ASSEMBLY, No. 3056

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 20, 2020

Sponsored by:
Assemblyman LOUIS D. GREENWALD
District 6 (Burlington and Camden)

SYNOPSIS

Authorizes school district that moves its annual school election to November to submit separate proposals for additional spending for budget year and subsequent budget year.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the submission of separate proposals for additional school district spending and amending P.L.1996, c.138, P.L.2007, c.62, and P.L.2011, c.202.

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

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

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

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

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

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

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

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 <u>thus</u> is new matter.

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

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

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

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

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

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

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

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

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

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

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

For the 2006-2007 school year and each school year thereafter, each district board of education shall submit a proposed budget in which the advertised per pupil administrative costs do not exceed the lower of the following:

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

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

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

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

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

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

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

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

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

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

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

In the case of a school district in which the annual school election has been moved to November pursuant to subsection a. of section 1 of P.L.2011, c.202 (C.19:60-1.1), the school district may submit a separate proposal for additional funds for the budget year or a separate proposal for additional funds for the subsequent budget year, or separate proposals for additional funds for each of those budget years. In the event that a school district submits a separate proposal for additional funds for the subsequent budget year and the separate proposal is approved, the school district shall not add to its adjusted tax levy for the subsequent budget year any amount authorized pursuant to subsection e. of section 4 of P.L.2007, c.62 (C.18A:7F-39).

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

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

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

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

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

(2) Any general fund tax levy rejected by the voters for a proposed budget that includes a general fund tax levy and equalization aid at or below the adequacy budget shall be submitted to the governing body of each of the municipalities included within the district for determination of the amount that should be expended

notwithstanding voter rejection. In the case of a district having a board of school estimate, other than a Type II district with a board of school estimate in which the annual election is in November, the general fund tax levy shall be submitted to the board for determination. Any reductions may be appealed to the commissioner on the grounds that the amount is necessary for a thorough and efficient education or that the reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. In considering the appeal, the commissioner shall also consider the factors outlined in paragraph (1) of this subsection.

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

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

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

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

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

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

2. Section 41 of P.L.2011, c.202 (C.18A:7F-5.4) is amended to read as follows:

41. A board of education of a school district in which the annual school election has been moved to November pursuant to subsection a. of section 1 of P.L.2011, c.202 (C.19:60-1.1) and which has determined to submit a proposal or proposals for additional funds <u>for that budget year</u> to the voters at the annual school election pursuant to paragraph (9) of subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), shall adopt and submit to the commissioner for approval pursuant to subsection c. of section 5 of P.L.1996, c.138 (C.18A:7F-5), a temporary budget for the school year pending the approval or disapproval of the proposal or proposals for additional funds <u>for that budget year</u> by the voters. The temporary budget shall be calculated pursuant to the provisions of **[**paragraph (1) of

subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5) or**]** P.L.2007, c.62 (C.18A:7F-37 et al.)**[**, as appropriate**]**.
(cf: P.L.2011, c.202, s.41)

3. Section 42 of P.L.2011, c.202 (C.18A:7F-5.5) is amended to read as follows:

42. In the case of a school district in which the annual school election has been moved to November pursuant to subsection a. of section 1 of P.L.2011, c.202 (C.19:60-1.1), if the voters authorize the proposal or proposals for additional funds for that budget year pursuant to paragraph (9) of subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), the district shall submit the resulting final budget to the commissioner within 15 days of the action of the voters. If the voters fail to authorize the proposal or proposals for additional funds for that budget year, the temporary budget shall be the final budget for the district for that school year.
(cf: P.L.2011, c.202, s.42)

4. Section 43 of P.L.2011, c.202 (C.18A:7F-5.6) is amended to read as follows:

43. In the case of a school district in which the annual school election has been moved to November pursuant to subsection a. of section 1 of P.L.2011, c.202 (C.19:60-1.1), if the voters approve a proposal or proposals for additional funds for that budget year pursuant to paragraph (9) of subsection d. of section 5 of P.L.1996, c.138 (C.18A:7F-5), the secretary of the board of education shall re-certify to the county board of taxation the sum or sums to be raised by special district tax for the school year. The amount re-certified shall be included in the taxes assessed, levied and collected in the municipality or municipalities comprising the district.
(cf: P.L.2011, c.202, s.43)

5. Section 2 of P.L.2007, c.62 (C.18A:7F-37) is amended to read as follows:

2. For the purposes of sections 2 through 4 and sections 6 and 7 of P.L.2007, c.62 (C.18A:7F-37 through **[**C.18A:7F-42**]** C.18A:7F-39 and C.18A:7F-41 and C.18A:7F-42):

"Adjusted tax levy" means the amount raised by property taxation for the purposes of the school district, excluding any debt service payment.

"Commissioner" means the Commissioner of Education.

