

SCHOOL BOARD notes

Defeated Budget Review Process: NJSBA Offers Resources

For the first time in 34 years, a majority of the state's local boards of education and municipal governing bodies are participating in the complex and potentially divisive review of defeated school budgets. By May 19, the review must be complete and school tax levies struck.

To help local school boards through the difficult process, NJSBA has developed the following resources:

- **Your School Budget Has Been Defeated: What's Next?** A recording and slides from NJSBA's April 22 telephone conference is accessible under the "What's New" section of www.njsba.org. The 90-minute program

features school and municipal officials with experience in the budget review process, as well as state education officials, including Commissioner of Education Bret Schundler.

- **The 2010-2011 Budget Review and Restoration of Reductions Memo**, will be available soon on the NJSBA website at www.njsba.org/legal. The document provides legal background on the defeated budget review process. (See sidebar at right.) The memo is also designed to help boards determine whether to apply for restoration of reductions made by

continued on page 3

Christie to Unveil Toolkit Soon

The Christie Administration will unveil legislation next week to implement its long-awaited "toolkit" aimed at helping local school board control costs, Commissioner of Education Bret Schundler told the Assembly Budget Committee on Monday.

"The pressure on school districts to ... cut employee numbers will continue until we solve districts' structural financial problems by bringing the pace at which their salary and benefit costs are rising in line with the pace at which our state economy is growing," he said.

"It would be ridiculous for anyone to imagine that school boards are all spineless and superintendents are all incompetent and that's why costs are soaring in every school

district," the commissioner testified. "The pervasive financial distress you see in our school districts is the product of *state* laws.

"Past state leaders created districts' structural financial problems and only you and the governor can solve it."

Contract Limit The toolkit would require executive county superintendent approval of all collective bargaining agreements. To receive approval, a contract could not increase annual salary and benefit costs by more than 2.5 percent, must provide employee cost-sharing of health benefits, must require five hours of teaching time per day, must specify a minimum number of workdays, and not bar subcontracting of ancillary services.

continued on page 4

What happens when the budget is defeated?

Defeated school budgets are reviewed by the municipal governing body in consultation with the board of education. Generally, the municipality may – but is not required to – reduce the size of the school tax levy requested by the board. If it makes a cut, the municipality must back up its decision by identifying corresponding reductions in school expenditures. The school board is not bound by these particular spending cuts, but it must live with the tax levy certified by the municipal governing body.

Under the School Funding Reform Act, a municipality may not reduce the tax levy below the district's *minimum tax levy* – that is, the amount of money that a community must provide toward the public education program. Therefore, when voters reject a budget with a tax levy no higher than the state-required local share, the municipality cannot make any reductions. This scenario occurred in a handful of school districts last year.

Restoration Criteria School boards may apply to the state Department of Education's Division of Finance for restoration of reductions made by the municipality. The school funding act provides the following bases for such applications:

- A school district with a proposed budget above the state-determined *adequacy* level of spending may apply for restoration only on the grounds that the municipality's reductions would negatively affect the district's long-term financial stability.
- A school district with a proposed budget at or below adequacy may apply on the grounds that the municipality's action would negatively affect its long-term financial stability and/or would prevent it from providing a thorough and efficient education. The municipality, in turn, must document "by clear and convincing evidence" that each proposed line-item reduction would not have an adverse impact on the district.

\$500 Million in New Bonds OK'd for School Construction

School construction projects in New Jersey will soon begin to receive funding from the sale of \$500 million in New Jersey Economic Development Authority (EDA) bonds on April 15. The bond sale was announced by Gov. Chris Christie's office.

The New Jersey Schools Development Authority (SDA) will use the proceeds from the bond sale toward school facilities projects in SDA districts (formerly "Abbott" districts), as well as continuing the SDA grant program for regular oper-

ating districts. The program for regular operating districts awards grants of at least 40 percent of costs for eligible expenses, including projects that address health and safety issues, student overcrowding and other critical needs.

