

**ASSEMBLY, No. 4161**

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**STATE OF NEW JERSEY**

**221st LEGISLATURE**

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INTRODUCED APRIL 4, 2024

**Sponsored by:**

**Assemblyman ROY FREIMAN**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Assemblywoman MITCHELLE DRULIS**

**District 16 (Hunterdon, Mercer, Middlesex and Somerset)**

**Assemblywoman PAMELA R. LAMPITT**

**District 6 (Burlington and Camden)**

**Co-Sponsored by:**

**Assemblywomen Bagolie, Reynolds-Jackson, Assemblymen Simonsen,  
Conaway and Sauickie**

**SYNOPSIS**

Establishes Stabilized School Budget Aid Grant Program to restore certain portions of State school aid reductions for certain school districts; appropriates \$71.4 million.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 4/11/2024)**

1 AN ACT concerning school district finances and making an  
2 appropriation.

3

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

6

7 1. a. As used in this section:

8 “Aid grant” means a Stabilized School Budget Aid grant  
9 awarded to an eligible school district under the program.

10 “Commissioner” means the Commissioner of Education.

11 “Eligible school district” means a school district for which the  
12 State aid differential, as defined in section 3 of P.L.2018, c.67  
13 (C.18A:7F-67), is positive in the 2024-2025 school year and that is  
14 subject to a State school aid reduction in the 2024-2025 school year  
15 pursuant to the provisions of P.L.2018, c.67 (C.18A:7F-67 et al.).

16 “Prebudget year” means the school fiscal year preceding the year  
17 in which the school budget is implemented.

18 “Program” means the Stabilized School Budget Aid Grant  
19 Program established pursuant to this section.

20 b. (1) There is established in the Department of Education a  
21 Stabilized School Budget Aid Grant Program. The purpose of the  
22 program shall be to provide aid grants to eligible school districts of  
23 up to two-thirds of the amount of the school districts’ State school  
24 aid reductions, as proposed in the State aid notices for the 2024-  
25 2025 school year distributed to school districts in March 2024.

26 (2) As a condition of the receipt of an aid grant pursuant to this  
27 section, an eligible school district shall:

28 (a) fully exhaust all tax authority that is available to the school  
29 district pursuant to section 3 of P.L.2007, c.62 (C.18A:7F-38),  
30 thereby implementing, to the maximum extent, all allowable  
31 adjustments to the tax levy;

32 (b) fully exhaust the total amount of the school district’s unused  
33 tax authority determined pursuant to subsection e. of section 4 of  
34 P.L.2007, c.62 (C.18A:7F-39); and

35 (c) not reduce the total number of school district employees  
36 compared to the total number of school district employees in the  
37 prebudget year, except that a school district may reduce the total  
38 number of school district employees if the commissioner approves  
39 the reduction in the district’s proposed budget submitted pursuant to  
40 subsection d. of this section. The commissioner may approve a  
41 reduction in a district’s total number of school district employees if  
42 the reduction is being made due to an anticipated decline in  
43 enrollment in the 2024-2025 school year compared to the prebudget  
44 year.

45 (3) An otherwise eligible school district shall not be eligible for  
46 an aid grant in the event that the district’s full exhaustion of tax  
47 authority pursuant to paragraph (2) of this subsection results in the

1 raising of additional funds that are greater than the amount of the  
2 school district's State school aid reduction.

3 c. Notwithstanding the provisions of sections 3 and 4 of  
4 P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39) or of any other  
5 law, rule, or regulation to the contrary, an eligible school district  
6 that is awarded an aid grant pursuant to this section may request  
7 increases to its general fund tax levy of up to one-third of the  
8 amount of the districts' State school aid reductions, as proposed in  
9 the State aid notice for the 2024-2025 school year distributed to  
10 school districts in March 2024, in the event that there is a difference  
11 that remains after the school district's receipt of aid pursuant to this  
12 section; provided, however, that no school district receiving aid  
13 pursuant to this section shall raise a general fund tax levy that is  
14 greater than 9.9 percent of the prebudget year adjusted tax levy,  
15 unless the full exhaustion of tax authority pursuant to section 3 of  
16 P.L.2007, c.62 (C.18A:7F-38) and subsection e. of section 4 of  
17 P.L.2007, c.62 (C.18A:7F-39) is otherwise greater than 9.9 percent  
18 of the prebudget year adjusted tax levy. Notwithstanding the  
19 provisions of section 3 and section 4 of P.L.2007, c.62 (C.18A:7F-  
20 38 and C.18A:7F-39) or any other law or regulation to the contrary,  
21 a request to increase the general fund tax levy pursuant to this  
22 subsection may be approved without submitting to the voters or the  
23 board of school estimate, as applicable, the proposal or proposals  
24 that are required pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-  
25 39). A request to increase the general fund tax levy pursuant to this  
26 subsection shall be included in the application submitted by the  
27 school district pursuant to subsection d. of this section.

