

# RULE PROPOSALS

## INTERESTED PERSONS

Interested persons may submit comments, information or arguments concerning any of the rule proposals in this issue until the date indicated in the proposal. Submissions and any inquiries about submissions should be addressed to the agency officer specified for a particular proposal.

The required minimum period for comment concerning a proposal is 30 days. A proposing agency may extend the 30-day comment period to accommodate public hearings or to elicit greater public response to a proposed new rule or amendment. Most notices of proposal include a 60-day comment period, in order to qualify the notice for an exception to the rulemaking calendar requirements of N.J.S.A. 52:14B-3. An extended comment deadline will be noted in the heading of a proposal or appear in subsequent notice in the Register.

At the close of the period for comments, the proposing agency may thereafter adopt a proposal, without change, or with changes not in violation of the rulemaking procedures at N.J.A.C. 1:30-6.3. The adoption becomes effective upon publication in the Register of a notice of adoption, unless otherwise indicated in the adoption notice. Promulgation in the New Jersey Register establishes a new or amended rule as an official part of the New Jersey Administrative Code.

## COMMUNITY AFFAIRS

### (a)

#### DIVISION OF LOCAL GOVERNMENT SERVICES LOCAL FINANCE BOARD

#### User-Friendly Budget for Municipalities

#### Proposed New Rules: N.J.A.C. 5:30-19

Authorized By: Local Finance Board, Thomas H. Neff, Chair.

Authority: N.J.S.A. 40A:5-48.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2012-182.

Submit comments by February 15, 2013 to:

Patricia McNamara, Executive Secretary  
Local Finance Board  
Department of Community Affairs  
P.O. Box 803  
Trenton, New Jersey 08625-0803

The agency proposal follows:

#### Summary

The Board proposes new rules N.J.A.C. 5:30-19 to implement the user-friendly budget statute, N.J.S.A. 40A:5-48, as it pertains to municipalities. These rules require municipalities to provide comprehensive budget data to the Division of Local Government Services (Division) on an electronic reporting platform created by the Division, which the Division will then convert into a format that allows the public to better understand municipal finances. Municipalities would have to submit such data to the Division concurrently with the adopted annual municipal budget or later in the discretion of the Director.

The purpose of these provisions is to enhance the transparency of municipal finances by making detailed municipal budget information more accessible to ordinary citizens, as well as to local elected officials for purposes of formulating policy.

Proposed N.J.A.C. 5:30-19.1 sets forth the purpose and scope of the chapter.

Proposed N.J.A.C. 5:30-19.2 sets forth necessary definitions.

Proposed N.J.A.C. 5:30-19.3 sets forth several categories of budget data that the municipality must enter into an electronic reporting platform and submit to the Division. These categories involve areas such as property taxes, debt, surplus, revenue, appropriations, and health benefits, among others. The data submitted under each category will in turn be used by the Division to convey in plain language the financial health of each municipality, as well as how the public's tax dollars are being utilized at the municipal level.

Proposed N.J.A.C. 5:30-19.4 sets forth the individuals who must certify the municipality's user-friendly budget data submission, and in what manner.

This rule proposal provides for a comment period of 60 days and, therefore, pursuant to N.J.A.C. 1:30-3.3(a)5, is not subject to the provisions of N.J.A.C. 1:30-3.1 and 3.2 governing rulemaking calendars.

#### Social Impact

The proposed new rules protect the public interest by enhancing the financial transparency of local governments and providing a process whereby the public can easier understand how their tax dollars are appropriated.

#### Economic Impact

The Board anticipates that the proposed new rules will have a positive economic impact on municipalities and the constituents they serve. Municipalities will be provided a medium through which financial data they already possess can be communicated to the public in a more comprehensible fashion, as well as better communicate existing efforts to create greater efficiencies. The Division will be able, through existing information technology resources, to display this data in a user-friendly format on behalf of the municipality.

#### Federal Standards Statement

No Federal standards analysis is required because the proposed new rules are not being proposed to implement, comply with, or participate in any program established under Federal law or under a State law that incorporates or refers to Federal law, standards, or requirements.

