



**COMMITTEE STATEMENT:**

**ASSEMBLY:** No

**SENATE:** Yes

Identical to Assembly Statement for A3076

**FLOOR AMENDMENT STATEMENTS:** No

**LEGISLATIVE FISCAL ESTIMATE:** No

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

# ASSEMBLY, No. 3076

## STATE OF NEW JERSEY 209th LEGISLATURE

INTRODUCED JANUARY 9, 2001

**Sponsored by:**

**Assemblyman LARRY CHATZIDAKIS**  
**District 8 (Atlantic, Burlington and Camden)**  
**Assemblyman FRANCIS L. BODINE**  
**District 8 (Atlantic, Burlington and Camden)**

**Co-Sponsored by:**

**Assemblyman Geist, Senators Bark and Littell**

**SYNOPSIS**

Provides a school district budget cap adjustment for expenses related to the opening of a new school facility

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/27/2001)**

A3076 CHATZIDAKIS, BODINE

2

1 AN ACT concerning school district budget cap adjustments and  
2 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. 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. Additional  
30 amounts payable shall be reflected as revenue and an account  
31 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,  
35 26, and 27 of this act, shall be based on simulations employing the  
36 various formulas and State aid amounts contained in this act using  
37 projections based on the October 1995 pupil counts, December 1995  
38 special education census data and October 1995 equalized valuations.  
39 Transportation aid shall be calculated based on the provisions of this  
40 act using pupil data used for the 1996-97 school year and adjusted to  
41 reflect the total amount of State aid disbursed in the 1996-97 school  
42 year. The commissioner shall prepare a report dated December 19,  
43 1996 reflecting the State aid amounts payable by category for each

**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.**

1 district and shall submit the report to the Legislature prior to the  
2 adoption of this act. The amounts contained in the commissioner's  
3 report shall be the final amounts payable and shall not be subsequently  
4 adjusted because of changes in pupil counts or equalized valuations.  
5 The projected pupil counts and equalized valuations used for the  
6 calculation of State aid shall also be used for the calculation of  
7 maximum T&E budget, minimum T&E budget, local share, required  
8 local share, and spending growth limitation. State aid notification of  
9 debt service aid pursuant to section 27 of this act shall include a  
10 statement that debt service aid shall be determined in the budget.

11 Any school district which enrolls students who reside on federal  
12 property which were not included in the calculation of core curriculum  
13 standards aid for 1997-98 shall have its core curriculum standards aid  
14 recalculated for these additional enrollments through the 1997-98  
15 school year using the property value multiplier, income value  
16 multiplier, equalized valuation, and district income which were used  
17 in the original Statewide calculation of core curriculum standards aid.  
18 The additional aid resulting from the recalculations shall be divided by  
19 20 and the product shall be added to each of the remaining core  
20 curriculum standards aid payments for the 1997-98 school year.  
21 Additionally, the core curriculum standards aid calculation and  
22 payment schedule for 1998-99 shall be adjusted for such enrollments  
23 arriving after the last school day prior to October 16, 1997.

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

30 Notwithstanding the above provision, no Abbott district shall raise  
31 a general fund tax levy which is less than the prior year general fund  
32 tax levy unless the sum of the levy and the other components of the  
33 T&E program budget equals or exceeds its maximum T&E budget  
34 calculated pursuant to section 13 of this act.

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

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

42 In order to meet this requirement, each district shall raise a general  
43 fund tax levy which, when added to the general fund balance  
44 designated for the budget year, miscellaneous local general fund  
45 revenues estimated consistent with GAAP to be realized during the  
46 budget year, supplemental core curriculum standards aid calculated

1 pursuant to section 17 of this act and stabilization aid and  
2 supplemental school tax reduction aid calculated pursuant to section  
3 10 of this act, equals its required local share or, for Abbott districts,  
4 the amount required when the calculation of required local share  
5 would result in a general fund tax levy which is less than the general  
6 fund tax levy of the prebudget year. For 1997-98, the budgeted local  
7 share for the prebudget year shall be the district's general fund tax  
8 levy.

9 For the 1997-98 school year, any tax increase which would be  
10 required of an Abbott district or district factor group A district to  
11 meet its required local share, after consideration of supplemental core  
12 curriculum standards aid, stabilization aid, and supplemental school tax  
13 reduction aid shall be fully funded by the State and recorded as  
14 supplemental core curriculum standards aid. The commissioner, in  
15 consultation with the Commissioner of the Department of Community  
16 Affairs and the Director of the Division of Local Government Services  
17 in the Department of Community Affairs, shall examine the fiscal  
18 ability of the Abbott districts and the district factor group A districts  
19 eligible for supplemental core curriculum standards aid to absorb any  
20 reduction in such aid and shall make recommendations to the  
21 Legislature and the Governor regarding the continuation of  
22 supplemental core curriculum standards aid to those districts. In  
23 making those recommendations, the commissioner shall consider the  
24 ratable base of the municipality or municipalities in which the district  
25 is located, the tax burden placed upon the local community due to  
26 other required municipal services, and the fiscal ability of the school  
27 district to raise its required local share. The commissioner shall not  
28 implement any of those recommendations until the recommendations  
29 are enacted into law.

