AGENDA

1. NJDOE School Facilities Funding Options
2. BOE Decisions Impact Success
3. School District Programming 101
4. School District Financing 101
5. Bond Referendum Schedule
6. Senior Citizen Tax Freeze Program
The New Jersey Educational Facilities Construction and Financing Act (P.L.2000,c72), enacted on July 18, 2000, launched the New Jersey School Construction Initiative (NJSCI) – a multi-faceted, comprehensive program for the design, renovation, repair, and new construction of primary and secondary schools throughout New Jersey. The initiative is the largest school construction program undertaken by the State of New Jersey and represents one of the largest school construction programs ever undertaken in the nation.

- **2000 - $8.6 billion** was bonded State debt issued by the NJ Economic Development Authority now called the New Jersey School Development Authority.
- **2008 - $3.9 billion** was allocated for additional funding for the NJSDA.
- The School Construction Initiative provides for **100% State funding** of approved projects in the 31 “special needs” Abbott districts.
- For approved projects in all other districts throughout New Jersey the State will fund at least **40%** of the eligible costs or the district DAP – which means funding of **40%** for your District.
- The only way the State will help fund school projects today is via **Debt Service Aid**. Districts must incur debt or borrow money in order to get money from the State. Projects funded through the annual school budget are not eligible for State Aid. ROD Grants Round 4 expired in September of 2013.
- The State will **not allow** school districts to carry over significant money to replace building systems from year to year and has capped the school budget increases so districts cannot easily replace building systems within their annual budgets.
- **New construction is penalized** by a low State mandated (Educational Facilities Construction and Financing Act) construction dollar value of $143 per square foot. Actual current new construction cost varies significantly from region to region but is between $350/SF to $400/SF, but the State only pays a maximum of 40% of “eligible costs” based on $143/SF new construction value.
- **Renovation costs are not penalized** and can reflect the current market values. The State pays 40% of “eligible costs” based on the architect’s construction estimate for all renovations.
- In conclusion, in order to get State money, districts must incur debt because the “one-time legislation” ROD Grants expired in September of 2013. The State, because of the funding formula, provides more money to districts that renovate existing facilities vs. new construction.
Building a Better Bond Referendum

Before you can start construction, you have to pass a referendum. What factors favor the board?

By Michael Yaple

Two identical districts, two referendums …which one will voters approve?

<table>
<thead>
<tr>
<th></th>
<th>DISTRICT 1</th>
<th>DISTRICT 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of District</td>
<td>K-12</td>
<td>K-12</td>
</tr>
<tr>
<td>Date of Election</td>
<td>April (Annual School Election)</td>
<td>December</td>
</tr>
<tr>
<td>Amount Requested</td>
<td>$4,988,320</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>
| Projects Requested   | • Boiler at the high school  
                      • Roof repairs to both elementary schools  
                      • Renovations to the middle school  
                      • Security and safety upgrades at the high school (cameras, fire suppression system)  
                      • Artificial turf and lighting for football stadium  
                      • Upgrade science labs at the high school  
                      • New administration building  
                      • Now parking lots at the middle and the high school  
                      • Install sidewalks at the high school  
                      • Air conditioning in the middle and the high school gym  
                      • Technology upgrades to the high school  
                      • Solar panels at the middle and the high school |
Since 1997, NJSBA has tracked every school construction referendum in the state – what was requested, when it was held, the cost, and whether it passed. No other state agency or organization provides this service. After analyzing all 506 bond referendums held since 2002 – the first full year that school elections were limited by state law to five specific dates a year – NJSBA found some common threads among successful bond referendums.

Timing is Everything What’s the best time of the year to hold a referendum? Is it December, when people are in a “giving” mood during the winter holidays? Bah, humbug! December is one of the most common months to schedule a school bond referendum, but it is by far the least successful…with a paltry 62 percent pass rate.

The best time is when school starts. Since 2000, the September referendum date has provided the greatest edge, with a 74 percent success rate. The success rates for the three remaining referendum dates during the year – January and March – hold fairly constant, each at about 69 percent. November is the least successful date.

New vs. Fixer-upper? Most homeowners would say it’s more cost effective to fix and expand their existing house rather than buy a brand new home. Similarly, voters respond more positively to school renovations and additions than to new school facilities.

Voters approved 67 percent of questions asking for renovations, and 61 percent of questions asking for additions. But when the question included a request for a new school, the success rate dropped to 52 percent. (Note that ballot questions will often include multiple requests: Funding for a new school and additions/renovations to existing schools.)

Review the Wish List Exactly what a school board requests can play a huge role in how well voters respond. Voters demand that children in their hometown attend warm, dry schools. But the more removed the spending request is from the traditional classroom, the less likely voters are to approve it.

Athletic facilities are the least successful item. These include track and field renovations, artificial turf, gyms, swimming pools, playgrounds and field lighting. Voters only approved 43 percent of questions that included sports facilities. That includes referendum questions that asked for approval for athletic facilities along with academic facilities, such as asking voters to approve a weight room as well as science labs.

