

CHAPTER 140

AN ACT concerning State school aid and amending P.L.2018, c.67.

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

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

C.18A:7F-68 Amount of State aid for certain districts.

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

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

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

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

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

(3) A school district, other than an SDA district, that is located in a municipality in which the equalized total tax rate is at least 10 percent greater than the Statewide average equalized total tax rate for the most recent available calendar year and is spending at least 10 percent

below adequacy as calculated pursuant to section 1 of P.L.2018, c.67 (C.18A:7F-70) shall not be subject to a reduction in State aid pursuant to subsection b. of this section.

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

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

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

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

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

- (a) the amount of State school aid that the newly created regional school district would receive as a regional school district; or
- (b) the sum of the amount of State school aid received by each school district constituting the newly created regional school district prior to the creation of such regional school district.

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

- (a) the district is a regional school district consisting of at least five constituent school districts;
- (b) the district has mitigated costs of regionalization, as determined by the Commissioner of Education;
- (c) for the most recent school year for which data is available, the district's administrative costs per pupil are 15 percent lower than the Statewide average administrative costs per pupil for regional school districts; and

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

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

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

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

2. This act shall take effect immediately.

Approved August 16, 2023.