

18A:39-1d

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2016 **CHAPTER:** 22

NJSA: 18A:39-1d (Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.)

BILL NO: S2049 (Substituted for A3652)

SPONSOR(S) Singer and others

DATE INTRODUCED: April 21, 2016

COMMITTEE: **ASSEMBLY:** ---

SENATE: Budget and Appropriations

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 30, 2016

SENATE: June 23, 2016

DATE OF APPROVAL: August 9, 2016

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (First reprint enacted)

S2049

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill)	Yes
COMMITTEE STATEMENT:	ASSEMBLY: No
	SENATE: Yes

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, *may possibly* be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

A3652

SPONSOR'S STATEMENT: (Begins on page 3 of introduced bill) Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: No

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

(continued)

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"Governor Chris Christie Takes Action on Pending Legislation," Targeted News Service, August 9, 2016

"Christie signs bill to fund busing for Township's private schools," Star-Ledger, August 10, 2016

"Christie signs police diversity training bill," Herald News, August 10, 2016

"Christie approves Lakewood busing program," Asbury Park Press, August 9, 2016

"Christie signs bill to fund busing for Lakewood's private schools," nj.com, August 9, 2016

RWH/JA

P.L.2016, CHAPTER 22, *approved August 9, 2016*

Senate, No. 2049 (*First Reprint*)

1 AN ACT establishing a nonpublic school pupil transportation pilot
2 program and supplementing chapter 39 of Title 18A of the New
3 Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. As used in this section:

9 “Consortium” means a group of nonpublic schools which enroll
10 pupils for whom an eligible district is required to provide
11 transportation pursuant to N.J.S.18A:39-1 and which enter into an
12 agreement to form a consortium for the purpose of participating in
13 the pilot program established pursuant to this section.

14 “Eligible district” means a school district which in the most
15 recent school year prior to the effective date of P.L. ,
16 c. (C.) (pending before the Legislature as this bill), supplied
17 transportation to more than 5,000 pupils residing in the school
18 district in going to and from any remote school other than a public
19 school pursuant to the provisions of N.J.S.18A:39-1.

20 b. The Commissioner of Education shall establish a three-year
21 nonpublic school pupil transportation pilot program.
22 Notwithstanding any section of law to the contrary, under the pilot
23 program, a board of education of an eligible district shall disburse
24 to the consortium an amount equal to the aid in-lieu-of
25 transportation amount for each nonpublic school pupil who is
26 attending a nonpublic school which is a part of the consortium and
27 who is required to be transported by the eligible district pursuant to
28 N.J.S.18A:39-1. The consortium shall assume the responsibilities
29 of the eligible district under N.J.S.18A:39-1 for transporting to and
30 from school the pupils for whom the consortium received an aid in-
31 lieu-of transportation amount under the pilot program. ¹If the per
32 pupil cost of the lowest bid received exceeds the aid in-lieu-of
33 transportation amount, then the parent or guardian of the student
34 shall be eligible to receive the aid in-lieu-of transportation amount
35 from the consortium for that school year.¹ If after providing the
36 required pupil transportation any of the disbursed funds remain
37 unspent, the consortium, as it deems appropriate, may provide
38 courtesy busing to pupils who are residents of the eligible district
39 and are attending the nonpublic schools of the consortium. The

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted June 16, 2016.

1 consortium shall refund annually to the school district after the
2 completion of the school year any unexpended funds received
3 pursuant to the pilot program.

4 c. The commissioner shall designate one eligible district to
5 participate in the pilot program. In order to participate in the pilot
6 program, the eligible district shall:

7 (1) provide to the commissioner the necessary assurances that
8 the consortium is capable of complying with the consortium's pupil
9 transportation responsibilities under the pilot program; and

10 (2) agree as a condition of participation in the pilot program to
11 not provide any courtesy busing to nonpublic school pupils who
12 reside in the eligible district.

13 d. ¹The State monitor appointed pursuant to section 2 of
14 P.L.2006, c.15 (C.18A:7A-55) shall annually enter into a contract
15 with an independent entity to audit the implementation of the pilot
16 program. The audit for the prior school year shall be submitted to
17 the State monitor no later than December 1 of each year, and the
18 State monitor shall transmit a copy of the audit to the Commissioner
19 of Education. If a State monitor has not been appointed, then the
20 board of education shall be responsible for carrying out the
21 provisions of this subsection.

22 e. There shall be established an oversight committee to oversee
23 the operations of the consortium in implementing the pilot program.
24 The oversight committee shall consist of five members including:
25 one member appointed by the State monitor if a State monitor has
26 been appointed, or by the board of education if a State monitor has
27 not been appointed; and four members appointed by the
28 commissioner, one of whom shall represent a nonpublic school
29 which is part of the consortium.

30 f.¹ Two years following the establishment of the pilot program,
31 the commissioner shall submit a report to the Governor, and to the
32 Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1).
33 The report shall contain information on the implementation of the
34 pilot program and shall include the commissioner's
35 recommendation on the advisability of continuing the program and
36 expanding the program Statewide.

