PROPERTY TAX CAPS AND SCHOOL BUDGETS

Property Tax Cap 4.0

Property Tax Cap 2.0
P.L. 2010 c. 44, 7/13/10

N.J.A.C. 6A:23A-10,11,12
Property Tax Cap 2.0

Property Tax Levy Cap: 2%

- School Districts
- Municipalities
- Counties
- Fire Districts
- Solid Waste Collection Districts

Limited Allowable Waivers - “Hard Cap”
Property Tax Cap 2.0

Charter Schools


School district of residence pays to charter school, for each resident enrolled student, 90% pre-budget year general fund tax levy per pupil, inflated by CPI
Property Tax Cap 2.0

- Tax Levy Cap Made Permanent
- Eliminated automatic adjustment for loss of state aid
- Eliminated Commissioner Waivers
- Adjustments for enrollment increases, pension costs, health benefit costs
Property Tax Cap 2.0

Eliminated Commissioner Waivers

- NJQSAC/NCLB - Failure to meet CCCS; Needed Programs and Services
- Energy Cost Increases Over 4%
- Capital Outlay Increases Over 4%
Property Tax Cap 2.0

Eliminated Commissioner Waivers

• Appropriation of Non-Recurring Revenues, Surplus

• Non-Health Insurance Cost Increases Over 4%

• Hazardous Route Transportation Cost Increases Over 4%
Property Tax Cap 2.0

Eliminated Commissioner Waivers

• Special Education – Per Pupil Costs Over $40,000, Increases Over 4%

• Tuition Increases – Sending-Receiving/ Vo-Tech Over 4%

• Opening a New Facility

• Emergency; student health, safety, welfare
Property Tax Cap 2.0

- Second ballot questions approved by simple majority
- Cap banking restored – next three succeeding budget years
Enrollment Increase Adjustment

- **Per Pupil Pre-Budget Year Adjusted Tax Levy**
- **Weighted Student Adjustment**
  - 0.00 – Below 1%
  - 0.50 – 1% to 2.5%
  - 0.75 – 2.5% to 4%
  - 1.00 – Over 4.0%
- **Commissioner Approval - 1.0 for all Average Class Size 10% Above Facilities Efficiency Standards**
- **DOE Enrollment Projections**
Health Care Cost Increase Adjustment

- Increase from Pre-Budget Year Budgeted Amount over 2% - Health, Prescription Only
  
  Less Current Expense
  Emergency Reserve
  Appropriation

- Not Greater than Average SEHBP Percentage Increase – 7.6% in 2016-2017
Pension Cost Increase Adjustment

• Increase in normal and accrued liability pension contributions for the budget year that exceed pre-budget year contributions by more than 2%

• Public Employees Retirement System (PERS)
Second Ballot Questions

- Must be included in preliminary budget
- Proposals may not include programs and services necessary to achieve core curriculum content standards, Commissioner exception
Second Ballot Questions

- Interpretive statements must identify program purposes and include whether approval will result in permanent tax levy increase.
- Executive County Superintendent must approve before submission to the voters; may disapprove if all potential efficiencies are not met.
Second Ballot Questions

- Voter Approval – majority vote
- If defeated, no appeal
- If defeated, may not modify base budget; donation exception
New Jersey School Funding Laws

Robinson v. Cahill - 1973
Public School Education Act of 1975
Chapter 212

Abbott v. Burke II - 1990
Quality Education Act of 1990
QEA
New Jersey School Funding Laws

Abbott v. Burke III - 1994
Comprehensive Education Improvement and Financing Act (1996)
CEIFA

Abbott v. Burke IV – 1997
State Aid

School Funding Reform Act of 2008
SFRA 2008


School Funding Reform Act of 2008

Equalization Aid

*N.J.S.A. 18A:7F-52*

Equality Aid =

Adequacy Budget – Local Share
School Funding Reform Act of 2008

Charter Schools


School district of residence pays to charter school, for each resident enrolled student, a percentage of certain state aid
School Funding Reform Act of 2008

Adequacy Budget - 2016-2017

- Base Cost – Weighted Enrollment +
- At-Risk Cost +
- LEP Cost +
- Combined Cost +
- Special Education Census (2/3) X
- Geographic Cost Adjustment
School Funding Reform Act of 2008

Adequacy Budget - 2016-2017

• Base Per Pupil Amount - $ 11,009
• Grade Level Weights
  
  Kindergarten (1/2) 0.5
  Kindergarten (full) 1.0
  Elementary (K-5) 1.0
  Middle School (6-8) 1.04
  High School (9-12) 1.16
  Vocational –Technical (9-12) 1.25
School Funding Reform Act of 2008

Adequacy Budget - 2016-2017

- **Base Per Pupil Amount** - $11,009
- **LEP Weight** - 0.47
- **At-Risk Weights**
  - Below 20% - 0.41
  - 20 - 40% - 0.41 to 0.46
  - Above 40% - 0.46
- **Combined Weight** – At Risk + 0.0990
School Funding Reform Act of 2008

Special Education Census – 2016-2017

• State Average Classification Rate, General Special Education Services – 14.92%
• Average Excess Costs, General Special Education Services - $17,034
• State Average Classification Rate, Speech-Only Students – 1.63%
• Average Excess Costs, Speech Only - $1,159
• 2/3 Special Education Aid Equalized
School Funding Reform Act of 2008

Education Adequacy Report

*N.J.S.A. 18A:7F-46*

- First report to be issued September 1, 2010 and then every 3 years thereafter.
- Amounts established are increased by CPI in each of the next two succeeding years.

