

18A:55-3. et. al.
LEGISLATIVE HISTORY CHECKLIST
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LAWS OF: 2007 **CHAPTER:** 53

NJSA: 18A:55-3 et. al. (Provides for various school district accountability measures)

BILL NO: A5 (Substituted for S4)

SPONSOR(S) Conaway and Others

DATE INTRODUCED: December 7, 2006

COMMITTEE: **ASSEMBLY:**

SENATE:

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** January 29, 2007

SENATE: January 8, 2007

DATE OF APPROVAL: March 15, 2007

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (First reprint enacted)

A5

[SPONSOR'S STATEMENT:](#) (Begins on page 14 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

LEGISLATIVE FISCAL ESTIMATE: Yes [12-19-06](#);
[2-13-07](#)

S4

[SPONSOR'S STATEMENT:](#) (Begins on page 14 of original bill) [Yes](#)

COMMITTEE STATEMENT: **ASSEMBLY:** No

SENATE: No

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

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FOLLOWING WERE PRINTED:

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REPORTS: Yes

HEARINGS: No

NEWSPAPER ARTICLES: No

NEW JERSEY LEGISLATURE WEB SITE FOR JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM:**ANCILLARY REPORTS FOR JOINT LEGISLATIVE COMMITTEE ON PUBLIC SCHOOL FUNDING REFORM:**

- 974.90 S372, 2006b Committee meeting of Joint Committee on the Public Schools: Scott Weiner, transitional CEO of the Schools Construction Corporation and Barry Zubrow, Chairman, New Jersey Schools Construction Corporation will brief the committee on pertinent issues as well as the Interagency Working Group's latest report. May 25, 2006.
- 974.90 S372, 2006c Committee meeting of Joint Legislative Committee on Public School Funding Reform: the Committee will meet to organize and receive a presentation by the Office of Legislative Services. August 10, 2006.
- 974.90 S372, 2006d Committee meeting of Joint Committee on the Public Schools: superintendents of Abbott school districts will make presentation on school construction issues and the effect of current budget cuts. July 19, 2006.
- 974.90 S372, 2006e Committee meeting of Joint Legislative Committee on Public School Funding Reform: the Committee will hear invited testimony by Molly A. Hunter, Director of the National Access Network at Teachers College, Columbia University; and Michael Griffith, education finance consultant to the National Conference of State Legislatures. August 22, 2006.
- 974.90 S372, 2006f Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony from representatives of various education organizations on cost cutting measures that could be institutes in public schools. September 5, 2006.
- 974.90 S372, 2006g Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony from Mr. Stanley Sanger, Superintendent of the Union City School District; and Mr. Robert Previti, Superintendent of the Brigantine School District, on school district best practices; also testimony from the Department of Education on the components of the state's school aid funding formula. August 29, 2006
- 974.90 S372, 2007h Final Report. Joint Legislative Committee on Public School Funding Reform. December 1, 2006
- 974.90 S372, 2006i Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony from Jay G. Chambers, Ph.D., American Institutes for Research and John M. Yinger, Ph.D., Syracuse University; Dr. Chambers and Dr. Yinger will address the Committee on methods to determine the cost of education. September 19, 2006

- 974.90 S372, 2006k Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony from representatives of the Department of Education on school district accountability, transparency, and monitoring. September 26, 2006
- 974.90 S372, 2006l Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony from Thomas Parrish, Ed.D., Judge Richard F. Wells, and invited representatives of special education service providers and advocates in the delivery of high quality special education programs in a cost-effective manner. October 3, 2006
- 974.90 S372, 2006m Public hearing of Joint Legislative Committee on Public School Funding Reform: testimony regarding the funding of public schools. October 10, 2006
- 974.90 S372, 2006n Committee meeting of Joint Legislative Committee on Public School Funding Reform: testimony presented by Commissioner Lucille E. Davy and Allen Dupree, from the Department of Education, to provide background information to determine a per-pupil cost of education; and Dr. John G. Augenblick will provide background information on his work to assist the Department. October 24, 2006
- 974.90 S372, 2006o Public hearing before Joint Legislative Committee on Public School Funding Reform: testimony from members of the public regarding the funding of public schools. October 17, 2006
- 974.90 S372, 2006p Committee meeting of Joint Legislative Committee on Public School Funding Reform: the committee will meet to consider its final report. November 27, 2006
- 974.90 S372, 2006r Committee meeting: transcript of proceedings. December 7, 2006

§1 - C.18A:55-3
§§2,3 –
C.18A:22-8a &
18A:22-8b
§4 - C.18A:7F-5.3
§5 - C.18A:11-11
& Note to
18A:17-14.1,
18A:17-15,
18A:17-16
§6 –
C.18A:17-20.2a
§7 –
C.18A:17-15.1
§8 –
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§9 - C.18A:23-2.1
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C.18A:11-12

P.L. 2007, CHAPTER 53, *approved March 15, 2007*
Assembly, No. 5 (*First Reprint*)

1 **AN ACT** concerning school district accountability, revising various
2 parts of the statutory law and supplementing Title 18A of the
3 New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. (New section) As a condition of receiving State aid, a school
9 district shall:

10 a. examine all available group options for every insurance policy
11 held by the district, including any self-insurance plan administered
12 by the New Jersey School Boards Association Insurance Group on
13 behalf of districts, and shall participate in the most cost effective
14 plans;

15 b. take steps to maximize the district's participation in the
16 federal Universal Service Program (E-rate) and the ACT
17 telecommunications program offered through the New Jersey
18 Association of School Business Officials;

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate floor amendments adopted December 14, 2006.

