

May 4, 2020

**ASSEMBLY BILL NO. 3842**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 3842 without my approval.

This bill would establish a "Bridging the Digital Divide in Schools Grant Program" in the Department of Education ("Department"). The program would allocate grants to school districts, charter schools, renaissance school projects, and nonpublic schools to provide or expand access to education technology for students whose families do not have the means to purchase technology equipment such as laptops, tablets, or electronic mobile devices, or who lack Internet access at home. The bill would appropriate from the General Fund an unspecified amount "as may be necessary" to effectuate its purposes.

I commend the bill's sponsors for recognizing the challenges that home instruction presents to students and families with limited resources or who lack Internet access in their homes. I share the sponsors' commitment to removing barriers to remote learning so that all students may fully participate in the virtual classroom experience during this unprecedented time. However, the open-ended appropriation authorized by this bill would trigger an indeterminate, unbudgeted cost, potentially amounting to many tens of millions of dollars. Even under normal circumstances, I would be hesitant to endorse a bill with such far-reaching fiscal implications outside of the annual budget negotiation process; the State's current budgetary and economic conditions compel even greater restraint.

The COVID-19 pandemic is having a profoundly negative impact on the State's economy and finances. In order to ensure sufficient cash flows are available to meet emergency and statutorily required obligations through the end of the fiscal year, over \$1 billion in items of appropriation have been placed into reserve since March.

The hard reality is that we will be facing unprecedented budgetary challenges in the coming months and beyond. I have been advised by the State Treasurer that we expect this pandemic to cause precipitous declines in revenues both in Fiscal Year 2020 and Fiscal Year 2021.

Fortunately, federal assistance may be available to achieve the purposes contemplated in the bill. The Coronavirus Aid, Relief, and Economic Security (CARES) Act's Elementary and Secondary School Emergency Relief Fund ("ESSERF") provides funding to address the impact that the COVID-19 pandemic has had on elementary and secondary schools across the country. New Jersey's ESSERF allocation totals over \$310 million. At least 90 percent of the funding (approximately \$280 million) will be allocated by the Department to local districts to provide educational services to their students, pursuant to a federally established formula. A maximum of ten percent of the ESSERF allocation may be reserved for State-level "emergency needs . . . to address issues responding to coronavirus."

The ESSERF funds allocated to the districts will be used at the districts' discretion and in accordance with their local needs. For those districts whose students lack the equipment or technology necessary to fully implement remote learning plans, the ESSERF funds will be available to assist them in the purchase of laptops, tablets, hot spot access, and other devices for the students who need them. Notably, the district allocation formula established by the federal government is based on economic need. This should further enhance the ability of those districts with the largest number of children living in poverty to bridge the so-called digital divide.

As my Administration continues to fight for direct assistance from our federal government, there are steps that our State must take on its own to secure our budgetary and cash flow position. Among the most crucial is swift passage of the New Jersey COVID-19 Emergency Bond Act ("Bond Act"), which will allow New Jersey to access billions

of dollars in loans through the federal lending facility and the public and private markets. Passing the Bond Act is essential to ensuring the State can meet its short-term obligations in light of present revenue and liquidity challenges.

While I wholeheartedly share the sponsors' concerns for taking necessary steps to meet the critical educational needs of New Jersey's schools and students in this time of crisis and thereafter, I am compelled to refrain from approving the new spending authorized by this bill at a time when the State's fiscal circumstances are so dire. I look forward to working closely with my partners in the Legislature in the days and weeks ahead to address the unprecedented budget challenges our State faces so we can ensure New Jerseyans have access to critical services during this time of crisis and recovery.

Accordingly, I herewith return Assembly Bill No. 3842 without my approval.

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor