

SENATE BILL NO. 2293
(Third Reprint)

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2293 (Third Reprint) with my recommendations for reconsideration.

This bill asks voters to approve a one-billion-dollar bond issuance to support significant public investments in education. The bond proceeds would support the modernization and expansion of vocational-technical schools and county colleges, as well as provide critical funding for school security enhancements and water infrastructure projects in school facilities. I applaud the Legislature for identifying these critically important priorities. There are few things as crucial to the strength and vitality of our great State as developing a skilled, well-trained workforce and protecting the health and safety of our school children.

While I certainly endorse the priorities established in this bill, I also believe that their long term fiscal implications must be carefully considered. New Jersey already ranks in the top five states in the nation for tax supported debt. The State's general obligation and State contract bonds currently eclipse \$33 billion, and our overall debt service costs exceed \$4.1 billion in Fiscal Year 2019 alone. As noted in the fiscal note accompanying this bill, the Office of Legislative Services estimates that total debt service payments under this bill, as drafted, likely would range between \$1.726 billion and \$2.168 billion, depending on the interest rate and other market factors. At the lower end of the range, interest payments would total \$726.0 million, or nearly 73 percent of the principal. At the higher end of the range, interest payments would total \$1.168 billion (approximately 117 percent of the principal). Beyond debt service, the State's liabilities also include over \$142.3 billion in net pension liabilities and \$80.2 billion in unfunded,

post-retirement medical liabilities. These liabilities continue to grow each year.

For these reasons, I have made it a priority of my Administration to fund budget priorities with sustainable and recurring revenues, rather than resorting to the one-shot gimmicks so often relied upon by previous administrations. Still, I recognize that sound and responsible budgeting can and often will include bonding to cover long term capital expenses, such as those identified in this bill.

With these considerations in mind, I am recommending revisions to the bill to reduce the total bond issuance to \$500 million, the amount contained in the Legislature's original proposal, and to incorporate technical revisions to ensure that the bonding is used exclusively for capital needs. In partnership, the Legislature and I have made significant and long overdue investments across our public education system. With the voters' support, I am confident that the projects benefiting from the bond issuances contemplated in this bill will continue this progress.

Therefore, I herewith return Senate Bill No. 2293 (Third Reprint) and recommend that it be amended as follows:

<u>Page 2, Title, Line 3:</u>	Delete "\$1,000,000,000" and insert "\$500,000,000"
<u>Page 3, Section 2, Line 44:</u>	Delete "school district"
<u>Page 3, Section 2, Line 45:</u>	After "projects" insert "and security projects in schools,"
<u>Page 4, Section 2, Line 45:</u>	Delete "and facilities"
<u>Page 4, Section 2, Line 46:</u>	After "thereof," insert "at county vocational schools and county colleges"
<u>Page 5, Section 2, Line 3:</u>	Delete "or for the purpose of school facility security upgrades in"
<u>Page 5, Section 2, Line 4:</u>	Delete "education buildings,"
<u>Page 5, Section 2, Line 7:</u>	After "of" insert ": (1)"
<u>Page 5, Section 2, Line 8:</u>	After "schools" insert "; and (2) security projects in school districts"
<u>Page 5, Section 2, Line 16:</u>	After "(C.18A:3B-47)" insert ""Security project" means the construction, improvement,

alteration or modernization of all or any part of a school in a school district for school security purposes, including alarms and silent security systems. Security project shall not include routine maintenance."

- Page 5, Section 4, Line 31: Delete "\$1,000,000,000" and insert "\$500,000,000"
- Page 5, Section 4, Line 33: Delete "\$400,000,000" and insert "\$350,000,000"
- Page 5, Section 4, Line 34: After "grants" insert "and for school security project grants to schools"
- Page 5, Section 4, Line 37: Delete in its entirety
- Page 5, Section 4, Line 38: Delete "facility security grants ;"
- Page 5, Section 4, Line 39: Delete "d." and insert "c."
- Page 6, Section 4, Line 25: Delete "facility security" and insert "security project"
- Page 6, Section 4, Line 26: After "commissioner" insert ", in consultation with the New Jersey Schools Development Authority"
- Page 6, Section 4, Line 35: Delete "This matching requirement may be met,"
- Page 6, Section 4, Lines 36-38: Delete in their entirety
- Page 6, Section 4, Line 41: Delete "facility security" and insert "security project"
- Page 14, Section 22, Line 1:

	<p>²[CAREER AND TECHNICAL EDUCATION ¹AND SCHOOL SECURITY¹] SECURING OUR CHILDREN'S FUTURE² BOND ACT</p> <p>Do you approve the ²["Career and Technical Education ¹and School Security¹] "<u>Securing Our Children's Future² Bond Act</u>"? This bond act authorizes the State to issue bonds in the aggregate principal amount of ¹[\$500] ²[\$750¹ million] "<u>[\$1 billion²] \$500 million</u>". The money from the sale of the bonds would be used to provide grants to ¹schools,¹ ³school districts,³ county vocational school districts ¹ and county colleges. Money from the grants would be used to build, equip, and expand facilities to increase career and technical education program capacity¹. <u>Money would also be used for school [facility] security</u></p>
YES	

	<u>upgrades¹ and school district water infrastructure improvement projects³.</u>
NO	<p>INTERPRETIVE STATEMENT</p> <p>This act would allow the State to borrow a total principal amount of ¹[\$500] ²[\$750¹ million] “¹[\$1 billion²] \$500 million”. This money would be used to provide grants to county vocational school districts and county colleges to construct and equip buildings to increase capacity in career and technical education programs. <u>¹The money would also be used to provide grants for school [facility] security projects at kindergarten through grade 12 schools.¹</u> <u>³The money would also be used to provide grants for school district water infrastructure improvement projects.³</u> “[Four hundred]” ³[fifty]³ “Three hundred fifty” million dollars would support county vocational school district projects “and school security projects”. Fifty million dollars would support county college projects. ²[¹Two hundred fifty] ³[Five hundred²] [Four hundred fifty³ million dollars would support school facility security projects.¹] ³One hundred million dollars would support school district water infrastructure improvement projects.³</p>

Respectfully,

/s/ Philip D. Murphy

Governor

[seal]

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor