

# MEMO

To: Members of the Board of Education

From: Robert H. Davis

Copy: Dr. Mark Toback, Mr. Walter Rusak, Mr. Peter Carter, Mr. Michael Donow

Date: March 8, 2011

Re: Required Local Share and Minimum Tax Levy

Ms. Theresa Minutillo, Chairperson of the Finance Committee, has requested that I provide information to the full board relative to the minimum tax levy required as a local share to meet the educational adequacy standard. In essence, state law defines the amounts of money that are required on a per pupil basis for weighted pupil enrollments to determine what is the amount of money each district should spend to provide a thorough and efficient system of education for each pupil. Each districts property value and income levels determine what the district local share (property tax levy) should be. If the local share required to attain the “adequacy budget” is not met (i.e. the district is below adequacy), then the district must budget a local levy equal to the previous budget year. This is its minimum tax levy. Her three questions were:

- 1) Have I verified the numbers?
- 2) Have I contacted the county office for their confirmation?
- 3) Could I provide the board with a copy of the statute?

In response to those questions, please be advised as follows:

## **Question #1**

I have checked the statistical information provided by the state in its state aid notifications and worksheets as well as the data provided in the computerized budgetary software downloaded to us and find no errors in the numbers provided.

## **Question #2**

I have contacted the office of the Hudson County Executive Superintendent of Schools and they have confirmed that the minimum tax levy provision in question is correct. They indicated that since the requirement is from the statutes and not the code, no one except the legislature can alter the provision. The statute is clear in that the requirement states “shall” and not “may”. It is mandatory and not permissive.

### **Question #3**

The state aid law is 18A:7F-5 through 18A:7F63 (59 sections, 39 pages of detailed definitions and formulas).

18A:7F-5(b) states “**Each district shall have a required local share.** For districts that receive educational adequacy aid pursuant to subsection b. of section 16 of P.L. 2007, c. 260 (C.18A:7F-59), the required local share shall be calculated in accordance with the provisions of that subsection.

For all other districts, **the required local share shall equal the lesser of the local share calculated at the district’s adequacy budget pursuant to section 9 of P.L. 2007, c. 260 (C.18A:7F-52), or the district’s local share for the prebudget year.**

In order to meet this requirement, **each district shall raise a general fund tax levy which equals its local share.**

**No municipal governing body** or bodies or board of school estimate, as appropriate, **shall certify a general fund tax levy which does not meet the required local share provisions of this section.”**

The information is therefore correct and mandatory as incorporated into the preliminary budget document. At the current time, there are 205 school districts in New Jersey who have a mandated minimum tax levy equal to the prior years levy, 24 more than last year.

If you have any further questions or require any additional information, please do not hesitate to let me know.