

SCHOOL BOARD notes

BUDGET WATCH



It's Flat Funding—Again!

Facing a \$4.8 billion deficit, Governor Corzine on Tuesday proposed a \$30.9 billion state budget for 2006-07 that would provide flat funding for most categories of direct education aid. Pre-K through grade 12 public education is the only area of the proposed budget that did not experience actual cuts from current-year levels.

Under Corzine's proposal, school districts would receive more than \$7.58 billion in direct aid. The amount reflects small increases in special education aid, funding for districts with above average enrollment growth, and Abbott preschool programs.

"I appreciate that flat-funding in an inflating environment is a real cut," said Corzine. "Reality and necessity must be the mother of invention. Just as the state must find spending reductions, other units of government must as well."

Impact on Districts Statute requires the state Department of Education to issue aid figures to school districts within 48 hours of the budget message. While statewide aid levels would remain constant, individual districts—particularly those that experienced enrollment declines—may receive less state aid.

The governor's budget recommendation also includes an \$832.2 million increase in funding for the Teachers' Pension and Annuity Fund and related categories. It would also provide a total increase of \$113.1 million for the school construction and renovation fund, which pays debt service on the state's school construction bonds.

Reality Strikes "The situation could have been far worse for our public schools...but the reality is that flat state aid will make 2006-07 another year of property tax increases and service cuts," said NJSBA Executive Director Edwina M. Lee.

"Governor Corzine is facing enormous difficulties in balancing the state budget and redressing past financial practices. His proposed budget makes a good-faith start toward remedying

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School Boards' Efforts Restore Federal Funds

After a deluge of e-mails, faxes, and phone calls from school board members nationwide, including New Jersey's Federal Relations Network, the U.S. Senate passed a measure on March 16 that will add \$7 billion to the federal budget for education and healthcare and will restore the cuts in programs, such as Title I and IDEA, that were made for FY 2006.

Amendment 3048 to the FY 2007 budget resolution (Senate Congressional Resolution 83) will bring funding back to FY 2005 levels. It was co-sponsored by Senators Arlen Specter and Tom Harkin and 26 other lawmakers, including New Jersey Senator Frank Lautenberg.

Decimated Funding Senator Specter noted that funding for education and other programs under the Departments of Health and Human Services and Labor "has been decimated since 2005."

"Health and education are the two major capital assets of the country," he stated. "We have gone beneath the muscle, beneath the bone, and into the marrow" with these cuts.

The restored funding is critical to New Jersey schools, which face a fifth consecutive year of inadequate state aid.

SCI Officials Appear before Budget Panel

The Assembly Budget Committee heard testimony on Monday from the State Commission of Investigation (SCI) concerning the agency's recent report on contract terms for school district superintendents. SCI officials testified that, while no specific illegalities were found, their study suggests that the current climate encourages generous benefit packages for administrators that exceed the norm

in other areas of government.

Committee members expressed concern about instances where portions of compensation packages were not reported as wages and recommended that statutes be enacted to limit the allowable range of negotiated benefits in the future. In addition, they suggested that local boards of education, which they noted are comprised of uncompensated citizens, should receive

additional training in the complexities of administrators' contracts.

NJSBA believes all levels of government should take under advisement the recommendations of the State Commission on Investigation concerning compensation practices for school administrators. Superintendent compensation and employment practices must be fair to the employee, but consistent with the public interest. 🍏

Panel Restricts Board Member Action on CSA Personnel Issues

The School Ethics Commission (SEC) on March 10 issued a public advisory opinion that will restrict school board members, who have immediate family employed in the district, from participating in decisions affecting the superintendent's employment.

In A30-05, the SEC determined that two board members who have spouses employed in their district would violate a provision of the New Jersey School Ethics Act (N.J.S.A. 18A:12-24(c)) if they participated in evaluations, personnel actions and compensation decisions involving the superintendent (as well as the spouses' principals, and, in one case, the director of elementary education). The commission advised the board members to recuse themselves from discussion of these personnel matters.

