

18A: 7A-25

LEGISLATIVE HISTORY CHECKLIST

NJSA 18A:7A-25 (Expenditure limitations-technical amendment)

Laws of 1976 Chapter 135

Bill No. S1718 Substituted for A2353

Sponsor(s) Martindell, Lipman, Dumont

Date Introduced November 8, 1976

Committee: Assembly -

Senate Education

Amended during passage Yes No

Date of passage: Assembly Dec. 20, 1976

Senate Dec. 14, 1976

Date of approval Dec. 28, 1976

Following statements are attached if available:

Sponsor statement Yes No

Committee Statement: Assembly Yes No

Senate Yes No

Fiscal Note Yes No

Veto message Yes No

Message on signing Yes No

Following were printed:

Reports Yes No

Hearings Yes No

974.90 N.J. Legislature. Joint Committee on the Public Schools.  
E24 JCPS monitoring program 4, budget caps: first periodic  
1976x report; budget cap administration for 1976-77. Trenton,  
1976.

"Tentative draft: subject to committee approval."

(over)

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10/4/76  
SEP 1977

974.90  
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1976y

N.J. Legislature. Joint Committee on the Public Schools.  
Minutes--meeting of Nov. 16, 1976. Trenton, 1976.

SENATE, No. 1718

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 8, 1976

By Senators MARTINDELL, LIPMAN and DUMONT

Referred to Committee on Education

AN ACT to amend the "Public School Education Act of 1975,"  
approved September 29, 1975, P. L. 1975, c. 212.

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

1 1. Section 25 of P. L. 1975, c. 212 (C. 18A:7A-25) is amended  
2 to read as follows:

3 25. A district which has a net current expense budget per pupil  
4 in the prebudget year of less than the State average net current  
5 expense budget per pupil may increase its net current expense  
6 budget per pupil in the following year by no more than an amount  
7 found by multiplying three-fourths of the latest annual per-  
8 centage increase in the total State equalized valuation by the State  
9 average net current expense budget per pupil for the prebudget  
10 year, and multiplying the product by the quotient resulting from  
11 dividing the State average net current expense budget per pupil  
12 by the school district net current expense budget per pupil for the  
13 prebudget year **[**; provided, however, that in no event shall the fig-  
14 ure used for the latest annual percentage increase in the total State  
15 equalized valuation be less than the average of such percentage in-  
16 creases for the latest 3 years **]**. Any other district may increase its  
17 net current expense budget per pupil by no more than an amount  
18 found by multiplying three-fourths of the latest annual percent-  
19 age increase in the total State equalized valuation by the school  
20 district's net current expense budget per pupil for the prebudget  
21 year, and multiplying the product by the quotient resulting from  
22 dividing the State average net current expense budget per pupil  
23 by the school district net current expense budget per pupil for the  
24 prebudget year. For the purpose of these calculations, the enroll-

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

25 ment of a district shall be assumed to remain constant between  
26 the prebudget year and the year during which the budget will be  
27 implemented *and the figure used for the latest annual percentage*  
28 *increase in the total State equalized valuation shall not be less*  
29 *than the average of such percentage increases for the latest 3*  
30 *years.*

31 Annually, on or before November 15, the commissioner shall  
32 certify to each local board of education the amount by which the  
33 school district may increase its budget for the next year without  
34 exceeding the permissible rate of increase.

35 The commissioner may approve the request of a local board of  
36 education for a greater increase, having adjudged that (1) a reallo-  
37 tion of resources or any other action taken within the permissible  
38 level of spending would be insufficient to meet the goals, objectives  
39 and standards established pursuant to this act, or (2) an increased  
40 enrollment may reasonably be anticipated in the district.

1 2. This act shall take effect immediately.

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#### STATEMENT

##### PURPOSE:

Senate Bill No. 1718 provides technical amendments to section 25 of the thorough and efficient law.

##### PROVISIONS OF SECTION 25:

This section contains the formulas used to compute the budget increase limits for each board of education throughout the State. There are two separate formulas in this section; one applies to districts spending below the State's average per pupil expenditure level while the other, a more restrictive formula, applies to districts spending at or above such level.

In general, the basic increase in both formulas is generated by the year-to-year increase in the total equalized valuation of property in the State. In order to lessen the impact of either a decrease in the growth rate or a decrease in the State's equalized valuations, chapter 25 specified that the percent increase in any 1 year shall not be less than the average of the percent increases over the past 3 years.

##### PROBLEM ADDRESSED:

Having played a major role in the development of the two formulas, the Department of Education was fully aware of legislative intent and, consequently, used the average of the percent increases over the previous 3 years in *both* formulas when computing the

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budget increase limits for the current school year, the first year under the thorough and efficient law.

Several months ago, it was pointed out to the Department of Education that because of its placement in the paragraph the language providing for the 3-year averaging applied only to districts spending below the Statewide average and did not apply to those spending at or above the average.

**IMPACT:**

Unless the amendments proposed in this bill are incorporated into section 25, the department will now have to change the basic calculation for districts at or above the State's average per pupil expenditure level. This change will reduce the basic increase for these districts for the next school year from 7.1766% to 4.7220%.

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FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

DECEMBER 30, 1976

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ANNE BURNS - 9600

Governor Brendan Byrne has signed into law the following bills:

A-880 (Esposito) allowing municipal courts to hear penalty actions for violations of State aviation laws, previously heard only by county district courts and county courts. This bill is intended to lighten the overburdened district court caseload and ease enforcement costs. The Department of Transportation estimates that this bill could provide the state with up to \$35,000 per year additional revenue from more effective enforcement of aircraft registration.

A-2132 (Martin) excepting the Westwood Regional School District from the provisions of P.L. 1976, Chapter 21 which provides for a 5-year phase-in period for the new method of apportioning local costs of a regional district among its member municipalities. This district, composed of Washington Township and Westwood Borough in Bergen County, changed from a consolidated to a regional district under P.L. 1968, Chapter 240, and was phasing in cost apportionment over a ten-year basis when Chapter 21 was enacted, increasing the cost burden of the "poor" municipality, Washington Township, rather than reducing it as had been the intent of the legislation. A special five-year phase-in schedule has been established for the district by the courts.

A-1974 (Markert) authorizing counties and municipalities to sell by private sale, undeveloped land which is less than development size under zoning ordinances to the owner of contiguous tracts, If there is more than one owner with contiguous property, the land will be sold to the highest bidder of the group. The land cannot be sold for less than fair market value. Counties and municipalities are required to offer this property at private sales to these owners before holding public sales.

S-1597 (Vreeland) permitting any present member of the Police and Firemen's Retirement System who has been or shall be elected or appointed to the office of sheriff or undersheriff to chose to remain a member of that retirement system. By chosing this option, the individual waives any benefits he might be entitled to if he were a member of the Public Employees Retirement System. The bill, takes effect immediately and is retroactive to January 1, 1975.

S-1718 (Martindell) amending the formula used to calculate school budget caps under the Public School Education Act of 1975, which provides that in computing caps for districts which spend below the State's average per-pupil expenditure level, the percentage used cannot be less than the average annual percentage increases for the last three years. Under this wording, districts spending at or above the State's average level would be much harder hit by short-term declines in the growth of the total State equalized valuation than districts spending below the average.

This bill amends the law to apply the three year average rule to all school districts.

This bill sets the estimated maximum cap on current expense budgets for any district spending at or above average at 7.2 percent. Prior to this bill the estimated maximum cap for these districts had been 4.7. percent.

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