to achieve the thoroughness  
4 standards established pursuant to subsection a. of section 4 of  
5 P.L.2007, c.260 (C.18A:7F-46).

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

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

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

23 (11) Any reduction that may be required to be made to programs  
24 and services included in a district's prebudget year net budget in order  
25 for the district to limit the growth in its budget between the prebudget  
26 and budget years by its tax levy growth limitation as calculated  
27 pursuant to sections 3 and 4 of P.L.2007, c.62 (C.18A:7F-38 and  
28 18A:7F-39), shall only include reductions to excessive administration  
29 or programs and services that are inefficient or ineffective.

30 e. (1) Any general fund tax levy rejected by the voters for a  
31 proposed budget that includes a general fund tax levy and equalization  
32 aid in excess of the adequacy budget shall be submitted to the  
33 governing body of each of the municipalities included within the  
34 district for determination of the amount that should be expended  
35 notwithstanding voter rejection. In the case of a district having a  
36 board of school estimate, other than a Type II district with a board of  
37 school estimate in which the annual election is in November, the  
38 general fund tax levy shall be submitted to the board for determination  
39 of the amount that should be expended. If the governing body or  
40 bodies or board of school estimate, as appropriate, reduce the district's  
41 proposed budget, the district may appeal any of the reductions to the  
42 commissioner on the grounds that the reductions will negatively  
43 impact on the stability of the district given the need for long term  
44 planning and budgeting. In considering the appeal, the commissioner  
45 shall consider enrollment increases or decreases within the district; the  
46 history of voter approval or rejection of district budgets; the impact on  
47 the local levy; and whether the reductions will impact on the ability of  
48 the district to fulfill its contractual obligations. A district may not

1 appeal any reductions on the grounds that the amount is necessary for  
2 a thorough and efficient education.

3 (2) Any general fund tax levy rejected by the voters for a proposed  
4 budget that includes a general fund tax levy and equalization aid at or  
5 below the adequacy budget shall be submitted to the governing body  
6 of each of the municipalities included within the district for  
7 determination of the amount that should be expended notwithstanding  
8 voter rejection. In the case of a district having a board of school  
9 estimate, other than a Type II district with a board of school estimate  
10 in which the annual election is in November, the general fund tax levy  
11 shall be submitted to the board for determination. Any reductions may  
12 be appealed to the commissioner on the grounds that the amount is  
13 necessary for a thorough and efficient education or that the reductions  
14 will negatively impact on the stability of the district given the need for  
15 long term planning and budgeting. In considering the appeal, the  
16 commissioner shall also consider the factors outlined in paragraph (1)  
17 of this subsection.

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

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

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

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

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

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

40

41 2. This act shall take effect immediately.