



NJPSA Position Statement on S-2392
Before the Senate Budget and Appropriations Committee
May 7, 2020

The statewide membership of the NJ Principals and Supervisors Association (NJPSA) has significant concerns and seeks clarification of the provisions of S-2392 (Sarlo)' legislation which could lead to the delay or pro-ration of the payment of tax revenues by municipalities to school districts during our current gubernatorially-declared state of emergency resulting from the COVID-19 crisis in our State. Unfortunately, the bill's positive intentions for municipalities could lead to devastating financial consequences for the school community.

Our Concerns

Since public schools moved to remote operations on or about March 18, 2020, our members have continued to work hard to meet the educational, mental health, and physical wellness needs of our students and communities. Teachers continue to provide online lessons and follow up resources, supports and encouragement remotely. Computers and internet access are critical tools for learning, yet there are challenges in many communities and households in providing access. Additionally, schools provide meals in a wide variety of ways from weekly pick-ups to direct delivery utilizing bus drivers.

Now schools are considering summer programming to address student learning loss and the special programming needs of students with disabilities. A return to school buildings in the fall will involve enhanced operational costs for health and safety measures, technology and internet, personal protection equipment, enhanced cleaning costs, transportation and staffing costs as social distancing requirements continue.

In this context, continued, timely payment of school property taxes is a crucial component of these efforts. Districts need stabilized revenues to maintain our payrolls for our teachers, support staff and instructional personnel, especially as economic challenges rock our state and nation. While we are grateful for the coming CARES Act funding which will be distributed similar to Title I programming, we know that many school districts receive limited federal aid and must rely on local property taxes instead to support their budgets despite these unexpected costs.



On average, local property taxes make up approximately 55% of public-school revenue, although that percentage may be significantly higher in some communities. Our concern is the potential for major disruption to the educational process that a delay or decrease in payment of tax revenues to districts will cause to district budgets, staffing and operations during the current public health crisis.

Our Recommendations

NJPSA acknowledges and appreciates the willingness of the State Senate to work proactively with the school and municipal government communities to address our collective concerns. In reviewing S-2392, we seek clarification and changes in the following areas:

1. Do the provisions of paragraph 1 authorizing the Director of the Division of Local Government Services in the Department of Community Affairs to permit municipalities to delay payment of tax revenues to school districts or submit partial payments work in conjunction with the requirements of existing law that municipalities must immediately borrow funds to make up any shortfall in monies due to school districts? In our reading of the bill, this essential question is unclear.

If the answer is no, NJPSA continues to request the amendments we submitted collectively with the NJ School Boards Association, NJEA, NJ School Business Officials, NJPTA and NJ Association of School Administrators in the consideration of A-3902 as follows:

Paragraph 1. In the event that the Director of the Division of Local Government Services permits municipalities to extend the dates for the payment of taxes due to a school district, or submit a percent of payment due as authorized by S-2392, the legislation shall also require the Director to compel the municipal governing body to issue short-term notes to offset the deferred tax revenue and make the local school district whole and harmless from any loss of cash flow.

2. The bill fails to contain any timeline for when (and if) the municipality must make the school district whole for any revenue shortfalls to schools to be consistent with existing law. This must be clarified. We urge the committee to work with the school and municipalities' communities to establish a reasonable timeline for local municipal



governments to make school districts whole in the event the municipality only submits a percentage payment in this emergency context.

3. We also recommend that the bill contain a provision that the extraordinary authority granted the Director of the Division of Local Government Services would be immediately terminated when the emergency is declared over. This would guarantee that the special authority granted the Director does not extend beyond the emergent situation, such as the one currently facing our state.

These additional provisions would guarantee that no local boards of education are faced with the impossible choice of curtailing educational services in any New Jersey school district.

Thank you for your consideration of the recommendations of the NJ Principals and Supervisors Association.

Submitted by:
Debra Bradley, Esq.
NJPSA Director of Government Relations