

18A:7D-37

LEGISLATIVE HISTORY CHECKLIST
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(Regional school districts--
allocation of costs)

NJSA: 18A:7D-37

LAWS OF: 1993 **CHAPTER:** 67

BILL NO: A1822

SPONSOR(S): Bagger and others

DATE INTRODUCED: September 21, 1992

COMMITTEE: **ASSEMBLY:** Education

SENATE: Education

AMENDED DURING PASSAGE: Assembly substitute for
Assembly substitute A1822/A1063 enacted A1822/A1063 (2R) enacted

DATE OF PASSAGE: **ASSEMBLY:** November 16, 1992

SENATE: January 25, 1993

DATE OF APPROVAL: March 8, 1993

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

Legislative History Checklist
(Compiled by the Office of Legislative Services Library)

Synopsis: Authorizes regional school districts to allocate costs based on any combination of equalized valuations and pupil enrollments; provides incentives for regionalization; appropriates \$90,000 for regionalization studies.

Bill No.: A1822

P.L. 1993, c. 67

Identical to: S561 (1R)
Substituted for: S561 (1R)
Combined with: A1063
Last Session Bill No.:

See Above Bill(s) for Additional History

NJSA: 18A:7D-37 et al.

Sponsor(s): Bagger/Martin+6

Date Introduced: 09/21/92

Committee Reference:

Statement:

Public Hearing:

Assembly:

Education

Yes

No

Senate:

Education

Yes

No

Sponsor Statement: Yes

Fiscal Note: Yes

Dates of Passage:

Assembly:

11/16/92 (75-0)
02/08/93 (77-0)

Senate:

01/25/93 (36-1)
02/18/93 (35-0)

Amended During Passage: Yes

Governor's Action:

Veto: No

Date of Veto:

Date of Approval: 03/08/93

Message on Signing: No

Additional Information:

§3-C.18A:7D-37
§4-C.18A:7D-28.5
§5-C.18A:13-23.3
§6-C.18A:13-34.2
§7- Approp.

P.L.1993, CHAPTER 67, *approved March 8, 1993*

Assembly Substitute for
1993 Assembly No. 1822 and 1063 AS

1 AN ACT concerning the allocation of costs in regional school
2 districts, incentives for newly established regional school
3 districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34,
4 supplementing chapter 7D of Title 18A of the New Jersey
5 Statutes and making an appropriation.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. N.J.S.18A:13-23 is amended to read as follows:

10 18A:13-23. The annual or special appropriations for regional
11 districts, including the amounts to be raised for interest upon,
12 and the redemption of, bonds payable by the district, shall be
13 apportioned among the municipalities included within the regional
14 district, as may be approved by the voters of each municipality at
15 the annual school election or a special school election, upon the
16 basis of:

17 a. the portion of each municipality's equalized valuation
18 allocated to the regional district, calculated as described in the
19 definition of equalized valuation in section 3 of P.L.1990, c.52
20 (C.18A:7D-3);

21 b. the proportional number of pupils enrolled from each
22 municipality on the 15th day of October of the prebudget year in
23 the same manner as would apply if each municipality comprised
24 separate constituent school districts; or

25 c. any combination of apportionment based upon equalized
26 valuations pursuant to subsection a. of this section or pupil
27 enrollments pursuant to subsection b. of this section.

28 (cf: P.L.1990, c.52, s.37)

29 2. N.J.S.18A:13-34 is amended to read as follows:

30 18A:13-34. If the boards of education of two or more local
31 districts, or the board of education of a consolidated district, or
32 of a district comprising two or more municipalities, and the
33 commissioner or his representative, after consultation, study and
34 investigation, shall determine, that it is advisable for such
35 districts to join and create, or for such district to become

36 (a) an all purpose regional school district for all the school
37 purposes of such districts or district, or

38 (b) a limited purpose regional school district to provide and
39 operate, in the territory comprised within such local districts or
40 district, one or more of the following: elementary schools, junior
41 high schools, high schools, vocational schools, special schools,
42 health facilities or particular educational services or facilities.

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.

1 [said] that board or boards shall by resolution frame and adopt a
2 proposal to that effect stating also the manner in which the
3 amounts to be raised for annual or special appropriations for such
4 proposed regional school district, [exclusive of the amount]
5 including the amounts to be raised for interest upon, and the
6 redemption of bonds payable by the regional district, shall be
7 apportioned [either] upon the basis [or apportionment valuations
8 as defined in section 54:4-49 of the Revised Statutes or upon the
9 basis of the number of pupils enrolled, on the last school day of
10 September of the current school year, in the proposed regional
11 school district] of:

12 a. the portion of each municipality's equalized valuation
13 allocated to the regional district, calculated as described in the
14 definition of equalized valuation in section 3 of P.L.1990, c.52
15 (C.18A:7D-3);

16 b. the proportional number of pupils enrolled from each
17 municipality on the 15th day of October of the prebudget year in
18 the same manner as would apply if each municipality comprised
19 separate constituent school districts; or

20 c. any combination of apportionment based upon equalized
21 valuations pursuant to subsection a. of this section or pupil
22 enrollments pursuant to subsection b. of this section, and each
23 such board shall call for, and conduct, upon the same day, a
24 special school election in each municipality in its district and
25 shall submit thereat the question whether or not [said] the
26 proposal shall be approved, briefly describing the contents of
27 [said] the resolution and stating the date of its adoption and they
28 may submit also, at [said] the special election, as part of such
29 proposal, any other provisions which may be submitted, at such a
30 special election, under the provisions of this chapter but no such
31 special election shall be held on any day before April 15 or after
32 December 1 of any calendar year.

33 (cf: N.J.S.18A:13-34)

34 3. (New section) For a period of five years following
35 regionalization, each regional school district formed after the
36 effective date of this act shall be eligible to receive
37 supplemental State aid equal to the difference between the
38 regional district's State foundation aid calculated pursuant to
39 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
40 the sum of foundation aid received by each constituent district of
41 that regional school district in the year prior to regionalization,
42 multiplied by the transition weight. For the purposes of this
43 section, the transition weight shall equal 1.0 for the first year
44 following regionalization, .80 for the second year following
45 regionalization, .60 for the third year following regionalization,
46 .40 for the fourth year following regionalization and .20 for the
47 fifth year following regionalization.

48 4. (New section) Each regional school district formed after
49 the effective date of this act shall, for the purposes of
50 calculation of its maximum permissible net budget pursuant to
51 the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28),
52 have its net budget for the prebudget year increased by an
53 amount equal to the supplemental State aid received by the
54 district pursuant to section 3 of this act plus the amount of any

1 start-up costs incurred by the district in the regionalization
2 process including, but not limited to, the costs to the district of a
3 regionalization study, program expansion, transportation
4 expansion, and modifications to collective bargaining agreements.

5 5. (New section) A regional district may modify the manner in
6 which the amounts to be raised for annual or special
7 appropriations for the district, including the amounts to be raised
8 for interest upon, and the redemption of, bonds payable by the
9 district, are apportioned pursuant to N.J.S.18A:13-23 only upon
10 the occurrence of one of the following events:

11 a. Ten years have elapsed since the last school election in
12 which the apportionment of costs was approved by the voters;

13 b. A school year in which the equalized valuations of any
14 constituent municipality when divided by the total equalized
15 valuations of all the constituent municipalities is either greater
16 than .10 plus or less than .10 minus the result expressed as a
17 decimal of the equalized valuations of the constituent
18 municipality divided by the total equalized valuations of all the
19 constituent municipalities in the school year of the last school
20 election in which the apportionment of costs was approved by the
21 voters;

22 c. A school year in which the pupil population of any
23 constituent municipality when divided by the total pupil
24 population of the regional district is either greater than .10 plus
25 or less than .10 minus the result expressed as a decimal of the
26 pupil population of the constituent municipality divided by the
27 total pupil population of the regional district in the school year of
28 the last school election in which the apportionment of costs was
29 approved by the voters;

30 d. A school year in which the regional district is enlarged by
31 the admission of one or more districts;

32 e. During any school year if the regional district was formed
33 prior to the effective date of P.L. , c. (C.) (now pending
34 before the Legislature as this bill) and has never revised its cost
35 apportionment basis.

36 6. (New section) The Department of Education shall provide
37 to the board of education of a school district proposing to join or
38 create a regional school district and to the board of education of
39 a regional school district proposing to modify its method of
40 apportionment, an impact assessment of the apportionment
41 method. The impact assessment shall be provided to the board of
42 education at least 45 days prior to the date of the school election
43 at which the question will be presented to the voters. The failure
44 of the department to provide an impact assessment in accordance
45 with this section will not preclude the district from submitting
46 the question to the voters at the school election.

