

# ASSEMBLY, No. 5575

## STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED JUNE 5, 2023

**Sponsored by:**

**Assemblyman CRAIG J. COUGHLIN**  
**District 19 (Middlesex)**

**Co-Sponsored by:**

**Assemblymen S.Kean and Thomson**

**SYNOPSIS**

Establishes exemption from State school aid reductions for certain school districts.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/30/2023)**

A5575 COUGHLIN

2

1 AN ACT concerning State school aid and amending P.L.2018, c.67.

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

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6 1. Section 4 of P.L.2018, c.67 (C.18A:7F-68) is amended to read  
7 as follows:

8 4. a. Notwithstanding the provisions of P.L.2007, c.260  
9 (C.18A:7F-43 et al.) or any other law to the contrary, in the  
10 2019-2020 through 2024-2025 school years, a school district or  
11 county vocational school district in which the State aid differential  
12 calculated is negative shall receive State school aid in an amount  
13 equal to the sum of the district's State aid in the prior school year  
14 plus the district's proportionate share of the sum of any increase in  
15 State aid included in the annual appropriations act for that fiscal  
16 year and the total State aid reduction pursuant to subsection b. of  
17 this section based on the district's State aid differential as a percent  
18 of the Statewide total State aid differential among all school  
19 districts and county vocational school districts for which the State  
20 aid differential is negative. Any increase in State aid pursuant to  
21 this subsection shall first be allocated to equalization aid, followed  
22 by special education categorical aid, security categorical aid, and  
23 transportation aid, except that no category shall exceed the total  
24 amount as calculated in accordance with the provisions of sections  
25 11, 13, 14, and 15 of P.L.2007, c.260 (C.18A:7F-53, C.18A:7F-55,  
26 C.18A:7F-56, and C.18A:7F-57), respectively.

27 b. Except as provided pursuant to subsection c. of this section,  
28 and notwithstanding the provisions of P.L.2007, c.260  
29 (C.18A:7F-43 et al.) or any other law to the contrary, in the  
30 2019-2020 through 2024-2025 school years, a school district or  
31 county vocational school district in which the State aid differential  
32 is positive shall receive State school aid in an amount equal to the  
33 district's State aid in the prior school year minus a percent of the  
34 State aid differential according to the following schedule:

- 35 (1) 13 percent in the 2019-2020 school year;  
36 (2) 23 percent in the 2020-2021 school year;  
37 (3) 37 percent in the 2021-2022 school year;  
38 (4) 55 percent in the 2022-2023 school year;  
39 (5) 76 percent in the 2023-2024 school year; and  
40 (6) 100 percent in the 2024-2025 school year.

41 c. (1) An SDA district that is located in a municipality in  
42 which the equalized total tax rate is greater than the Statewide  
43 average equalized total tax rate for the most recent available  
44 calendar year and is spending below adequacy as calculated  
45 pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70) shall not be

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 subject to a reduction in State aid pursuant to subsection b. of this  
2 section.

3 (2) An SDA district that is located in a municipality in which  
4 the equalized total tax rate is greater than the Statewide average  
5 equalized total tax rate for the most recent available calendar year  
6 and is spending above adequacy as calculated pursuant to section 1  
7 of P.L.2018, c.67 (C.18A:7F-70) shall be subject to a reduction not  
8 to exceed the amount by which the district is spending above  
9 adequacy multiplied by the corresponding percentage included in  
10 subsection b. of this section.

11 (3) A school district, other than an SDA district, that is located  
12 in a municipality in which the equalized total tax rate is at least 10  
13 percent greater than the Statewide average equalized total tax rate  
14 for the most recent available calendar year and is spending at least  
15 10 percent below adequacy as calculated pursuant to section 1 of  
16 P.L.2018, c.67 (C.18A:7F-70) shall not be subject to a reduction in  
17 State aid pursuant to subsection b. of this section.

18 (4) A school district that is a participating district under an  
19 application that is approved for a grant pursuant to subsection a. of  
20 section 4 of P.L.2021, c.402 (C.18A:13-47.4) or a school district  
21 that is a participating district under an application that receives  
22 preliminary approval pursuant to subsection b. of section 4 of  
23 P.L.2021, c.402 (C.18A:13-47.4) and that has a State aid  
24 differential that is positive may elect to receive State school aid in  
25 an amount equal to the district's State aid in the prior school year  
26 minus a percent of the State aid differential according to the  
27 following schedule:

- 28 **[(1)]** **(a)** 30 percent in the 2021-2022 school year;  
29 **[(2)]** **(b)** 37 percent in the 2022-2023 school year;  
30 **[(3)]** **(c)** 46 percent in the 2023-2024 school year;  
31 **[(4)]** **(d)** 55 percent in the 2024-2025 school year;  
32 **[(5)]** **(e)** 65.5 percent in the 2025-2026 school year;  
33 **[(6)]** **(f)** 76 percent in the 2026-2027 school year;  
34 **[(7)]** **(g)** 88 percent in the 2027-2028 school year; and  
35 **[(8)]** **(h)** 100 percent in the 2028-2029 school year.

