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NEWSPAPER ARTICLES: Yes

"Impact aid bill sent to Christie," Burlington County Times, 3-18-15

"New law aids districts with military students," Burlington County Times, 5-12-15

LAW/RWH

P.L.2015, CHAPTER 46, *approved May 7, 2015*
Assembly, No. 1286 (*First Reprint*)

1 **AN ACT** concerning reserve accounts for school districts receiving
2 federal impact aid, amending P.L.2007, c.62, and supplementing
3 P.L.2007, c.260 (C.18A:7F-43 et al.).
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. Section 6 of P.L.2007, c.62 (C.18A:7F-41) is amended to
9 read as follows:

10 6. Notwithstanding the provisions of any law or regulation to
11 the contrary:

12 a. A board of education or board of school estimate, as
13 appropriate, may supplement a capital reserve account through a
14 transfer by board resolution at year end of any unanticipated
15 revenue or unexpended line-item appropriation amounts, or both,
16 for withdrawal in subsequent school years.

17 b. A board of education or board of school estimate, as
18 appropriate, may supplement a maintenance reserve account
19 through a transfer by board resolution at year end of any
20 unanticipated revenue or unexpended line-item appropriation
21 amounts, or both, for withdrawal in subsequent school years.

22 c. A board of education or a board of school estimate, as
23 appropriate, may through the adoption of a board resolution
24 establish the following reserve accounts:

25 (1) Current expense emergency reserve account. The funds in
26 the reserve shall be used to finance unanticipated general fund
27 current expense costs required for a thorough and efficient
28 education. The account shall not exceed \$250,000 or one percent of
29 the district's general fund budget up to a maximum of \$1,000,000,
30 whichever is greater. A board of education may appropriate funds
31 to establish or supplement the reserve in the district's annual budget
32 or through a transfer by board resolution at year end of any
33 unanticipated revenue and unexpended line-item appropriation
34 amounts. Withdrawals from the reserve shall require the approval
35 of the commissioner unless the withdrawal is necessary to meet an
36 increase in total health care costs in excess of four percent.

37 (2) Debt service reserve account in the debt service fund for
38 proceeds from the sale of district property. The funds in the reserve
39 shall be used to retire outstanding debt service obligations of the
40 district. The reserve shall be liquidated within the lesser of five

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AED committee amendments adopted September 11, 2014.

1 years from its inception or the remaining term on the obligations.
 2 Any remaining balance shall be used for tax relief.

3 (3) Federal impact aid reserve account in the case of a school
 4 district that receives federal impact aid pursuant to sections 8002,
 5 8003, 8007, or 8008 of the Elementary and Secondary Education
 6 Act of 1965 (20 U.S.C. ss.7702, 7703, 7707, and 7708). A board of
 7 education may appropriate federal impact aid funds to establish or
 8 supplement the reserve account in the district's annual budget¹,¹or
 9 through a transfer by¹a two-thirds affirmative vote of the
 10 authorized membership of the¹ board¹ [resolution at year end]
 11 between June 1 and June 30,¹ for withdrawal in any subsequent
 12 school year. ¹Any transfer to the reserve account shall not exceed
 13 the total amount of federal impact aid received in the fiscal year.¹
 14 The board, at its discretion, may use the funds in the reserve
 15 account to finance the district's general fund or to finance school
 16 facilities projects, in a manner consistent with federal law. The
 17 total amount of funds on deposit in the reserve account shall not be
 18 limited.

19 d. ¹(1)¹ All reserve accounts shall be established and held in
 20 accordance with GAAP and shall be subject to annual audit. Any
 21 capital gains or interest earned shall become part of the reserve
 22 account. A separate bank account is not required, however, a
 23 separate identity for each reserve account shall be maintained.

24 ¹(2) A board of education that establishes a federal impact aid
 25 reserve account shall:

26 (a) report the amount of federal impact aid received, expended,
 27 and on deposit in the federal impact aid reserve account in its
 28 annual audit pursuant to N.J.S.18A:23-1, and in the budget made
 29 available in a "user-friendly" format using plain language pursuant
 30 to N.J.S.18A:22-8;

31 (b) report the amount of federal impact aid received, expended,
 32 and on deposit in the federal impact aid reserve account at each
 33 board of education meeting, and shall include the information in the
 34 board secretary's monthly report in a format to be determined by
 35 the commissioner; and

36 (c) provide any additional supporting documentation that may
 37 be required by the commissioner pursuant to subsection c. of
 38 section 5 of P.L.1996, c.138 (C.18A:7F-5).¹

