A GUIDE TO

New Jersey State Policy Making

Speakers
AJ Sabath, President & CEO, Advocacy & Management Group
Patrick S. Seiwell, Vice President, DRG Architects
Jack A. King, Director of Architecture, DRG Architects
• Provide insight to communities, school board members, and school administration 's on the process of school policy making and program funding

• Demonstrate / show examples of school policy making and funding initiatives

• Provide insight to communities, school board members, and school administration 's as to how to initiate a new school policy that will benefit local and state wide districts
Executive Branch
President/Governor
Vice President/Lt. Governor

Legislative Branch
US Senate/State Senate
US House of Representatives/General Assembly

Judicial Branch
US/State Supreme Court
US/State Appellate Court
US District/Superior Court
Government Process

- Executive Action
  - Regulations by Federal and State Agencies
- Legislative Action
  - Laws
  - Resolutions
  - Ballot Questions
- Judicial Action
  - Litigation
- Initiative and Referendum (I&R)
- Ballot Measures
- Constitutional Referendum
- Executive Orders
- Special Legislative Sessions
- The State Budget Process
- Sine Die
115th US Congress

January 2017

December 2018
Two Year NJ Legislative Cycle

January 2018

January 2020
Elections

- Even Years
  - Federal & Most Other State Elections

- Odd Years
  - NJ State Elections
Previous New Jersey Legislative Session (2017 - 2018)

8,382 Bills Introduced

387 (4.62%)
Laws are like sausages, it is better not to see them being made.

Otto von Bismarck
The “Perfect” World

- Introduced
- Committee
- House Floor Vote
- Committee
- Senate Floor Vote
- Governor
- Law
The Real World

- Sponsor → DOA
  - Committee Chair → DOA
  - Committee → Defeated
  - Senate President → DOA
  - Senate Floor → Defeated
  - Assembly Committee Chair → DOA
  - Assembly Committee → Defeated

- Assembly Speaker → DOA
  - Assembly Speaker → Defeated
  - Governor → Veto/Dead
  - Sign → Law
  - Back to Assembly / Senate

then

Regulations (equally important)
General Rules of Advocacy

- Inside Game vs. Outside Game
- Make it personal
- Keep it simple
- Watch the “trade lingo”
- Keep it issue-focused
Three ‘Golden Rules’ of Advocacy/Lobbying

1. Everything comes at someone else’s expense.

2. You can’t win them all. They won’t let you keep better score than you.

3. Sooner or later, it all comes down to money.
Politics is not a Spectator Sport... if you want to participate

You have to suit up!
How to Get Involved

• Face to Face Meetings
• Poll of the District or State
• Face to Face Group Visit
• Telephone Calls
• Personal Letters
• Resolution Passed by an Organization (State and National Convention Resolutions)
• Petitions /Form Letters
• News Report of Group/Individual Position/Internal Publication
Current School Funding

• The New School Funding Plan implemented an increase of aid by $347.1 million and shifted funds to districts that have been underfunded since after 2008, the first year the School Funding Reform Act was implemented.

• 200 schools took a financial hit and 300 schools gained funding that they did not have under the School Funding Reform Act.

• Of the 193 districts that saw cuts in the provided adjustment aid, the average is a loss of $170,000 for Fiscal Year 2019. The adjustment aid will phase out completely over the course of seven years, two years beyond what the Senate President wished to achieve with this legislation.
• Adjustment Aid, or “hold harmless aid”, that was meant to help school recover after some funding was cut in 2008, never was prescribed an expiration date in the law, and schools still receive this aid even if their student demographics changed drastically over the years.

• To make up for the loss of adjustment aid, the State mandated that 30 districts raise their local taxes by at least 2%. In a case like Jersey City, an area that has experienced a lot of growth and increasing taxes, the State has made an exception and they are permitted to raise payroll tax by 1%. This is to offset the $3.5 million in state funding cut from the State aid.

