

ASSEMBLY, No. 3585

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED FEBRUARY 25, 2020

Sponsored by:

Assemblywoman NANCY J. PINKIN

District 18 (Middlesex)

SYNOPSIS

Requires New Jersey Educational Facilities Authority to annually prepare report on debt held by public institutions of higher education.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning reports on debt held by public institutions of
2 higher education and supplementing chapter 72A of Title 18A of
3 the New Jersey Statutes.

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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. a. The New Jersey Educational Facilities Authority shall
9 annually publish a report detailing the debt ratio and debt burden
10 ratio for each public institution of higher education in the prior
11 academic year. The debt ratio shall be calculated as follows:

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$$\text{debt ratio} = \text{expendable net assets} / \text{long-term debt}$$

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15 For the purposes of the calculation, expendable net assets shall
16 include unrestricted and restricted expendable net assets, except
17 those that are invested or to be invested in fixed assets, and long-
18 term debt shall include all amounts borrowed for long-term
19 purposes from third parties, and shall include all notes, bonds,
20 loans, and capital leases that impact the institution's credit, whether
21 or not the institution directly owes the obligation. The debt burden
22 ratio shall be calculated as follows:

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$$\text{debt burden ratio} = \text{debt service due} / \text{total expenditures}$$

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26 b. The authority shall submit the report to the Governor, and to
27 the Legislature pursuant to section 2 of P.L.1991, c.164 (C.52:14-
28 19.1), no later than January 1 following the academic year for
29 which the report is prepared.

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31 2. This act shall take effect immediately and shall first be
32 applicable to the first full academic year beginning after the date of
33 enactment.

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STATEMENT

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38 This bill requires the New Jersey Educational Facilities
39 Authority to annually submit a report to the Governor and
40 Legislature detailing the debt ratio and the debt burden ratio for
41 each public institution of higher education. The bill defines the
42 debt ratio as an institution's expendable net assets divided by its
43 total long-term debt, while the debt burden ratio is defined as the
44 institution's debt service due divided by its total expenditures.