

2009-10 DEFEATED BUDGET PROCEDURES

TYPE II DISTRICTS WITHOUT BOARD OF SCHOOL ESTIMATE INCLUDING REGIONAL BOARDS

All districts shall notify the County Office of results of school elections no later than 9:00 a.m. the day after elections.

The following procedures shall be followed in the event of a budget defeat:

1. The district administration shall, pursuant to N.J.A.C. 6A:23A-9.7, prepare the “Defeated Budget Information” listed in Attachment 1, and pursuant to P.L. 2007, c.53 (N.J.S.A. 18A:7F-5.3), shall submit the salary and benefit information for select employees. (For 2009-10 budgets, the salary and benefit information is included in the budget packet at supporting documentation item number 17.) This same information will be used during the Commissioner’s review of applications for restoration required under N.J.S.A. 18A:7F-5(e). It will also be used during the Commissioner’s review and certification of taxes in the event of a failure to certify or failure to agree.
2. The district is encouraged to send the “Defeated Budget Information” (Attachment 1), the letter of transmittal (Attachment 2), and the school district budget statement including the salary and benefit information pursuant to P.L. 2007, c.53 (N.J.S.A. 18A:7F-5.3) to the municipal clerk of each municipal governing body or bodies in the district **and the executive county superintendent of schools** by Thursday, April 23, 2009 (two days after the election), but **must** send the information by Wednesday, April 29, 2009, within two days of the certification of the election results.
3. The municipal governing body(ies) is(are) required to transmit to the district a letter of receipt acknowledging the receipt of the “Defeated Budget Information” and the school district budget statement.
4. The executive county superintendent will contact the district and the municipal officials to review defeated budget procedures and, where appropriate, provide assistance to the parties in resolving the budgetary issues prior to formal action by the governing body or bodies and transmit a letter outlining this process.
5. The district administration should establish a meeting date with municipal officials as soon as possible to review and explain budget detail and rationale. The executive county superintendent should be notified of the meeting date. **May 19, 2009** is the last day for governing body or bodies, after consultation with the board, to determine and certify to the county board of taxation the amount of money necessary for school purposes to be raised by taxes for the ensuing school year.

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6. The meeting agenda should include a review of the “Defeated Budget Information,” statement of budget rationale, and a discussion of the program, staff and facility requirements of the district.

Note: The final determined budget must be sufficient to provide a thorough and efficient education or maintain the stability of the district under the terms of the law. Additionally, the amount of tax levy appropriated for this purpose must be sufficient to meet the local share required by law (N.J.S.A. 18A:7F-5).

7. If either the board of education or municipal governing body, or both, will have a majority present at the meeting, then the meeting must be publicly announced and advertised according to the “Open Public Meetings Act” by the body(ies) with the majority present.

8. Tax levy certification:

- a. If the tax levy certified by the municipal body(ies) for the base budget is less than the amount proposed by the board of education, the municipal body(ies) in the form of a resolution must present to the board of education and the executive county superintendent a statement of the specific line-item reductions or increases in budgeted revenues or designated general fund balance recommended by the governing body(ies). The governing body(ies) shall also submit a statement that the revised budget is sufficient to provide a thorough and efficient education. The board of education is not bound to the specific reductions identified by the municipal body or bodies, only the total amount of the reduction in the tax levy.
- b. In instances where a budget includes a general fund tax levy and equalization aid proposed at, or reduced to, an amount below the district’s adequacy budget, the governing body(ies) must also include a specific written explanation for each line item reduced as to why each reduction made will not adversely affect T&E or stability.
- c. In instances where the board has placed a separate proposal(s) for additional spending before the voters, if the question(s) is approved by 60 percent of the voters, the municipality must certify the additional amount(s) as part of the overall general fund tax levy, even when the base budget has been defeated. If the question(s) is defeated, the decision of the voters is final. The rejected question(s) are not eligible for restoration through the municipality or through application to the Commissioner.
- d. In the form of a resolution, the municipality must certify a general fund tax levy for the sum of the base budget amount, and additional amounts approved by the voters.

- e. It is strongly suggested that the A4F - Certificate of Taxes - not be filed until the final due date, if there is not agreement between the parties, to allow time for potential resolution of the dispute by the executive county superintendent. The A4F, Certificate of Taxes, must be sent by **May 19, 2009** to the following:

1. Board of Education
2. County Board of Taxation
3. Local Tax Assessors
4. Executive County Superintendent of Schools

9. Revised Budget

- a. Upon receipt of the municipal body(ies) reductions the district must revise and update their entire budget including all supporting documentation and SFRA calculations.
- b. Districts that had an approved separate question must update the Separate Proposal Summary under the SFRA calculations menu option and merge the approved separate question into the base budget. If the separate proposal was defeated, districts must delete all information related to the defeated question in the Separate Proposal Summary under the SFRA calculations menu option.

