

18A:7D-3

LEGISLATIVE HISTORY CHECKLIST
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(School budgets--remove certain requirements for approval)

NJSA: 18A:7D-3 et al

LAWS OF: 1993 **CHAPTER:** 83

BILL NO: A2318

SPONSOR(S) Rocco

DATE INTRODUCED: February 22, 1993

COMMITTEE: **ASSEMBLY:** Education
SENATE: ---

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** March 8, 1992
SENATE: March 15, 1993

DATE OF APPROVAL: March 17, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: No

FISCAL NOTE: No

VETO MESSAGE: No

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FOLLOWING WERE PRINTED:

REPORTS: No

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P.L.1993, CHAPTER 83, approved March 17, 1993

1993 Assembly No. 2318

1 **AN ACT** concerning school budgets, amending various parts of
2 the statutory law and repealing P.L.1988, c.151.

3

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

6 1. Section 3 of P.L.1990, c.52 (C.18A:7D-3) is amended to read
7 as follows:

8 3. For the purposes of this act, unless the context clearly
9 requires a different meaning:

10 "Adjusted resident enrollment" means the number of pupils
11 who, on the last school day prior to October 16 of the prebudget
12 year, are residents of the district and are enrolled in: (1) the
13 public schools of the district, except as a post-graduate or
14 evening school pupil; or (2) another school district to which the
15 district of residence pays tuition other than a county vocational
16 school district in the same county or county special services
17 school district; provided that a district shall count pupils in a
18 shared-time vocational program who are regularly attending both
19 the schools of the district and of a county vocational school
20 district on an equated full-time basis in accordance with
21 procedures to be established by the commissioner. For purposes
22 of this section, resident enrollment shall include, beginning in the
23 1992-93 school year and thereafter, regardless of nonresidence,
24 the enrolled children of teaching staff members of the school
25 district who are permitted, by contract or local district policy, to
26 enroll their children in the educational program of the school
27 district without payment of tuition.

28 "Bilingual education pupil" means a pupil enrolled in a program
29 of bilingual education approved by the State board.

30 "County vocational school, special education services pupil"
31 means a pupil who is attending a county vocational school and
32 who is receiving specific services pursuant to chapter 46 of Title
33 18A of the New Jersey Statutes in special class programs when
34 the pupil is enrolled in a special class register.

35 "CPI" means the average annual increase, expressed as a
36 decimal, in the consumer price index for all urban consumers in
37 the New York City and Philadelphia areas during the three fiscal
38 years preceding the prebudget year as reported by the United
39 States Department of Labor.

40 "Current expense" means all expenses of the school district, as
41 enumerated in N.J.S.18A:22-8, other than those required for
42 interest and debt redemption charges and any budgeted capital
43 outlay.

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 "Debt service" means and includes payments of principal and
2 interest upon school bonds and other obligations issued to finance
3 the acquisition of school sites and the acquisition, construction or
4 reconstruction of school buildings, including furnishings,
5 equipment and the costs of issuance of such obligations and shall
6 include payments of principal and interest upon bonds heretofore
7 issued to fund or refund such obligations, and upon municipal
8 bonds and other obligations which the commissioner approves as
9 having been issued for such purposes. Debt service pursuant to
10 the provisions of P.L.1978, c.74 (C.18A:58-33.22 et seq.),
11 P.L.1971, c.10 (C.18A:58-33.6 et seq.) and P.L.1968, c.177
12 (C.18A:58-33.2 et seq.) is excluded.

13 "District income" means the aggregate income of the residents
14 of the taxing district or taxing districts, based upon data provided
15 by the Bureau of the Census in the United States Department of
16 Commerce for the most recent year prior to the budget year.

17 With respect to regional districts and their constituent
18 districts, however, the district income as described above shall be
19 allocated among the regional and constituent districts in
20 proportion to the number of pupils in each of them. For the
21 1991-92 school year, regional and constituent pupils shall include
22 pupils attending the schools of a county vocational school or a
23 county special services school district. Part-time post-secondary
24 vocational pupils are to be excluded from this calculation.

25 "Equalized valuation" means the equalized valuation of the
26 taxing district or taxing districts as certified by the Director of
27 the Division of Taxation on October 1 of the prebudget year.

