

LEGISLATIVE HISTORY CHECKLIST

NJSA: 18A:58-7, 18A:7A-18 et al (Regional school districts formed after 1-1-86-- financial incentives)

LAWS OF: 1987 CHAPTER: 266

Bill No: S288

Sponsor(s): Dumont

Date Introduced: Pre-filed

Committee: Assembly: Education; Appropriations

Senate: Revenue, Finance and Appropriations

Amended during passage: Yes Amendments denoted by asterisks according to Governor's recommendations

Date of Passage: Assembly: January 8, 1987 Re-enacted 9-10-87

Senate: October 20, 1986 Re-enacted 6-25-87

Date of Approval: September 11, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

Veto Message: Yes

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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SENATE, No. 288

STATE OF NEW JERSEY

PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator DUMONT

AN ACT providing financial incentives for the formation of certain regional school districts, amending *\*and supplementing\** N. J. S. 18A:58-7 and P. L. 1975, c. 212.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. N. J. S. 18A:58-7 is amended to read as follows:

2 18A:58-7. Each district shall also be paid 90% of the cost  
3 to the district of transportation of pupils to a school when the  
4 necessity for such transportation and the cost and method thereof  
5 have been approved by the county superintendent of the county in  
6 which the district paying the cost of such transportation is situate;  
7 *except that in the case of a regional school district formed after*  
8 *January 1, 1987 the payment shall be calculated on the current basis*  
9 *of the approved amount of transportation expense during the two*  
10 *years following the year of regionalization of the school district\**,  
11 *subject to the provisions of section **\*\*[5]\*\*** **\*\*4\*\*** of **\*\*[this***  
12 *amendatory and supplementary act]\*\** *\*P. L. , c. (C.*  
13 *) (now pending before the Legislature as this bill)\*\** .

14 Such aid shall be paid for elementary pupils who live beyond two  
15 miles from their school of attendance and secondary pupils who  
16 live beyond 2½ miles from their school of attendance.

1 2. Section 18 of P. L. 1975, c. 212 (C. 18A:7A-18) is amended  
2 to read as follows:

3 18. Equalization support for current expenses of all school dis-  
4 tricts shall be paid in accordance with the calculations contained  
5 in subsections a. or b. whichever results in a greater amount of aid:

**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 printed in italics thus is new matter.**

**Matter enclosed in asterisks or stars has been adopted as follows:**

**\*—Senate committee amendments adopted September 8, 1986.**

**\*\*—Senate amendments adopted in accordance with Governor's recommendations June 18, 1987.**

6 a. Divide the district equalized valuation per pupil by the guar-  
7 anteed valuation per pupil and subtract the quotient from 1.0000  
8 to obtain the district's State support ratio.

9 Multiply the district's State support ratio by the smaller of  
10 (1) the net current expense budget for the prebudget year or (2)  
11 the product of the resident enrollment and the State support limit.

12-13 b. Divide the district's equalized valuation per pupil by the  
14 minimum aid guaranteed valuation per pupil, subtract the quotient  
15 from 1.000 and multiply the remainder by 10% to obtain the  
16 district's minimum aid State support ratio.

17 Multiply the district's minimum aid State support ratio by the  
18 product of the resident enrollment and the State support limit.

19 *An all purpose regional school district formed after January 1,*  
20 *1987 shall be entitled to 110% of the amount of equalization aid*  
21 *calculated pursuant to subsection a. and b. of this section for a*  
22 *period of five years following the year of regionalization of the*  
23 *school district\*, subject to the provisions of section \*\*[5]\*\* \*\*4\*\**  
24 *of \*\*[this amendatory and supplementary act]\*\*\*\* \*\*P. L. ,*  
25 *c. (C. ) (now pending before the Legislature as*  
26 *this bill)\*\*.*

27 *\*\*[A limited purpose school district formed after January 1,*  
28 *1987 shall be entitled to 105% of the amount of equalization aid*  
29 *calculated pursuant to subsection a. or b. of this section for a period*  
30 *of five years following the year of regionalization of the school*  
31 *district\*, subject to the provisions of section 5 of this amendatory*  
32 *and supplementary act\*.]\*\**

1 3. Section 19 of P. L. 1975, c. 212 (C. 18A:7A-19) is amended  
2 to read as follows:

3 19. State support for debt service and budgeted capital outlay  
4 shall equal the total of the net debt service and budgeted capital  
5 outlay budgets for the prebudget year multiplied by the district's  
6 current expense State support ratio obtained in section 18 of this  
7 act. If the product is less than zero, no support shall be paid.  
8 Budgeted capital outlay used for the calculation of State support  
9 shall be the smaller of (1) the budgeted capital outlay for the  
10 prebudget year, or (2) 1½% of the sum of the current expense  
11 and budgeted capital outlay for the prebudget year.

