

ASSEMBLY, No. 5645

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:

Assemblywoman ANDREA KATZ

District 8 (Atlantic and Burlington)

SYNOPSIS

Requires Commissioner of Education to provide preliminary State aid notice to school districts.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning State school aid and amending P.L.1996, c.138.

2

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

5

6 1. Section 5 of P.L.1996, c.138 (C.18A:7F-5) is amended to read
7 as follows:

8 5. As used in this section, “cost of living” means the CPI as
9 defined in section 3 of P.L.2007, c.260 (C.18A:7F-45).

10 a. Within 30 days following the approval of the Educational
11 Adequacy Report, the commissioner shall notify each district of the
12 base per pupil amount, the per pupil amounts for full-day preschool,
13 the weights for grade level, county vocational school districts, at-
14 risk pupils, bilingual pupils, and combination pupils, the cost
15 coefficients for security aid and for transportation aid, the State
16 average classification rate and the excess cost for general special
17 education services pupils, the State average classification rate and
18 the excess cost for speech-only pupils, and the geographic cost
19 adjustment for each of the school years to which the report is
20 applicable.

21 Annually, no later than the end of the first week in November,
22 the commissioner shall provide each district with a preliminary
23 State aid notice that details the maximum amount of aid payable to
24 the district in the succeeding school year pursuant to the provisions
25 of P.L.2007, c.260 (C.18A:7F-43 et al.).

26 Annually, within two days following the transmittal of the State
27 budget message to the Legislature by the Governor pursuant to
28 section 11 of P.L.1944, c.112 (C.52:27B-20), the commissioner
29 shall notify each district of the maximum amount of aid payable to
30 the district in the succeeding school year pursuant to the provisions
31 of P.L.2007, c.260 (C.18A:7F-43 et al.), and shall notify each
32 district of the district's adequacy budget for the succeeding school
33 year.

34 For the 2008-2009 school year and thereafter, unless otherwise
35 specified within P.L.2007, c.260 (C.18A:7F-43 et al.), aid amounts
36 payable for the budget year shall be based on budget year pupil
37 counts, which shall be projected by the commissioner using data
38 from prior years. Adjustments for the actual pupil counts of the
39 budget year shall be made to State aid amounts payable during the
40 school year succeeding the budget year. Additional amounts
41 payable shall be reflected as revenue and an account receivable for
42 the budget year.

43 Notwithstanding any other provision of this act to the contrary,
44 each district's State aid payable for the 2008-2009 school year, with
45 the exception of aid for school facilities projects, shall be based on

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 simulations employing the various formulas and State aid amounts
2 contained in P.L.2007, c.260 (C.18A:7F-43 et al.). The
3 commissioner shall prepare a report dated December 12, 2007
4 reflecting the State aid amounts payable by category for each
5 district and shall submit the report to the Legislature prior to the
6 adoption of P.L.2007, c.260 (C.18A:7F-43 et al.). Except as
7 otherwise provided pursuant to this subsection and paragraph (3) of
8 subsection d. of section 5 of P.L.2007, c.260 (C.18A:7F-47), the
9 amounts contained in the commissioner's report shall be the final
10 amounts payable and shall not be subsequently adjusted other than
11 to reflect the phase-in of the required general fund local levy
12 pursuant to paragraph (4) of subsection b. of section 16 of
13 P.L.2007, c.260 (C.18A:7F-58) and to reflect school choice aid to
14 which a district may be entitled pursuant to section 20 of that act.
15 The projected pupil counts and equalized valuations used for the
16 calculation of State aid shall also be used for the calculation of
17 adequacy budget, local share, and required local share. For 2008-
18 2009, extraordinary special education State aid shall be included as
19 a projected amount in the commissioner's report dated December
20 12, 2007 pending the final approval of applications for the aid. If
21 the actual award of extraordinary special education State aid is
22 greater than the projected amount, the district shall receive the
23 increase in the aid payable in the subsequent school year pursuant
24 to the provisions of subsection c. of section 13 of P.L.2007, c.260
25 (C.18A:7F-55). If the actual award of extraordinary special
26 education State aid is less than the projected amount, other State aid
27 categories shall be adjusted accordingly so that the district shall not
28 receive less State aid than as provided in accordance with the
29 provisions of sections 5 and 16 of P.L.2007, c.260 (C.18A:7F-47
30 and C.18A:7F-58).