47 7. There is appropriated from the General Fund to the
48 Department of Education the sum of \$90,000 for the purpose of
49 providing grants to school districts, not to exceed \$2,000 per
50 district, for the cost of studying the feasibility of forming an all
51 purpose or limited purpose regional school district.

52 8. This act shall take effect immediately.

STATEMENT

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3 This floor substitute encourages the formation of regional
4 school districts by allowing school districts considering
5 regionalization greater freedom in determining how costs should
6 be apportioned among the constituent districts. Under the bill,
7 districts could allocate costs based upon equalized valuations,
8 pupil enrollments or any combination of equalized valuation or
9 pupil enrollments. Currently, regional districts must apportion
10 costs among the constituent districts on the basis of property tax
11 rates. This acts as a disincentive to regionalization for
12 districts which have high property values and a small pupil
13 population when they consider joining with a municipality which
14 has low property values and a large pupil population. The bill
15 provides for the voters of a proposed regional school district to
16 determine the cost apportionment basis at the same time the
17 question of forming a regional district is determined.

18 Districts which elect to regionalize would be provided a State
19 foundation aid hold harmless. The hold harmless aid will equal
20 the difference between the foundation aid entitlement for the
21 regional school district and the foundation aid entitlement of the
22 constituent districts of the regional school district for the year
23 preceding regionalization. The hold harmless aid would be phased
24 out over a five-year period, and both the hold harmless aid and
25 start-up costs incurred in the creation of the regional school
26 district would be excluded from the spending cap calculation.

27 The bill also provides that a regional district may modify the
28 cost apportionment basis at the annual school election or a
29 special school election only upon the occurrence of one of five
30 events: the end of the ten-year period since the original
31 apportionment; an increase or decrease of more than .10 in the
32 ratio of the equalized valuations of any constituent municipality
33 to the total equalized valuations of all constituent municipalities;
34 an increase or decrease of more than .10 in the ratio of the pupil
35 population of any constituent municipality to the total pupil
36 population of all constituent municipalities; one or more districts
37 join the regional district; or if a regional district formed prior to
38 the effective date of this bill has never revised its cost
39 apportionment basis.

40 Finally, the bill appropriates \$90,000 to the Department of
41 Education for grants to school districts to study the feasibility of
42 regionalization.

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47 Authorizes regional school districts to allocate costs based on any
48 combination of equalized valuations and pupil enrollments;
49 provides incentives for regionalization; appropriates \$90,000 for
50 regionalization studies.

ASSEMBLY, No. 1822
STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 21, 1992

By Assemblymen BAGGER, MARTIN, Kavanaugh and Penn

1 **AN ACT** concerning incentives for newly established regional
2 school districts, amending N.J.S.18A:13-23 and
3 N.J.S.18A:13-34 and supplementing chapter 7D of Title 18A of
4 the New Jersey Statutes.

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

8 1. N.J.S.18A:13-23 is amended to read as follows:
9 18A:13-23. The annual or special appropriations for regional
10 districts, including the amounts to be raised for interest upon,
11 and the redemption of, bonds payable by the district, shall be
12 apportioned among the municipalities included within the regional
13 district as may be approved by the voters of each municipality at
14 the special school election held pursuant to N.J.S.18A:13-34,
15 upon the basis of:

16 a. the portion of each municipality's equalized valuation
17 allocated to the regional district, calculated as described in the
18 definition of equalized valuation in section 3 of P.L.1990, c.52
19 (C.18A:7D-3);

20 b. the proportional number of pupils enrolled from each
21 municipality on the 15th day of October of the prebudget year in
22 the same manner as would apply if each municipality comprised
23 separate constituent school districts; or

24 c. any combination of apportionment based upon equalized
25 valuations pursuant to subsection a. of this section or pupil
26 enrollments pursuant to subsection b. of this section .
27 (cf: P.L.1990, c.52, s.37)

28 2. N.J.S.18A:13-34 is amended to read as follows:
29 18A:13-34. If the boards of education of two or more local
30 districts, or the board of education of a consolidated district, or
31 of a district comprising two or more municipalities, and the
32 commissioner or his representative, after consultation, study and
33 investigation, shall determine, that it is advisable for such
34 districts to join and create, or for such district to become

35 (a) an all purpose regional school district for all the school
36 purposes of such districts or district, or

37 (b) a limited purpose regional school district to provide and
38 operate, in the territory comprised within such local districts or
39 district, one or more of the following: elementary schools, junior
40 high schools, high schools, vocational schools, special schools,
41 health facilities or particular educational services or facilities,
42 [said] that board or boards shall by resolution frame and adopt a

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.

1 proposal to that effect stating also the manner in which the
 2 amounts to be raised for annual or special appropriations for such
 3 proposed regional school district, exclusive of the amount to be
 4 raised for interest upon, and the redemption of bonds payable by
 5 the regional district, shall be apportioned [either] upon the basis
 6 [for apportionment valuations as defined in section 54:4-49 of the
 7 Revised Statutes or upon the basis of the number of pupils
 8 enrolled, on the last school day of September of the current
 9 school year, in the proposed regional school district] of:

10 a. the portion of each municipality's equalized valuation
 11 allocated to the regional district, calculated as described in the
 12 definition of equalized valuation in section 3 of P.L.1990, c.52
 13 (C.18A:7D-3);

14 b. the proportional number of pupils enrolled from each
 15 municipality on the 15th day of October of the prebudget year in
 16 the same manner as would apply if each municipality comprised
 17 separate constituent school districts; or

18 c. any combination of apportionment based upon equalized
 19 valuations pursuant to subsection a. of this section or pupil
 20 enrollments pursuant to subsection b. of this section, and each
 21 such board shall call for, and conduct, upon the same day, a
 22 special school election in each municipality in its district and
 23 shall submit thereat the question whether or not [said] the
 24 proposal shall be approved, briefly describing the contents of
 25 [said] the resolution and stating the date of its adoption and they
 26 may submit also, at [said] the special election, as part of such
 27 proposal, any other provisions which may be submitted, at such a
 28 special election, under the provisions of this chapter but no such
 29 special election shall be held on any day before April 15 or after
 30 December 1 of any calendar year.

31 (cf: N.J.S.18A:13-34)

32 3. (New section) For a period of five years following
 33 regionalization, each all purpose regional school district formed
 34 after the effective date of this act shall be eligible to receive
 35 supplemental State aid equal to the difference between the
 36 regional district's State foundation aid calculated pursuant to
 37 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
 38 the sum of foundation aid received by each constituent district of
 39 that regional school district in the year prior to regionalization,
 40 multiplied by the transition weight. For the purposes of this
 41 section, the transition weight shall equal 1.0 for the first year
 42 following regionalization, .80 for the second year following
 43 regionalization, .60 for the third year following regionalization,
 44 .40 for the fourth year following regionalization and .20 for the
 45 fifth year following regionalization.

46 4. This act shall take effect immediately.
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49 STATEMENT

50
 51 This bill would encourage the formation of regional school
 52 districts by allowing school districts considering regionalization
 53 greater freedom in determining how costs should be apportioned
 54 among the constituent districts. The bill would allow districts to

1 allocate costs based upon equalized valuations, pupil enrollments
2 or any combination of equalized valuation or pupil enrollments.
3 The bill provides for the voters of a proposed regional school
4 district to determine the cost apportionment basis at the same
5 time the question of forming a regional district is determined.

6 Currently, regional districts must apportion costs among the
7 constituent districts on the basis of property tax ratables. This
8 acts as a disincentive to regionalization for districts which have
9 high property values and a small pupil population, when
10 considering joining with a municipality that has low property
11 values and a large pupil population. This bill will give districts
12 the freedom to apportion costs in the manner which best suits the
13 circumstances in the proposed regional district.

14 The bill also provides a State foundation aid hold harmless for
15 districts which regionalize. The hold harmless aid will equal the
16 difference between the foundation aid entitlement for the
17 regional school district and the foundation aid entitlement of the
18 constituent districts of the regional school district for the year
19 preceding regionalization. The hold harmless aid will be phased
20 out over a five year period.

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25 Authorizes newly formed regional school districts to allocate
26 costs on basis of equalized valuations, pupil enrollments or any
27 combination of equalized valuations and pupil enrollments;
28 provides hold harmless for foundation aid.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1822

STATE OF NEW JERSEY

DATED: OCTOBER 1, 1992

The Assembly Education Committee reports favorably Assembly Bill No. 1822.

This bill will encourage the formation of regional school districts by providing school districts considering regionalization greater freedom in determining how costs will be apportioned among the constituent districts.