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

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

40 d. (1) A district proposing a budget which includes spending  
41 which exceeds the maximum T&E budget established pursuant to  
42 section 13 of this act shall submit, as appropriate, to the board of  
43 school estimate or to the voters of the district at the annual school  
44 budget election conducted pursuant to the provisions of P.L.1995,  
45 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added  
46 to the other components of its net budget does not exceed the

1 prebudget year net budget by more than the spending growth  
2 limitation calculated as follows: the sum of three percent or the CPI,  
3 whichever is greater, multiplied by the prebudget year net budget, and  
4 adjustments for changes in enrollment, certain capital outlay  
5 expenditures, expenditures for pupil transportation services provided  
6 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection  
7 with the opening of a new school facility during the budget year, and  
8 special education costs per pupil in excess of \$40,000. The adjustment  
9 for special education costs shall equal any increase in the sum of per  
10 pupil amounts in excess of \$40,000 for the budget year less the sum of  
11 per pupil amounts in excess of \$40,000 for the prebudget year indexed  
12 by the CPI or three percent, whichever is greater. The adjustment for  
13 enrollments shall equal the increase in unweighted resident  
14 enrollments between the prebudget year and budget year multiplied by  
15 the per pupil general fund tax levy amount for the prebudget year  
16 indexed by the CPI or three percent, whichever is greater. The  
17 adjustment for capital outlay shall equal any increase between the  
18 capital outlay portion of the general fund budget for the budget year  
19 less any withdrawals from the capital reserve account and the capital  
20 outlay portion of the general fund budget for the prebudget year  
21 indexed by the CPI or three percent, whichever is greater. Any district  
22 with a capital outlay adjustment to its spending growth limitation shall  
23 be restricted from transferring any funds from capital outlay accounts  
24 to current expense accounts. The adjustment for capital outlay shall  
25 not become part of the prebudget year net budget for purposes of  
26 calculating the spending growth limitation of the subsequent year.  
27 The adjustment for pupil transportation costs provided pursuant to  
28 N.J.S.18A:39-1.1 shall equal the cost of providing such pupil  
29 transportation services for the budget year. The adjustment for the  
30 opening of a new school facility shall include costs associated with the  
31 new facility related to new teaching staff members, support staff,  
32 materials and equipment, custodial and maintenance expenditures, and  
33 such other required costs as determined by the commissioner.

34 (2) A district proposing a budget set at or below the minimum  
35 T&E budget established pursuant to section 13 of this act shall submit,  
36 as appropriate, to the board of school estimate or to the voters of the  
37 district at the annual school budget election conducted pursuant to the  
38 provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax  
39 levy which when added to the other components of the net T&E  
40 budget shall not exceed the prebudget year net T&E budget or in  
41 1997-98 the prebudget year net budget by more than the spending  
42 growth limitation calculated as follows: the sum of three percent or the  
43 CPI, whichever is greater, multiplied by the prebudget year net budget,  
44 and adjustments for changes in enrollment, certain capital outlay  
45 expenditures, expenditures for pupil transportation services provided  
46 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection

1 with the opening of a new school facility during the budget year, and  
2 special education costs per pupil in excess of \$40,000. The enrollment  
3 adjustment shall equal the increase in weighted resident enrollment  
4 between the prebudget year and the budget year multiplied by the T&E  
5 amount less the T&E flexible amount. The adjustments for special  
6 education costs, pupil transportation services, and capital outlay  
7 expenditures shall be calculated pursuant to the provisions of  
8 paragraph (1) of this subsection. The adjustment for the opening of  
9 a new school facility shall include costs associated with the new  
10 facility related to new teaching staff members, support staff, materials  
11 and equipment, custodial and maintenance expenditures, and such  
12 other required costs as determined by the commissioner.

13 Notwithstanding the provisions of this paragraph, no district shall  
14 raise a net budget which is less than the local share required under the  
15 required local share provisions of this act plus the other components  
16 of its net budget.

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



1 (4) Any debt service payment made by a school district during the  
2 budget year shall not be included in the calculation of the district's  
3 spending growth limitation.

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

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

16 (7) If the use of early childhood program aid for the provision of  
17 full-day kindergarten and preschool classes and other early childhood  
18 programs and services or the use of demonstrably effective program  
19 aid for the provision of instructional, school governance, and health  
20 and social service programs will cause the district to exceed its  
21 spending growth limitation, the district may apply to the commissioner  
22 for an adjustment to that limitation.

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

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

44 (10) Notwithstanding any provision of law to the contrary, if a  
45 district proposes a budget which exceeds the maximum T&E budget,  
46 the following statement shall be published in the legal notice of public

1 hearing on the budget pursuant to N.J.S.18A:22-28, posted at the  
2 public hearing held on the budget pursuant to N.J.S.18A:22-29, and  
3 printed on the sample ballot required pursuant to section 10 of  
4 P.L.1995, c.278 (C.19:60-10):

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

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

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

41 In the case of a school district in which the proposed budget is  
42 below, or after a reduction made by the municipal governing body or  
43 board of school estimate is below, the minimum T&E budget  
44 calculated pursuant to section 13 of this act, any reductions made by  
45 the municipal governing body or board of school estimate shall be  
46 automatically reviewed by the commissioner. In reviewing the budget,

1 the commissioner shall also consider the factors outlined in paragraph  
2 (1) of this subsection. In addition, the municipal governing body or  
3 board of school estimate shall be required to demonstrate clearly to the  
4 commissioner that the proposed budget reductions shall not adversely  
5 affect the ability of the school district to provide a thorough and  
6 efficient education or the stability of the district given the need for  
7 long term planning and budgeting.

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

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

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

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

36 (cf: P.L.2000, c.147, s.1)

37

38 2. This act shall take effect for the 2001-2002 school year.

