

## CHAPTER 275

AN ACT concerning the Governor's budget message, amending P.L.1944, c.112 and amending and supplementing P.L.1996, c.138.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 11 of article 3 of P.L.1944, c.112 (C.52:27B-20) is amended to read as follows:

C.52:27B-20 Governor's budget message; presentment form.

11. The Governor shall examine and consider all requests for appropriations, together with the findings and recommendations of the Director of the Division of Budget and Accounting, and shall formulate the Governor's budget recommendations, which shall be presented as a budget message by the Governor during an appearance before a joint session of the Legislature which shall be convened at 12 noon on a date on or before the fourth Tuesday in February in each year.

The budget message shall include the proposed complete financial program of the State Government for the next ensuing fiscal year, and shall set forth in columnar form detailed as to each source of anticipated revenue and the purposes to which the recommended appropriations and permissions to spend shall apply for each spending agency in substantially the following form:

A. Revenues for the General Fund, other budgeted State revenues, all other dedicated funds, Federal aid funds, and trust funds:

(1) An estimate of all balances to be on hand on the first of July next ensuing which are to be available for appropriations, supported by the calculations used in arriving at the estimated figures;

(2) An estimate of the anticipated revenues from all sources applicable to the budget period, together with the actual amount earned from each source during the last completed fiscal year, and the estimate of revenues expected to be earned from each source for the current fiscal year.

B. (Deleted by amendment, P.L.2003, c.275).

C. Appropriations. The total of the appropriations recommended for the ensuing fiscal year in substantially the following form:

Detailed Budget:

(1) An itemized statement of all appropriation requests and requests for permission to spend from the General State Fund, other budgeted State revenues, other dedicated funds and Federal aid and trust funds;

(2) An itemized statement of the amounts recommended by the Governor with respect to item "1" above;

(3) An itemized statement of all amounts appropriated and permissions granted for the current fiscal year with respect to item "1" above;

(4) An itemized statement of all amounts appropriated and permissions granted for the last preceding fiscal year with respect to item "1" above detailed as to annual and supplemental appropriations, transfers of appropriations, State Emergency Fund allotments, and permission to spend, as the case may be, and showing also total expenditures, reserves, lapses and unencumbered balances;

(5) In addition, such other statistical information as may more fully show comparisons and costs of the several departments.

2. Section 6 of P.L.1996, c.138 (C.18A:7F-6) is amended to read as follows:

C.18A:7F-6 Approval of budget by commissioner.

6. a. The commissioner shall not approve any budget submitted pursuant to subsection c. of section 5 of this act unless he is satisfied that the district has adequately implemented within the budget the thoroughness and efficiency standards set forth pursuant to section 4 of this act. In those instances in which a district submits a budget set at less than its minimum T&E budget, the commissioner may, when he deems it necessary to ensure implementation of standards, direct additional expenditures, in specific accounts and for specific purposes, up to the district's T&E budget. A district which submits a budget set at less than its minimum T&E budget and which fails to meet core curriculum content standards in any school year shall be required to increase expenditures so as to meet at least the minimum T&E budget within the next two budget years.

In those instances in which a district submits a budget at or above its minimum T&E budget, the commissioner may likewise, when he deems it necessary to ensure implementation of standards, direct additional expenditures, in specific accounts and for specific purposes, up to the T&E budget. In all cases, including those instances in which a district submits a budget above its T&E budget, up to and including its maximum T&E budget, the commissioner may direct such budgetary reallocations and programmatic adjustments, or take such other measures, as he deems necessary to ensure implementation of the required thoroughness and efficiency standards.

b. In addition, whenever the commissioner determines, through the results of Statewide assessments conducted pursuant to law and regulation, or during the course of an evaluation of school performance conducted pursuant to section 10 of P.L.1975, c.212 (C.18A:7A-10), that a district, or one or more schools within the district, is failing to achieve the core curriculum content standards, the commissioner may summarily take such action as he deems necessary and appropriate, including but not limited to:

- (1) directing the restructuring of curriculum or programs;
- (2) directing staff retraining or reassignment;
- (3) conducting a comprehensive budget evaluation;
- (4) redirecting expenditures;
- (5) enforcing spending at the full per pupil T&E amount; and

(6) notwithstanding any provisions of the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), to the contrary, reviewing the terms of future collective bargaining agreements.

For the purpose of evaluating a district's results on Statewide assessments pursuant to this subsection, the commissioner shall limit the use of these actions to those instances in which a school in a district has experienced at least three consecutive years of failing test scores.

The commissioner shall report any action taken under this subsection to the State board within 30 days. A board of education may appeal a determination that the district is failing to achieve the core curriculum content standards and any action of the commissioner to the State board.

Nothing in this section shall be construed to limit such general or specific powers as are elsewhere conferred upon the commissioner pursuant to law.

Nothing in this act shall be deemed to restrict or limit any rights established pursuant to the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), nor shall the commissioner's powers under this act be construed to permit the commissioner to restrict, limit, interfere with, participate, or be directly involved in collective negotiations, contract administration, or processing of grievances, or in relation to any terms and conditions of employment. This provision shall apply to a State-operated school district only after the terms and conditions of a contract have been finalized.

c. Each Abbott district shall submit its proposed budget for the next school year to the commissioner not later than the date prescribed for submission of all school district budgets pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5). The review of the budget shall include, but not be limited to, an assessment of efforts to reduce class sizes, increase the breadth of program offerings, and direct funds into the classroom. If the commissioner determines during the review of an Abbott district budget that funds are not appropriately directed so that students in the districts are provided the educational opportunity to meet the core curriculum content standards, the commissioner shall direct the reallocation of funds within the budget. The commissioner shall approve any transfer of funds from instructional accounts to non-instructional accounts. In addition, if the commissioner directs the reallocation of funds from or between instructional accounts or from or between non-instructional accounts in the proposed budget, the district shall not transfer any funds to or from those accounts that were subject to reallocation without the prior approval of the commissioner. The commissioner shall, for any Abbott district, when he deems it necessary to ensure implementation of the thoroughness standards, direct additional expenditures above the T&E budget in specific accounts and for specific purposes, up to the maximum T&E budget without approval of the local voters or board of school estimate, as applicable.

d. In addition to the audit required of school districts pursuant to N.J.S.18A:23-1, the

accounts and financial transactions of any school district in which the State aid equals 80% or more of its net budget for the budget year shall be directly audited by the Office of the State Auditor on an annual basis.

e. Notwithstanding any provision of law to the contrary, in the review of a school district's budget pursuant to subsection c. or e. of section 5 of this act, the commissioner shall not eliminate, reduce, or reallocate funds contained within the budget for pupil transportation services provided pursuant to N.J.S.18A:39-1.1 nor require the district to eliminate these funds from the base budget and to submit a separate proposal to the voters or board of school estimate pursuant to paragraph (9) of subsection d. of section 5 of this act for the inclusion of the funds within the proposed budget. The decision to provide such pupil transportation services shall be made by the board of education of the school district. In the case of a school budget that is defeated by the voters or a budget that is not approved by the board of school estimate, that decision shall be made in consultation with the municipal governing body or board of school estimate, as appropriate, or, in the case of a regional district, the municipal governing bodies.

C.18A:7F-5c Adjustments to school budget calendar, notification of nontenured personnel.

3. Notwithstanding any other law to the contrary, the Commissioner of Education is authorized to make any adjustments to the school budget calendar and to the date for the notification of nontenured personnel pursuant to section 1 of P.L.1971, c.436 (C.18A:27-10) that are necessary to conform with the State aid notification date.

4. This act shall take effect immediately.

Approved January 14, 2004.