

SENATE, No. 2691

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JULY 9, 2020

Sponsored by:

Senator LINDA R. GREENSTEIN

District 14 (Mercer and Middlesex)

SYNOPSIS

Requires Division of Local Government Services to approve local unit budgets with excess anticipated miscellaneous revenue due to COVID-19 and authorizes school districts to maintain surplus at four percent for 2020-2021 school year.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning the anticipation of miscellaneous revenue in
2 local unit budgets and the level of allowable school district
3 surplus following the COVID-19 pandemic.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. Notwithstanding the provisions of N.J.S.40A:4-26 or any
9 other section of law to the contrary, due to the financial impacts of
10 COVID-19, miscellaneous revenues from any source may be
11 included as an anticipated revenue in the calendar year 2021 or
12 fiscal year 2021 budget of a local unit, as applicable, in an amount
13 in excess of the amount actually realized in cash from the same
14 source during the next preceding fiscal year. The governing body
15 of a local unit shall submit an application to the Division of Local
16 Government Services in the Department of Community Affairs
17 demonstrating that the financial impact of COVID-19 clearly
18 warrants the expectation that the excess amount will actually be
19 realized in cash during calendar year 2021 or fiscal year 2021, as
20 applicable. If the division determines that the anticipated excess
21 revenue is attributed to the financial impact of COVID-19, and the
22 amount of anticipated revenue complies with the guidelines
23 established pursuant to subsection b. of this section, the division
24 shall approve the local unit's application and shall certify the
25 determination, in writing, to the local unit.

26 b. Within 30 days after the date of enactment of this act, the
27 division shall issue guidelines as are necessary to implement the
28 provisions of this act. At a minimum, these guidelines shall
29 determine for local units the amount of any miscellaneous revenue
30 that may be anticipated in the calendar year 2021 or fiscal year
31 2021 budget of a local unit, as applicable.

32
33 2. Notwithstanding the provisions of section 7 of P.L.1996,
34 c.138 (C.18A:7F-7), section 2 of P.L.1979, c.294 (C.18A:22-8.1),
35 or any other section of law to the contrary, due to the financial
36 impacts of COVID-19, a school district, other than a county
37 vocational school district, may maintain for the 2020-2021 school
38 year, an undesignated general fund balance of four percent of the
39 budgeted general fund for the prebudget year, and the use or
40 transfer of those funds between line items and program categories
41 shall not require the approval of the Commissioner of Education.

42
43 3. This act shall take effect immediately and section 1 shall
44 expire one year after enactment.

STATEMENT

Due to the financial impacts of COVID-19, miscellaneous revenues from any source may be included as an anticipated revenue in a local unit budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year. The governing body of a local unit would submit an application to the Division of Local Government Services in the Department of Community Affairs demonstrating that the financial impact of COVID-19 clearly warrants the expectation that such excess amount will actually be realized in cash during calendar year 2021 or fiscal year 2021, as applicable.

If the division determines the anticipated excess revenue to be attributed to the financial impact of COVID-19, and the anticipated revenue projections are in accordance with the guidelines to be established by the division, the division must approve the local unit's application and must certify such determination, in writing, to the local unit.

The bill also provides that for the 2020-2021 school year, a school district may maintain a surplus of four percent. Under current law a school district, other than a county vocational school district, may only maintain a surplus of two percent. The bill also provides that for the 2020-2021 school year, the transfer of surplus funds between line items and program categories will not require the approval of the Commissioner of Education.