

rate, individual and unincorporated business tax returns both for New York State and New York City.

New Jersey—State Board of Education May Readjust Local School Budgets

New Jersey's present system of funding school district budgets are primarily from local property taxes and secondarily from state aid which is distributed on the basis of each school district budget. In 1973 the New Jersey Supreme Court declared the system to be unconstitutional because it violates the requirements of:

1. The New Jersey constitution Art. 8 § 4 for maintenance and support of thorough and efficient system of free public schools and

2. Art. 1 guaranteeing equal protection of laws (as well as the U.S. Constitution Art. XIV, § 1). As it stands now, the system discriminates against pupils in districts with low real property wealth, both

urban and rural, and against taxpayers by imposing unequal tax burdens.

In recent developments the New Jersey Supreme Court has upheld the constitutionality of the Public School Education Act of 1975 (P.L. 1975, C. 212) which provides that the State Board of Education is not providing its students with a "thorough and efficient" education as required by the state constitution. The Board can then go to court to increase the district's school budget (*Robinson v. Cahill*, N.J. Sup. Court A-96, Sept. Term, 1975, January 30, 1976).

In a prior decision, the New Jersey Supreme Court included a court-ordered provisional remedy due to the failure of the legislature to enact proper school aid funding. This provisional remedy for the 1976-1977 school year is a redistribution of state school aid funds, which include the following: (1) minimum support aid, (2) save-harmless funds, (3) building aid, (4)

atypical pupils aid, (5) transportation aid and, (6) pension fund contributions.

Minimum aid and save-harmless aid are to be redistributed according to incentive equalization aid formulas (*Robinson v. Cahill* 67 N.J. 333, 339 A 2d 193 (1975)).

As of April 20, 1976 the legislature has not enacted provisions for the full funding of the state aid provisions of the 1975 Act for school year 1976-1977. The New Jersey Senate is now considering a personal income tax bill which was passed by the Assembly on March 16, 1976. The proposed tax would replace the unearned income tax and income taxes on commuters from New York and Pennsylvania. The tax would begin to operate on April 1, 1976. Presumably, it is for this reason that the New Jersey Supreme Court has not issued an order to the legislature to show cause why it should not order a redistribution of school aid money or injunctive relief.Ω

An Unrealistic View of CPA-Client-Shareholder Relations

Efforts to adopt to the changing conditions in society, or to the changing conditions of individual clients, are under peculiar constraints in public accounting. In medicine and law, service to the individual client is the accepted rule. However, in public accounting it is considered dirty to be responsive to the client. CPAs are supposed to look to the needs of the user, the shareholder, the creditor and the government. When they do this—unlike the other professions—they approach clients in toto and not individually, and as a result they become relatively immune to the rights of any particular segment. In other words, they sacrifice the interests of the shareholders of GM, IBM and ITT as they seek to do the greatest good for the greatest number.

This diffusion of accounting services is even broadened to satisfy the needs of prospective shareholders. All the statutory and regulatory, if not legal concerns, seem to be with respect to shareholders as a group, both present and prospective. One could build a strong case to the effect that accounting's primary obligation is to the present shareholders, to protect their value and not make write-downs that are going to be corrected in the future for the benefit of prospective shareholders. Many investors might have bought only because they sensed that this sequence would, in fact, take place.—Excerpt from "Preserving the Capability for Accounting Change," Dudley E. Browne. *Management Accounting*, February 1972.