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Governor Freezes Most Transition Aid

Upon signing the FY 2020 State budget, Governor Murphy issued [Executive Order 73](#), which impounds up to \$235 million in spending, and is not subject to a potential override. Specifically, EO 73 directs the Department of Treasury, Office of Management and Budget (OMB) to reserve \$235 million in discretionary spending. The OMB will monitor and release this funding if sufficient resources and when anticipated savings are realized. [A full list of frozen spending is available.](#)

We learned today that among the \$235 million which is reserved is almost \$105 million in transitional aid. For background, the Governor's proposed budget included this nearly \$105 million, which was then increased by \$10 million by the Legislature.

For background, Governor Christie took similar action in 2016 following his signing of the State FY 2017 budget. Governor Christie Executive Order 209 held state funds in reserve, including Transition Aid and some transportation funding, and called for agreement on State Health Benefits to be achieved by the "Plan Design Committee." In that circumstance, the Plan Design Committee took the appropriate action and the funding was eventually released.

Also for background, Transitional Aid is, according to the Office of Legislative Services, (OLS), "...the State's only discretionary municipal financial assistance program. Transitional aid is awarded to help municipalities **in serious fiscal distress meet immediate budgetary needs.**" (Emphasis added.)

According to the "Individual Certifications of Municipal State Aid," which are available on the DCA's website, the following municipalities received Transitional Aid in **Calendar Year 2018/Fiscal Year 2019:**

Atlantic City, \$3.9 million
Camden, \$22.3 million
Nutley, \$4.1 million
Paterson, \$33 million
Penns Grove, \$0.45 million
Salem, \$1.4 million
Seaside Heights, \$1.19 million
Trenton, \$6 million
Union City, \$20 million

These awards total \$92.34 million. The current list of municipalities seeking transition aid is not available as this time as the State is in the middle of the application process.

The League has been in contact with the Administration objecting to this maneuver and seeking guidance. In particular, we are concerned with the impacted municipalities which operate on a calendar year budget, as the budget was likely certified assuming these revenues and we are now just over halfway through the budget year.

We will advise you of developments.

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