

[First Reprint]

ASSEMBLY, No. 447

STATE OF NEW JERSEY

221st LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2024 SESSION

Sponsored by:

Assemblyman JOE DANIELSEN

District 17 (Middlesex and Somerset)

Assemblywoman PAMELA R. LAMPITT

District 6 (Burlington and Camden)

SYNOPSIS

Authorizes establishment of charter school payment reserve account in school districts.

CURRENT VERSION OF TEXT

As reported by the Assembly Education Committee on May 6, 2024, with amendments.



1 AN ACT authorizing the establishment of a charter school payment
2 reserve account in school districts and amending P.L.2007, c.62.

3

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

6

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

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

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

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

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

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

41 As used in this paragraph, "school security improvements"
42 means school security improvements, including improvements to
43 school facilities, which are limited to safety and security measures
44 involving building monitoring and communication technology

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 May 6, 2024.

1 designed to address school crime and the safety of students, staff,
2 and visitors to school facilities. School security improvements may
3 include, but need not be limited to: security cameras to monitor the
4 school; an electronic notification system that automatically notifies
5 parents in case of a school-wide emergency; an automatic door
6 locking system for access control; and a badge system for school
7 employees.

8 (2) Debt service reserve account in the debt service fund for
9 proceeds from the sale of district property. The funds in the reserve
10 shall be used to retire outstanding debt service obligations of the
11 district. The reserve shall be liquidated within the lesser of five
12 years from its inception or the remaining term on the obligations.
13 Any remaining balance shall be used for tax relief.

14 (3) Federal impact aid reserve account in the case of a school
15 district that receives federal impact aid pursuant to section 8002,
16 8003, 8007, or 8008 of the Elementary and Secondary Education
17 Act of 1965 (20 U.S.C. s.7702, 7703, 7707, or 7708). A board of
18 education may appropriate federal impact aid funds to establish or
19 supplement the reserve account in the district's annual budget, or
20 through a transfer by a two-thirds affirmative vote of the authorized
21 membership of the board between June 1 and June 30, for
22 withdrawal in any subsequent school year. Any transfer to the
23 reserve account shall not exceed the total amount of federal impact
24 aid received in the fiscal year. The board, at its discretion, may use
25 the funds in the reserve account to finance the district's general fund
26 or to finance school facilities projects, in a manner consistent with
27 federal law. The total amount of funds on deposit in the reserve
28 account shall not be limited.

29 (4) Charter school payment reserve account. In the case of a
30 school district that has received authorization to budget an amount
31 for charter school payments for the school year that is less than the
32 projected payment determined by the department, the funds in the
33 reserve account shall be used to finance any increase in payments
34 due to charter schools between the projected payment determined
35 by the department and the revised payment based on the charter
36 schools' average daily enrollment as of October 15 of the school
37 year. A board of education may appropriate funds to establish or
38 supplement the reserve account in the district's annual budget or
39 through a transfer by board resolution at year end of any
40 unanticipated revenue and unexpended line-item appropriation
41 amounts. ¹【The account shall not exceed 15 percent of the total
42 projected payments to charter schools for the school year.】¹

43 d. (1) All reserve accounts shall be established and held in
44 accordance with GAAP and shall be subject to annual audit. Any
45 capital gains or interest earned shall become part of the reserve
46 account; except that in the case of a charter school payment reserve
47 account, a school district may annually or more frequently, by the
48 adoption of a resolution by the board of education, transfer any

1 interest earned on the investments in the account to the general
2 fund. A separate bank account is not required, however, a separate
3 identity for each reserve account shall be maintained.

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

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

11 (b) report the amount of federal impact aid received, expended,
12 and on deposit in the federal impact aid reserve account at each
13 board of education meeting, and shall include the information in the
14 board secretary's monthly report in a format to be determined by the
15 commissioner; and

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

19 (cf: P.L.2016, c.100, s.1)

20

21 2. This act shall take effect immediately.