The bill would permit newly formed regional school districts to allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. The voters of the proposed regional school district will determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Currently, regional districts must apportion costs among the constituent districts on the basis of property tax ratables. This acts as a disincentive to regionalization for certain districts which have high property values and a small pupil population, when considering joining with a municipality that has low property values and a large pupil population.

The bill also provides a State foundation aid hold harmless for districts which regionalize. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid will be phased out over a five year period.

A representative of the New Jersey School Boards Association, Three District Regionalization Advisory Committee, Three District Regionalization Advisory Committee, Association of School Business Officials and New Jersey Education Association testified in favor of the bill.

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063

STATE OF NEW JERSEY

ADOPTED OCTOBER 15, 1992

Sponsored by Assemblymen BAGGER, DORIA and MARTIN

1 AN ACT concerning incentives for newly established regional
2 school districts, amending N.J.S.18A:13-23 and
3 N.J.S.18A:13-34, supplementing chapter 7D of Title 18A of the
4 New Jersey Statutes and making an appropriation.
5

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

8 1. N.J.S.18A:13-23 is amended to read as follows:

9 18A:13-23. The annual or special appropriations for regional
10 districts, including the amounts to be raised for interest upon,
11 and the redemption of, bonds payable by the district, shall be
12 apportioned among the municipalities included within the regional
13 district as may be approved by the voters of each municipality at
14 the special school election held pursuant to N.J.S.18A:13-34,
15 upon the basis of:

16 a. the portion of each municipality's equalized valuation
17 allocated to the regional district, calculated as described in the
18 definition of equalized valuation in section 3 of P.L.1990, c.52
19 (C.18A:7D-3);

20 b. the proportional number of pupils enrolled from each
21 municipality on the 15th day of October of the prebudget year in
22 the same manner as would apply if each municipality comprised
23 separate constituent school districts; or

24 c. any combination of apportionment based upon equalized
25 valuations pursuant to subsection a. of this section or pupil
26 enrollments pursuant to subsection b. of this section.

27 (cf: P.L.1990, c.52, s.37)

28 2. N.J.S.18A:13-34 is amended to read as follows:

29 18A:13-34. If the boards of education of two or more local
30 districts, or the board of education of a consolidated district, or
31 of a district comprising two or more municipalities, and the
32 commissioner or his representative, after consultation, study and
33 investigation, shall determine, that it is advisable for such
34 districts to join and create, or for such district to become

35 (a) an all purpose regional school district for all the school
36 purposes of such districts or district, or

37 (b) a limited purpose regional school district to provide and
38 operate, in the territory comprised within such local districts or
39 district, one or more of the following: elementary schools, junior
40 high schools, high schools, vocational schools, special schools,
41 health facilities or particular educational services or facilities,
42 [said] that board or boards shall by resolution frame and

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

1 adopt a proposal to that effect stating also the manner in which
2 the amounts to be raised for annual or special appropriations for
3 such proposed regional school district, [exclusive of the amount]
4 including the amounts to be raised for interest upon, and the
5 redemption of bonds payable by the regional district, shall be
6 apportioned [either] upon the basis [or apportionment valuations
7 as defined in section 54:4-49 of the Revised Statutes or upon the
8 basis of the number of pupils enrolled, on the last school day of
9 September of the current school year, in the proposed regional
10 school district] of:

11 a. the portion of each municipality's equalized valuation
12 allocated to the regional district, calculated as described in the
13 definition of equalized valuation in section 3 of P.L.1990, c.52
14 (C.18A:7D-3);

15 b. the proportional number of pupils enrolled from each
16 municipality on the 15th day of October of the prebudget year in
17 the same manner as would apply if each municipality comprised
18 separate constituent school districts; or

19 c. any combination of apportionment based upon equalized
20 valuations pursuant to subsection a. of this section or pupil
21 enrollments pursuant to subsection b. of this section, and each
22 such board shall call for, and conduct, upon the same day, a
23 special school election in each municipality in its district and
24 shall submit thereat the question whether or not [said] the
25 proposal shall be approved, briefly describing the contents of
26 [said] the resolution and stating the date of its adoption and they
27 may submit also, at [said] the special election, as part of such
28 proposal, any other provisions which may be submitted, at such a
29 special election, under the provisions of this chapter but no such
30 special election shall be held on any day before April 15 or after
31 December 1 of any calendar year.

32 (c.f. N.J.S.18A 13-34)

33 3. (New section) For a period of five years following
34 regionalization, each all purpose regional school district formed
35 after the effective date of this act shall be eligible to receive
36 supplemental State aid equal to the difference between the
37 regional district's State foundation aid calculated pursuant to
38 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
39 the sum of foundation aid received by each constituent district of
40 that regional school district in the year prior to regionalization,
41 multiplied by the transition weight. For the purposes of this
42 section, the transition weight shall equal 1.0 for the first year
43 following regionalization, .80 for the second year following
44 regionalization, .60 for the third year following regionalization,
45 .40 for the fourth year following regionalization and .20 for the
46 fifth year following regionalization.

47 4. (New section) Each all purpose regional school district
48 formed after the effective date of this act shall, for the purposes
49 of calculation of its maximum permissible net budget pursuant to
50 the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28),
51 have its net budget for the prebudget year increased by an
52 amount equal to the supplemental State aid received by the
53 district pursuant to section 3 of this act plus the amount of any
54 start up costs incurred by the district in the regionalization

1 process including, but not limited to, the costs to the district of a
2 regionalization study, program expansion, transportation
3 expansion, and modifications to collective bargaining agreements.
4 5. There is appropriated from the General Fund to the
5 Department of Education the sum of \$90,000 for the purpose of
6 providing grants to school districts, not to exceed \$2,000 per
7 district, for the cost of studying the feasibility of forming an all
8 purpose or limited purpose regional school district.
9 6. This act shall take effect immediately.

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11

12 STATEMENT

13
14 This floor substitute would encourage the formation of regional
15 school districts by allowing school districts considering
16 regionalization greater freedom in determining how costs should
17 be apportioned among the constituent districts. The floor
18 substitute would allow districts to allocate costs based upon
19 equalized valuations, pupil enrollments or any combination of
20 equalized valuation or pupil enrollments. The floor substitute
21 provides for the voters of a proposed regional school district to
22 determine the cost apportionment basis at the same time the
23 question of forming a regional district is determined.

24 Currently, regional districts must apportion costs among the
25 constituent districts on the basis of property tax ratables. This
26 acts as a disincentive to regionalization for districts which have
27 high property values and a small pupil population, when
28 considering joining with a municipality that has low property
29 values and a large pupil population. This floor substitute will give
30 districts the freedom to apportion costs in the manner which best
31 suits the circumstances in the proposed regional district.

32 The floor substitute also provides a State foundation aid hold
33 harmless for districts which regionalize. The hold harmless aid
34 will equal the difference between the foundation aid entitlement
35 for the regional school district and the foundation aid entitlement
36 of the constituent districts of the regional school district for the
37 year preceding regionalization. The hold harmless aid will be
38 phased out over a five year period.

39 The floor substitute also appropriates \$90,000 to the
40 Department of Education for grants to school districts to study
41 the feasibility of regionalization.

42 Finally, the floor substitute provides for the exclusion of hold
43 harmless aid and start-up costs incurred in the creation of the
44 regional school district from the spending cap calculation.

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48
49 Authorizes newly formed regional school districts to allocate
50 costs based on any combination of equalized valuations and pupil
51 enrollments; provides incentives for regionalization; appropriates
52 \$90,000 for regionalization studies.

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063

STATE OF NEW JERSEY

ADOPTED OCTOBER 15, 1992

Sponsored by Assemblymen BAGGER, DORIA, MARTIN,
Assemblywoman Haines, Assemblymen Wolfe and Rocco

1 AN ACT concerning ¹the allocation of costs in regional school
2 districts,¹ incentives for newly established regional school
3 districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34,
4 supplementing chapter 7D of Title 18A of the New Jersey
5 Statutes and making an appropriation.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. N.J.S.18A:13-23 is amended to read as follows:
10 18A:13-23. The annual or special appropriations for regional
11 districts, including the amounts to be raised for interest upon,
12 and the redemption of, bonds payable by the district, shall be
13 apportioned among the municipalities included within the regional
14 district as may be approved by the voters of each municipality at
15 the ²annual school election or a² special school election ²{held
16 pursuant to N.J.S.18A:13-34}², upon the basis of:

17 a. the portion of each municipality's equalized valuation
18 allocated to the regional district, calculated as described in the
19 definition of equalized valuation in section 3 of P.L.1990, c.52
20 (C.18A:7D-3);

21 b. the proportional number of pupils enrolled from each
22 municipality on the 15th day of October of the prebudget year in
23 the same manner as would apply if each municipality comprised
24 separate constituent school districts; or

25 c. any combination of apportionment based upon equalized
26 valuations pursuant to subsection a. of this section or pupil
27 enrollments pursuant to subsection b. of this section.

