

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2603
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: AUGUST 5, 2020

SUMMARY

- Synopsis:** Requires DOE to provide funds to school districts for acquisition of technology devices to address digital divide and requires districts to reimburse DOE from available federal funds.
- Type of Impact:** One-time State expenditure increase of \$32.5 million to \$52 million; One-time State revenue increase of up to \$32.5 million to \$52 million; potential one-time increase in local revenue.
- Agencies Affected:** Department of Education and certain school districts, charter schools, and renaissance schools.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>
State Cost Increase	\$32.5 million - \$52 million
State Revenue Increase	Up to \$32.5 million - \$52 million
Potential Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill would increase State expenditures by approximately \$32.5 million to \$52 million due to the requirement to provide funding for public schools to purchase connected devices for certain students.
- The State would also experience revenue increases associated with the collection of reimbursement payments from recipient public schools, payable from each school’s receipt of federal assistance to address the COVID-19 pandemic (e.g., monies received under the federal CARES Act).
- The OLS does not expect the State to receive a full reimbursement from any recipient public school that (1) did not receive federal funding to address the COVID-19 pandemic, or (2) received less federal emergency response funding than the amount received under this bill. As a result, the State revenue increases associated with the collection of reimbursement payments are not expected to offset the total increase in State costs that would result from the bill.

- The bill is expected to increase the net revenues of any recipient public school that would not be required to provide a full reimbursement by virtue of receiving insufficient federal emergency response funding.
- Due to information constraints, the OLS cannot predict which public schools would receive funding under the bill and in what amounts. As a result, the OLS cannot estimate the degree to which the amount of funding provided to each recipient public school may exceed the school's capacity to reimburse the State.

BILL DESCRIPTION

This bill requires the Commissioner of Education to distribute to school districts, charter schools, and renaissance schools, within 30 days of the bill's effective date, the amount of funding necessary for the acquisition of connected devices for all enrolled students who do not have access to such devices. The bill defines a "connected device" as a laptop computer, tablet computer, or similar device that can connect to broadband Internet access service, either by receiving such service directly or through the use of Wi-Fi.

The bill also requires each school district, charter school, or renaissance school that receives funding under the bill to reimburse the Department of Education (DOE) from the school's allocation of funding under the federal CARES Act, or any other federal assistance to address the impact of COVID-19 on elementary and secondary schools.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would increase State expenditures by approximately \$32.5 million to \$52 million due to the requirement to provide funding for school districts, charter schools, and renaissance schools to purchase connected devices for certain students. Additionally, the State is expected to experience increases in revenue associated with the collection of reimbursement payments from recipient public schools, payable from each school's allocation of federal CARES Act funds, or other federal assistance provided to address the impact of COVID-19 on elementary and secondary schools (hereinafter referred to collectively as funding provided under the CARES Act).

However, the State is not expected to receive a full reimbursement from any recipient public school that (1) did not receive funding under the federal CARES Act, or (2) received less funding under the CARES Act than provided by the State through this bill. As a result, the State revenue increases associated with the collection of reimbursement payments are not expected to offset the total increase in State costs that would result from the bill. Accordingly, the bill is also expected to increase the net revenues of any recipient public school that would not be required to provide a full reimbursement by virtue of receiving insufficient funding under the CARES Act.

Provision of State Funding for Purchase of Connected Devices

Under the bill, the Commissioner of Education would be required to provide school districts, charter schools, and renaissance schools with such funding as is necessary to acquire connected devices (e.g., laptops and tablets) for every enrolled student who does not have access to such devices. The bill requires these funds to be distributed to recipient public schools within 30 days of the date of enactment. Consequently, the bill is expected to increase State expenditures by an amount equal to the number of public school students lacking access to connected devices, multiplied by the cost of purchasing each connected device.

On July 16, 2020, the New Jersey Economic Development Authority issued a Request for Information entitled “Bridging the Digital Divide for New Jersey’s Students.” According to this request, a survey conducted by the DOE indicates that approximately 130,000 public school students currently lack access to a connected device. As a result, the bill would require the State to provide public schools with enough funding to purchase roughly 130,000 connected devices. Assuming a price range of \$250 to \$400 per device, the bill is therefore expected to increase State expenditures by approximately \$32.5 million to \$52 million.

Local Reimbursements from CARES Act Funding

After a school district, charter school, or renaissance school receives State funding to purchase connected devices, the bill requires the recipient public school to reimburse the DOE for such funding from the monies allocated to the school under the federal CARES Act. Consequently, increases in State revenue, associated with the collection of reimbursement payments from recipient public schools, are expected to offset some if not most increases in State expenditures that would result from the bill.

However, the State is not expected to receive a reimbursement payment from recipient public schools that did not receive funding under the federal CARES Act (e.g., renaissance schools). Likewise, the State is only expected to receive a partial reimbursement payment from recipient public schools that received less funding under the CARES Act than would be provided through this bill. As a result, the OLS does not expect State revenue increases associated with the collection of reimbursement payments to recover the full increase in State costs that results from the bill.

Due to information constraints, the OLS is unable to identify the number of students who lack access to connected devices in each school district, charter school, and renaissance school in the State. Consequently, the OLS cannot predict which public schools would receive funding under the bill and in what amounts. As a result, the OLS cannot estimate the degree to which the amount of funding provided to each recipient public school may exceed the school’s capacity to reimburse the State.

Given that each reimbursement would be supported by existing federal funds, the OLS expects the bill to have a net-neutral impact on the revenues of any recipient public school that provides a full reimbursement to the DOE. However, the bill is expected to increase the net revenues of any recipient public school that would not be required to provide a full reimbursement by virtue of receiving insufficient funding under the CARES Act.

Section: Education

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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.).