

SENATE, No. 3320

STATE OF NEW JERSEY

221st LEGISLATURE

INTRODUCED JUNE 3, 2024

Sponsored by:

Senator CARMEN F. AMATO, JR.

District 9 (Ocean)

Co-Sponsored by:

Senator Holzapfel

SYNOPSIS

Permits school districts to receive loans from State to support operating budget under certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 6/3/2024)

1 AN ACT concerning school financing and supplementing Title 18A
2 of the New Jersey Statutes.

3

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

6

7 1. There is established in the Department of Education a
8 nonlapsing, revolving dedicated account designated the “School
9 District Budget Relief Loan Account” which shall be credited with
10 the monies appropriated, transferred, or otherwise made available
11 for the purposes of providing a loan to a school district pursuant to
12 section 2 of P.L. , c. (C.) (pending before the Legislature
13 as this bill). Any interest that shall accrue on the monies in the
14 account shall be credited to the account.

15

16 2. a. The School District Budget Relief Loan Account
17 established pursuant to section 1 of P.L. , c. (C.) (pending
18 before the Legislature as this bill) shall be used for the purpose of
19 providing loans to school districts that have significant budgetary
20 shortfalls that would otherwise require the elimination of multiple
21 nonmandatory programs including, but not limited to: advanced
22 placement courses and other specialized instructional programs;
23 kindergarten; sports teams; student clubs and other programs, such
24 as honor societies; musical programs, including bands; and student
25 body government programs.

26 b. Notwithstanding any law, rule, or regulation to the contrary, a
27 school district that has submitted an application for a loan pursuant
28 to section 3 of P.L. , c. (C.) (pending before the
29 Legislature as this bill) shall be allowed to delay submission of a
30 proposed budget as required pursuant to section 5 of P.L.1996,
31 c.138 (C.18A:7F-5), the holding of public hearings on the proposed
32 budget, the date for the notification of nontenured staff as required
33 pursuant to section 1 of P.L.1971, c.436 (C.18A:27-10), and any
34 additional budgeting deadlines that the Commissioner of Education
35 deems appropriate until a decision has been made to approve or
36 deny the loan application and the school district has been notified of
37 the decision.

38 c. When making a decision regarding a district’s loan
39 application, the commissioner shall consider whether the loan is
40 necessary to ensure the provision of a thorough and efficient
41 education. For any district for which a State monitor has been
42 appointed by the department, the commissioner shall approve the
43 loan application if the State monitor has indicated that viable budget
44 reductions and general fund tax levy increases are not sufficient to
45 meet the budgetary shortfall. If the commissioner denies a district’s
46 loan application, the commissioner shall provide written
47 documentation to the superintendent of the district which shall
48 explain the reasons why the commissioner has determined that the

1 quality of education in the district is better served by denial of the
2 application than by approval.

3
4 3. a. Beginning in the 2024-2025 school year, a school district
5 shall be able to apply for a loan pursuant to P.L. , c. (C.)
6 (pending before the Legislature as this bill) after the district has
7 received its State school aid notice following the State budget
8 message by the Governor, as required by section 5 of P.L.1996,
9 c.138 (C.18A:7F-5). The Commissioner of Education shall, within
10 30 days of the enactment of P.L. , c. (C.) (pending before
11 the Legislature as this bill), develop a process by which districts are
12 able to apply for the loans. The commissioner may take such
13 anticipatory action as shall be necessary to ensure the availability of
14 loans for the 2024-2025 school year.

15 b. The loan application shall meet all of the requirements set
16 forth in rules and regulations promulgated by the commissioner and
17 shall include the following information:

18 (1) the nature and amount of the budgetary shortfall, including
19 an explanation as to why the district is unable to make sufficient
20 changes to its budget through personnel and program reductions or
21 general fund tax levy increases;

22 (2) an analysis of the impact of the budgetary shortfall on the
23 district's ability to provide a thorough and efficient education. The
24 analysis may include a description of the impact of the budgetary
25 shortfall on student learning and participation in extracurricular
26 activities and shall include a demonstration that the district spent
27 below adequacy, as calculated pursuant to section 1 of P.L.2018,
28 c.67 (C.18A:7F-70), in the year prior to the budget year for which
29 the district is applying for the loan;

30 (3) information about the district's general fund tax levy,
31 including a demonstration that, in each of the five years preceding
32 the budget year for which the district is applying for the loan, the
33 district increased its general fund tax levy by at least two percent;
34 and

35 (4) information concerning the district's capital reserve fund
36 balance and capital outlay budget.

