

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5575

STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably Assembly Bill No. 5575.

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.

FISCAL IMPACT:

The Office of Legislative Services (OLS) projects that the limited exemption from State school aid reductions would increase State expenditures and the revenue of certain school districts by \$6,763,723 in FY 2024 and \$8.9 million in FY 2025. No fiscal impact would occur thereafter. Currently, only the Freehold Regional School District would qualify for the exemption.

As a caveat, the OLS estimate assumes that the Department of Education would implement the bill relative to the FY 2023 baseline and in addition to P.L.2023, c.32, which offset two-thirds of the FY 2024 State school aid reductions to certain school districts, including the Freehold Regional School District, under pre-existing law.