

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3452

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Assembly Education committee reports favorably Assembly Bill No. 3452 with committee amendments.

As amended, this bill provides a tax levy cap adjustment for certain school districts that are experiencing State school aid reductions.

Under current law, a school district is generally prohibited from increasing its property tax levy by more than two percent compared to the previous school year. This limited increase is often referred to as a “tax levy growth limitation” or a “property tax cap.” However, State law authorizes certain allowable adjustments to the general two percent limitation, thereby permitting a district to account for certain increases in items such as enrollment, health care costs, and certain normal and accrued liability pension contributions.

The amended bill would provide for an allowable adjustment to the tax levy growth limitation for a school district that experiences a reduction in State school aid in the 2023-2024 school year or the 2024-2025 school year pursuant to the provisions of P.L.2018, c.67, which is commonly referred to as “S2.” The amount of the allowable adjustment equals the difference between the amount of State aid received by the school district in the previous school year and the amount of State aid received by the school district in the 2023-2024 school year or the 2024-2025 school year.

The amended bill would provide for another allowable adjustment for a school district that is experiencing a reduction in State school aid and is spending below adequacy in any school year after the 2024-2025 school year. Under current law, a school district is considered to be spending below adequacy if its prebudget year spending (defined as the sum from the prior school year of equalization aid, special education categorical aid, security categorical aid, and the school district’s tax levy) is below its projected adequacy spending (defined as the sum for the school year in which the budget will be implemented of its adequacy budget, special education categorical aid, and security categorical aid). For these districts, the allowable adjustment to the tax levy would be the amount necessary for the district to be spending at adequacy.

Finally, the amended bill prohibits any school district that increases its tax levy using the allowable adjustments established by the bill from reducing its teacher workforce or decreasing appropriations for instruction or support services. However, a district may reduce either its total number of teachers or the total amount of general fund appropriations for instruction or support services if the Commissioner of Education approves the applicable reductions in the district's proposed budget.

COMMITTEE AMENDMENTS:

The committee made a technical amendment to the bill, which revises a section of law that is amended under section 1 of the bill.