37 c. Prior to submitting the application for a loan to the
38 department, a district shall first submit its application and a
39 preliminary budget to the executive county superintendent and, if a
40 State monitor has been appointed to the district, the district's State
41 monitor. The executive county superintendent and, if applicable,
42 the State monitor shall review the information provided and indicate
43 to the commissioner whether they recommend that the
44 commissioner approve the loan to the district.

45
46 4. Notwithstanding any provision of the "Administrative
47 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), to the
48 contrary, the Commissioner of Education is authorized to adopt

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1 immediately upon filing with the Office of Administrative Law
2 rules and regulations necessary to implement this act. The rules and
3 regulations adopted pursuant to this section shall be effective for a
4 period not to exceed 18 months following the date of filing and may
5 thereafter be amended, adopted, or readopted by the director in
6 accordance with the requirements of P.L.1968, c.410 (C.52:14B-1
7 et seq.).

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9 5. This act shall take effect immediately.

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STATEMENT

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14 This bill permits school districts to receive loans from the State
15 to support the district's operating budget if the district is
16 anticipating a significant budgetary shortfall.

17 The bill establishes the School District Budget Relief Loan
18 Account for the purpose of providing loans to school districts that
19 have significant budgetary shortfalls that would otherwise require
20 the elimination of multiple nonmandatory programs including:
21 advanced placement courses and other specialized instructional
22 programs; kindergarten; sports teams; student clubs and other
23 programs, such as honor societies; musical programs, including
24 bands; and student body government programs. A school district
25 that has submitted an application for a loan would be allowed to
26 delay submission of a proposed budget, the holding of public
27 hearings on the proposed budget, the date for the notification of
28 nontenured staff, and any additional budgeting deadlines that the
29 Commissioner of Education deems appropriate until a decision has
30 been made to approve or deny the loan application and the school
31 district has been notified of the decision.

32 Beginning in the 2024-2025 school year, a school district is to be
33 able to apply for a loan after the district has received its State
34 school aid notice following the State budget message by the
35 Governor. Within 30 days of enactment, the commissioner is to
36 develop a process by which districts are able to apply for the loans.
37 The loan application is to include the following information: (1)
38 the nature and amount of the budgetary shortfall, including an
39 explanation as to why the district is unable to make sufficient
40 changes to its budget through personnel and program reductions or
41 general fund tax levy increases; (2) an analysis of the impact of the
42 budgetary shortfall on the district's ability to provide a thorough
43 and efficient education, which may include a description of the
44 impact of the budgetary shortfall on student learning and
45 participation in extracurricular activities, and which is required to
46 include a demonstration that the district spent below adequacy in
47 the year prior to the budget year for which the district is applying
48 for the loan; (3) information about the district's general fund tax

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1 levy, including a demonstration that, in each of the five years
2 preceding the budget year for which the district is applying for the
3 loan, the district increased its general fund tax levy by at least two
4 percent; and (4) information concerning the district's capital
5 reserve fund balance and capital outlay budget.

6 Prior to submitting the application for a loan to the department, a
7 district is required to first submit its application and a preliminary
8 budget to the executive county superintendent and, if a State monitor
9 has been appointed to the district, the district's State monitor. The
10 executive county superintendent and, if applicable, the State
11 monitor are to review the information provided and indicate to the
12 commissioner whether they recommend that the commissioner
13 approve the loan to the district.

14 When making a decision regarding a district's loan application,
15 the commissioner is to consider whether the loan is necessary to
16 ensure the provision of a thorough and efficient education. For any
17 district for which a State monitor has been appointed, the
18 commissioner is required to approve the loan application if the State
19 monitor has indicated that viable budget reductions and general
20 fund tax levy increases are not sufficient to meet the budgetary
21 shortfall. If the commissioner denies a district's loan application,
22 the commissioner shall provide written documentation to the
23 superintendent of the district which shall explain the reasons why
24 the commissioner has determined that the quality of education in
25 the district is better served by denial of the application than by
26 approval.