37 **[e.] g.¹** The State Board of Education shall promulgate rules
38 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
39 (C.52:14B-1 et seq.), to effectuate the provisions of this act in a
40 manner that comports with the provisions of the State and federal
41 Constitutions. The rules shall include, but need not be limited to,
42 the process and schedule for the disbursement of funds by the
43 eligible district to the consortium.

44

45 2. This act shall take effect immediately and shall first be
46 applicable to the 2016-2017 school year.

S2049 [1R]

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Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.

SENATE, No. 2049

STATE OF NEW JERSEY
217th LEGISLATURE

INTRODUCED APRIL 21, 2016

Sponsored by:

Senator ROBERT W. SINGER

District 30 (Monmouth and Ocean)

SYNOPSIS

Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a nonpublic school pupil transportation pilot
2 program and supplementing chapter 39 of Title 18A of the New
3 Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. a. As used in this section:

9 “Consortium” means a group of nonpublic schools which enroll
10 pupils for whom an eligible district is required to provide
11 transportation pursuant to N.J.S.18A:39-1 and which enter into an
12 agreement to form a consortium for the purpose of participating in
13 the pilot program established pursuant to this section.

14 “Eligible district” means a school district which in the most
15 recent school year prior to the effective date of P.L. _____,
16 c. (C. _____) (pending before the Legislature as this bill), supplied
17 transportation to more than 5,000 pupils residing in the school
18 district in going to and from any remote school other than a public
19 school pursuant to the provisions of N.J.S.18A:39-1.

20 b. The Commissioner of Education shall establish a three-year
21 nonpublic school pupil transportation pilot program.
22 Notwithstanding any section of law to the contrary, under the pilot
23 program, a board of education of an eligible district shall disburse
24 to the consortium an amount equal to the aid in-lieu-of
25 transportation amount for each nonpublic school pupil who is
26 attending a nonpublic school which is a part of the consortium and
27 who is required to be transported by the eligible district pursuant to
28 N.J.S.18A:39-1. The consortium shall assume the responsibilities
29 of the eligible district under N.J.S.18A:39-1 for transporting to and
30 from school the pupils for whom the consortium received an aid in-
31 lieu-of transportation amount under the pilot program. If after
32 providing the required pupil transportation any of the disbursed
33 funds remain unspent, the consortium, as it deems appropriate, may
34 provide courtesy busing to pupils who are residents of the eligible
35 district and are attending the nonpublic schools of the consortium.
36 The consortium shall refund annually to the school district after the
37 completion of the school year any unexpended funds received
38 pursuant to the pilot program.

39 c. The commissioner shall designate one eligible district to
40 participate in the pilot program. In order to participate in the pilot
41 program, the eligible district shall:

42 (1) provide to the commissioner the necessary assurances that
43 the consortium is capable of complying with the consortium’s pupil
44 transportation responsibilities under the pilot program; and

45 (2) agree as a condition of participation in the pilot program to
46 not provide any courtesy busing to nonpublic school pupils who
47 reside in the eligible district.

1 d. Two years following the establishment of the pilot program,
2 the commissioner shall submit a report to the Governor, and to the
3 Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1).
4 The report shall contain information on the implementation of the
5 pilot program and shall include the commissioner's
6 recommendation on the advisability of continuing the program and
7 expanding the program Statewide.

8 e. The State Board of Education shall promulgate rules
9 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
10 (C.52:14B-1 et seq.), to effectuate the provisions of this act in a
11 manner that comports with the provisions of the State and federal
12 Constitutions. The rules shall include, but need not be limited to,
13 the process and schedule for the disbursement of funds by the
14 eligible district to the consortium.

15
16 2. This act shall take effect immediately and shall first be
17 applicable to the 2016-2017 school year.

18
19
20 STATEMENT

21
22 This bill establishes a three-year nonpublic school pupil
23 transportation pilot program. Under the pilot program, a board of
24 education of an eligible district will disburse to a consortium of
25 nonpublic schools, an amount equal to the aid in-lieu-of
26 transportation amount, currently set at \$884, for each nonpublic
27 school pupil who is attending a nonpublic school in the consortium
28 and who is required by law to be transported by the eligible district
29 to and from school. The consortium will assume the responsibilities
30 of transporting the pupils for whom it receives the aid in-lieu-of
31 transportation amount. In addition, if after providing the required
32 pupil transportation any of the disbursed funds remain unspent, the
33 consortium is permitted to use the remaining funds to offer courtesy
34 busing to pupils who reside in the eligible district and are attending
35 a nonpublic school in the consortium. At the end of the school
36 year, the consortium will be required to refund to the school district
37 any unexpended funds it received under the pilot program.

38 Under the bill, the Commissioner of Education will designate
39 one eligible district to participate in the pilot program. The bill
40 defines an eligible district as a school district which in the most
41 recent school year prior to the effective date of the bill supplied
42 transportation to more than 5,000 pupils residing in the school
43 district in going to and from any remote school other than a public
44 school pursuant to the provisions of N.J.S.18A:39-1. Under this
45 definition, only the Lakewood School District would meet the
46 criteria.

