

# New Jersey Leadership for Educational Excellence

---



NJSBA



November 6, 2019

The Honorable Stephen M. Sweeney  
President, New Jersey Senate  
935 Kings Highway, Suite 400  
West Deptford, NJ 08086

Dear Senator Sweeney:

Leadership for Educational Excellence, a coalition of New Jersey's major educational organizations, calls on the state Legislature and Administration to amend the tax levy growth limitation (P.L.2010, c.44 at [N.J.S.A. 18A:7F-38](#)) so that all school districts can provide the level of financial support for educational programming deemed "adequate" and necessary by state law.

Under the School Funding Reform Act of 2008, this level of funding, i.e., each district's adequacy budget, is to be provided through a combination of state aid and locally raised property tax revenue, termed the district's "fair share." However, for a significant number of school districts, New Jersey's tax levy growth limitation\*, or cap, presents an insurmountable obstacle to raising the local "fair share" to the level deemed adequate by the SFRA.

The situation is exacerbated by P.L.2018, c.67 (Senate Bill 2) which, while restoring state aid to persistently underfunded school districts, will also result in reductions to a number of districts. For those that are not at adequacy, the current cap presents an impassable roadblock.

We urge you to consider the following:

- Enact legislation to allow adjustments to the tax levy cap for all school districts for the express purpose of reaching adequacy.
- Extend the timeline to apply "banked," or unused, cap under P.L.2010, c.44. The statute allows the application of the unused portion of a district's current-year cap to future levy increases, but only within three years. For a number of school districts that are losing state aid and which did not budget to cap in the past, the three-year time limit has expired and previously unused cap cannot be retrieved.
- Consider cap adjustments for the implementation of school security initiatives, capital outlay and transportation.

---

\* The cap is set at 2% annually, with adjustments for enrollment growth, debt service, and certain health benefit and pension cost increases. In addition, it can be increased or decreased when a cost is transferred to, or from, another school district or government entity.

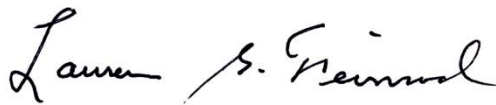
Prior to P.L.2010, c.44, New Jersey's tax levy cap provided a number of adjustments for factors such as reductions in state aid and special education cost increases. These were reasonable adjustments for financial factors outside of the local school district's control. At the same time, they did not undermine the purpose of the tax levy cap, which is control of property tax growth.

Leadership for Educational Excellence believes that the adjustments listed above would help maintain educational programming throughout the state while enabling all school districts to move toward the SFRA's goal of adequate funding for the education of all children.

Sincerely,



*Dr. Richard Bozza*, Executive Director  
NJ Association of School Administrators



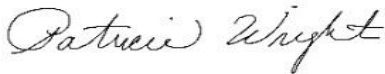
*Dr. Lawrence S. Feinsod*, Executive Director  
NJ School Boards Association



*Steven Swetsky*, Executive Director  
NJ Education Association



*Susan Young*, Executive Director  
NJ Association of School Business Officials



*Patricia Wright*, Executive Director  
NJ Principals & Supervisors Association



*Cathy Lindenbaum*, President  
NJ PTA