

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3650

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 26, 2009

The Assembly Budget Committee reports favorably Assembly Bill No. 3650, with committee amendments.

The bill, as amended, amends the Fiscal Year 2009 appropriation act to implement certain components of the Executive's plan to offset shortfalls in State revenues.

The bill directs the Commissioner of Education to withhold, from February 1, 2009 through June 30, 2009, State aid payments to school districts in an amount equal to the districts' savings from the proposed pension contribution deferral plan (contained in Senate Bill No.7 and Assembly Bill No. 3688 of 2008), capped at a total of \$75 million.

The bill permits the use of \$14.7 million in certain revenue currently appropriated to federally qualified health centers, which are projected to be overfunded, to be used as General Fund revenue.

The bill directs that no State funds may be used to provide salary increases to workers' compensation judges or administrative law judges, retroactive to January 1, 2009.

The bill permits an amount not to exceed \$135 million of State general obligation debt service to be paid from the Long Term Obligation and Capital Expenditure Fund.

The bill permits transfer of amounts not in excess of the remaining \$365 million in the debt defeasance account and \$6 million in the capital accounts in the Long Term Obligation and Capital Expenditure Fund to the Property Tax Relief Fund (PTRF) as revenue to support appropriations from the PTRF.

The bill permits transfer of \$275 million from Surplus Revenue Fund (often referred to as the rainy day fund) to the PTRF as revenue to support appropriations from the PTRF.

The bill authorizes administrative actions and appropriations to facilitate the spending during State fiscal year 2009 of additional federal funds that may become available to the State from the federal economic stimulus effort.

FISCAL IMPACT:

The transfer by the bill of \$275 million from the Surplus Revenue Fund reduces the anticipated year-end balance of the Surplus Revenue Fund to \$325 million.

The direction that no State funds may be used to provide salary increases to workers' compensation judges or administrative law judges, has an estimated savings of \$275,000.

The Office of Legislative Services notes that this bill's authorization for transfer and expenditure from the Long Term Obligation and Capital Expenditure Fund, when taken together with various other bills authorizing expenditures from that fund previously enacted in this Legislative session, exceeds the balance in that fund. Therefore, not all projects and programs provided for under those enactments will be fully funded in Fiscal Year 2009.

COMMITTEE AMENDMENTS:

The committee amendments make the authority of the Commissioner of Education to withhold State aid payments to school districts subject to (1) approval of Senate Bill No. 7 or Assembly Bill No. 3688, which provide for reductions in the contributions that local employers must make to the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) during State fiscal years 2009 through 2011, and (2) the Governor directing that an amount of State aid appropriations for school districts shall be placed in reserve and thereby made unavailable for expenditure by the State.

The amendments direct that no State funds may be used to provide salary increases to workers' compensation judges or administrative law judges, retroactive to January 1, 2009.

The amendments delete a provision that would have transferred \$1.718 million from the Casino Control Fund to the Casino Revenue Fund.

The amendments authorize administrative actions and appropriations to facilitate the spending during State fiscal year 2009 of additional federal funds that may become available to the State from the federal economic stimulus effort.