1 c. participate in the Alliance for Competitive Energy Services
2 (ACES) Program offered through the New Jersey School Boards
3 Association, unless the district is able to demonstrate to the
4 commissioner that it receives goods or services at a cost less than or
5 equal to the cost achieved by participants in the program;

6 d. take appropriate steps to maximize the district's participation
7 in the Special Education Medicaid Initiative (SEMI) Program, with
8 maximum participation defined by the commissioner; and

9 e. refinance all outstanding debt for which a 3% net present
10 value savings threshold is achievable.

11
12 2. (New section) a. The Commissioner of Education shall
13 promulgate "user-friendly," plain language budget summary forms
14 for the use of school districts. The commissioner shall also
15 promulgate a procedure for the submission by each school district
16 of the required budget summary form to the Department of
17 Education following the approval of the budget.

18 b. The plain language budget summary shall provide the public
19 with information in summary form about the budget of the school
20 district and shall include, in addition to an abbreviated version of
21 the formal budget adopted by the school district, such statistical
22 information as the commissioner determines to be useful for the
23 public's understanding of the school district's fiscal matters and
24 condition, and shall also include, but not be limited to, the
25 following information for both the district's budget year and the
26 prebudget year: all line items of appropriation aggregated by item
27 type; the school tax rate; the equalized school tax rate; revenues by
28 major category; the amount of available surplus; a description of
29 unusual revenues or appropriations, with a description of the
30 circumstances of the revenues or appropriations; and a list of shared
31 service agreements in which the district is participating.

32 c. The plain language budget summary shall be submitted to the
33 Department of Education in such form as determined by the
34 commissioner, and, upon its receipt of the summary, the department
35 shall make the summary available to the public through an Internet
36 website maintained by the department in an easily accessible
37 location. The information on the web site shall be presented as data
38 that can be downloaded by the public for comparative purposes
39 using commonly-used software.

40
41 3. (New section) Not later than the first day of the sixth month
42 next following the enactment of P.L. , c. (C.) (pending
43 before the Legislature as this bill), the Commissioner of Education
44 shall promulgate the "user friendly," plain language budget
45 summary forms and procedures required pursuant to section 2 of
46 P.L. , c. (C.) (pending before the Legislature as this bill).

1 4. (New section) a. In addition to other items prescribed by the
2 Commissioner of Education pursuant to subsection c. of section 5 of
3 P.L.1996, c.138 (C.18A:7F-5), the Commissioner of Education shall
4 require a school district to submit annually with the budget, the
5 following items as supporting documentation in regard to the
6 superintendent of schools, the assistant superintendent of schools,
7 the school business administrator, and any employee with an annual
8 salary that exceeds \$75,000 who is not a member of a collective
9 bargaining unit:

10 (1) a detailed statement of the employment contract terms for
11 these school employees, including, but not be limited to, the
12 duration of the contract and all forms of compensation provided for
13 under the contract;

14 (2) the annualized cost of all benefits provided to these school
15 employees, including, but not limited to, all allowances, bonuses
16 and stipends, and all contributions made by the school district
17 towards the costs of health, dental, life and other types of insurance,
18 medical and reimbursement plans, and retirement plans 'which
19 exceed the contributions for the costs of these items made on behalf
20 of a teaching staff member under a collective bargaining agreement
21 with the board¹;

22 (3) a detailed statement of any benefits provided for in the
23 employment contract with these school employees which are to be
24 conferred after or upon the separation from the school district; and,

25 (4) a detailed statement of any form of in-kind or other form of
26 remuneration provided to these school employees which is not
27 otherwise included in the employee's salary or benefits.

28 b. The items required to be submitted pursuant to subsection a.
29 of this section shall be provided for public inspection on the school
30 district's Internet site, if one exists, in a "user-friendly" format
31 using plain language, and on the Department of Education's Internet
32 site in an easily accessible location. The Commissioner of
33 Education shall promulgate a "user-friendly," plain language format
34 for the use of local districts for this purpose.
35

36 5. (New section) A board of education shall not renegotiate,
37 extend, amend, or otherwise alter the terms of a contract with a
38 superintendent of schools, assistant superintendent of schools, or
39 school business administrator, unless notice is provided to the
40 public at least 30 days prior to the scheduled action by the board.
41 The board shall also hold a public hearing and shall not take any
42 action on the matter until the hearing has been held. The board
43 shall provide the public with at least 10 days notice of the public
44 hearing.
45

46 6. (New section) a. Prior to a board of education entering an
47 agreement for an early termination of an employment contract
48 entered into with its superintendent of schools pursuant to the

1 provisions of N.J.S.18A:17-15, that includes the payment of
2 compensation to the superintendent as a condition of separation
3 from service with the district, the board shall submit the agreement
4 to the Commissioner of Education for approval. The agreement
5 shall be submitted by certified mail, return receipt requested. The
6 commissioner shall evaluate the agreement and have the authority
7 to disapprove the agreement if the payment of compensation as a
8 condition of separation from services is found to be excessive. The
9 determination of the commissioner shall be made within 30 days of
10 receipt of the agreement.