28 With respect to regional districts and their constituent
29 districts, however, the equalized valuations as described above
30 shall be allocated among the regional and constituent districts in
31 proportion to the number of pupils in each of them. For the
32 1991-92 school year, regional and constituent pupils shall include
33 pupils attending the schools of a county vocational school or a
34 county special services school district. Part-time post-secondary
35 vocational pupils are to be excluded from this calculation. With
36 respect to certain operating school districts, other than school
37 districts that received funds through a municipal budget in 1989
38 as determined pursuant to column 1 (c) of Section C of the
39 Abstract of Ratables, that are composed of one or more taxing
40 districts, where 20% or more of the land area of the taxing
41 district is situated within the development district subject to an
42 intermunicipal tax sharing agreement pursuant to P.L.1968, c.404
43 (C.13:17-1 et seq.), the equalized valuation shall equal the
44 product of .70 and the amount of equalized valuation certified by
45 the director.

46 "Evening school pupils" means the equated full-time resident
47 enrollment of pupils enrolled in a public evening school
48 established pursuant to N.J.S.18A:48-1.

49 "Local levy budget" means the sum of the foundation aid and
50 transition aid received by a school district and the district's local
51 [levies] levy for [current expense and capital outlay] the general
52 fund.

53 "Maximum Statewide foundation aid" shall be determined
54 annually by subtracting the total State aid payable pursuant to

1 sections 14, 16, 80 and 81 of P.L.1990, c.52 (C.18A:7D-16,
2 18A:7D-18, 18A:7D-20 and 18A:7D-21) and sections 26, 29, 30
3 and 31 of P.L.1991, c.62 (C.18A:7D-21.1 et al.) from the
4 maximum State school aid, by subtracting the funds appropriated
5 pursuant to section 38 of P.L.1991, c.62 (C.18A:7D-28.2), and by
6 adding any additional State aid which results from the provisions
7 of section 27 of P.L.1991, c.62.

8 "Maximum State school aid" shall be determined for the
9 1992-93 school year and annually thereafter by adding 80% of the
10 increase in the State school aid inflator and the maximum State
11 school aid for the prebudget year. However, beginning in the
12 1993-94 school year, the Governor may increase the maximum
13 State school aid to an amount not to exceed the value of the
14 State school aid inflator.

15 The State school aid inflator shall be determined for the
16 1992-93 school year and annually thereafter by multiplying the
17 value of the school aid inflator for the prebudget year by the sum
18 of 1.01 and the PCI. For the 1991-92 school year, the value of
19 the school aid inflator is \$4,250,000,000.

20 "Net budget" means the sum of the foundation aid received by
21 a school district and the State aid received pursuant to sections
22 14, 16, 25, 80, and 81 of P.L.1990, c.52 (C18A:7D-16, 18A:7D-18,
23 18A:7D-33, 18A:7D-20, and 18A:7D-21) and sections 26 and 31 of
24 P.L.1991, c.62 (C.18A:7D-21.1 et al.) and the district's local
25 [levies] levy for [current expense and capital outlay] the general
26 fund. For a county special services school district, the net
27 budget shall also include tuition received by the district to
28 provide services pursuant to chapter 46 of Title 18A of the New
29 Jersey Statutes.

30 "Net debt service" means the balance after deducting all
31 revenues from the school debt service budget of the school
32 district and the school debt service amount included in the
33 municipal budget, except the amounts to be raised by local
34 taxation and State aid.

35 "Postgraduate pupils" means pupils who have graduated from
36 high school and are enrolled in a secondary school for additional
37 high school level courses.

38 "Prebudget year" means the school year preceding the year in
39 which the school budget will be implemented.

40 "Pupils eligible for free meals or free milk" means those
41 children who have been determined to be eligible to receive a
42 free meal or free milk under the National School Lunch Act, 42
43 U.S.C. §1751 et seq., and the Child Nutrition Act of 1966, 42
44 U.S.C. §1771 et seq., as of October 15 of the prebudget year.

45 "PCI" means the average annual percentage increase,
46 expressed as a decimal, in State per capita personal income over
47 the four fiscal years ending on June 30 prior to the prebudget
48 year. The per capita personal income for each of the four years
49 shall be the average of the per capita personal income for the
50 four quarters in each fiscal year utilizing the quarterly data for
51 State personal income and State population as published by the
52 United States Department of Commerce.