"Today's action by the EDA Board will allow the SDA to continue its core mission of building and improving educational facilities," said Marc D. Larkins, SDA chief executive officer. "We are committed to ensuring the efficient use of tax dollars

toward these projects, which will create much needed jobs and assist school districts in need during this difficult financial period."

The SDA will work with the state Department of Education to complete its selection of school projects to receive the new funding. The SDA currently has 1,004 ongoing grant projects in the regular operating districts, 50 projects in SDA districts in various developmental phases, 12 projects already under construction, and 134 emergent projects addressing health and safety issues across the state.

Since its inception in 2001, the state's school construction program has completed 618 projects in SDA districts and has provided more than 3,000 grants to regular operating districts totaling more than \$2.3 billion. 🍏



NJSBA Executive Committee to Meet

In accordance with the Open Public Meetings Act, notice is hereby provided of a meeting of NJSBA's Executive Committee. The meeting will be held at 4 p.m. Wednesday, May 5 at NJSBA's temporary headquarters, 850 Bear Tavern Road, Ewing.

The meeting is open to the public.

The agenda, to the extent known at this time, will include action/discussion of both open and closed session minutes of the special meeting held on Feb. 24, 2010, and open session minutes of the March 3, 2010 meeting; Ratification of Officers' vouchers; Vouchers past 60 days; Association financials; Headquarters building renovation update; Human resources update; Workshop 2010 update; Advocacy update; Technology update; Educational Leadership Foundation of New Jersey update; Executive Committee retreat; Fiscal 2010-2011 budget; Debriefing of 2010 Executive Directors' Winter Institute; Officer's 2010 County Association Spring Dinner assignments; and review of the proposed agenda for the May 14 Board of Directors meeting. In addition, the Executive Committee will enter into closed session to discuss the Executive Director's evaluation.

For further information, contact Nancy Fletcher at (609) 278-5214.

NJSBA Creates Annual Ethics Training Form

NJSBA has created a form to help New Jersey school boards document that they have met the annual requirement for ethics training.

The form, which has been posted online, is a simple way to memorialize that the training was provided. Typically, boards will also record in their minutes that the training has been received.

The form is a tool to help school boards, but it does not replace the individual ethics training required for all school board members and trustees.

The document is located online at www.njsba.org/PI/ethics.pdf. Additional details on school ethics – including a slideshow presentation and instructions for board-level ethics training – can be found on the legal section of NJSBA's website, www.njsba.org/legal, by scrolling down to the "Ethics" section. 🍏

School, Municipal Officials Discuss: What Next?



More than 600 school board members, municipal officials, school administrators and members of the press joined in the April 22 interactive conference call, "Your School Budget Has Been Defeated: What's Next?" The conference, run by the New Jersey School Boards Association and the New Jersey State League of Municipalities, featured discussion on the impact of a defeated budget and the process that districts and local governments must follow after a budget defeat.

Teleconference participants included Bret Schundler, New Jersey's education commissioner; Neil K. Cramer, Sussex Executive County School Business Administrator; John Donahue, executive director of the New Jersey Association of School Business Officials; Andrew Lucas, mayor of Manalapan Township, Joseph Monzo, chief financial officer of South Brunswick Township; and Terry Sierchio, business administrator of the Hopatcong school district. NJSBA Director of Legal & Policy Services Michael F. Kaelber, was the discussion moderator.

The State of NJ's Schools: NJSBA'S TOWN HALL MEETING



School board members will have the opportunity to interact with Education Commissioner Bret Schundler at NJSBA's Town Hall Meeting.

Join us for a live, interactive, open and honest conversation about the state of education in New Jersey. This is your opportunity to participate in public decision making.

Glassboro High School, Glassboro, NJ
Saturday, May 22, 2010
9:30 a.m. – 11:45 a.m. (registration 9:00 a.m.)
Light refreshments will be served.



Cost: Free
Academy Credits: 1
Core Area for CBM: Covers all areas

Please register me for the **NJSBA Town Hall Meeting**,

Saturday, May 22, 2010, Glassboro High School, Glassboro, NJ, 9:30 a.m. – 11:45 a.m. (registration 9:00 a.m.).