• Due to major shifts in the State’s demographics, cities like Hoboken that were Abbott Districts may not require the same amount of state as they previously received. The effort to shift some of this funding was an attempt to mitigate in other areas of the state that aren’t receiving adequate funding right now.
Terms to Know

- Adequacy Budget – The amount of money that a school district needs to provide students with a “thorough and efficient” education.

- Adequacy Budget = Local Fair Share + Equalization Aid

- Local Fair Share – Takes into consideration the property values and incomes in the district to calculate the amount of money that the district is expected to contribute.

- Equalization Aid – The amount of money that the district needs from the State in order to meet the adequacy budget.

- “Fully funding” schools in New Jersey has never been an attainable goal because the State does not have enough money to provide to districts so that every school district meets their adequacy budget.
The New Jersey Schools Development Authority (SDA) is the State agency responsible for fully funding and managing the new construction, modernization and renovation of school facilities projects in 31 school districts known as the SDA Districts.

There are three types of projects the SDA funds:

- Capital Projects – These are new schools, major renovations and rehabilitation projects in the SDA Districts.
- Emergent Projects – Emergent projects are those deemed necessary in SDA Districts due to potential health and safety issues.
- ROD Grants – Grant funding is provided for projects in Regular Operating Districts that address health and safety issues and other critical needs. The grants are contingent on local approval of the remaining district share of the total costs needed.
- The SDA's current portfolio of active projects is valued at approximately $2 billion – including the Capital Project Portfolio, Emergent Projects and Regular Operating District grants.
• In 1998, the New Jersey Supreme Court ruled in the Abbott v. Burke case that the State must provide 100 percent funding for all school renovation and construction projects in special-needs school districts. According to the Court, aging, unsafe and overcrowded buildings prevented children from receiving the "thorough and efficient" education required under the New Jersey Constitution.

• In response, the New Jersey Educational Facilities Construction and Financing Act (EFCFA) was enacted on July 18, 2000, launching the School Construction Program. Full funding for approved projects was authorized for the 31 special-needs districts, known as 'Abbott Districts'. In addition, grants totaling 40 percent of eligible costs were made available to the remaining school districts across the state.
Funding Options/Approval for Local/State Support for Capital Projects under EFCFA

Key Points

• Department approval of the Long Range Facilities Plan (LRFP) and the capital project is necessary before districts can award bids and initiate capital project construction. For school facilities projects, project approval includes calculation of final eligible costs and the district’s election to receive a grant or debt service aid.

• Under EFCFA, all local funding for implementation of capital projects must receive voter or Board of School Estimate approval. Approval is achieved through inclusion in the district’s budget certified for taxes detailed on supporting documentation 4, or through a bond referendum or special election question, or specific capital reserve deposit. Funding for the local share less excess costs of a school facilities project may also be withdrawn from capital reserve without voter approval, by board resolution.

• Spending on a capital project approved by referendum is limited to the amount approved by the voters in the referendum question.

• All bond referenda must include and list separately by source, all local revenue to be used on the capital project. This includes such revenue as capital reserve, surplus, and interest earnings. Spending on a referendum approved capital project cannot be increased above the voter approved amount through a transfer of local revenue to the capital projects fund if it was not identified in the original question.

• Board approval of change orders must certify funds are available to complete the capital project. No change order can be approved if it will increase the total cost above the referendum approved amount.

