

[First Reprint]

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 4161

STATE OF NEW JERSEY
221st LEGISLATURE

ADOPTED APRIL 11, 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)

Assemblywoman ANDREA KATZ

District 8 (Atlantic and Burlington)

Senator ANDREW ZWICKER

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Assemblywomen Bagolie, Reynolds-Jackson, Assemblymen Simonsen, Conaway, Sauickie, Karabinchak, Atkins, Assemblywomen Murphy, Speight, Assemblyman Calabrese, Senators Diegnan, McKnight, Amato, Cryan and Turner

SYNOPSIS

Establishes Stabilized School Budget Aid Grant Program to restore certain portions of State school aid reductions; permits certain school districts to exceed tax levy growth limitation in 2024-2025 school year; appropriates \$44.7 million.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on May 9, 2024, with amendments.

(Sponsorship Updated As Of: 5/13/2024)

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[1. a. As used in this section:

8 “Adjusted tax levy” means the amount raised by property
9 taxation for the purposes of the school district, excluding any debt
10 service payment.

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

13 “Commissioner” means the Commissioner of Education.

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

19 “Prebudget year” means the school fiscal year preceding the year
20 in which the school budget is implemented.

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

23 “SDA district” means an SDA district as defined in section 3 of
24 P.L.2000, c.72 (C.18A:7G-3).

25 b. There is established in the Department of Education a
26 Stabilized School Budget Aid Grant Program. The purpose of the
27 program shall be to provide aid grants to eligible school districts
28 equal to two-thirds of the amount of the school districts’ State
29 school aid reductions, as calculated pursuant to section 3 of
30 P.L.2018, c.67 (C.18A:7F-67) and proposed in the State aid notices
31 for the 2024-2025 school year distributed to school districts in
32 March 2024. The Commissioner of Education shall provide an aid
33 grant to an eligible school district, upon verification that the school
34 district is subject to a State school aid reduction in the 2024-2025
35 school year. In addition, the commissioner shall ensure that a
36 school district receiving an aid grant does not reduce the total
37 number of school district employees compared to the total number
38 of school district employees in the prebudget year, except that a
39 school district may reduce the total number of school district
40 employees if the commissioner approves the reduction in the
41 district’s resulting final budget submitted pursuant to subsection d.
42 of this section. The commissioner may approve a reduction in a
43 district’s total number of school district employees if the reduction
44 is being made due to an anticipated decline in enrollment in the
45 2024-2025 school year compared to the prebudget year.

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted May 9, 2024.

1 c. (1) Notwithstanding the provisions of section 3 and section 4
2 of P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39) or any other law
3 or regulation to the contrary, for the 2024-2025 school year, the
4 commissioner shall authorize an eligible school district to adopt a
5 budget that includes increases in the adjusted tax levy that exceed
6 the tax levy growth limitation set forth in section 3 of P.L.2007,
7 c.62 (C.18A:7F-38) without submitting to the voters or the board of
8 school estimate, as applicable, the proposal or proposals that are
9 required pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).
10 The maximum allowable increase to the adjusted tax levy pursuant
11 to this paragraph shall be equal to one-third of the amount of the
12 school district's State school aid reduction, as calculated pursuant
13 to section 3 of P.L.2018, c.67 (C.18A:7F-67) and as proposed in the
14 State aid notice for the 2024-2025 school year distributed to school
15 districts in March 2024; provided, however, that an eligible school
16 district shall not increase its adjusted tax levy by more than 9.9
17 percent of the prebudget year adjusted tax levy. The district may
18 request additional increases to its adjusted tax levy that are
19 authorized pursuant to section 2 of this act.

20 (2) The ability to request increases to the adjusted tax levy
21 pursuant to this section shall not apply to an SDA district. This
22 section shall not be construed as prohibiting an SDA district from
23 increasing its adjusted tax levy pursuant to section 3 and section 4
24 of P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39).