NAME: _____ TITLE: _____

DISTRICT: _____ COUNTY: _____

ADDRESS: _____

PHONE: (h) _____ (b) _____

FAX: _____ E-MAIL: _____

Return to: New Jersey School Boards Association, Call Center
413 W. State Street, P.O. Box 909, Trenton, New Jersey 08605-0909 or FAX: 609-278-5280

The school district accountability law places travel restrictions on school board members. Travel approval is required in advance. For information, visit www.njsba.org/accountabilityact/

REGISTER ONLINE AT WWW.NJSBA.ORG/STHM

Defeated Budgets

continued

the governing body.

- School officials may also consult directly with NJSBA Legal & Policy Services staff by calling toll free (888) 886-5722, ext. 5254, after 1 p.m. Field Service Representatives can also provide guidance. Call (888) 886-5722, ext. 5218.

Contract Reopening On March 18, NJSBA called on the state teachers union to encourage its locals to cooperate with school boards in reopening contracts with the goal of attaining a wage freeze. Over 85 percent of the approximately 360 school boards with existing teacher contracts agreements asked their local unions to reopen negotiations, according to an NJSBA survey. However, state Department of Education data, issued April 15, shows teachers agreed to wage freezes or other

salary concessions in only 20 districts.

In all, 145 districts have reported some number of staff – either administrators, teachers or support staff – accepting either a wage freeze or other compensation change.

Last week, Commissioner Schundler called on municipal governing bodies involved in budget review to approach teacher unions concerning the reopening of contracts.

“NJSBA believes most boards would welcome municipal governing bodies weighing in on the effort,” said Marie S. Bilik, NJSBA executive director. “However, the board is responsible for negotiating with the union and must be involved in every step of the process.”

Restoration Process In an April 22 memo to school board presidents and superin-

tendents, Schundler made note of school districts’ ability to apply to his office for restoration of school tax levy reductions made by the municipality following budget review.

“The Commissioner of Education is required to consider the appeal in an impartial manner and if proposed spending reductions would make it impossible for a school district to provide a through education to students, the Commissioner will support the district’s appeal,” he wrote.

No school districts exercised that option, which can be used under limited circumstances, in 2008. Only two districts filed for restoration last year. In 2008 and 2009, however, voters approved close to three-quarters of school budgets. With the majority of budgets defeated this year, more school boards may find it necessary to file appeals. 🍏

Toolkit

continued

Last Best Offer The toolkit would also restore local school boards' ability to implement their last best offer when negotiations are exhausted. That concept, prevalent in public sector labor law nationwide, was eliminated from New Jersey school district bargaining in 2003 as a result of legislation backed by the New Jersey Education Association (NJEA). Although seldom implemented, last best offer strengthened school boards' position in collective bargaining by providing a tool to counter union threats of job actions and by encouraging unions to bargain in earnest.

2.5% Cap Other toolkit components would provide relief from unfunded mandates and would establish a 2.5 percent hard cap on local government and school district property tax levies, as well as state government

operations. The cap would be established through a constitutional amendment presented to voters in November.

School tax levies are currently controlled by a 4 percent cap that provides exceptions for unanticipated cost increases and losses of revenue.

Pension Reform Significantly, the toolkit would extend to current employees some of the recent pension and benefit reforms that apply to newly hired school district staff. The changes would involve adjusting the method of calculating future pension credits and capping payment upon retirement for unused leave time.

The changes would go into effect August 1 and apply to pension credits earned, and retirements that take place, after that date. As a result, employees at or near retirement age may decide to leave their positions, giving school boards flex-

ibility in meeting staffing needs, according to the commissioner.

Schundler discounted NJEA statements that the changes would result in retirement of up to 30,000 teachers statewide, causing severe problems for school districts that would have to fill those positions a month before the start of school.

"New Jersey's teachers are not in the profession merely for free health care and because of their current pension benefits formula," he said. "The wonderful people we have in the system teach because they feel called to the noble work of teaching. Thus, if we do have a higher-than-usual number retire, it will be teachers who have been thinking about retiring in the next year or two..."

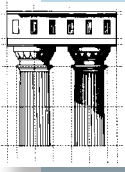
"Rest assured that the governor's toolkit will include reforms making it practicable for school districts to hire a higher-than-usual number of new teachers," Schundler testified.

"In fact, with the average salary and benefits costs for a teacher in his or her first three years of service only half that of a teacher nearing retirement, we could see districts enter the new school year with the same staffing levels they enjoy today despite over \$1 billion districts have lost in federal stimulus funds."

Election Change The toolkit would also move local school board member elections to the November General Election. It is not clear whether the legislation would also result in the elimination of the annual vote on the local school district base budget.

In the past, many local school board members opposed proposals that would require them to run for office in the partisan November elections.

NJSBA to Assess The toolkit legislation is still under development, and details about the proposals are not yet available, according to Schundler. Once the legislation is released, NJSBA will evaluate the proposals and implement a strategy to advocate local school boards' position on the bills. 🍎



Educational Leadership Foundation to Host Conference

The Educational Leadership Foundation of NJ (ELFNJ), in partnership with the New Jersey School Boards Association and the New Jersey Association of School Administrators (NJASA), is presenting a Leadership Conference at the NJASA/NJSBA Spring Conference.

The Leadership Conference is being held on Thursday, May 20, from 9 a.m. to 3:30 p.m., and will combine some of the best elements of the NJASA/NJSBA Spring Conference with training delivered by NJSBA professionals.

This program is being provided free of charge to the first 100 registrants, approved through a grant provided by ELFNJ. To register for this program, complete both the registration form and the grant application; a link that contains both forms is located under the "What's New" section of NJSBA's website, www.njsba.org. For more information, please e-mail info@elfnj.org.

Mandated Training Programs to Follow Delegate Assembly

The Governance II, III and IV programs will be held from 1 p.m. to 3 p.m. May 15 (registration at 12:30 p.m.) at the Wyndham Princeton Forrestal Hotel & Conference Center in Plainsboro, following NJSBA's Delegate Assembly.

The state's 2007 Accountability Act requires training for first-term board members in their first, second and third years of office, as well as for newly re-elected or reappointed members.

The May 15 Governance II, III and IV mandated programs are open to board members who fall into one of the following categories as of April 20:

- Governance II & III – Finance: For board members in their second and third years of their first term.
- Governance IV – Legal Update: For re-elected/reappointed board members.

In-person mandated training is offered free of charge. However web-based training, offered later in the year, will carry a \$50 fee. Download the registration form under the "What's New" section of the home page, www.njsba.org. More information on dates and locations for other 2010-2011 mandated training will be forthcoming; check the NJSBA website for details.

The Annual Delegate Assembly

**May 15, 2010 • 9:00 a.m. (Continental Breakfast 8:00-10:00 a.m.)
Wyndham Princeton Forrestal Hotel & Conference Center, Plainsboro**



The Delegate Assembly (DA) is more than an opportunity to vote on resolutions; it's a chance to work with board members across New Jersey to make a change in public education. If your delegate or alternate is not able to attend, please appoint a board member to attend in his/her place.

The Association received two resolutions which were approved for placement on the May 15, 2010 Delegate Assembly agenda. You may view the resolutions online at www.njsba.org/del_assembly.

The election of Officers to serve the Association in 2010-2012 will also be on the agenda, and will include the election of the next NJSBA president.

Registration is free for the delegate or alternate. Guests may attend for \$22 registration fee which includes a continental breakfast.

Register Online Now: www.njsba.org/del_assembly, or e-mail callcenter@njsba.org.