• Contracts for capital projects require a contingency of 5 percent at time of bid award.
## New Jersey Schools Development Authority

### 2018 and 2019 Project Procurements Forecast as of October 1, 2018

**Construction/Design-Build**

<table>
<thead>
<tr>
<th>District</th>
<th>School</th>
<th>Contract Type</th>
<th>Project Type</th>
<th>CCE Range¹</th>
<th>Projected Advertisement</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orange</td>
<td>Cleveland Street Elementary School</td>
<td>General Construction</td>
<td>Site Preparation</td>
<td>$75k to $1.0M</td>
<td>9/10/2018</td>
<td>ESSEX</td>
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<tr>
<td>Orange</td>
<td>Orange High School</td>
<td>General Construction</td>
<td>Addition/Renovation</td>
<td>$30 - $40M</td>
<td>Q3/Q4 2018</td>
<td>ESSEX</td>
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<tr>
<td>Orange</td>
<td>Cleveland Street Elementary School</td>
<td>General Construction</td>
<td>Addition/Renovation</td>
<td>$10 - $20M</td>
<td>Q3/Q4 2018</td>
<td>ESSEX</td>
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<tr>
<td>Lebanon</td>
<td>Farmingdale Road School</td>
<td>General Construction</td>
<td>Addition/Renovation</td>
<td>$10 - $20M</td>
<td>Q3/Q4 2018</td>
<td>MIDDLESEX</td>
</tr>
<tr>
<td>Newark</td>
<td>Chancellor Avenue Elementary School</td>
<td>General Construction</td>
<td>Entergrate</td>
<td>&lt; 85M</td>
<td>Q4 2018</td>
<td>ESSEX</td>
</tr>
<tr>
<td>Newark</td>
<td>Technology High School (Facade)</td>
<td>General Construction</td>
<td>Entergrate</td>
<td>&lt; 85M</td>
<td>Q4 2018</td>
<td>ESSEX</td>
</tr>
<tr>
<td>Bridgeton</td>
<td>Bridgeton High School</td>
<td>General Construction</td>
<td>Entergrate</td>
<td>&lt; 85M</td>
<td>Q1 2019</td>
<td>CLIFFORD</td>
</tr>
<tr>
<td>Paterson</td>
<td>Paterson P5 5</td>
<td>General Construction</td>
<td>Entergrate</td>
<td>&lt; 85M</td>
<td>Q1 2019</td>
<td>PASSAIC</td>
</tr>
<tr>
<td>Plainfield</td>
<td>Plainfield High School</td>
<td>General Construction</td>
<td>Entergrate</td>
<td>&lt; 85M</td>
<td>Q1 2019</td>
<td>UNION</td>
</tr>
<tr>
<td>Union City</td>
<td>New Grade 7 to 9 School</td>
<td>General Construction</td>
<td>Site Preparation</td>
<td>&lt; 85M</td>
<td>Q2 2019</td>
<td>HUDSON</td>
</tr>
<tr>
<td>Newark</td>
<td>Trenton High School</td>
<td>General Construction</td>
<td>Enterprise</td>
<td>&lt; 85M</td>
<td>Q1/Q2 2019</td>
<td>ESSEX</td>
</tr>
<tr>
<td>Newark</td>
<td>Ivy Hill School</td>
<td>General Construction</td>
<td>Enterprise</td>
<td>&lt; 85M</td>
<td>Q1/Q2 2019</td>
<td>ESSEX</td>
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<tr>
<td>Newark</td>
<td>Roberts Elementary School</td>
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<td>Newark</td>
<td>Great Falls School</td>
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<tr>
<td>Newark</td>
<td>Technology High School (Vail)</td>
<td>General Construction</td>
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<td>ESSEX</td>
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<tr>
<td>Plainfield</td>
<td>New Woodland Elementary School</td>
<td>Design Build</td>
<td>New Construction</td>
<td>$40 - $50M</td>
<td>Q2 2019</td>
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<td>Union City</td>
<td>New Grade 7 to 9 School</td>
<td>Design Build</td>
<td>New Construction</td>
<td>$35 - $45M</td>
<td>Q3 2019</td>
<td>HUDSON</td>
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</table>

¹ CCE Range is for order of magnitude informational purposes, actual advertised CCE range may differ.