11 As used in this subsection, "compensation" includes, but is not
12 limited to, salary, allowances, bonuses and stipends, payments for
13 accumulated sick or vacation leave, contributions toward the costs
14 of health, dental, life and other types of insurance, medical
15 reimbursement plans, retirement plans, and any in-kind or other
16 form of remuneration.

17 b. The Commissioner of Education shall adopt regulations in
18 accordance with the "Administrative Procedure Act," P.L.1968,
19 c.410 (C.52:14B-1 et seq.), to establish the allowable parameters of
20 early termination agreements.

21
22 7. (New section) An employment contract entered into between
23 a board of education and a superintendent of schools shall include a
24 provision that explicitly states that in the event that the certificate of
25 the superintendent is revoked the contract is null and void as of the
26 date of the revocation.

27
28 8. (New section) A school business administrator, or any other
29 person designated by the board of education, shall certify to the
30 Department of the Treasury that all documentation prepared for
31 income tax related purposes, in regard to superintendents of
32 schools, assistant superintendents of schools, and school business
33 administrators, complies fully with the requirements of federal and
34 State laws and regulations regarding the types of compensation
35 which are required to be reported.

36
37 9. (New section) The annual audit conducted pursuant to
38 N.J.S.18A:23-1 shall include test measures to assure that
39 documentation prepared for income tax related purposes complies
40 fully with the requirements of federal and State laws and
41 regulations regarding the compensation which is required to be
42 reported.

43
44 10. (New section) a. If the Commissioner of Education
45 believes, based on information provided by the school district in
46 which the certificate holder was employed, that the conduct of a
47 superintendent, assistant superintendent or school business
48 administrator warrants the revocation of the certificate held, the

1 commissioner shall recommend such revocation to the Board of
2 Examiners.

3 b. The State Board of Education shall promulgate rules pursuant
4 to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-
5 1 et seq.), under which the Board of Examiners may revoke a
6 certificate pursuant to this section.

7
8 11. (New section) If any condition exists within a school
9 district that would authorize the appointment of a State monitor
10 pursuant to the provisions of section 2 of P.L.2006, c.15
11 (C.18A:7A-55), the State Board of Examiners shall review the
12 certification of the superintendent and school business administrator
13 of the district.

14
15 12. (New section) In the event that any school district is not in
16 compliance with the GAAP system of double entry bookkeeping as
17 required pursuant to the provisions of P.L.1989, c.266 (C.18A:4-14
18 et seq.) within one year of the effective date of P.L. , c. (C.)
19 (pending before the Legislature as this bill), the Commissioner of
20 Education shall recommend to the Board of Examiners that the
21 board review the certification of the district’s school business
22 administrator.

23
24 13. (New section) a. As used in this section, “school leader”
25 means a school district staff member who holds a position that
26 requires the possession of a chief school administrator, principal, or
27 supervisor endorsement.

28 b. A school leader shall complete training on issues of school
29 ethics, school law, and school governance as part of the
30 professional development for school leaders required pursuant to
31 State Board of Education regulations. The training shall be offered
32 through a collaborative training model as identified by the
33 Commissioner of Education, in consultation with the State Advisory
34 Committee on Professional Development for School Leaders.

35
36 14. (New section) a. In addition to the powers provided
37 pursuant to P.L.2005, c.235 and P.L.1996, c.138 (C.18A:7F-1 et
38 seq.) or any other law, the Commissioner of Education may appoint
39 an external entity, in accordance with State procurement laws, to
40 perform a compliance audit of the spending of the district’s general
41 fund budget upon identification that the district may be spending
42 State education funds for purposes that are not in compliance with
43 State education law and regulation. The scope of the compliance
44 audit shall be determined by the commissioner based upon the
45 specific circumstances of the district.

46 b. The final report of a compliance audit conducted pursuant to
47 subsection a. of this section shall include specific findings and
48 recommendations, as applicable, and shall be submitted to the

1 commissioner. The commissioner may use the audit report as
2 evidence for the appointment of a State monitor pursuant to the
3 provisions of subsection a. of section 2 of P.L.2006, c.15
4 (C.18A:7A-55).

5 c. The school district shall reimburse the Department of
6 Education for the total cost of the compliance audit conducted
7 pursuant to subsection a. of this section if the final audit report
8 includes findings that the district has spent State education funds
9 for purposes that are not in compliance with State education law
10 and regulation.