53 "Resident enrollment" means the number of pupils who, on the
54 last school day prior to October 16 of the prebudget year, are

1 residents of the district and are enrolled in: (1) the public schools
2 of the district, including evening schools; (2) another school
3 district, other than a county vocational school district in the
4 same county or county special services school district on a
5 full-time basis, State college demonstration school or private
6 school to which the district of residence pays tuition; (3) a State
7 facility; (4) are receiving home instruction; or (5) are in a
8 shared-time vocational program and are regularly attending a
9 school in the district and a county vocational school district.
10 Pupils in a shared-time vocational program shall be counted on an
11 equated full-time basis in accordance with procedures to be
12 established by the commissioner. For purposes of this section,
13 resident enrollment shall include, beginning in the 1992-93 school
14 year and thereafter, regardless of nonresidence, the enrolled
15 children of teaching staff members of the school district who are
16 permitted, by contract or local district policy, to enroll their
17 children in the educational program of the school district without
18 payment of tuition.

19 Handicapped children between three and five years of age and
20 receiving programs and services pursuant to N.J.S.18A:46-6 shall
21 be included in the resident enrollment of the district.

22 "School district" means any local or regional school district
23 established pursuant to chapter 8 or chapter 13 of Title 18A of
24 the New Jersey Statutes and any county special services or
25 county vocational school districts established pursuant to chapter
26 46 or chapter 54 of Title 18A of the New Jersey Statutes.

27 "Special education services pupil" means a pupil receiving
28 specific services pursuant to chapter 46 of Title 18A of the New
29 Jersey Statutes in special class programs when the pupil is
30 enrolled in a special class register.

31 "Special needs district" means any school district, other than a
32 school district in which the equalized valuation per pupil is more
33 than twice the average Statewide equalized valuation per pupil,
34 which, as of June 5, 1990: a. was classified by the Department of
35 Education as an urban school district and was included in the
36 department's district factor group A or B; or b. in which the
37 quotient produced by dividing the number of pupils eligible for
38 AFDC by the resident enrollment, less the number of preschool,
39 evening school and post-graduate pupils, is greater than or equal
40 to 0.15 and the number of pupils eligible for AFDC is greater
41 than 1,000. For this calculation, pupils eligible for AFDC means
42 those children aged 5-17 and resident in the district who are
43 members of families which are eligible for "Aid to Families with
44 Dependent Children" pursuant to P.L.1959, c.86 (C.44:10-1 et
45 seq.), as of September 30 of the prebudget year.

46 "State facility" means a State residential facility for the
47 retarded; a day training center which is operated by or under
48 contract with the State and in which all the children have been
49 placed by the State, including a private school approved by the
50 Department of Education which is operated under contract with
51 the Bureau of Special Residential Services in the Division of
52 Developmental Disabilities in the Department of Human Services;
53 a State residential youth center; a State training school or
54 correctional facility; a State child treatment center or
55 psychiatric hospital.

1 "Statewide average equalized school tax rate" means the
2 amount calculated by dividing the [sum of the current expense
3 and capital outlay tax levies] general fund tax levy for all school
4 districts, other than county vocational school and county special
5 services school districts, in the State for the prebudget year by
6 the equalized valuations of all taxing districts in the State except
7 taxing districts for which there are no school tax levies.

8 "Statewide equalized valuation" means the equalized valuation
9 of all taxing districts in the State as certified by the Director of
10 the Division of Taxation on October 1 of the prebudget year. In
11 the event that the equalized table certified by the Director of
12 the Division of Taxation shall be revised by the tax court after
13 December 15 of the prebudget year, the revised valuations shall
14 be used in the recomputation of aid for an individual school
15 district filing an appeal, but shall have no effect upon the
16 calculation of the property value multiplier.

17 "Total Statewide income" means the sum of the district
18 incomes of all taxing districts in the State.

19 (cf: P.L.1991, c.62, s.1)

20 2. Section 22 of P.L.1990, c.52 (C.18A:7D-27) is amended to
21 read as follows:

22 22. Annually, on or before March 8, local boards of education
23 shall submit to the commissioner a copy of their proposed budgets
24 for the next school year. The commissioner shall review each
25 item of appropriation within the current expense and capital
26 outlay [budgets] sections of the general fund budget and shall
27 determine the adequacy of the [budgets] budget with regard to
28 the annual reports submitted pursuant to section 11 of P.L.1975,
29 c.212 (C.18A:7A-11) and such other criteria as may be
30 established by the State board.