31 In the event that the commissioner determines, following the
32 enactment of P.L.2007, c.260 (C.18A:7F-43 et al.) but prior to the
33 issuance of State aid notices for the 2008-2009 school year, that a
34 significant district-specific change in data warrants an increase in
35 State aid for that district, the commissioner may adjust the State aid
36 amount provided for the district in the December 12, 2007 report to
37 reflect the increase.

38 b. Each district shall have a required local share. For districts
39 that receive educational adequacy aid pursuant to subsection b. of
40 section 16 of P.L.2007, c.260 (C.18A:7F-58), the required local
41 share shall be calculated in accordance with the provisions of that
42 subsection.

43 For all other districts, the required local share shall equal the
44 lesser of the local share calculated at the district's adequacy budget
45 pursuant to section 9 of P.L.2007, c.260 (C.18A:7F-51), or the
46 district's budgeted local share for the prebudget year.

47 In order to meet this requirement, each district shall raise a
48 general fund tax levy which equals its required local share.

1 No municipal governing body or bodies or board of school
2 estimate, as appropriate, shall certify a general fund tax levy which
3 does not meet the required local share provisions of this section.

4 c. Annually, on or before March 4, or on or before March 20 in
5 the case of a school district with an annual school election in
6 November, each district board of education shall adopt, and submit
7 to the commissioner for approval, together with such supporting
8 documentation as the commissioner may prescribe, a budget that
9 provides for a thorough and efficient education. Notwithstanding
10 the provisions of this subsection to the contrary, the commissioner
11 may adjust the date for the submission of district budgets if the
12 commissioner determines that the availability of preliminary aid
13 numbers for the subsequent school year warrants such adjustment.

14 Notwithstanding any provision of this section to the contrary, for
15 the 2005-2006 school year each district board of education shall
16 submit a proposed budget in which the advertised per pupil
17 administrative costs do not exceed the lower of the following:

18 (1) the district's advertised per pupil administrative costs for the
19 2004-2005 school year inflated by the cost of living or 2.5 percent,
20 whichever is greater; or

21 (2) the per pupil administrative cost limits for the district's
22 region as determined by the commissioner based on audited
23 expenditures for the 2003-2004 school year.

24 The executive county superintendent of schools may disapprove
25 the school district's 2005-2006 proposed budget if he determines
26 that the district has not implemented all potential efficiencies in the
27 administrative operations of the district. The executive county
28 superintendent shall work with each school district in the county
29 during the 2004-2005 school year to identify administrative
30 inefficiencies in the operations of the district that might cause the
31 superintendent to reject the district's proposed 2005-2006 school
32 year budget.

33 For the 2006-2007 school year and each school year thereafter,
34 each district board of education shall submit a proposed budget in
35 which the advertised per pupil administrative costs do not exceed
36 the lower of the following:

37 (1) the district's prior year per pupil administrative costs; except
38 that the district may submit a request to the commissioner for
39 approval to exceed the district's prior year per pupil administrative
40 costs due to increases in enrollment, administrative positions
41 necessary as a result of mandated programs, administrative
42 vacancies, nondiscretionary fixed costs, and such other items as
43 defined in accordance with regulations adopted pursuant to section
44 7 of P.L.2004, c.73. In the event that the commissioner approves a
45 district's request to exceed its prior year per pupil administrative
46 costs, the increase authorized by the commissioner shall not exceed
47 the cost of living or 2.5 percent, whichever is greater; or

1 (2) the prior year per pupil administrative cost limits for the
2 district's region inflated by the cost of living or 2.5 percent,
3 whichever is greater.

