

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

E. MARIE HAYES
NJAC President
Cape May County Freeholder

JOHN G. DONNADIO
Executive Director

STATE HOUSE NEWS

June 19, 2020

COVID-19 RELIEF BONDS

Despite earlier reports that the measure was beginning to move, **SENATE, No. 2475** (*Singleton D-7/Gopal D-11*) has stalled for the time being in the Senate Community and Urban Affairs Committee.

In summary, this legislation would allow counties and municipalities to borrow moneys through the issuance of bonds and notes to cover unanticipated emergency expenses and revenue shortfalls directly attributable to the COVID-19 public health crisis. More specifically, the legislation would authorize a local unit to incur indebtedness, borrow money, and issue "Coronavirus Relief Bonds," which would be payable from, and secured by a pledge of, ad valorem taxes levied upon all the taxable property within the local unit without limitation as to rate or amount. The process for authorizing the issuance of bonds under this bill would follow the process currently applicable to the issuance of refunding bonds under the "Local Bond Law," except that a local unit would not be required to secure Local Finance Board approval unless: the local unit seeks to issue bonds in an amount that exceeds 30% of the local unit's prior year budget; or, the local unit seeks to issue bonds with a repayment term longer than 10 years. The General Assembly passed the companion version **ASSEMBLY, No. 3971** (*Benson D-14/Coughlin D-19*) on May 15th by a vote of 56-20-4. NJAC supports this legislation as it would provide a valuable mechanism to help navigate the unprecedented budget challenges all local governing bodies will undoubtedly face because of the COVID-19 public health crisis.

DEFICIT FINANCING

Similar to COVID-19 Relief Bonds, but different as outlined in the table below, Senator Troy Singleton (*D-7*) recently introduced **SENATE, No. 2564**, which would authorize local governing bodies to borrow money to address deficits and emergency appropriations related to the COVID-19 public health crisis.

In general, this legislation would authorize local governing bodies to borrow the amount of an anticipated deficit in operations, an actual deficit in operations, or both. The bill would define the term deficit in operations as a deficit balance

reported on a local governing body’s operation’s schedule in its annual financial statement. The deficit would be treated as a cash deficit under the Local Bond Law and as an emergency for refunding bond purposes under the statutes governing the issuance of refunding bonds. The measure would require counties and municipalities to vote by 2/3 of its full membership to authorize the borrowing. This bill would also allow local governing bodies, by 2/3 of its full membership, to authorize COVID-19 emergency appropriations for immediate preparation, response, recovery, and restoration of public services during the current state of emergency or public health emergency declared by the Governor.

The measure would allow local governing bodies to finance such deficits and emergencies for a period of up to 7 years. The bill would further prohibit borrowing monies that may be considered duplicative of financial assistance provided to local governing bodies from the federal government, the State, or other sources to address deficits in operations or emergency appropriations. S-2564 is currently in the Senate Community and Urban Affairs Committee awaiting consideration and a companion version does not currently exist in the General Assembly. *Thank you to Bergen County Finance Officer Joe Luppino for his help with summarizing the difference between the two funding mechanisms as outlined in the table below and to Marc Pfeiffer with the Rutgers Edward J. Bloustein School of Planning & Public Policy for recommending the initiative as tool to assist counties and municipalities effectively manage their budgets during this unprecedented public health crisis.*

DESCRIPTION	COVID-19 RELIEF BONDS	DEFICIT FINANCING
APPLICABLE LAW	Local Bond Law	Local Budget Law
GENERAL USES	Loss of Revenue & Unanticipated Expenses	Deficits in Operations & Emergency Appropriations
GENERAL LIMITATIONS	30% of Prior Year’s Budget	Deficits in Operations & Emergency Appropriations
FINANCING DURATION	10 Years	7 Years
BUDGET YEARS	24 Months Following State of Emergency	12 months Year of the Deficit
GOVERNING BODY APPROVAL	2/3 Majority	2/3 Majority
BENEFITS	Flexible	Conservative

NJAC supports the above legislation for the same reasons it supports S-2745 and because counties and municipalities should have the ability to utilize as many resources and tools as possible to address the challenging fiscal times that lie ahead.