28 (cf: P.L.1990, c.52, s.37)

29 2. N.J.S.18A:13-34 is amended to read as follows:
30 18A:13-34. If the boards of education of two or more local
31 districts, or the board of education of a consolidated district, or
32 of a district comprising two or more municipalities, and the
33 commissioner or his representative, after consultation, study and
34 investigation, shall determine, that it is advisable for such
35 districts to join and create, or for such district to become

36 (a) an all purpose regional school district for all the school
37 purposes of such districts or district, or

38 (b) a limited purpose regional school district to provide and
39 operate, in the territory comprised within such local districts or
40 district, one or more of the following: elementary schools, junior
41 high schools, high schools, vocational schools, special schools,

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:

¹ Assembly floor amendments adopted November 12, 1992.

² Senate SED committee amendments adopted December 10, 1992.

c

1 health facilities or particular educational services or facilities,
2 [said] that board or boards shall by resolution frame and adopt a
3 proposal to that effect stating also the manner in which the
4 amounts to be raised for annual or special appropriations for such
5 proposed regional school district, [exclusive of the amount]
6 including the amounts to be raised for interest upon, and the
7 redemption of bonds payable by the regional district, shall be
8 apportioned [either] upon the basis [or apportionment valuations
9 as defined in section 54:4-49 of the Revised Statutes or upon the
10 basis of the number of pupils enrolled, on the last school day of
11 September of the current school year, in the proposed regional
12 school district] of:

13 a. the portion of each municipality's equalized valuation
14 allocated to the regional district, calculated as described in the
15 definition of equalized valuation in section 3 of P.L.1990, c.52
16 (C.18A:7D-3);

17 b. the proportional number of pupils enrolled from each
18 municipality on the 15th day of October of the prebudget year in
19 the same manner as would apply if each municipality comprised
20 separate constituent school districts; or

21 c. any combination of apportionment based upon equalized
22 valuations pursuant to subsection a. of this section or pupil
23 enrollments pursuant to subsection b. of this section, and each
24 such board shall call for, and conduct, upon the same day, a
25 special school election in each municipality in its district and
26 shall submit thereat the question whether or not [said] the
27 proposal shall be approved, briefly describing the contents of
28 [said] the resolution and stating the date of its adoption and they
29 may submit also, at [said] the special election, as part of such
30 proposal, any other provisions which may be submitted, at such a
31 special election, under the provisions of this chapter but no such
32 special election shall be held on any day before April 15 or after
33 December 1 of any calendar year.

34 (cf: N.J.S.18A:13-34)

35 3. (New section) For a period of five years following
36 regionalization, each ²[all purpose]² regional school district
37 formed after the effective date of this act shall be eligible to
38 receive supplemental State aid equal to the difference between
39 the regional district's State foundation aid calculated pursuant to
40 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
41 the sum of foundation aid received by each constituent district of
42 that regional school district in the year prior to regionalization,
43 multiplied by the transition weight. For the purposes of this
44 section, the transition weight shall equal 1.0 for the first year
45 following regionalization, .80 for the second year following
46 regionalization, .60 for the third year following regionalization,
47 .40 for the fourth year following regionalization and .20 for the
48 fifth year following regionalization.

49 4. (New section) Each ²[all purpose]² regional school district
50 formed after the effective date of this act shall, for the purposes
51 of calculation of its maximum permissible net budget pursuant to
52 the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28),
53 have its net budget for the prebudget year increased by an
54 amount equal to the supplemental State aid received by the

1 district pursuant to section 3 of this act plus the amount of any
2 start-up costs incurred by the district in the regionalization
3 process including, but not limited to, the costs to the district of a
4 regionalization study, program expansion, transportation
5 expansion, and modifications to collective bargaining agreements.

6 15. (New section) A regional district may modify the manner
7 in which the amounts to be raised for annual or special
8 appropriations for the district, including the amounts to be raised
9 for interest upon, and the redemption of, bonds payable by the
10 district, are apportioned pursuant to N.J.S.18A:13-23 only upon
11 the occurrence of one of the following events:

12 a. Ten years have elapsed since the last school election in
13 which the apportionment of costs was approved by the voters
14 ²[pursuant to N.J.S.18A:13-34]²;

15 b. A school year in which the ratio of the equalized valuations
16 of any constituent municipality to the total equalized valuations
17 of all constituent municipalities has decreased or increased by
18 more than ten percent since the date of the last school election
19 in which the apportionment of costs was approved by the voters
20 ²[pursuant to N.J.S.18A:13-34]²;

21 c. A school year in which the ratio of the pupil population of
22 any constituent municipality to the total pupil population of all
23 constituent municipalities has decreased or increased by more
24 than ten percent since the date of the last school election in
25 which the apportionment of costs was approved by the voters
26 ²[pursuant to N.J.S.18A:13-34]²;

27 d. A school year in which the regional district is enlarged by
28 the admission of one or more districts;

29 e. During any school year if the regional district was formed
30 prior to the effective date of P.L. , c. (C.) (now pending
31 before the Legislature as this bill) and has never revised its cost
32 apportionment basis.¹

33 ¹[5.] 6.¹ There is appropriated from the General Fund to the
34 Department of Education the sum of \$90,000 for the purpose of
35 providing grants to school districts, not to exceed \$2,000 per
36 district, for the cost of studying the feasibility of forming an all
37 purpose or limited purpose regional school district.

38 ¹[6.] 7.¹ This act shall take effect immediately.

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43 Authorizes regional school districts to allocate costs based on any
44 combination of equalized valuations and pupil enrollments;
45 provides incentives for regionalization; appropriates \$90,000 for
46 regionalization studies.

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Document ID

93
Sponsor
CLARK (S)

Majority Leader

Minority Leader

Sponsor of Act

Sponsor of Bill



ASSEMBLY SUBSTITUTE
for

Assembly, No. 1822 and 1063

Assembly, No. 1063

(Sponsored by Assemblymen BAGGER, DORIA & MARTIN)

AN ACT concerning incentives for newly established regional school districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34, supplementing chapter 7D of Title 18A of the New Jersey Statutes and making an appropriation.

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

1. N.J.S.18A:13-23 is amended to read as follows:

18A:13-23. The annual or special appropriations for regional districts, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, shall be apportioned among the municipalities included within the regional district as may be approved by the voters of each municipality at the special school election held pursuant to N.J.S.18A:13-34, upon the basis of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990, c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section .

(cf: P.L.1990, c.52, s.37)

2. N.J.S.18A:13-34 is amended to read as follows:

18A:13-34. If the boards of education of two or more local districts, or the board of education of a consolidated district, or of a district comprising two or more municipalities, and the commissioner or his representative, after consultation, study and investigation, shall determine, that it is advisable for such districts to join and create, or for such district to become

(a) an all purpose regional school district for all the school purposes of such districts or district, or

(b) a limited purpose regional school district to provide and operate, in the territory comprised within such local districts or district, one or more of the following: elementary schools, junior high schools, high schools, vocational schools, special schools, health facilities or particular educational services or

facilities, [said] that board or boards shall by resolution frame and adopt a proposal to that effect stating also the manner in which the amounts to be raised for annual or special appropriations for such proposed regional school district, exclusive of the amount ^{including the amounts} ~~to be raised for interest upon,~~ and the redemption of bonds payable by the regional district, shall be apportioned [either] upon the basis [or apportionment valuations as defined in section 54:4-49 of the Revised Statutes or upon the basis of the number of pupils enrolled, on the last school day of September of the current school year, in the proposed regional school district] of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990, c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section, and each such board shall call for, and conduct, upon the same day, a special school election in each municipality in its district and shall submit thereat the question whether or not [said] the proposal shall be approved, briefly describing the contents of [said] the resolution and stating the date of its adoption and they may submit also, at [said] the special election, as part of such proposal, any other provisions which may be submitted, at such a special election, under the provisions of this chapter but no such special election shall be held on any day before April 15 or after December 1 of any calendar year.

(cf: N.J.S.18A:13-34)

3. (New section) For a period of five years following regionalization, each all purpose regional school district formed after the effective date of this act shall be eligible to receive supplemental State aid equal to the difference between the regional district's State foundation aid calculated pursuant to section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and the sum of foundation aid received by each constituent district of that regional school district in the year prior to regionalization, multiplied by the transition weight. For the purposes of this section, the transition weight shall equal 1.0 for the first year following regionalization, .80 for the second year following regionalization, .60 for the third year following regionalization, .40 for the fourth year following regionalization and .20 for the fifth year following regionalization.

