**NJ School Board Association**

**Legislative Update**

**November 2023**

n his Nov. 16 keynote [address](https://nj.gov/governor/news/news/562023/approved/20231116a.shtml) at the League of Municipalities 108th Annual Conference, Gov. Phil Murphy announced the release of fiscal year 2024 applications for three grant opportunities that support school districts in pursuing shared services and regionalization: the [School Regionalization Efficiency Program](https://www.nj.gov/dca/dlgs/programs/srep_grants.shtml) and two grant opportunities under the [Local Efficiency Achievement Program](https://www.nj.gov/dca/dlgs/programs/Leap_grants.shtml).

The deadline for all three grant applications is 5 p.m. on April 15, 2024. Additional information, including application requirements, guidelines, and evaluation criteria, may be found on the programs’ respective websites linked above.

**School Regionalization Efficiency Program (**[***P.L.* 2021, c.402**](https://pub.njleg.state.nj.us/Bills/2020/PL21/402_.PDF)**)**

Administered by the Division of Local Government Services in the Department of Community Affairs, SREP is designed to offset costs associated with conducting feasibility studies that support the creation of meaningful and implementable plans to form or expand regional school districts. Funds are available to boards of education and governing bodies seeking to conduct a feasibility study; two or more school districts that are in the process of conducting a feasibility study; or two or more school districts that completed a feasibility study on or after Jan. 18, 2020, for which no prior reimbursement was provided, including LEAP grant funds. The [fiscal year 2024 budget](https://pub.njleg.state.nj.us/bills/2022/AL23/74_.PDF) appropriated $5 million for the SREP program (see DCA’s line item “Regional School District Consolidation Feasibility Studies” on p. 50).

Importantly, SREP allows “overfunded” school districts – those districts that would receive a state aid reduction under the provisions of the 2018 school funding reform law commonly referred to as S-2 – to soften those reductions by stretching them out beyond the schedule set forth in S-2. For example, per *N.J.S.A.*18A:7F-68(c)(4), an approved district that opts into this alternative state aid phase-out schedule would receive a state aid reduction of 55% of the district’s “overfunded amount” in fiscal year 2025 instead of the 100% reduction called for by S-2 (*N.J.S.A.* 18A:7F-68(b)). Under the alternative schedule, a district’s aid would be phased-out to its SFRA funding amount by fiscal year 2029 instead of fiscal year 2025. However, if the approved school district does not regionalize within two years of the SREP application approval, the state aid calculation will revert back to the traditional S-2 schedule.

SREP authorizes three project types: (A) Preliminary approval for an existing limited-purpose regional school district to expand to an all-purpose regional school district, or to form a countywide school district; (B) newly proposed feasibility studies for school district regionalization and those studies in the process of being conducted; and (C) previously conducted school district regionalization studies completed on or after Jan. 18, 2020, for which no prior reimbursement was provided. Across all project types, K-12 regionalization and countywide school district proposals will receive priority. Factors like enrollment, facility utilization, contiguous districts with small enrollment, existing send/receive relationships, administrative staffing, class size, enhancing diversity, debt and contractual obligations, faculty needs, and attrition and other factors will be evaluated. The NJSBA would also emphasize the following noteworthy parameters:

