

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3948

STATE OF NEW JERSEY

DATED: JUNE 17, 2021

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3948.

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.

FISCAL IMPACT:

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 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.

It should be noted that this estimate is subject to some volatility as there does not appear to be a data source that explicitly provides for the number of federally connected children whose parents are on active duty in the armed services. The OLS had to estimate these enrollment numbers in the applicable school districts based on the number of military students as a proportion of a school district's total student population, according to the most recent information published by the National Association of Federally Impacted Schools. Actual military enrollment figures may differ from the estimated numbers calculated by the OLS, thereby affecting a district's individual aid amount.