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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

"New law creates school choice," The Star-Ledger, 9-12-10

"School choice signed into law," The Record, 9-12-10

"Christie signs public school-choice expansion into law," The Press of Atlantic City, 9-12-10

OTHER: Yes

974.90 S372 2010c Committee meeting of Joint Committee on the Public Schools, School Choice Subcommittee : information on the role, requirements, and parameters of charter school authorizers : [September 28, 2010, Trenton, New Jersey] / meeting recorded and transcribed by the Office of Legislative Services, Public Information Office, Hearing Unit.

974.90 S372 2010f Subcommittee meeting of Joint Committee on the Public Schools, Subcommittee on School Choice : on-line learning, cyber school districts, and e-charter schools : [November 23, 2010, Trenton, New Jersey] / meeting recorded and transcribed by the Office of Legislative Services, Public Information Office, Hearing Unit.

LAW/KR

[Second Reprint]

ASSEMBLY, No. 355

STATE OF NEW JERSEY
214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

Sponsored by:

Assemblywoman MILA M. JASEY

District 27 (Essex)

Assemblywoman JOAN M. VOSS

District 38 (Bergen)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

Co-Sponsored by:

Assemblymen DiMaio, Schaer, Assemblywoman Spencer, Assemblyman O'Scanlon, Senators Turner, T.Kean and Ruiz

SYNOPSIS

Establishes a permanent Interdistrict Public School Choice Program.

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on June 24, 2010, with amendments.



(Sponsorship Updated As Of: 6/29/2010)

1 AN ACT establishing a permanent Interdistrict Public School Choice
2 Program, supplementing chapter 36B of Title 18A of the New
3 Jersey Statutes, and repealing parts of the statutory law.
4

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

7
8 1. This act shall be known and may be cited as the "Interdistrict
9 Public School Choice Program Act."
10

11 2. As used in this act:

12 "Choice district" means a public school district, established
13 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
14 Statutes, which is authorized under the interdistrict public school
15 choice program to open a school or schools to students from
16 sending districts;

17 "Commissioner" means the Commissioner of Education;

18 ¹["Receiving district" means the district receiving a student from
19 a sending district;]¹

20 "Sending district" means the district of residence of a ¹choice¹
21 student.
22

23 3. The Commissioner of Education shall establish an
24 interdistrict public school choice program which shall provide for
25 the creation of choice districts. A choice district may enroll
26 students across district lines in designated schools of the choice
27 district.
28

29 4. a. A proposed choice district shall submit an application to
30 the commissioner no later than April 30 in the year prior to the
31 school year in which the choice program will be implemented;
32 except that for the first year of implementation of the program
33 pursuant to P.L. , c. (C.) (pending before the Legislature as
34 this bill), the application shall be submitted no later than the date
35 specified by the commissioner. The application shall include, but
36 not be limited to, the following information:

37 (1) a description of programs and schools and the number of
38 student openings in each school identified by grade level which are
39 available for selection;

40 (2) the provision for the creation of a parent information center;

41 (3) a description of the student application process and any
42 criteria required for admission; ¹and¹

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:

¹Assembly AED committee amendments adopted February 18, 2010.

²Senate SBA committee amendments adopted June 24, 2010.

1 (4) an analysis of the potential impact of the program on student
2 population diversity in all potential participating districts and a plan
3 for maintaining diversity in all potential participating districts,
4 which plan shall not be used to supersede a court-ordered or
5 administrative court-ordered desegregation plan '1];

6 (5) the provision for screening out students during the
7 application process who wish to attend a school for athletic,
8 extracurricular, or social reasons; and

9 (6) after agreement with potential sending districts, the school
10 district responsible for the transportation, or aid-in-lieu-of
11 transportation, for students participating in the choice program from
12 each of the potential sending districts]¹.

13 The commissioner shall notify a choice district of the approval or
14 disapproval of its application no later than July 30, and the reasons
15 for disapproval shall be included in the notice; except that for the
16 first year of implementation of the program pursuant to P.L. ,
17 c. (C.) (pending before the Legislature as this bill), notification
18 shall be no later than the date specified by the commissioner.

19 The commissioner shall notify the State Board of Education of
20 the approval of a choice district application and the State board
21 shall include a public notice of the approval on the next agenda for
22 its public monthly meeting.

23 b. The commissioner may take appropriate action, consistent
24 with State and federal law, to provide that student population
25 diversity in all districts participating in a choice district program is
26 maintained. Student population diversity shall include, but not be
27 limited to, the ethnic, racial, economic, and geographic diversity of
28 a district's student population. The actions may include, but need
29 not be limited to:

30 (1) directing a choice district to take appropriate steps to
31 implement successfully the district's plan for maintaining student
32 population diversity;

33 (2) restricting the number of choice students from a sending
34 district or the authority of a choice district to accept choice students
35 in the future; and

36 (3) revoking approval of the choice district. Any choice student
37 who is attending a designated school in a choice district at the time
38 of the commissioner's revocation of approval shall be entitled to
39 continue to be enrolled in that school until graduation.

40
41 5. The commissioner shall evaluate an application submitted by
42 a proposed choice district according to the following criteria:

43 a. the fiscal impact on the district;

44 b. the quality and variety of academic programs offered within
45 the district;

46 c. the potential effectiveness of the student application process
47 and of the admissions criteria utilized;

1 d. the impact on student population diversity in the district; and
2 e. the degree to which the program will promote or reduce
3 educational quality in the choice district and the sending districts.
4

5 6. Any choice district established by the commissioner prior to
6 the effective date of P.L. , c. (C.) (pending before the
7 Legislature as this bill) is authorized to continue operation as if the
8 choice district had been approved pursuant to the provisions of
9 P.L. , c. (C.) (pending before the Legislature as this bill).
10

11 7. a. The parents or guardian of a student shall notify the
12 sending district of the student's intention to participate in the choice
13 program and shall submit an application to the choice district,
14 indicating the school the student wishes to attend, no later than the
15 date specified by the commissioner. To be eligible to participate in
16 the program, a student shall be enrolled at the time of application in
17 grades preschool through ¹[9] 12¹ in a school of the sending
18 district and have attended school in the sending district for at least
19 one full year immediately preceding enrollment in the choice
20 district ²[; except that the] , provided that a "sending district"
21 includes any school district that a student in a particular district of
22 residence is required by law to attend. The² one-year requirement
23 shall not apply to a student enrolling in preschool or kindergarten in
24 the choice district, if that student has a sibling enrolled in the choice
25 district. Openings in a designated school of a choice district shall
26 be on a space-available basis, and if more applications are received
27 for a designated school than there are spaces available, a lottery
28 shall be held to determine the selection of students. Preference for
29 enrollment may be given to siblings of students who are enrolled in
30 a designated school.

31 ¹If there is an opening in a designated school of a choice district
32 and there is no student who is enrolled in a sending district who
33 meets the attendance requirements of this subsection, including a
34 student who has been placed on a waiting list based on a lottery
35 held in the choice district, then the choice district may fill that
36 opening with a public school student who does not meet the
37 attendance requirements of this subsection or a nonpublic school
38 student.¹

39 b. A choice district may evaluate a prospective student on
40 ¹[reasonable criteria, including]¹ the student's interest in the
41 program offered by a designated school. The district shall not
42 discriminate in its admission policies or practices on the basis of
43 athletic ability, intellectual aptitude, English language proficiency,
44 status as a handicapped person, or any basis prohibited by State or
45 federal law.

46 c. A choice district shall not prohibit the enrollment of a
47 student based upon a determination that the additional cost of

1 educating the student would exceed the amount of additional State
2 aid received as a result of the student's enrollment. A choice
3 district may reject the application for enrollment of a student who
4 has been classified as eligible for special education services
5 pursuant to chapter 46 of Title 18A of the New Jersey Statutes if
6 that student's individualized education program could not be
7 implemented in the district, or if the enrollment of that student
8 would require the district to fundamentally alter the nature of its
9 educational program, or would create an undue financial or
10 administrative burden on the district.

11 d. A student whose application is rejected by a choice district
12 shall be provided with a reason for the rejection in the letter of
13 notice. The appeal of a rejection notice may be made to the
14 commissioner.

15 e. Once a student is enrolled in a designated school, the student
16 shall not be required to reapply ²~~for~~² each school year ²~~for~~²
17 enrollment in any designated school of the choice district² and shall
18 continue to be permitted to be enrolled until graduation. A student
19 shall be permitted to transfer back to a school of the sending district
20 or may apply to a different choice district during the next
21 application period.

22 f. A choice district shall accept all of the credits earned toward
23 graduation by a student in the schools of the sending district.

24 g. A choice district shall notify a sending district upon the
25 enrollment of a choice student resident in that district.

26

27 8. a. (1) ¹~~Upon adoption of a resolution, the school board of~~
28 a sending district may restrict enrollment of its students in a choice
29 district to 2% of the number of students per grade level per year in
30 the sending district, limited by any resolution adopted pursuant to
31 paragraph (2) of this subsection.

32 (2) Upon adoption of a resolution, the school board of a sending
33 district may restrict enrollment of its students in a choice district to
34 7% of the total number of students enrolled in the sending district.

35 (3) ¹~~The school board of a sending district may adopt a~~
36 resolution to ¹~~exceed the enrollment restriction percentages of~~
37 ~~paragraphs (1) and (2) of this subsection]~~ restrict enrollment of its
38 students in a choice district¹ to a maximum of 10% of the number
39 of students per grade level per year limited by any resolution
40 adopted pursuant to this paragraph and 15% of the total number of
41 students enrolled in the sending district, provided that the resolution
42 shall be subject to approval by the commissioner upon a
43 determination that the resolution is in the best interest of the
44 district's students and that it will not adversely affect the district's
45 programs, services, operations, or fiscal conditions, and that the
46 resolution will not adversely affect or limit the diversity of the

1 remainder of the student population in the district who do not
2 participate in the choice program.

3 **'[(4)] (2)'** Enrollment restriction percentages adopted by any
4 resolution pursuant to paragraph (1) **'[, (2), or (3)]** of this
5 subsection' shall not be compounded from year to year and shall be
6 based upon the enrollment counts for the year preceding the sending
7 district's initial year of participation in the choice program, except
8 that in any year of the program in which there is an increase in
9 enrollment, the percentage enrollment restriction may be applied to
10 the increase and the result added to the preceding year's count of
11 students eligible to attend a choice district. If there is a decrease in
12 enrollment at any time during the duration of the program, the
13 number of students eligible to attend a choice district shall be the
14 number of students enrolled in the choice program in the initial year
15 of the district's participation in the program, provided that a student
16 attending a choice district school shall be entitled to remain
17 enrolled in that school until graduation.