FUNDING FOR THE AGED AND DISABLED

On June 15th, the Senate amended and passed by a vote of 28-4 **SENATE, No. 2400** (*Sweeney D-3/Brown R-2*), which would provide for temporary modifications to the payment and use of certain casino gaming taxes and fees due to the COVID-19 public health crisis.

Thank you to Senate President Sweeny as the bill's sponsor for addressing NJAC's concerns with the measure as introduced, and to NJ COST of their steadfast advocacy. Of significance to county paratransit services, the bill as amended would require appropriations for State Fiscal Year 2021 from the Casino Revenue Fund for the Senior Citizens and Disabled Residents Transportation Assistance Program (SCDRTAP) to be given priority consideration to ensure that the program receives an amount equal to the amount received in State Fiscal Year 2019. The amendments would also limit the gross gaming revenue adjustment to 12 months from reopening instead of 24 months. NJAC is grateful for the changes as they would guarantee critical funding for county paratransit services that provide life sustaining transportation for senior citizens, persons with disabilities, veterans, and dialysis patients. S-2400 and the companion version **ASSEMBLY, No. 4032** (*Greenwald D-6*) are on Second Reading in the General Assembly.

ENTERTAINMENT AND RETAIL

Thank you to Senator Paul Sarlo (*D-36*) and Assemblywoman Holly Schepisi (*R-39*) for their help and leadership in addressing NJAC's initial concerns with much-needed legislation designed to help the struggling entertainment and retail industry.

In summary, **SENATE, No. 2522** would permit certain entertainment and retail activity during the current public health emergency. As introduced and with respect to county government, the measure, in part, would have authorized a municipality to close a county road without county approval under certain circumstances. As amended and unanimously passed by the Senate, the measure would now require county approval within 48 hours after receiving a request from a municipality to close a county road for the reasons set forth in the bill. This change and timeline would streamline the permitting process, ensure that a municipality maintains the requisite insurance liability coverage, and allow counties to manage the flow of traffic on other county roads that may be affected by the road closure.

More specifically, this legislation would authorize restaurants, bars, and breweries to sell food and beverages, including alcoholic beverages if so licensed, to patrons for consumption at outdoor tables in certain public rights-of-ways during the COVID-19 public health emergency. The public rights-of-ways include municipal and county streets, roads, and parking lots that have been authorized and approved by the respective municipal or county governing body. The substitute also allows restaurants, bars, and breweries to sell food and beverages, including alcoholic beverages if so licensed, to patrons for consumption at outdoor tables on their own property, with certain restrictions, during the period of the COVID-19 emergency. The permitted outdoor spaces would include patios, decks, yards, and parking lots that are owned or leased by the business.

Businesses must apply to the municipal zoning officer, who shall approve compliant applications within five business days. The measure would also require the Division of Alcoholic Beverage Control (ABC) in the Department of Law and Public Safety to issue a special ruling within seven days of the effective date of the substitute to entitle the holders of plenary retail consumption licenses and limited brewery licenses to extend their licensed premises to allow for the sale and consumption of alcoholic beverages in outdoor spaces on specified public rights-of-way and on the licensee's own property without requiring the submission of an application or a fee. The measure would require all business to comply with all municipal ordinances, including those related to hours of operation, hours of service of alcoholic beverages, and noise.

*Special thanks to Monmouth County Administrator Teri O'Connor and Somerset County Director of Planning Walter Lane for their help and patience in crafting an amendment that protects local governing bodies and preserves the intent of the bill to help restaurants and businesses with a long-awaited reopening. On June 15th, the Senate unanimously passed S-2522; and, on June 18th, the Assembly State and Local Government Committee favorably reported **ASSEMBLY, No. 4190** (Schepisi D-39/Burzichelli D-3), which is now on Second Reading.*

UTILITY PAYMENTS

On June 15th, both houses unanimously passed and sent to the Governor **ASSEMBLY, No. 4126** (Egan D-17/Pinkin D-18) (Greenstein D-14/Cruz Perez D-5), which would permit local governing bodies and authorities to waive interest and lien enforcement for certain delinquent water and sewer utility payments during emergency circumstances.