Base Per Pupil Amount

FY 2009 - $9,649, FY 2014 - $11,009, FY 2017 - $11,009
Local Share Calculation

\[ \frac{1}{2} \text{(Equalized Valuation} \times \text{Statewide Property Value Rate)} + \frac{1}{2} \text{(School District Income} \times \text{Statewide Income Rate)} \]
School Funding Reform Act of 2008

Equalization Aid


Equalization Aid =

Adequacy Budget – Local Share
School Funding Reform Act of 2008

Charter Schools


School district pays to charter school for each resident enrolled student:

90% Equalization aid per pupil
School Funding Reform Act of 2008
Additional State Aid 2016-2017

• Preschool Education Aid - N.J.S.A. 18A:7F-54
  In-District - $ 12,778
  Private Provider - $ 14,375
  Head Start $ 7,943


  Categorical portion 1/3 special education census
School Funding Reform Act of 2008

Charter Schools

School district pays to charter school for each resident enrolled student:

• 100% Preschool education aid
• Percentage of special education 
  categorical aid; % of district’s special education students enrolled in charter
School Funding Reform Act of 2008

Additional State Aid 2016-2017

• Extraordinary Special Education Aid
  – Inclusion, in-district public, $ 40,000, 95%
  – Separate, in-district public, $ 40,000, 75%
  – Separate private providers, $ 55,000, 75%
School Funding Reform Act of 2008

Additional State Aid 2016-2017

- **Security Categorical Aid** – *N.J.S.A. 18A:7F-56*
  
  $77 per student + up to $452 per at-risk student
  
  Charter schools receive security categorical aid attributable to pupil

- **Transportation Aid** – *N.J.S.A. 18A:7F-57*

  Mileage, # students, incentive factor

New Jersey School Boards Association www.njsba.org
School Funding Reform Act of 2008

Additional State Aid 2016-2017

  2% Increase 08-09, Hold harmless 09-10, 10-11

  Educational Opportunity Aid in 07-08 plus several other criteria

School Funding Reform Act of 2008

State Aid Limitation – Stabilization Aid


- Stabilization Aid – Equalization, Special Education Categorical, Security, Transportation, Adjustment

- State Aid Growth Limit – Statute – Above Adequacy 10%, Below Adequacy 20%

- State Aid Growth Limit – Appropriations Act
  2009-10 Above Adequacy – 0%, Below Adequacy 5%
  2010-11 Above Adequacy – 0%, Below Adequacy 0%
School Funding Reform Act of 2008
SFRA 2016 -2017

• Equalization Aid, Educational Adequacy Aid, Adjustment Aid, Preschool Education Aid, School Choice Aid, Security Aid, Special Education Categorical Aid, Supplemental Enrollment Growth Aid, Transportation Aid, Under Adequacy Aid, PARCC Readiness, Per Pupil Growth Aid, Professional Learning Community Aid, and Host District Support Aid shall be as set forth in the February 2016 State Aid notice issued by the Commissioner of Education.

• Host District Support Aid
• Lead Testing in the Schools
• Non-Public School Security Aid
School Funding Reform Act of 2008

SO WHAT HAPPENED?!?!?!?!

- The Great Recession
- Taxation Priorities
- Tax Revenues:
  - FY2008 $32.6 Million
  - FY2015 $33 Million
School Funding Reform Act of 2008

SO WHAT HAPPENED?!?!?!?!

Adjustment Aid (AKA Hold Harmless)

• Abbott XX (2009) and XXI (2011)
  – $500 Million restored. Limited to districts “with standing.”

• Adjustment Aid Totals:
  – FY2009- $850 Million
  – FY2017- $550 Million*
  • $15.8 Million in Additional Adjustment Aid
School Funding Reform Act of 2008

SO WHAT HAPPENED?!?!?!?!

NEW AID CATEGORIES (FY 2017 Totals)

- PARCC Readiness- $13.5 Million
- Per Pupil Growth Aid- $13.5 Million
- Professional Learning Community Aid $13.4 Million
- Host District Support Aid (Charter Hold Harmless) $25.8 Million
- Additional Adjustment Aid $15.8 Million
- Supplemental Enrollment Growth Aid $4 Million
School Funding Reform Act of 2008

SO WHAT HAPPENED?!?!?!?!

“Under this plan, every single school district will have increased funding.” - Governor Christie 2016 Budget Address

“And we will ensure that every one of our nearly 600 school districts receives an increase.” - Governor Christie 2014 Budget Address

“With this budget, 378 school districts will see funding increases and no district in New Jersey will experience a decline in K-12 formula school aid” – Governor Christie 2013 Budget Address

“Last year, my budget provided an increase for every school district in New Jersey. In the budget I am putting before you today, I propose to increase school aid above last year’s level” – Governor Christie 2012 Budget Address

“…we will increase education aid to every school district in the state.” – Governor Christie 2011 Budget Address
Reforms of 2016

Governor Christie’s “Fairness Formula”

- (Student Population) * $6,599 = “State Aid”
- “…each public school district receiving $6,599 per enrolled student, while continuing aid for special needs students.”
- Need to amend the “thorough and efficient” clause of the constitution.
- http://nj.gov/governor/taxrelief/
Reforms of 2016

Senator Sweeney’s “Formula4Success”

Builds on SFRA. Creates “School Funding Fairness Commission” to review:

- The fairness of Adjustment Aid and State Aid Growth Limit;
- The Tax Levy Cap’s impact on school districts’ to adequately fund operating expenses;
- The Administrative Costs Limit’s impact on school district staffing/operations;
- The measures used to determine a school district’s Local Share and the impact of Tax Abatements;
- The ability of a district at or above adequacy to Lower Property Taxes if additional aid is provided; and
- The use of census-based funding for Special Education.
School Funding 101

QUESTIONS