

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

GOVERNOR PHIL MURPHY SIGNS HISTORIC LEGISLATION TO MODERNIZE AND EQUITABLY DISTRIBUTE SCHOOL FUNDING IN NEW JERSEY

CLIFFSIDE PARK – Making a historic investment in the education of New Jersey’s school children, Governor Phil Murphy today signed landmark legislation to fully and fairly fund public school districts in the Garden State. The bill, S-2, modernizes the State’s school funding formula for the first time in ten years.

“New Jersey’s education system experienced eight years of neglect during the previous administration, which underfunded our public schools by \$9 billion,” **said Governor Murphy**. “This legislation is long overdue and I thank Senate President Steve Sweeney and Speaker Craig Coughlin for their commitment to modernize the State’s school funding system. The necessary adjustments we are making today will bring fairness to the system and ensure our school children receive the quality education they deserve.”

The legislation, which takes effect in Fiscal Year 2020, modifies the current school funding law to eliminate adjustment aid as well as State aid growth caps and allows adjustments to tax growth limitations for certain school districts. The balanced approach will provide more equitable funding distribution through the school funding formula.

Over the course of seven years, aid to overfunded districts will be reduced and aid to underfunded districts will be increased so that all public school districts achieve their appropriate levels of assistance under the formula contained in the School Funding Reform Act (SFRA) by Fiscal Year 2025.

Any district that loses aid and underspends will be required to increase their prior year school tax levy by 2 percent until Fiscal Year 2025. Abbott districts that underspend but have significantly higher tax rates than the statewide average, will be held harmless from aid losses through Fiscal Year 2025. In addition, county vocational school districts will not see any decrease in state aid.

Underfunded districts will see aid increases based on funding made available from aid reductions, and additional funding provided through the annual appropriations act with the goal of full funding by Fiscal Year 2025.

The bill also permits any Abbott district to exceed the 2 percent tax cap without voter approval to increase their local levy up to the expected local levy determined by the funding formula. This provision will last only until Fiscal Year 2025. Non-Abbott districts are still subject to the 2 percent tax cap.

In addition, Governor Murphy signed A-4163, which allows municipalities that have a population over 200,000 to impose an employer payroll tax. These payroll tax revenues are then disbursed to the respective school districts. The measure is intended to allow the City of Jersey City to make up for any decreases in state aid.

S-2 sponsors include Senate President Steve Sweeney, Senator Teresa Ruiz, Senator Linda Greenstein, Assembly Speaker Craig Coughlin and Assemblyman Louis Greenwald.

A-4163 sponsors include Assemblymen Nicholas Chiaravalloti and Raj Mukerji, Assemblywoman Angela McKnight as well as Senators Sandra Cunningham and Brian Stack.

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