ASSEMBLY, No. 5279

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED JANUARY 27, 2021

Sponsored by:
Assemblyman RONALD S. DANCER
District 12 (Burlington, Middlesex, Monmouth and Ocean)

SYNOPSIS

Permits transfer of school district capital reserve account funds to general fund for current general fund expenses in certain circumstances.

CURRENT VERSION OF TEXT

As introduced.

AN ACT concerning the transfer of certain school district funds and supplementing P.L.1979, c.294 (C.18A:22-8.1 et seq.).

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

1. Notwithstanding the provisions of section 3 of P.L.1979, c.294 (C.18A:22-8.2), N.J.S.18A:21-4, or any other law, rule, or regulation to the contrary, the board of education of a school district that experiences a reduction in State school aid from the prior school fiscal year may make a transfer under section 2 of P.L.1979, c.294 (C.18A:22-8.1) from the district's capital reserve account to the general fund to support the current general fund expenses of the school district. The amount of a transfer made pursuant to this section shall not exceed the difference between the amount of State school aid allocated to the district in the prior school fiscal year and the amount of State school aid allocated to the district in the current school fiscal year.

2. This act shall take effect immediately.

STATEMENT

This bill permits a school district that experiences a reduction in State school aid from the prior school fiscal year to transfer funds in the district's capital reserve account to the general fund to support the current general fund expenses of the school district. The amount of a transfer made pursuant to the bill would not exceed the difference between the amount of State school aid allocated to the district in the prior school fiscal year and the amount allocated to the district in the current school fiscal year.

Under current law, a board of education is prohibited from using its capital reserve account for current expenses of the general fund. In addition, no school budget transfers may be made from appropriations or surplus accounts for: 1) interest and debt redemption charges; 2) capital reserve account; or 3) items classified as general fund expenses except to other items so classified, or to the capital projects fund to supplement the proceeds from a bond authorization or lease purchase agreement upon application to and a formal finding by the Commissioner of Education that the transfer is in the best interest of both the students and taxpayers of the district after consideration of alternative corrective actions.