["New Jersey Quality Single Accountability Continuum" or "NJQSAC" means the monitoring and evaluation process of school districts pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10).**]**

"Prebudget year adjusted tax levy" means the amount raised by property taxation in the prebudget year for the purposes of the school district, excluding any debt service payment, less any

amounts raised after approval of a [waiver by the commissioner or] separate question by the voters or board of school estimate [in] for the prebudget year unless such approval explicitly allows the approved increases to be permanent.

"School district" means any local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes.

["Unrestricted State aid" means, for the 2007-2008 school year, State aid that is included in a school district's State aid notice and allocated pursuant to P.L.1996, c.138 (C.18A:7F-1 et al.) or any other law for appropriation in a school district's general fund plus early childhood program aid allocated pursuant to section 16 of P.L.1996, c.138 (C.18A:7F-16) or any other law and demonstrably effective program aid and instructional supplement aid allocated pursuant to section 18 of P.L.1996, c.138 (C.18A:7F-18) or any other law; and for the 2008-2009 through 2011-2012 school years, State aid that is included in a school district's State aid notice and allocated pursuant to P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law for appropriation in a school district's general fund plus preschool education aid allocated pursuant to section 12 of P.L.2007, c.260 (C.18A:7F-54) or any other law.]

"Weighted resident enrollment" means weighted resident enrollment as calculated pursuant to section 8 of P.L.2007, c.260 (C.18A:7F-50) and as projected by the commissioner.

(cf: P.L.2007, c.260, s.36)

6. Section 4 of P.L.2007, c.62 (C.18A:7F-39) is amended to read as follows:

4. a. (Deleted by amendment, P.L.2010, c.44)

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

c. A school district may submit to the voters at the annual school election, or on such other date as is set by regulation of the commissioner, a proposal or proposals to increase the adjusted tax levy by more than the allowable amount authorized pursuant to section 3 of P.L.2007, c.62 (C.18A:7F-38). The proposal or proposals to increase the adjusted tax levy shall be approved if a majority of people voting shall vote in the affirmative. In the case of a school district with a board of school estimate, the additional adjusted tax levy shall be authorized only if a quorum is present for the vote and a majority of those board members who are present vote in the affirmative to authorize the additional adjusted tax levy.

In the case of a school district in which the annual school election has been moved to November pursuant to subsection a. of section 1 of P.L.2011, c.202 (C.19:60-1.1), the school district may submit a separate proposal for additional funds for the budget year or a separate proposal for additional funds for the subsequent budget year, or separate proposals for additional funds for each of those budget years. In the event that a school district submits a

separate proposal for additional funds for the subsequent budget year and the separate proposal is approved, the school district shall not add to its adjusted tax levy for the subsequent budget year any amount authorized pursuant to subsection e. of this section.

(1) A proposal or proposals submitted to the voters or the board of school estimate to increase the tax levy pursuant to this subsection shall not include any programs or services necessary for students to achieve the core curriculum content standards.

(2) All proposals to increase the tax levy submitted pursuant to this subsection shall include interpretive statements specifically identifying the program purposes for which the proposed funds shall be used and a clear statement on whether approval will affect only the current year or result in a permanent increase in the levy. The proposals shall be submitted and approved pursuant to sections 5 and 6 of P.L.1996, c.138 (C.18A:7F-5 and 18A:7F-6).

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

e. A school district that has not been granted approval to exceed the cap pursuant to subsection c. of this section, may add to its adjusted tax levy in any one of the next three succeeding budget years, the amount of the difference between the maximum allowable amount to be raised by taxation for the current school budget year and the actual amount to be raised by taxation for the current school budget year.

(cf: P.L.2011, c.202, s.3)

7. This act shall take effect immediately and shall first be applicable to the 2019-2020 school year.

STATEMENT

Under current law, a school district may submit to the voters at the annual school election a separate question or proposal for permission to raise additional funds for the budget year beyond the district's authorized tax levy cap in order to support a particular program or purpose. This bill provides that in the case of a school district that has moved its annual school election to November, the district may submit a separate proposal for additional funds for the budget year, or a separate proposal for additional funds for the subsequent budget year, or separate proposals for additional funds for each of those budget years. The bill stipulates, however, that in the case of a district that submits a separate question for additional funds for the subsequent budget year and the separate question is approved, the school district may not increase its tax levy for that subsequent budget year by the amount of any "banked" tax levy that the district may have at its disposal under the cap banking provisions of the law.

In light of the fact that a school district that has moved its annual school election to November is already well into the school year by the time a separate question for that budget year is approved by the voters, which makes budget planning difficult, this bill will provide such districts with flexible options to increase their ability to do sound budget planning. The bill addresses situations similar to the one faced by a school district that submitted a separate question to the voters to ask for their approval to raise additional tax levy to expand the district's half-day kindergarten program to a full-day program. When the voters approved the question, it was the district's intention to expand the kindergarten program in the next school year and to begin raising the additional tax levy in that next year. However, under current law the tax levy would begin to be collected in the school year in which it received voter approval and the collection could not be delayed until the next school year. Under this bill, the collection of the taxes could be delayed.