47 The bill provides that the pilot program would first be applicable
48 in the 2016-2017 school year.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2049

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 16, 2016

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2049, with committee amendments.

As amended, this bill establishes a three-year nonpublic school pupil transportation pilot program to provide funding to a consortium of nonpublic schools that will assume responsibility for an eligible district's mandated nonpublic school busing.

Under the pilot program, a board of education of an eligible district will disburse to a consortium of nonpublic schools, an amount equal to the aid in-lieu-of transportation amount (currently set at \$884) for each nonpublic school pupil who is attending a nonpublic school in the consortium and who is required by law to be transported by the eligible district to and from school. The consortium will assume the responsibilities of transporting the pupils for whom it receives the aid in-lieu-of transportation amount.

The bill provides that if the per pupil cost of the lowest bid received exceeds the aid in-lieu-of transportation amount, the parent or guardian of the student will be eligible to receive the aid in-lieu-of transportation amount from the consortium for that school year. In addition, if after providing the required pupil transportation any of the funds disbursed to the consortium of nonpublic schools remain unspent, the consortium is permitted to use the remaining funds to offer courtesy busing to pupils who reside in the eligible district and are attending a nonpublic school in the consortium. At the end of the school year, the bill requires the consortium to refund to the school district any unexpended funds it received under the pilot program.

Under the bill, the Commissioner of Education will designate one eligible district to participate in the pilot program. The bill defines an eligible district as a school district which in the most recent school year prior to the effective date of the bill supplied transportation to more than 5,000 pupils residing in the school district in going to and from any remote school other than a public school pursuant to N.J.S.18A:39-1. Under this definition, only the Lakewood School District meets the criteria.

The bill requires the State monitor or the board of education of the eligible district (if a State monitor has not been appointed) to annually

enter into a contract with an independent entity to audit the implementation of the pilot program. The bill stipulates that the audit for the prior school year must be submitted to the State monitor or the board of education no later than December 1 of each year, and that the State monitor or board of education must submit a copy of the audit to the commissioner.

The bill establishes a committee to oversee the operations of the consortium in implementing the pilot program. The committee is to consist of five members including: one member appointed by the State monitor or the board of education of the eligible district (if a State monitor has not been appointed); and four members appointed by the commissioner, one of whom represents a nonpublic school which is part of the consortium.

The bill requires the commissioner to submit a report to the Governor and the Legislature two years following the establishment of the pilot program. The report is to contain information on the implementation of the pilot program and include the commissioner's recommendation on the advisability of continuing the program and expanding it Statewide.

The bill requires the State Board of Education to promulgate rules to effectuate the bill's provisions in a manner that comports with the State and federal Constitutions. The rules promulgated by the board are to include the process and schedule for the disbursement of funds by the eligible district to the consortium.

The bill takes effect immediately and provides that the pilot program will first be applicable in the 2016-2017 school year.

COMMITTEE AMENDMENTS:

The amendments:

-- provide that if the per pupil cost of the lowest bid received by the consortium exceeds the aid in-lieu-of transportation amount, then the parent of the student will be eligible to receive the aid in-lieu-of transportation amount from the consortium for that school year;

-- require the State monitor or the board of education of the eligible district (if a State monitor has not been appointed) to annually contract with an entity to audit the implementation of the pilot program; and

-- establish a committee consisting of five members to oversee the operations of the consortium in implementing the pilot program.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will increase State expenditures by \$2.4 million in each of the three years in which the pilot program will be in effect. It has been reported that the Lakewood School District currently spends \$602 per pupil to provide transportation services for nonpublic school students who reside in the district. Under the bill, the district would be responsible for transferring \$884 per pupil to the consortium. However, pursuant

to the provisions of section 2 of P.L.1981, c.57 (C.18A:39-1a), the State is responsible for any cost associated with mandated busing of nonpublic school students in excess of \$735 per pupil. As such, the State would incur a cost of \$149 for each of the approximately 16,000 nonpublic school students who reside in Lakewood and are eligible to receive transportation services.

The OLS is unable to determine the bill's net effect on school district expenditures. After accounting for the additional State support that the district would receive pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a), the district would be responsible for transferring \$133 more per pupil to the consortium than it currently spends on mandated transportation for nonpublic school students. This leads to an expenditure increase of \$2.1 million. However, Lakewood currently provides courtesy busing for approximately 7,000 nonpublic school students. Under the bill, the district would not provide such a service during the term of the pilot program, yielding an expenditure decrease. However, the OLS does not have information on the amount that the district currently spends to provide courtesy busing to nonpublic school students. Additionally, the consortium would be required to return any unspent funds to the school district at the end of the school year. Any funds that are returned would offset the expenditure increase experienced by the district.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2049

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JUNE 23, 2016

SUMMARY

- Synopsis:** Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.
- Type of Impact:** Expenditure Increase in General Fund or Property Tax Relief Fund; Indeterminate Change in School District Expenditures
- Agencies Affected:** Department of Education; Lakewood School District

