

May 4, 2020

ASSEMBLY BILL NO. 3856

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I herewith return Assembly Bill No. 3856 without my approval.

This bill would provide a Fiscal Year 2020 supplemental appropriation of \$10 million from the General Fund to provide financial assistance to health care and residential facilities for the purpose of meeting the sanitation demands imposed by the COVID-19 pandemic. Among the facilities eligible for the assistance are nursing homes, long-term care facilities, senior centers, State developmental centers, group homes for individuals with medical needs, and State psychiatric hospitals. Relevant commissioners, including the Commissioners of Health, Human Services, Children and Families, and Community Affairs, would determine the methodology for allocating the funds across the eligible facilities.

I commend the bill's sponsors for their efforts to assist our health care and residential facilities in managing the increased demands posed by the COVID-19 pandemic. Nursing homes and long-term care facilities are among the most at-risk for COVID-19 outbreaks. When the vulnerable populations who reside in these facilities are exposed to the virus, the results are especially devastating. Vigilant cleaning and disinfecting of equipment, frequently touched surfaces, and communal areas are especially critical to control the spread of infection and protect our most at-risk residents.

While I certainly understand the urgent need for the resources that would be made available through this bill, my action must be dictated by consideration of the State's current budgetary and economic conditions. 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. While I absolutely share the sponsors' appreciation of the increased sanitization demands at these facilities, it is incumbent upon us to make informed decisions in full consideration of our budgetary and cash flow position.

Fortunately, federal assistance may be available to achieve the purposes contemplated in this bill. Under the President's approval of my request for a major disaster declaration for the State of New Jersey, government entities and eligible non-profits, such as public and non-profit health care facilities, may be eligible to apply for assistance under the Federal Emergency Management Agency ("FEMA") Public Assistance Program. Under the Public Assistance Program, FEMA may reimburse eligible entities for a portion of certain costs of emergency protective measures necessary to protect the health and safety of impacted communities, including for costs associated with cleaning and disinfecting equipment. To access this program, health care facilities should continue to work closely with their county and State emergency management partners to determine whether any COVID-19 related expenses can be reimbursed by FEMA.

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 fiscal 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.

Although I wholeheartedly support providing supplemental assistance to our health care facilities to protect the residents and frontline providers who live and work there, I cannot approve 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. 3856 without my approval.

Respectfully,

[seal]

/s/ Philip D. Murphy

Governor

Attest:

/s/ Matthew J. Platkin

Chief Counsel to the Governor