31 (cf: P.L.1992, c.159, s.3)

32 3. Section 23 of P.L.1990, c.52 (C.18A:7D-29) is amended to
33 read as follows:

34 23. a. Except as provided pursuant to subsection b. of this
35 section, for purposes of calculating foundation aid, the maximum
36 foundation budget, as calculated pursuant to section 6 of
37 P.L.1990, c.52 (C.18A:7D-6), and local fair share, as calculated
38 pursuant to section 7 of P.L.1990, c.52 (C.18A:7D-7), shall be
39 subject to a foundation aid growth limitation as follows:

40 If for any school district:

41 NB > MNB then reduce MB and FS

42 proportionately so that NB = MNB where

43 MB is the maximum foundation budget as defined in section 6
44 of P.L.1990, c.52 (C.18A:7D-6);

45 FS is the fair share as determined pursuant to section 7 of
46 P.L.1990, c.52 (C.18A:7D-7);

47 NB is the net budget for the budget year had the [sum of the]
48 district's budget year [current expense and capital outlay levies]
49 general fund levy equaled FS; and

50 MNB is 120% of the net budget for the prebudget year.

51 b. For the 1991-92 and 1992-93 school years MNB means the
52 maximum permissible net budget for the budget year as
53 determined pursuant to section 85 of P.L.1990, c.52
54 (C.18A:7D-28). Beginning with the 1993-94 school year, MNB for
55 special needs school districts shall be adjusted if the

1 special needs district's equity spending cap pursuant to the
2 provisions of subsections c. and d. of section 85 of P.L.1990, c.52
3 (C.18A:7D-28), provides for budget growth greater than 20%.

4 c. For the 1991-92 school year, general fund free balance of
5 less than 10% and greater than 5% of the district's 1990-91 net
6 budget shall be appropriated for the 1991-92 budget year.
7 Beginning March 1, 1991 and for the remainder of the 1990-91
8 school year, general fund free balance may be appropriated;
9 however, such appropriation shall be approved by the
10 commissioner.

11 d. If a district's general fund free balance equals 10% or more
12 of the district's 1990-91 net budget, the district shall file a plan
13 with the commissioner to ensure that the district's general fund
14 free balance shall be no greater than 7.5% in the 1993-94 school
15 year.

16 (cf: P.L.1991, c.62, s.14)

17 4. Section 87 of P.L.1990, c.52 (C.18A:7D-31) is amended to
18 read as follows:

19 87. For the 1991-92 through the 1994-95 school years, the
20 minimum tax levy for [current expense and capital outlay] the
21 general fund in special needs school districts shall equal the
22 lesser of the district's local fair share as determined pursuant to
23 section 7 of P.L.1990, c.52 (C.18A:7D-7) or the sum of the
24 district's 1990-91 levies for current expense and capital outlay.
25 Beginning with the 1995-96 school year, the minimum tax levy
26 for [current expense and capital outlay] the general fund shall
27 equal the district's local fair share.

28 (cf: P.L.1991, c.62, s.21)

29 5. Section 3 of P.L.1979, c.294 (C.18A:22-8.2) is amended to
30 read as follows:

31 3. No transfer may be made under this section from
32 appropriations or surplus accounts for:

33 a. Interest and debt redemption charges;

34 b. Capital reserve account;

35 c. Items classified as [current] general fund expenses except to
36 other items so classified [or to capital outlay];

37 d. Items classified as capital outlay except to other items so
38 classified or to current expense].

39 (cf: P.L.1991, c.62, s.22)

40 6. N.J.S.18A:22-18 is amended to read as follows:

41 18A:22-18. When a board of education of a type I district shall
42 determine by resolution that it is necessary to sell bonds to raise
43 money for any capital project authorized by law, it shall prepare
44 and deliver to each member of the board of school estimate a
45 statement of the amount of money estimated to be necessary for
46 such purpose.

47 (cf: N.J.S.18A:22-18)

48 7. N.J.S.18A:22-20 is amended to read as follows:

49 18A:22-20. The governing body of the municipality shall,
50 subject to the limitations hereinafter contained [:

51 a. Appropriate said sum and include it in its tax ordinance, and
52 the same shall be assessed, levied and collected in the same
53 manner as other moneys are appropriated, assessed, levied or
54 collected; or

1 b. Borrow], borrow the sum or sums [so appropriated]
2 determined pursuant to N.J.S. 18A:22-19, and secure repayment
3 thereof, with interest thereon, at a rate not to exceed 6% per
4 annum, by the authorization and issuance of bonds in the
5 corporate name of the municipality, in accordance with law.