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$2.4 million	\$2.4 million	\$2.4 million
Local Cost	Indeterminate Change – See comments below		

- The Office of Legislative Services (OLS) estimates that Senate Bill No. 2049 (1R) will increase State expenditures by approximately \$2.4 million in each of the three years of the pilot program. The bill would require the Lakewood School District to provide funding to a consortium of nonpublic schools that would assume the responsibility of providing mandated transportation services to nonpublic school students attending schools that are part of that consortium. The funding would be based on the maximum amount of nonpublic school transportation costs per pupil allowed, currently \$884 per pupil. A provision of law that is not changed by this legislation stipulates that the State bears any cost of providing mandated transportation services to nonpublic school students that exceeds \$735 per pupil.
- The OLS notes that the bill's impact on the school district's expenditures is indeterminate. The amount that the school district would be required to transfer to the consortium exceeds the amount currently spent to provide mandated transportation services to nonpublic school students by approximately \$2.1 million. This increase would be offset, by an indeterminate amount, by two factors. First, the Lakewood School District currently provides courtesy busing to approximately 7,000 nonpublic school students. Under the bill, the district would not provide such a service during the time of the pilot program, thereby yielding an

expenditure reduction; the OLS does not have information regarding the amount that the district currently spends to provide courtesy busing to nonpublic school students. Second, if funds that were transferred to the consortium remain unexpended at the end of the school year, then the consortium must return the unspent funds to the school district. The OLS is not able to project how much funding, if any, would not be spent by the consortium in any given year.

BILL DESCRIPTION

Under current law, a school district is required to provide transportation services to public school students who live remote from school. Remote is defined as more than two miles between home and school for students enrolled in grades kindergarten through eight, and more than 2.5 miles for high school students. If a school district provides such transportation services to public school students, then it is also required to provide transportation services to nonpublic school students residing in the district who live remote from school, but no more than 20 miles from the nonpublic school that the student attends. The law includes a limit on the amount that a school district may pay to provide transportation services to nonpublic school students; currently, that limit is \$884 per pupil.¹ If the school district is unable to provide transportation services to a nonpublic school student within this limit, then it is required to make an aid in-lieu-of transportation payment in that amount to the student's parent or guardian. The State is responsible for reimbursing school districts for any nonpublic student transportation costs in excess of \$735 per pupil. A school district may, at its own expense, provide courtesy busing to students who do not live remote from school.

Senate Bill No. 2049 (1R) requires that the Commissioner of Education establish a three-year nonpublic school pupil transportation pilot program in the Lakewood School District. Under the pilot program, nonpublic schools may form a consortium that would assume the responsibility of providing the mandated transportation services for the students attending the nonpublic schools included in the consortium. In the event that the consortium is unable to provide transportation for a nonpublic school student, then it would make an aid in-lieu-of transportation payment to the student's parent or guardian.

The district would make a payment to the consortium equal to the \$884 per pupil limit for each nonpublic school student who receives mandated transportation services from the consortium. If funds remain available after the consortium provides the mandated transportation services, then it may provide courtesy busing to nonpublic school students who reside in the district and attend a nonpublic school in the consortium. At the end of each school year, any unexpended funds would be refunded to the district. The district would not provide courtesy busing to any nonpublic school students during the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

¹ This per pupil limit was included in each appropriations act since FY 2010.

State Cost

The OLS estimates that Senate Bill No. 2049 (1R) will increase State expenditures by approximately \$2.4 million in each year of the pilot program. Under the provisions of section 2 of P.L.1981, c.57 (C.18A:39-1a), the State bears any cost of providing mandated transportation to nonpublic school students that exceeds \$735 per pupil. A media report² stated that the State fiscal monitor assigned to the Lakewood School District estimated that Lakewood currently spends \$602 per pupil to provide transportation services to nonpublic school students. Since the legislation does not modify the current law requiring that the State bear costs of nonpublic student transportation in excess of \$735 per pupil, the State would be responsible for providing \$149 per nonpublic school student who is eligible to receive transportation services. As of October 2015, nearly 16,000 nonpublic school students who reside in Lakewood received mandated transportation services, resulting in the estimated increase in State costs.

Local Cost

The OLS is not able to determine the bill's net effect on the school district's expenditures. On the one hand, the amount that the school district would be required to transfer to the consortium (and that will not be reimbursed by the State pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a)) would be \$735 per pupil, or \$133 more per pupil than what the district currently spends to provide transportation for nonpublic school students. This yields a total increase in school district expenditures of approximately \$2.1 million when multiplied by the number of nonpublic school students who are eligible to receive transportation services.

There are two factors that may offset the expenditure increase. First, in addition to providing mandated busing services to nonpublic school students, the district also currently provides courtesy busing to approximately 7,000 nonpublic school students (as well as approximately 3,000 public school students) who do not live remote from school. Under the bill's provisions, the district would not provide such services to nonpublic school students during the term of the pilot program. This would yield an expenditure reduction; however, the OLS does not have information regarding the amount that the district currently spends to provide courtesy busing to nonpublic school students.