39

40

41

STATEMENT

42

43 This bill authorizes a school district budget cap adjustment for costs  
44 associated with the opening of a new school facility during the budget  
45 year. Under current law, a school district may increase its net budget  
46 between the prebudget and budget years by an amount equal to 3%

1 or the CPI, whichever is greater. The district's budget may also be  
2 adjusted for increases in enrollment, certain capital outlay  
3 expenditures, expenditures for courtesy busing services, and per pupil  
4 special education costs in excess of \$40,000. This bill provides an  
5 additional adjustment for expenditures associated with the opening of  
6 a new school facility.

7 Under the bill's provisions, the adjustment would include costs  
8 associated with the opening of the new facility related to new teaching  
9 staff members, support staff, materials and equipment, custodial and  
10 maintenance expenditures, and such other required costs as determined  
11 by the commissioner. In light of increasing school enrollments as well  
12 as the massive school construction program which was recently  
13 initiated, accommodating the costs associated with the opening of  
14 new school facilities will be a problem faced by many districts.  
15 Allowing districts to adjust their budgets to reflect these costs will  
16 ensure that other required programs and services are not negatively  
17 impacted.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3076**

**STATE OF NEW JERSEY**

DATED: FEBRUARY 26, 2001

The Assembly Education Committee favorably reports Assembly Bill No. 3076.

This bill authorizes a school district budget cap adjustment for costs associated with the opening of a new school facility during the budget year. Under current law, a school district may increase its net budget between the prebudget and budget years by an amount equal to 3% or the CPI, whichever is greater. The district's budget may also be adjusted for increases in enrollment, certain capital outlay expenditures, expenditures for courtesy busing services, and per pupil special education costs in excess of \$40,000. This bill provides an additional adjustment for expenditures associated with the opening of a new school facility.

Under the bill's provisions, the adjustment would include costs associated with the opening of the new facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner. In light of increasing school enrollments as well as the massive school construction program which was recently initiated, accommodating the costs associated with the opening of new school facilities will be a problem faced by many districts. Allowing districts to adjust their budgets to reflect these costs will ensure that other required programs and services are not negatively impacted.

**SENATE, No. 1972**

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**STATE OF NEW JERSEY**  
**209th LEGISLATURE**

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INTRODUCED DECEMBER 14, 2000

**Sponsored by:**

**Senator MARTHA W. BARK**

**District 8 (Atlantic, Burlington and Camden)**

**Co-Sponsored by:**

**Senator Littell**

**SYNOPSIS**

Provides a school district budget cap adjustment for expenses related to the opening of a new school facility.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 3/16/2001)**

**S1972 BARK**

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1 **AN ACT** concerning school district budget cap adjustments and  
2 amending P.L.1996, c.138.

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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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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. Additional  
30 amounts payable shall be reflected as revenue and an account  
31 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,  
35 26, and 27 of this act, shall be based on simulations employing the  
36 various formulas and State aid amounts contained in this act using  
37 projections based on the October 1995 pupil counts, December 1995  
38 special education census data and October 1995 equalized valuations.  
39 Transportation aid shall be calculated based on the provisions of this  
40 act using pupil data used for the 1996-97 school year and adjusted to  
41 reflect the total amount of State aid disbursed in the 1996-97 school  
42 year. The commissioner shall prepare a report dated December 19,  
43 1996 reflecting the State aid amounts payable by category for each

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**Matter underlined thus is new matter.**

**S1972 BARK**

1 district and shall submit the report to the Legislature prior to the  
2 adoption of this act. The amounts contained in the commissioner's  
3 report shall be the final amounts payable and shall not be subsequently  
4 adjusted because of changes in pupil counts or equalized valuations.  
5 The projected pupil counts and equalized valuations used for the  
6 calculation of State aid shall also be used for the calculation of  
7 maximum T&E budget, minimum T&E budget, local share, required  
8 local share, and spending growth limitation. State aid notification of  
9 debt service aid pursuant to section 27 of this act shall include a  
10 statement that debt service aid shall be determined in the budget.

11 Any school district which enrolls students who reside on federal  
12 property which were not included in the calculation of core curriculum  
13 standards aid for 1997-98 shall have its core curriculum standards aid  
14 recalculated for these additional enrollments through the 1997-98  
15 school year using the property value multiplier, income value  
16 multiplier, equalized valuation, and district income which were used  
17 in the original Statewide calculation of core curriculum standards aid.  
18 The additional aid resulting from the recalculations shall be divided by  
19 20 and the product shall be added to each of the remaining core  
20 curriculum standards aid payments for the 1997-98 school year.  
21 Additionally, the core curriculum standards aid calculation and  
22 payment schedule for 1998-99 shall be adjusted for such enrollments  
23 arriving after the last school day prior to October 16, 1997.

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

30 Notwithstanding the above provision, no Abbott district shall raise  
31 a general fund tax levy which is less than the prior year general fund  
32 tax levy unless the sum of the levy and the other components of the  
33 T&E program budget equals or exceeds its maximum T&E budget  
34 calculated pursuant to section 13 of this act.

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

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

42 In order to meet this requirement, each district shall raise a general  
43 fund tax levy which, when added to the general fund balance  
44 designated for the budget year, miscellaneous local general fund  
45 revenues estimated consistent with GAAP to be realized during the  
46 budget year, supplemental core curriculum standards aid calculated



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1 pursuant to section 17 of this act and stabilization aid and  
2 supplemental school tax reduction aid calculated pursuant to section  
3 10 of this act, equals its required local share or, for Abbott districts,  
4 the amount required when the calculation of required local share  
5 would result in a general fund tax levy which is less than the general  
6 fund tax levy of the prebudget year. For 1997-98, the budgeted local  
7 share for the prebudget year shall be the district's general fund tax  
8 levy.

9 For the 1997-98 school year, any tax increase which would be  
10 required of an Abbott district or district factor group A district to  
11 meet its required local share, after consideration of supplemental core  
12 curriculum standards aid, stabilization aid, and supplemental school tax  
13 reduction aid shall be fully funded by the State and recorded as  
14 supplemental core curriculum standards aid. The commissioner, in  
15 consultation with the Commissioner of the Department of Community  
16 Affairs and the Director of the Division of Local Government Services  
17 in the Department of Community Affairs, shall examine the fiscal  
18 ability of the Abbott districts and the district factor group A districts  
19 eligible for supplemental core curriculum standards aid to absorb any  
20 reduction in such aid and shall make recommendations to the  
21 Legislature and the Governor regarding the continuation of  
22 supplemental core curriculum standards aid to those districts. In  
23 making those recommendations, the commissioner shall consider the  
24 ratable base of the municipality or municipalities in which the district  
25 is located, the tax burden placed upon the local community due to  
26 other required municipal services, and the fiscal ability of the school  
27 district to raise its required local share. The commissioner shall not  
28 implement any of those recommendations until the recommendations  
29 are enacted into law.

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

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

40 d. (1) A district proposing a budget which includes spending  
41 which exceeds the maximum T&E budget established pursuant to  
42 section 13 of this act shall submit, as appropriate, to the board of  
43 school estimate or to the voters of the district at the annual school  
44 budget election conducted pursuant to the provisions of P.L.1995,  
45 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added  
46 to the other components of its net budget does not exceed the

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1 prebudget year net budget by more than the spending growth  
2 limitation calculated as follows: the sum of three percent or the CPI,  
3 whichever is greater, multiplied by the prebudget year net budget, and  
4 adjustments for changes in enrollment, certain capital outlay  
5 expenditures, expenditures for pupil transportation services provided  
6 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection  
7 with the opening of a new school facility during the budget year, and  
8 special education costs per pupil in excess of \$40,000. The adjustment  
9 for special education costs shall equal any increase in the sum of per  
10 pupil amounts in excess of \$40,000 for the budget year less the sum of  
11 per pupil amounts in excess of \$40,000 for the prebudget year indexed  
12 by the CPI or three percent, whichever is greater. The adjustment for  
13 enrollments shall equal the increase in unweighted resident  
14 enrollments between the prebudget year and budget year multiplied by  
15 the per pupil general fund tax levy amount for the prebudget year  
16 indexed by the CPI or three percent, whichever is greater. The  
17 adjustment for capital outlay shall equal any increase between the  
18 capital outlay portion of the general fund budget for the budget year  
19 less any withdrawals from the capital reserve account and the capital  
20 outlay portion of the general fund budget for the prebudget year  
21 indexed by the CPI or three percent, whichever is greater. Any district  
22 with a capital outlay adjustment to its spending growth limitation shall  
23 be restricted from transferring any funds from capital outlay accounts  
24 to current expense accounts. The adjustment for capital outlay shall  
25 not become part of the prebudget year net budget for purposes of  
26 calculating the spending growth limitation of the subsequent year.  
27 The adjustment for pupil transportation costs provided pursuant to  
28 N.J.S.18A:39-1.1 shall equal the cost of providing such pupil  
29 transportation services for the budget year. The adjustment for the  
30 opening of a new school facility shall include costs associated with the  
31 new facility related to new teaching staff members, support staff,  
32 materials and equipment, custodial and maintenance expenditures, and  
33 such other required costs as determined by the commissioner.

34 (2) A district proposing a budget set at or below the minimum  
35 T&E budget established pursuant to section 13 of this act shall submit,  
36 as appropriate, to the board of school estimate or to the voters of the  
37 district at the annual school budget election conducted pursuant to the  
38 provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax  
39 levy which when added to the other components of the net T&E  
40 budget shall not exceed the prebudget year net T&E budget or in  
41 1997-98 the prebudget year net budget by more than the spending  
42 growth limitation calculated as follows: the sum of three percent or the  
43 CPI, whichever is greater, multiplied by the prebudget year net budget,  
44 and adjustments for changes in enrollment, certain capital outlay  
45 expenditures, expenditures for pupil transportation services provided  
46 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection

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1 with the opening of a new school facility during the budget year, and  
2 special education costs per pupil in excess of \$40,000. The enrollment  
3 adjustment shall equal the increase in weighted resident enrollment  
4 between the prebudget year and the budget year multiplied by the T&E  
5 amount less the T&E flexible amount. The adjustments for special  
6 education costs, pupil transportation services, and capital outlay  
7 expenditures shall be calculated pursuant to the provisions of  
8 paragraph (1) of this subsection. The adjustment for the opening of  
9 a new school facility shall include costs associated with the new  
10 facility related to new teaching staff members, support staff, materials  
11 and equipment, custodial and maintenance expenditures, and such  
12 other required costs as determined by the commissioner.

13 Notwithstanding the provisions of this paragraph, no district shall  
14 raise a net budget which is less than the local share required under the  
15 required local share provisions of this act plus the other components  
16 of its net budget.

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

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1 (4) Any debt service payment made by a school district during the  
2 budget year shall not be included in the calculation of the district's  
3 spending growth limitation.

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

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

16 (7) If the use of early childhood program aid for the provision of  
17 full-day kindergarten and preschool classes and other early childhood  
18 programs and services or the use of demonstrably effective program  
19 aid for the provision of instructional, school governance, and health  
20 and social service programs will cause the district to exceed its  
21 spending growth limitation, the district may apply to the commissioner  
22 for an adjustment to that limitation.

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

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

44 (10) Notwithstanding any provision of law to the contrary, if a  
45 district proposes a budget which exceeds the maximum T&E budget,  
46 the following statement shall be published in the legal notice of public

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1 hearing on the budget pursuant to N.J.S.18A:22-28, posted at the  
2 public hearing held on the budget pursuant to N.J.S.18A:22-29, and  
3 printed on the sample ballot required pursuant to section 10 of  
4 P.L.1995, c.278 (C.19:60-10):

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

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

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

41 In the case of a school district in which the proposed budget is  
42 below, or after a reduction made by the municipal governing body or  
43 board of school estimate is below, the minimum T&E budget  
44 calculated pursuant to section 13 of this act, any reductions made by  
45 the municipal governing body or board of school estimate shall be  
46 automatically reviewed by the commissioner. In reviewing the budget,

1 the commissioner shall also consider the factors outlined in paragraph  
2 (1) of this subsection. In addition, the municipal governing body or  
3 board of school estimate shall be required to demonstrate clearly to the  
4 commissioner that the proposed budget reductions shall not adversely  
5 affect the ability of the school district to provide a thorough and  
6 efficient education or the stability of the district given the need for  
7 long term planning and budgeting.

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

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

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

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

36 (cf: P.L.2000, c.147, s.1)

37

38 2. This act shall take effect for the 2001-2002 school year.

39

40

41

STATEMENT

42

43 This bill authorizes a school district budget cap adjustment for costs  
44 associated with the opening of a new school facility during the budget  
45 year. Under current law, a school district may increase its net budget  
46 between the prebudget and budget years by an amount equal to 3%

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10

1 or the CPI, whichever is greater. The district's budget may also be  
2 adjusted for increases in enrollment, certain capital outlay  
3 expenditures, expenditures for courtesy busing services, and per pupil  
4 special education costs in excess of \$40,000. This bill provides an  
5 additional adjustment for expenditures associated with the opening of  
6 a new school facility.

7 Under the bill's provisions, the adjustment would include costs  
8 associated with the opening of the new facility related to new teaching  
9 staff members, support staff, materials and equipment, custodial and  
10 maintenance expenditures, and such other required costs as determined  
11 by the commissioner. In light of increasing school enrollments as well  
12 as the massive school construction program which was recently  
13 initiated, accommodating the costs associated with the opening of  
14 new school facilities will be a problem faced by many districts.  
15 Allowing districts to adjust their budgets to reflect these costs will  
16 ensure that other required programs and services are not negatively  
17 impacted.

# SENATE EDUCATION COMMITTEE

## STATEMENT TO

### SENATE, No. 1972

# STATE OF NEW JERSEY

DATED: JANUARY 22, 2001

The Senate Education Committee reports favorably Senate Bill No. 1972.

This bill authorizes a school district budget cap adjustment for costs associated with the opening of a new school facility during the budget year. Under current law, a school district may increase its net budget between the prebudget and budget years by an amount equal to 3% or the CPI, whichever is greater. The district's budget may also be adjusted for increases in enrollment, certain capital outlay expenditures, expenditures for courtesy busing services, and per pupil special education costs in excess of \$40,000. This bill provides an additional adjustment for expenditures associated with the opening of a new school facility.

Under the bill's provisions, the adjustment would include costs associated with the opening of the new facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner. In light of increasing school enrollments as well as the massive school construction program which was recently initiated, accommodating the costs associated with the opening of new school facilities will be a problem faced by many districts. Allowing districts to adjust their budgets to reflect these costs will ensure that other required programs and services are not negatively impacted.



P.L. 2001, CHAPTER 43, *approved March 29, 2001*  
Assembly, No. 3076

1 **AN ACT** concerning school district budget cap adjustments and  
2 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. 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. Additional  
30 amounts payable shall be reflected as revenue and an account  
31 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,  
35 26, and 27 of this act, shall be based on simulations employing the  
36 various formulas and State aid amounts contained in this act using  
37 projections based on the October 1995 pupil counts, December 1995  
38 special education census data and October 1995 equalized valuations.  
39 Transportation aid shall be calculated based on the provisions of this  
40 act using pupil data used for the 1996-97 school year and adjusted to  
41 reflect the total amount of State aid disbursed in the 1996-97 school

**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.**

1 year. The commissioner shall prepare a report dated December 19,  
2 1996 reflecting the State aid amounts payable by category for each  
3 district and shall submit the report to the Legislature prior to the  
4 adoption of this act. The amounts contained in the commissioner's  
5 report shall be the final amounts payable and shall not be subsequently  
6 adjusted because of changes in pupil counts or equalized valuations.  
7 The projected pupil counts and equalized valuations used for the  
8 calculation of State aid shall also be used for the calculation of  
9 maximum T&E budget, minimum T&E budget, local share, required  
10 local share, and spending growth limitation. State aid notification of  
11 debt service aid pursuant to section 27 of this act shall include a  
12 statement that debt service aid shall be determined in the budget.

13 Any school district which enrolls students who reside on federal  
14 property which were not included in the calculation of core curriculum  
15 standards aid for 1997-98 shall have its core curriculum standards aid  
16 recalculated for these additional enrollments through the 1997-98  
17 school year using the property value multiplier, income value  
18 multiplier, equalized valuation, and district income which were used  
19 in the original Statewide calculation of core curriculum standards aid.  
20 The additional aid resulting from the recalculations shall be divided by  
21 20 and the product shall be added to each of the remaining core  
22 curriculum standards aid payments for the 1997-98 school year.  
23 Additionally, the core curriculum standards aid calculation and  
24 payment schedule for 1998-99 shall be adjusted for such enrollments  
25 arriving after the last school day prior to October 16, 1997.

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

32 Notwithstanding the above provision, no Abbott district shall raise  
33 a general fund tax levy which is less than the prior year general fund  
34 tax levy unless the sum of the levy and the other components of the  
35 T&E program budget equals or exceeds its maximum T&E budget  
36 calculated pursuant to section 13 of this act.

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

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

44 In order to meet this requirement, each district shall raise a general  
45 fund tax levy which, when added to the general fund balance  
46 designated for the budget year, miscellaneous local general fund

1 revenues estimated consistent with GAAP to be realized during the  
2 budget year, supplemental core curriculum standards aid calculated  
3 pursuant to section 17 of this act and stabilization aid and  
4 supplemental school tax reduction aid calculated pursuant to section  
5 10 of this act, equals its required local share or, for Abbott districts,  
6 the amount required when the calculation of required local share  
7 would result in a general fund tax levy which is less than the general  
8 fund tax levy of the prebudget year. For 1997-98, the budgeted local  
9 share for the prebudget year shall be the district's general fund tax  
10 levy.

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

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

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

42 d. (1) A district proposing a budget which includes spending  
43 which exceeds the maximum T&E budget established pursuant to  
44 section 13 of this act shall submit, as appropriate, to the board of  
45 school estimate or to the voters of the district at the annual school  
46 budget election conducted pursuant to the provisions of P.L.1995,

1 c.278 (C.19:60-1 et seq.), a general fund tax levy which when added  
2 to the other components of its net budget does not exceed the  
3 prebudget year net budget by more than the spending growth  
4 limitation calculated as follows: the sum of three percent or the CPI,  
5 whichever is greater, multiplied by the prebudget year net budget, and  
6 adjustments for changes in enrollment, certain capital outlay  
7 expenditures, expenditures for pupil transportation services provided  
8 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection  
9 with the opening of a new school facility during the budget year, and  
10 special education costs per pupil in excess of \$40,000. The adjustment  
11 for special education costs shall equal any increase in the sum of per  
12 pupil amounts in excess of \$40,000 for the budget year less the sum of  
13 per pupil amounts in excess of \$40,000 for the prebudget year indexed  
14 by the CPI or three percent, whichever is greater. The adjustment for  
15 enrollments shall equal the increase in unweighted resident  
16 enrollments between the prebudget year and budget year multiplied by  
17 the per pupil general fund tax levy amount for the prebudget year  
18 indexed by the CPI or three percent, whichever is greater. The  
19 adjustment for capital outlay shall equal any increase between the  
20 capital outlay portion of the general fund budget for the budget year  
21 less any withdrawals from the capital reserve account and the capital  
22 outlay portion of the general fund budget for the prebudget year  
23 indexed by the CPI or three percent, whichever is greater. Any district  
24 with a capital outlay adjustment to its spending growth limitation shall  
25 be restricted from transferring any funds from capital outlay accounts  
26 to current expense accounts. The adjustment for capital outlay shall  
27 not become part of the prebudget year net budget for purposes of  
28 calculating the spending growth limitation of the subsequent year.  
29 The adjustment for pupil transportation costs provided pursuant to  
30 N.J.S.18A:39-1.1 shall equal the cost of providing such pupil  
31 transportation services for the budget year. The adjustment for the  
32 opening of a new school facility shall include costs associated with the  
33 new facility related to new teaching staff members, support staff,  
34 materials and equipment, custodial and maintenance expenditures, and  
35 such other required costs as determined by the commissioner.

36 (2) A district proposing a budget set at or below the minimum  
37 T&E budget established pursuant to section 13 of this act shall submit,  
38 as appropriate, to the board of school estimate or to the voters of the  
39 district at the annual school budget election conducted pursuant to the  
40 provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax  
41 levy which when added to the other components of the net T&E  
42 budget shall not exceed the prebudget year net T&E budget or in  
43 1997-98 the prebudget year net budget by more than the spending  
44 growth limitation calculated as follows: the sum of three percent or the  
45 CPI, whichever is greater, multiplied by the prebudget year net budget,  
46 and adjustments for changes in enrollment, certain capital outlay

1 expenditures, expenditures for pupil transportation services provided  
2 pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection  
3 with the opening of a new school facility during the budget year, and  
4 special education costs per pupil in excess of \$40,000. The enrollment  
5 adjustment shall equal the increase in weighted resident enrollment  
6 between the prebudget year and the budget year multiplied by the T&E  
7 amount less the T&E flexible amount. The adjustments for special  
8 education costs, pupil transportation services, and capital outlay  
9 expenditures shall be calculated pursuant to the provisions of  
10 paragraph (1) of this subsection. The adjustment for the opening of  
11 a new school facility shall include costs associated with the new  
12 facility related to new teaching staff members, support staff, materials  
13 and equipment, custodial and maintenance expenditures, and such  
14 other required costs as determined by the commissioner.

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

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

1 expenditures, and such other required costs as determined by the  
2 commissioner.

