

**GOVERNOR'S STATEMENT UPON SIGNING
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NO. 4161
(First Reprint)**

Today I am pleased to sign into law Assembly Committee Substitute for Assembly Bill No. 4161 (First Reprint), which aims to provide funding relief to districts experiencing State aid reductions for the 2024-2025 school year. The bill establishes a Stabilized School Budget Aid Grant Program in the Department of Education to provide aid grants equal to 45 percent of the amount of the school districts' State school aid reductions, as calculated under current law for the 2024-2025 school year. The bill appropriates \$44.7 million to fund the program. The bill further permits certain school districts experiencing State school aid reductions to request certain increases in their adjusted property tax levies above the amounts permitted under current law.

Under Senate Bill No. 2 (P.L.2018, c.67) ("S-2"), which established a seven-year phase-in to achieve the appropriate levels of State aid under the School Funding Reform Act ("SFRA") for school districts, we embarked on a deliberate and thoughtful journey to fully fund our districts. By gradually phasing in the funding formula, we aimed to strike a balance between addressing immediate needs and ensuring long-term sustainability. While most school districts have received significant increases in State aid, contributing to numerous positive impacts, including expanded opportunities and greater equity, a minority of districts were receiving State aid greater than what the formula calculated as appropriate, based on the districts' objective characteristics. This minority of districts has faced reductions in aid, requiring them to make difficult decisions and adjustments.

Our commitment to education must be unwavering and that includes offering temporary assistance to districts experiencing financial challenges as we enter the final phase-in year of S-2. However, with increased funding comes increased responsibility. It is essential that we ensure these funds are used effectively to benefit our students and communities.

Therefore, I am directing the Commissioner of Education to conduct a comprehensive review to assess the responsible utilization of the additional funding by school districts. These additional revenues will further empower districts to make the adjustments necessary to sustain education and support programs following the completion of S-2's phase-in schedule. As the first year after that phase-in, Fiscal Year 2026 represents an important milestone in the core premise of SFRA that education costs be shared between the State and local communities, based on current district circumstances. To that end, this review will provide me with key insights into the work districts have done, including detailing uses of the additional revenues made possible by this bill, to craft sustainable budgets reflecting current enrollment,

fiscal circumstances, and other realities. This review will ensure that districts are responsibly using taxpayer dollars and serving the needs of our students.

I commend the Legislature for their bipartisan efforts in crafting this bill, and I look forward to working together to ensure that all our schools have the resources they need to offer a high-quality education.

Date: May 14, 2024

/s/ Philip D. Murphy

Governor

Attest:

/s/ Parimal Garg

Chief Counsel to the Governor