6 The governing body shall not be required [so] to appropriate any
7 amount which if added to the net school debt of the district at
8 the date of the appropriation shall exceed 1 1/2 % of the average
9 equalized valuations of taxable property as defined in section
10 18A:24-1, but may do so if it so determines by resolution.

11 (cf: N.J.S.18A:22-20)

12 8. N.J.S.18A:22-27 is amended to read as follows:

13 18A:22-27. Whenever the board of education in a type II school
14 district having a board of school estimate shall, by resolution
15 adopted by recorded roll call affirmative vote of two thirds of its
16 full membership, determine that it is necessary to sell bonds to
17 raise money for any capital project, it shall, by such resolution,
18 estimate the amount necessary to be raised for such project or
19 projects, itemizing such estimate so as to make it readily
20 understandable, and the secretary of the board of education shall
21 certify a copy of such resolution to each member of the board of
22 school estimate of the district.

23 (cf: N.J.S.18A:22-27)

24 9. N.J.S.18A:22-33 is amended to read as follows:

25 18A:22-33. The board of education of each type II district not
26 having a board of school estimate shall, at each annual school
27 election, submit to the voters of the district, the [amounts]
28 amount of money fixed and determined in its budget, excluding
29 therefrom the sum or sums stated therein to be used for interest
30 and debt redemption charges, in the manner provided by law, to
31 be voted upon for the use of the public schools of the district for
32 the ensuing school year, which [amounts] amount shall be stated
33 in the notice of the election, and the legal voters of the district
34 shall determine at such election, by a majority vote of those
35 voting upon the proposition, the sum or sums, not exceeding those
36 stated in the notice of the election, to be raised by special
37 district tax for said purposes, in the district during the ensuing
38 school year and the secretary of the board of education shall
39 certify the [amounts] amount so determined upon, if any, and the
40 sums so stated for interest and debt redemption charges, to the
41 county board of taxation of the county within 2 days following
42 the date of the election and the amount or amounts so certified
43 shall be included in the taxes assessed, levied and collected in the
44 municipality or municipalities comprising the district for such
45 purposes.

46 (cf: P.L.1978, c.136, s.12)

47 10. N.J.S.18A:22-37 is amended to read as follows:

48 18A:22-37. If the voters reject any of the items submitted at
49 the annual school election, the board of education shall deliver
50 the proposed school budget to the governing body of the
51 municipality, or of each of the municipalities included in the
52 district within two days thereafter. The governing body of the
53 municipality, or of each of the municipalities, included in the
54 district shall, after consultation with the board, and by May 14,
55 determine the amount which, in the judgment of said body or

1 bodies, is necessary to be appropriated, for each item appearing
2 in such budget, to provide a thorough and efficient system of
3 schools in the district, and certify to the county board of taxation
4 the totals of the amount so determined to be necessary for each
5 of the following:

- 6 a. [Current] General fund expenses of schools; or
7 b. [Vocational evening schools or classes;
8 c. Evening schools or classes for foreign-born residents;
9 d.] Appropriations to capital reserve [fund; or
10 e. Any capital project, the cost whereof is to be paid directly
11 from taxes, which amounts shall be included in the taxes to be
12 assessed, levied and collected in such municipality or
13 municipalities for such purposes] account.

14 Within 15 days after the governing body of the municipality or
15 of each of the municipalities included in the district shall make
16 such certification to the county board of taxation, the board of
17 education shall notify such governing body or bodies if it intends
18 to appeal to the commissioner the amounts which said body or
19 bodies determined to be necessary to be appropriated for each
20 item appearing in the proposed school budget.

21 (cf: P.L.1992, c.159, s.16)

22 11. N.J.S.18A:22-38 is amended to read as follows:

23 18A:22-38. If said governing body or bodies shall fail so to
24 certify any amount, determined by them to be necessary for any
25 item rejected at the annual school election, or in event that the
26 governing bodies of the municipalities comprising a school
27 district, shall certify different amounts, then the commissioner
28 shall determine the amount or amounts which in his judgment, are
29 necessary to be appropriated, for each of the items appearing in
30 the budget, submitted to such governing body or bodies, to
31 provide a thorough and efficient system of public schools in the
32 district, and certify to the county board of taxation the totals of
33 the amount so determined to be necessary for each of the
34 following:

- 35 a. [Current] General fund expenses of schools; or
36 b. [Vocational evening schools or classes;
37 c. Evening schools or classes for foreign-born residents;
38 d.] Appropriations to capital reserve [fund; or
39 e. Any capital project, the cost whereof is to be paid directly
40 from such taxes] account;

41 and the amounts so certified shall be included in the taxes to
42 be assessed, levied and collected in such municipality or
43 municipalities for such purposes.

