

SENATE, No. 3659

STATE OF NEW JERSEY
220th LEGISLATURE

INTRODUCED FEBRUARY 27, 2023

Sponsored by:
Senator NILSA I. CRUZ-PEREZ
District 5 (Camden and Gloucester)

SYNOPSIS

Provides that regional school districts are not subject to State school aid reductions under certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



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

2

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

5

6 1. Section 4 of P.L.2018, c.67 (C.18A:7F-68) is amended to
7 read 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 2019-
10 2020 through 2024-2025 school years, a school district or county
11 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 (C.18A:7F-
29 43 et al.) or any other law to the contrary, in the 2019-2020 through
30 2024-2025 school years, a school district or county vocational
31 school district in which the State aid differential is positive shall
32 receive State school aid in an amount equal to the district's State aid
33 in the prior school year minus a percent of the State aid differential
34 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 regional school district that is spending at least 10 percent
19 below adequacy as calculated pursuant to section 1 of P.L.2018,
20 c.67 (C.18A:7F-70) and in which each constituent school district is
21 located in a municipality in which the equalized total tax rate is at
22 least 10 percent greater than the Statewide average equalized total
23 tax rate for the most recent available calendar year shall not be
24 subject to a reduction in State aid pursuant to subsection b. of this
25 section or paragraph (4) of this subsection, as applicable.

26 d. Any decrease in State aid pursuant to subsection b. or c. of
27 this section shall first be deducted from a school district's or county
28 vocational school district's allotment of adjustment aid. Any
29 additional reduction shall be deducted from the school district's or
30 county vocational school district's allotment of non-SFRA aids,
31 followed by equalization aid, special education categorical aid,
32 security aid, and transportation aid.

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

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

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38 2. This act shall take effect immediately and shall first apply to
39 the first full school year following the date of enactment.
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42 STATEMENT

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44 This bill provides that a regional school district that is spending
45 at least 10 percent below adequacy and in which each constituent
46 school district is located in a municipality in which the equalized
47 total tax rate is at least 10 percent greater than the Statewide

1 average equalized total tax rate would not be subject to a reduction
2 in State aid.

3 P.L.2018, c.67, commonly referred to as “S2,” stipulates that
4 State school aid to certain school districts will be reduced in
5 accordance with a schedule detailed in the law. Under S2, two
6 groups of school districts are not subject to State aid reductions: 1)
7 SDA (former Abbott) districts that spend below adequacy and are
8 located in a municipality in which the equalized total tax rate
9 exceeds the Statewide average; and 2) non-SDA districts that spend
10 below adequacy by at least 10 percent and are located in a
11 municipality in which the equalized total tax rate exceeds the
12 Statewide average by more than 10 percent.

13 These two “hold harmless” provisions included in S2 currently
14 do not apply to regional school districts since these districts are
15 comprised of more than one municipality. This bill would provide
16 that regional school districts would not be subject to a State aid
17 reduction if: 1) the district is spending below adequacy by at least
18 10 percent; and 2) each constituent district is located in a
19 municipality in which the equalized total tax rate exceeds the
20 Statewide average by more than 10 percent.