Second, the consortium is required to return any funds that remain unspent at the end of the school year to the school district. After providing the mandated transportation services, the consortium has the option of providing courtesy busing to nonpublic school students who reside in Lakewood and attend a school that is included in the consortium. The OLS is unable to project the potential cost of such courtesy busing, and the amount, if any, that would be refunded to the school district at the end of the year.

Underlying Assumptions

This analysis includes four assumptions that impact the estimated State cost. First, it assumes that all nonpublic schools in which Lakewood students are enrolled would join the consortium, and the consortium would provide transportation services for the 16,000 nonpublic school students that currently receive transportation services from the school district. If some nonpublic schools opted to not join the consortium, then the State cost would be less. Second, the analysis assumes that the maximum amount of nonpublic school transportation costs per pupil will remain \$884. Under current law, this figure would increase by the greater of the

² www.app.com/story/news/education/2016/05/09/lakewood-pilot-busing-bill-yeshivas/84134490/

percent change in the consumer price index or the percent change in State transportation aid per pupil. However, each appropriations act since the 2009-2010 fiscal year has set the amount at \$884. The State cost would be greater if a subsequent appropriations act established a higher per pupil limit. Third, the analysis assumes that the number of nonpublic school students residing in Lakewood who are eligible to receive transportation services will remain constant. The OLS notes that between October 2011 and October 2014, the number of students in the district eligible for nonpublic transportation increased by an annual average rate of 12.1 percent. However, from October 2014 to October 2015, the number of nonpublic students eligible for transportation services remained essentially flat. The State cost would increase or decrease based on changes in the number of nonpublic students who are eligible to receive transportation services during the pilot program. Fourth, the analysis assumes that the district's current expenditure of \$602 per pupil for nonpublic school transportation reflects the per pupil cost of mandated transportation. If this figure includes both mandated and courtesy busing, it is possible that the per pupil cost of mandated busing is greater. If it exceeds \$735 per pupil, then the additional State cost per pupil resulting from this bill would be less than the \$149 used in this analysis.

Section: Education

*Analyst: Allen T. Dupree
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

ASSEMBLY, No. 3652

STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED APRIL 14, 2016

Sponsored by:

Assemblyman SEAN T. KEAN

District 30 (Monmouth and Ocean)

Assemblyman DAVID P. RIBLE

District 30 (Monmouth and Ocean)

SYNOPSIS

Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT establishing a nonpublic school pupil transportation pilot
2 program and supplementing chapter 39 of Title 18A of the New
3 Jersey Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. As used in this section:

9 “Consortium” means a group of nonpublic schools which enroll
10 pupils for whom an eligible district is required to provide
11 transportation pursuant to N.J.S.18A:39-1 and which enter into an
12 agreement to form a consortium for the purpose of participating in
13 the pilot program established pursuant to this section.

14 “Eligible district” means a school district which in the most
15 recent school year prior to the effective date of P.L. _____,
16 c. (C.) (pending before the Legislature as this bill), supplied
17 transportation to more than 5,000 pupils residing in the school
18 district in going to and from any remote school other than a public
19 school pursuant to the provisions of N.J.S.18A:39-1.

20 b. The Commissioner of Education shall establish a three-year
21 nonpublic school pupil transportation pilot program.
22 Notwithstanding any section of law to the contrary, under the pilot
23 program, a board of education of an eligible district shall disburse
24 to the consortium an amount equal to the aid in-lieu-of
25 transportation amount for each nonpublic school pupil who is
26 attending a nonpublic school which is a part of the consortium and
27 who is required to be transported by the eligible district pursuant to
28 N.J.S.18A:39-1. The consortium shall assume the responsibilities
29 of the eligible district under N.J.S.18A:39-1 for transporting to and
30 from school the pupils for whom the consortium received an aid in-
31 lieu-of transportation amount under the pilot program. If after
32 providing the required pupil transportation any of the disbursed
33 funds remain unspent, the consortium, as it deems appropriate, may
34 provide courtesy busing to pupils who are residents of the eligible
35 district and are attending the nonpublic schools of the consortium.
36 The consortium shall refund annually to the school district after the
37 completion of the school year any unexpended funds received
38 pursuant to the pilot program.

39 c. The commissioner shall designate one eligible district to
40 participate in the pilot program. In order to participate in the pilot
41 program, the eligible district shall:

42 (1) provide to the commissioner the necessary assurances that
43 the consortium is capable of complying with the consortium’s pupil
44 transportation responsibilities under the pilot program; and

45 (2) agree as a condition of participation in the pilot program to
46 not provide any courtesy busing to nonpublic school pupils who
47 reside in the eligible district.

1 d. Two years following the establishment of the pilot program,
2 the commissioner shall submit a report to the Governor, and to the
3 Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1).
4 The report shall contain information on the implementation of the
5 pilot program and shall include the commissioner's
6 recommendation on the advisability of continuing the program and
7 expanding the program Statewide.