Annual School Budget Election Results by County Percentage of Budgets Approved, 2000-2010

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Atlantic	16.7	66.7	66.7	88.9	44.4	76.5	52.9	72.2	44.4	55.6	88.9
Bergen	74.3	74.3	78.4	86.5	75.7	86.4	82.7	71.6	83.8	93.2	97.3
Burlington	12.8	74.4	69.2	78.9	43.6	71.8	53.8	48.7	69.2	84.6	89.7
Camden	50.0	73.7	63.2	55.3	42.1	47.3	65.8	44.7	46.2	69.2	95.0
Cape May	64.7	76.5	76.5	88.2	64.7	76.5	70.6	70.6	68.8	100.0	94.1
Cumberland	28.6	86.7	73.3	80.0	53.3	80.0	73.3	60	73.3	86.7	73.3
Essex	75.0	75.0	81.3	85.7	81.3	75.0	81.3	87.5	93.8	93.8	93.8
Gloucester	33.0	77.8	63.0	74.1	37.0	63.0	59.3	55.6	44.4	74.1	85.2
Hudson	71.4	57.1	66.7	83.3	16.7	66.7	50	50	66.7	42.9	71.4
Hunterdon	17.9	51.7	55.2	72.4	51.7	55.2	75.9	34.5	53.2	72.4	79.3
Mercer	50.0	87.5	75.0	75.0	75.0	62.5	62.5	87.5	62.5	100.0	100.0
Middlesex	36.4	73.9	56.5	69.6	34.8	65.2	65.2	82.6	56.5	60.9	87.0
Monmouth	26.4	72.2	74.1	68.5	38.9	69.1	68.5	66.7	66.7	77.8	74.1
Morris	36.8	69.2	87.2	84.6	53.8	85.0	74.4	84.6	76.9	84.6	84.6
Ocean	39.2	75.9	75.9	79.3	58.6	75.9	75.9	65.5	69.0	96.6	96.6
Passaic	33.3	33.3	61.1	55.6	27.8	66.7	55.6	22.2	33.3	77.8	83.3
Salem	53.8	92.3	76.9	84.6	46.2	69.2	61.5	23.1	38.5	53.8	61.5
Somerset	11.8	89.5	73.7	76.5	57.9	52.6	68.4	63.2	52.6	84.2	84.2
Sussex	41.7	88.0	92.0	96.0	76.0	88.0	72	72	80.0	100.0	92.0
Union	63.2	73.7	89.5	78.9	57.9	73.7	84.2	52.6	73.7	78.9	100.0
Warren	31.8	78.3	82.6	95.7	56.5	69.6	69.6	69.6	69.6	73.9	95.7
State Results	41.3	73.3	73.6	78.3	53.4	70.7	69.8	62.2	65.4	81.1	88.0

Source: New Jersey county clerks, unofficial results



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SCHOOL BOARD NOTES

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Education by the Numbers

New Jersey's Annual School Elections

1,250,708 Total votes cast in 2010

538 Number of school budget elections, 2010

41.3 Percentage of school budgets that passed

599,685 Votes supporting school budget (47.9%)

651,023 Votes rejecting school budget (52.1%)

Voter turnout in Annual School Election

2010: 26.7 percent

2009: 15.0 percent

2008: 16.24 percent

2007: 15.56 percent

2006: 17.34 percent

2005: 16.07 percent

Sources: NJ Department of Education, NJSBA

C A L E N D A R

May 17

▶ Warren County School Boards Association (SBA) Spring Meeting, Greenwich Elementary School Media Center, Stewartsville, 7 p.m.

May 18

▶ Somerset County SBA Spring Meeting, Somerville Elks, Bridgewater, 6:30 p.m.

May 19

▶ Cumberland County SBA Spring Meeting, Cumberland County Technical Education Center Conference Room E -51, Bridgeton, 6:30 p.m.

May 19 - 21

▶ NJASA Spring Conference, Atlantic City

May 22

✓ The State of New Jersey's Schools, NJSBA Town Hall Meeting, Glassboro High School, Glassboro, 9:30 a.m. -11:45 a.m. (registration 9 a.m.)

▶ Learn@Lunch: "EdCamp Philadelphia 2010," online, www.njsba.org/learnat-lunch, scroll down to May 22, click the link to register for the program, 9 a.m.

▶ Denotes pre-registration required

✓ Denotes NJSBA Board Member Academy Training Program

For more information about county school boards association activities, go online to www.njsba.org and select the name of the appropriate county association.