

SENATE, No. 3087

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED OCTOBER 29, 2020

Sponsored by:
Senator STEVEN V. OROHO
District 24 (Morris, Sussex and Warren)

SYNOPSIS

Revises schedule of State school aid reduction for school districts in Highlands Region.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning the allocation of State aid to school districts in
2 the Highlands Region and amending P.L.2018, c.67.

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
43 which the equalized total tax rate is greater than the Statewide
44 average equalized total tax rate for the most recent available
45 calendar year and is spending below adequacy as calculated

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

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

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

19 (4) A school district or county vocational school district, located
20 in the Highlands Region as defined in section 3 of P.L.2004, c.120
21 (C.13:20-3), in which the State aid differential is positive shall
22 receive State school aid in an amount equal to the district's State
23 aid in the prior school year minus a percent of the State aid
24 differential according to the following schedule:

- 25 (1) 13 percent in the 2019-2020 school year;
26 (2) 23 percent in the 2020-2021 school year;
27 (3) 30 percent in the 2021-2022 school year;
28 (4) 37 percent in the 2022-2023 school year;
29 (5) 45 percent in the 2023-2024 school year;
30 (6) 60 percent in the 2024-2025 school year;
31 (7) 75 percent in the 2025-2026 school year;
32 (8) 90 percent in the 2026-2027 school year; and
33 (9) 100 percent in the 2027-2028 school year.

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

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

44 (cf: P. L.2018, c.67, s.4)

45

46 2. This act shall take effect immediately.

STATEMENT

P.L.2018, c.67 (C.18A:7F-67 et al.), commonly referred to as S-2, established a schedule for the reduction in the State aid of school districts with a positive State aid differential. A district's State aid differential is the difference between the amount of State aid received by the district in the prior school year, not including preschool education, educational adequacy, and school choice aids, and the sum of equalization, special education, security, and transportation aids that the district would receive under the corresponding sections of the "School Funding Reform Act of 2008," P.L.2007, c.260 (C.18A:7F-43 et al.). Under the current law, the State aid will be reduced annually between the 2019-2020 and 2024-2025 school years by a percentage established under that law.

This bill modifies both the schedule for the reduction of the State aid and the amount of the reduction to be made in each school year in the case of school districts and county vocational school districts that are located in the Highlands Region. For districts in the Highlands Region, the State aid differential will be eliminated by the 2027-2028 school year rather than the 2024-2025 school year, and the percentage of the reduction made in those school years will be reduced.

The provisions of this bill recognize the fact that under the "Highlands Water Protection and Planning Act," P.L.2004, c.120 (C.13:20-1 et al.), development in the municipalities located in the Highlands Region that comprise these school districts is strictly regulated and in light of that fact, it may be difficult for these communities to raise the increased taxes that the elimination of State school aid may require. Consequently, it seems only fair to reduce the State aid to these districts over a longer period of time in order to provide them with the opportunity to determine how they will address this challenge.