8 e. The State Board of Education shall promulgate rules pursuant
9 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
10 1 et seq.), to effectuate the provisions of this act in a manner that
11 comports with the provisions of the State and federal Constitutions.
12 The rules shall include, but need not be limited to, the process and
13 schedule for the disbursement of funds by the eligible district to the
14 consortium.

15

16 2. This act shall take effect immediately and shall first be
17 applicable to the 2016-2017 school year.

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19

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STATEMENT

21

22 This bill establishes a three-year nonpublic school pupil
23 transportation pilot program. Under the pilot program, a board of
24 education of an eligible district will disburse to a consortium of
25 nonpublic schools, an amount equal to the aid in-lieu-of
26 transportation amount, currently set at \$884, for each nonpublic
27 school pupil who is attending a nonpublic school in the consortium
28 and who is required by law to be transported by the eligible district
29 to and from school. The consortium will assume the responsibilities
30 of transporting the pupils for whom it receives the aid in-lieu-of
31 transportation amount. In addition, if after providing the required
32 pupil transportation any of the disbursed funds remain unspent, the
33 consortium is permitted to use the remaining funds to offer courtesy
34 busing to pupils who reside in the eligible district and are attending
35 a nonpublic school in the consortium. At the end of the school
36 year, the consortium will be required to refund to the school district
37 any unexpended funds it received under the pilot program.

38 Under the bill, the Commissioner of Education will designate
39 one eligible district to participate in the pilot program. The bill
40 defines an eligible district as a school district which in the most
41 recent school year prior to the effective date of the bill supplied
42 transportation to more than 5,000 pupils residing in the school
43 district in going to and from any remote school other than a public
44 school pursuant to the provisions of N.J.S.18A:39-1. Under this
45 definition, only the Lakewood School District would meet the
46 criteria.

47 The bill provides that the pilot program would first be applicable
48 in the 2016-2017 school year.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3652

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 20, 2016

The Assembly Appropriations Committee reports favorably Assembly Bill No. 3652, with committee amendments.

As amended, this bill establishes a three-year nonpublic school pupil transportation pilot program to provide funding to a consortium of nonpublic schools that will assume responsibility for an eligible district's mandated nonpublic school busing.

Under the pilot program, a board of education of an eligible district will disburse to a consortium of nonpublic schools, an amount equal to the aid in lieu of transportation amount (currently set at \$884) for each nonpublic school pupil who is attending a nonpublic school in the consortium and who is required by law to be transported by the eligible district to and from school. The consortium will assume the responsibilities of transporting the pupils for whom it receives the aid in lieu of transportation amount.

The bill provides that if the per pupil cost of the lowest bid received exceeds the aid in lieu of transportation amount, the parent or guardian of the student will be eligible to receive the aid in lieu of transportation amount from the consortium for that school year. In addition, if after providing the required pupil transportation any of the funds disbursed to the consortium of nonpublic schools remain unspent, the consortium is permitted to use the remaining funds to offer courtesy busing to pupils who reside in the eligible district and are attending a nonpublic school in the consortium. At the end of the school year, the bill requires the consortium to refund to the school district any unexpended funds it received under the pilot program.

Under the bill, the Commissioner of Education will designate one eligible district to participate in the pilot program. The bill defines an eligible district as a school district which in the most recent school year prior to the effective date of the bill supplied transportation to more than 5,000 pupils residing in the school district in going to and from any remote school other than a public school pursuant to N.J.S.18A:39-1. Under this definition, only the Lakewood School District meets the criteria.

The bill requires the State monitor or the board of education of the eligible district (if a State monitor has not been appointed) to annually

enter into a contract with an independent entity to audit the implementation of the pilot program. The bill stipulates that the audit for the prior school year must be submitted to the State monitor or the board of education no later than December 1 of each year, and that the State monitor or board of education must submit a copy of the audit to the commissioner.

The bill establishes a committee to oversee the operations of the consortium in implementing the pilot program. The committee is to consist of five members including: one member appointed by the State monitor or the board of education of the eligible district (if a State monitor has not been appointed); and four members appointed by the commissioner, one of whom represents a nonpublic school which is part of the consortium.

The bill requires the commissioner to submit a report to the Governor and the Legislature two years following the establishment of the pilot program. The report is to contain information on the implementation of the pilot program and include the commissioner's recommendation on the advisability of continuing the program and expanding it Statewide.

The bill requires the State Board of Education to promulgate rules to effectuate the bill's provisions in a manner that comports with the State and federal Constitutions. The rules promulgated by the board are to include the process and schedule for the disbursement of funds by the eligible district to the consortium.

The bill takes effect immediately and provides that the pilot program will first be applicable in the 2016-2017 school year.

FISCAL IMPACT:

The Office of Legislative Services (OLS) estimates that the bill will increase State expenditures by \$2.4 million in each of the three years in which the pilot program will be in effect. It has been reported that the Lakewood School District currently spends \$602 per pupil to provide transportation services for nonpublic school students who reside in the district. Under the bill, the district would be responsible for transferring \$884 per pupil to the consortium. However, pursuant to the provisions of section 2 of P.L.1981, c.57 (C.18A:39-1a), the State is responsible for any cost associated with mandated busing of nonpublic school students in excess of \$735 per pupil. As such, the State would incur a cost of \$149 for each of the approximately 16,000 nonpublic school students who reside in Lakewood and are eligible to receive transportation services.