11
12 15. (New section) a. As used in this section:

13 (1) "Travel expenditures" means those costs paid by the school
14 district using local, State, or federal funds, whether directly by the
15 school district or by employee reimbursement, for travel by school
16 district employees and district board of education members, to the
17 following four types of travel events:

18 (a) "training and seminars" which means all regularly scheduled,
19 formal residential or non-residential training functions, conducted at
20 a hotel, motel, convention center, residential facility, or at any
21 educational institution or facility;

22 (b) "conventions and conferences" which means general
23 programs, sponsored by professional associations on a regular basis,
24 which address subjects of particular interest to a school district or
25 are convened to conduct association business. The primary purpose
26 of employee attendance at conferences and conventions is the
27 development of new skills and knowledge or the reinforcement of
28 those skills and knowledge in a particular field related to school
29 district operations. These are distinct from formal staff training and
30 seminars, although some training may take place at such events;

31 (c) "regular school district business" which means all regular
32 official business travel, including attendance at meetings,
33 conferences and any other gatherings which are not covered by the
34 definitions included in subparagraphs (a) and (b) of this paragraph;

35 (d) "retreats" which mean meetings with school district
36 employees and school board members, held away from the normal
37 work environment at which organizational goals and objectives are
38 discussed. If available, school district facilities shall be utilized for
39 this type of event.

40 (2) School district travel expenditures include, but are not limited
41 to, all costs for transportation, meals, lodging, and registration or
42 conference fees to and for the travel event.

43 (3) School district travel expenditures include costs for all
44 required training and all travel authorized in existing school district
45 employee contracts and school board policies. This includes, but is
46 not limited to, required professional development and other staff
47 training, required training for new school board members, and

1 attendance at specific conferences authorized in existing employee
2 contracts.

3 (4) A school district shall not bare costs for car rentals,
4 limousine services, and chauffeuring costs to or during the event, as
5 well as costs for employee attendance for coordinating other
6 attendees accommodations at the travel event.

7 b. A board of education shall implement a policy and procedures
8 pertaining to travel expenditures for its employees and school board
9 members that are in accordance with the provisions of this section.

10 c. A board of education shall ensure through its policy and
11 procedures that all travel by its employees and board members is
12 educationally necessary and fiscally prudent, and shall include the
13 requirement that all school district travel expenditures are:

14 (1) directly related to and within the scope of the employee's or
15 board member's current responsibilities and, for school district
16 employees, the school district's professional development plan;

17 (2) for travel that is critical to the instructional needs of the
18 school district or furthers the efficient operation of the school
19 district; and

20 (3) in compliance with State travel payment guidelines as
21 established by the Department of the Treasury and with guidelines
22 established by the federal Office of Management and Budget;
23 except that those guidelines that conflict with the provisions of Title
24 18A of the New Jersey Statutes shall not be applicable, including,
25 but not limited to, the authority to issue travel charge cards. The
26 board of education shall specify in its travel policy the applicable
27 restrictions and requirements set forth in the State and federal
28 guidelines including, but not limited to, types of travel, methods of
29 transportation, mileage allowance, subsistence allowance, and
30 submission of supporting documentation including receipts, checks
31 or vouchers.

32 d. A board of education shall include in its travel policy a
33 requirement for the employee or board member to submit to an
34 appropriate party as designated, and within a timeframe specified
35 by the board's policy, a brief report that includes the primary
36 purpose for the travel and the key issues that were addressed at the
37 event and their relevance to improving instruction or the operation
38 of the school district.

39 e. A board of education shall require in its travel policy that
40 detailed documentation be maintained on file in the school district
41 which demonstrates compliance with the school board's travel
42 policy including travel approvals, reports, and receipts for all school
43 district funded expenditures, as appropriate.

44 f. For employees, a board of education shall require in its policy
45 that travel occur only upon prior written approval of the chief
46 school administrator and prior approval by a majority of the full
47 voting membership of the board.

1 For regular business travel only, a school board may authorize in
2 its travel policy an annual maximum amount per employee for
3 regular business travel for which school board approval is not
4 required.

5 g. For board members, a board of education shall require in its
6 policy that travel occur only upon prior approval by a majority of
7 the full voting membership of the board and that the travel be in
8 compliance with section 4 of P.L.1991, c.393 (C.18A:12-24) and
9 section 5 of P.L.2001, c.178 (C.18A:12-24.1).

10 h. A school board may also approve, at any time prior to the
11 event, travel for multiple months as long as the school board
12 approval, as detailed in school board minutes, itemizes the approval
13 by event, total cost, and number of employees and school board
14 members attending the event. General or blanket pre-approval for
15 travel is not authorized. Approval shall be itemized by event, event
16 total cost, and number of employees and school board members
17 attending the event.

18 i. A board of education shall state in its policy that travel
19 payments will be paid only upon compliance with the this section
20 and the school board's policy provisions and approval requirements.
21 The policy shall state that the school board will not ratify or
22 approve payments or reimbursements for travel after completion of
23 the travel event.

24 j. An employee of the school board, a school board member, or
25 organization, shall not receive an amount for travel and travel-
26 related expenses in advance of the travel pursuant to N.J.S.18A:19-
27 1 et seq.

28 k. A board of education shall require in its policy that a board
29 member recuse himself from voting on travel if the board member,
30 a member of his immediate family, or a business organization in
31 which he has an interest, has a direct or indirect financial
32 involvement that may reasonably be expected to impair his
33 objectivity or independence of judgment.

34 l. A board of education shall require in its policy that a board
35 member shall not: act in his official capacity in any matter in which
36 he or a member of his immediate family has a personal involvement
37 that is or creates some benefit to the school official or member of
38 his immediate family; or undertake any employment or service,
39 whether compensated or not, which may reasonably be expected to
40 prejudice his independence of judgment in the execution of his
41 official duties.