36 A school district with a State aid differential that is positive,  
37 which is a participating district under an application that is  
38 approved for a grant pursuant to subsection a. of section 4 of  
39 P.L.2021, c.402 (C.18A:13-47.4) or that receives preliminary  
40 approval under subsection b. of section 4 of P.L.2021, c.402  
41 (C.18A:13-47.4) but has not created or joined a limited purpose or  
42 all purpose regional school district within two years following the  
43 grant application approval or preliminary approval shall not be  
44 eligible to receive State aid according to the schedule enumerated in  
45 this paragraph.

46 As used in this paragraph, "participating district" means a school  
47 district whose board of education by resolution certifies a

1 commitment to participate in a feasibility study submitted as part of  
2 an application under the grant program established pursuant to  
3 section 2 of P.L.2021, c.402 (C.18A:13-47.2).

4 (5) Notwithstanding the provisions of section 32 of P.L.1996,  
5 c.138 (C.18A:7F-32) or any other law, rule, or regulation to the  
6 contrary, a school district that is a regional school district created  
7 following the approval of a grant application pursuant to section 4  
8 of P.L.2021, c.402 (C.18A:13-47.4) shall, from the first full school  
9 year following the creation of the regional school district through  
10 the 2028-2029 school year, receive State school aid in an amount  
11 that is the greater of:

12 (a) the amount of State school aid that the newly created  
13 regional school district would receive as a regional school district;  
14 or

15 (b) the sum of the amount of State school aid received by each  
16 school district constituting the newly created regional school  
17 district prior to the creation of such regional school district.

18 (6) A school district shall not be not be subject to a reduction in  
19 State aid pursuant to this section provided that:

20 (a) the district is a regional school district consisting of at least  
21 five constituent school districts;

22 (b) the district has mitigated costs of regionalization, as  
23 determined by the Commissioner of Education;

24 (c) for the most recent school year for which data is available,  
25 the district's administrative costs per pupil are 15 percent lower  
26 than the Statewide average administrative costs per pupil for  
27 regional school districts; and

28 (d) the district's general fund tax levy has been increased by the  
29 maximum amount permitted pursuant to section 3 of P.L.2007, c.62  
30 (C.18A:7F-38) in each of the last five school years.

31 A school district that is exempt from a reduction in State aid  
32 pursuant to paragraph (6) of subsection c. of this section shall  
33 provide courtesy busing to pupils who reside in the district,  
34 provided that the district was providing courtesy busing prior to the  
35 school year in which it is exempt from a reduction in State aid.

36 d. Any decrease in State aid pursuant to subsection b. or c. of  
37 this section shall first be deducted from a school district's or county  
38 vocational school district's allotment of adjustment aid. Any  
39 additional reduction shall be deducted from the school district's or  
40 county vocational school district's allotment of non-SFRA aids,  
41 followed by equalization aid, special education categorical aid,  
42 security aid, and transportation aid.

43 e. Any remaining adjustment aid or non-SFRA aids shall be  
44 reallocated to other State aid categories in a manner to be  
45 determined by the commissioner.

46 (cf: P.L.2021, c.402, s.22)

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48 2. This act shall take effect immediately.

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STATEMENT

This bill provides an exemption from reductions in State school aid for certain school districts.

Under current law, a school district may experience a reduction in State school aid if the difference between the district's aid from the prior year and the district's aid as calculated by the School Funding Reform Act of 2008 is positive. Current law provides for exemptions for certain school districts.

This bill adds an exemption from State school aid reductions for a school district that: is a regional school district comprised of five or more constituent school districts; has mitigated the costs of regionalization as determined by the Commissioner of Education; spends 15 percent less in administrative costs per pupil than the Statewide average for regional school districts; and has increased the district's general fund tax levy by the maximum amount permitted by statute in each of the last five years. As a condition of being exempt from State aid reductions, an eligible district is prohibited from eliminating courtesy busing to students who reside in the district. Courtesy busing is the transporting of students who do not live remote from school, which is defined under State law as being more than two miles from the school of attendance for students enrolled in grades kindergarten through eight and more than 2.5 miles for students enrolled in high school.