

NJASA LEGISLATIVE INFORMATION
SCHOOL BUDGET REDUCTION LAW - CHAPTER 73, PL04, (S1701)

11/23/2004

SUMMARY OF PROVISIONS	NJASA POSITION	BILLS INTRODUCED
<p>Budget CAP - Reduces budget growth (CAP) from 3% to 2.5% or the Consumer Price Index (CPI) whichever is greater. Spending reductions to comply with CAP may <u>only</u> be made to excessive administration and programs and services that are inefficient or ineffective.</p>	<p>Budget Caps - Budget caps should be sensitive to uncontrollable fixed costs, increases in special education, etc. <u>Amendments should be enacted that grant Spending Growth Limitation Adjustments (SGLA's) for special education costs, for increases above the CPI for health benefits, insurance costs, legal fees, utility costs and increased security costs.</u></p>	<p>S1994 Coniglio; A3479 Greenwood/Cryan; A3362 Greenwald; S1983 Adler/Kryillos; A3431 Azzolino/Thompson; A3491 Greenstein; A3525 Van Drew/Greenstein; S2096 Bucco</p>
<p>Surplus - Reduces undesignated general fund balance (Surplus) to 3% and requires excess amounts to be appropriated to reduce local tax (Further reduction to 2% in succeeding years is also required). Restricts use of free balance to expand budgets and to solve fiscal problems during first 9 months of budget year.</p>	<p>Surplus & Capital Reserve - School districts historically use excess surplus to stabilize and flatten "spikes" in local property taxes in addition to safeguarding against unforeseen emergencies and unforeseen expenses. Also, districts utilized surplus funds to create maintenance and capital reserve accounts so that a "pay as you go" fiscal policy can be used; as opposed to long-range financing. <u>Amendments should be enacted that permit districts to transfer money to capital reserve and maintenance accounts any time during the budget year, without restriction and to enable districts to maintain a minimum of 4.5% surplus.</u></p>	<p>A3382 Azzolino/Thompson; A3491 Greenstein; A3525 Van Drew/Greenstein; S2096 Bucco</p>

NJASA LEGISLATIVE INFORMATION
SCHOOL BUDGET REDUCTION LAW - CHAPTER 73, PL04, (S1701)

11/23/2004

SUMMARY OF PROVISIONS	NJASA POSITION	BILLS INTRODUCED
<p>Administrative CAPS - Limits advertised per pupil administrative costs for 2005-06 to 2.5% growth above current year (2004-05); or to the administrative cost limits for the districts region. (audited expenditures for 2003-04)</p> <p>Limits advertised per pupil administrative costs for 2006-07 to the lower of: 1) the prior years administrative costs, or 2) the regions administrative costs inflated by 2.5%; whichever is less. Districts may appeal to the Commissioner to exceed due to increases in enrollment, positions necessary based on mandated programs, administrative vacancies, non-discretionary fixed costs and other items defined by regulation. (However, increases authorized by the Commissioner may not exceed the CPI or 2.5%, whichever is less)</p>	<p>Administrative Spending Limits - The capping of administrative expenses at 2.5% for 05-06 is difficult, and the flat funding for 06-07 is an impending disaster. Administrative expense is a broad category including many expenses other than administrator's salaries. Such expenses as legal fees, staff development, some clerical and secretarial expenses and insurance costs are but some examples of this category. Holding budgets to 2.5% growth in 05-06 and then mandating flat funding in 06-07 will create serious problems. While the law allows districts to appeal to the commissioner for mitigating circumstances, the Commissioner shall not authorize spending above the cap. Districts with growing enrollment and those opening new schools are prohibited from properly staffing these schools. Significant disparities between districts will emerge. There has been substantial enrollment and staff growth with flat administrative growth over recent years. Administrative costs do not create the over reliance on property taxes.</p> <p><u>Amendments should give the Commissioner the authority to approve circumstances in districts that require budget growth in 06-07. An amendment should be sought that minimally repeals language governing '06-'07 and provides the latitude to approve increased spending where warranted and documented. Additionally, administrative spending should be increased to 2.5% or CPI whichever is greater.</u></p>	<p>A3491 Greenstein; A3525 Van Drew/Greenstein; S2096 Bucco</p>