39 (cf: P.L.2007, c.62, s.6)

40

41 2. (New section) When determining the amount of State school
 42 aid that shall be awarded to a school district pursuant to the
 43 provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law,
 44 the Commissioner of Education shall not consider a school district's
 45 receipt of federal funds pursuant to sections 8002, 8003, 8007, or
 46 8008 of the Elementary and Secondary Education Act of 1965 (20
 47 U.S.C. ss.7702, 7703, 7707, and 7708) in any manner that would

1 cause the school district to be awarded less State school aid than the
2 district would have been awarded had the district not received the
3 federal funds. Such funds shall not be considered when calculating
4 the district's undesignated general fund balance pursuant to section
5 7 of P.L.1996, c.138 (C.18A:7F-7).

6

7 3. This act shall take effect immediately.

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12 _____
13 Authorizes the establishment of federal impact aid reserve
account.

ASSEMBLY, No. 1286

STATE OF NEW JERSEY 216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

Sponsored by:

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

Assemblyman BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

Assemblyman TROY SINGLETON

District 7 (Burlington)

Co-Sponsored by:

Assemblywoman McHose and Assemblyman Space

SYNOPSIS

Authorizes the establishment of federal impact aid reserve account.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 9/12/2014)

A1286 DANCER, ANDRZEJCZAK

2

1 AN ACT concerning reserve accounts for school districts receiving
2 federal impact aid, amending P.L.2007, c.62, and supplementing
3 P.L.2007, c.260 (C.18A:7F-43 et al.).
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5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:
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8 1. Section 6 of P.L.2007, c.62 (C.18A:7F-41) is amended to
9 read as follows:

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11 the contrary:

12 a. A board of education or board of school estimate, as
13 appropriate, may supplement a capital reserve account through a
14 transfer by board resolution at year end of any unanticipated
15 revenue or unexpended line-item appropriation amounts, or both,
16 for withdrawal in subsequent school years.

17 b. A board of education or board of school estimate, as
18 appropriate, may supplement a maintenance reserve account
19 through a transfer by board resolution at year end of any
20 unanticipated revenue or unexpended line-item appropriation
21 amounts, or both, for withdrawal in subsequent school years.

22 c. A board of education or a board of school estimate, as
23 appropriate, may through the adoption of a board resolution
24 establish the following reserve accounts:

25 (1) Current expense emergency reserve account. The funds in
26 the reserve shall be used to finance unanticipated general fund
27 current expense costs required for a thorough and efficient
28 education. The account shall not exceed \$250,000 or one percent of
29 the district's general fund budget up to a maximum of \$1,000,000,
30 whichever is greater. A board of education may appropriate funds
31 to establish or supplement the reserve in the district's annual budget
32 or through a transfer by board resolution at year end of any
33 unanticipated revenue and unexpended line-item appropriation
34 amounts. Withdrawals from the reserve shall require the approval
35 of the commissioner unless the withdrawal is necessary to meet an
36 increase in total health care costs in excess of four percent.

37 (2) Debt service reserve account in the debt service fund for
38 proceeds from the sale of district property. The funds in the reserve
39 shall be used to retire outstanding debt service obligations of the
40 district. The reserve shall be liquidated within the lesser of five
41 years from its inception or the remaining term on the obligations.
42 Any remaining balance shall be used for tax relief.

43 (3) Federal impact aid reserve account in the case of a school
44 district that receives federal impact aid pursuant to sections 8002,
45 8003, 8007, or 8008 of the Elementary and Secondary Education

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Act of 1965 (20 U.S.C. ss.7702, 7703, 7707, and 7708). A board of
2 education may appropriate federal impact aid funds to establish or
3 supplement the reserve account in the district's annual budget or
4 through a transfer by board resolution at year end for withdrawal in
5 any subsequent school year. The board, at its discretion, may use
6 the funds in the reserve account to finance the district's general
7 fund or to finance school facilities projects, in a manner consistent
8 with federal law. The total amount of funds on deposit in the
9 reserve account shall not be limited.

10 d. All reserve accounts shall be established and held in
11 accordance with GAAP and shall be subject to annual audit. Any
12 capital gains or interest earned shall become part of the reserve
13 account. A separate bank account is not required, however, a
14 separate identity for each reserve account shall be maintained.
15 (cf: P.L.2007, c.62, s.6)

16
17 2. (New section) When determining the amount of State school
18 aid that shall be awarded to a school district pursuant to the
19 provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law,
20 the Commissioner of Education shall not consider a school district's
21 receipt of federal funds pursuant to sections 8002, 8003, 8007, or
22 8008 of the Elementary and Secondary Education Act of 1965 (20
23 U.S.C. ss.7702, 7703, 7707, and 7708) in any manner that would
24 cause the school district to be awarded less State school aid than the
25 district would have been awarded had the district not received the
26 federal funds. Such funds shall not be considered when calculating
27 the district's undesignated general fund balance pursuant to section
28 7 of P.L.1996, c.138 (C.18A:7F-7).