25 d. An eligible school district that receives an aid grant pursuant
26 to this section and is authorized to increase its adjusted tax levy
27 pursuant to paragraph (1) of subsection c. of this section shall
28 submit a resulting final budget to the commissioner within a
29 timeframe, and in a manner and form, to be determined by the
30 commissioner. In the event that the school district has already
31 certified its adjusted tax levy prior to receiving authorization to
32 increase its adjusted tax levy, the secretary of the board of
33 education shall re-certify to the county board of taxation the sum or
34 sums to be raised for the school year. The amount re-certified shall
35 be included in the taxes assessed, levied, and collected in the
36 municipality or municipalities comprising the district. **】¹**

37

38 ¹1. a. As used in this section:

39 "Aid grant" means a Stabilized School Budget Aid grant
40 awarded to an eligible school district under the program.

41 "Commissioner" means the Commissioner of Education.

42 "Eligible school district" means a school district for which the
43 State aid differential, as defined in section 3 of P.L.2018, c.67
44 (C.18A:7F-67), is positive in the 2024-2025 school year and that is
45 subject to a State school aid reduction in the 2024-2025 school year
46 pursuant to the provisions of P.L.2018, c.67 (C.18A:7F-67 et al.).

47 "Prebudget year" means the school fiscal year preceding the year
48 in which the school budget is implemented.

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

3 b. There is established in the Department of Education a
4 Stabilized School Budget Aid Grant Program. The purpose of the
5 program shall be to provide aid grants to an eligible school district
6 equal to 45 percent of the amount of the school district’s State
7 school aid reduction, as calculated pursuant to section 4 of
8 P.L.2018, c.67 (C.18A:7F-68) and proposed in the State aid notices
9 for the 2024-2025 school year distributed to school districts in
10 February 2024. The Commissioner of Education shall provide an
11 aid grant to an eligible school district, upon verification that the
12 school district is subject to a State school aid reduction in the 2024-
13 2025 school year.¹

14
15 ¹[2. a. As used in this section:

16 “Adjusted tax levy” means the amount raised by property
17 taxation for the purposes of the school district, excluding any debt
18 service payment.

19 “Commissioner” means the Commissioner of Education.

20 “Prebudget year” means the school fiscal year preceding the year
21 in which the school budget is implemented.

22 “Prebudget year adjusted tax levy” means the amount raised by
23 property taxation in the prebudget year for the purposes of the
24 school district, excluding any debt service payment.

25 “SDA district” means an SDA district as defined in section 3 of
26 P.L.2000, c.72 (C.18A:7G-3).

27 b. Notwithstanding the provisions of section 3 and section 4 of
28 P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39) or any other law or
29 regulation to the contrary, for the 2024-2025 school year, the
30 Commissioner of Education shall authorize a school district, which
31 experienced a net reduction in State school aid during the 2020-
32 2021 through 2024-2025 school years, to adopt a budget that
33 includes increases in its adjusted tax levy that exceed the tax levy
34 growth limitation set forth in section 3 of P.L.2007, c.62
35 (C.18A:7F-38) without submitting to the voters or the board of
36 school estimate, as applicable, the proposal or proposals that are
37 required pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).
38 The commissioner shall approve increases requested pursuant to
39 this section, upon verification that the school district experienced a
40 net reduction in State school aid during the 2020-2021 through
41 2024-2025 school years and that the increase is within the limits
42 established pursuant to subsection c. of this section.

43 c. (1) In the case of a school district that receives an aid grant
44 under the Stabilized School Budget Aid Grant Program established
45 pursuant to section 1 of this act, the increases requested pursuant to
46 this section shall be no more than the amount of the school
47 district’s net reduction in State school aid during the 2020-2021
48 through 2023-2024 school years. The increases requested pursuant

1 to this section shall be in addition to any increases requested by the
2 school district pursuant to paragraph (1) of subsection c. of section
3 1 of this act; provided, however, that the school district shall not
4 increase its adjusted tax levy by more than 9.9 percent of the
5 prebudget year adjusted tax levy.

6 (2) In the case of a school district that does not receive an aid
7 grant under the Stabilized School Budget Aid Grant Program
8 established pursuant to section 1 of this act, the requested increases
9 shall be no more than the amount of the school district's net
10 reduction in State school aid during the 2020-2021 through 2024-
11 2025 school years; provided, however, that the school district shall
12 not increase its adjusted tax levy by more than 9.9 percent of the
13 prebudget year adjusted tax levy.