In summary, this legislation would authorize that whenever the Governor declares a public health emergency or a state of emergency, or both and for a period of up to 90 days thereafter, a sewerage authority, a county or municipal utilities authority, or a county or municipality responsible for the administration of a sewerage or water utility may refrain from taking the following actions: charging interest on a

delinquent payment; placing a lien on a parcel of real property for the unpaid balance for any service charge and all interest accruing thereon; or, discontinuing the service of any property for the failure to pay any amount owing. The bill would require that the discretionary authority provided to local governing bodies and authorities must be applied consistently to all properties, or to all properties of the same use type or other appropriate category. The bill would categorize a qualifying emergency as a flood, hurricane, superstorm, tornado, natural disaster, or public health emergency. Governor Murphy is expected to sign A-4126 into law.

PROJECT LABOR AGREEMENTS

On June 18th, both houses passed and sent to the Governor **SENATE, No. 1370** (*Sweeney D3/Scutari D-22*)(*DeAngelo D-14/D-15*), which would expand the permissible use of project labor agreements (PLAs) to include the option of using PLAs for highways, bridges, pumping stations, and water and sewage treatment plants.

Current law authorizes use of PLAs for construction, reconstruction, demolition, or the renovation of buildings at the public's expense. The bill would not change the requirement that PLA eligible projects must be worth at least \$5.0 million and subject to the prevailing wage law. Although the measure is permissive, so NJAC does not oppose the bill, the private sector unions will likely mount significant pressure on certain governing bodies to use PLAs for the new projects authorized under the bill. Although some support the use of PLAs as they may provide for more predictable costs and ensure the timely completion of large-scale projects, PLAs may also prove more costly as such agreements require paying the prevailing wage and may prevent small businesses from bidding on certain projects.

ELECTRONIC CONSTRUCTION PROCUREMENT

On June 18th, the Assembly State and Local Government Committee favorably reported **ASSEMBLY, No. 3785** (*Greenwald D-6/Mazzeo D-2*); and, on June 16th, the Senate unanimously passed **SENATE, No 2085** (*Sweeney D-3/Oroho R-24*), which would establish the "Electronic Construction Procurement Act.

In summary, this legislation would permit local governing bodies, county colleges, and school districts to use an electronic procurement process for public works construction contracts. The electronic construction procurement process to be used by those public entities would be the process developed by the Director of the Division of Local Government Services (DLGS) in the Department of Community Affairs (DCA) by regulations promulgated for the electronic procurement practices authorized in the Local Unit Electronic Procurement Act. Additionally, the bill would require State contracting units, including State colleges, to use an electronic procurement process for public works construction contracts when the project requires public advertisement.

The bill would require the State Treasurer to promulgate regulations to effectuate this public works construction electronic procurement requirement. The regulations would set forth each of the steps the State Treasurer deems appropriate to be taken by each State contracting unit for contracts that meet those criteria. The regulations also would set forth a procedure to be followed for the awarding of a contract for the administration of the electronic procurement process.

INFECTIOUS DISEASE PREPAREDNESS STUDY COMMISSION

On June 15th, the Senate unanimously passed **SENATE, No. 2500** (*Singer R-30/Vitale D-19*), which would establish the “Local and County Health Department Infectious Disease Preparedness Study Commission.”

In general, the purpose of the commission would be to study the roles and responsibilities of local and county health departments and the response of local and county health departments to COVID-19. The legislation would require the commission to review the following: the general roles and responsibilities of local and county health departments in New Jersey and in other states; the role of local and county health departments in the administration of immunizations; the response of local and county health departments during the COVID-19 pandemic in New Jersey and in other states; the communication and coordination between local and county health departments and state health departments prior to and in response to the COVID-19 pandemic in New Jersey and in other states; the communication and coordination between local and county health departments and hospitals and long-term care facilities prior to and during the COVID-19 pandemic in New Jersey and in other states; policies and procedures implemented by local and county health departments to respond to an infectious disease outbreak and to curb the spread of the disease; and, recommendations as to how local and county health departments may better respond to an infectious disease outbreak.

The measure would require the commission to consist of 11 members as follows: the Commissioner of Health, the chairs of the Assembly Health Committee and the Senate Health, Human Services and Senior Citizens Committee, who would serve as co-chairs of the commission, and eight representatives of local and county health departments from the southern, central, and northern regions of the State. The legislation would require that no later than 12 months after its initial meeting, the commission must prepare and submit a written report to the Governor and to the Legislature presenting its analysis of the roles and responsibilities of local and county health departments and the response of local and county health departments to COVID-19. S-2500 is currently in the Assembly Environment and Solid Waste Committee awaiting consideration with no companion version at this time.

