

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 386

with Senate committee amendments

STATE OF NEW JERSEY

DATED: MARCH 7, 1996

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 386 of 1996 with amendments.

Senate Bill No. 386, as amended, establishes a Regionalization and Shared Administrative Services Incentive Fund in the Department of Education. The Commissioner of Education will use the fund to provide grants and loans to public school districts to finance activities that promote regionalization and the sharing of administrative services among school districts. Loans and grants would be available to expanding or newly formed regional school districts. The fund would also finance State regionalization incentive aid payments to public school districts that regionalize or expand after the bill's enactment.

The fund would annually be credited with the total amount of excess administrative spending penalty funds deducted from the State aid of school districts pursuant to the provisions of P.L.1995, c.236 (C.18A:7E-6 et seq.).

The activities that could be financed through the fund include the costs to districts for facilities modification; program expansion; transportation expansion; and modifications to collective bargaining agreements. The grant funding would be distributed by the Commissioner of Education based on proposals submitted to him.

The loan funding provided for in the bill would also be distributed by the commissioner to provide low interest loans to school districts to finance the renovation, repair, alteration, or construction of school buildings or the conversion of existing school buildings to other instructional purposes, that may be necessary to effectuate school district regionalization. The amount of each loan and the percentage of the project to be funded by the loan would be determined by the commissioner in accordance with the amount of money available in the incentive fund and the number of school districts applying for regionalization loans.

Finally, the incentive fund would also be used to provide incentive State aid payments to school districts that regionalize or expand after the enactment of the bill. Each such school district would be eligible to receive aid for a period of ten years following regionalization or expansion. The aid would be in the amount of \$200 for each student

for a newly regionalized school district, and \$200 for each additional student for an expanded regional school district, multiplied by the transition weight. The transition weight would equal 1.0 for the first year following regionalization and would decrease by .10 in the second and each subsequent year thereafter.

The bill will apply for State aid for the 1997-98 school year.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- C Clarify that the loans, grants and incentive aid payments in the bill would be available to existing regional school district that expand, as well as to newly formed regional school districts.
- C Delete the provision that would have permitted the loans or grants from the fund to be used for feasibility studies.
- C Increase from 30 to 90 days the period of time within which the Commissioner of Education annually has to notify school districts of the amount of funds available to finance regionalization and shared administrative services projects.

FISCAL IMPACT

The Governor's proposed budget for Fiscal Year 1997 (1996-97 school year) contains anticipated deductions of \$6.6 million from school aid for public school districts as penalties for excess administrative spending. (The deduction in Fiscal Year 1996 was \$9.7 million for the 1995-96 school year.) This amount will be deposited into the Regionalization and Share Administrative Services Incentive Fund created by the bill and used by the Commissioner of Education for the purposes specified in the bill.

The enactment of this bill will not result in any additional costs to the State.