18 **'[(5)] (3)'** The calculation of the enrollment of a sending district
19 shall be based on the enrollment count as reported on the
20 Application for State School Aid in October preceding the school
21 year during which the restriction on enrollment shall be applicable.

22 b. **'[The school board of a sending district may restrict**
23 enrollment of a student on the basis of an exceptional circumstance
24 that would affect the sending district's instructional program upon
25 the adoption of a resolution detailing the reasons for the restriction.
26 The restriction shall be subject to the approval of the commissioner.

27 c. **']** A choice district shall not be eligible to enroll students on a
28 tuition basis pursuant to N.J.S.18A:38-3 while participating in the
29 interdistrict public school choice program. Any student enrolled on
30 a tuition basis prior to the establishment of the choice program shall
31 be entitled to remain enrolled in the choice district as a choice
32 student.

33
34 9. **'a.'** Transportation, or aid in-lieu-of transportation, shall be
35 provided to an elementary school pupil who lives more than two
36 miles from the **'[receiving] choice'** district school of attendance
37 and to a secondary school pupil who lives more than two and
38 one-half miles from the **'[receiving] choice'** district school of
39 attendance, provided the **'[receiving] choice'** district school is not
40 more than 20 miles from the residence of the pupil. Transportation,
41 or aid in-lieu-of transportation, shall be the responsibility of **'[such**
42 district as designated in the application submitted pursuant to
43 section 4 of P.L. , c. (C.) (pending before the Legislature as
44 this bill)] the sending district. The choice district and the sending
45 district may enter into a shared service agreement in accordance
46 with the "Uniform Shared Services and Consolidation Act,"

1 sections 1 through 35 of P.L.2007, c.63 (C.40A:65-1 through
2 C.40A:65-35)¹.

3 ¹b. Notwithstanding the provisions of section 20 of P.L.2007,
4 c.260 (C.18A:7F-62) to the contrary, the sending district shall
5 receive State aid for transportation calculated pursuant to section 15
6 of P.L.2007, c.260 (C.18A:7F-57) for a student transported or
7 receiving aid-in-lieu-of transportation pursuant to subsection a. this
8 section.¹

9
10 10. A choice district shall establish and maintain a parent
11 information center. The center shall collect and disseminate
12 information about participating programs and schools and shall
13 assist parents and guardians in submitting applications for
14 enrollment of students in an appropriate program and school. ¹The
15 information about participating programs and schools shall be
16 posted on the choice district’s website.¹

17
18 11. The commissioner shall annually report to the State Board of
19 Education, the Legislature, and the Joint Committee on the Public
20 Schools on the effectiveness of the interdistrict public school choice
21 program. ¹The commissioner’s annual report shall be posted on the
22 Department of Education’s website and on the website of each
23 choice district.¹

24
25 12. Sections 1 through 10 and 14 through 17 of P.L.1999, c.413
26 (C.18A:36B-1 through 18A:36B-13) are repealed.

27
28 13. This act shall take effect immediately.

ASSEMBLY, No. 355

STATE OF NEW JERSEY

214th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2010 SESSION

Sponsored by:

Assemblywoman MILA M. JASEY

District 27 (Essex)

Assemblywoman JOAN M. VOSS

District 38 (Bergen)

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

SYNOPSIS

Establishes a permanent Interdistrict Public School Choice Program.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 2/19/2010)

1 AN ACT establishing a permanent Interdistrict Public School Choice
2 Program, supplementing chapter 36B of Title 18A of the New
3 Jersey Statutes, and repealing parts of the statutory law.
4

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

7
8 1. This act shall be known and may be cited as the "Interdistrict
9 Public School Choice Program Act."
10

11 2. As used in this act:

12 "Choice district" means a public school district, established
13 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
14 Statutes, which is authorized under the interdistrict public school
15 choice program to open a school or schools to students from
16 sending districts;

17 "Commissioner" means the Commissioner of Education;

18 "Receiving district" means the district receiving a student from a
19 sending district;

20 "Sending district" means the district of residence of a student.
21

22 3. The Commissioner of Education shall establish an interdistrict
23 public school choice program which shall provide for the creation
24 of choice districts. A choice district may enroll students across
25 district lines in designated schools of the choice district.
26

27 4. a. A proposed choice district shall submit an application to
28 the commissioner no later than April 30 in the year prior to the
29 school year in which the choice program will be implemented;
30 except that for the first year of implementation of the program
31 pursuant to P.L. , c. (C.) (pending before the Legislature as
32 this bill), the application shall be submitted no later than the date
33 specified by the commissioner. The application shall include, but
34 not be limited to, the following information:

35 (1) a description of programs and schools and the number of
36 student openings in each school identified by grade level which are
37 available for selection;

38 (2) the provision for the creation of a parent information center;

39 (3) a description of the student application process and any
40 criteria required for admission;

41 (4) an analysis of the potential impact of the program on student
42 population diversity in all potential participating districts and a plan
43 for maintaining diversity in all potential participating districts,
44 which plan shall not be used to supersede a court-ordered or
45 administrative court-ordered desegregation plan;

1 (5) the provision for screening out students during the
2 application process who wish to attend a school for athletic,
3 extracurricular, or social reasons; and

4 (6) after agreement with potential sending districts, the school
5 district responsible for the transportation, or aid-in-lieu-of
6 transportation, for students participating in the choice program from
7 each of the potential sending districts.

8 The commissioner shall notify a choice district of the approval or
9 disapproval of its application no later than July 30, and the reasons
10 for disapproval shall be included in the notice; except that for the
11 first year of implementation of the program pursuant to P.L. ,
12 c. (C.) (pending before the Legislature as this bill), notification
13 shall be no later than the date specified by the commissioner.

14 The commissioner shall notify the State Board of Education of
15 the approval of a choice district application and the State board
16 shall include a public notice of the approval on the next agenda for
17 its public monthly meeting.

18 b. The commissioner may take appropriate action, consistent
19 with State and federal law, to provide that student population
20 diversity in all districts participating in a choice district program is
21 maintained. Student population diversity shall include, but not be
22 limited to, the ethnic, racial, economic, and geographic diversity of
23 a district's student population. The actions may include, but need
24 not be limited to:

25 (1) directing a choice district to take appropriate steps to
26 implement successfully the district's plan for maintaining student
27 population diversity;

28 (2) restricting the number of choice students from a sending
29 district or the authority of a choice district to accept choice students
30 in the future; and

31 (3) revoking approval of the choice district. Any choice student
32 who is attending a designated school in a choice district at the time
33 of the commissioner's revocation of approval shall be entitled to
34 continue to be enrolled in that school until graduation.

35
36 5. The commissioner shall evaluate an application submitted by
37 a proposed choice district according to the following criteria:

38 a. the fiscal impact on the district;

39 b. the quality and variety of academic programs offered within
40 the district;

41 c. the potential effectiveness of the student application process
42 and of the admissions criteria utilized;

43 d. the impact on student population diversity in the district; and

44 e. the degree to which the program will promote or reduce
45 educational quality in the choice district and the sending districts.

1 6. Any choice district established by the commissioner prior to
2 the effective date of P.L. , c. (C.) (pending before the
3 Legislature as this bill) is authorized to continue operation as if the
4 choice district had been approved pursuant to the provisions of
5 P.L. , c. (C.) (pending before the Legislature as this bill).
6

7 7. a. The parents or guardian of a student shall notify the
8 sending district of the student's intention to participate in the choice
9 program and shall submit an application to the choice district,
10 indicating the school the student wishes to attend, no later than the
11 date specified by the commissioner. To be eligible to participate in
12 the program, a student shall be enrolled at the time of application in
13 grades preschool through 9 in a school of the sending district and
14 have attended school in the sending district for at least one full year
15 immediately preceding enrollment in the choice district; except that
16 the one-year requirement shall not apply to a student enrolling in
17 preschool or kindergarten in the choice district, if that student has a
18 sibling enrolled in the choice district. Openings in a designated
19 school of a choice district shall be on a space-available basis, and if
20 more applications are received for a designated school than there
21 are spaces available, a lottery shall be held to determine the
22 selection of students. Preference for enrollment may be given to
23 siblings of students who are enrolled in a designated school.

24 b. A choice district may evaluate a prospective student on
25 reasonable criteria, including the student's interest in the program
26 offered by a designated school. The district shall not discriminate
27 in its admission policies or practices on the basis of athletic ability,
28 intellectual aptitude, English language proficiency, status as a
29 handicapped person, or any basis prohibited by State or federal law.

30 c. A choice district shall not prohibit the enrollment of a
31 student based upon a determination that the additional cost of
32 educating the student would exceed the amount of additional State
33 aid received as a result of the student's enrollment. A choice
34 district may reject the application for enrollment of a student who
35 has been classified as eligible for special education services
36 pursuant to chapter 46 of Title 18A of the New Jersey Statutes if
37 that student's individualized education program could not be
38 implemented in the district, or if the enrollment of that student
39 would require the district to fundamentally alter the nature of its
40 educational program, or would create an undue financial or
41 administrative burden on the district.

42 d. A student whose application is rejected by a choice district
43 shall be provided with a reason for the rejection in the letter of
44 notice. The appeal of a rejection notice may be made to the
45 commissioner.

46 e. Once a student is enrolled in a designated school, the student
47 shall not be required to reapply for each school year and shall

1 continue to be permitted to be enrolled until graduation. A student
2 shall be permitted to transfer back to a school of the sending district
3 or may apply to a different choice district during the next
4 application period.

5 f. A choice district shall accept all of the credits earned toward
6 graduation by a student in the schools of the sending district.

7 g. A choice district shall notify a sending district upon the
8 enrollment of a choice student resident in that district.

9

10 8. a. (1) Upon adoption of a resolution, the school board of a
11 sending district may restrict enrollment of its students in a choice
12 district to 2% of the number of students per grade level per year in
13 the sending district, limited by any resolution adopted pursuant to
14 paragraph (2) of this subsection.

15 (2) Upon adoption of a resolution, the school board of a sending
16 district may restrict enrollment of its students in a choice district to
17 7% of the total number of students enrolled in the sending district.

18 (3) The school board of a sending district may adopt a
19 resolution to exceed the enrollment restriction percentages of
20 paragraphs (1) and (2) of this subsection to a maximum of 10% of
21 the number of students per grade level per year limited by any
22 resolution adopted pursuant to this paragraph and 15% of the total
23 number of students enrolled in the sending district, provided that
24 the resolution shall be subject to approval by the commissioner
25 upon a determination that the resolution is in the best interest of the
26 district's students and that it will not adversely affect the district's
27 programs, services, operations, or fiscal conditions, and that the
28 resolution will not adversely affect or limit the diversity of the
29 remainder of the student population in the district who do not
30 participate in the choice program.