Rationale "Regarding the superintendent, the board member would have difficulty

being completely objective in acting on employment issues since the superintendent must provide a recommendation regarding the employment terms of the board member's spouse to the board," the SEC stated. According to the commission, the public could reasonably expect that the board member's objectivity and independence of judgment might be impaired in such a situation.

The decision does not mark the first time that the SEC has required a board member with a spouse working in the district to recuse himself from employment matters concerning the superintendent. However, A30-05 goes further than the earlier rulings, which addressed specific and limited factual contexts.

An analysis of the opinion is available on the Legal Web page of NJSBA's Web site, www.njsba.org/legal. 🍏

Voters Approve \$35 Million In School Construction

Voters in three out of four school districts approved school construction referendums totaling \$35.6 million on March 14. The three approved proposals were from Burlington County (Edgewater Park and Palmyra) and Monmouth County (Eatontown). In Camden County, voters rejected Berlin Township's proposed spending.

A 2001 state law limits special school elections to five specific dates a year. These four proposals represented the smallest number of school-bond referendums held on a single day since the law was enacted.

State Funding More than \$13 million (out of nearly \$17 million) of the approved construction is eligible for state funds under the Educational Facilities Construction and Financing Act of 2000. The EFCFA

legislation appropriated \$6 billion to fund 100 percent of school construction in the special needs, or Abbott districts; and another \$2.6 billion for grants to fund a minimum of 40 percent of state-determined 'eligible' construction in all other districts. Because the grant funding has been fully allocated, the state's 40 percent share would need to be funded through annual installments of debt-service aid, which is authorized by the Legislature in the annual state budget.

The next date that a school board can put a bond referendum before voters is the Annual School Election on April 18, when voters also vote on school districts' operating budgets and select school board members. 🍏

CONFERENCE NOTES



Childhood Wellness and Obesity: Tools to Help Schools Take Action

Free conference for school administrators, Princeton University, March 31, 8:30 a.m. to 4:30 p.m.

The conference is a follow-up to the March 2006 issue of the journal, *The Future of Children*, which focuses on childhood obesity. Panelists will talk about the latest research on overweight and obese children, as well as strategies that can enhance nutrition and increase physical activity. It will conclude with a discussion of the school wellness policy requirements and some best practices in the field.

Participants can register online at www.futureofchildren.princeton.edu/practitioners/obesity_conf/index.asp. For more information, call 609-258-0815.

Senate OKs Loan, Oversight Bill

The state Senate on Monday gave final legislative approval to a bill designed to provide loans to any school district operating on a deficit. The legislation would also establish state monitoring over such districts' financial operations.

The "School District Fiscal Accountability Act," S-1469 (Turner, Allen, Bryant)/A-2684 (Conaway, Conners), was prompted by the Willingboro school district's current financial situation.

Under the bill, the state Department of Education would create a "School Deficit Relief Account" to provide advance aid payments to the district upon recommendation of the commissioner of education. The advance payments would be repaid through automatic reductions in the district's state aid in future years.

In addition, the state would appoint a monitor to oversee the fiscal management and expenditures of district funds, to develop and implement a plan to resolve the financial situation, and to oversee all district staffing. The measure also calls for a forensic audit of district finances.

Next stop for S-1469 is the governor's desk.

Panel Advises Corzine to Abolish SCC

A special advisory panel to Governor Jon Corzine last week called for replacement of the New Jersey Schools Construction Corporation with a new agency housed in the Department of Treasury and devoted exclusively to the construction, rather than the financing, of school facilities.

The Interagency Working Group on School Construction also recommended turning over the distribution of state construction grants, now a responsibility of the SCC, to the state Department of Education—if the grant program is restored in the future. Panel members included SCC Chairman Barry L. Zubrow, Acting

Education Commissioner Lucille Davy and Assistant Education Commissioner Gordon MacInnes.

Much Work, Little Money The SCC is currently managing approximately \$3 billion in ongoing work, primarily in the Abbott school districts. The portfolio includes 69 projects currently in construction and 59 projects that were included in its July 2005 capital plan.

“The bottom line is that the SCC is currently managing 128 projects with over 300 waiting in the wings—all of which need to be completed with very limited resources,” said Scott Weiner, SCC special

counsel and transitional CEO.