10. Dispute Resolution

- a. Upon receipt of a reduced base budget and supporting documentation where the board of education does not dispute the reductions made, the executive county superintendent will ascertain whether such budget is sufficient to enable the district to provide a thorough and efficient system of education and maintain stability. In the event that he or she deems it insufficient, the executive county superintendent will schedule a combined meeting with representatives of the board of education and the governing body(ies) for the purpose of reaching agreement on the tax levy to be certified and approved as sufficient for T&E.

Upon receipt of a reduced base budget and supporting documentation where the board of education disputes the reductions made, the executive county superintendent will schedule a combined meeting with representatives of the board of education and the governing body(ies) for the purpose of reaching agreement on the tax levy to be certified and approved as sufficient for T&E and stability.

- b. If an agreement is reached and is approved by the executive county superintendent, after an application for restoration has been filed by the board of education, no further action is necessary other than to withdraw the application. The executive county superintendent will acknowledge in writing the withdrawal

of the application and forward it to the Division of Finance, Office of Fiscal Policy and Planning.

- c. If agreement is reached between the parties but not approved by the executive county superintendent as sufficient to provide a thorough and efficient education and maintain stability, the executive county superintendent shall notify the Commissioner to issue a show cause order directing the parties to verify that the amount agreed upon is sufficient to ensure a thorough and efficient education and maintain stability.
- d. If no agreement is reached, the executive county superintendent shall notify the Commissioner and submit a report on any items upon which agreement has been reached.

11. Failure to Certify/Failure to Agree

If by **May 19, 2009**, the municipal body does not certify taxes for the base budget, or in the event that governing bodies comprising a regional school district certify different amounts, the Commissioner of Education shall then certify the tax levy to the county board of taxation. That process will involve a review of the original budget presented to the voters for possible reallocations, including the areas of concern and potential reductions noted by municipal officials during their review of the budget as well as the recommendations of the executive county superintendent.

12. Application for Restoration

Pursuant to N.J.S.A. 18A:7F-5(e) applications for restoration may be made only to the following extent:

- a. A board which has proposed a general fund budget that includes a general fund tax levy and equalization aid *at or below the adequacy budget* prescribed by law may file an application for restoration on grounds that such reductions are necessary for T&E or negatively impact on the stability of the district given the need for long term planning and budgeting.

A board which has proposed a general fund budget that includes a general fund tax levy and equalization aid *in excess of the adequacy budget* prescribed by law may file an application for restoration only on grounds that such reductions will negatively impact on the stability of the district given the need for long term planning and budgeting. No application may be filed on grounds that restorations are necessary for provision of T&E.

- b. "T&E grounds" means that the reduction or reductions would adversely affect the district board of education's ability to implement programs and services at the

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level contained in the efficiency standards established pursuant to N.J.S.A. 18A:7F-4b in order to ensure that its students achieve the Core Curriculum Content Standards.

“Stability grounds” means reductions which would require long term planning or budgeting and cannot be accomplished within the budget year; would adversely affect the district board of education’s ability to operate a school system; and which are not a program, service or other expenditure contained within the efficiency standards or are expenditures for items which are in excess of those contained in the efficiency standards.

- c. Applications must be submitted to the executive county superintendent of schools and the governing body or bodies within 10 working days after the certification of the general fund tax levy by the governing body or bodies. Comments from the governing body(ies) on the application must be submitted to both the county office and the board of education within 10 working days of receipt of the district’s application.

