

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2691

STATE OF NEW JERSEY

DATED: SEPTEMBER 14, 2020

The Senate Education committee reports favorably Senate Bill No. 2691.

This bill provides budgetary flexibility to local government units and school districts to address the financial impacts of the COVID-19 pandemic.

Specifically, the bill provides that due to the financial impacts of COVID-19, a local unit may anticipate any item of miscellaneous revenues in its calendar year 2021 or fiscal year 2021 budget, as applicable, in an amount that exceeds the amount actually realized in cash during the next preceding fiscal year.

Under the bill, the Division of Local Government Services in the Department of Community Affairs would be required to issue guidelines concerning the amount of any miscellaneous revenue that may be anticipated in a local unit's calendar year 2021 or fiscal year 2021 budget. The governing body of a local unit would also be required to submit an application to the division demonstrating that the financial impact of COVID-19 clearly warrants the expectation that such excess amount will actually be realized in cash during the applicable budget year. If the division determines that the anticipated excess revenue is attributed to the financial impact of COVID-19, and the amount of anticipated revenue complies with the guidelines established by the division, then the division would be required to approve the local unit's application and certify such determination, in writing, to the local unit.

Additionally, the bill provides that during the 2020-2021 school year, a school district may maintain a surplus (i.e., undesignated general fund balance) of four percent of the budgeted general fund expenses for the prior year. Under current law, school districts, not including county vocational school districts, may only maintain a surplus of two percent of the budgeted general fund expenses for the prior year. The bill also allows a school district to transfer surplus funds between line items and program categories without the prior approval of the Commissioner of Education. 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.