ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 386

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 3, 1996

The Assembly Education Committee favorably reports Senate Bill No. 386 (1R) with committee amendments.

As amended by committee, this bill establishes a Regionalization and Shared Administrative Services Incentive Fund in the Department of Education. The purpose of the fund would be to provide grants and loans to public school districts to finance activities which promote regionalization and the sharing of administrative services among school districts. The fund would also finance State regionalization incentive aid payments to public school districts which regionalized or enlarged after the bill's enactment.

Under the bill's provisions, the fund would annually be credited with the total amount of excess administrative spending penalty funds which are deducted from the State aid of school districts pursuant to the provisions of P.L.1995, c.236. That law provides that any school district whose budgeted per pupil administrative spending for the preceding school year exceeds the median budgeted per pupil administrative spending for the preceding school year for districts of the same operating type by a percentage established in the law, shall have its school aid reduced by the dollar amount of the excess. This bill provides that the penalty money will be deposited into the incentive fund to finance regionalization and shared administrative services grants and loans as well as regionalization incentive State aid.

The grant funding provided for in the bill would be available to school districts to finance activities which promote regionalization and shared administrative services, including but not limited to, the costs to the district of 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 which 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 which regionalize or enlarge after the bill's enactment. Each such school district would be eligible to receive aid for a period of ten years following regionalization. The aid would be in the amount of $200 per student for each student in a newly regionalized school district and $200 for each additional student for an enlarged regional 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 committee amended the bill to provide that in any year in which there is less than $6,600,000 in excess administrative spending penalty funds deducted from the State aid of school districts, there shall be appropriated from the General Fund to the incentive fund such amounts as may be necessary to ensure that the total amount of funds deposited into the incentive fund in that fiscal year equals at least $6,600,000.

As reported by committee, this bill is identical to Assembly Bill No. 680 with Assembly committee amendments.