

SCHOOL DISTRICT OF SOUTH ORANGE AND MAPLEWOOD, NEW JERSEY
PUBLIC BOARD MEETING
May 13, 2013

RESOLUTION 3029

FOR ACTION

**SUBJECT: OPPOSE PROPOSED FY 2014 SCHOOL DEVELOPMENT AUTHORITY
ASSESSMENT**

WHEREAS, beginning in Fiscal Year 2011, the State began assessing a fee equal to 15 percent of the debt service it incurred to provide construction grants to regular operating districts through the Educational Facilities Construction and Financing Act of 2000; and

WHEREAS, the so-called School Development Authority (SDA) assessment for FY2013 totaled \$20.9 million for all regular operating districts; and

WHEREAS, the proposed budget for FY2014 includes an SDA assessment of \$33.95 million, an increase of 62 percent; and

WHEREAS, for a significant number of school districts, the assessment results in a net loss in available revenue to fund educational programs; and

WHEREAS, the Educational Facilities Construction and Financing Act of 2000, at N.J.S.A. 18A:7G-14h, gives the state authority to charge only for administrative and organizational costs related to the financing of its grants; and

WHEREAS, neither the aforementioned act nor any subsequent law authorizes the state to assess fees associated with the principal and interest incurred in financing the construction grants; and

WHEREAS, the so-called SDA assessments run contrary to the stated goals of the 2000 construction act, which included providing non-Abbott districts with up-front grants to reduce the long-term debt incurred by local property taxpayers to support school construction and renovations; and

WHEREAS, the proposed FY 2014 SDA assessments are based on calculations made in December 2012 and not in January 2013, when the state's debt service payments had been substantially lowered through refinancing of some of the debt; and

WHEREAS, using the more recent estimates would result in a statewide SDA assessment of \$25.8 million for regular operating districts, a reduction of over \$8 million from the assessment included in the proposed FY2014 budget, and

WHEREAS, the state Senate and General Assembly are currently deliberating over the proposed FY2014 budget. Now, therefore be it

RESOLVED, that the South Orange Maplewood Board of Education urges the state Legislature to amend the proposed FY2014 state budget to relieve regular operating school districts from the burdensome SDA assessments now reflected in appropriations act; and be it further

RESOLVED, that copies of this resolution be forwarded to Governor Chris Christie, Senate President Steve Sweeney, Assembly Speaker Sheila Oliver, Senate Budget and Appropriations Committee Chairman Paul Sarlo, Assembly Budget Committee Chairman Vincent Prieto, state Senator Richard Codey and Assembly Representatives Mila Jasey and John McKeon; and be it further

RESOLVED, that that copies of this resolution also be forwarded to the New Jersey School Boards Association and the Essex County School Boards Association.