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Jersey Shore School District to Avoid Bankruptcy Due to Tax Hike.

Takeaways

- A New Jersey school district will likely avoid filing for bankruptcy after the state passed a budget that raised property taxes.
  The Toms River Regional School District's budget includes a 15.4% increase in the general-fund tax levy, which will help balance the budget.
- The district had been threatened with bankruptcy due to state aid cuts and funding issues, but the tax hike has alleviated that threat.
- A New Jersey school district will likely avoid filing for bankruptcy after the state passed a budget that raised property taxes.

The New Jersey Department of Education adopted a spending plan on behalf of the Toms River Regional School District late last week. The budget has a general-fund tax levy of about $222.9 million — including a 15.4% increase, according to a letter penned July 3 by Susan Naples, the acting executive county superintendent for Ocean County.

"Bankruptcy no longer seems to be in play as the state has decided to impose the tax hike on Toms River to balance the budget," said Michael Kenny, a spokesperson for the district, in an emailed statement.

The threat of bankruptcy, made by school board president Ashley Lamb, triggered a rout in the district's municipal bonds. Chapter 9, a type of bankruptcy through which governments can use to restructure their obligations, are very rare. Since November 2022, just two governments have filed for such protection, a small city in Washington and Chester, Pennsylvania.

The Toms River school district boasts an investment-grade credit rating, with debt graded AA- by S&P Global Ratings. The district has about $135 million of municipal-bond debt outstanding, according to data compiled by Bloomberg.

Toms River, the largest Republican-led town in the state, has been fighting lawmakers in Trenton on funding for its schools for years. District officials said its state aid has been cut by $175 million in recent years, which has lead to higher taxes as well as staffing cuts.

A land sale in the school year ending in 2024 helped the district achieve a balanced budget "by the skin of its teeth," according to its website.

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