4. (New section) Each all purpose regional school district formed after the effective date of this act shall, for the purposes of calculation of its maximum permissible net budget pursuant to the provisions of section 85 of P.L. 1990, c. 52 (C.18A:7D-28), have its net budget for the prebudget year increased by an amount equal to the supplemental State aid received by the district pursuant to section 3 of this act plus the amount of any start-up costs incurred by the district in the regionalization process including, but not limited to, the costs to the district of a regionalization study, program expansion, transportation expansion, and modifications to collective bargaining agreements.

5. There is appropriated from the General Fund to the Department of Education the sum of \$90,000 for the purpose of providing grants to school districts, not to exceed \$2,000 per district, for the cost of studying the feasibility of forming an all purpose or limited purpose regional school district.

6. This act shall take effect immediately.

STATEMENT

This floor substitute would encourage the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts. The floor substitute would allow districts to allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. The floor substitute provides for the voters of a proposed regional school district to determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Currently, regional districts must apportion costs among the constituent districts on the basis of property tax ratables. This acts as a disincentive to regionalization for districts which have high property values and a small pupil population, when considering joining with a municipality that has low property values and a large pupil population. This floor substitute will give districts the freedom to apportion costs in the manner which best suits the circumstances in the proposed regional district.

The floor substitute also provides a State foundation aid hold harmless for districts which regionalize. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid will be phased out over a five year period.

The floor substitute also appropriates \$90,000 to the Department of Education for grants to school districts to study the feasibility of regionalization.

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2025 RELEASE UNDER E.O. 14176

Finally, the floor substitute provides for the exclusion of hold harmless aid and start-up costs incurred in the creation of the regional school district from the spending cap calculation.

HB 2013-0004

Authorizes newly formed regional school districts to allocate costs based on any combination of equalized valuations and pupil enrollments; provides incentives for regionalization; appropriates \$90,000 for regionalization studies.

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c



[FIRST REPRINT]

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063

STATE OF NEW JERSEY

ADOPTED OCTOBER 15, 1992

Sponsored by Assemblymen BAGGER, DORIA, MARTIN,
Assemblywoman Haines, Assemblymen Wolfe and Rocco

1 AN ACT concerning ¹the allocation of costs in regional school
2 districts,¹ incentives for newly established regional school
3 districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34,
4 supplementing chapter 7D of Title 18A of the New Jersey
5 Statutes and making an appropriation.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. N.J.S.18A:13-23 is amended to read as follows:

10 18A:13-23. The annual or special appropriations for regional
11 districts, including the amounts to be raised for interest upon,
12 and the redemption of, bonds payable by the district, shall be
13 apportioned among the municipalities included within the regional
14 district as may be approved by the voters of each municipality at
15 the special school election held pursuant to N.J.S.18A:13-34,
16 upon the basis of:

17 a. the portion of each municipality's equalized valuation
18 allocated to the regional district, calculated as described in the
19 definition of equalized valuation in section 3 of P.L.1990, c.52
20 (C.18A:7D-3);

21 b. the proportional number of pupils enrolled from each
22 municipality on the 15th day of October of the prebudget year in
23 the same manner as would apply if each municipality comprised
24 separate constituent school districts; or

25 c. any combination of apportionment based upon equalized
26 valuations pursuant to subsection a. of this section or pupil
27 enrollments pursuant to subsection b. of this section.

28 (cf: P.L.1990, c.52, s.37)

29 2. N.J.S.18A:13-34 is amended to read as follows:

30 18A:13-34. If the boards of education of two or more local
31 districts, or the board of education of a consolidated district, or
32 of a district comprising two or more municipalities, and the
33 commissioner or his representative, after consultation, study and
34 investigation, shall determine, that it is advisable for such
35 districts to join and create, or for such district to become

36 (a) an all purpose regional school district for all the school
37 purposes of such districts or district, or

38 (b) a limited purpose regional school district to provide and
39 operate, in the territory comprised within such local districts or

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:
Assembly floor amendments adopted November 12, 1992.

1 district, one or more of the following: elementary schools, junior
2 high schools, high schools, vocational schools, special schools,
3 health facilities or particular educational services or facilities,
4 [said] that board or boards shall by resolution frame and adopt a
5 proposal to that effect stating also the manner in which the
6 amounts to be raised for annual or special appropriations for such
7 proposed regional school district, [exclusive of the amount]
8 including the amounts to be raised for interest upon, and the
9 redemption of bonds payable by the regional district, shall be
10 apportioned [either] upon the basis [or apportionment valuations
11 as defined in section 54:4-49 of the Revised Statutes or upon the
12 basis of the number of pupils enrolled, on the last school day of
13 September of the current school year, in the proposed regional
14 school district] of:

15 a. the portion of each municipality's equalized valuation
16 allocated to the regional district, calculated as described in the
17 definition of equalized valuation in section 3 of P.L.1990, c.52
18 (C.18A:7D-3);

19 b. the proportional number of pupils enrolled from each
20 municipality on the 15th day of October of the prebudget year in
21 the same manner as would apply if each municipality comprised
22 separate constituent school districts; or

23 c. any combination of apportionment based upon equalized
24 valuations pursuant to subsection a. of this section or pupil
25 enrollments pursuant to subsection b. of this section, and each
26 such board shall call for, and conduct, upon the same day, a
27 special school election in each municipality in its district and
28 shall submit thereat the question whether or not [said] the
29 proposal shall be approved, briefly describing the contents of
30 [said] the resolution and stating the date of its adoption and they
31 may submit also, at [said] the special election, as part of such
32 proposal, any other provisions which may be submitted, at such a
33 special election, under the provisions of this chapter but no such
34 special election shall be held on any day before April 15 or after
35 December 1 of any calendar year.

36 (cf: N.J.S.18A:13-34)

37 3. (New section) For a period of five years following
38 regionalization, each all purpose regional school district formed
39 after the effective date of this act shall be eligible to receive
40 supplemental State aid equal to the difference between the
41 regional district's State foundation aid calculated pursuant to
42 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
43 the sum of foundation aid received by each constituent district of
44 that regional school district in the year prior to regionalization,
45 multiplied by the transition weight. For the purposes of this
46 section, the transition weight shall equal 1.0 for the first year
47 following regionalization, .80 for the second year following
48 regionalization, .60 for the third year following regionalization,
49 .40 for the fourth year following regionalization and .20 for the
50 fifth year following regionalization.

51 4. (New section) Each all purpose regional school district
52 formed after the effective date of this act shall, for the purposes
53 of calculation of its maximum permissible net budget pursuant to
54 the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28),

1 have its net budget for the prebudget year increased by an
2 amount equal to the supplemental State aid received by the
3 district pursuant to section 3 of this act plus the amount of any
4 start-up costs incurred by the district in the regionalization
5 process including, but not limited to, the costs to the district of a
6 regionalization study, program expansion, transportation
7 expansion, and modifications to collective bargaining agreements.

8 15. (New section) A regional district may modify the manner
9 in which the amounts to be raised for annual or special
10 appropriations for the district, including the amounts to be raised
11 for interest upon, and the redemption of, bonds payable by the
12 district, are apportioned pursuant to N.J.S.18A:13-23 only upon
13 the occurrence of one of the following events:

14 a. Ten years have elapsed since the last school election in
15 which the apportionment of costs was approved by the voters
16 pursuant to N.J.S.18A:13-34;

17 b. A school year in which the ratio of the equalized valuations
18 of any constituent municipality to the total equalized valuations
19 of all constituent municipalities has decreased or increased by
20 more than ten percent since the date of the last school election
21 in which the apportionment of costs was approved by the voters
22 pursuant to N.J.S.18A:13-34;

23 c. A school year in which the ratio of the pupil population of
24 any constituent municipality to the total pupil population of all
25 constituent municipalities has decreased or increased by more
26 than ten percent since the date of the last school election in
27 which the apportionment of costs was approved by the voters
28 pursuant to N.J.S.18A:13-34;

29 d. A school year in which the regional district is enlarged by
30 the admission of one or more districts;

31 e. During any school year if the regional district was formed
32 prior to the effective date of P.L. , c. (C.) (now pending
33 before the Legislature as this bill) and has never revised its cost
34 apportionment basis.¹

35 ¹[5.] 6.¹ There is appropriated from the General Fund to the
36 Department of Education the sum of \$90,000 for the purpose of
37 providing grants to school districts, not to exceed \$2,000 per
38 district, for the cost of studying the feasibility of forming an all
39 purpose or limited purpose regional school district.

40 ¹[6.] 7.¹ This act shall take effect immediately.