4 d. (1) A district's general fund tax levy shall not exceed the
5 district's adjusted tax levy as calculated pursuant to sections 3 and 4
6 of P.L.2007, c.62 (C.18A:7F-38 and 18A:7F-39).

7 (2) (Deleted by amendment, P.L.2007, c.260).

8 (3) (Deleted by amendment, P.L.2007, c.260).

9 (4) Any debt service payment made by a school district during
10 the budget year shall not be included in the calculation of the
11 district's adjusted tax levy.

12 (5) (Deleted by amendment, P.L.2007, c.260).

13 (6) (Deleted by amendment, P.L.2007, c.260).

14 (7) (Deleted by amendment, P.L.2004, c.73).

15 (8) (Deleted by amendment, P.L.2010, c.44).

16 (9) Any district may submit at the annual school budget
17 election, in accordance with subsection c. of section 4 of P.L.2007,
18 c.62 (C.18A:7F-39), a separate proposal or proposals for additional
19 funds, including interpretive statements, specifically identifying the
20 program purposes for which the proposed funds shall be used, to the
21 voters, who may, by voter approval, authorize the raising of an
22 additional general fund tax levy for such purposes. In the case of a
23 district with a board of school estimate, one proposal for the
24 additional spending shall be submitted to the board of school
25 estimate. Any proposal or proposals submitted to the voters or the
26 board of school estimate shall not: include any programs and
27 services that were included in the district's prebudget year net
28 budget unless the proposal is approved by the commissioner upon
29 submission by the district of sufficient reason for an exemption to
30 this requirement or include any new programs and services
31 necessary for students to achieve the thoroughness standards
32 established pursuant to subsection a. of section 4 of P.L.2007, c.260
33 (C.18A:7F-46).

34 A district without a board of school estimate may also submit to
35 the voters at a special election authorized pursuant to section 2 of
36 P.L.1995, c.278 (C.19:60-2), a separate proposal or proposals for
37 additional funds for the subsequent budget year, including
38 interpretive statements, specifically identifying the program
39 purposes for which the proposed funds shall be used. A proposal
40 submitted at a special election shall comply with the requirements
41 of this paragraph and section 4 of P.L.2007, c.62 (C.18A:7F-39). A
42 separate proposal or proposals for additional funds may only be
43 submitted on a date of a special election once during a school year.
44 Nothing in this paragraph shall be construed to prohibit the
45 submission to the voters of a question or questions for the approval
46 of a capital project or projects on the same special election date as
47 the submission of a separate proposal or proposals for additional
48 funds.

1 In the case of a school district in which the annual school
2 election has been moved to November pursuant to subsection a. of
3 section 1 of P.L.2011, c.202 (C.19:60-1.1), the school district may
4 submit a separate proposal for additional funds for the budget year,
5 or a separate proposal for additional funds for the subsequent
6 budget year, or separate proposals for additional funds for each of
7 those budget years. In the event that a school district submits a
8 separate proposal for additional funds for the subsequent budget
9 year and the separate proposal is approved, the school district shall
10 not add to its adjusted tax levy for the subsequent budget year any
11 amount authorized pursuant to subsection e. of section 4 of
12 P.L.2007, c.62 (C.18A:7F-39).

13 The executive county superintendent of schools may prohibit the
14 submission of a separate proposal or proposals to the voters or
15 board of school estimate if he determines that the district has not
16 implemented all potential efficiencies in the administrative
17 operations of the district, which efficiencies would eliminate the
18 need for the raising of an additional general fund tax levy.

19 (10) Notwithstanding any provision of law to the contrary, if a
20 district proposes a budget with a general fund tax levy and
21 equalization aid which exceed the adequacy budget, the following
22 statement shall be published in the legal notice of public hearing on
23 the budget pursuant to N.J.S.18A:22-28, and posted at the public
24 hearing held on the budget pursuant to N.J.S.18A:22-29:

25 "Your school district has proposed programs and services in
26 addition to the core curriculum content standards adopted by the
27 State Board of Education. Information on this budget and the
28 programs and services it provides is available from your local
29 school district."