The OLS is unable to determine the bill's net effect on school district expenditures. After accounting for the additional State support that the district would receive pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a), the district would be responsible for transferring \$133 more per pupil to the consortium than it currently spends on mandated transportation for nonpublic school students. This leads to an

expenditure increase of \$2.1 million. However, Lakewood currently provides courtesy busing for approximately 7,000 nonpublic school students. Under the bill, the district would not provide such a service during the term of the pilot program, yielding an expenditure decrease. However, the OLS does not have information on the amount that the district currently spends to provide courtesy busing to nonpublic school students. Additionally, the consortium would be required to return any unspent funds to the school district at the end of the school year. Any funds that are returned would offset the expenditure increase experienced by the district.

COMMITTEE AMENDMENTS:

The amendments:

- provide that if the per pupil cost of the lowest bid received by the consortium exceeds the aid in-lieu-of transportation amount, then the parent of the student will be eligible to receive the aid in-lieu-of transportation amount from the consortium for that school year;
- require the State monitor or the board of education of the eligible district (if a State monitor has not been appointed) to annually contract with an entity to audit the implementation of the pilot program; and
- establish a committee consisting of five members to oversee the operations of the consortium in implementing the pilot program.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3652

STATE OF NEW JERSEY 217th LEGISLATURE

DATED: JUNE 24, 2016

SUMMARY

- Synopsis:** Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing.
- Type of Impact:** Expenditure Increase in General Fund or Property Tax Relief Fund; Indeterminate Change in School District Expenditures
- Agencies Affected:** Department of Education; Lakewood School District

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	\$2.4 million	\$2.4 million	\$2.4 million
Local Cost	Indeterminate Change – See comments below		

- The Office of Legislative Services (OLS) estimates that Assembly Bill No. 3652 (1R) will increase State expenditures by approximately \$2.4 million in each of the three years of the pilot program. The bill would require the Lakewood School District to provide funding to a consortium of nonpublic schools that would assume the responsibility of providing mandated transportation services to nonpublic school students attending schools that are part of that consortium. The funding would be based on the maximum amount of nonpublic school transportation costs per pupil allowed, currently \$884 per pupil. A provision of law that is not changed by this legislation stipulates that the State bears any cost of providing mandated transportation services to nonpublic school students that exceeds \$735 per pupil.
- The OLS notes that the bill's impact on the school district's expenditures is indeterminate. The amount that the school district would be required to transfer to the consortium exceeds the amount currently spent to provide mandated transportation services to nonpublic school students by approximately \$2.1 million. This increase would be offset, by an indeterminate amount, by two factors. First, the Lakewood School District currently provides courtesy busing to approximately 7,000 nonpublic school students. Under the bill, the district would not provide such a service during the time of the pilot program, thereby yielding an

expenditure reduction; the OLS does not have information regarding the amount that the district currently spends to provide courtesy busing to nonpublic school students. Second, if funds that were transferred to the consortium remain unexpended at the end of the school year, then the consortium must return the unspent funds to the school district. The OLS is not able to project how much funding, if any, would not be spent by the consortium in any given year.

BILL DESCRIPTION

Under current law, a school district is required to provide transportation services to public school students who live remote from school. Remote is defined as more than two miles between home and school for students enrolled in grades kindergarten through eight, and more than 2.5 miles for high school students. If a school district provides such transportation services to public school students, then it is also required to provide transportation services to nonpublic school students residing in the district who live remote from school, but no more than 20 miles from the nonpublic school that the student attends. The law includes a limit on the amount that a school district may pay to provide transportation services to nonpublic school students; currently, that limit is \$884 per pupil.¹ If the school district is unable to provide transportation services to a nonpublic school student within this limit, then it is required to make an aid in-lieu-of transportation payment in that amount to the student's parent or guardian. The State is responsible for reimbursing school districts for any nonpublic student transportation costs in excess of \$735 per pupil. A school district may, at its own expense, provide courtesy busing to students who do not live remote from school.

Assembly Bill No. 3652 (1R) of 2016 requires that the Commissioner of Education establish a three-year nonpublic school pupil transportation pilot program in the Lakewood School District. Under the pilot program, nonpublic schools may form a consortium that would assume the responsibility of providing the mandated transportation services for the students attending the nonpublic schools included in the consortium. In the event that the consortium is unable to provide transportation for a nonpublic school student, then it would make an aid in-lieu-of transportation payment to the student's parent or guardian.

The district would make a payment to the consortium equal to the \$884 per pupil limit for each nonpublic school student who receives mandated transportation services from the consortium. If funds remain available after the consortium provides the mandated transportation services, then it may provide courtesy busing to nonpublic school students who reside in the district and attend a nonpublic school in the consortium. At the end of each school year, any unexpended funds would be refunded to the district. The district would not provide courtesy busing to any nonpublic school students during the pilot program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

¹ This per pupil limit was included in each appropriations act since FY 2010.