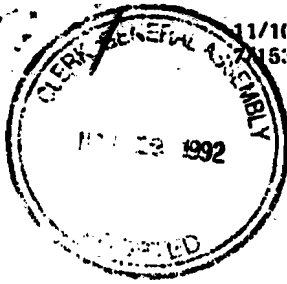
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45 Authorizes regional school districts to allocate costs based on any
46 combination of equalized valuations and pupil enrollments;
47 provides incentives for regionalization; appropriates \$90,000 for
48 regionalization studies.



11/10/92dch
1535

Document ID 98
ER 0130
SR 0067
TR 0021

ASSEMBLY Amendments
(Proposed by Assemblymen BAGGER and DORIA)

to

Assembly Substitute for
ASSEMBLY, Nos. 1822 and 1063
(Sponsored by Assemblymen BAGGER, DORIA and MARTIN)

____ Speaker
____ Clerk (3)
____ Majority Leader
____ Minority Leader
____ Sponsor of Aa
____ Sponsor of Bill

REPLACE TITLE TO READ:

AN ACT concerning ¹the allocation of costs in regional school districts,¹ incentives for newly established regional school districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34, supplementing chapter 7D of Title 18A of the New Jersey Statutes and making an appropriation.

INSERT NEW SECTION 5 TO READ:

15. (New section) A regional district may modify the manner in which the amounts to be raised for annual or special appropriations for the district, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, are apportioned pursuant to N.J.S. 18A:13-23 only upon the occurrence of one of the following events:

a. Ten years have elapsed since the last school election in which the apportionment of costs was approved by the voters pursuant to N.J.S. 18A:13-34;

b. A school year in which the ratio of the equalized valuations of any constituent municipality to the total equalized valuations of all constituent municipalities has decreased or increased by more than ten percent since the date of the last school election in which the apportionment of costs was approved by the voters pursuant to N.J.S. 18A:13-34;

c. A school year in which the ratio of the pupil population of any constituent municipality to the total pupil population of all constituent municipalities has decreased or increased by more than ten percent since the date of the last school election in which the apportionment of costs was approved by the voters pursuant to N.J.S. 18A:13-34;

d. A school year in which the regional district is enlarged by the admission of one or more districts;

e. During any school year if the regional district was formed prior to the effective date of P.L. . . . c. (G. . .) (now pending before the Legislature as this bill) and has never revised its cost apportionment basis.¹

RENUMBER SECTIONS 5 and 6 AS SECTIONS 6 and 7

REPLACE SYNOPSIS TO READ:

Authorizes regional school districts to allocate costs based on any combination of equalized valuations and pupil enrollments; provides incentives for regionalization; appropriates \$90,000 for regionalization studies.

STATEMENT

This floor amendment provides that a regional school district may only change the manner in which costs are allocated among its constituent municipalities once every ten years unless the regional district adds one or more school districts or if there is a significant change in equalized valuations or pupil populations among the constituent municipalities.

The floor amendment also clarifies that existing regional districts may allocate costs in the manner provided under the bill.

SENATE SED COMMITTEE

AMENDMENTS

to

ASSEMBLY SUBSTITUTE (1R) FOR

ASSEMBLY, Nos. 1822 and 1063

(Sponsored by Assemblymen Bagger, Doria and Martin)

ADOPTED
DEC 10 1992

REPLACE SECTION 1 TO READ:

1. N.J.S.18A:13-23 is amended to read as follows:

18A:13-23. The annual or special appropriations for regional districts, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, shall be apportioned among the municipalities included within the regional district as may be approved by the voters of each municipality at the ²annual school election or a ²special school election ²held pursuant to N.J.S.18A:13-34², upon the basis of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990. c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts, or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section.

(cf: P.L.1990. c.52. s.37)

REPLACE SECTION 3 TO READ:

3. (New section) For a period of five years following regionalization, each ²[all purpose]² regional school district formed after the effective date of this act shall be eligible to receive supplemental State aid equal to the difference between the regional district's State foundation aid calculated pursuant to section 4 of P.L.1992. c.52 (C.18A:7D-4) for the budget year and the sum of foundation aid received by each constituent district of that regional school district in the year prior to regionalization, multiplied by the transition weight. For the purposes of this section, the transition weight shall equal 1.0 for the first year following regionalization, .80 for the second year following regionalization, .60 for the third year following regionalization, .40 for the fourth year following regionalization and .20 for the fifth year following regionalization.

REPLACE SECTION 4 TO READ:

4. (New section) Each ²[all purpose]² regional school district formed after the effective date of this act shall, for the purposes of calculation of its maximum permissible net budget pursuant to the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28), have its net budget for the prebudget year increased by an amount equal to the supplemental State aid received by the district pursuant to section 3 of this act plus the amount of any start-up costs incurred by the district in the regionalization process including, but not limited to, the costs to the district of a regionalization study, program expansion, transportation expansion, and modifications to collective bargaining agreements.

REPLACE SECTION 5 TO READ:

¹⁵ (New section) A regional district may modify the manner in which the amounts to be raised for annual or special appropriations for the district, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, are apportioned pursuant to N.J.S.18A:13-23 only upon the occurrence of one of the following events:

a. Ten years have elapsed since the last school election in which the apportionment of costs was approved by the voters ²[pursuant to N.J.S.18A:13-34]²;

b. A school year in which the ratio of the equalized valuations of any constituent municipality to the total equalized valuations of all constituent municipalities has decreased or increased by more than ten percent since the date of the last school election in which the apportionment of costs was approved by the voters ²[pursuant to N.J.S.18A:13-34]²;

c. A school year in which the ratio of the pupil population of any constituent municipality to the total pupil population of all constituent municipalities has decreased or increased by more than ten percent since the date of the last school election in which the apportionment of costs was approved by the voters ²[pursuant to N.J.S.18A:13-34]²;

d. A school year in which the regional district is enlarged by the admission of one or more districts;

e. During any school year if the regional district was formed prior to the effective date of P.L. , c. (C.) (now pending before the Legislature as this bill) and has never revised its cost apportionment basis.¹

SENATE EDUCATION COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063

with Senate committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 10, 1992

The Senate Education Committee favorably reports this bill with committee amendments.

This bill encourages the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts. Under the bill, districts could allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. Currently, regional districts must apportion costs among the constituent districts on the basis of property tax ratables. This acts as a disincentive to regionalization for districts which have high property values and a small pupil population when they consider joining with a municipality which has low property values and a large pupil population. The bill provides for the voters of a proposed regional school district to determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Districts which elect to regionalize would be provided a State foundation aid hold harmless. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid would be phased out over a five-year period, and both the hold harmless aid and start-up costs incurred in the creation of the regional school district would be excluded from the spending cap calculation.

The bill provides that a regional district may modify the cost apportionment basis at the annual school election or a special school election only upon the occurrence of one of five events: the end of the ten-year period since the original apportionment; an increase or decrease of more than ten percent of the ratio of the equalized valuations of any constituent municipality to the total equalized valuations of all constituent municipalities; an increase or decrease of more than ten percent of the pupil population of any constituent municipality to the total pupil population of all constituent municipalities; one or more districts join the regional district; or if a regional district formed prior to the effective date of this bill has never revised its cost apportionment basis.

Finally, the bill appropriates \$90,000 to the Department of Education for grants to school districts to study the feasibility of

regionalization.

The committee amended the bill to make clear that existing regional school districts could adopt one of the cost apportionment options at the annual school election or a special school election and to make the hold harmless aid and budget cap exclusion applicable to all regional districts.

This bill is identical to S-561 with Senate committee amendments.

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~~ASSEMBLY SUBSTITUTE~~
for ~~(2R)~~
~~ASSEMBLY SUBSTITUTE FOR~~
~~ASSEMBLY, Nos. 1822 & 1063(2R)~~
~~SENATE, No. 561(1R)~~

- Speaker
- Clerk (3)
- Majority Leader
- Minority Leader
- Sponsor of Act
- Sponsor of Bill

(Sponsored by Assemblymen BAGGER, DORIA & MARTIN
and Senators CARDINALE and PALAIA)

AN ACT concerning the allocation of costs in regional school districts, incentives for newly established regional school districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34, supplementing chapter 7D of Title 18A of the New Jersey Statutes and making an appropriation.

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

1. N.J.S 18A:13-23 is amended to read as follows:

18A:13-23. The annual or special appropriations for regional districts, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, shall be apportioned among the municipalities included within the regional district as may be approved by the voters of each municipality at the annual school election or a special school election, upon the basis of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990, c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section.