31 (4) Enrollment restriction percentages adopted by any resolution
32 pursuant to paragraph (1), (2), or (3) shall not be compounded from
33 year to year and shall be based upon the enrollment counts for the
34 year preceding the sending district's initial year of participation in
35 the choice program, except that in any year of the program in which
36 there is an increase in enrollment, the percentage enrollment
37 restriction may be applied to the increase and the result added to the
38 preceding year's count of students eligible to attend a choice
39 district. If there is a decrease in enrollment at any time during the
40 duration of the program, the number of students eligible to attend a
41 choice district shall be the number of students enrolled in the choice
42 program in the initial year of the district's participation in the
43 program, provided that a student attending a choice district school
44 shall be entitled to remain enrolled in that school until graduation.

45 (5) The calculation of the enrollment of a sending district shall
46 be based on the enrollment count as reported on the Application for

1 State School Aid in October preceding the school year during which
2 the restriction on enrollment shall be applicable.

3 b. The school board of a sending district may restrict
4 enrollment of a student on the basis of an exceptional circumstance
5 that would affect the sending district's instructional program upon
6 the adoption of a resolution detailing the reasons for the restriction.
7 The restriction shall be subject to the approval of the commissioner.

8 c. A choice district shall not be eligible to enroll students on a
9 tuition basis pursuant to N.J.S.18A:38-3 while participating in the
10 interdistrict public school choice program. Any student enrolled on
11 a tuition basis prior to the establishment of the choice program shall
12 be entitled to remain enrolled in the choice district as a choice
13 student.

14

15 9. (New section) Transportation, or aid in-lieu-of transportation,
16 shall be provided to an elementary school pupil who lives more than
17 two miles from the receiving district school of attendance and to a
18 secondary school pupil who lives more than two and one-half miles
19 from the receiving district school of attendance, provided the
20 receiving district school is not more than 20 miles from the
21 residence of the pupil. Transportation, or aid in-lieu-of
22 transportation, shall be the responsibility of such district as
23 designated in the application submitted pursuant to section 4 of
24 P.L. , c. (C.) (pending before the Legislature as this bill).

25

26 10. A choice district shall establish and maintain a parent
27 information center. The center shall collect and disseminate
28 information about participating programs and schools and shall
29 assist parents and guardians in submitting applications for
30 enrollment of students in an appropriate program and school.

31

32 11. (New section) The commissioner shall annually report to the
33 State Board of Education, the Legislature, and the Joint Committee
34 on the Public Schools on the effectiveness of the interdistrict public
35 school choice program.

36

37 12. Sections 1 through 10 and 14 through 17 of P.L.1999, c.413
38 (C.18A:36B-1 through 18A:36B-13) are repealed.

39

40 13. This act shall take effect immediately.

41

42

43

STATEMENT

44

45 This bill makes permanent the interdistrict public school choice
46 program. A five-year interdistrict public school choice program
47 was established in 2000 and expired on June 30, 2005. As under

1 the original choice program, the permanent program provides for
2 the establishment of choice districts which will be able to enroll
3 students across district lines in designated schools of the choice
4 district. The permanent program, however, includes no limitation
5 on the total number of choice districts permitted in the State.

6 A local or regional district electing to participate in the program
7 would submit an application to the commissioner no later than April
8 30 in the year prior to the school year in which the choice program
9 would be implemented, and the commissioner would notify an
10 applicant district of the approval or disapproval of its application no
11 later than July 30. The commissioner is authorized to take
12 appropriate action, consistent with State and federal law, to provide
13 that student population diversity in all districts participating in a
14 choice district program is maintained.

15 A proposed choice district's application would be evaluated by
16 the commissioner using such criteria as the fiscal impact on the
17 district, the quality and variety of academic programs offered within
18 the district, and the degree to which the program will promote or
19 reduce educational quality in the choice district and the sending
20 districts.

21 The parents or guardian of a student would notify the sending
22 district of the student's intention to participate in the choice
23 program and submit an application to the choice district, indicating
24 the school the student wishes to attend. To be eligible to participate
25 in the program, a student must be enrolled at the time of application
26 in grades preschool through 9 in a school of the sending district and
27 have attended school in the sending district for at least one full year
28 immediately preceding enrollment in the choice district. However,
29 the one-year requirement would not apply to a student enrolling in
30 preschool or kindergarten in the choice district, if the student's
31 sibling also attends that choice district. Openings in a designated
32 school of a choice district would be on a space available basis, and
33 if more applications are received for a designated school than there
34 are spaces available, a lottery would be held to determine the
35 selection of students. Preference for enrollment may be given to
36 siblings of students who are enrolled in a designated school.

37 A choice district would be permitted to evaluate a prospective
38 student on reasonable criteria, including the student's interest in the
39 program offered by a designated school. The district may not,
40 however, discriminate in its admission policies or practices on the
41 basis of athletic ability, intellectual aptitude, English language
42 proficiency, status as a handicapped person, or any other basis
43 prohibited by State or federal law.

44 In addition, a choice district could not prohibit the enrollment of
45 a student based upon a determination that the additional cost of
46 educating the student would exceed the amount of additional State
47 aid received as a result of the student's enrollment. A choice

1 district may reject the application for enrollment of a student who
2 has been classified as eligible for special education services if that
3 student's individualized education program could not be
4 implemented in the district, or if the enrollment of that student
5 would require the district to fundamentally alter the nature of its
6 educational program, or would create an undue financial or
7 administrative burden on the district.

8 Upon adoption of a resolution, the school board of a sending
9 district could restrict enrollment of its students in a choice district
10 to 2% of the number of students per grade level per year in the
11 sending district and to 7% of the total number of students enrolled
12 in the sending district. Upon the commissioner's approval,
13 however, a school board could adopt a resolution to exceed these
14 restrictions. The bill provides that a student attending a choice
15 district as a choice student is entitled to remain enrolled in that
16 school until graduation.

17 Transportation, or aid in-lieu-of transportation, would be
18 provided to an elementary school pupil who lives more than two
19 miles from the receiving district school of attendance and to a
20 secondary school pupil who lives more than two and one-half miles
21 from the receiving district school of attendance, provided the
22 receiving district school is not more than 20 miles from the
23 residence of the pupil. Transportation, or aid in-lieu-of
24 transportation, would be the responsibility of the district which is
25 designated in the application submitted by the proposed choice
26 district.

27 A choice district is required to establish and maintain a parent
28 information center. The center would collect and disseminate
29 information about participating programs and schools and assist
30 parents and guardians in submitting applications for enrollment of
31 students in an appropriate program and school.

32 This bill recognizes the choice districts established under the
33 expired interdistrict public school choice program and provides that
34 those choice districts will be permitted to continue operation as if
35 they had been approved under the provisions of the bill. Funding
36 for choice students was addressed in the "School Funding Reform
37 Act of 2008," and aid for these students will continue to be
38 calculated pursuant to that law under section 20 of P.L.2007, c.260
39 (C.18A:7F-62).

40 The bill repeals the sections of law which established the five-
41 year interdistrict public school choice program which expired in
42 2005.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 355

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 18, 2010

The Assembly Education Committee reports favorably Assembly Bill No. 355 with committee amendments.

As amended, this bill makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

A local or regional district electing to participate in the program would submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program would be implemented, and the commissioner would notify an applicant district of the approval or disapproval of its application no later than July 30. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application would be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardians of a student would notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement would not apply to a student enrolling in preschool or kindergarten in the choice district, if the student's sibling also attends that choice district. Openings in a designated school of a

choice district would be on a space available basis, and if more applications are received for a designated school than there are spaces available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

A choice district would be permitted to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, a choice district could not prohibit the enrollment of a student based upon a determination that the additional cost of educating the student would exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district.

The school board of a sending district could adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution would be subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in-lieu-of transportation, would be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in-lieu-of transportation, would be the responsibility of the sending district. The sending district would receive State aid for transportation as calculated under current law for a choice student who is eligible to be transported or to receive aid-in-lieu of transportation.

A choice district is required to establish and maintain a parent information center. The center would collect and disseminate information about participating programs and schools and assist

parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the “School Funding Reform Act of 2008,” and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program which expired in 2005.

The committee amended the bill to:

- Delete a requirement that the proposed choice district’s application include a provision for screening out students who are applying to the district for athletic, extracurricular, or social reasons;
- Provide that under the choice program, transportation will be provided by the sending district, rather than the district, either sending or choice, designated in the choice district application;
- Provide that the sending district will receive the State aid for transportation for choice students;
- Permit students through grade 12 to apply to the choice program, instead of only through grade 9 as provided in the bill as originally introduced;
- Eliminate the authority of choice districts to evaluate a prospective student on “reasonable criteria,” while continuing to permit the district to evaluate on the student’s interest in the program offered by the school;
- Permit choice districts to fill openings that are not able to be filled by public school students who meet the attendance requirements of the bill, with public school students who do not meet the attendance requirements and nonpublic school students;
- Limit the enrollment restrictions a sending district may place on its students seeking to attend choice district schools;
- Require that a choice district post on its website information about participating programs and schools;
- Require that the annual report by the commissioner on the effectiveness of the choice program be posted on the department’s website; and
- Delete references to “receiving district” and replace them with “choice district.”

This bill was pre-filed for introduction in the 2010-2011 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 355

STATE OF NEW JERSEY

DATED: MARCH 18, 2010

The Assembly Appropriations Committee reports favorably Assembly Bill No. 355 (1R).

The bill makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

Under the bill, a local or regional district electing to participate in the program will submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program will be implemented, and the Commissioner of Education will notify an applicant district of the approval or disapproval of its application no later than July 30. The bill authorizes the commissioner to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application will be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardians of a student will notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. The bill requires that to be eligible to participate in the program a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement will not apply to a student enrolling in preschool or kindergarten in the choice district if the student's sibling also attends that choice district. Openings in a

designated school of a choice district will be on a space-available basis, and if more applications were received for a designated school than there are spaces available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

The bill permits a choice district to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, the bill forbids a choice district from prohibiting the enrollment of a student based upon a determination that the additional cost of educating the student will exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program can not be implemented in the district, or if the enrollment of that student requires the district to fundamentally alter the nature of its educational program, or creates an undue financial or administrative burden on the district.

The bill allows the school board of a sending district to adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution is subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in lieu of transportation, will be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in lieu of transportation, is the responsibility of the sending district. The bill requires that the sending district receive State aid for transportation, as calculated under current law, for a choice student who is transported or to receives aid in lieu of transportation. The bill authorizes the choice district and the sending district to enter into a shared service agreement in accordance with the "Uniform Shared Services and Consolidation Act."