42 m. A board of education may, in its policy, exclude from the
43 requirements of prior school board approval pursuant to subsection
44 f. of this section any travel caused by or subject to contractual
45 provisions, other statutory requirements, or federal regulatory
46 requirements. The school board may not exclude such travel from
47 the subsistence requirements pursuant to subsection n. and o. of this

1 section and the annual maximum travel expenditure amount
2 pursuant to subsection p. of this section.

3 n. A board of education shall provide in its policy that one-day
4 trips that do not involve overnight lodging are not eligible for a
5 subsistence payment or reimbursement except in limited
6 circumstances authorized in Department of the Treasury guidelines.

7 o. A board of education shall provide in its policy that overnight
8 travel is eligible for a subsistence payment or reimbursement as
9 authorized in Department of the Treasury guidelines, except as
10 otherwise superseded by the following:

11 (1) per diem payment or reimbursement for lodging and meals
12 will be actual reasonable costs, not to exceed the federal per diem
13 rates as established in the federal register for the current year;

14 (2) lodging expenses may exceed the federal per diem rates if
15 the hotel is the site of the convention, conference, seminar or
16 meeting and the going rate of the hotel is in excess of the federal
17 per diem rates. If the hotel at the site of the convention, conference,
18 seminar, or meeting is no longer available, lodging may be paid for
19 similar accommodations at a rate not to exceed the hotel rate for the
20 event;

21 (3) receipts are required for hotel expenses. Meal expenses
22 under the federal per diem allowance limits do not require receipts;

23 (4) in any case in which the total per diem reimbursement is
24 greater than the federal per diem rate, except as stated in paragraph
25 (1) of this subsection, the costs will be considered to be excessive
26 and shall not be paid by school district funds;

27 (5) school districts shall patronize hotels and motels that offer
28 special rates to government employees unless alternative lodging
29 offers greater cost benefits; and

30 (6) payment or reimbursement is approved for the full cost of an
31 official convention meal that the employee or school board member
32 attends, when the meal is scheduled as an integral part of the
33 convention or conference proceedings. If a meal is included in the
34 registration fee, the allowance for the meal is not eligible for
35 reimbursement.

36 p. Annually in the prebudget year, each district board of
37 education shall establish by school board resolution, a maximum
38 travel expenditure amount for the budget year, which the school
39 district shall not exceed in that budget year. The school board
40 resolution shall also include the maximum amount established for
41 the prebudget year and the amount spent to date.

42 (1) The maximum school district travel expenditure amount
43 shall include all travel in accordance with this section supported by
44 local and State funds.

45 (2) A district board of education may elect to exclude travel
46 expenditures to be supported by federal funds in the maximum
47 travel expenditure amount. If federal funds are excluded from the
48 established maximum school district travel expenditure amount, the

1 board of education shall include in the board resolution, the total
2 amount of travel supported by federal funds from the prior year,
3 prebudget year, and projected for the budget year.

4 q. Each district board of education shall maintain separate
5 accounting for school district travel expenditures as necessary, to
6 ensure compliance with the school district's maximum travel
7 expenditure amount. This may include, but need not be limited to, a
8 separate or offline accounting of such expenditures or expanding
9 the school district's accounting system. The tracking system shall
10 be sufficient to demonstrate compliance with the board's policy and
11 this section, and shall provide auditable information.

12 r. Any district board of reduction that violates its established
13 maximum travel expenditure as set forth in subsection p. of this
14 section, or that otherwise is not in compliance with the travel
15 limitations set forth in this section may be subject to sanctions by
16 the commissioner as authorized pursuant to N.J.S.18A:4-23 and
17 N.J.S.18A:4-24, including reduction of State aid in an amount equal
18 to any excess expenditure.

19 s. A person who approves any travel in violation of the school
20 district's policy or this section shall be required to reimburse the
21 school district in an amount equal to three times the cost associated
22 with attending the event.

23 An employee or member of the board of education who travels in
24 violation of the school district's policy or this section shall be
25 required to reimburse the school district in an amount equal to three
26 times the cost associated with attending the event.

27 t. The provisions of this section shall apply to the boards of
28 trustees and employees of charter schools.

29

30 16. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
31 read as follows:

32 2. a. In addition to the powers provided pursuant to P.L.2005,
33 c.235 and P.L.1996, c.138 (C.18A:7F-1 et seq.) or any other law,
34 the Commissioner of Education shall have the authority to appoint a
35 State monitor and additional staff, as necessary, to provide direct
36 oversight of a board of education's business operations and
37 personnel matters if; the school district receives an adverse or a
38 disclaimer of opinion by its independent auditor in the annual audit
39 required pursuant to N.J.S.18A:23-1; or **[if]** any two or more of the
40 following circumstances apply to the school district:

41 (1) the school district ends the fiscal year with a deficit balance
42 as calculated for budgetary purposes in the general fund, special
43 revenue fund, or capital projects fund, with the exception of a
44 capital projects fund deficit caused by the issuance of bond
45 anticipation notes;

46 (2) the school district receives a qualified opinion by its
47 independent auditor in the annual audit required pursuant to
48 N.J.S.18A:23-1;