THE GREAT UNKNOWNNS THAT COMMUNITY COLLEGES MUST CONFRONT: REVENUES & ENROLLMENTS

Sheila Noonan, NJ Spotlight, June 8th

Michael McDonough, president of Raritan Valley Community College in Branchburg, has been posting almost-daily COVID-19 updates on the school website for the past several weeks. In time, they could be a historian's treasure — a detailed account of how one community college navigated through the pandemic's uncharted waters. For now, his messages are a mix of practical information for the community; accolades to problem-solving staff members and RVCC Heroes on the front line; and personal perspectives often peppered with pop culture references.

One topic overshadows all of these: money — or the lack of it. As with their four-year public college counterparts, New Jersey's 18 community colleges are facing unprecedented financial challenges, largely because of coronavirus-related reductions in state aid. The Murphy administration's proposal to extend fiscal year 2020 to the end of September sustains state student aid through programs such as Tuition Aid Grants and Community College Opportunity Grants at current levels, but the schools will receive no additional operating aid for those months. "I understand the bigger picture and that the state all of a sudden has this dramatic drop in revenue," said McDonough, noting that RVCC receives about \$6.1 million a year in operating aid from the state. "The domino effect on this institution is almost \$2.5 million in lost state aid."

That's just one revenue source that has dried up. The state's funding for capital improvements is on hold, putting an end to new building projects and renovations on the campus. And the income generated from RVCC's theatrical performances and facility rentals for conferences and summer camps, as well as reduced summer enrollment, have taken a toll of about \$4 million. Chris Reber, president of Hudson County Community College in Jersey City, says the college is facing many of the same challenges — and unique ones, as well. A freeze on state operating aid for fiscal year 2020's fourth quarter resulted in more than a \$1 million drop in funding, and he anticipates losing 25% or more of state aid for FY2021, about \$2 million. Among Hudson's unique situations: Enrollment hit a lull this spring because social-distancing restrictions limited how the school could test and place incoming first-year students. More than 90% of HCCC's new students enroll in one or more English as a Second Language or developmental education courses, but before they can enroll in a class, they need to be tested.

"Testing is typically a labor-intensive, very personal process that's normally done on the ground," said Reber. When in-person evaluations transitioned to remote testing, the college hit another bump: The online evaluation tool they used crashed and was down for several weeks. "We had to immediately find new ways of appropriately testing our students, and it really took a village. All of this does," said Reber. "Our whole college community came together to develop a new, self-directed placement process." Even

with testing ramped up again and a robust return of current students, he said he anticipates a 20% decline in enrollment for fall which translates to a loss of about \$7.5 million in tuition revenue.

Historically, when a weak economy results in high unemployment, community college enrollment increases. People return to finish their degree, gain additional credentials or retrain in another field. If four-year colleges offer only remote instruction this fall, fulfilling general education requirements at a community college is an option for cost-conscious students and their families. Still, fall enrollment at community colleges remains one of many uncertainties brought on by the pandemic. “We expect an eventual enrollment increase unless this is different than any other cycle ... and community colleges will be an engine for economic recovery,” said Reber. Until then, the state’s community colleges are looking for ways to make up for lost revenues and unanticipated expenditures, such as for deep cleaning of campuses and additional technology investments. HCCC purchased \$200,000 worth of laptops this spring to be used as loaners to students who did not have their own.

Emergency money has come from the federal government through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In its initial funding this April, community colleges shared in the \$289 million distributed to New Jersey public higher education institutions: HCCC received \$8.4 million, the largest share among the state’s community colleges because of its high percentage of Pell grant recipients, and RVCC was given \$3.8 million, half of which is being distributed to students. Even still, McDonough said he believes the formula used to calculate aid was inequitable. “The funds were allocated based on how many full-time students you have. Well, community colleges historically have many more part-time students enrolled,” he said, noting that about 65% of RVCC students are part-time. “Students at all community colleges, not just RVCC, deserve as much support as students anywhere. It’s not a question that I want to take money away from other institutions, but I think we need to recognize what’s going on and how it really hurts community colleges and their students.”