The bill requires a choice district to establish and maintain a parent information center. The center will collect and disseminate information about participating programs and schools and assist parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the former expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the “School Funding Reform Act of 2008,” and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program that expired in 2005.

FISCAL IMPACT:

Due to factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential State and local costs associated with the creation of a permanent Interdistrict Public School Choice Program. These costs would be determined by the number of students who participate in the choice program and which choice districts they attend. However, given the provisions of this bill and their interactions with the “School Funding Reform Act of 2008” (SFRA), P.L.2007, c.260 (C.18A:7F-43 through 18A:7F-63 et al.), it is possible to conclude that this bill: 1) would lead to an increase in revenue for choice districts; 2) may lead to increased transportation costs in sending districts; and 3) would lead to increased State expenditures.

Districts designated as choice districts will receive increased choice aid from the State pursuant to SFRA. To the extent that choice districts include choice students in the resident enrollment, it is plausible that choice districts will receive increases in other forms of State school aid. However, provisions of the school funding law related to the State aid growth limit and adjustment aid may mitigate any increases in aid to choice districts (other than choice aid) that will result from the bill.

The bill may result in sending districts incurring additional transportation costs. The sending district will be responsible for transporting choice students who attend a school more than two miles (2.5 miles for secondary school students), but no more than 20 miles, from home. It is likely that, in the aggregate, choice students will travel farther to the choice school than if the students had remained in the sending district. The bill requires that sending districts receive State aid for transportation pursuant to the SFRA formula.

The bill would increase State expenditures. As previously noted, choice districts will receive more State school aid (in the form of

choice aid) and may receive increases in other forms of State school aid, while sending districts will receive transportation aid. As the vast majority of school districts either receive adjustment aid or are subject to the State aid growth limit included in SFRA, the decreased enrollment in the sending district that would result from students enrolling in a choice district will, in all likelihood, have no impact on the sending district's total State aid. As such, the aid increase to choice districts will not be offset by decreased aid to sending districts; this will result in a net increase in State expenditures.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 355

STATE OF NEW JERSEY 214th LEGISLATURE

DATED: APRIL 27, 2010

SUMMARY

- Synopsis:** Establishes a permanent Interdistrict Public School Choice Program.
- Type of Impact:** Expenditure Increase from General Fund or Property Tax Relief Fund.
- Agencies Affected:** Department of Education and local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate – See comments below		
Local Cost	Indeterminate – See comments below		
Local Revenue	Indeterminate – See comments below		

- Due to factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential State and local costs associated with the creation of a permanent Interdistrict Public School Choice Program. These costs would be determined by the number of students who participate in the choice program and which choice districts they attend.
- Sending districts would be responsible for providing transportation services to choice students who attend school more than two miles (2.5 miles for high school students) away from home. This may lead to a cost increase for the sending district if the cost of transporting the student to a choice district is greater than the transportation cost incurred when the student was enrolled in the resident district.
- New choice districts would receive an increase in revenue in the form of school choice aid and, possibly, other forms of State school aid awarded pursuant to the “School Funding Reform Act of 2008” (SFRA).

- Because of other provisions in SFRA pertaining to adjustment aid and the State aid growth limit, a sending district is unlikely to experience a decrease in State school aid when a student enrolls in a choice district. This would lead to a net increase in State expenditures.

BILL DESCRIPTION

Assembly Bill No. 355 (1R) of 2010 establishes a permanent Interdistrict Public School Choice Program. P.L.1999, c.413 created a five-year school choice program. This legislation would make that program permanent, with some modifications.

Under the provisions of the bill, school districts may submit an application to the Commissioner of Education to become designated as a choice district; any district that was designated a choice district pursuant to P.L.1999, c.413 would continue to operate as a choice district as if it had been so designated under this bill. Students are permitted to participate in the choice program if the student was enrolled in the student's resident district for at least one full year immediately preceding enrollment in a choice district; this requirement does not apply to a student enrolling in preschool or kindergarten who has a sibling enrolled in the choice district. The bill provides that the sending district would be responsible for providing transportation services to choice students enrolled in schools more than two miles (more than 2.5 miles for high school students) but not more than 20 miles from home.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Due to factors that cannot be predicted, the Office of Legislative Services is not able to provide an estimate of the additional cost to the State and sending districts and the additional revenue to choice districts that would result from Assembly Bill No. 355 (1R). The primary factor that will determine the increased costs or revenue will be the number of new students to participate in the choice program and the choice districts in which the students enroll. While the magnitude of the impact cannot be determined, the interaction between the provisions of this legislation and the SFRA would likely result in three outcomes: 1) choice districts would receive an increase in revenue; 2) sending districts may incur greater transportation costs; and 3) State expenditures would increase.

Key Provisions of the "School Funding Reform Act of 2008"

The fiscal implications of this legislation are inextricably linked to key provisions of the SFRA. As such, it is necessary to briefly review certain elements of the school funding law:

- **Adequacy Budget:** Under the provisions of SFRA, an adequacy budget is calculated for each school district and represents the portion of the costs that the State deems sufficient

for the district to provide a thorough and efficient education to its students that will be supported by the State on a wealth-equalized basis. The figure is unique to each district and is determined by factors such as the resident enrollment and student demographics (e.g., eligibility for free or reduced price lunch or status as an English language learner).

- **Primary Aid Categories:** SFRA includes four aid categories that are linked to the total enrollment (as well as other factors), including equalization, special education categorical, security, and transportation aids.
- **Adjustment Aid:** SFRA provided that in the 2008-2009 school year, a school district would receive adjustment aid in an amount sufficient to yield a two percent increase in total State aid relative to the amount of aid received in the 2007-2008 school year. In the 2009-2010 and 2010-2011 school years, adjustment aid is awarded to ensure that a district does not receive less State aid than it did in the 2008-2009 school year. In subsequent school years, this aid category is awarded to ensure that a district does not receive less total aid than it did in the 2008-2009 school year provided that the district did not experience a significant enrollment decline.
- **State Aid Growth Limit:** A district's increase in State aid relative to the previous school year is limited to either 10 percent or 20 percent (depending on the district's spending level). If the funding formula would yield an increase in aid greater than the applicable State aid growth limit, then an adjustment is made to reduce the aid awarded such that the total aid increase matches the growth limit.
- **School Choice Aid:** SFRA provides that, for the purpose of calculating State aid, a choice district will include choice students in the resident enrollment. Additionally, a district receives choice aid for each choice student equal to the adequacy budget local levy per pupil amount. The combination of choice and equalization aids provides a choice district with its adequacy budget, on a per pupil basis, for each choice student. School choice aid is not subject to the State aid growth limit and is not included in the calculation of adjustment aid.

Increased Revenue to Choice Districts

A-355 (1R) would lead to an increase in revenue in choice districts through the provision of State school aid. The specific amount would be contingent on at least two factors: 1) the number of choice students to enroll in the choice district; and 2) the choice district's adequacy budget per pupil. The combination of equalization and choice aids awarded to a choice district will be equal to the district's adequacy budget per pupil.

The legislation's impact on the other primary aid categories is ambiguous. The addition of choice students to the choice district's resident enrollment would tend to increase the amount of aid the choice district would receive under the other primary aid categories. However, this effect would be nullified if the choice district either receives adjustment aid or is subject to the State aid growth limit. In the case of a choice district that receives adjustment aid, an increase in any primary aid category that results from the enrollment of a choice student would be offset by a decrease in adjustment aid. The net effect would be no change in total revenue to the choice district (unless the increase in aid associated with the enrollment of choice students exceeds the amount of adjustment aid received). Similarly, a choice district that has, in the absence of choice students, reached its applicable State aid growth limit would not receive any additional revenue from any primary aid category once the choice students are included in the resident enrollment. It is important to note that the choice aid awarded under SFRA would not affect a choice district's adjustment aid and is not subject to the State aid growth limit.

Increased Cost to Sending Districts

A-355 (1R) is likely to increase transportation costs for school districts in which some students leave the district to enroll in choice districts. Under the provisions of this bill, the sending district is required to provide transportation services (or pay aid-in-lieu-of transportation) for choice students who live more than two miles (2.5 miles for high school students) and not more than 20 miles from the school that the choice students attend. It is not possible to estimate the additional cost that would be incurred by the sending districts, as it is contingent on the number of its students who choose to enroll in the choice program and the distance between the students' homes and the choice districts they attend relative to the schools they attend in their resident districts. However, it does not appear to be unreasonable to assume that, in the aggregate, a choice student will be transported over a greater distance between home and school than the distance the same student would have been transported had the student remained enrolled in the sending district.

Increased Cost to State

As previously discussed, A-355 (1R) would lead to an increase in school choice aid paid by the State to choice districts and may lead to an increased State expenditure in categories of other State school aid awarded pursuant to SFRA as the choice districts count the choice students in the resident enrollment. It is very unlikely that this increased aid to choice districts will be offset by a decrease in State aid to the sending districts that the choice students are leaving. This results from the fact that the vast majority of school districts either receive adjustment aid or their total aid is subject to the State aid growth limit.

In the case of a sending district that receives adjustment aid, the loss of students to a choice district would lead to a decrease in the other primary aid categories under SFRA. However, given the fact that total State school aid cannot decrease below the amount awarded in the 2008-2009 school year, adjustment aid would increase by the same amount that the other aid categories decreased, yielding no net change in the amount of aid awarded to the sending district. During the 2009-2010 school year, 43 percent of all school districts received adjustment aid and, therefore, would not experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

In the case of a sending district in which its State aid was subject to the State aid growth limit, the loss of students to a choice district would affect the preliminary State aid calculation prior to the imposition of the growth limit. However, to the extent that a district's growth in State aid is capped, any change in the district's preliminary aid calculation would be immaterial to its final State aid award, since the preliminary award will be reduced to comply with the State aid growth limit (the exception would be a circumstance in which the reduction associated with students leaving the district to enroll in a choice district uniquely causes the district's aid to fall below the applicable growth limit). During the 2009-2010 school year, 55 percent of all school districts were subject to the State aid growth limit and therefore, would not likely experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

When these two factors are combined, 93 percent of all districts would likely not experience a net reduction in State school aid as a result of their students leaving the district to enroll in a choice district. Given that the choice districts would certainly receive additional revenue (in the form of school choice aid) and would possibly receive increases in other categories of aid, there would be a net increased cost to the State.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.).

SENATE EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 355

STATE OF NEW JERSEY

DATED: MAY 13, 2010

The Senate Education Committee favorably reports Assembly Bill No. 355 (1R).