14 d. The ability to request increases to the adjusted tax levy
15 pursuant to this section shall not apply to an SDA district. This
16 section shall not be construed as prohibiting an SDA district from
17 increasing its adjusted tax levy pursuant to section 3 and section 4
18 of P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39).

19 e. A school district that is approved for increases in its tax levy
20 pursuant to this section shall submit a resulting final budget to the
21 commissioner within a timeframe, and in a manner and form, to be
22 determined by the commissioner. In the event that the school
23 district has already certified its adjusted tax levy prior to approval,
24 the secretary of the board of education shall re-certify to the county
25 board of taxation the sum or sums to be raised for the school year.
26 The amount re-certified shall be included in the taxes assessed,
27 levied, and collected in the municipality or municipalities
28 comprising the district.】¹

29

30 ¹2. a. As used in this section:

31 “Adjusted tax levy” means the amount raised by property
32 taxation for the purposes of the school district, excluding any debt
33 service payment.

34 “Commissioner” means the Commissioner of Education.

35 “Prebudget year” means the school fiscal year preceding the year
36 in which the school budget is implemented.

37 “Prebudget year adjusted tax levy” means the amount raised by
38 property taxation in the prebudget year for the purposes of the
39 school district, excluding any debt service payment.

40 “SDA district” means an SDA district as defined in section 3 of
41 P.L.2000, c.72 (C.18A:7G-3).

42 b. Notwithstanding the provisions of section 3 and section 4 of
43 P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39) or any other law or
44 regulation to the contrary, for the 2024-2025 school year, the
45 Commissioner of Education shall authorize a school district, which
46 experienced a reduction in State school aid in the 2024-2025 school
47 year compared to the 2020-2021 school year pursuant to the
48 provisions of P.L.2018, c.67 (C.18A:7F-67 et al.), to adopt a budget

1 that includes increases in its adjusted tax levy that exceed the tax
2 levy growth limitation set forth in section 3 of P.L.2007, c.62
3 (C.18A:7F-38) without submitting to the voters or the board of
4 school estimate, as applicable, the proposal or proposals that are
5 required pursuant to section 4 of P.L.2007, c.62 (C.18A:7F-39).
6 The commissioner shall approve increases requested pursuant to
7 this section, upon verification that the school district experienced a
8 reduction in State school aid in the 2024-2025 school year
9 compared to the 2020-2021 school year and that the increase is
10 within the limits established pursuant to subsection c. of this
11 section.

12 c. An increase to the adjusted tax levy permitted pursuant to this
13 section shall be no more than the amount of the difference between
14 the amount of State school aid allocated to a school district in the
15 2020-2021 school year and the amount of State school aid allocated
16 to the district in the 2024-2025 school year pursuant to the
17 provisions of P.L.2018, c.67 (C.18A:7F-67 et al.); provided,
18 however, that the school district shall not increase its adjusted tax
19 levy by more than 9.9 percent of the prebudget year adjusted tax
20 levy.

21 d. The ability to request increases to the adjusted tax levy
22 pursuant to this section shall not apply to an SDA district. This
23 section shall not be construed as prohibiting an SDA district from
24 increasing its adjusted tax levy pursuant to section 3 and section 4
25 of P.L.2007, c.62 (C.18A:7F-38 and C.18A:7F-39).

26 e. A school district that is approved for increases in its adjusted
27 tax levy pursuant to this section shall submit a resulting final budget
28 to the commissioner within a timeframe, and in a manner and form,
29 to be determined by the commissioner. In the event that the school
30 district has already certified its adjusted tax levy prior to approval,
31 the secretary of the board of education shall re-certify to the county
32 board of taxation the sum or sums to be raised for the school year.
33 The amount re-certified shall be included in the taxes assessed,
34 levied, and collected in the municipality or municipalities
35 comprising the district.¹

36
37 3. There is appropriated from the Property Tax Relief Fund to the
38 Department of Education the sum of ¹[\$71,437,562] \$44,698,846¹ to
39 effectuate the provisions of section 1 of this act.

40
41 4. ¹【This】 Section 1 and section 2 of this¹ act shall take effect
42 immediately¹. Section 3 of this act shall take effect on July 1, 2024,
43 and the amounts appropriated in section 3 of this act, for the purposes
44 of effectuating the provisions of section 1 of this act, shall be
45 distributed in the 2024-2025 school year¹.