1 (3) the school district receives an adverse, disclaimer, or
2 qualified opinion by its independent auditor under the single audit
3 section for State or federal awards in the annual audit required
4 pursuant to N.J.S.18A:23-1;

5 (4) the school district receives any audit findings by its
6 independent auditor identified as material weaknesses in internal
7 controls;

8 **[(4)] (5)** the school district fails to develop and implement a
9 plan acceptable to the commissioner or his designee to address a
10 potential or actual deficit balance in the general fund, special
11 revenue fund, or capital projects fund, with the exception of a
12 capital projects fund deficit caused by the issuance of bond
13 anticipation notes; **[or]**

14 **[(5)] (6)** the school district fails to implement a plan from the
15 prior year which causes any findings from the independent auditor
16 to be repeated ;

17 (7) the school district is required to return federal funds once it
18 is determined that the school district's expenditures are not in
19 compliance with the grant requirements; or

20 (8) the school district submits the annual audit after the
21 submission date required pursuant to N.J.S.18A:23-1.

22 b. The State monitor shall:

23 (1) oversee the fiscal management and expenditures of school
24 district funds, including, but not limited to, budget reallocations and
25 reductions, approvals of purchase orders, budget transfers, and
26 payment of bills and claims;

27 (2) oversee the operation and fiscal management of school
28 district facilities, including the development and implementation of
29 recommendations for redistricting and restructuring of schools;

30 (3) ensure development and implementation of an acceptable
31 plan to address the circumstances set forth in subsection a. of this
32 section which resulted in the appointment of the State monitor. The
33 plan shall include measurable benchmarks and specific activities to
34 address the deficiencies of the school district;

35 (4) oversee all district staffing, including the ability to hire,
36 promote, and terminate employees;

37 (5) have authority to override a chief school administrator's
38 action and a vote by the board of education on any of the matters set
39 forth in this subsection, except that all actions of the State monitor
40 shall be subject to the education, labor, and employment laws and
41 regulations, including the "New Jersey Employer-Employee
42 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
43 bargaining agreements entered into by the school district;

44 (6) attend all meetings of the board of education, including
45 closed sessions; and

46 (7) meet with the board of education on at least a quarterly basis
47 to discuss with the members of the board the past actions of the
48 board which led to the appointment of the State monitor and to

1 provide board members with education and training that address the
2 deficiencies identified in board actions.

3 c. The Commissioner of Education shall notify the State Board
4 of Education following the appointment of a State monitor pursuant
5 to subsection a. of this section. The State monitor shall report
6 directly to the commissioner or his designee on a weekly basis. The
7 State monitor shall also report monthly to the board of education
8 and members of the public at the regularly scheduled board of
9 education meeting.

10 d. For purposes of the "New Jersey Tort Claims Act,"
11 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
12 officer.

13 e. The State monitor shall provide oversight in the school
14 district until the commissioner determines that all remedial actions
15 required under the plan have been implemented and the necessary
16 local capacity and fiscal controls have been restored to school
17 district operations.

18 f. The salary of the State monitor shall be fixed by the
19 commissioner and adjusted from time to time as the commissioner
20 deems appropriate. The school district shall assume the total cost of
21 the State monitor and necessary additional staff appointed pursuant
22 to subsection a. of this section.

23 (cf: P.L.2006, c.15, s.2)

24

25 17. Section 13 of P.L.1991, c.393 (C.18A:12-33) is amended to
26 read as follows:

27 13. a. Each newly elected or appointed board member shall
28 complete during the first year of the member's first term a training
29 program to be prepared and offered by the New Jersey School
30 Boards Association, in consultation with the New Jersey
31 Association of School Administrators, the New Jersey Principals
32 and Supervisors Association, and the Department of Education,
33 regarding the skills and knowledge necessary to serve as a local
34 school board member. The training program shall include
35 information regarding the school district monitoring system
36 established pursuant to P.L.2005, c.235, the New Jersey Quality
37 Single Accountability Continuum, and the five key components of
38 school district effectiveness on which school districts are evaluated
39 under the monitoring system: instruction and program; personnel;
40 fiscal management; operations; and governance.

41 The board member shall complete a training program on school
42 district governance in each of the subsequent two years of the board
43 member's first term.

44 b. Within one year after each re-election or re-appointment to
45 the board of education, the board member shall complete an
46 advanced training program to be prepared and offered by the New
47 Jersey School Boards Association. This advanced training program
48 shall include information on relevant changes to New Jersey school

1 law and other information deemed appropriate to enable the board
2 member to serve more effectively.

3 c. The New Jersey School Boards Association shall examine
4 options for providing training programs to school board members
5 through alternative methods such as on-line or other distance
6 learning media or through regional-based training.