#### Jobs Impact

The Board does not anticipate the creation or loss of any jobs as a result of the proposed new rules.

#### Agriculture Industry Impact

The Board does not anticipate that the proposed new rules will have an impact on the agriculture industry.

#### Regulatory Flexibility Statement

The proposed new rules would not impose any reporting, recordkeeping, or compliance requirement on "small businesses" as defined by the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. The proposed new rules impose requirements on municipalities.

#### Housing Affordability Impact Analysis

The proposed new rules may have a positive impact on housing affordability to the extent they enhance fiscal accountability to taxpayers and motivate municipalities to operate more efficiently and thereby ease the property tax burden on New Jersey homeowners.

#### Smart Growth Development Impact Analysis

The proposed new rules will have no anticipated impact on housing production in Planning Areas 1 and 2, or within designated centers, under

the State Development and Redevelopment Plan because the proposed rules pertain to municipal budgetary reporting.

Full text of the proposed new rules follows:

#### SUBCHAPTER 19. USER-FRIENDLY BUDGET FOR MUNICIPALITIES

##### 5:30-19.1 Purpose and scope

This subchapter sets forth the data municipalities must provide the Division of Local Government Services (Division) for purposes of creating a plain-language user-friendly budget. The data will be inputted into an electronic reporting platform that will allow the Division to display the information in a more easily comprehensible fashion. These rules effectuate the provisions of N.J.S.A. 40A:5-48 by making easy-to-read budget information available for local elected officials to formulate policies, and to provide an educational resource for the public.

##### 5:30-19.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Appropriations cap” means the limitation placed on increases in municipal budget appropriations by P.L. 1976, c. 78 (N.J.S.A. 40A:4-45.3 et seq.).

“Director” means the Director of the Division of Local Government Services.

“Division” means the Division of Local Government Services.

“Full-time employee” means an employee who works more than 32 hours per week.

“Levy cap” means the limitation placed on increases in a municipality’s tax levy cap by P.L. 2010, c. 44 (N.J.S.A. 40A:4-45.44 et seq.).

“Part-time employee” means an employee who works 32 hours per week or less.

“Residential property” means those properties that are classified as Class 2 Residential (four families or less) pursuant to the New Jersey Property Tax System (MOD-IV).

“User-friendly budget” means the document or documents made available by the Division to display municipal budget data in an easier-to-understand format.

“User-friendly budget reporting platform” means an electronic data reporting platform onto which municipalities input budget data for display in the user-friendly budget.

##### 5:30-19.3 Reporting requirements for municipal user-friendly budgets

(a) The user-friendly budget reporting platform shall be in a form prescribed by the Director, who may require the municipal budget data specified in these rules to be prepared and submitted in such form or structure as the Director may specify, including, but not limited to, electronic transmittal.

1. The municipality shall submit the required data to the Division concurrent with the transmittal of the municipality’s adopted annual budget, or at a later date in the discretion of the Director.

(b) Under “general information,” the municipality shall include its land area, population as of the most recent decennial Federal census, and whether the municipality is a civil service jurisdiction.

(c) Under the category of “debt,” the municipality shall include the following information for the current and prior budget year:

1. The municipality’s bond rating;
2. Total net debt as a percentage of the three-year average of property values in the municipality;
3. Total debt appropriations as a percentage of the municipal budget;
4. The total amount of debt authorized but not issued;
5. The total amount of outstanding bonds issued;
6. The total amount of outstanding notes issued;
7. All leases and other financings to which the municipality is a party;
8. Total outstanding bond and loan guarantees;
9. The total dollar value, number of days and dollars reserved at year-end for compensated absence liability; and
10. The municipality’s accrued liability for post-retirement health benefits.

i. Those municipalities who are required to disclose accrued liability for post-retirement health benefits pursuant to Government Accounting Standards Board Statement 45 (GASB 45) shall submit said figure for purposes of the user-friendly budget platform.

ii. Reporting of accrued liability for post-retirement health benefits shall be optional for those municipalities who are not required to do so pursuant to GASB 45.

