

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

LOWE, CLAIRE. "Law gives schools wiggle room in budgeting Murphy signs law allowing budget flexibility for school districts amid COVID-19 pandemic." Press of Atlantic City, The (NJ), March 17, 2021: 1A.

Abdur-Rahman, Sulaiman. "Gov. Murphy signs law increasing school district fiscal limits during COVID-19 pandemic." Trentonian, The (Trenton, NJ), March 16, 2021.

RH/CL

P.L. 2021, CHAPTER 35, *approved March 15, 2021*
Senate, No. 2691 (*First Reprint*)

1 AN ACT concerning ¹**[**the anticipation of miscellaneous revenue in
2 local unit budgets and¹**]** 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**[**1. a. Notwithstanding the provisions of N.J.S.40A:4-26 or
9 any other section of law to the contrary, due to the financial impacts
10 of 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.¹**]**
32

33 ¹**[**2. 1.¹ Notwithstanding the provisions of section 7 of
34 P.L.1996, c.138 (C.18A:7F-7), section 2 of P.L.1979, c.294
35 (C.18A:22-8.1), or any other section of law to the contrary, due to the
36 financial impacts of COVID-19, a school district, other than a county
37 vocational school district, may maintain for the 2020-2021 ¹and 2021-
38 2022¹ school ¹**[**year¹**]** years¹, an undesignated general fund balance of
39 four percent of the budgeted general fund for the prebudget year, and
40 the use or transfer of those funds between line items and program
41 categories shall not require the approval of the Commissioner of
42 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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted October 29, 2020.

S2691 [1R]

2

1 ~~1~~**[3.]** 2.¹ This act shall take effect immediately ~~1~~**[**and section 1
2 shall expire one year after enactment**]**¹.

3

4

5

6

7 Authorizes school districts to maintain surplus at four percent for
8 2020-2021 and 2021-2022 school years.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

SENATE, No. 2691

STATE OF NEW JERSEY

DATED: FEBRUARY 24, 2021

The Assembly Appropriations Committee reports favorably Senate Bill No. 2691 (1R).

This 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 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 and 2021-2022 school years, the transfer of surplus funds between line items and program categories will not require the approval of the Commissioner of Education.

As reported by the committee, Senate Bill No. 2691 (1R) is identical to Assembly Bill No. 4310, which also was reported by the committee on this date.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

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.

STATEMENT TO

SENATE, No. 2691

with Senate Floor Amendments
(Proposed by Senator GREENSTEIN)

ADOPTED: OCTOBER 29, 2020

These Senate amendments omit section 1 of the bill concerning the anticipation of miscellaneous revenue in local unit budgets. The amendments also permit a school district to maintain a surplus of four percent of its budgeted general fund for the 2021-2022 school year and make a technical change to the effective date of the bill.

ASSEMBLY, No. 4310

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED JUNE 25, 2020

Sponsored by:

Assemblyman DANIEL R. BENSON

District 14 (Mercer and Middlesex)

Assemblyman RONALD S. DANCER

District 12 (Burlington, Middlesex, Monmouth and Ocean)

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.



(Sponsorship Updated As Of: 10/29/2020)

A4310 BENSON, DANCER

2

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4310

STATE OF NEW JERSEY

DATED: AUGUST 10, 2020

The Assembly Education Committee reports favorably Assembly Bill No. 4310.

This bill permits a local unit, due to the financial impacts of COVID-19, to include in its budget miscellaneous revenues from any source as an anticipated revenue 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 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.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4310

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 24, 2021

The Assembly Appropriations Committee reports favorably Assembly Bill No. 4310, with committee amendments.

As amended, this bill provides that for the 2020-2021 and 2021-2022 school years, 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 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 and 2021-2022 school years, the transfer of surplus funds between line items and program categories will not require the approval of the Commissioner of Education.

As amended and reported by the committee, Assembly Bill No. 4310 is identical to Senate Bill No. 2691 (1R), which also was reported by the committee on this date.

COMMITTEE AMENDMENTS

The committee amended the bill to:

- delete language concerning the anticipation of miscellaneous revenue in local unit budgets from the title;
- remove section 1 of the bill concerning the anticipation of miscellaneous revenue in local unit budgets;
- permit a school district, other than a county vocational school district, to maintain an undesignated general fund balance of four percent of the budgeted general fund for the prebudget year and use or transfer such funds between line items and program categories without approval from the Commissioner of Education for the 2021-2022 school year; and
- make a technical change to the effective date of the bill.

FISCAL IMPACT:

This bill is not certified as requiring a fiscal note.

Governor Murphy Takes Action on Legislation

03/15/2021

TRENTON – Today, Governor Murphy signed the following bill into law:

S-2691/A-4310 (Greenstein, Pou, Turner/Benson, Dancer, Houghtaling) – Authorizes school districts to maintain surplus at four percent for 2020-2021 and 2021-2022 school years