

LEGISLATIVE FISCAL ESTIMATE
[Third Reprint]
SENATE, No. 3349
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: APRIL 4, 2023

SUMMARY

- Synopsis:** Requires payment of tuition for certain non-resident public school students.
- Type of Impact:** Annual revenue increase for local school districts.
- Agencies Affected:** School districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
School Districts Revenue Increase	Per pupil average of \$20,000

- The Office of Legislative Services (OLS) determines that this bill will lead to an annual revenue increase for local school districts to the extent that tuition would be paid by the parents or guardians of nonresident students admitted to the school district, and to the extent that school districts do not already require the payment of tuition for nonresident students.
- The bill stipulates that county vocational school districts would not be subject to the provisions of the bill, so these districts would not receive any tuition revenue increases as a result of the bill.
- The OLS estimates that districts newly collecting tuition revenue under the bill would see an average revenue increase of \$20,000 per nonresident pupil per year. This per pupil figure is generally based on information included in the most recent version of the Department of Education’s Taxpayers’ Guide to Education Spending concerning the actual budgetary per pupil cost in the 2020-2021 school year.

BILL DESCRIPTION

This bill requires nonresident students, who are admitted to a school district with the consent of the local board of education, to pay tuition as the local board prescribes. This requirement does not apply to enrolled children of teaching staff members of the school district who are permitted,

by contract or local district policy, to enroll their children in the school district without payment of tuition. In addition, the bill provides that its provisions do not apply to county vocational school districts.

Under the bill, each board of education is required, with the approval of the executive county superintendent, to establish a uniform tuition amount for any nonresident student admitted to the school district who is subject to the payment of tuition.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill will lead to an annual revenue increase for local school districts to the extent that tuition would be paid by the parents or guardians of nonresident students admitted to the school districts, and to the extent that school districts do not already require the payment of tuition for nonresident students. The bill stipulates that county vocational school districts would not be subject to the provisions of the bill, so these districts would not receive any tuition revenue increases as a result of the bill.

While the bill directs the board of education of a school district to set a uniform tuition rate for all nonresident students admitted to the district, it does not provide any guidelines or restrictions for establishing the uniform rate. However, the OLS estimates that districts that admit nonresident students and will newly collect tuition revenue under the bill would see an average revenue increase of \$20,000 per nonresident pupil. This estimate is based on information included in the most recent version of the Department of Education's Taxpayers' Guide to Education Spending concerning the actual budgetary per pupil cost. The OLS, however, does not have access to information concerning how many nonresident students, who may be subject to the payment of tuition under the bill, are currently enrolled in school districts.

The Department of Education's Taxpayers' Guide to Education Spending indicates that the Statewide average for actual budgetary per pupil cost in the 2020-2021 school year was \$16,823. The OLS adjusts this average figure upward to \$20,000 to: 1) account for budgetary per pupil variation among school districts in the State; 2) reflect that a different guideline for charging tuition may be used by school districts; and 3) account for inflation.

The OLS notes that the budgetary per pupil cost in the guide, as calculated by the department, generally measures the annual costs incurred for students educated within district schools, using local taxes and State aid. The costs factored in this per pupil calculation are not exhaustive; rather, the costs included in the calculation are those considered more comparable across school districts.

Finally, while the bill is not explicit in this regard, the OLS assumes that boards of education admitting students under the provisions of the bill would not be responsible for providing transportation services to those students.

Section: *Revenue, Finance, and Appropriations*

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

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