(d) Under the category of “surplus,” the municipality shall include the following information for the current and prior budget year:

1. The dollar amount of budget surplus used towards balancing the municipality’s annual budget; and

2. The municipality’s remaining available surplus for the budget year being reported.

(e) Under the category of “property tax assessments and collections,” the municipality shall include the following information for the current and prior budget year, unless otherwise stated:

1. For the prior budget year only, the municipality’s property tax collection rate;

2. For the prior budget year only, the municipality’s underlying collection rate, which shall not factor in proceeds from accelerated tax sales;

3. The average assessed value of all real property within the municipality;

4. For the prior year only, the equalized market value of all real property within the municipality;

5. The average assessment of all residential property within the municipality;

6. For the prior year only, the municipality’s average real property assessment as a percentage of market value; and

7. For the prior budget year only, the total number of property tax appeals filed by the municipality’s taxpayers as of the tax appeal filing deadline.

(f) Under the category of “property tax data,” the municipality shall include in its user-friendly budget data submission by tax rate, tax levy, and the amount that the average residential taxpayer pays toward each for the current and prior budget years, unless otherwise stated:

1. For the prior budget year only, the total property tax;
2. The municipal purpose tax (excluding the municipal library tax);
3. Municipal open space tax, if any;
4. For the prior budget year only, school tax (local and regional school districts);
5. For the prior budget year only, county tax;
6. The “county tax” entry must include all county tax levies;
7. The municipal library tax, if any;
7. Fire district tax, if any;

i. The municipality must supply the average tax rate and levy if municipality has more than one fire district; and

8. Other special taxing districts.

(g) Under the category of “property tax levy cap,” the municipality shall report how much of the municipal purposes tax levy increase was subject to exceptions to the levy cap, versus any portion of the increase subject to the two percent calculation.

(h) Under the category of “tax exemptions and abatements,” the municipality shall include the following information for the current and prior budget years:

1. The total number of projects in the municipality that are subject to the Long-Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq., and the Five-Year Exemption and Abatement Law, N.J.S.A. 40A:21-1 et seq.;

2. The taxable value of projects subject to the Long-Term Tax Exemption Law and the Five-Year Exemption and Abatement Law, respectively; and

3. The actual tax revenue or PILOT (payment in lieu of taxes) revenue payment generated for the municipality as a result of projects receiving exemptions and/or abatements by virtue of the Long-Term Tax Exemption Law and the Five-Year Exemption and Abatement Law.

(i) Under the category entitled “Personnel – Collective Bargaining Agreements,” the municipality shall provide for each of its collective bargaining agreements the total percentage increase in economic impact for the current and prior years.

1. The economic impact of each collective bargaining agreement shall be measured by the calculation of aggregate economic cost specified by summary forms issued by the Public Employment Relations Commission pursuant to N.J.S.A. 34:13A-16.8.d(2).

(j) Under the category of "health benefits," the municipality shall report their current and prior year health benefit costs for employees, retirees, and elected officials.

1. Health benefit costs shall be calculated based on the total employer cost of providing all healthcare benefits, and be broken down by single, parent and child, employee and spouse (or partner), and family coverage. For self-insured healthcare plans, the employer cost shall be calculated based either on existing COBRA premiums, minus any administrative fee charged to separated employees who receive COBRA benefits, or the periodic charges calculated by working with the health benefits professional who guides the plan.

2. The municipality shall disclose whether it is a member of the State Health Benefits Program for purposes of medical and prescription drug coverage.

(k) Under the category of "revenue," the municipality shall provide the following information for the current and prior budget year:

1. Surplus anticipated;
2. Local revenue;
3. State aid;
4. Shared service agreements to which the municipality is a party;
5. Grants received by the municipality;
6. Other miscellaneous revenue;
7. Receipts from delinquent taxes;
8. Local purpose, Library, and Type I School District taxes, which shall be grouped together and categorized as "municipal tax revenues"; and
9. One-time revenues.