* **Documenting commitment to regionalization and implementation plans:**Applicants must provide an executed regionalization plan and an implementation plan to be eligible for full reimbursement. Projects must reflect a documented commitment from participating boards of education, and municipal governing bodies to make good faith efforts to implement study recommendations and subsequent execution of a regionalization plan.
* **Geographic proximity:**School districts proposed for consolidation must be in close geographic proximity but need not be immediately contiguous.
* **Protections against segregation:**Applicants must demonstrate that the proposed regionalization does not, and is not foreseeably likely to, increase or exacerbate the segregation of students by racial, socioeconomic, disability, or English language learner status, as determined by the number and percentage of students enrolled in the school districts seeking to consolidate, or, as applicable, in the school districts from which a school district is seeking to withdraw. Application studies that would increase segregation are not eligible for SREP funding.
* **Public school contracts law requirements for consultant contracts:**For school districts and governing bodies using a consult to conduct a feasibility study, to qualify for reimbursement, consultant contracts expected to exceed the board of education’s bid threshold must be awarded pursuant to the competitive contracting process (*N.J.S.A*. 18A:18A-4.1 et seq.), for which the DLGS has approved for use by boards of education for this purpose. The only exception involves consultant contracts with a New Jersey state college, state university, or community college. Boards of education are not required to issue a request for proposals before awarding a consulting contract to a New Jersey state college, state university, or community college. Please note that this exception does not include consultant contracts with any private colleges or universities regardless of nonprofit status, even those located within the state. See Local Finance Notice 2010-3.
* **Timeline:**Applications are due by 5 p.m., April 15, 2024. Incomplete applications will be rejected and cannot be resubmitted within the same grant cycle. Within 60 days of receipt of an application, DLGS will approve, recommend for denial, or defer action until a future date. Applications recommended for denial will receive written notice, including the reason(s) for denial and appeal process instructions.
* **Funding process:**All awards are subject to the availability of funds. Upon completion of grant review and selection, DLGS will enter into an agreement with applicants approved for funding. Following execution of that agreement, the grantee can request payment of 50% of the grant award with required documentation submission. The remaining 50% would be paid following approval of the completed study and regionalization implementation plan.

**Efficiency Achievement Program**

The LEAP provides counties, municipalities, school districts, commissions, authorities and fire districts assistance for the study or implementation of promising shared services projects undertaken pursuant to the Uniform Shared Service and Consolidation Act. The program is available to all New Jersey local government entities. The program is funded through the [fiscal year 2024 state budget’s](https://pub.njleg.state.nj.us/bills/2022/AL23/74_.PDF) $7.5 million appropriation to DCA for “Shared Services and School District Consolidation Study and Implementation” (p. 56).

LEAP includes two grant opportunities for which school districts, among other local government entities, are eligible to apply: LEAP Challenge Grants and LEAP Implementation Grants. The program also includes a third grant opportunity, the County Coordinator Fellowship Grant, for which only counties are eligible.

Please note that LEAP grants do *not*authorize approved districts to extend their S-2 state aid reduction schedule; only the SREP program, as detailed above, provides that flexibility.

**Challenge Grants**

Challenge Grants can be used to support a variety of costs related to investigating, developing and pioneering a new shared service project initiative. Eligible activities include, but are not limited to, enhancing existing regionalization of services; identifying and eliminating duplication and other redundancy of services through greater technical and capital alignment; building community engagement and consensus around the joint provision of services; sharing best practices and innovations with other communities; and investigative study of the potential benefits for a local government shared services or a consolidation.

Up to $150,000 across three grants is available within each county, for a statewide total of $3.15 million.

The deadline to submit Challenge Grant applications is 5 p.m. April 15, 2024. DLGS will evaluate and rank all applications by scope of impact, breadth of collaboration and efficiency generated. Incomplete applications will not be considered for funding. DLGS will notify applicants of grant awards on or about June 15, 2024. Decisions are final and not subject to appeal.

**Implementation Grants**

LEAP Implementation Grant funds can be used to support a variety of costs related to a new shared service project within two general categories: (a) offsetting year one hard or soft start-up costs incurred as part of implementation of a new shared service initiative; (b) incurred as part of conducting a K-12 Regionalization and Countywide School District consolidation study. This includes, but is not limited to: costs associated with a school consolidation study; rebranding costs; professional services (e.g. legal, architectural, consulting or engineering expenses); new technology or technology conversion costs incurred as part of the equipping of the new shared services program; and training.

A total of $2.775 million statewide is available for Implementation Grants: $2.275 million to offset hard or soft start-up costs related to implementation of a new shared service initiative, and $500,000 for costs associated with regionalization and countywide school district consolidation studies. Implementation support awards shall not exceed $400,000 per project, which may account for up to 75% of implementation expenses incurred. Consolidation study awards may account for up to 100% of the study costs. Priority will be given to K-12 regionalization and countywide school district study proposals.

The deadline to submit Implementation Grant applications is 5 p.m. April 15, 2024. Incomplete applications will not be considered for funding. DLGS will evaluate and rank applications by scope of impact, breadth of collaboration and efficiencies generated. Within 45 days of receipt, DLGS will act on an application, including awarding a grant, recommending denial, or deferring action until a future date. Grant applications decisions are final and not subject to appeal.