This bill makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

A local or regional district electing to participate in the program would submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program would be implemented, and the commissioner would notify an applicant district of the approval or disapproval of its application no later than July 30. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application would be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardian of a student would notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement would not apply to a student enrolling in preschool or kindergarten in the choice district, if the student's sibling also attends that choice district. Openings in a designated school of a

choice district would be on a space available basis, and if more applications are received for a designated school than there are spaces available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

A choice district would be permitted to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, a choice district could not prohibit the enrollment of a student based upon a determination that the additional cost of educating the student would exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district.

The school board of a sending district could adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution would be subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in-lieu-of transportation, would be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in-lieu-of transportation, would be the responsibility of the sending district. The sending district will receive State aid for transportation as calculated under current law for a choice student who is eligible to be transported or to receive aid-in-lieu of transportation.

A choice district is required to establish and maintain a parent information center. The center would collect and disseminate information about participating programs and schools and assist

parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the "School Funding Reform Act of 2008," and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program which expired in 2005.

As reported by the committee, this bill is identical to Senate Bill No. 1073, which also was reported by the committee on this same date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 355

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2010

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 355 [1R], with committee amendments.

This bill, as amended, makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

A local or regional district electing to participate in the program would submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program would be implemented, and the commissioner would notify an applicant district of the approval or disapproval of its application no later than July 30. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application would be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardian of a student would notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement would not apply to a student enrolling in

preschool or kindergarten in the choice district, if the student's sibling also attends that choice district. Openings in a designated school of a choice district would be on a space available basis, and if more applications are received for a designated school than there are spaces available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

A choice district would be permitted to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, a choice district could not prohibit the enrollment of a student based upon a determination that the additional cost of educating the student would exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district.

The school board of a sending district could adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution would be subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in-lieu-of transportation, would be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in-lieu-of transportation, would be the responsibility of the sending district. The sending district will receive State aid for transportation as calculated under current law for a choice student who is eligible to be transported or to receive aid-in-lieu of transportation.

A choice district is required to establish and maintain a parent information center. The center would collect and disseminate information about participating programs and schools and assist parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the “School Funding Reform Act of 2008,” and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program which expired in 2005.

The committee amended the bill to:

(1) provide that for the purposes of meeting the one year enrollment requirement prior to being eligible for the choice program, a student’s “sending district” means not just the district of residence, but any district which by law the student is required to attend; and

(2) clarify that once a student is enrolled in a designated school of a choice district, the student will not be required to reenroll if the student graduates from that designated school and proceeds on in the choice district to another designated school.

As amended, this bill is identical to Senate Bill No. 1073, as also reported and amended by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) provide that for the purposes of meeting the one year enrollment requirement prior to being eligible for the choice program, a student’s “sending district” means not just the district of residence, but any district which by law they are required to attend; and

(2) clarify that once a student is enrolled in a designated school of a choice district, the student will not be required to reenroll if the student graduates from that designated school and proceeds on in the choice district to another designated school.

FISCAL IMPACT:

Due to a number of factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential costs associated with making the Interdistrict Public School Choice Program permanent. In general terms, there are three likely effects:

- 1) ***Districts designated as choice districts will receive increased revenue:*** Under the provisions of the school funding law, the State provides additional funding to school choice districts in the form of school choice aid. Choice districts may see

increases in other State aid categories, but the impact is more ambiguous.

- 2) ***Sending districts may experience an increase in transportation expenses.*** The choice student's home district would be responsible for providing transportation services for a choice student enrolled in a school more than two miles (more than 2.5 miles for high school students) away from the student's home. It is plausible that the transportation costs incurred for the choice students will be greater than what the costs would have been had the student remained in the home district.
- 3) ***State expenditures would likely increase.*** It is unlikely that the increased State aid paid to choice districts would be offset by aid decreases to the sending districts. As a result of two provisions of the school funding law, the State aid growth limit and adjustment aid, districts' aid allotments are generally insensitive to changes in enrollment. To the extent that the enrollment declines associated with students entering the choice program are not accompanied by decreases in State aid, the overall State expenditure will increase.

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 355

STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JULY 19, 2010

SUMMARY

- Synopsis:** Establishes a permanent Interdistrict Public School Choice Program.
- Type of Impact:** Expenditure Increase from General Fund or Property Tax Relief Fund.
- Agencies Affected:** Department of Education and local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate - See comments below		
Local Cost	Indeterminate - See comments below		
Local Revenue	Indeterminate - See comments below		

- Due to factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential State and local costs associated with the creation of a permanent Interdistrict Public School Choice Program. These costs would be determined by the number of students who participate in the choice program and which choice districts they attend.
- Sending districts would be responsible for providing transportation services to choice students who attend school more than two miles (2.5 miles for high school students) away from home. This may lead to a cost increase for the sending district if the cost of transporting the student to a choice district is greater than the transportation cost incurred when the student was enrolled in the resident district.
- New choice districts would receive an increase in revenue in the form of school choice aid and, possibly, other forms of State school aid awarded pursuant to the "School Funding Reform Act of 2008" (SFRA).

- Because of other provisions in SFRA pertaining to adjustment aid and the State aid growth limit, a sending district is unlikely to experience a decrease in State school aid when a student enrolls in a choice district. This would lead to a net increase in State expenditures.

BILL DESCRIPTION

Assembly Bill No. 355 (2R) of 2010 establishes a permanent Interdistrict Public School Choice Program. P.L.1999, c.413 created a five-year school choice program. This legislation would make that program permanent, with some modifications.

Under the provisions of the bill, school districts may submit an application to the Commissioner of Education to become designated as a choice district; any district that was designated a choice district pursuant to P.L.1999, c.413 would continue to operate as a choice district as if it had been so designated under this bill. Students are permitted to participate in the choice program if the student was enrolled in the student's resident district for at least one full year immediately preceding enrollment in a choice district; this requirement does not apply to a student enrolling in preschool or kindergarten who has a sibling enrolled in the choice district. The bill provides that the sending district would be responsible for providing transportation services to choice students enrolled in schools more than two miles (more than 2.5 miles for high school students) but not more than 20 miles from home.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Due to factors that cannot be predicted, the Office of Legislative Services is not able to provide an estimate of the additional cost to the State and sending districts and the additional revenue to choice districts that would result from Assembly Bill No. 355 (2R). The primary factor that will determine the increased costs or revenue will be the number of new students to participate in the choice program and the choice districts in which the students enroll. While the magnitude of the impact cannot be determined, the interaction between the provisions of this legislation and the SFRA would likely result in three outcomes: 1) choice districts would receive an increase in revenue; 2) sending districts may incur greater transportation costs; and 3) State expenditures would increase.

Key Provisions of the "School Funding Reform Act of 2008"

The fiscal implications of this legislation are inextricably linked to key provisions of the SFRA. As such, it is necessary to briefly review certain elements of the school funding law:

- **Adequacy Budget:** Under the provisions of SFRA, an adequacy budget is calculated for each school district and represents the portion of the costs that the State deems sufficient

for the district to provide a thorough and efficient education to its students that will be supported by the State on a wealth-equalized basis. The figure is unique to each district and is determined by factors such as the resident enrollment and student demographics (e.g., eligibility for free or reduced price lunch or status as an English language learner).

- **Primary Aid Categories:** SFRA includes four aid categories that are linked to the total enrollment (as well as other factors), including equalization, special education categorical, security, and transportation aids.
- **Adjustment Aid:** SFRA provided that in the 2008-2009 school year, a school district would receive adjustment aid in an amount sufficient to yield a two percent increase in total State aid relative to the amount of aid received in the 2007-2008 school year. In the 2009-2010 and 2010-2011 school years, adjustment aid is awarded to ensure that a district does not receive less State aid than it did in the 2008-2009 school year. In subsequent school years, this aid category is awarded to ensure that a district does not receive less total aid than it did in the 2008-2009 school year provided that the district did not experience a significant enrollment decline.
- **State Aid Growth Limit:** A district's increase in State aid relative to the previous school year is limited to either 10 percent or 20 percent (depending on the district's spending level). If the funding formula would yield an increase in aid greater than the applicable State aid growth limit, then an adjustment is made to reduce the aid awarded such that the total aid increase matches the growth limit.
- **School Choice Aid:** SFRA provides that, for the purpose of calculating State aid, a choice district will include choice students in the resident enrollment. Additionally, a district receives choice aid for each choice student equal to the adequacy budget local levy per pupil amount. The combination of choice and equalization aids provides a choice district with its adequacy budget, on a per pupil basis, for each choice student. School choice aid is not subject to the State aid growth limit and is not included in the calculation of adjustment aid.

Increased Revenue to Choice Districts

A-355 (2R) would lead to an increase in revenue in choice districts through the provision of State school aid. The specific amount would be contingent on at least two factors: 1) the number of choice students to enroll in the choice district; and 2) the choice district's adequacy budget per pupil. The combination of equalization and choice aids awarded to a choice district will be equal to the district's adequacy budget per pupil.

The legislation's impact on the other primary aid categories is ambiguous. The addition of choice students to the choice district's resident enrollment would tend to increase the amount of aid the choice district would receive under the other primary aid categories. However, this effect would be nullified if the choice district either receives adjustment aid or is subject to the State aid growth limit. In the case of a choice district that receives adjustment aid, an increase in any primary aid category that results from the enrollment of a choice student would be offset by a decrease in adjustment aid. The net effect would be no change in total revenue to the choice district (unless the increase in aid associated with the enrollment of choice students exceeds the amount of adjustment aid received). Similarly, a choice district that has, in the absence of choice students, reached its applicable State aid growth limit would not receive any additional revenue from any primary aid category once the choice students are included in the resident enrollment. It is important to note that the choice aid awarded under SFRA would not affect a choice district's adjustment aid and is not subject to the State aid growth limit.

Increased Cost to Sending Districts

A-355 (2R) is likely to increase transportation costs for school districts in which some students leave the district to enroll in choice districts. Under the provisions of this bill, the sending district is required to provide transportation services (or pay aid-in-lieu-of transportation) for choice students who live more than two miles (2.5 miles for high school students) and not more than 20 miles from the school that the choice students attend. It is not possible to estimate the additional cost that would be incurred by the sending districts, as it is contingent on the number of its students who choose to enroll in the choice program and the distance between the students' homes and the choice districts they attend relative to the schools they attend in their resident districts. However, it does not appear to be unreasonable to assume that, in the aggregate, a choice student will be transported over a greater distance between home and school than the distance the same student would have been transported had the student remained enrolled in the sending district.

Increased Cost to State

As previously discussed, A-355 (2R) would lead to an increase in school choice aid paid by the State to choice districts and may lead to an increased State expenditure in categories of other State school aid awarded pursuant to SFRA as the choice districts count the choice students in the resident enrollment. It is very unlikely that this increased aid to choice districts will be offset by a decrease in State aid to the sending districts that the choice students are leaving. This results from the fact that the vast majority of school districts either receive adjustment aid or their total aid is subject to the State aid growth limit.

