

ASSEMBLY, No. 4166

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED APRIL 8, 2024

Sponsored by:

Assemblyman BRIAN E. RUMPF

District 9 (Ocean)

Assemblyman GREGORY E. MYHRE

District 9 (Ocean)

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District 1 (Atlantic, Cape May and Cumberland)

Co-Sponsored by:

Assemblymen McGuckin and Kanitra

SYNOPSIS

Establishes State aid reduction cap of one percent for calculation of State school aid.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/2/2024)

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

3

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

6

7 1. (New section) Notwithstanding the provisions of P.L.2007,
8 c.260 (C.18A:7F-43 et al.), P.L.2018, c.67 (C.18A:7F-67 et al.), or
9 any other provision of law, rule, or regulation to the contrary, the
10 amount of State school aid provided to a school district shall be
11 subject to a State aid reduction cap of one percent. In no school
12 year shall a school district receive an amount of State school aid
13 that has been reduced from the amount of aid disbursed in the
14 prebudget year by an amount that exceeds one percent.

15

16 2. Section 4 of P.L.2018, c.67 (C.18A:7F-68) is amended to read
17 as follows:

18 4. a. Notwithstanding the provisions of P.L.2007, c.260
19 (C.18A:7F-43 et al.) or any other law to the contrary, in the 2019-
20 2020 through 2024-2025 school years, a school district or county
21 vocational school district in which the State aid differential
22 calculated is negative shall receive State school aid in an amount
23 equal to the sum of the district's State aid in the prior school year
24 plus the district's proportionate share of the sum of any increase in
25 State aid included in the annual appropriations act for that fiscal
26 year and the total State aid reduction pursuant to subsection b. of
27 this section based on the district's State aid differential as a percent
28 of the Statewide total State aid differential among all school
29 districts and county vocational school districts for which the State
30 aid differential is negative. Any increase in State aid pursuant to
31 this subsection shall first be allocated to equalization aid, followed
32 by special education categorical aid, security categorical aid, and
33 transportation aid, except that no category shall exceed the total
34 amount as calculated in accordance with the provisions of sections
35 11, 13, 14, and 15 of P.L.2007, c.260 (C.18A:7F-53, C.18A:7F-55,
36 C.18A:7F-56, and C.18A:7F-57), respectively.

37 b. Except as provided pursuant to subsection c. of this section
38 and section 1 of P.L. , c. (C.) (pending before the
39 Legislature as this bill), and notwithstanding the provisions of
40 P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law to the
41 contrary, in the 2019-2020 through 2024-2025 school years, a
42 school district or county vocational school district in which the
43 State aid differential is positive shall receive State school aid in an
44 amount equal to the district's State aid in the prior school 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.

1 minus a percent of the State aid differential according to the
2 following schedule:

- 3 (1) 13 percent in the 2019-2020 school year;
- 4 (2) 23 percent in the 2020-2021 school year;
- 5 (3) 37 percent in the 2021-2022 school year;
- 6 (4) 55 percent in the 2022-2023 school year;
- 7 (5) 76 percent in the 2023-2024 school year; and
- 8 (6) 100 percent in the 2024-2025 school year.

9 c. (1) An SDA district that is located in a municipality in
10 which the equalized total tax rate is greater than the Statewide
11 average equalized total tax rate for the most recent available
12 calendar year and is spending below adequacy as calculated
13 pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70) shall not be
14 subject to a reduction in State aid pursuant to subsection b. of this
15 section.

16 (2) An SDA district that is located in a municipality in which
17 the equalized total tax rate is greater than the Statewide average
18 equalized total tax rate for the most recent available calendar year
19 and is spending above adequacy as calculated pursuant to section 1
20 of P.L.2018, c.67 (C.18A:7F-70) shall be subject to a reduction not
21 to exceed the amount by which the district is spending above
22 adequacy multiplied by the corresponding percentage included in
23 subsection b. of this section.

24 (3) A school district, other than an SDA district, that is located
25 in a municipality in which the equalized total tax rate is at least 10
26 percent greater than the Statewide average equalized total tax rate
27 for the most recent available calendar year and is spending at least
28 10 percent below adequacy as calculated pursuant to section 1 of
29 P.L.2018, c.67 (C.18A:7F-70) shall not be subject to a reduction in
30 State aid pursuant to subsection b. of this section.

