

SENATE, No. 4591

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED SEPTEMBER 28, 2026

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Provides that regional school districts are not subject to State school aid reductions under certain circumstances.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning State school aid, amending P.L.2018, c.67, 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. Section 4 of P.L.2018, c.67 (C.18A:7F-68) is amended to
8 read as follows:

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

28 b. Except as provided pursuant to subsection c. of this section,
29 and notwithstanding the provisions of P.L.2007, c.260 (C.18A:7F-
30 43 et al.) or any other law to the contrary, in the 2019-2020 through
31 2024-2025 school years, a school district or county vocational
32 school district in which the State aid differential is positive shall
33 receive State school aid in an amount equal to the district's State aid
34 in the prior school year minus a percent of the State aid differential
35 according to the following schedule:

- 36 (1) 13 percent in the 2019-2020 school year;
37 (2) 23 percent in the 2020-2021 school year;
38 (3) 37 percent in the 2021-2022 school year;
39 (4) 55 percent in the 2022-2023 school year;
40 (5) 76 percent in the 2023-2024 school year; and
41 (6) 100 percent in the 2024-2025 school year.

42 c. (1) An SDA district that is located in a municipality in which
43 the equalized total tax rate is greater than the Statewide average
44 equalized total tax rate for the most recent available calendar year
45 and is spending below adequacy as calculated pursuant to section 1

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 of P.L.2018, c.67 (C.18A:7F-70) shall not be subject to a reduction
2 in State aid pursuant to subsection b. of this section.

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

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

18 (4) A school district that is a participating district under an
19 application that is approved for a grant pursuant to subsection a. of
20 section 4 of P.L.2021, c.402 (C.18A:13-47.4) or a school district
21 that is a participating district under an application that receives
22 preliminary approval pursuant to subsection b. of section 4 of
23 P.L.2021, c.402 (C.18A:13-47.4) and that has a State aid
24 differential that is positive may elect to receive State school aid in
25 an amount equal to the district's State aid in the prior school year
26 minus a percent of the State aid differential according to the
27 following schedule:

- 28 (a) 30 percent in the 2021-2022 school year;
- 29 (b) 37 percent in the 2022-2023 school year;
- 30 (c) 46 percent in the 2023-2024 school year;
- 31 (d) 55 percent in the 2024-2025 school year;
- 32 (e) 65.5 percent in the 2025-2026 school year;
- 33 (f) 76 percent in the 2026-2027 school year;
- 34 (g) 88 percent in the 2027-2028 school year; and
- 35 (h) 100 percent in the 2028-2029 school year.

36 A school district with a State aid differential that is positive,
37 which is a participating district under an application that is
38 approved for a grant pursuant to subsection a. of section 4 of
39 P.L.2021, c.402 (C.18A:13-47.4) or that receives preliminary
40 approval under subsection b. of section 4 of P.L.2021, c.402
41 (C.18A:13-47.4) but has not created or joined a limited purpose or
42 all purpose regional school district within two years following the
43 grant application approval or preliminary approval shall not be
44 eligible to receive State aid according to the schedule enumerated in
45 this paragraph.

46 As used in this paragraph, "participating district" means a school
47 district whose board of education by resolution certifies a
48 commitment to participate in a feasibility study submitted as part of

1 an application under the grant program established pursuant to
2 section 2 of P.L.2021, c.402 (C.18A:13-47.2).

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

11 (a) the amount of State school aid that the newly created regional
12 school district would receive as a regional school district; or

13 (b) the sum of the amount of State school aid received by each
14 school district constituting the newly created regional school
15 district prior to the creation of such regional school district.

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

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

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

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

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

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

34 (7) A regional school district that is spending at least 10 percent
35 below adequacy as calculated pursuant to section 1 of P.L.2018,
36 c.67 (C.18A:7F-70) and in which each constituent school district is
37 located in a municipality in which the equalized total tax rate is a
38 least 10 percent greater than the Statewide average equalized total
39 tax rate for the most recent available calendar year shall not be
40 subject to a reduction in State aid pursuant to paragraph (4) of this
41 subsection.

42 d. Any decrease in State aid pursuant to subsection b. or c. of
43 this section shall first be deducted from a school district's or county
44 vocational school district's allotment of adjustment aid. Any
45 additional reduction shall be deducted from the school district's or
46 county vocational school district's allotment of non-SFRA aids,
47 followed by equalization aid, special education categorical aid,
48 security aid, and transportation aid.

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

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

5
6 2. (New section) a. A regional school district that is spending
7 at least 10 percent below adequacy as calculated pursuant to section
8 1 of P.L.2018, c.67 (C.18A:7F-70) and in which each constituent
9 school district is located in a municipality in which the equalized
10 total tax rate is a least 10 percent greater than the Statewide average
11 equalized total tax rate for the most recent available calendar year
12 shall not be subject to a reduction in State school aid.

13 b. As used in this section, “State school aid” means the sum of
14 equalization aid, special education categorical aid, security
15 categorical aid, and transportation aid as calculated for the budget
16 year in accordance with the provisions of sections 11, 13, 14, and
17 15 of P.L.2007, c.260 (C.18A:7F-53, C.18A:7F-55, C.18A:7F-56,
18 and C.18A:7F-57), respectively.

19
20 3. This act shall take effect immediately and shall first apply to
21 State school aid distributed in the first full school year following the
22 date of enactment.

23
24
25 STATEMENT

26
27 This bill provides that a regional school district that is spending
28 at least 10 percent below adequacy and in which each constituent
29 school district is located in a municipality in which the equalized
30 total tax rate is at least 10 percent greater than the Statewide
31 average equalized total tax rate would not be subject to a reduction
32 in State aid.