In the case of a sending district that receives adjustment aid, the loss of students to a choice district would lead to a decrease in the other primary aid categories under SFRA. However, given the fact that total State school aid cannot decrease below the amount awarded in the 2008-2009 school year, adjustment aid would increase by the same amount that the other aid categories decreased, yielding no net change in the amount of aid awarded to the sending district. During the 2009-2010 school year, 43 percent of all school districts received adjustment aid and, therefore, would not experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

In the case of a sending district in which its State aid was subject to the State aid growth limit, the loss of students to a choice district would affect the preliminary State aid calculation prior to the imposition of the growth limit. However, to the extent that a district's growth in State aid is capped, any change in the district's preliminary aid calculation would be immaterial to its final State aid award, since the preliminary award will be reduced to comply with the State aid growth limit (the exception would be a circumstance in which the reduction associated with students leaving the district to enroll in a choice district uniquely causes the district's aid to fall below the applicable growth limit). During the 2009-2010 school year, 55 percent of all school districts were subject to the State aid growth limit and therefore, would not likely experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

When these two factors are combined, 93 percent of all districts would likely not experience a net reduction in State school aid as a result of their students leaving the district to enroll in a choice district. Given that the choice districts would certainly receive additional revenue (in the

form of school choice aid) and would possibly receive increases in other categories of aid, there would be a net increased cost to the State.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.).

SENATE, No. 1073

STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED FEBRUARY 4, 2010

Sponsored by:

Senator SHIRLEY K. TURNER

District 15 (Mercer)

Senator THOMAS H. KEAN, JR.

District 21 (Essex, Morris, Somerset and Union)

Co-Sponsored by:

Senator Ruiz

SYNOPSIS

Establishes a permanent Interdistrict Public School Choice Program.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 5/14/2010)

1 AN ACT establishing a permanent Interdistrict Public School Choice
2 Program, supplementing chapter 36B of Title 18A of the New
3 Jersey Statutes, and repealing parts of the statutory law.

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

7
8 1. This act shall be known and may be cited as the "Interdistrict
9 Public School Choice Program Act."

10
11 2. As used in this act:

12 "Choice district" means a public school district, established
13 pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey
14 Statutes, which is authorized under the interdistrict public school
15 choice program to open a school or schools to students from
16 sending districts;

17 "Commissioner" means the Commissioner of Education;

18 "Sending district" means the district of residence of a choice
19 student.

20

21 3. The Commissioner of Education shall establish an
22 interdistrict public school choice program which shall provide for
23 the creation of choice districts. A choice district may enroll
24 students across district lines in designated schools of the choice
25 district.

26

27 4. a. A proposed choice district shall submit an application to
28 the commissioner no later than April 30 in the year prior to the
29 school year in which the choice program will be implemented;
30 except that for the first year of implementation of the program
31 pursuant to P.L. , c. (C.) (pending before the Legislature as
32 this bill), the application shall be submitted no later than the date
33 specified by the commissioner. The application shall include, but
34 not be limited to, the following information:

35 (1) a description of programs and schools and the number of
36 student openings in each school identified by grade level which are
37 available for selection;

38 (2) the provision for the creation of a parent information center;

39 (3) a description of the student application process and any
40 criteria required for admission; and

41 (4) an analysis of the potential impact of the program on student
42 population diversity in all potential participating districts and a plan
43 for maintaining diversity in all potential participating districts,
44 which plan shall not be used to supersede a court-ordered or
45 administrative court-ordered desegregation plan.

46 The commissioner shall notify a choice district of the approval or
47 disapproval of its application no later than July 30, and the reasons
48 for disapproval shall be included in the notice; except that for the

1 first year of implementation of the program pursuant to P.L. , c.
2 (C.) (pending before the Legislature as this bill), notification
3 shall be no later than the date specified by the commissioner.

4 The commissioner shall notify the State Board of Education of
5 the approval of a choice district application and the State board
6 shall include a public notice of the approval on the next agenda for
7 its public monthly meeting.

8 b. The commissioner may take appropriate action, consistent
9 with State and federal law, to provide that student population
10 diversity in all districts participating in a choice district program is
11 maintained. Student population diversity shall include, but not be
12 limited to, the ethnic, racial, economic, and geographic diversity of
13 a district's student population. The actions may include, but need
14 not be limited to:

15 (1) directing a choice district to take appropriate steps to
16 implement successfully the district's plan for maintaining student
17 population diversity;

18 (2) restricting the number of choice students from a sending
19 district or the authority of a choice district to accept choice students
20 in the future; and

21 (3) revoking approval of the choice district. Any choice student
22 who is attending a designated school in a choice district at the time
23 of the commissioner's revocation of approval shall be entitled to
24 continue to be enrolled in that school until graduation.

25
26 5. The commissioner shall evaluate an application submitted by
27 a proposed choice district according to the following criteria:

28 a. the fiscal impact on the district;

29 b. the quality and variety of academic programs offered within
30 the district;

31 c. the potential effectiveness of the student application process
32 and of the admissions criteria utilized;

33 d. the impact on student population diversity in the district; and

34 e. the degree to which the program will promote or reduce
35 educational quality in the choice district and the sending districts.

36
37 6. Any choice district established by the commissioner prior to
38 the effective date of P.L. , c. (C.) (pending before the
39 Legislature as this bill) is authorized to continue operation as if the
40 choice district had been approved pursuant to the provisions of
41 P.L. , c. (C.) (pending before the Legislature as this bill).

42
43 7. a. The parents or guardian of a student shall notify the
44 sending district of the student's intention to participate in the choice
45 program and shall submit an application to the choice district,
46 indicating the school the student wishes to attend, no later than the
47 date specified by the commissioner. To be eligible to participate in
48 the program, a student shall be enrolled at the time of application in

1 grades preschool through 12 in a school of the sending district and
2 have attended school in the sending district for at least one full year
3 immediately preceding enrollment in the choice district; except that
4 the one-year requirement shall not apply to a student enrolling in
5 preschool or kindergarten in the choice district, if that student has a
6 sibling enrolled in the choice district. Openings in a designated
7 school of a choice district shall be on a space-available basis, and if
8 more applications are received for a designated school than there
9 are spaces available, a lottery shall be held to determine the
10 selection of students. Preference for enrollment may be given to
11 siblings of students who are enrolled in a designated school.

12 If there is an opening in a designated school of a choice district
13 and there is no student who is enrolled in a sending district who
14 meets the attendance requirements of this subsection, including a
15 student who has been placed on a waiting list based on a lottery
16 held in the choice district, then the choice district may fill that
17 opening with a public school student who does not meet the
18 attendance requirements of this subsection or a nonpublic school
19 student.

20 b. A choice district may evaluate a prospective student on the
21 student's interest in the program offered by a designated school.
22 The district shall not discriminate in its admission policies or
23 practices on the basis of athletic ability, intellectual aptitude,
24 English language proficiency, status as a handicapped person, or
25 any basis prohibited by State or federal law.

26 c. A choice district shall not prohibit the enrollment of a
27 student based upon a determination that the additional cost of
28 educating the student would exceed the amount of additional State
29 aid received as a result of the student's enrollment. A choice
30 district may reject the application for enrollment of a student who
31 has been classified as eligible for special education services
32 pursuant to chapter 46 of Title 18A of the New Jersey Statutes if
33 that student's individualized education program could not be
34 implemented in the district, or if the enrollment of that student
35 would require the district to fundamentally alter the nature of its
36 educational program, or would create an undue financial or
37 administrative burden on the district.

38 d. A student whose application is rejected by a choice district
39 shall be provided with a reason for the rejection in the letter of
40 notice. The appeal of a rejection notice may be made to the
41 commissioner.

42 e. Once a student is enrolled in a designated school, the student
43 shall not be required to reapply for each school year and shall
44 continue to be permitted to be enrolled until graduation. A student
45 shall be permitted to transfer back to a school of the sending district
46 or may apply to a different choice district during the next
47 application period.

1 f. A choice district shall accept all of the credits earned toward
2 graduation by a student in the schools of the sending district.

3 g. A choice district shall notify a sending district upon the
4 enrollment of a choice student resident in that district.

5
6 8. a. (1) The school board of a sending district may adopt a
7 resolution to restrict enrollment of its students in a choice district to
8 a maximum of 10% of the number of students per grade level per
9 year limited by any resolution adopted pursuant to this paragraph
10 and 15% of the total number of students enrolled in the sending
11 district, provided that the resolution shall be subject to approval by
12 the commissioner upon a determination that the resolution is in the
13 best interest of the district's students and that it will not adversely
14 affect the district's programs, services, operations, or fiscal
15 conditions, and that the resolution will not adversely affect or limit
16 the diversity of the remainder of the student population in the
17 district who do not participate in the choice program.

18 (2) Enrollment restriction percentages adopted by any resolution
19 pursuant to paragraph (1) of this subsection shall not be
20 compounded from year to year and shall be based upon the
21 enrollment counts for the year preceding the sending district's initial
22 year of participation in the choice program, except that in any year
23 of the program in which there is an increase in enrollment, the
24 percentage enrollment restriction may be applied to the increase and
25 the result added to the preceding year's count of students eligible to
26 attend a choice district. If there is a decrease in enrollment at any
27 time during the duration of the program, the number of students
28 eligible to attend a choice district shall be the number of students
29 enrolled in the choice program in the initial year of the district's
30 participation in the program, provided that a student attending a
31 choice district school shall be entitled to remain enrolled in that
32 school until graduation.

33 (3) The calculation of the enrollment of a sending district shall
34 be based on the enrollment count as reported on the Application for
35 State School Aid in October preceding the school year during which
36 the restriction on enrollment shall be applicable.

37 b. A choice district shall not be eligible to enroll students on a
38 tuition basis pursuant to N.J.S.18A:38-3 while participating in the
39 interdistrict public school choice program. Any student enrolled on
40 a tuition basis prior to the establishment of the choice program shall
41 be entitled to remain enrolled in the choice district as a choice
42 student.

43
44 9. a. Transportation, or aid in-lieu-of transportation, shall be
45 provided to an elementary school pupil who lives more than two
46 miles from the choice district school of attendance and to a
47 secondary school pupil who lives more than two and one-half miles
48 from the choice district school of attendance, provided the choice

1 district school is not more than 20 miles from the residence of the
2 pupil. Transportation, or aid in-lieu-of transportation, shall be the
3 responsibility of the sending district. The choice district and the
4 sending district may enter into a shared service agreement in
5 accordance with the “Uniform Shared Services and Consolidation
6 Act,” sections 1 through 35 of P.L.2007, c.63 (C.40A:65-1 through
7 C.40A:65-35).