29
30 3. This act shall take effect immediately.

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STATEMENT

35 This bill authorizes a school district that receives federal impact
36 aid to establish a federal impact aid reserve account. Federal
37 impact aid is awarded to school districts in which federal ownership
38 of property reduces the ability to levy property taxes for educational
39 purposes, or when certain federal activity increases a community's
40 population, resulting in an increase in the number of school-aged
41 children. School districts in which military bases or federal public
42 housing are located are likely to receive federal impact aid.

43 Under the bill, the board of education may appropriate federal
44 impact aid funds to the reserve account in the district's annual
45 budget or through a transfer by board resolution at year end, for
46 withdrawal in any subsequent school year. The board may use the
47 funds in the reserve account to finance the district's general fund

A1286 DANCER, ANDRZEJCZAK

4

1 budget or school facilities projects, in a manner consistent with
2 federal law. There is no limit on the amount of funds that may be
3 on deposit in the reserve account. The bill also specifies, consistent
4 with current federal law, that the Commissioner of Education may
5 not award less State school aid to a school district based on the fact
6 that the district receives federal impact aid. Additionally, the funds
7 may not be considered when calculating the district's undesignated
8 general fund balance.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1286

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 11, 2014

The Assembly Education Committee reports favorably Assembly Bill No. 1286 with committee amendments.

As amended, this bill authorizes a school district that receives federal impact aid to establish a federal impact aid reserve account. Federal impact aid is awarded to school districts in which federal ownership of property reduces the ability to levy property taxes for educational purposes, or when certain federal activity increases a community's population, resulting in an increase in the number of school-aged children. School districts in which military bases or federal public housing are located are likely to receive federal impact aid.

Under the bill, the board of education may appropriate federal impact aid funds to the reserve account in the district's annual budget, or through a transfer approved by two-thirds of the authorized membership of the board of education between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account may not exceed the amount of federal impact aid received in that fiscal year. The board may use the funds in the reserve account to finance the district's general fund budget or school facilities projects, in a manner consistent with federal law. There is no limit on the amount of funds that may be on deposit in the reserve account. The bill also stipulates that a school district that establishes a reserve account would be required to report the amount received, expended, and on deposit in the reserve account in its annual audit, in the required "user-friendly" budgets, at each board of education meeting, and in the board secretary's monthly report. The district would also be required to provide any supporting documentation required by the commissioner when the district submits its budget to the department for approval.

The bill also specifies, consistent with current federal law, that the Commissioner of Education may not award less State school aid to a school district based on the fact that the district receives federal impact aid. Additionally, the funds may not be considered when calculating the district's undesignated general fund balance.

The committee amended the bill to require that a school district that establishes a reserve account report on the amount of impact aid received, expended, and on deposit in the reserve account in its annual audit, in its “user-friendly” budget, at each school board meeting, and in the board secretary’s monthly report. The amendments also require that the board of education would provide any supporting documentation required by the commissioner when submitting its budget to the department of education for approval.

This bill was pre-filed for introduction in the 2014-2015 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE EDUCATION COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 1286

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 2014

The Senate Education Committee favorably reports Assembly Bill No. 1286 (1R).

This bill authorizes a school district that receives federal impact aid to establish a federal impact aid reserve account. Federal impact aid is awarded to school districts in which federal ownership of property reduces the ability to levy property taxes for educational purposes, or when certain federal activity increases a community's population, resulting in an increase in the number of school-aged children. School districts in which military bases or federal public housing are located are likely to receive federal impact aid.

Under the bill, the board of education may appropriate federal impact aid funds to the reserve account in the district's annual budget, or through a transfer approved by two-thirds of the authorized membership of the board of education between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account may not exceed the amount of federal impact aid received in that fiscal year. The board may use the funds in the reserve account to finance the district's general fund budget or school facilities projects, in a manner consistent with federal law. There is no limit on the amount of funds that may be on deposit in the reserve account. The bill also stipulates that a school district that establishes a reserve account would be required to report the amount received, expended, and on deposit in the reserve account in its annual audit, in the required "user-friendly" budgets, at each board of education meeting, and in the board secretary's monthly report. The district would also be required to provide any supporting documentation required by the commissioner when the district submits its budget to the department for approval.