(cf: P.L.1990, c.52, s.37)

2. N.J.S.18A:13-34 is amended to read as follows:

18A:13-34. If the boards of education of two or more local districts, or the board of education of a consolidated district, or of a district comprising two or more municipalities, and the commissioner or his representative, after consultation, study and investigation, shall determine, that it is advisable for such districts to join and create, or for such district to become

(a) an all purpose regional school district for all the school purposes of such districts or district, or

(b) a limited purpose regional school district to provide and operate, in the territory comprised within such local districts or district, one or more of the following: elementary schools, junior high schools, high schools.

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schools, vocational schools, special schools, health facilities or particular educational services or facilities, [said] that board or boards shall by resolution frame and adopt a proposal to that effect stating also the manner in which the amounts to be raised for annual or special appropriations for such proposed regional school district, [exclusive of the amount] including the amounts to be raised for interest upon, and the redemption of bonds payable by the regional district, shall be apportioned [either] upon the basis [or apportionment valuations as defined in section 54:4-49 of the Revised Statutes or upon the basis of the number of pupils enrolled, on the last school day of September of the current school year, in the proposed regional school district] of:

a. the portion of each municipality's equalized valuation allocated to the regional district, calculated as described in the definition of equalized valuation in section 3 of P.L.1990, c.52 (C.18A:7D-3);

b. the proportional number of pupils enrolled from each municipality on the 15th day of October of the prebudget year in the same manner as would apply if each municipality comprised separate constituent school districts; or

c. any combination of apportionment based upon equalized valuations pursuant to subsection a. of this section or pupil enrollments pursuant to subsection b. of this section, and each such board shall call for, and conduct, upon the same day, a special school election in each municipality in its district and shall submit thereat the question whether or not [said] the proposal shall be approved, briefly describing the contents of [said] the resolution and stating the date of its adoption and they may submit also, at [said] the special election, as part of such proposal, any other provisions which may be submitted, at such a special election, under the provisions of this chapter but no such special election shall be held on any day before April 15 or after December 1 of any calendar year.

(cf: N.J.S.18A:13-34)

3. (New section) For a period of five years following regionalization, each regional school district formed after the effective date of this act shall be eligible to receive supplemental State aid equal to the difference between the regional district's State foundation aid calculated pursuant to section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and the sum of foundation aid received by each constituent district of that regional school district in the year prior to regionalization, multiplied by the transition weight. For the purposes of this section, the transition weight shall equal 1.0 for the first year following regionalization, .80 for the second year following regionalization, .60 for the third year following regionalization, .40 for the fourth year following regionalization and .20 for the fifth year following regionalization.

4. (New section) Each regional school district formed after the effective date of this act shall, for the purposes of calculation of its maximum permissible net budget pursuant to the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28), have its net budget for the prebudget year increased by an amount equal to the supplemental State aid received by the district pursuant to section 3 of this act plus the amount of any start-up costs incurred by the district in the regionalization process including, but not limited to, the costs to the district of a regionalization study, program expansion, transportation expansion, and modifications to collective bargaining agreements.

5. (New section) A regional district may modify the manner in which the amounts to be raised for annual or special appropriations for the district, including the amounts to be raised for interest upon, and the redemption of, bonds payable by the district, are apportioned pursuant to N.J.S.18A:13-23 only upon the occurrence of one of the following events:

a. Ten years have elapsed since the last school election in which the apportionment of costs was approved by the voters;

b. A school year in which the equalized valuations of any constituent municipality when divided by the total equalized valuations of all the constituent municipalities is either greater than .10 plus or less than .10 minus the result expressed as a decimal of the equalized valuations of the constituent municipality divided by the total equalized valuations of all the constituent municipalities in the school year of the last school election in which the apportionment of costs was approved by the voters;

c. A school year in which the pupil population of any constituent municipality when divided by the total pupil population of the regional district is either greater than .10 plus or less than .10 minus the result expressed as a decimal of the pupil population of the constituent municipality divided by the total pupil population of the regional district in the school year of the last school election in which the apportionment of costs was approved by the voters;

d. A school year in which the regional district is enlarged by the admission of one or more districts;

e. During any school year if the regional district was formed prior to the effective date of P.L. . c. (C.) (now pending before the Legislature as this bill) and has never revised its cost apportionment basis.

6. (New section) The Department of Education shall provide to the board of education of a school district proposing to join or create a regional school district and to the board of education of a regional school district proposing to modify its method of apportionment, an impact assessment of the apportionment method. The impact assessment shall be provided to the board of

education at least 45 days prior to the date of the school election at which the question will be presented to the voters. The failure of the department to provide an impact assessment in accordance with this section will not preclude the district from submitting the question to the voters at the school election.

7. There is appropriated from the General Fund to the Department of Education the sum of \$90,000 for the purpose of providing grants to school districts, not to exceed \$2,000 per district, for the cost of studying the feasibility of forming an all purpose or limited purpose regional school district.

8. This act shall take effect immediately.

STATEMENT

This floor substitute encourages the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts. Under the bill, districts could allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. Currently, regional districts must apportion costs among the constituent districts on the basis of property tax rates. This acts as a disincentive to regionalization for districts which have high property values and a small pupil population when they consider joining with a municipality which has low property values and a large pupil population. The bill provides for the voters of a proposed regional school district to determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Districts which elect to regionalize would be provided a State foundation aid hold harmless. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid would be phased out over a five-year period, and both the hold harmless aid and start-up costs incurred in the creation of the regional school district would be excluded from the spending cap calculation.

The bill also provides that a regional district may modify the cost apportionment basis at the annual school election or a special school election only upon the occurrence of one of five events: the end of the ten-year period since the original apportionment; an increase or decrease of more than .10 in the ratio of the equalized valuations of any constituent municipality to the total equalized valuations of all constituent municipalities; an increase or decrease of more than .10 in the ratio of the pupil population of any constituent municipality to the total pupil population of all constituent

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municipalities; one or more districts join the regional district; or if a regional district formed prior to the effective date of this bill has never revised its cost apportionment basis.

Finally, the bill appropriates \$90,000 to the Department of Education for grants to school districts to study the feasibility of regionalization.

Authorizes regional school districts to allocate costs based on any combination of equalized valuations and pupil enrollments; provides incentives for regionalization; appropriates \$90,000 for regionalization studies.

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063 AS

STATE OF NEW JERSEY

ADOPTED FEBRUARY 1, 1993

Sponsored by Assemblymen BAGGER, DORIA, MARTIN,
Senators CARDINALE and PALAIA

1 AN ACT concerning the allocation of costs in regional school
2 districts, incentives for newly established regional school
3 districts, amending N.J.S.18A:13-23 and N.J.S.18A:13-34,
4 supplementing chapter 7D of Title 18A of the New Jersey
5 Statutes and making an appropriation.
6

7 BE IT ENACTED by the Senate and General Assembly of the
8 State of New Jersey:

9 1. N.J.S.18A:13-23 is amended to read as follows:
10 18A:13-23. The annual or special appropriations for regional
11 districts, including the amounts to be raised for interest upon,
12 and the redemption of, bonds payable by the district, shall be
13 apportioned among the municipalities included within the regional
14 district, as may be approved by the voters of each municipality at
15 the annual school election or a special school election, upon the
16 basis of:

17 a. the portion of each municipality's equalized valuation
18 allocated to the regional district, calculated as described in the
19 definition of equalized valuation in section 3 of P.L.1990, c.52
20 (C.18A:7D-3);

21 b. the proportional number of pupils enrolled from each
22 municipality on the 15th day of October of the prebudget year in
23 the same manner as would apply if each municipality comprised
24 separate constituent school districts; or

25 c. any combination of apportionment based upon equalized
26 valuations pursuant to subsection a. of this section or pupil
27 enrollments pursuant to subsection b. of this section.

28 (cf: P.L.1990, c.52, s.37)

29 2. N.J.S.18A:13-34 is amended to read as follows:
30 18A:13-34. If the boards of education of two or more local
31 districts, or the board of education of a consolidated district, or
32 of a district comprising two or more municipalities, and the
33 commissioner or his representative, after consultation, study and
34 investigation, shall determine, that it is advisable for such
35 districts to join and create, or for such district to become

36 (a) an all purpose regional school district for all the school
37 purposes of such districts or district, or

38 (b) a limited purpose regional school district to provide and
39 operate, in the territory comprised within such local districts or
40 district, one or more of the following: elementary schools, junior
41 high schools, high schools, vocational schools, special schools,
42 health facilities or particular educational services or facilities.

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.