But since 2006, voters have approved 92 percent of questions (11 of 12) asking for heating upgrades or boiler repairs. Just don’t ask for air conditioning only; the few questions that requested AC in the past three years were rejected.

Voters also respond when it comes to fixing leaky roofs. Since 2002, 77 percent of voters gave the thumbs-up to questions that included roof repairs.
Security upgrades – such as cameras, alarms and fire suppression systems – generated a 65 percent success rate.

The $64,000 Question Yes, the dollar amount requested plays a role in referendums. Call it the Wal-Mart effect, but people are drawn to things that appear to cost less – perceiving a product at $9.99 as more affordable than one costing $10.00.

Separation Anxiety Should the board offer two separate questions? Some school boards propose a larger, primary question, coupled with one or more separate, smaller questions (often with their approval contingent upon the success of the primary proposal).

Odds are voters will reject the separate questions. Those additional questions have a 38 percent success rate – a fraction of the 68 percent success rate for the primary bond referendum questions. Perhaps voters view the main request for what's needed, while the smaller requests are simply for amenities.

Referendum Wildcards NJSBA has studied factors that can be measured, but there are other immeasurable ingredients that impact a referendum vote.

For instance, vocal and organized opposition can undermine a school board's best efforts to pass a referendum. While the public's concerns are valid and need to be addressed, school officials often find greater success when they focus their energies on mobilizing the 'yes' vote, rather than trying to change the minds of the hardened opposition.

Rumors can spread wildly, so boards need to act quickly to stamp out hearsay. In one local district, for instance, a number of voters reported to NJSBA staff that they had rejected the district's referendum because they heard each student would receive a laptop computer to take home and keep – something not even remotely on the ballot.

However, some ballots have such vague wording that it's difficult to determine what is being requested. A school board might want to review the ballot language to make sure it accurately describes the proposal without locking the district into an unwanted restriction (for instance, don’t promise a school for grades 3 to 6 if there is a chance that it might end up being used for high school students).

A split board can signal to voters that there are divisive issues with the school-construction proposal. Most consultants recommend that the board present a unified front in its support of any construction plan. And boards should present accurate information to citizens, and deal openly and honestly with their questions.

The board has control over many aspects of the bond proposal. But when it comes to the less tangible wildcard factors, boards should always be cognizant of the cardinal rule of referendums: Never give citizens a reason to vote 'no.'
Facility Evaluation - Programming
- Conduct a comprehensive inventory of the facilities, document the expected and extendable life of systems and materials
- Preparation of a Building Program to meet the defined Facility needs
- Review Building Program with the Board
- Finalize Building Program based on the Board’s decisions
- Preparation of conceptual schematics and accurately dimensioned floor plans of all interior spaces
- Review of all options with the Board
- Preparation of conceptual plans based on the chosen scope of work
- Review of conceptual plans with the Board
- Presentation to the public and other interested constituencies to gain support

In-School Discussions (September - November)
- Public meetings at each school site
- Review of facility evaluations and programming
- Public interaction - Q & A
NJ DOE Document Preparation
- Prepare a NJ DOE Project Application(s), Schematic Drawings and Cost Estimates
- Negotiate Eligible Costs with the NJ DOE for Debt Service Aid
- Assist the BOE in accepting the PEC – Establish Final Eligible Costs

Long Range Facilities Plan
- Modify and update the LRFP in accordance with the Approved Referendum Program
Prior to Referendum Day

- Determine Total Project Cost and the State Percentage of Project Cost
- Assemble financing professional team
  - Bond Counsel
    - Prepare Referendum Question and other documents/resolutions in connection with special election
    - Assist with Obtaining State approvals for Extension of Credit and Maturity Structure (DOE and LFB)
    - Attend Public Forums on Referendum
  - Financial Advisor
    - Prepare preliminary tax impact analyses and investment strategy analyses
    - Calculate Extension of Credit and other related items for necessary State approvals
    - Assist with Obtaining State approvals for Extension of Credit and Maturity Structure (DOE and LFB)
    - Attend Public Forums on Referendum
  - Auditor
    - Prepare Supplemental Debt Statement
1. Traditional Methods

Newsletters
Q & A Sheets
Flyers

News Releases
Letters to the Editor

Lawn Signs
Display Advertisements

Back-to-School Presentations
Table-Top Displays

Facility Tours
Koffe Klatches/Cocktails
2. Non-Traditional Means

Social Networking 2.0

Web pages
Facebook & Twitter
Graphic Email / Listserv
On-line Surveys
Telephone Messaging
Blogs & Community Forums
Recruitment Pages
Videos & Slide Presentations
Local Cable Network
3. Enhanced Outreach

“I advise you to apply to all those whom you know will give something; next, to those whom you are uncertain whether they will give anything or not, and show them the list of those who have given; and, lastly, do not neglect those who you are sure will give nothing, for in some of them you may be mistaken.”