12 *Any \*\*all purpose\*\* regional school district formed after*  
13 *January 1, 1987 whose equalized valuation per pupil exceeds the*  
14 *State guaranteed valuation per pupil shall receive debt service and*  
15 *capital outlay aid in the same percentage as current expense aid*  
16 *calculated pursuant to P. L. 1975, c. 212 (C. 18A:7A-1 et seq.) for a*

17 *period of 10 years following the year of regionalization of the*  
 18 *school district\*, subject to the provisions of section \*\*[5]\*\* \*\*4\*\**  
 19 *of \*\*[this amendatory and supplementary act]\*\*\*\* \*\*P. L. ,*  
 20 *c. (C. ) (now pending before the Legislature as*  
 21 *this bill)\*\*.*

1 *\*\*[4. (New section) Any funds appropriated pursuant to this*  
 2 *amendatory and supplementary act shall be in addition to all funds*  
 3 *necessary to be appropriated by the State for all school districts*  
 4 *in the State as determined by the Commissioner of Education pur-*  
 5 *suant to section 27 of P. L. 1975, c. 212 (C. 18A:7A-27).]\*\**

1 *\*\*[5.]\*\* \*\*4.\*\* (New section) In addition to all other State aid,*  
 2 *the first five districts that receive required approval to form a*  
 3 *regional school district after \*\*[the effective date of this amenda-*  
 4 *tory and supplementary act]\*\* \*\*January 1, 1987\*\* shall be entitled*  
 5 *to receive additional State aid as provided in \*\*[sections 1, 2 and 3*  
 6 *of]\*\* \*\*N. J. S. 18A:58-7 and sections 18 and 19 of P. L. 1975,*  
 7 *c. 212 (C. 18A:7A-18 and 18A:7A-19) as amended by\*\* this*  
 8 *\*\*1987\*\* amendatory and supplementary act.\**

1 *\*[4.]\* \*\*[6.]\* \*\*5.\*\* This act shall take effect *\*\*immediately*  
 2 *and shall be retroactive to\*\* January 1, 1987.**

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# SENATE, No. 288

Introduced Pending Technical Review by Legislative Counsel  
PRE-FILED FOR INTRODUCTION IN THE 1986 SESSION

By Senator DUMONT

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# SENATE, No. 1937

# STATE OF NEW JERSEY

INTRODUCED JUNE 25, 1984

By Senator DUMONT

Referred to Committee on Education

AN ACT providing financial incentives for the formation of certain regional school districts, amending N. J. S. 18A:58-7 and P. L. 1975, c. 212.

1 BE IT ENACTED *by the Senate and General Assembly of the State*  
2 *of New Jersey:*

1 1. N. J. S. 18A:58-7 is amended to read as follows:

2 18A:58-7. Each district shall also be paid 90% of the cost  
3 to the district of transportation of pupils to a school when the  
4 necessity for such transportation and the cost and method thereof  
5 have been approved by the county superintendent of the county in  
6 which the district paying the cost of such transportation is situate;  
7 *except that in the case of a regional school district formed after*  
8 *January 1, 1985 the payment shall be calculated on the current basis*  
9 *of the \***[actual]**\* \*approved\* amount of transportation expense*  
10 *during the two years following the year of regionalization of the*  
11 *school district.* Such aid shall be paid for elementary pupils who  
12 live beyond two miles from their school of attendance and secondary  
13 pupils who live beyond 2½ miles from their school of attendance.

1 2. Section 18 of P. L. 1975, c. 212 (C. 18A:7A-18) is amended  
2 to read as follows:

3 18. Equalization support for current expenses of all school dis-  
4 tricts shall be paid in accordance with the calculations contained  
5 in subsections a. or b. whichever results in a greater amount of aid:

6 a. Divide the district equalized valuation per pupil by the guar-  
7 anteed valuation per pupil and subtract the quotient from 1.0000  
8 to obtain the district's State support ratio.

**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 printed in italics *thus* is new matter.

Matter enclosed in asterisks or stars has been adopted as follows:

\*—Senate committee amendments adopted February 4, 1985.

9 Multiply the district's State support ratio by the smaller of  
 10 (1) the net current expense budget for the prebudget year or (2)  
 11 the product of the resident enrollment and the State support limit.  
 12-13 b. Divide the district's equalized valuation per pupil by the  
 14 minimum aid guaranteed valuation per pupil, subtract the quotient  
 15 from 1.000 and multiply the remainder by 10% to obtain the  
 16 district's minimum aid State support ratio.

17 Multiply the district's minimum aid State support ratio by the  
 18 product of the resident enrollment and the State support limit.