8 b. Notwithstanding the provisions of section 20 of P.L.2007,
9 c.260 (C.18A:7F-62) to the contrary, the sending district shall
10 receive State aid for transportation calculated pursuant to section 15
11 of P.L.2007, c.260 (C.18A:7F-57) for a student transported or
12 receiving aid-in-lieu-of transportation pursuant to subsection a. this
13 section.

14

15 10. A choice district shall establish and maintain a parent
16 information center. The center shall collect and disseminate
17 information about participating programs and schools and shall
18 assist parents and guardians in submitting applications for
19 enrollment of students in an appropriate program and school. The
20 information about participating programs and schools shall be
21 posted on the choice district’s website.

22

23 11. The commissioner shall annually report to the State Board of
24 Education, the Legislature, and the Joint Committee on the Public
25 Schools on the effectiveness of the interdistrict public school choice
26 program. The commissioner’s annual report shall be posted on the
27 Department of Education’s website and on the website of each
28 choice district.

29

30 12. Sections 1 through 10 and 14 through 17 of P.L.1999, c.413
31 (C.18A:36B-1 through 18A:36B-13) are repealed.

32

33 13. This act shall take effect immediately.

34

35

36

STATEMENT

37

38 This bill makes permanent the interdistrict public school choice
39 program. A five-year interdistrict public school choice program
40 was established in 2000 and expired on June 30, 2005. As under
41 the original choice program, the permanent program provides for
42 the establishment of choice districts which will be able to enroll
43 students across district lines in designated schools of the choice
44 district. The permanent program, however, includes no limitation
45 on the total number of choice districts permitted in the State.

46 A local or regional district electing to participate in the program
47 would submit an application to the commissioner no later than April
48 30 in the year prior to the school year in which the choice program

1 would be implemented, and the commissioner would notify an
2 applicant district of the approval or disapproval of its application no
3 later than July 30. The commissioner is authorized to take
4 appropriate action, consistent with State and federal law, to provide
5 that student population diversity in all districts participating in a
6 choice district program is maintained.

7 A proposed choice district's application would be evaluated by
8 the commissioner using such criteria as the fiscal impact on the
9 district, the quality and variety of academic programs offered within
10 the district, and the degree to which the program will promote or
11 reduce educational quality in the choice district and the sending
12 districts.

13 The parents or guardian of a student would notify the sending
14 district of the student's intention to participate in the choice
15 program and submit an application to the choice district, indicating
16 the school the student wishes to attend. To be eligible to participate
17 in the program, a student must be enrolled at the time of application
18 in grades preschool through 12 in a school of the sending district
19 and have attended school in the sending district for at least one full
20 year immediately preceding enrollment in the choice district.
21 However, the one-year requirement would not apply to a student
22 enrolling in preschool or kindergarten in the choice district, if the
23 student's sibling also attends that choice district. Openings in a
24 designated school of a choice district would be on a space available
25 basis, and if more applications are received for a designated school
26 than there are spaces available, a lottery would be held to determine
27 the selection of students. Preference for enrollment may be given to
28 siblings of students who are enrolled in a designated school.

29 If a choice district has openings that are not filled, the choice
30 district may accept public school students who do not meet the
31 attendance requirement and nonpublic school students.

32 A choice district would be permitted to evaluate a prospective
33 student on the student's interest in the program offered by a
34 designated school. The district may not, however, discriminate in
35 its admission policies or practices on the basis of athletic ability,
36 intellectual aptitude, English language proficiency, status as a
37 handicapped person, or any other basis prohibited by State or
38 federal law.

39 In addition, a choice district could not prohibit the enrollment of
40 a student based upon a determination that the additional cost of
41 educating the student would exceed the amount of additional State
42 aid received as a result of the student's enrollment. A choice
43 district may reject the application for enrollment of a student who
44 has been classified as eligible for special education services if that
45 student's individualized education program could not be
46 implemented in the district, or if the enrollment of that student
47 would require the district to fundamentally alter the nature of its

1 educational program, or would create an undue financial or
2 administrative burden on the district.

3 The school board of a sending district could adopt a resolution to
4 restrict enrollment of its students in a choice district to a maximum
5 of 10% of the number of students per grade level per year in the
6 sending district and to 15% of the total number of students enrolled
7 in the sending district. This resolution would be subject to approval
8 by the commissioner upon certain determinations, including the
9 determination that the enrollment restriction is in the best interest of
10 the district's students. The bill provides that a student attending a
11 choice district as a choice student is entitled to remain enrolled in
12 that school until graduation.

13 Transportation, or aid in-lieu-of transportation, would be
14 provided to an elementary school pupil who lives more than two
15 miles from the choice district school of attendance and to a
16 secondary school pupil who lives more than two and one-half miles
17 from the choice district school of attendance, provided the choice
18 district school is not more than 20 miles from the residence of the
19 pupil. Transportation, or aid in-lieu-of transportation, would be the
20 responsibility of the sending district. The sending district will
21 receive State aid for transportation as calculated under current law
22 for a choice student who is eligible to be transported or to receive
23 aid-in-lieu of transportation.

24 A choice district is required to establish and maintain a parent
25 information center. The center would collect and disseminate
26 information about participating programs and schools and assist
27 parents and guardians in submitting applications for enrollment of
28 students in an appropriate program and school.

29 This bill recognizes the choice districts established under the
30 expired interdistrict public school choice program and provides that
31 those choice districts will be permitted to continue operation as if
32 they had been approved under the provisions of the bill. Funding
33 for choice students was addressed in the "School Funding Reform
34 Act of 2008," and aid for these students will continue to be
35 calculated pursuant to that law under section 20 of P.L.2007, c.260
36 (C.18A:7F-62).

37 The bill repeals the sections of law which established the five-
38 year interdistrict public school choice program which expired in
39 2005.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 1073

STATE OF NEW JERSEY

DATED: MAY 13, 2010

The Senate Education Committee favorably reports Senate Bill No. 1073.

This bill makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

A local or regional district electing to participate in the program would submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program would be implemented, and the commissioner would notify an applicant district of the approval or disapproval of its application no later than July 30. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application would be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardian of a student would notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement would not apply to a student enrolling in preschool or kindergarten in the choice district, if the student's sibling also attends that choice district. Openings in a designated school of a choice district would be on a space available basis, and if more applications are received for a designated school than there are spaces

available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

A choice district would be permitted to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, a choice district could not prohibit the enrollment of a student based upon a determination that the additional cost of educating the student would exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district.

The school board of a sending district could adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution would be subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in-lieu-of transportation, would be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in-lieu-of transportation, would be the responsibility of the sending district. The sending district will receive State aid for transportation as calculated under current law for a choice student who is eligible to be transported or to receive aid-in-lieu of transportation.

A choice district is required to establish and maintain a parent information center. The center would collect and disseminate information about participating programs and schools and assist parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the “School Funding Reform Act of 2008,” and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program which expired in 2005.

As reported by the committee, this bill is identical to Assembly Bill No. 355 (1R), which also was reported by the committee on this same date.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1073

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2010

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 1073, with committee amendments.

As amended, this bill makes permanent the interdistrict public school choice program. A five-year interdistrict public school choice program was established in 2000 and expired on June 30, 2005. As under the original choice program, the permanent program provides for the establishment of choice districts which will be able to enroll students across district lines in designated schools of the choice district. The permanent program, however, includes no limitation on the total number of choice districts permitted in the State.

A local or regional district electing to participate in the program would submit an application to the commissioner no later than April 30 in the year prior to the school year in which the choice program would be implemented, and the commissioner would notify an applicant district of the approval or disapproval of its application no later than July 30. The commissioner is authorized to take appropriate action, consistent with State and federal law, to provide that student population diversity in all districts participating in a choice district program is maintained.

A proposed choice district's application would be evaluated by the commissioner using such criteria as the fiscal impact on the district, the quality and variety of academic programs offered within the district, and the degree to which the program will promote or reduce educational quality in the choice district and the sending districts.

The parents or guardian of a student would notify the sending district of the student's intention to participate in the choice program and submit an application to the choice district, indicating the school the student wishes to attend. To be eligible to participate in the program, a student must be enrolled at the time of application in grades preschool through 12 in a school of the sending district and have attended school in the sending district for at least one full year immediately preceding enrollment in the choice district. However, the one-year requirement would not apply to a student enrolling in preschool or kindergarten in the choice district, if the student's sibling also attends that choice district. Openings in a designated school of a

choice district would be on a space available basis, and if more applications are received for a designated school than there are spaces available, a lottery would be held to determine the selection of students. Preference for enrollment may be given to siblings of students who are enrolled in a designated school.

If a choice district has openings that are not filled, the choice district may accept public school students who do not meet the attendance requirement and nonpublic school students.

A choice district would be permitted to evaluate a prospective student on the student's interest in the program offered by a designated school. The district may not, however, discriminate in its admission policies or practices on the basis of athletic ability, intellectual aptitude, English language proficiency, status as a handicapped person, or any other basis prohibited by State or federal law.

In addition, a choice district could not prohibit the enrollment of a student based upon a determination that the additional cost of educating the student would exceed the amount of additional State aid received as a result of the student's enrollment. A choice district may reject the application for enrollment of a student who has been classified as eligible for special education services if that student's individualized education program could not be implemented in the district, or if the enrollment of that student would require the district to fundamentally alter the nature of its educational program, or would create an undue financial or administrative burden on the district.

The school board of a sending district could adopt a resolution to restrict enrollment of its students in a choice district to a maximum of 10% of the number of students per grade level per year in the sending district and to 15% of the total number of students enrolled in the sending district. This resolution would be subject to approval by the commissioner upon certain determinations, including the determination that the enrollment restriction is in the best interest of the district's students. The bill provides that a student attending a choice district as a choice student is entitled to remain enrolled in that school until graduation.

Transportation, or aid in-lieu-of transportation, would be provided to an elementary school pupil who lives more than two miles from the choice district school of attendance and to a secondary school pupil who lives more than two and one-half miles from the choice district school of attendance, provided the choice district school is not more than 20 miles from the residence of the pupil. Transportation, or aid in-lieu-of transportation, would be the responsibility of the sending district. The sending district will receive State aid for transportation as calculated under current law for a choice student who is eligible to be transported or to receive aid-in-lieu of transportation.

A choice district is required to establish and maintain a parent information center. The center would collect and disseminate information about participating programs and schools and assist

parents and guardians in submitting applications for enrollment of students in an appropriate program and school.

This bill recognizes the choice districts established under the expired interdistrict public school choice program and provides that those choice districts will be permitted to continue operation as if they had been approved under the provisions of the bill. Funding for choice students was addressed in the “School Funding Reform Act of 2008,” and aid for these students will continue to be calculated pursuant to that law under section 20 of P.L.2007, c.260 (C.18A:7F-62).