-Ben Franklin
## Bond Referendum Proposed Schedule(s)

<table>
<thead>
<tr>
<th>Event</th>
<th>Responsible Party</th>
<th>Minimal Critical Timing</th>
<th>Bond Referendum Date</th>
<th>Bond Referendum Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Program/Scope Schematic Design</td>
<td>Architect</td>
<td>N/A</td>
<td>2020 - 2022</td>
<td>2020 - 2022</td>
</tr>
<tr>
<td>Update LRFP</td>
<td>Architect</td>
<td>N/A</td>
<td>January 2022</td>
<td>March 2022</td>
</tr>
<tr>
<td>Architect submits to NJ DOE</td>
<td>Architect</td>
<td>N/A</td>
<td>January 2022</td>
<td>March 2022</td>
</tr>
<tr>
<td>LRFP Revise and Resubmit</td>
<td>Architect</td>
<td>N/A</td>
<td>January 2022</td>
<td>March 2022</td>
</tr>
<tr>
<td>NJDOE Issues PEC Offer</td>
<td>Architect</td>
<td>N/A</td>
<td>June 2022</td>
<td>September 2022</td>
</tr>
<tr>
<td>NJDOE issues FEC</td>
<td>Architect</td>
<td>N/A</td>
<td>July 2022</td>
<td>October 2022</td>
</tr>
<tr>
<td>Board Approves Special Election</td>
<td>Architect</td>
<td>60 Days</td>
<td>July 29, 2022</td>
<td>October 13, 2022</td>
</tr>
<tr>
<td>Filing of Supplemental Debt Statement</td>
<td>Auditor</td>
<td>60 Days</td>
<td>July 29, 2022</td>
<td>October 13, 2022</td>
</tr>
<tr>
<td>Co-Muni Clerk, Board of Elections Notice</td>
<td>Architect</td>
<td>60 Days</td>
<td>July 29, 2022</td>
<td>October 13, 2022</td>
</tr>
<tr>
<td>Planning Board Submission/Meeting</td>
<td>Architect</td>
<td>55 days</td>
<td>August 3, 2022</td>
<td>October 18, 2022</td>
</tr>
<tr>
<td>Publication of Vote by Mail Notices</td>
<td>Clerk</td>
<td>50 days</td>
<td>August 8, 2022</td>
<td>October 23, 2022</td>
</tr>
<tr>
<td>Certified Proposal (Questions) Statement to County Clerk</td>
<td>Architect</td>
<td>21 Days</td>
<td>Sept. 6, 2022</td>
<td>November 21, 2022</td>
</tr>
<tr>
<td>Publication and Posting of Notice of Special Election</td>
<td>Board of Elections</td>
<td>10 Days</td>
<td>Sept. 17, 2022</td>
<td>December 2, 2022</td>
</tr>
<tr>
<td>Furnishing of Sample Ballots</td>
<td>Clerk</td>
<td>8 Days</td>
<td>Sept. 19, 2022</td>
<td>December 4, 2022</td>
</tr>
<tr>
<td>Obtain Certification of Grade Level Instruction</td>
<td>Architect</td>
<td>1 Day</td>
<td>Sept. 26, 2022</td>
<td>December 12, 2022</td>
</tr>
<tr>
<td>Special Election</td>
<td>Board of Elections</td>
<td></td>
<td>September 27, 2022</td>
<td>December 13, 2022</td>
</tr>
</tbody>
</table>
Benefits under the new Homestead Property Tax Credit/Rebate Program are in addition to the State’s other property tax relief programs. The Senior Freeze (Property Tax Reimbursement), the property tax deductions for senior citizens and veterans, and the property tax deduction/credit on the State income tax return.

**Property Tax Reimbursement Eligibility Requirements**

You may be eligible for a reimbursement of the difference between the amount of property taxes you paid for the base year (the year you first became eligible) and the amount paid for the year for which you are applying for a reimbursement if you met all the following requirements for the base year and for each succeeding year, up to and including the year for which you are claiming the reimbursement:

1. You are **age 65** or older or receiving Federal Social Security disability benefits; and
2. You have **lived in New Jersey continuously for at least the last 10 years**, as either a homeowner or a renter; and
3. You have **owned and lived in the home for at least the last 3 years**; and
4. You have paid the full amount of property taxes that were due on your home for the base year and for each succeeding year, up to and including the year for which you are claiming the reimbursement;
5. You meet the income limits for the base year and for each succeeding year, up to and including the year for which you are claiming the reimbursement.

**Income Limits:** ALL INCOME received during the year — with very few exceptions — must be taken into account when determining eligibility. This includes income that you do not have to report on your New Jersey income tax return such as Social Security benefits, disability benefits, and tax-exempt interest. Applicants are eligible only if their total income was $89,013 or less for 2018, and they meet all the other program requirements.

• Call the Property Tax Reimbursement Hotline at 1-888-238-1233