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New Jersey Shore School’s Bankruptcy Threat Triggers Bond Rout.

Takeaway

- The Toms River Regional School District in New Jersey is threatening to file for Chapter 9 bankruptcy protection due to years of state funding cuts, which have resulted in a significant reduction in state aid.
- The district’s school board president has authorized staff to consult with bankruptcy attorneys, citing the need to protect the district from creditors while developing a debt-adjustment plan.
- The district’s bonds are trading cheaper, and investors are taking the bankruptcy threat seriously, with $14 million of the district’s debt changing hands on a single day, the most since at least the start of the year.

A New Jersey school district is threatening to file bankruptcy after years of state funding cuts, escalating a showdown with Governor Phil Murphy’s administration and causing outstanding debt to sell off.

The Toms River Regional School District — located on the Jersey Shore — opted not to pass a budget that would raise taxes at its June 30 board meeting. Instead, school board president Ashley Lamb has authorized district staff to consult with bankruptcy attorneys and begin the process for filing for Chapter 9 protection, she said.

Continue reading.

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By Amanda Albright and Sri Taylor

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