

January 12, 2025

ASSEMBLY BILL NO. 5308

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 5308 with my recommendations for reconsideration.

This Bill would establish a new grant program within the Division of Local Government Services ("DLGS") in the Department of Community Affairs ("DCA") to support management enhancement and efficiency reviews for local government units. The bill would authorize State funding for local government units to contract with qualified consultants to evaluate operations, identify shared services opportunities, and recommend cost-saving and service-delivery improvements. The bill would require a local government seeking to participate in the program to apply to DLGS, which must include the requested grant amount and an explanation of the local government's proposed plans for the grant funding. Any local government that receives a grant under the program would be obligated to contribute twenty-five percent of the grant award amount to the management enhancement review and to identify the proposed sources of its matching funding in its application. In addition, within one year of a grant award, each grant recipient would be required to provide DLGS a report detailing its specific use of the funds and cost savings achieved as a result. In turn, the bill would require DLGS to compile the grant recipients' reports for inclusion in a comparative profile of the participating local government units and post the profile on its website.

I applaud the bill sponsors' efforts to provide targeted financial support from the State to support local governments in identifying opportunities to streamline operations, reduce costs, and evaluate shared services and other efficiency initiatives. Management enhancement and efficiency reviews may produce actionable recommendations that would help local governments improve service delivery to residents and promote fiscal responsibility. Indeed, DCA's Local Efficiency Achievement Program ("LEAP") already serves a similar and complimentary purpose by incentivizing shared services and operational collaboration among local governments across the State,

reducing duplication and advancing cost-saving partnerships through grants provided by DLGS. LEAP grants have supported cooperative opportunities such as EMS service consolidation and shared municipal court service and have proven to be a valuable tool to help towns, counties, school districts, and fire districts deliver services to residents more efficiently.

To ensure that the management enhancement and efficiency review grant program fulfills its intended purpose, which aligns closely with the goals of the LEAP, I am recommending an amendment to Assembly Bill No. 5308 that would mandate that any allocated funds under the bill that remain unawarded or unobligated by June 10, 2026, be reallocated to the LEAP to be used to effectuate the LEAP in accordance with applicable law. This amendment would allow the State to redirect any unspent dollars into a well-established grant program with demonstrated impact to support shared services efforts that benefit our residents and ensure that every dollar appropriated for local efficiency work is put to productive use.

Therefore, I herewith return Assembly Bill No. 5308 and recommend that it be amended as follows:

Page 4, Section 4, Line 8:

After "bill)." insert "Any funds appropriated pursuant to this act that are unawarded or unobligated as of June 10, 2026, shall be reallocated to Local Efficiency Achievement Program (LEAP) of the Department of Community Affairs and shall be used to effectuate the purposes of LEAP in accordance with applicable law."

[seal]

Respectfully,

/s/ Philip D. Murphy

Governor

Attest:

/s/ Kate E. McDonnell

Chief Counsel to the Governor