31 (4) **[A]** Except as provided in section 1 of P.L. , c. (C.)
32 (pending before the Legislature as this bill), a school district that is
33 a participating district under an application that is approved for a
34 grant pursuant to subsection a. of section 4 of P.L.2021, c.402
35 (C.18A:13-47.4) or a school district that is a participating district
36 under an application that receives preliminary approval pursuant to
37 subsection b. of section 4 of P.L.2021, c.402 (C.18A:13-47.4) and
38 that has a State aid differential that is positive may elect to receive
39 State school aid in an amount equal to the district's State aid in the
40 prior school year minus a percent of the State aid differential
41 according to the following schedule:

- 42 (a) 30 percent in the 2021-2022 school year;
- 43 (b) 37 percent in the 2022-2023 school year;
- 44 (c) 46 percent in the 2023-2024 school year;
- 45 (d) 55 percent in the 2024-2025 school year;
- 46 (e) 65.5 percent in the 2025-2026 school year;
- 47 (f) 76 percent in the 2026-2027 school year;
- 48 (g) 88 percent in the 2027-2028 school year; and

1 (h) 100 percent in the 2028-2029 school year.

2 A school district with a State aid differential that is positive,
3 which is a participating district under an application that is
4 approved for a grant pursuant to subsection a. of section 4 of
5 P.L.2021, c.402 (C.18A:13-47.4) or that receives preliminary
6 approval under subsection b. of section 4 of P.L.2021, c.402
7 (C.18A:13-47.4) but has not created or joined a limited purpose or
8 all purpose regional school district within two years following the
9 grant application approval or preliminary approval shall not be
10 eligible to receive State aid according to the schedule enumerated in
11 this paragraph.

12 As used in this paragraph, "participating district" means a school
13 district whose board of education by resolution certifies a
14 commitment to participate in a feasibility study submitted as part of
15 an application under the grant program established pursuant to
16 section 2 of P.L.2021, c.402 (C.18A:13-47.2).

17 (5) Notwithstanding the provisions of section 32 of P.L.1996,
18 c.138 (C.18A:7F-32) or any other law, rule, or regulation to the
19 contrary, a school district that is a regional school district created
20 following the approval of a grant application pursuant to section 4
21 of P.L.2021, c.402 (C.18A:13-47.4) shall, from the first full school
22 year following the creation of the regional school district through
23 the 2028-2029 school year, receive State school aid in an amount
24 that is the greater of:

25 (a) the amount of State school aid that the newly created
26 regional school district would receive as a regional school district;
27 or

28 (b) the sum of the amount of State school aid received by each
29 school district constituting the newly created regional school
30 district prior to the creation of such regional school district.

31 (6) A school district shall not be not be subject to a reduction in
32 State aid pursuant to this section provided that:

33 (a) the district is a regional school district consisting of at least
34 five constituent school districts;

35 (b) the district has mitigated costs of regionalization, as
36 determined by the Commissioner of Education;

37 (c) for the most recent school year for which data is available,
38 the district's administrative costs per pupil are 15 percent lower than
39 the Statewide average administrative costs per pupil for regional
40 school districts; and

41 (d) the district's general fund tax levy has been increased by the
42 maximum amount permitted pursuant to section 3 of P.L.2007, c.62
43 (C.18A:7F-38) in each of the last five school years.

44 A school district that is exempt from a reduction in State aid
45 pursuant to paragraph (6) of subsection c. of this section shall
46 provide courtesy busing to pupils who reside in the district,
47 provided that the district was providing courtesy busing prior to the
48 school year in which it is exempt from a reduction in State aid.

1 d. Any decrease in State aid pursuant to subsection b. or c. of
2 this section shall first be deducted from a school district's or county
3 vocational school district's allotment of adjustment aid. Any
4 additional reduction shall be deducted from the school district's or
5 county vocational school district's allotment of non-SFRA aids,
6 followed by equalization aid, special education categorical aid,
7 security aid, and transportation aid.

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

11 (cf: P.L.2023, c.140, s.1)

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13 3. This act shall take effect immediately.

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STATEMENT

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18 This bill establishes a State aid reduction cap for the calculation
19 of State school aid in any school year. The bill ensures that the
20 amount of State school aid disbursed to a district in a school year is
21 reduced by no more than one percent of the prior year's amount of
22 aid.