44 (cf: P.L.1969, c.250, s.3)

45 12. N.J.S.18A:22-39 is amended to read as follows:

46 18A:22-39. Whenever the undertaking of any capital project or
47 projects to be paid for [from a special district tax or] from the
48 proceeds of an issue or issue of bonds is submitted to the voters
49 of a type II district at an annual or special school election for
50 their approval or disapproval, the board shall frame and adopt by
51 a recorded roll call majority vote of its full membership the
52 question or questions to be submitted so that each project is
53 submitted in a separate question, or all or any number of them
54 are submitted in one question, which shall state the project or
55 projects so submitted and the amounts to be raised for each of

1 the projects so separately submitted or for each or for all of the
2 projects so jointly submitted, as the case may be, but any
3 proposal for the purchase of land shall be sufficient to authorize
4 the taking and condemning of such land.

5 (cf: P.L.1977, c.190, s.2)

6 13. N.J.S.18A:22-40 is amended to read as follows:

7 18A:22-40. Whenever a board of education shall determine
8 that it is necessary to raise additional sums of money, over and
9 above the amount fixed and determined in the last annual school
10 budget, by special district [taxes] tax, for [:

- 11 a. Current expenses of schools;
- 12 b. Vocational evening schools or classes;
- 13 c. Evening schools or classes for foreign-born residents;
- 14 d. Appropriations to capital reserve fund; or
- 15 e. Any capital project, the cost whereof is to be paid directly
16 from such taxes;] general fund expenses.

17 it shall estimate the [amounts] amount so deemed necessary to
18 be raised, levied and collected and, if the board shall desire to
19 borrow upon its promissory note in anticipation of taxes to be
20 raised, levied and collected to provide for said expenditures, it
21 shall estimate also the amount of interest to be paid upon said
22 notes.

23 (cf: N.J.S.18A:22-40)

24 14. N.J.S.18A:22-41 is amended to read as follows:

25 18A:22-41. In any district in which the [amounts] amount, with
26 any interest to be paid thereon, to be raised, levied and collected
27 by taxes for school purposes [are] is determined by the voters of
28 the district, the board shall cause the question, whether or not
29 the [amounts] amount so estimated shall be so raised, to be
30 submitted to the legal voters of the district at a special school
31 election, to be held on such date as shall be determined upon by
32 the board, and if at said election the question shall be adopted,
33 the secretary shall certify that the amount so determined upon
34 has been authorized to be raised in said manner to the county
35 board of taxation within five days after the date of the holding of
36 such election.

37 (cf: N.J.S.18A:22-41)

38 15. N.J.S.18A:22-45 is amended to read as follows:

39 18A:22-45. Whenever a board of education of a district has
40 received moneys transferred to it, by the governing body or
41 bodies of the municipality or municipalities comprising the
42 district, from unappropriated surplus revenue, or from
43 unappropriated anticipated receipts, of the municipality or
44 municipalities, the board of education shall, subject to the
45 provisions of section 18A:22-46, apply the moneys so received, so
46 far as the same shall be sufficient:

- 47 a. To the payment of interest on the bonded indebtedness of
48 the district becoming due and payable during the next ensuing
49 school fiscal year;
- 50 b. To the payment of the principal of the bonded indebtedness
51 of the district maturing in such school fiscal year; and
- 52 c. To any of the purposes for which bonds of the district shall
53 have been authorized but not issued to an amount not exceeding
54 the face value of such bonds not issued; or
- 55 d. To the payment of [current] general fund expenses of the

1 district during said school fiscal year; or
2 said board may, subject to the provisions of said section, apply
3 the whole or any part of said moneys, not in excess of \$50,000.00
4 in any one year, to the retirement of bonds maturing in any year
5 or years subsequent to said school fiscal year, with the approval
6 of the director of the division of local finance in the department
7 of community affairs and the commissioner of education and the
8 consent of the bondholders.