30 (11) Any reduction that may be required to be made to programs
31 and services included in a district's prebudget year net budget in
32 order for the district to limit the growth in its budget between the
33 prebudget and budget years by its tax levy growth limitation as
34 calculated pursuant to sections 3 and 4 of P.L.2007, c.62
35 (C.18A:7F-38 and 18A:7F-39), shall only include reductions to
36 excessive administration or programs and services that are
37 inefficient or ineffective.

38 e. (1) In the case of a district having a board of school
39 estimate, other than a Type II district with a board of school
40 estimate, which has a proposed budget that includes a general fund
41 tax levy and equalization aid in excess of the adequacy budget, the
42 general fund tax levy shall be submitted to the board for
43 determination of the amount that should be expended. If the board
44 of school estimate reduces the district's proposed budget, the district
45 may appeal any of the reductions to the commissioner on the
46 grounds that the reductions will negatively impact on the stability of
47 the district given the need for long term planning and budgeting. In
48 considering the appeal, the commissioner shall consider enrollment

1 increases or decreases within the district, the impact on the local
2 levy, and whether the reductions will impact on the ability of the
3 district to fulfill its contractual obligations. A district may not
4 appeal any reductions on the grounds that the amount is necessary
5 for a thorough and efficient education.

6 (2) In the case of a district having a board of school estimate,
7 other than a Type II district with a board of school estimate, which
8 has a proposed budget that includes a general fund tax levy and
9 equalization aid at or below the adequacy budget, the general fund
10 tax levy shall be submitted to the board for determination. Any
11 reductions may be appealed to the commissioner on the grounds
12 that the amount is necessary for a thorough and efficient education
13 or that the reductions will negatively impact on the stability of the
14 district given the need for long term planning and budgeting. In
15 considering the appeal, the commissioner shall also consider the
16 factors outlined in paragraph (1) of this subsection.

17 In addition, the board of school estimate shall be required to
18 demonstrate clearly to the commissioner that the proposed budget
19 reductions shall not adversely affect the ability of the school district
20 to provide a thorough and efficient education or the stability of the
21 district given the need for long term planning and budgeting.

22 (3) In lieu of any budget reduction appeal provided for pursuant
23 to paragraphs (1) and (2) of this subsection, the State board may
24 establish pursuant to the "Administrative Procedure Act," P.L.1968,
25 c.410 (C.52:14B-1 et seq.), an expedited budget review process
26 based on a district's application to the commissioner for an order to
27 restore a budget reduction.

28 (4) When the board of education or the board of school estimate
29 authorize the general fund tax levy, the district shall submit the
30 resulting budget to the commissioner within 15 days of the
31 authorization.

32 f. (Deleted by amendment, P.L.2007, c.260).

33 g. (Deleted by amendment, P.L.2007, c.260).

34 (cf: P.L.2025, c.234, s.1)

35
36 2. This act shall take effect immediately and shall first apply to
37 State school aid distributed in the second full year following the
38 date of enactment.

41 STATEMENT

42
43 This bill requires the Commissioner of Education to provide
44 school districts with a preliminary State school aid notice no later
45 than the end of the first week of November.

46 Under current law, the first notice of State school aid is required
47 to be sent to school districts no later than two days following the
48 delivery of the Governor's budget address, which is required to be

A5645 KATZ

8

1 delivered to the Legislature on or before the fourth Tuesday in
2 February. The notice provides each district with the maximum
3 amount of aid payable to the district in the succeeding school year.
4 This bill would additionally require the commissioner to produce a
5 preliminary State aid notice in the November prior to the
6 Governor's budget address. The preliminary notices would first be
7 produced for State school aid being distributed in the second full
8 school year following the date of enactment.