19 *\*[A]\* \*An all purpose\* regional school district formed after  
 20 January 1, 1985 shall be entitled to \*[additional State aid equal to  
 21 10%]\* \*110%\* of the \*[final]\* amount \*of equalization aid\* calcu-  
 22 lated pursuant to \*P. L. 1975, c. 212 (C. 18A:7A-1 et seq.)\* \*sub-  
 23 section a. and b. of this section\* for a period \*[not to exceed]\* \*of\*  
 24 five years following the year of regionalization of the school district.*

25 *\*A limited purpose school district formed after January 1, 1985  
 26 shall be entitled to 105% of the amount of equalization aid calcu-  
 27 lated pursuant to subsection a. or b. of this section for a period  
 28 of five years following the year of regionalization of the school  
 29 district.\**

1 3. Section 19 of P. L. 1975, c. 212 (C. 18A:7A-19) is amended  
 2 to read as follows:

3 19. State support for debt service and budgeted capital outlay  
 4 shall equal the total of the net debt service and budgeted capital  
 5 outlay budgets for the prebudget year multiplied by the district's  
 6 current expense State support ratio obtained in section 18 of this  
 7 act. If the product is less than zero, no support shall be paid.  
 8 Budgeted capital outlay used for the calculation of State support  
 9 shall be the smaller of (1) the budgeted capital outlay for the  
 10 prebudget year, or (2) 1½% of the sum of the current expense  
 11 and budgeted capital outlay for the prebudget year.

12 *Any regional school district formed after January 1, 1985  
 13 \*[which]\* \*whose equalized valuation per pupil\* exceeds the  
 13A \*State\* guaranteed valuation per pupil shall receive debt service  
 14 and capital outlay aid in the same percentage as current expense  
 15 aid calculated pursuant to P. L. 1975, c. 212 (C. 18A:7A-1 et seq.)  
 16 \*for a period of 10 years following the year of regionalization of  
 17 the school district\*.*

1 4. This act shall take effect January 1, 1985.

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#### STATEMENT

This bill provides financial incentives to regional school districts  
 formed after January 1, 1985.

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ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

**SENATE, No. 288**

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**STATE OF NEW JERSEY**

DATED: DECEMBER 8, 1986

The Assembly Education Committee favorably reports this bill.

This bill provides financial incentives to encourage school districts to regionalize. The incentives are available to the first five regional districts formed after January 1, 1987.

Eligible all purpose (K-12) districts which regionalize after January 1, 1987 will receive an additional 10% in State equalization aid. Limited purpose (e.g., K-8 or 9-12) districts will receive an additional 5%. These incentives will continue for five years following regionalization. In addition, for the first two years after regionalization, these districts will receive transportation aid based on current year approved expenses. Other districts receive transportation aid based on the approved expenses for two years prior.

The bill also provides that for 10 years after regionalization eligible districts which are minimum aid districts shall receive State aid for debt service and budgeted capital outlay equal to the percentage of their current expense aid entitlement. Normally minimum aid districts are not eligible for debt service and budgeted capital outlay aid from the State.

Funds provided under this bill will be derived from an additional appropriation and not taken from the money needed to fully fund the State aid formulas.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

**SENATE, No. 288**

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**STATE OF NEW JERSEY**

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DATED: DECEMBER 15, 1986

The Assembly Appropriations Committee favorably reports Senate Bill No. 288 (OCR).

This bill provides financial incentives to encourage school districts to regionalize. These incentives are available to the first five eligible regions formed after January 1, 1987.

All purpose (K-12) districts which regionalize after January 1, 1987 will receive an additional 10% in State equalization aid. Limited purpose (other than K-12, e.g., K-8 or 9-12) districts will receive an additional 5%. These incentives will continue for five years following regionalization. All districts will be given transportation aid based on the amount of approved current year expenses, rather than actual expenses of the second prior year, for two years following regionalization.

In addition, minimum aid districts, which currently receive no aid for debt service and budgeted capital outlay, will receive aid equal to the percentage of their equalization aid entitlement. This aid shall be paid for 10 years following regionalization.

Any funds provided under this bill will be derived from an additional appropriation, and not taken from regular state school aid appropriations.

**FISCAL IMPACT:**

This bill will result in increased net state expenditures for equalization, transportation and debt service and capital outlay aid after some cost savings from regionalizing. The amount of increased expenditures will depend on the extent to which school districts respond to the incentives to regionalize provided in this bill. At present, it is not possible to estimate the level of that response.



SENATE REVENUE, FINANCE AND APPROPRIATIONS  
COMMITTEE

STATEMENT TO

**SENATE, No. 288**

with Senate committee amendments

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 8, 1986

The Senate Revenue, Finance and Appropriations Committee reports favorably with committee amendments Senate Bill No. 288.

This bill, as amended, provides financial incentives to encourage school districts to regionalize. These incentives are available to the first five eligible regions formed after January 1, 1987.