1 [said] that board or boards shall by resolution frame and adopt a
2 proposal to that effect stating also the manner in which the
3 amounts to be raised for annual or special appropriations for such
4 proposed regional school district, [exclusive of the amount]
5 including the amounts to be raised for interest upon, and the
6 redemption of bonds payable by the regional district, shall be
7 apportioned [either] upon the basis [or apportionment valuations
8 as defined in section 54:4-49 of the Revised Statutes or upon the
9 basis of the number of pupils enrolled, on the last school day of
10 September of the current school year, in the proposed regional
11 school district] of:

12 a. the portion of each municipality's equalized valuation
13 allocated to the regional district, calculated as described in the
14 definition of equalized valuation in section 3 of P.L.1990, c.52
15 (C.18A:7D-3);

16 b. the proportional number of pupils enrolled from each
17 municipality on the 15th day of October of the prebudget year in
18 the same manner as would apply if each municipality comprised
19 separate constituent school districts; or

20 c. any combination of apportionment based upon equalized
21 valuations pursuant to subsection a. of this section or pupil
22 enrollments pursuant to subsection b. of this section, and each
23 such board shall call for, and conduct, upon the same day, a
24 special school election in each municipality in its district and
25 shall submit thereat the question whether or not [said] the
26 proposal shall be approved, briefly describing the contents of
27 [said] the resolution and stating the date of its adoption and they
28 may submit also, at [said] the special election, as part of such
29 proposal, any other provisions which may be submitted, at such a
30 special election, under the provisions of this chapter but no such
31 special election shall be held on any day before April 15 or after
32 December 1 of any calendar year.

33 (cf: N.J.S.18A:13-34)

34 3. (New section) For a period of five years following
35 regionalization, each regional school district formed after the
36 effective date of this act shall be eligible to receive
37 supplemental State aid equal to the difference between the
38 regional district's State foundation aid calculated pursuant to
39 section 4 of P.L.1992, c.52 (C.18A:7D-4) for the budget year and
40 the sum of foundation aid received by each constituent district of
41 that regional school district in the year prior to regionalization,
42 multiplied by the transition weight. For the purposes of this
43 section, the transition weight shall equal 1.0 for the first year
44 following regionalization, .80 for the second year following
45 regionalization, .60 for the third year following regionalization,
46 .40 for the fourth year following regionalization and .20 for the
47 fifth year following regionalization.

48 4. (New section) Each regional school district formed after
49 the effective date of this act shall, for the purposes of
50 calculation of its maximum permissible net budget pursuant to
51 the provisions of section 85 of P.L.1990, c.52 (C.18A:7D-28),
52 have its net budget for the prebudget year increased by an
53 amount equal to the supplemental State aid received by the
54 district pursuant to section 3 of this act plus the amount of any

1 start-up costs incurred by the district in the regionalization
2 process including, but not limited to, the costs to the district of a
3 regionalization study, program expansion, transportation
4 expansion, and modifications to collective bargaining agreements.

5 5. (New section) A regional district may modify the manner in
6 which the amounts to be raised for annual or special
7 appropriations for the district, including the amounts to be raised
8 for interest upon, and the redemption of, bonds payable by the
9 district, are apportioned pursuant to N.J.S.18A:13-23 only upon
10 the occurrence of one of the following events:

11 a. Ten years have elapsed since the last school election in
12 which the apportionment of costs was approved by the voters;

13 b. A school year in which the equalized valuations of any
14 constituent municipality when divided by the total equalized
15 valuations of all the constituent municipalities is either greater
16 than .10 plus or less than .10 minus the result expressed as a
17 decimal of the equalized valuations of the constituent
18 municipality divided by the total equalized valuations of all the
19 constituent municipalities in the school year of the last school
20 election in which the apportionment of costs was approved by the
21 voters;

22 c. A school year in which the pupil population of any
23 constituent municipality when divided by the total pupil
24 population of the regional district is either greater than .10 plus
25 or less than .10 minus the result expressed as a decimal of the
26 pupil population of the constituent municipality divided by the
27 total pupil population of the regional district in the school year of
28 the last school election in which the apportionment of costs was
29 approved by the voters;

30 d. A school year in which the regional district is enlarged by
31 the admission of one or more districts;

32 e. During any school year if the regional district was formed
33 prior to the effective date of P.L. , c. (C.) (now pending
34 before the Legislature as this bill) and has never revised its cost
35 apportionment basis.

36 6. (New section) The Department of Education shall provide
37 to the board of education of a school district proposing to join or
38 create a regional school district and to the board of education of
39 a regional school district proposing to modify its method of
40 apportionment, an impact assessment of the apportionment
41 method. The impact assessment shall be provided to the board of
42 education at least 45 days prior to the date of the school election
43 at which the question will be presented to the voters. The failure
44 of the department to provide an impact assessment in accordance
45 with this section will not preclude the district from submitting
46 the question to the voters at the school election.

47 7. There is appropriated from the General Fund to the
48 Department of Education the sum of \$90,000 for the purpose of
49 providing grants to school districts, not to exceed \$2,000 per
50 district, for the cost of studying the feasibility of forming an all
51 purpose or limited purpose regional school district.

52 8. This act shall take effect immediately.

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STATEMENT

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This floor substitute encourages the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts. Under the bill, districts could allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. Currently, regional districts must apportion costs among the constituent districts on the basis of property tax ratables. This acts as a disincentive to regionalization for districts which have high property values and a small pupil population when they consider joining with a municipality which has low property values and a large pupil population. The bill provides for the voters of a proposed regional school district to determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Districts which elect to regionalize would be provided a State foundation aid hold harmless. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid would be phased out over a five-year period, and both the hold harmless aid and start-up costs incurred in the creation of the regional school district would be excluded from the spending cap calculation.

The bill also provides that a regional district may modify the cost apportionment basis at the annual school election or a special school election only upon the occurrence of one of five events: the end of the ten-year period since the original apportionment; an increase or decrease of more than .10 in the ratio of the equalized valuations of any constituent municipality to the total equalized valuations of all constituent municipalities; an increase or decrease of more than .10 in the ratio of the pupil population of any constituent municipality to the total pupil population of all constituent municipalities; one or more districts join the regional district; or if a regional district formed prior to the effective date of this bill has never revised its cost apportionment basis.

Finally, the bill appropriates \$90,000 to the Department of Education for grants to school districts to study the feasibility of regionalization.

Authorizes regional school districts to allocate costs based on any combination of equalized valuations and pupil enrollments; provides incentives for regionalization; appropriates \$90,000 for regionalization studies.



LEGISLATIVE FISCAL ESTIMATE TO

[SECOND REPRINT]

ASSEMBLY SUBSTITUTE FOR
ASSEMBLY, Nos. 1822 and 1063

STATE OF NEW JERSEY

DATED: February 8, 1993

Assembly Substitute for Assembly Bill Nos. 1822 and 1063 (2R) of 1992 establishes incentives for the formation of regional school districts by allowing school districts considering regionalization greater freedom in determining how costs should be apportioned among the constituent districts. Under the bill, districts could allocate costs based upon equalized valuations, pupil enrollments or any combination of equalized valuation or pupil enrollments. Currently, regional districts must apportion costs among the constituent districts on the basis of property tax ratables. This acts as a disincentive to regionalization for districts which have high property values and a small pupil population when they consider joining with a municipality which has low property values and a large pupil population. The bill provides for the voters of a proposed regional school district to determine the cost apportionment basis at the same time the question of forming a regional district is determined.

Districts which elect to regionalize would be provided a State foundation aid hold harmless. The hold harmless aid will equal the difference between the foundation aid entitlement for the regional school district and the foundation aid entitlement of the constituent districts of the regional school district for the year preceding regionalization. The hold harmless aid would be phased out over a five-year period, and both the hold harmless aid and start-up costs incurred in the creation of the regional school district would be excluded from the spending cap calculation. The bill appropriates \$90,000 to the Department of Education for grants of up to \$2,000 to school districts to study the feasibility of regionalization.

The Office of Legislative Services (OLS) notes that the regionalization incentive aid program established under this bill may represent aid obligations for the State in addition to aid distributed under Quality Education Act (QEA), P.L.1990, c.52. However, according to the Department of Education, in a worksheet submitted for Assembly Bill 1063, districts receiving regionalization study grants in 1992-93, will not likely complete the regionalization process until the 1994-95 school year. Thus any State aid obligation incurred by the State will not have to be paid until FY 1995.

The Department of Education estimates that the local cost for a regionalization study would exceed the grant amount of \$2,000. It is estimated that such a study would cost a local district between \$10,000 and \$20,000.

The OLS cannot ascertain the number of newly formed regional school districts which will take advantage of the incentives provided under the bill. Therefore, any aid obligations that the State would be required to disburse to local districts cannot be determined at this time. The bill, however, will cost at least \$90,000 in FY94 due the appropriation for regionalization studies.

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.