There are other CARES Act sources of higher education funding, including \$11.9 million for qualifying minority-serving institutions, a \$69 million Governor’s Emergency Education Relief Fund (GEER) block grant and another \$300 million that’s restricted to pandemic-related expenses. While these are large sums of money for which college administrators said they are grateful, once distributed among all the state’s public colleges, the individual totals still won’t make up for the revenue losses. For example, based on previous distributions of state aid, McDonough anticipates RVCC will receive between \$400,000 and \$500,000 of the \$69 million in GEER funds.

Unlike four-year schools, most community colleges don’t have large endowments or reserves to tap, but similarly have turned to hiring freezes and spending reductions. Some have laid off staff, including at RCCC, which after the spring semester ended, reduced its part-time, nonteaching staff by 97, nearly half of its pre-pandemic roster.

Like the four-year colleges, community colleges transitioned to online instruction midway through the spring semester. Even the best online instruction can't replicate what some students need to learn to complete their degree or certificate: hands-on proficiency in labs or studios. That's why the state Department of Higher Education developed a limited-exception waiver process by which colleges can apply to allow students to return to campus during shutdown and complete certain coursework.

As of June 3, according to a department spokeswoman, 27 waiver requests have been received from two- and four-year colleges; 14 have been approved, and about a dozen are under review. "It's a formal process through which we submitted fairly detailed documentation," said McDonough. "The students we're bringing back were enrolled in spring classes and can now complete them. I'm grateful to the secretary of higher education for allowing us to do this. Many of these programs are directly linked into students getting jobs and re-entering the economy." The college plans to apply for additional waivers in areas such as nursing, art, lab science and workforce training. The waiver, McDonough added, gives RVCC the ability to pilot its new social-distancing classroom protocols. "We'll do everything we can to keep students and faculty safe, and make any adjustments we need to make. It's a first step to what we hope will be bringing more students back in the fall," he said.

Koral Booth's story is one community colleges want to tell, especially as the coronavirus's economic toll has many New Jerseyans, from recent high school graduates to suddenly jobless adults, wondering about their future. It's students such as Booth, who have not taken a linear educational path and/or are the first in their families to attend college, that community colleges have expertise in assisting. At HCCC, one-third of students were born outside the U.S., 87% are nonwhite and 56% are Latino, and many come from homes with very modest financial means. Booth attended a four-year college right after high school, but "I just wasn't ready," she said, turning to a variety of jobs, including medical billing and massage therapy. "They were okay, but I wasn't being fulfilled. I talked about going back to college for a long time, and when I spoke with my parents, they both said, 'I think you should do it.'" In her thirties and the mother of four sons ages 6 to 18, the Jersey City resident enrolled in Hudson County Community College as an English major. Her goal was to go to class, get good grades and return to her family — nothing more. "It was a difficult adjustment at first, feeling out of place being the oldest person in the classroom," she said. "It took me a full semester to get into the swing of things."

Once that happened, there's been no looking back for Booth, a member of the National Society of Leadership and Success honor society, campus peer leader, creative writer and poet, and now, at 41, ready to tackle a dual-enrollment program at St. Peter's University in Jersey City on a full scholarship. She expects to complete her bachelor's degree in communications with a minor in urban studies, as well as a master's degree in higher education, at 45, with the possibility of pursuing her doctorate. The next phase of

her education, while eagerly anticipated, is also bittersweet for Booth. “I was really nervous about graduating from Hudson because it’s like leaving my family. But they said, ‘You’ve done everything you need to do here. It’s time for you to go,’” she said. “People think a community college is a place to go because you can’t afford a four-year school or that it’s not as good as a four-year. I’ve had better experiences at Hudson than I had when I was 17. I’d say to those thinking about community college to go, do what you love and take that chance.”

UPCOMING NJAC EVENTS: Make sure to mark your calendars for NJAC’s Annual Celebration of County Government rescheduled for 10/27 – 10/29 at Caesars in Atlantic City.

STATE HOUSE TRIVIA: Did you know that the top 5 summer movies of all time include (5) Friday the 13th (4) Fast Times and Ridgemont High (3) Jaws (2) Grease (1) The Sandlot

“A perfect summer day is when the sun is shining, the breeze is blowing, the birds are singing, and the lawn mower is broken.” James Dent