(l) Municipalities shall allocate current year budgeted, and prior year paid and charged, appropriations by salary and other expense under the category of "appropriations." For the "staffing" category, the municipality shall provide the number of full-time and part-time employees on the first municipal payroll in October of the prior year, as well as the number of employees anticipated in the current year budget. Both appropriations and staffing are to be subdivided into the following subcategories:

1. General government;
2. Financial administration;
3. Police;
4. Fire and EMS;
5. Legal services;
6. Municipal court and public defender;
7. Other public safety;
8. Public works;
9. Solid waste and recycling;
10. Parks and recreation;
11. Health and social services;
12. Land use administration;
13. Code enforcement;
14. Library services;
15. Police and fire pensions (PFRS);
16. Public employees pensions (PERS and DCRP systems);
17. Other employee-related taxes;
18. Employee health benefits – employer cost;
19. Other insurance;
20. Reserve for uncollected taxes;
21. Municipal debt service;
22. Type I School Debt;
23. Capital improvements;
24. Utilities;
25. Deferred charges; and
26. Other miscellaneous appropriations.

(m) Municipalities shall disclose how much of their increase, if any, in appropriations was subject to statutory exceptions to the appropriations cap, versus any portion of the increase subject to the appropriations cap.

(n) Under the category entitled "utility fund budgets," municipalities that utilize self-liquidating utilities to fund specific operations shall report

the total budget for the current and prior budget years of each utility fund, as well as the portion of staffing costs attributable to each utility fund.

(o) With respect to shared services, the municipality shall report the types of shared services provided or received, and the beginning and end date of the applicable agreement, along with the amount received or paid for the service or services.

(p) The municipality shall disclose any revenues at risk, non-recurring current appropriations, future year appropriations increases, and any structural imbalance offsets.

5:30-19.4 Certification of the user-friendly budget data submission

Prior to transmittal to the Division, the content of the municipality's user-friendly budget data submission must be certified by the Chief Financial Officer, Tax Collector, and Tax Assessor. The Municipal Clerk shall certify that the data submission was reviewed and discussed with the governing body at an open public meeting. The certification shall be in a form prescribed by the Director.

**EDUCATION**

**(a)**

**COMMISSIONER OF EDUCATION  
School Turnaround and Improvement  
Proposed New Rules: N.J.A.C. 6A:33**

Authorized By: Christopher Cerf, Commissioner, Department of Education.

Authority: N.J.S.A. 18A:7F-6.b, 18A:7F-34, 18A:7F-42, and 18A:7F-60.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2012-180.

Submit written comments by February 15, 2013 to:

Evo Popoff, Chief Innovation Officer  
New Jersey Department of Education  
River View Executive Plaza  
Building 100, P.O. Box 500  
Trenton, New Jersey 08625-0500

The agency proposal follows:

**Summary**

The Commissioner of Education (Commissioner) proposes that a new N.J.A.C. 6A:33, School Turnaround and Improvement, be adopted as noted in this Summary. The rules establish the Regional Achievement Centers (RACs) to support schools identified as Priority and Focus through the development of an approved school improvement plan (SIP), which identifies interventions that address the eight turnaround principles defined in the rulemaking.

On November 14, 2011, the New Jersey Department of Education (the "Department") submitted an application to the United States Department of Education to waive provisions of the Elementary and Secondary Education Act (ESEA), 20 U.S.C. §§ 6301 et seq., and the associated regulatory, administrative, and reporting requirements. Through this waiver application, subsequently approved on February 9, 2012, the Department outlined a new system of accountability to address the following three principles identified by the Federal government: (1) college and career ready expectations for all students; (2) State-developed differentiated recognition, accountability, and support; and (3) supporting effective instruction and leadership.

As part of this flexibility application, the Department developed powerful incentives for school districts to invest in whichever programs yield the best results at the school level. It also is premised on the idea that failing schools will be required to adopt school-turnaround strategies and will receive intensive support from the Department through its newly created RACs. Priority and Focus Schools failing to meet the Core Curriculum Content Standards and the Common Core State Standards or to implement their SIPs may be subject to additional conditions and