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NEWS RELEASE

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Governor Moves Forward With \$6 Billion School Construction Plan

Gov. Christie Whitman announced today that she has submitted to the Legislature a bill to establish a \$6 billion program for the construction and renovation of local school buildings throughout the state.

The bill will not only make much-needed dollars available to schools for construction, but will also cut construction costs and streamline the process for approval of school infrastructure projects, saving taxpayers' dollars.

"We have made tremendous strides in improving the quality of our educational programs. Now, we must turn our attention to giving students safe and state of the art school buildings in which to learn," said Gov. Whitman. "I look forward to working with the Legislature to provide our state's taxpayers with more relief from local property taxes."

"The school building program proposed by the Governor will exceed the minimum space requirements accepted by the Supreme Court at the elementary, middle and high school levels. The magnitude of the program is unprecedented and will improve the learning environment of children statewide for generations to come," said Education Commissioner David Hespe.

"This is the most ambitious school construction programs this state has undertaken. I am eager to get the program started so schools can begin their building projects and we can meet the NJ Supreme Court's decision for Abbott districts," said State Treasurer James A. D'Eleuterio.

According to the Governor, part of the school construction plan addresses the state's obligation to Abbott Districts in a cost efficient manner over the next five years and provides for prudent oversight of the state's substantial investments in school construction.

The legislation will provide a minimum of 10% of debt service for all school districts. Funding will now be available to 271 school districts that are ineligible for aid under the current funding mechanism.

The school construction program will be funded by a combination of state appropriation-backed bonds issued through the New Jersey Building Authority and pay-as-you-go capital. State funding will include \$62 million in revenue from the new "Big Game" lottery game and \$50 million in revenues from the cigarette tax.

The highlights of the bill are as follows:

- The New Jersey Building Authority will be available to assist school districts, most on a voluntary basis, with construction of quality, cost-efficient building projects. The authority will be able to build school buildings at lower cost by coordinating labor resources and economies of scale, achieving savings of up to 25%.
- Establishes standards for school construction projects, which incorporate flexibility for districts to build schools that meet local needs.
- Allows pooled refinancing of outstanding local debt to obtain lower interest rates and savings of taxpayers.
- School districts that are eligible for less than 50% of capital construction costs have the option to use the building authority or to accept the state aid and construct the project locally. These districts will also have the option to elect to borrow money for school construction from the authority at 2% interest, in lieu of accepting state aid.
- Abbott school districts, and other districts that receive a majority of their construction costs from the state, are required to use the authority's construction program. Abbott districts will receive 100% financing for approved projects.
- Creates an optional low interest revolving loan program for school construction which can be used by school districts to finance local construction projects.
- Offers financial incentives to individuals and businesses to encourage the donation of land, material and resources to aid school construction.