OFFICE OF LEGISLATIVE SERVICES**State Cost**

The OLS estimates that Assembly Bill No. 3652 (1R) will increase State expenditures by approximately \$2.4 million in each year of the pilot program. Under the provisions of section 2 of P.L.1981, c.57 (C.18A:39-1a), the State bears any cost of providing mandated transportation to nonpublic school students that exceeds \$735 per pupil. A media report² stated that the State fiscal monitor assigned to the Lakewood School District estimated that Lakewood currently spends \$602 per pupil to provide transportation services to nonpublic school students. Since the legislation does not modify the current law requiring that the State bear costs of nonpublic student transportation in excess of \$735 per pupil, the State would be responsible for providing \$149 per nonpublic school student who is eligible to receive transportation services. As of October 2015, nearly 16,000 nonpublic school students who reside in Lakewood received mandated transportation services, resulting in the estimated increase in State costs.

Local Cost

The OLS is not able to determine the bill's net effect on the school district's expenditures. On the one hand, the amount that the school district would be required to transfer to the consortium (and that will not be reimbursed by the State pursuant to section 2 of P.L.1981, c.57 (C.18A:39-1a)) would be \$735 per pupil, or \$133 more per pupil than what the district currently spends to provide transportation for nonpublic school students. This yields a total increase in school district expenditures of approximately \$2.1 million when multiplied by the number of nonpublic school students who are eligible to receive transportation services.

There are two factors that may offset the expenditure increase. First, in addition to providing mandated busing services to nonpublic school students, the district also currently provides courtesy busing to approximately 7,000 nonpublic school students (as well as approximately 3,000 public school students) who do not live remote from school. Under the bill's provisions, the district would not provide such services to nonpublic school students during the term of the pilot program. This would yield an expenditure reduction; however, the OLS does not have information regarding the amount that the district currently spends to provide courtesy busing to nonpublic school students.

Second, the consortium is required to return any funds that remain unspent at the end of the school year to the school district. After providing the mandated transportation services, the consortium has the option of providing courtesy busing to nonpublic school students who reside in Lakewood and attend a school that is included in the consortium. The OLS is unable to project the potential cost of such courtesy busing, and the amount, if any, that would be refunded to the school district at the end of the year.

Underlying Assumptions

This analysis includes four assumptions that impact the estimated State cost. First, it assumes that all nonpublic schools in which Lakewood students are enrolled would join the consortium, and the consortium would provide transportation services for the 16,000 nonpublic school students who currently receive transportation services from the school district. If some nonpublic schools opted to not join the consortium, then the State cost would be less. Second,

² www.app.com/story/news/education/2016/05/09/lakewood-pilot-busing-bill-yeshivas/84134490/

the analysis assumes that the maximum amount of nonpublic school transportation costs per pupil will remain \$884. Under current law, this figure would increase by the greater of the percent change in the consumer price index or the percent change in State transportation aid per pupil. However, each appropriations act since the 2009-2010 fiscal year has set the amount at \$884. The State cost would be greater if a subsequent appropriations act established a higher per pupil limit. Third, the analysis assumes that the number of nonpublic school students residing in Lakewood who are eligible to receive transportation services will remain constant. The OLS notes that between October 2011 and October 2014, the number of students in the district eligible for nonpublic transportation increased by an annual average rate of 12.1 percent. However, from October 2014 to October 2015, the number of nonpublic students eligible for transportation services remained essentially flat. The State cost would increase or decrease based on changes in the number of nonpublic students who are eligible to receive transportation services during the pilot program. Fourth, the analysis assumes that the district's current expenditure of \$602 per pupil for nonpublic school transportation reflects the per pupil cost of mandated transportation. If this figure includes both mandated and courtesy busing, it is possible that the per pupil cost of mandated busing is greater. If it exceeds \$735 per pupil, then the additional State cost per pupil resulting from this bill would be less than the \$149 used in this analysis.

Section: Education

*Analyst: Allen T. Dupree
Principal Fiscal Analyst*

*Approved: Frank W. Haines III
Legislative Budget and Finance Officer*

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

Governor Chris Christie Takes Action On Pending Legislation

Tuesday, August 9, 2016 Tags: [Bill Action](#)

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Trenton, NJ – Governor Chris Christie announced action that has been taken on the following legislation:

BILLS SIGNED:

S-2049/A-3652 (Singer/S. Kean, Ribble) – w/ STATEMENT - Establishes three-year nonpublic school pupil transportation pilot program in Lakewood School District to provide funding to consortium of nonpublic schools that will assume responsibility for district's mandated nonpublic school busing

A-1663wGR/S-1142 (Schaer, Prieto, Sumter, Daniels, Johnson, Mukherji/Turner) - Requires DLPS to establish and make available to law enforcement agencies cultural diversity training materials and online tutorial

A copy of the Governor's statement is attached to the release.

Press Contact:
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609-777-2600