3 (4) Any debt service payment made by a school district during the  
4 budget year shall not be included in the calculation of the district's  
5 spending growth limitation.

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

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

18 (7) If the use of early childhood program aid for the provision of  
19 full-day kindergarten and preschool classes and other early childhood  
20 programs and services or the use of demonstrably effective program  
21 aid for the provision of instructional, school governance, and health  
22 and social service programs will cause the district to exceed its  
23 spending growth limitation, the district may apply to the commissioner  
24 for an adjustment to that limitation.

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

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

46 (10) Notwithstanding any provision of law to the contrary, if a

1 district proposes a budget which exceeds the maximum T&E budget,  
2 the following statement shall be published in the legal notice of public  
3 hearing on the budget pursuant to N.J.S.18A:22-28, posted at the  
4 public hearing held on the budget pursuant to N.J.S.18A:22-29, and  
5 printed on the sample ballot required pursuant to section 10 of  
6 P.L.1995, c.278 (C.19:60-10):

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

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

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

43 In the case of a school district in which the proposed budget is  
44 below, or after a reduction made by the municipal governing body or  
45 board of school estimate is below, the minimum T&E budget  
46 calculated pursuant to section 13 of this act, any reductions made by

1 the municipal governing body or board of school estimate shall be  
2 automatically reviewed by the commissioner. In reviewing the budget,  
3 the commissioner shall also consider the factors outlined in paragraph  
4 (1) of this subsection. In addition, the municipal governing body or  
5 board of school estimate shall be required to demonstrate clearly to the  
6 commissioner that the proposed budget reductions shall not adversely  
7 affect the ability of the school district to provide a thorough and  
8 efficient education or the stability of the district given the need for  
9 long term planning and budgeting.

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

16 (4) When the voters, municipal governing body or bodies, or the  
17 board of school estimate authorize the general fund tax levy, the  
18 district shall submit the resulting budget to the commissioner within 15  
19 days of the action of the voters or municipal governing body or bodies,  
20 whichever is later, or of the board of school estimate as the case may  
21 be.

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

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

38 (cf: P.L.2000, c.147, s.1)

39

40 2. This act shall take effect for the 2001-2002 school year.

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#### STATEMENT

44

45 This bill authorizes a school district budget cap adjustment for costs  
46 associated with the opening of a new school facility during the budget



1 year. Under current law, a school district may increase its net budget  
2 between the prebudget and budget years by an amount equal to 3%  
3 or the CPI, whichever is greater. The district's budget may also be  
4 adjusted for increases in enrollment, certain capital outlay  
5 expenditures, expenditures for courtesy busing services, and per pupil  
6 special education costs in excess of \$40,000. This bill provides an  
7 additional adjustment for expenditures associated with the opening of  
8 a new school facility.

9 Under the bill's provisions, the adjustment would include costs  
10 associated with the opening of the new facility related to new teaching  
11 staff members, support staff, materials and equipment, custodial and  
12 maintenance expenditures, and such other required costs as determined  
13 by the commissioner. In light of increasing school enrollments as well  
14 as the massive school construction program which was recently  
15 initiated, accommodating the costs associated with the opening of  
16 new school facilities will be a problem faced by many districts.  
17 Allowing districts to adjust their budgets to reflect these costs will  
18 ensure that other required programs and services are not negatively  
19 impacted.

20

21

22

23

24 Provides a school district budget cap adjustment for expenses related  
25 to the opening of a new school facility.

## CHAPTER 43

AN ACT concerning school district budget cap adjustments and amending P.L.1996, c.138.

**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:

C.18A:7F-5 Notification of districts of aid payable; budget submissions.

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

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 this act, and shall notify each district of the district's T&E budget, maximum T&E budget, and minimum permissible T&E budget for the succeeding school year.

Beginning in the 1998-99 school year, unless otherwise specified within this act, 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 1997-98 school year, with the exception of transportation and facilities aids pursuant to sections 25, 26, and 27 of this act, shall be based on simulations employing the various formulas and State aid amounts contained in this act using projections based on the October 1995 pupil counts, December 1995 special education census data and October 1995 equalized valuations. Transportation aid shall be calculated based on the provisions of this act using pupil data used for the 1996-97 school year and adjusted to reflect the total amount of State aid disbursed in the 1996-97 school year. The commissioner shall prepare a report dated December 19, 1996 reflecting the State aid amounts payable by category for each district and shall submit the report to the Legislature prior to the adoption of this act. The amounts contained in the commissioner's report shall be the final amounts payable and shall not be subsequently adjusted because of changes in pupil counts or equalized valuations. The projected pupil counts and equalized valuations used for the calculation of State aid shall also be used for the calculation of maximum T&E budget, minimum T&E budget, local share, required local share, and spending growth limitation. State aid notification of debt service aid pursuant to section 27 of this act shall include a statement that debt service aid shall be determined in the budget.

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

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

Notwithstanding the above provision, no Abbott district shall raise a general fund tax levy

which is less than the prior year general fund tax levy unless the sum of the levy and the other components of the T&E program budget equals or exceeds its maximum T&E budget calculated pursuant to section 13 of this act.

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

For all other districts, the required local share shall equal the lesser of the local share calculated at the district's minimum T&E budget pursuant to section 13 of this act, 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, when added to the general fund balance designated for the budget year, miscellaneous local general fund revenues estimated consistent with GAAP to be realized during the budget year, supplemental core curriculum standards aid calculated pursuant to section 17 of this act and stabilization aid and supplemental school tax reduction aid calculated pursuant to section 10 of this act, equals its required local share or, for Abbott districts, the amount required when the calculation of required local share would result in a general fund tax levy which is less than the general fund tax levy of the prebudget year. For 1997-98, the budgeted local share for the prebudget year shall be the district's general fund tax levy.