The bill also specifies, consistent with current federal law, that the Commissioner of Education may not award less State school aid to a school district based on the fact that the district receives federal impact aid. Additionally, the funds may not be considered when calculating the district's undesignated general fund balance.

As reported by the committee, this bill is identical to Senate Bill No. 2439, which also was reported by the committee on this same date.

SENATE, No. 2439

STATE OF NEW JERSEY 216th LEGISLATURE

INTRODUCED OCTOBER 9, 2014

Sponsored by:

Senator JEFF VAN DREW

District 1 (Atlantic, Cape May and Cumberland)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Senator Beck

SYNOPSIS

Authorizes the establishment of federal impact aid reserve account.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 3/17/2015)

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5 membership of the board between June 1 and June 30, for
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8 aid received in the fiscal year. The board, at its discretion, may use
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16 account. A separate bank account is not required, however, a
17 separate identity for each reserve account shall be maintained.

18 (2) A board of education that establishes a federal impact aid
19 reserve account shall:

20 (a) report the amount of federal impact aid received, expended,
21 and on deposit in the federal impact aid reserve account in its
22 annual audit pursuant to N.J.S.18A:23-1, and in the budget made
23 available in a "user-friendly" format using plain language pursuant
24 to N.J.S.18A:22-8;

25 (b) report the amount of federal impact aid received, expended,
26 and on deposit in the federal impact aid reserve account at each
27 board of education meeting, and shall include the information in the
28 board secretary's monthly report in a format to be determined by
29 the commissioner; and

30 (c) provide any additional supporting documentation that may
31 be required by the commissioner pursuant to subsection c. of
32 section 5 of P.L.1996, c.138 (C.18A:7F-5).

33 (cf: P.L.2007, c.62, s.6)

34

35 2. (New section) When determining the amount of State school
36 aid that shall be awarded to a school district pursuant to the
37 provisions of P.L.2007, c.260 (C.18A:7F-43 et al.) or any other law,
38 the Commissioner of Education shall not consider a school district's
39 receipt of federal funds pursuant to sections 8002, 8003, 8007, or
40 8008 of the Elementary and Secondary Education Act of 1965 (20
41 U.S.C. ss.7702, 7703, 7707, and 7708) in any manner that would
42 cause the school district to be awarded less State school aid than the
43 district would have been awarded had the district not received the
44 federal funds. Such funds shall not be considered when calculating
45 the district's undesignated general fund balance pursuant to section
46 7 of P.L.1996, c.138 (C.18A:7F-7).

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48 3. This act shall take effect immediately.

STATEMENT

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Under the bill, the board of education may appropriate federal impact aid funds to the reserve account in the district's annual budget, or through a transfer approved by two-thirds of the authorized membership of the board of education between June 1 and June 30, for withdrawal in any subsequent school year. Any transfer to the reserve account may not exceed the amount of federal impact aid received in that fiscal year. The board may use the funds in the reserve account to finance the district's general fund budget or school facilities projects, in a manner consistent with federal law. There is no limit on the amount of funds that may be on deposit in the reserve account. The bill also stipulates that a school district that establishes a reserve account would be required to report the amount received, expended, and on deposit in the reserve account in its annual audit, in the required "user-friendly" budgets, at each board of education meeting, and in the board secretary's monthly report. The district would also be required to provide any supporting documentation required by the commissioner when the district submits its budget to the department for approval.

The bill also specifies, consistent with current federal law, that the Commissioner of Education may not award less State school aid to a school district based on the fact that the district receives federal impact aid. Additionally, the funds may not be considered when calculating the district's undesignated general fund balance.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2439

STATE OF NEW JERSEY

DATED: NOVEMBER 13, 2014

The Senate Education Committee favorably reports Senate Bill No. 2439.

This bill authorizes a school district that receives federal impact aid to establish a federal impact aid reserve account. Federal impact aid is awarded to school districts in which federal ownership of property reduces the ability to levy property taxes for educational purposes, or when certain federal activity increases a community's population, resulting in an increase in the number of school-aged children. School districts in which military bases or federal public housing are located are likely to receive federal impact aid.

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The bill also specifies, consistent with current federal law, that the Commissioner of Education may not award less State school aid to a school district based on the fact that the district receives federal impact aid. Additionally, the funds may not be considered when calculating the district's undesignated general fund balance.

As reported by the committee, this bill is identical to Assembly Bill No. 1286 (1R), which also was reported by the committee on this same date.