DEFEATED BUDGET INFORMATION

It is the responsibility of the board of education pursuant to N.J.A.C. 6A:23A-9.7 to present to the municipal governing body(ies) and the executive county superintendent, within two days of the certification of election results, the proposed School District Budget Statement which was defeated by the voters, along with the following information:

- A complete line-item budget listing each item by code and line description, including actual expenditures for the previous school year, actual budgeted amount for the current school year, proposed budgeted amount for the ensuing school year as proposed to the voters, the advertised budget for the ensuing school year, and all supporting documentation and narrative explanations;
- Copies of additional spending proposals approved by the voters, if any;
- A copy of the annual progress report, if any, submitted to the Commissioner pursuant to N.J.S.A. 18A:7A-11 and N.J.A.C. 6A:30;
- A copy of the district's most recent annual audit;
- An explanation of any action(s) to reallocate, direct additional expenditures, and so forth, taken by the Commissioner, or the executive county superintendent on behalf of the Commissioner, pursuant to N.J.S.A. 18A:7F-5 through 7, 18A:7F-39, or 18A:7-8, or a statement to the effect that no such actions were taken;
- Numbers of professional and nonprofessional staff during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;
- Pupil enrollment by grade for the district as of the preceding June 30, the last school day prior to the preceding October 16 and as projected for October of the ensuing school year;
- Salary schedules by employee – current and budget year account and salary; for all employees
- Number of schools and classrooms in each school;
- Tuition received or paid during the previous school year, anticipated for the current school year and projected for the ensuing school year;
- A substantiation of need for any proposed capital projects and/or deposits into the capital reserve, including documentation of the projects' inclusion in the LRFP;

- Any information required for submission to the executive county superintendent and not specifically enumerated above;
- Applicable portions of The Comparative Spending Guide and School Report Card; and
- Any other documentary materials or records the Commissioner deems appropriate for a specific district board of education.

ADDITIONAL INFORMATION REQUIRED UNDER P.L. 2007, c.53 (N.J.S.A. 18A:7F-5.3)

- Pursuant to P.L. 2007, c.53 (N.J.S.A. 18A:7F-5.3), districts must submit salary and benefit information from the budget to the municipal governing body(ies) and the executive county superintendent along with the information listed above. The required additional information is in regard to the superintendent of schools, the assistant superintendent of schools, the school business administrator, and any employee with an annual salary that exceeds \$75,000 who is not part of a collective bargaining unit. This information is reported on Supporting Documentation item number 17 in the budget document. Required information includes:
 - A detailed statement of the employment contract terms for these employees, including, but not limited to, the duration of the contract and all forms of compensation provided for under the contract;
 - The annualized cost of all benefits provided to these employees, including, but not limited to, all allowances, bonuses and stipends, and all contributions made by the school district towards the costs of health, dental, life and other types of insurance, medical and reimbursement plans, and retirement plans which exceed the contributions for the costs of these items made on behalf of a teaching staff member under a collective bargaining agreement with the board;
 - A detailed statement of any benefits provided for in the employment contract with these school employees which are to be conferred after or upon the separation from the school district;
 - A detailed statement of any form of in-kind or other form of remuneration provided to these school employees which is not otherwise included in the employee's salary or benefits

IN ADDITION, IT IS RECOMMENDED THAT THE FOLLOWING MATERIALS BE INCLUDED:

- Rationale for any new positions
- Rationale for any new programs
- Rationale for any new and replacement equipment
- Rationale for any major line item increases or decreases

SAMPLE LETTER OF TRANSMITTAL (To be sent with the “Defeated Budget Information” packet and school district budget statement no later than April 29th)

DATE

FROM: Board of Education
Address

TO: Municipal Governing Body
Municipal Clerk
Address

OPTION I: BASE BUDGET DEFEATED, NO SEPARATE PROPOSAL

Enclosed is an official copy of the 2009-10 School District Budget Statement voted on at the annual school election on April 21, 2009 and supporting documents on which the municipal governing body, after consultation with the board of education and the Executive County Superintendent of _____ County, is to determine and certify the amount or amounts to be raised by local taxes. This shall be determined no later than **Tuesday, May 19, 2009**.

OPTION II: BASE BUDGET DEFEATED, SEPARATE PROPOSAL APPROVED

Same as Option I, with the following addition: Also enclosed is information regarding a separate proposal for additional spending approved by the voters. You are reminded that this entire amount must be certified as part of the overall general fund tax levy regardless of the amount the governing body determines to certify for the base budget.

OPTION III: BASE BUDGET AND SEPARATE PROPOSAL DEFEATED

Same as Option I, with the following addition: Also enclosed is the board’s proposal(s) for additional spending, likewise defeated by the voters. The decision of the voters in this matter is final. No restoration is permitted.

CLOSING FOR ALL OPTIONS:

Please contact me as soon as possible to arrange a mutually convenient date for the governing body, the board of education and, where appropriate, the executive county superintendent of schools to meet to discuss the budget.

ALL:

Signed

Board Secretary

c: Chief School Administrator
Executive County Superintendent of Schools
Mayor