

NEW JERSEY SCHOOL BOARDS ASSOCIATION

413 West State Street
Trenton, NJ 08618

1-888-886-5722

SEMIANNUAL DELEGATE ASSEMBLY
November 18, 2017

The following resolution was received from the
Middletown Township Board of Education (Monmouth):

WHEREAS, The Middletown Township Board of Education believes that it is detrimental to students, school programs, and local taxpayers to have the state reduce projected aid to school districts after school budgets have been adopted; and

WHEREAS, The Delegate Assembly is the official policymaking body of the New Jersey School Boards Association; and

WHEREAS, Education-related policies resulting from prior Delegate Assembly and Board of Directors actions are codified in the NJSBA’s *Manual of Positions and Policies on Education*; now, therefore, be it

1 RESOLVED, That the Middletown Township Board of Education proposes the following
2 additional policy language for adoption by the Delegate Assembly and inclusion
3 in NJSBA’s *Manual of Positions and Policies on Education*:

4
5 File Code 3100, under the section titled Timelines for School Budget Process,
6 ADD: The NJSBA believes that it is detrimental to students, school programs, and
7 taxpayers to have the state reduce projected school aid figures to school districts
8 after the Commissioner of Education notifies school districts of their state aid
9 entitlements by the statutory date of notification; and, be it further

10
11 RESOLVED, That the Middletown Township Board of Education proposes the following
12 revised policy language for adoption by the Delegate Assembly and inclusion in
13 NJSBA’s *Manual of Positions and Policies on Education*:

14
15 File Code 3220, under the section titled State School Finance System, paragraph
16 B., REVISE; 7. Provide state aid based on predictable, transparent and capable of
17 being recalculated at the local district level, in an amount no less than the amount
18 of state aid entitlements the Commissioner of Education provides to school
19 districts by the statutory date of notification; and, be it further

20
21 RESOLVED, That the Middletown Township Board of Education proposes the following
22 additional policy language for adoption by the Delegate Assembly and inclusion
23 in NJSBA’s *Manual of Positions and Policies on Education*:

24
25 File Code 3220, under the section titled State Aid to School Districts, ADD: The
26 NJSBA believes that it is detrimental to students, school programs, and taxpayers
27 to have the state reduce projected school aid figures to school districts after the

28 Commissioner of Education notifies school districts of their state aid entitlements
29 by the statutory date of notification; and, be it further
30
31 RESOLVED, That this resolution be placed on the agenda for consideration at the November
32 18, 2017 Delegate Assembly.

Adopted at a Special Voting meeting
Of the Middletown Township
Board of Education on August 23, 2017.

Amy P. Gallagher, CPA
Business Administrator/Board Secretary

RESOLUTION NO. 1

SYNOPSIS

Resolution No. 1 from the Middletown Board of Education (BOE) (Monmouth) proposes additional NJSBA policy opposing any reduction of a district's state aid amounts from the original preliminary amount statutorily provided by the New Jersey Department of Education (NJDOE) immediately following the Governor's Budget Address.

BACKGROUND

Each year, the New Jersey Department of Education (NJDOE) releases preliminary state aid numbers a few days following the Governor's Budget Address. Historically these numbers rarely change in the final budget; and when they do, it is usually an increase.

However, in the final FY2017 budget, approximately \$31 million was reallocated from some districts to others. Since the final state budget was not passed until July 4, many districts throughout the state had to revisit their FY2017-18 budget they had already passed. Middletown BOE was one of the districts that lost funds in the reallocation. Specifically, they lost \$356,772; two percent of their budget.

Middletown is seeking **additional** policy language as follows:

File Code 3100: Timelines for School Budget Process the following additional language be added: **The NJSBA believes** that it is detrimental to students, school programs, and taxpayers to have the state reduce projected school aid figures to school districts after the Commissioner of Education notifies school districts of their state aid entitlements by the statutory date of notification.

File Code 3220: Section State School Finance System, Section 7 be amended as follows (underlined language is new): Provide state aid based on predictable, transparent and capable of being re-calculated at the local district level, in an amount no less than the amount of state aid entitlements the Commissioner of Education provides to school districts by the statutory date of notification.

File Code 3220: State Aid to School Districts, the following language be **added**: **The NJSBA believes** that it is detrimental to students, school programs, and taxpayers to have the state reduce projected school aid figures to school districts after the Commissioner of Education notifies school districts of their state aid entitlements by the statutory date of notification.

RELEVANT NJSBA POLICY

File Code 3100: Timelines for School Budget Process

- A. **The NJSBA believes** that the development of school district budgets is a time intensive process, which requires that the state provide budget parameters and state aid figures in a timely fashion.
- C. **The NJSBA believes** that the Commissioner of Education should notify school districts of their state aid entitlements by the statutory date of notification. The Association supports

continued adherence to the statutory requirement that the Commissioner deliver state aid figures, within two days of the Governor's budget message;

File Code 3220: State School Finance System

B. The NJSBA believes that New Jersey's school finance system should:

7. Provide state aid based on predictable statutory formulas which is predictable, transparent and capable of being re-calculated at the local district level;
13. Be modified, as needed, through a comprehensive approach with input from NJSBA members;

DISCUSSION

Middletown BOE raises a legitimate concern; one that was relayed repeatedly by the NJSBA Government Relations Department to key decision makers in the Statehouse during the budget process. Although current policy allowed for NJSBA to advocate for districts receiving all of their preliminary state aid; specifically adding language addressing such a scenario is not without merit.

The fiscal calendar and the fact that local BOEs and the state government operate on the same fiscal year lends itself to potential instability. The NJSBA and the state should strive to mitigate such problems. The vast majority of BOEs rely in some measure on the state to provide some funding. And in order to properly function, BOEs need to adopt their budgets prior to July 1 of each year. Consequently, BOEs receiving state aid must assume the preliminary aid figures they are informed of at the beginning of the budget process is, at minimum, what they will receive. If the budget process that took place for the state this past year were to become commonplace, local BOE's budgetary processes would become chaotic and potentially unworkable.

However, it may be unnecessary to amend NJSBA policies three times to achieve these goals. Further, it may be problematic to ask delegates to vote on one resolution that amends NJSBA policy multiple times as delegates may support some of the amendments while opposing others.

The second part of Middletown's proposal seeks to amend existing policy language that speaks to transparency of the state aid calculation process. This section may not be the most appropriate to address Middletown's goals. Additionally, the section "State Aid to School Districts" that Middletown seeks to amend with the third part of their resolution speaks more to the components of a fair state funding system.

The essence of Middletown's resolution is not how state aid is calculated but rather the timeline of the state aid process. Consequently, it may be best to limit the resolution to first part which seeks to amend Timelines for School Budget Process.

STATEMENT OF REASONS

1. School districts must be able to expect they will receive the state aid amount they are told to build their budgets around when receiving preliminary numbers.
2. The timeline of the budget processes of both the state and local districts does not lend itself to last minute changes.

1 **RECOMMENDATION**

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3 The Resolutions Subcommittee recommends approval of this resolution with the following
4 substitute resolved language which would create **additional** policy language at File Code: 3100,
5 to be included in NJSBA’s *Manual of Positions and Policies on Education*:

6
7 **The NJSBA believes** that it is detrimental to students, school programs, and taxpayers to
8 have the state reduce projected school aid figures to school districts after the Commissioner
9 of Education notifies school districts of their state aid entitlements by the statutory date of
10 notification.