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

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, 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 no less than the minimum permissible T&E budget, plus categorical amounts required for a thorough and efficient education as established pursuant to the report, special revenue funds and debt service funds.

d. (1) A district proposing a budget which includes spending which exceeds the maximum T&E budget established pursuant to section 13 of this act shall submit, as appropriate, to the board of school estimate or to the voters of the district at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which when added to the other components of its net budget does not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of three percent or the CPI, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil transportation services provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection with the opening of a new school facility during the budget year, and special education costs per pupil in excess of \$40,000. The adjustment for special education costs shall equal any increase in the sum of per pupil amounts in excess of \$40,000 for the budget year less the sum of per pupil amounts in excess of \$40,000 for the prebudget year indexed by the CPI or three percent, whichever is greater. The adjustment for enrollments shall equal the increase in unweighted resident enrollments between the prebudget year and budget year multiplied by

the per pupil general fund tax levy amount for the prebudget year indexed by the CPI or three percent, whichever is greater. The adjustment for capital outlay shall equal any increase between the capital outlay portion of the general fund budget for the budget year less any withdrawals from the capital reserve account and the capital outlay portion of the general fund budget for the prebudget year indexed by the CPI or three percent, whichever is greater. Any district with a capital outlay adjustment to its spending growth limitation shall be restricted from transferring any funds from capital outlay accounts to current expense accounts. The adjustment for capital outlay shall not become part of the prebudget year net budget for purposes of calculating the spending growth limitation of the subsequent year. The adjustment for pupil transportation costs provided pursuant to N.J.S.18A:39-1.1 shall equal the cost of providing such pupil transportation services for the budget year. The adjustment for the opening of a new school facility shall include costs associated with the new facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner.

(2) A district proposing a budget set at or below the minimum T&E budget established pursuant to section 13 of this act shall submit, as appropriate, to the board of school estimate or to the voters of the district at the annual school budget election conducted pursuant to the provisions of P.L.1995, c.278 (C.19:60-1 et seq.), a general fund tax levy which when added to the other components of the net T&E budget shall not exceed the prebudget year net T&E budget or in 1997-98 the prebudget year net budget by more than the spending growth limitation calculated as follows: the sum of three percent or the CPI, whichever is greater, multiplied by the prebudget year net budget, and adjustments for changes in enrollment, certain capital outlay expenditures, expenditures for pupil transportation services provided pursuant to N.J.S.18A:39-1.1, expenditures incurred in connection with the opening of a new school facility during the budget year, and special education costs per pupil in excess of \$40,000. The enrollment adjustment shall equal the increase in weighted resident enrollment between the prebudget year and the budget year multiplied by the T&E amount less the T&E flexible amount. The adjustments for special education costs, pupil transportation services, and capital outlay expenditures shall be calculated pursuant to the provisions of paragraph (1) of this subsection. The adjustment for the opening of a new school facility shall include costs associated with the new facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner.

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

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

facility related to new teaching staff members, support staff, materials and equipment, custodial and maintenance expenditures, and such other required costs as determined by the commissioner.

(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 spending growth limitation.

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

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

(7) If the use of early childhood program aid for the provision of full-day kindergarten and preschool classes and other early childhood programs and services or the use of demonstrably effective program aid for the provision of instructional, school governance, and health and social service programs will cause the district to exceed its spending growth limitation, the district may apply to the commissioner for an adjustment to that limitation.

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

(9) Any district may submit at the annual school budget election 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 rejected by the voters shall be submitted to the municipal governing body or bodies for a determination as to the amount, if any, that should be expended notwithstanding voter rejection. The decision of the municipal governing body or bodies or board of school estimate, as appropriate, shall be final and no appeals shall be made to the commissioner.

(10) Notwithstanding any provision of law to the contrary, if a district proposes a budget which exceeds the maximum T&E 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."

e. (1) Any general fund tax levy rejected by the voters for a proposed budget in excess of the maximum T&E 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, 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 net 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 at or below the

maximum T&E 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, 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 the case of a school district in which the proposed budget is below, or after a reduction made by the municipal governing body or board of school estimate is below, the minimum T&E budget calculated pursuant to section 13 of this act, any reductions made by the municipal governing body or board of school estimate shall be automatically reviewed by the commissioner. In reviewing the budget, 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, 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 action of the voters or municipal governing body or bodies, whichever is later, or of the board of school estimate as the case may be.

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

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

2. This act shall take effect for the 2001-2002 school year.

Approved March 29, 2001.

*Office of the Governor*  
**NEWS RELEASE**

PO BOX 004  
TRENTON, NJ 08625

CONTACT: Jayne O'Connor  
609-777-2600

RELEASE: March 29 , 2001

Acting Governor Donald T. DiFrancesco signed the following legislation today:

**A-3076** sponsored by Senator Martha Bark (R-Atlantic/Burlington/Camden), Assemblymen Larry Chatzidakis (R-Atlantic/Burlington/Camden) and Francis Bodine (R-Atlantic/Burlington/Camden). This bill establishes a monetary adjustment to the current school budget spending growth limitations. This adjustment covers costs associated with opening a new school facility. Under the bill's provisions, the adjustment would include costs such as new teaching staff, support staff, materials and equipment, custodial and maintenance expenditures.