The bill repeals the sections of law which established the five-year interdistrict public school choice program which expired in 2005.

The committee amended the bill to:

(1) provide that for the purposes of meeting the one year enrollment requirement prior to being eligible for the choice program, a student’s “sending district” means not just the district of residence, but any district which by law the student is required to attend; and

(2) clarify that once a student is enrolled in a designated school of a choice district, the student will not be required to reenroll if the student graduates from that designated school and proceeds on in the choice district to another designated school.

As amended, this bill is identical to Assembly Bill No. 355 [1R], as also reported and amended by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amendments:

(1) provide that for the purposes of meeting the one year enrollment requirement prior to being eligible for the choice program, a student’s “sending district” means not just the district of residence, but any district which by law they are required to attend; and

(2) clarify that once a student is enrolled in a designated school of a choice district, the student will not be required to reenroll if the student graduates from that designated school and proceeds on in the choice district to another designated school.

FISCAL IMPACT:

Due to a number of factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential costs associated with making the Interdistrict Public School Choice Program permanent. In general terms, there are three likely effects:

1) ***Districts designated as choice districts will receive increased revenue:*** Under the provisions of the school funding law, the State provides additional funding to school choice districts in the form of school choice aid. Choice districts may see increases in other State aid categories, but the impact is more ambiguous.

2) ***Sending districts may experience an increase in transportation expenses.*** The choice student’s home district

would be responsible for providing transportation services for a choice student enrolled in a school more than two miles (more than 2.5 miles for high school students) away from the student's home. It is plausible that the transportation costs incurred for the choice students will be greater than what the costs would have been had the student remained in the home district.

- 3) ***State expenditures would likely increase.*** It is unlikely that the increased State aid paid to choice districts would be offset by aid decreases to the sending districts. As a result of two provisions of the school funding law, the State aid growth limit and adjustment aid, districts' aid allotments are generally insensitive to changes in enrollment. To the extent that the enrollment declines associated with students entering the choice program are not accompanied by decreases in State aid, the overall State expenditure will increase.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1073 STATE OF NEW JERSEY 214th LEGISLATURE

DATED: JULY 28, 2010

SUMMARY

- Synopsis:** Establishes a permanent Interdistrict Public School Choice Program.
- Type of Impact:** Expenditure Increase from General Fund or Property Tax Relief Fund.
- Agencies Affected:** Department of Education and local school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Cost	Indeterminate - See comments below		
Local Cost	Indeterminate - See comments below		
Local Revenue	Indeterminate - See comments below		

- Due to factors that cannot be predicted, the Office of Legislative Services is not able to estimate the potential State and local costs associated with the creation of a permanent Interdistrict Public School Choice Program. These costs would be determined by the number of students who participate in the choice program and which choice districts they attend.
- Sending districts would be responsible for providing transportation services to choice students who attend school more than two miles (2.5 miles for high school students) away from home. This may lead to a cost increase for the sending district if the cost of transporting the student to a choice district is greater than the transportation cost incurred when the student was enrolled in the resident district.
- New choice districts would receive an increase in revenue in the form of school choice aid and, possibly, other forms of State school aid awarded pursuant to the “School Funding Reform Act of 2008” (SFRA).
- Because of other provisions in SFRA pertaining to adjustment aid and the State aid growth limit, a sending district is unlikely to experience a decrease in State school aid when a student enrolls in a choice district. This would lead to a net increase in State expenditures.

BILL DESCRIPTION

Senate Bill No. 1073 (1R) of 2010 establishes a permanent Interdistrict Public School Choice Program. P.L.1999, c.413 created a five-year school choice program. This legislation would make that program permanent, with some modifications.

Under the provisions of the bill, school districts may submit an application to the Commissioner of Education to become designated as a choice district; any district that was designated a choice district pursuant to P.L.1999, c.413 would continue to operate as a choice district as if it had been so designated under this bill. Students are permitted to participate in the choice program if the student was enrolled in the student's resident district for at least one full year immediately preceding enrollment in a choice district; this requirement does not apply to a student enrolling in preschool or kindergarten who has a sibling enrolled in the choice district. The bill provides that the sending district would be responsible for providing transportation services to choice students enrolled in schools more than two miles (more than 2.5 miles for high school students) but not more than 20 miles from home.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

Due to factors that cannot be predicted, the Office of Legislative Services is not able to provide an estimate of the additional cost to the State and sending districts and the additional revenue to choice districts that would result from Senate Bill No. 1073 (1R). The primary factor that will determine the increased costs or revenue will be the number of new students to participate in the choice program and the choice districts in which the students enroll. While the magnitude of the impact cannot be determined, the interaction between the provisions of this legislation and the SFRA would likely result in three outcomes: 1) choice districts would receive an increase in revenue; 2) sending districts may incur greater transportation costs; and 3) State expenditures would increase.

Key Provisions of the "School Funding Reform Act of 2008"

The fiscal implications of this legislation are inextricably linked to key provisions of the SFRA. As such, it is necessary to briefly review certain elements of the school funding law:

- **Adequacy Budget:** Under the provisions of SFRA, an adequacy budget is calculated for each school district and represents the portion of the costs that the State deems sufficient for the district to provide a thorough and efficient education to its students that will be supported by the State on a wealth-equalized basis. The figure is unique to each district and is determined by factors such as the resident enrollment and student demographics (e.g., eligibility for free or reduced price lunch or status as an English language learner).

- **Primary Aid Categories:** SFRA includes four aid categories that are linked to the total enrollment (as well as other factors), including equalization, special education categorical, security, and transportation aids.
- **Adjustment Aid:** SFRA provided that in the 2008-2009 school year, a school district would receive adjustment aid in an amount sufficient to yield a two percent increase in total State aid relative to the amount of aid received in the 2007-2008 school year. In the 2009-2010 and 2010-2011 school years, adjustment aid is awarded to ensure that a district does not receive less State aid than it did in the 2008-2009 school year. In subsequent school years, this aid category is awarded to ensure that a district does not receive less total aid than it did in the 2008-2009 school year provided that the district did not experience a significant enrollment decline.
- **State Aid Growth Limit:** A district's increase in State aid relative to the previous school year is limited to either 10 percent or 20 percent (depending on the district's spending level). If the funding formula would yield an increase in aid greater than the applicable State aid growth limit, then an adjustment is made to reduce the aid awarded such that the total aid increase matches the growth limit.
- **School Choice Aid:** SFRA provides that, for the purpose of calculating State aid, a choice district will include choice students in the resident enrollment. Additionally, a district receives choice aid for each choice student equal to the adequacy budget local levy per pupil amount. The combination of choice and equalization aids provides a choice district with its adequacy budget, on a per pupil basis, for each choice student. School choice aid is not subject to the State aid growth limit and is not included in the calculation of adjustment aid.

Increased Revenue to Choice Districts

S-1073 (1R) would lead to an increase in revenue in choice districts through the provision of State school aid. The specific amount would be contingent on at least two factors: 1) the number of choice students to enroll in the choice district; and 2) the choice district's adequacy budget per pupil. The combination of equalization and choice aids awarded to a choice district will be equal to the district's adequacy budget per pupil.

The legislation's impact on the other primary aid categories is ambiguous. The addition of choice students to the choice district's resident enrollment would tend to increase the amount of aid the choice district would receive under the other primary aid categories. However, this effect would be nullified if the choice district either receives adjustment aid or is subject to the State aid growth limit. In the case of a choice district that receives adjustment aid, an increase in any primary aid category that results from the enrollment of a choice student would be offset by a decrease in adjustment aid. The net effect would be no change in total revenue to the choice district (unless the increase in aid associated with the enrollment of choice students exceeds the amount of adjustment aid received). Similarly, a choice district that has, in the absence of choice students, reached its applicable State aid growth limit would not receive any additional revenue from any primary aid category once the choice students are included in the resident enrollment. It is important to note that the choice aid awarded under SFRA would not affect a choice district's adjustment aid and is not subject to the State aid growth limit.

Increased Cost to Sending Districts

S-1073 (1R) is likely to increase transportation costs for school districts in which some students leave the district to enroll in choice districts. Under the provisions of this bill, the sending district is required to provide transportation services (or pay aid-in-lieu-of transportation) for choice students who live more than two miles (2.5 miles for high school students) and not more than 20 miles from the school that the choice students attend. It is not possible to estimate the additional cost that would be incurred by the sending districts, as it is contingent on the number of its students who choose to enroll in the choice program and the distance between the students' homes and the choice districts they attend relative to the schools they attend in their resident districts. However, it does not appear to be unreasonable to assume that, in the aggregate, a choice student will be transported over a greater distance between home and school than the distance the same student would have been transported had the student remained enrolled in the sending district.

Increased Cost to State

As previously discussed, S-1073 (1R) would lead to an increase in school choice aid paid by the State to choice districts and may lead to an increased State expenditure in categories of other State school aid awarded pursuant to SFRA as the choice districts count the choice students in the resident enrollment. It is very unlikely that this increased aid to choice districts will be offset by a decrease in State aid to the sending districts that the choice students are leaving. This results from the fact that the vast majority of school districts either receive adjustment aid or their total aid is subject to the State aid growth limit.

In the case of a sending district that receives adjustment aid, the loss of students to a choice district would lead to a decrease in the other primary aid categories under SFRA. However, given the fact that total State school aid cannot decrease below the amount awarded in the 2008-2009 school year, adjustment aid would increase by the same amount that the other aid categories decreased, yielding no net change in the amount of aid awarded to the sending district. During the 2009-2010 school year, 43 percent of all school districts received adjustment aid and, therefore, would not experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

In the case of a sending district in which its State aid was subject to the State aid growth limit, the loss of students to a choice district would affect the preliminary State aid calculation prior to the imposition of the growth limit. However, to the extent that a district's growth in State aid is capped, any change in the district's preliminary aid calculation would be immaterial to its final State aid award, since the preliminary award will be reduced to comply with the State aid growth limit (the exception would be a circumstance in which the reduction associated with students leaving the district to enroll in a choice district uniquely causes the district's aid to fall below the applicable growth limit). During the 2009-2010 school year, 55 percent of all school districts were subject to the State aid growth limit and therefore, would not likely experience a net reduction in State school aid as a result of students leaving the district to enroll in a choice district.

When these two factors are combined, 93 percent of all districts would likely not experience a net reduction in State school aid as a result of their students leaving the district to enroll in a choice district. Given that the choice districts would certainly receive additional revenue (in the form of school choice aid) and would possibly receive increases in other categories of aid, there would be a net increased cost to the State.

Section: Education

*Analyst: Allen T. Dupree
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

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.).