9 (cf: N.J.S.18A:22-45)

10 16. N.J.S.18A:22-48 is amended to read as follows:

11 18A:22-48. Any balance remaining of such funds when
12 received shall be credited upon the amount recommended by the
13 board to be voted upon, or if voted upon, upon the amount to be
14 levied and collected, to meet the [current] general fund expenses
15 of the district during the next ensuing school fiscal year.

16 (cf: N.J.S.18A:22-48)

17 17. N.J.S.18A:24-54 is amended to read as follows:

18 18A:24-54. If all or any part of the proceeds of any bonds
19 authorized and issued under this chapter for any school district
20 are not applied to or necessary for the purpose or purposes for
21 which the bonds were issued or for any other purpose or purposes
22 authorized pursuant to this article, the board of education of the
23 district may transfer the balance remaining unapplied to the
24 [capital outlay account] general fund or the debt service
25 [account] fund of the district.

26 (cf: N.J.S.18A:24-54)

27 18. N.J.S.18A:44-4 is amended to read as follows:

28 18A:44-4. The expenses of nursery schools or departments and
29 of kindergarten schools or departments shall be paid out of any
30 moneys available for the [current] general fund expenses of the
31 schools, and in the same manner and under the same restrictions
32 as the expenses of other schools or departments are paid.

33 (cf: N.J.S.18A:44-4)

34 19. Section 12 of P.L.1971, c.271 (C.18A:46-40) is amended to
35 read as follows:

36 12. On or before the fourth Tuesday in March in each year the
37 board of education of a county special services school district
38 shall prepare and deliver to each member of the board of school
39 estimate an itemized statement of the amount of money
40 estimated to be necessary for the [current expenses of and for
41 repairing and furnishing schools or building] general fund expenses
42 of the county special services school district for the ensuing
43 school year.

44 (cf: P.L.1992, c.159, s.19)

45 20. Section 14 of P.L.1971, c.271 (C.18A:46-42) is amended to
46 read as follows:

47 14. Whenever a board of education of a county special services
48 school district shall decide that it is necessary to sell bonds to
49 raise money for the purchase of lands or buildings for school
50 purposes or for erecting, enlarging, improving, repairing, or
51 furnishing a building or buildings for the use of the school
52 district, it shall prepare and deliver to each member of the board
53 of school estimate a statement of the amount of money
54 estimated to be necessary for such purpose or purposes.

55 The board of school estimate shall fix and determine the

1 necessary amount and shall make two certificates thereof, one of
2 which certificates shall be delivered to the board of education
3 and the other to the board of chosen freeholders of the county.

4 The board of chosen freeholders may appropriate [such amount
5 which shall be raised, assessed, levied, and collected at the same
6 time and in the same manner as moneys appropriated for other
7 purposes in the county are raised, assessed, levied, and collected;
8 or the board of chosen freeholders may appropriate] and borrow
9 such amount for the purpose or purposes aforesaid by issuance of
10 bonds or notes of the county pursuant to the Local Bond Law,
11 notwithstanding any debt or limitation or requirement for down
12 payment therein provided for. The proceeds of the sale of such
13 obligations shall be paid to the treasurer of the county special
14 services school district and shall be paid out by him only on the
15 warrants or orders of the board of education of the county special
16 services school district. The treasurer shall in no event disburse
17 such proceeds, except to pay the expense of issuing and selling
18 such obligations and for the purpose or purposes for which such
19 obligations were issued. If for any reason any part of such
20 proceeds are not applied to or necessary for such purpose or
21 purposes, the board of education of the county special services
22 school district may transfer the balance remaining unapplied to
23 the [capital outlay account] general fund of the school district.

24 (cf: P.L.1971, c.271, s.14)

25 21. N.J.S.18A:47-9 is amended to read as follows:

26 18A:47-9. Any money available for the [current] general fund
27 expenses of the public schools in a district in which such a special
28 school of instruction has been established may be used for the
29 [current] general fund expenses of the school.

30 (cf: N.J.S.18A:47-9)

31 22. N.J.S.18A:48-2 is amended to read as follows:

32 18A:48-2. The expenses of [such] the evening schools shall be
33 paid out of money available for the [current] general fund
34 expenses of the schools, in the same manner and under the same
35 restrictions as the expenses of day schools are paid.