NJASA LEGISLATIVE INFORMATION
SCHOOL BUDGET REDUCTION LAW - CHAPTER 73, PL04, (S1701)

11/23/2004

SUMMARY OF PROVISIONS	NJASA POSITION	BILLS INTRODUCED
<p>Second Question - Second Questions submitted to voters may not contain programs and services that were included in the district's prior year budget <u>unless</u> approved by the Commissioner. Proposals may not include any programs and services that are necessary to achieve the core curriculum content standards. Districts must implement <u>all</u> potential administrative efficiencies.</p>	<p>Second Question - The ability of local Boards to place second questions on the ballot allows the voter a voice to approve or disapprove specific programs. Chapter 73, PL04 disenfranchises the local community by greatly restricting what districts may place on the ballot. Existing programs may not be considered and quality may be sacrificed. This section of the law should revert to prior standards. <u>Amendments should be enacted that eliminate restrictions imposed on proposals of second questions to local voters.</u></p>	<p>S1994 Coniglio; A3382 Azzolino/Thompson; A3491 Greenstein; A3525 Van Drew/Greenstein; S2096 Bucco</p>
<p>Transfers - Transfers are prohibited during the first nine months and require Commissioner's approval for transfers during the last three months of the year. Transfers require 2/3 affirmative vote of the Board. Transfers to capital reserve or maintenance accounts "null and void between 4/20/04 and 6/30/04"</p>	<p>Transfers - The restrictions on transfers is not sound policy, and strains the capacity of the DOE to adequately implement. These restrictions do not result in local tax reduction and should be repealed. Circumstances arise during each budget year that require adjustments. To delay until the end of the year or to "rob Peter to pay Paul" is not well thought out state policy. <u>Amendments should delete these sections of Chapter 73.</u></p>	<p>A3491 Greenstein; A3525 Van Drew/Greenstein; S2096 Bucco</p>
<p>Transportation - Spending CAP for safety busing is reduced from the entire amount to the increase between pre-budget and budget year times CPI or 2.5%, whichever is greater.</p>	<p>Courtesy Busing (Safety Busing) - <u>Amendments should be sought that will provide a SGLA equal to the entire amount spent for hazardous busing.</u></p>	<p>A3479 Greenwald/Cryan; S1945 Adler/Kyrillos; A3431 Azzolino/Thompson</p>

NJASA LEGISLATIVE INFORMATION
SCHOOL BUDGET REDUCTION LAW - CHAPTER 73, PL04, (S1701)

11/23/2004

SUMMARY OF PROVISIONS	NJASA POSITION	BILLS INTRODUCED
<p>Spending Growth Limitation Adjustments (SGLA's) - Eliminates ECPA and DEPA adjustments. Non-remote busing SGLA reduced to pre-budget year base times 2.5% or CPI, whichever is greater.</p>	<p>Spending Growth Limitation Adjustments for Demonstrably Effective Program Aid (DEPA) and for Early Childhood Program Aid should be continued. Elimination of these adjustments unfairly harms certain types of districts and children.</p>	<p>A3525 Van Drew/Greenstein; S2096 Bucco</p>
<p>CAP Banking - Limited to 50% of the difference between actual and permitted net budget. County superintendent may disapprove Banked CAP if all potential administrative efficiencies are not implemented.</p>	<p>Cap Banking - The ability to "bank" budget amounts below cap to use in future years should be restored. Districts below caps should not be penalized for effective and efficient operations. Expanded role of County Superintendents to force so called "administrative efficiencies" should be deleted</p>	<p>A3491 Greenstein; S2096 Bucco; A3525 Van Drew/Greenstein</p>