All purpose (K-12) districts which regionalize after January 1, 1987 will receive an additional 10% in State equalization aid. Limited purpose (other than K-12, e.g. K-8 or 9-12) districts will receive an additional 5%. These incentives will continue for five years following regionalization. All districts will be given transportation aid based on the amount of approved current year expenses, rather than actual expenses of the second prior year, for two years following regionalization.

In addition, minimum aid districts, which currently receive no aid for debt service and budgeted capital outlay, will receive aid equal to the percentage of their equalization aid entitlement. This aid shall be paid for 10 years following regionalization.

Any funds provided under this bill will be derived from an additional appropriation, and not taken from regular State school aid appropriations.

**COMMITTEE AMENDMENTS:**

The committee amended Senate Bill No. 288 to limit the additional school aid to the first five eligible regional school districts formed after January 1, 1987. In addition, the bill was amended to specify that any funds provided will be derived from an additional appropriation, rather than being taken from regular school aid appropriations.

**FISCAL IMPACT:**

This bill will result in increased State expenditures for school equalization, transportation and debt service and capital outlay aid. The amount of increased expenditures will depend on the extent to which school districts respond to the incentives to regionalize provided in this bill. At present, it is not possible to estimate the level of that response.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

February 19, 1987

SENATE BILL NO. 288 (OCR)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the Constitution, I am returning Senate Bill No. 288 (OCR) with my objections for reconsideration.

The purpose of this bill is to encourage school districts to regionalize. The bill provides this encouragement through financial incentives which are intended to entice districts which may consider regionalization to bring such plans to fruition.

Regionalization of school districts is a public policy which I support. When individual districts come together to form a regional school district, they create a broader base of students which presents an opportunity for more comprehensive programming. However, a well planned continuum of educational programs which employs measurements and objectives consistent with an overall curriculum policy is best achieved when there is only one board and one administration. For this reason, I favor all purpose regional school districts and support the bill's policy of providing financial incentives to encourage the formation of more all purpose regional school districts.

Limited program regional school districts also serve the public interest by bringing together a broader base of students for which a breadth of educational programs may be better provided than if individual smaller districts were to provide the same services. However, limited purpose regional school districts have natural obstacles to the smooth flow of educational programs from one grade level to the next due to the fact that governance is split among several individual school districts. While they too serve policies which the public interest favors, they do not serve such policies as well as all purpose regional school districts. Accordingly, I do not support providing the same financial incentives for limited purpose regional school districts as for all purpose regional school districts. Therefore, I recommend providing only the pupil transportation aid incentive for limited purpose regional school districts. I would maintain the three types of incentives which the bill provides for all purpose regional school districts.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

2

In addition, this bill contains a section which would prevent the State from providing any additional aid to newly formed regional school districts unless all other State education aid were fully funded. In view of the fiscal realities facing the State in the upcoming fiscal year, as well as those future years which we can project, it is impractical to impose this limitation. This would have the result of prohibiting the State from providing any incentive aid to newly formed regional school districts. I recommend that this section be deleted from the bill.

Therefore, I herewith return Senate Bill No. 288 (OCR) and recommend that it be amended as follows:

- Page 1, Section 1, Line 11: Delete "5" insert "4"
- Page 1, Section 1, Lines 11-12: Delete "this amendatory and supplementary act" insert "P.L. , c. (C. ) (now pending before the Legislature as this bill)"
- Page 2, Section 2, Line 23: Delete "5" insert "4"
- Page 2, Section 2, Lines 23-23A: Delete "this amendatory and supplementary act" insert "P.L. , c. (C. ) (now pending before the Legislature as this bill)"
- Page 2, Section 2, Lines 24-29: Delete in its entirety
- Page 2, Section 3, Line 12: After "Any" insert "all purpose"
- Page 3, Section 3, Line 18: Delete "5" insert "4"
- Page 3, Section 3, Lines 18-19: Delete "this amendatory and supplementary act" insert "P.L. , c. (C. ) (now pending before the Legislature as this bill)"
- Page 3, Section 4, Lines 1-5: Delete in its entirety
- Page 3, Section 5, Line 1: Delete "5." insert "4."
- Page 3, Section 5, Lines 3-4: Delete "the effective date of this amendatory and supplementary act" insert "January 1, 1987"
- Page 3, Section 5, Lines 5-6: Delete "sections 1, 2 and 3 of this amendatory and supplementary act" insert N.J.S. 18A:58-7 and sections 18 and 19 of P.L. 1975, c. 212 (C.18A:7A-18 and 18A:7A-19) as amended by this 1987 amendatory and supplementary act"

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

3

Page 3, Section 6, Line 1:

Delete "6." insert "5."

Page 3, Section 6, Line 1:  
shall be retroactive to"

After "effect" insert "immediately and

Respectfully,

/s/ Thomas H. Kean

GOVERNOR

[seal]

Attest:

/s/ Michael R. Cole

Chief Counsel