36 (cf: N.J.S.18A:48-2)

37 23. N.J.S.18A:50-6 is amended to read as follows:

38 18A:50-6. Any surplus arising from the excess of receipts from
39 donations, tuition fees or from any source other than local
40 taxation over the actual cost of the maintenance and operation of
41 the adult education program in any school year shall not lapse
42 into the unreserved general [current expense] fund balance of the
43 district, but shall remain in the separate account, reserved fund
44 balance - adult education programs, to be utilized exclusively for
45 carrying out a program of adult education during the next ensuing
46 school year. In the event that the adult education program in any
47 district shall be discontinued for two consecutive school years,
48 any funds remaining in the separate account shall lapse into the
49 unreserved general [current expense account] fund balance of the
50 district.

51 (cf: N.J.S.18A:50-6)

52 24. N.J.S.18A:54-28 is amended to read as follows:

53 18A:54-28. On or before the fourth Tuesday in March in each
54 year the board of education of a county vocational school district
55 shall prepare and deliver to each member of the board of school

1 estimate an itemized statement of the amount of money
2 estimated to be necessary for the [current expenses of and for
3 repairing and furnishing schools or buildings] general fund
4 expenses of the county vocational school district for the ensuing
5 school year.

6 (cf: P.L.1992, c.159, s.21)

7 25. N.J.S.18A:54-31 is amended to read as follows:

8 18A:54-31. Whenever a board of education of a county
9 vocational school district shall decide that it is necessary to sell
10 bonds to raise money for any capital project, as defined in section
11 18A:21-1 of this Title, it shall prepare and deliver to each
12 member of the board of school estimate a statement of the
13 amount of money estimated to be necessary for such purpose or
14 purposes.

15 The board of school estimate shall fix and determine the
16 necessary amount and shall make 2 certificates thereof, one of
17 which certificates shall be delivered to the board of education
18 and the other to the board of chosen freeholders of the county in
19 which the school district is situate.

20 The board of chosen freeholders may appropriate [such amount
21 as other appropriations are made by it, and the amount shall be
22 raised, assessed, levied, and collected at the same time and in the
23 same manner as moneys appropriated for other purposes in the
24 county are raised, assessed, levied, and collected; or the board of
25 chosen freeholders may appropriate] and borrow such amount for
26 the purpose or purposes aforesaid, and secure the repayment of
27 the sum so borrowed, together with interest thereon, by the
28 issuance of bonds or notes of the county pursuant to the local
29 bond law, notwithstanding any debt limitation or requirement for
30 down payment therein provided for. The proceeds of the sale of
31 such obligations shall be paid to the treasurer of the county
32 vocational school district and shall be paid out by him only on the
33 warrants or orders of the board of education of the school
34 district. The treasurer shall in no event disburse such proceeds,
35 except to pay the expenses of issuing and selling such obligations
36 and for the purpose or purposes for which such obligations were
37 issued. If for any reason any part of such proceeds are not
38 applied to or necessary for such purpose or purposes, the board of
39 education of the county vocational school district may transfer
40 the balance remaining unapplied to the [capital outlay account]
41 general fund of the school district.

42 (cf: P.L.1968, c.295, s.15)

43 26. P.L.1988, c.151 (C.18A:22-8.4 and 8.5) is repealed.

44 27. This act shall take effect immediately.

45

46

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STATEMENT

48

49 This bill removes the requirement for boards of school estimate
50 and voters at the annual school election to approve separate tax
51 levies for current expenses and capital outlays. With the
52 implementation of Generally Accepted Accounting Principles
53 (GAAP), the definitions of current expense and capital outlay are
54 to be revised, and the removal of the requirement for approval of
55 separate levies will simplify the budget process.

A2318

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36 and for the purpose or purposes for which such obligations were
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38 applied to or necessary for such purpose or purposes, the board of
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ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2318

STATE OF NEW JERSEY

DATED: FEBRUARY 22, 1993

The Assembly Education committee reports favorably Assembly Bill No. 2318.

This bill provides for boards of school estimate and voters at the annual school election to approve one tax levy for a general fund budget instead of separate tax levies for current expenses and capital outlays.

School districts are in the process of implementing Generally Accepted Accounting Principles (GAAP) in order to improve the budget process. This bill will modify the current school budget approval process to conform with GAAP.

A representative of the New Jersey Association of School Business Officials, New Jersey Principals and Supervisors Association, Department of Education, New Jersey Association of Supervisors and Administrators, New Jersey School Boards Association, and Facing Reality/Project Respect testified in favor of the bill.