

# SENATE EDUCATION COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR **SENATE, No. 1063**

# **STATE OF NEW JERSEY**

DATED: JANUARY 14, 1997

The Senate Education Committee reports favorably a Senate Committee Substitute for Senate Bill No. 1063.

This committee substitute establishes the Educational Facilities and Technology Loan and Grant Program in the Educational Facilities Authority. Under the program, \$500 million would be allocated for loans and grants to school districts for the renovation or construction of school buildings and \$50 million would be allocated for loans and grants to school districts for the acquisition of educational technology equipment and facility modification.

Upon application by a school district for a loan and grant, the application would be forwarded to the Commissioner of Education who is authorized and empowered to determine whether the renovation or construction of school buildings or the acquisition of educational technology equipment and facility modification are for projects necessary to provide a thorough and efficient system of education in the State. If the commissioner determines that the project is necessary, the commissioner would certify that the school district is eligible for a loan and grant and would waive the holding of a referendum or the requirement for approval by a board of school estimate or for approval of the project by a capital projects control board. The terms of the loan and the repayment schedule would be established by the authority, and the repayments in the amount of the loan would be treated as net debt service by the school district for school aid purposes.

In reviewing a loan and grant application, the commissioner would take into consideration whether the project can be completed with the amount of the funding requested, the ability of the school district to begin and complete the project in an expeditious manner, and the extent to which the approval of the project contributes to the equitable distribution of monies in the loan and grant fund.

In determining the amount of the loan and grant to be provided, the following criteria would apply:

(1) With respect to an Abbott district, the amount of the approved financial assistance would be apportioned ninety percent (90%) as a grant and ten percent (10%) as a loan;

(2) With respect to a comprehensive school district, the amount of approved financial assistance would be apportioned sixty percent (60%) as a grant and forty percent (40%) as a loan; and

(3) With respect to any other school district, the amount of approved financial assistance would be apportioned twenty-five percent (25%) as a grant and seventy-five percent (75%) as a loan.

Of the total amount available in the loan and grant fund, not more than fifteen percent (15%) of the funds would be available for school districts other than Abbott districts and comprehensive school districts. In addition, not less than fifty percent (50%) of the total would be available for Abbott districts and not less than thirty-five percent (35%) would be available for comprehensive school districts.

Any additional moneys requested by a school district for a project could be provided by a loan to the school district from the authority. The loan would be subject to the terms and conditions determined by the authority and would bear interest at a rate or rates agreed to by the authority and the school board.

The authority would establish and maintain a trust fund in which would be deposited the amounts appropriated by the Legislature from revenue dedicated by the State Constitution for the purpose of financing public school facilities that are necessary to maintain and support a thorough and efficient system of free public schools or the amounts required by the authority to pay the principal of and interest on the bonds issued.

Bonds of the authority issued could not exceed \$550,000,000 and would not be the debt or liability of the State or of any political subdivision thereof. The bonds would be payable solely from revenues or funds pledged or available for their payment by the authority.