### Design Consultant

<table>
<thead>
<tr>
<th>District</th>
<th>School</th>
<th>Contract Type</th>
<th>Project Type</th>
<th>PDMC Rating</th>
<th>Projected Advertisement</th>
<th>County</th>
</tr>
</thead>
</table>

Note: There are no Design Consultant Advertisements forecasted for this timeframe.

### Construction Management Services

<table>
<thead>
<tr>
<th>District</th>
<th>School</th>
<th>Contract Type</th>
<th>Project Type</th>
<th>Project Size CCE Range</th>
<th>Projected Advertisement</th>
<th>County</th>
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<tbody>
<tr>
<td>Orange</td>
<td>Cleveland Street Elementary School</td>
<td>Construction Manager</td>
<td>Addition/Renovation</td>
<td>$10 - $20M</td>
<td>9/2018</td>
<td>ESSEX</td>
</tr>
<tr>
<td>Orange</td>
<td>Orange High School</td>
<td>Construction Manager</td>
<td>Addition/Renovation</td>
<td>$30 - $40M</td>
<td>8/2018</td>
<td>ESSEX</td>
</tr>
<tr>
<td>Camden</td>
<td>New High School</td>
<td>Construction Manager</td>
<td>New Construction</td>
<td>$95M</td>
<td>10/4/2018</td>
<td>CAMDEN</td>
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<tr>
<td>Paterson</td>
<td>New Middle School at Union Avenue</td>
<td>Construction Manager</td>
<td>New Construction</td>
<td>$57M</td>
<td>Q4 2018</td>
<td>PASSAIC</td>
</tr>
<tr>
<td>Lebanon</td>
<td>Farmingdale Road School</td>
<td>Construction Manager</td>
<td>Addition/Renovation</td>
<td>$10 - $20M</td>
<td>Q1/Q2 2018</td>
<td>MIDDLESEX</td>
</tr>
<tr>
<td>Perth Amboy</td>
<td>New High School</td>
<td>Construction Manager</td>
<td>New Construction</td>
<td>$200-220M</td>
<td>Q1 2019</td>
<td>MIDDLET</td>
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<tr>
<td>Plainfield</td>
<td>New Woodland Elementary School</td>
<td>Construction Manager</td>
<td>New Construction</td>
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<td>Q3 2019</td>
<td>UNION</td>
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<td>Union City</td>
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<td>New Construction</td>
<td>$35 - $45M</td>
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Please note that the advancement of these projects is dependent on a number of variables and the above information is subject to change.
Pending Legislation
• A3446, Assemblyman DeAngelo - Provides explicit authorization for the Schools Development Authority to use the design/build/operate/maintain procurement model for school facilities projects.

New Laws
• Public Private Partnerships
  • “Government bodies, including school districts, municipalities, counties and state entities, may enter into a public-private partnership agreement with a private organization, which would assume the financial and administrative responsibility for the development, construction, reconstruction, repair, alteration, improvement, extension, operation, and maintenance of a government-related project that is financed in whole by the private sector organization. However, the law requires local public input and finance controls, as well as land use and financial approvals, should a municipality, county, or school district seek to pursue a P3.”

• Securing Our Children’s Future Bond Act
  • This November, voters will vote to approve “the issuance of bonds to fund $500 million in grants for county vocational-technical school districts and county colleges to upgrade facilities to meet the needs of technical education programs as well as improved school security and updated school water infrastructure.”
Golden Rules

- **All Politics is Local** or why no one can explain a bill like a constituent.

- **Capone Rule**- You get more done with kind words and a gun than with kind words alone (or its corollary, the LBJ rule-When you’ve got them by the ----, their hearts and minds will soon follow).

- **Prince Machiavelli Rule** or Don’t burn a bridge that you may need to cross again.

- **Ronald Reagan Rule.** Be a good story teller.

- **Animal Farm Rule.** All Legislators are equal; it’s just that some are more equal than others.

- **Thomas Edison Rule.** “I have not failed. I’ve found 10,000 ways that won’t work.” Never give up. Failure is a great teacher.
Questions?