28 d. A school district seeking an aid grant shall submit an  
29 application to the commissioner, in a manner and form to be  
30 determined by the commissioner. The application shall, at a  
31 minimum, include:

32 (1) a written plan explaining how the district will allocate the  
33 aid grant and how the district will fund operations in future school  
34 years in which the district does not receive the aid grant;

35 (2) a request to increase the general fund tax levy pursuant to  
36 subsection c. of this section, if applicable and if sought by the  
37 school district;

38 (3) the eligible school district's proposed budget, including the  
39 district's proposed general fund tax levy, all tax levy adjustment  
40 amounts, any increases sought by the district pursuant to subsection  
41 c. of this section, and the proposed general fund tax levy's  
42 percentage increase relative to the prebudget year adjusted tax levy;

43 (4) the percentage difference between the prebudget year  
44 adjusted tax levy and the adjusted tax levy of the year prior to the  
45 prebudget year;

46 (5) the estimated impact on the average homeowner if all tax  
47 levy adjustments, including any increases sought by a district  
48 pursuant to subsection c. of this section, are approved;

1 (6) a description of how the eligible school district will use the  
2 funds raised through its proposed general fund tax levy, including  
3 any increases sought by a district pursuant to subsection c. of this  
4 section, with a particular focus on areas of instruction and support  
5 services; and

6 (7) a school board resolution approving the request to apply for  
7 aid pursuant to this section.

8 e. Aid grants awarded under the program to an eligible school  
9 district meeting the applicable conditions enumerated in subsection  
10 b. and subsection c. of this section shall be allocated to eligible  
11 school districts in a manner to be determined by the commissioner.

12 f. An eligible school district that receives an aid grant pursuant  
13 to this section shall submit a resulting final budget to the  
14 commissioner within a timeframe, and in a manner and form, to be  
15 determined by the commissioner. In the event that the school  
16 district has already certified its general fund tax levy prior to its  
17 receipt of an aid grant, the secretary of the board of education shall  
18 re-certify to the county board of taxation the sum or sums to be  
19 raised for the school year. The amount re-certified shall be  
20 included in the taxes assessed, levied, and collected in the  
21 municipality or municipalities comprising the district.

22  
23 2. There is appropriated from the Property Tax Relief Fund to  
24 the Department of Education the sum of \$71,437,562 to effectuate  
25 the provisions of section 1 of this act.

26  
27 3. This act shall take effect immediately.

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30 STATEMENT

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32 This bill establishes in the Department of Education a Stabilized  
33 School Budget Aid Grant Program. The purpose of the program is  
34 to provide aid grants to eligible school districts of up to two-thirds  
35 of the amount of the districts' State school aid reductions for the  
36 2024-2025 school year. A school district would be eligible to apply  
37 for an aid grant under the program if the district is subject to a State  
38 school aid reduction in the 2024-2025 school year.

39 In order to receive an aid grant under the program, an eligible  
40 district is required to apply to the commissioner and meet certain  
41 conditions related to raising its local tax levy. As a condition of the  
42 receipt of an aid grant, an eligible district is to fully exhaust: 1) all  
43 tax authority that is available to the school district pursuant to  
44 current law that establishes a two percent tax levy growth limitation  
45 and certain allowable adjustments above the two percent cap; and 2)  
46 the total amount of the district's "banked cap." Under current law,  
47 a school district may add to its adjusted tax levy in any one of the  
48 next three succeeding budget years, the amount of the difference

1 between the maximum allowable amount to be raised by taxation  
2 for the current school budget year and the actual amount to be  
3 raised by taxation for the current school budget year. In addition,  
4 an eligible district receiving aid under the bill is to not reduce the  
5 total number of school district employees compared to the prior  
6 school year, unless the commissioner approves reductions that are  
7 being made due to an anticipated decline in enrollment in the 2024-  
8 2025 school year compared to the prior year.

9 Under the bill, an otherwise eligible school district is not eligible  
10 for an aid grant in the event that the district's full exhaustion of  
11 current law tax authority results in the raising of additional funds  
12 that are greater than the amount of the school district's State school  
13 aid reduction.

14 The bill appropriates \$71.4 million to fund the Stabilized School  
15 Budget Aid Grant Program.

16 An eligible school district that is awarded an aid grant may  
17 implement increases to its general fund tax levy up to one-third of  
18 the amount of the districts' State school aid reductions, in the event  
19 that there is a difference that remains after the district's receipt of  
20 aid under the bill. The bill provides, however, that no school  
21 district receiving an aid grant under the bill can raise a general fund  
22 tax levy that is greater than 9.9 percent of the prebudget year  
23 adjusted tax levy, unless the full exhaustion of tax authority  
24 required under the bill is otherwise greater than 9.9 percent of the  
25 prior year tax levy.