

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 3948
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 24, 2021

SUMMARY

Synopsis: Authorizes supplemental State aid to school districts receiving certain federal Impact Aid; makes appropriation.

Type of Impact: Annual State expenditure increase; annual revenue increase to certain school districts.

Agencies Affected: Department of Education; Local School Districts.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Cost Increase	Between \$6 million and \$8 million
School District Revenue Increase	Between \$6 million and \$8 million

- The Office of Legislative Services (OLS) concludes that this bill would result in an annual increase in State expenditures totaling between \$6 million and \$8 million. The State cost increase would coincide with an annual revenue increase of varying amounts to certain local school districts.
- The following school districts have been identified as ones that in recent years have received a Basic Support Payment of federal Impact Aid and provide free public education to federally connected children whose parents are on active duty in the uniformed services: Cape May City School District, Eastampton Township School District, Lakehurst Borough School District, Long Branch City School District, North Hanover Township School District, Northern Burlington County Regional School District, Pemberton Township School District, Rockaway Township School District, and Tinton Falls School District.

BILL DESCRIPTION

This bill establishes an additional category of State school aid known as military impact aid. A school district would be eligible for this category of aid if it received a Basic Support Payment of federal Impact Aid in the prior fiscal year and the district provides free public education to

federally connected children whose parents are on active duty in the uniformed services. The federal Impact Aid Program provides financial assistance to school districts that include within their boundaries parcels of land owned by the federal government or that are exempt from local taxation by the federal government. Part of the federal Impact Aid Program, which is authorized under Section 7003 of the federal Elementary and Secondary Education Act, provides for Basic Support Payments that help school districts that educate federally connected children, including the children of members of the uniformed services.

To determine the amount of aid a district would receive under the bill, a per pupil general fund tax levy amount would be calculated by dividing the prior fiscal year general fund tax levy by resident enrollment, without the inclusion of federally connected children whose parents are on active duty in the uniformed services. A per pupil federal impact aid amount would also be calculated by dividing the amount of a school district's Basic Support Payment received in the prior fiscal year by the number of federally connected children whose parents are on active duty in the uniformed services. The difference between these two per pupil amounts would then be multiplied by the number of federally connected children whose parents are on active duty in the uniformed services. If the difference is calculated as negative, then a school district would not receive military impact aid.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill would result in an annual increase in State expenditures totaling between \$6 million and \$8 million. The State cost increase would coincide with an annual revenue increase of varying amounts to certain local school districts. The OLS has identified the following school districts as ones that in recent years have received a Basic Support Payment of federal Impact Aid and provide free public education to federally connected children whose parents are on active duty in the uniformed services: Cape May City School District, Eastampton Township School District, Lakehurst Borough School District, Long Branch City School District, North Hanover Township School District, Northern Burlington County Regional School District, Pemberton Township School District, Rockaway Township School District, and Tinton Falls School District.

To gauge a sense of annual State costs associated with the bill, the OLS estimated the amount that would have been appropriated had the bill been enacted in fiscal year 2021. The estimated cost approximated \$6.7 million. The OLS used data included in each applicable school district's comprehensive annual financial reports to determine the amount of federal Impact Aid received by the school district in FY 2020 (the pre-budget year for FY 2021). Information included in the FY 2021 State Aid Notices were used to determine each district's overall enrollment counts and the pre-budget year local tax levy. The OLS did not identify a data source explicitly detailing each school district's military enrollment. The OLS, therefore, estimated military enrollment by using the proportion of military student average daily enrollment to overall average daily enrollment detailed in the most recent National Association of Federally Impacted Schools report concerning

Basic Support Payments under Section 7003 of the federal Elementary and Secondary Education Act. The analysis yielded the following amounts: \$456,208 for the Cape May City School District; \$175,075 for the Eastampton School District; \$3,960,247 for the Northern Burlington County Regional School District; \$1,001,630 for the Pemberton Township School District; \$329,783 for the Rockaway Township School District; and \$814,596 for the Tinton Falls School District.

The OLS notes that the estimate for FY 2021 is provided to gauge a sense of the magnitude of the costs of the bill. The OLS finds the estimated annual cost of \$6 million to \$8 million to be reasonable, but recognizes that estimates for individual school districts are subject to some degree of volatility. For instance, amounts may differ depending on actual data and student counts of federally-connected military students. In addition, some districts that may not receive funding in one fiscal year may receive funding in other fiscal years. The OLS notes that the aid amounts that would be provided under the bill are subject to factors that are subject to change each fiscal year, including: 1) appropriations decisions concerning Impact Aid at the federal level; 2) local tax levy decisions; and 3) potential changes in military enrollment resulting in reductions in use or closures of military facilities.

<i>Section:</i>	<i>Education</i>
<i>Analyst:</i>	<i>Christopher Myles</i> <i>Associate Fiscal Analyst</i>
<i>Approved:</i>	<i>Thomas Koenig</i> <i>Legislative Budget and Finance Officer</i>

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).