The report did not recommend replenishment of the state’s depleted school construction fund until creation of the new oversight agency in the Treasury.

“At such time...we will recommend...a collaborative process with stakeholders and the Legislature to initiate additional funding and legislative initiatives to further improve elements of the program.”

The full report can be viewed in the “Press Releases” section of the Office of the Governor’s Web page, at www.nj.gov/governor. 🍏

Board of Directors Highlights

A regular meeting of NJSBA’s Board of Directors took place on Friday, March 17, 2006 in East Windsor. Action taken at the Board of Directors meeting included the following:

- Approved Consent Agenda Items: minutes of the January 13, 2006 Board of Directors meeting and Legislative Committee appointments.
- Approved final report of the Phase 2 Ad Hoc Facilities/Plant Needs Committee to authorize the NJSBA to pursue land acquisition.
- Approved 2006 Legislative Advocacy Agenda.
- Heard an update on the NSBA Center for Public Education.
- Heard an advocacy/communications report:
 - a. Assembly passed A2684 – School District Fiscal Accountability Act. Bill allows for short-term loans for local school districts experiencing unanticipated financial shortages; requires intervention by state monitor to oversee district finances. Companion bill expected to pass

Senate 3/20. Bill will provide relief for Willingboro.

- b. Shared services forum in Bergen County on March 15 featured speakers from across the state. Board members had opportunity to address statutory impediments to sharing services with other local government entities.
 - c. In response to the recent SCI report, the Assembly Budget Committee was given background information outlining what NJSBA provides to board members to assist in superintendent contract negotiations.
 - d. Advance information provided on Governor’s March 21 budget recommendations.
 - e. NJSBA will issue guidelines that local school board members could use when communicating about their school district budgets. Guidelines will appear on a special Web page, “Budget Watch.”
- Heard an update on legislation concerning NJSIAA. 🍏



**Workshop 2006
Registration/
Housing Forms
Coming April 6**

The registration and housing forms for Workshop 2006 will appear in the April 6 issue of *School Board Notes*. At 12:00 noon on April 6, forms will also be e-mailed to all business administrators for whom we have e-mail addresses, and faxed to those for whom we don’t. This year, business administrators will be able to fax their housing requests.

Advocacy: Keep the Momentum Going

Thank you to all who participated in the 2006 NJSBA Legislative Conference and made it a success. The March 6 event included over 50 meetings on NJSBA’s legislative priorities. Remember: now is the time to continue the momentum of our advocacy efforts for the 2006-2007 legislative session. Don’t forget to follow up with any legislators you did not get to meet.

Presentations, speeches, a sample thank you letter and press release, photos from the conference, and other materials are now available at www.njsba.org/govrel/legislative_conference.

If you need help with your advocacy efforts, please call Governmental Relations at 1-888-88NJSBA. Again, thank you for all of your hard work!

Budget Watch continued

previous under-funding of the pension system and correcting abuses of the system.

“However, 2006-07 also marks the fifth consecutive year that schools have received either flat funding or negligible increases,” she continued. “During this period, statewide enrollment has increased and the costs of fuel, utilities and insurance have risen. The result will be school budgets that reflect cuts in services, increases in property taxes or, more likely, both.”

Situation Facing Boards “We hope that citizens appreciate the situation facing their local boards of education. The school budget proposals on the April 18 ballot will be the product of state financial decisions, as well as local education goals. The current situation underscores the need for a new school funding system that is adequate, stable and sustainable.”

To access Governor Corzine’s budget message and the state “Budget in Brief,” visit www.nj.gov/budget06.

Important School Ethics Opinion

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For more information on county school boards association activities, log on to www.njsba.org and click on the appropriate county association.

CALENDAR



March 27

Ocean County School Boards Candidates Briefing, Manchester Township High School, Manchester, 7 p.m.

March 29

Gloucester County Officers’ Roundtable, County Superintendent’s Office, Sewell, 6:30 p.m.

Somerset Student Recognition Program, Somerville High School, Somerville, 7 p.m.

March 30

Warren Legislative Dinner Meeting, Warren County Technical High School, Washington, 6 p.m.



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