

**SENATE, No. 3984**

**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

INTRODUCED JUNE 15, 2023

**Sponsored by:**  
**Senator VIN GOPAL**  
**District 11 (Monmouth)**

**SYNOPSIS**

Requires five-year average of equalized property valuation be used in calculation of local share under State school funding formula.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning State school aid and amending P.L.2007, c.260  
2 (C.18A:7F-43 et al.).

3

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

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7 1. Section 10 of P.L.2007, c.260 (C.18A:7F-52) is amended to  
8 read as follows:

9 10. Each school district and county vocational school district  
10 shall receive equalization aid predicated on a local share determined  
11 by district property wealth and district income.

12 a. Each district's local share shall be calculated as follows:

13  $LSHARE = (EQVAL \times PVR \times 50\%) + (INC \times INR \times 50\%)$

14 where

15 EQVAL is the average of the district's **prebudget year**  
16 equalized valuation amounts for the preceding five school years;

17 PVR is the Statewide property value rate determined pursuant to  
18 subsection c. of this section;

19 INC is the district's income; and

20 INR is the Statewide income rate determined pursuant to  
21 subsection c. of this section.

22 b. The local share for each county vocational school district  
23 shall be calculated as follows:

24  $LSHARE = (COLSHARE/COAB) \times AB$

25 where

26 COLSHARE is the sum of the local shares for all school districts  
27 in the county calculated pursuant to subsection a. of this section;

28 COAB is the sum of the adequacy budgets for all school districts  
29 in the county calculated pursuant to section 9 of **this act**  
30 P.L.2007, c.260 (C.18A:7F-51); and

31 AB is the county vocational school district's adequacy budget  
32 calculated pursuant to section 9 of **this act** P.L.2007, c.260  
33 (C.18A:7F-51).

34 c. For the 2008-2009 school year, the property value rate shall  
35 be set at 0.0092690802 and the income value rate shall be set at  
36 0.04546684. For subsequent school years the values for the  
37 property value rate and the income value rate shall be annually  
38 determined by the commissioner as follows:

39 the property value rate shall be determined such that equalization  
40 aid equals the Statewide available equalization aid for all districts  
41 determined according to **this act** P.L.2007, c.260 (C.18A:7F-43 et  
42 al.) had each school district's local share equaled the product of the  
43 property value rate and the district's five-year average equalized  
44 valuation and each county vocational school district's local share  
45 equaled the product of the county vocational school district's

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

Matter underlined thus is new matter.

1 adequacy budget and the average local share, expressed as a  
2 percent, of the school districts located in the county; and  
3 the income rate shall be determined such that equalization aid  
4 equals the Statewide available equalization aid for all districts  
5 determined according to **[this act]** P.L.2007, c.260 (C.18A:7F-43 et  
6 al.) had each school district's local share equaled the product of the  
7 income rate and the district's income and each county vocational  
8 school district's local share equaled the product of the county  
9 vocational school district's adequacy budget and the average local  
10 share, expressed as a percent, of the school districts located in the  
11 county.

12 In the event that these rates, when used in accordance with the  
13 provisions of this section and assuming that each district's general  
14 fund levy is equal to its local share, do not result in equalization aid  
15 for all districts equal to the Statewide available equalization aid, the  
16 commissioner shall adjust these rates appropriately, giving equal  
17 weight to each.

18 (cf: P.L.2007, c.260, s.10)

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20 2. This act shall take effect immediately and shall first affect  
21 State school aid calculations for the 2024-2025 school year.

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#### STATEMENT

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26 This bill makes changes to the calculation of a school district's  
27 local share in determining the district's State school aid.

28 Under current law, a district's local share is calculated by  
29 multiplying the district's prebudget year equalized valuation by the  
30 Statewide property value rate, divided by two, and adding this to  
31 the product of the district's income and the Statewide income rate,  
32 divided by two.

33 This bill amends the calculation to use the district's average  
34 equalized valuation over the preceding five school years instead of  
35 the district's prebudget year equalized valuation.