7 (cf: P.L.1991, c.393, s.13)

8

9 18. N.J.S.18A:22-8 is amended to read as follows:

10 18A:22-8. The budget shall be prepared in such detail and upon
11 such forms as shall be prescribed by the commissioner and to it
12 shall be annexed a statement so itemized as to make the same
13 readily understandable, in which shall be shown:

14 a. In tabular form there shall be set forth the following:

15 (1) The total expenditure for each item for the preceding school
16 year, the amount appropriated for the current school year adjusted
17 for transfers as of February 1 of the current school year, and the
18 amount estimated to be necessary to be appropriated for the ensuing
19 school year, indicated separately for each item as determined by the
20 commissioner;

21 (2) The amount of the surplus account available at the beginning
22 of the preceding school year, at the beginning of the current school
23 year and the amount anticipated to be available for the ensuing
24 school year;

25 (3) The amount of revenue available for budget purposes for the
26 preceding school year, the amount available for the current school
27 year as of February 1 of the current school year and the amount
28 anticipated to be available for the ensuing school year in the
29 following categories:

30 (a) Total to be raised by local property taxes

31 (b) Total State aid

32 (i) Core curriculum standards aid

33 (ii) Special education aid

34 (iii) Transportation aid

35 (iv) Early childhood program aid

36 (v) Demonstrably effective program aid

37 (vi) Instructional supplement aid

38 (vii) Supplemental core curriculum standards aid

39 (viii) Distance learning network aid

40 (ix) Bilingual aid

41 (x) Other (detailed at the discretion of the commissioner)

42 (c) Total federal aid

43 (i) Elementary and Secondary Education Act of 1965 (20
44 U.S.C. s.2701 et seq.)

45 (ii) Handicapped

46 (iii) Impact Aid

47 (iv) Vocational

48 (v) Other (detailed at the discretion of the commissioner)

1 (d) Other sources (detailed at the discretion of the
2 commissioner).

3 b. (Deleted by amendment, P.L.1993, c.117).

4 c. In the event that the total expenditure for any item of
5 appropriation is equal to \$0.00 for: (1) the preceding school year,
6 (2) the current school year, and (3) the amount estimated to be
7 necessary to be appropriated for the ensuing school year, that item
8 shall not be required to be published pursuant to N.J.S.18A:22-11.

9 d. The instruction function of the budget shall be divided at a
10 minimum into elementary (K-5), middle school (6-8), and high
11 school (9-12) cost centers, each of which shall be further divided by
12 the core curriculum content areas. The commissioner shall phase in
13 these requirements as soon as practicable.

14 e. The budget as adopted for the school year pursuant to section
15 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public
16 inspection on the school district's Internet site, if one exists, and
17 made available in print in a "user-friendly" format using plain
18 language. The Commissioner of Education shall promulgate a
19 "user-friendly," plain language budget summary format for the use
20 of school districts for this purpose.

21 (cf: P.L.1996, c.138, s.53)

22

23 19. This act shall take effect immediately.

24

25

26

27

28 Provides for various school district accountability measures.

ASSEMBLY, No. 5

STATE OF NEW JERSEY

212th LEGISLATURE

INTRODUCED DECEMBER 7, 2006

Sponsored by:

Assemblyman HERB CONAWAY, JR.

District 7 (Burlington and Camden)

Assemblyman BRIAN P. STACK

District 33 (Hudson)

Assemblywoman BONNIE WATSON COLEMAN

District 15 (Mercer)

Assemblywoman NILSA CRUZ-PEREZ

District 5 (Camden and Gloucester)

Assemblyman ROBERT M. GORDON

District 38 (Bergen)

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

Assemblywoman PAMELA R. LAMPITT

District 6 (Camden)

Assemblyman JOHN J. BURZICHELLI

District 3 (Salem, Cumberland and Gloucester)

Assemblyman GORDON M. JOHNSON

District 37 (Bergen)

Assemblywoman VALERIE VAINIERI HUTTLE

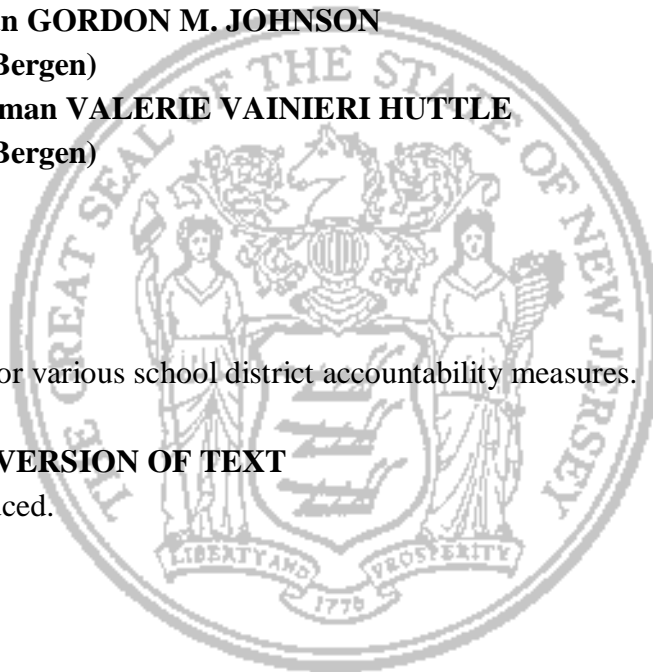
District 37 (Bergen)

SYNOPSIS

Provides for various school district accountability measures.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/12/2006)

1 AN ACT concerning school district accountability, revising various
2 parts of the statutory law and supplementing Title 18A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) As a condition of receiving State aid, a school
9 district shall:

10 a. examine all available group options for every insurance policy
11 held by the district, including any self-insurance plan administered
12 by the New Jersey School Boards Association Insurance Group on
13 behalf of districts, and shall participate in the most cost effective
14 plans;

15 b. take steps to maximize the district's participation in the
16 federal Universal Service Program (E-rate) and the ACT
17 telecommunications program offered through the New Jersey
18 Association of School Business Officials;

19 c. participate in the Alliance for Competitive Energy Services
20 (ACES) Program offered through the New Jersey School Boards
21 Association, unless the district is able to demonstrate to the
22 commissioner that it receives goods or services at a cost less than or
23 equal to the cost achieved by participants in the program;

24 d. take appropriate steps to maximize the district's participation
25 in the Special Education Medicaid Initiative (SEMI) Program, with
26 maximum participation defined by the commissioner; and

27 e. refinance all outstanding debt for which a 3% net present
28 value savings threshold is achievable.

29
30 2. (New section) a. The Commissioner of Education shall
31 promulgate "user-friendly," plain language budget summary forms
32 for the use of school districts. The commissioner shall also
33 promulgate a procedure for the submission by each school district
34 of the required budget summary form to the Department of
35 Education following the approval of the budget.

36 b. The plain language budget summary shall provide the public
37 with information in summary form about the budget of the school
38 district and shall include, in addition to an abbreviated version of
39 the formal budget adopted by the school district, such statistical
40 information as the commissioner determines to be useful for the
41 public's understanding of the school district's fiscal matters and
42 condition, and shall also include, but not be limited to, the
43 following information for both the district's budget year and the
44 prebudget year: all line items of appropriation aggregated by item
45 type; the school tax rate; the equalized school tax rate; revenues by

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 major category; the amount of available surplus; a description of
2 unusual revenues or appropriations, with a description of the
3 circumstances of the revenues or appropriations; and a list of shared
4 service agreements in which the district is participating.

5 c. The plain language budget summary shall be submitted to the
6 Department of Education in such form as determined by the
7 commissioner, and, upon its receipt of the summary, the department
8 shall make the summary available to the public through an Internet
9 website maintained by the department in an easily accessible
10 location. The information on the web site shall be presented as data
11 that can be downloaded by the public for comparative purposes
12 using commonly-used software.

13

14 3. (New section) Not later than the first day of the sixth month
15 next following the enactment of P.L. , c. (C.) (pending
16 before the Legislature as this bill), the Commissioner of Education
17 shall promulgate the “user friendly,” plain language budget
18 summary forms and procedures required pursuant to section 2 of
19 P.L. , c. (C.) (pending before the Legislature as this bill).

20

21 4. (New section) a. In addition to other items prescribed by the
22 Commissioner of Education pursuant to subsection c. of section 5 of
23 P.L.1996, c.138 (C.18A:7F-5), the Commissioner of Education shall
24 require a school district to submit annually with the budget, the
25 following items as supporting documentation in regard to the
26 superintendent of schools, the assistant superintendent of schools,
27 the school business administrator, and any employee with an annual
28 salary that exceeds \$75,000 who is not a member of a collective
29 bargaining unit:

30 (1) a detailed statement of the employment contract terms for
31 these school employees, including, but not be limited to, the
32 duration of the contract and all forms of compensation provided for
33 under the contract;

34 (2) the annualized cost of all benefits provided to these school
35 employees, including, but not limited to, all allowances, bonuses
36 and stipends, and all contributions made by the school district
37 towards the costs of health, dental, life and other types of insurance,
38 medical and reimbursement plans, and retirement plans;

39 (3) a detailed statement of any benefits provided for in the
40 employment contract with these school employees which are to be
41 conferred after or upon the separation from the school district; and,

42 (4) a detailed statement of any form of in-kind or other form of
43 remuneration provided to these school employees which is not
44 otherwise included in the employee’s salary or benefits.

45 b. The items required to be submitted pursuant to subsection a.
46 of this section shall be provided for public inspection on the school
47 district’s Internet site, if one exists, in a “user-friendly” format
48 using plain language, and on the Department of Education’s Internet

1 site in an easily accessible location. The Commissioner of
2 Education shall promulgate a “user-friendly,” plain language format
3 for the use of local districts for this purpose.

4
5 5. (New section) A board of education shall not renegotiate,
6 extend, amend, or otherwise alter the terms of a contract with a
7 superintendent of schools, assistant superintendent of schools, or
8 school business administrator, unless notice is provided to the
9 public at least 30 days prior to the scheduled action by the board.
10 The board shall also hold a public hearing and shall not take any
11 action on the matter until the hearing has been held. The board
12 shall provide the public with at least 10 days notice of the public
13 hearing.

14
15 6. (New section) a. Prior to a board of education entering an
16 agreement for an early termination of an employment contract
17 entered into with its superintendent of schools pursuant to the
18 provisions of N.J.S.18A:17-15, that includes the payment of
19 compensation to the superintendent as a condition of separation
20 from service with the district, the board shall submit the agreement
21 to the Commissioner of Education for approval. The agreement
22 shall be submitted by certified mail, return receipt requested. The
23 commissioner shall evaluate the agreement and have the authority
24 to disapprove the agreement if the payment of compensation as a
25 condition of separation from services is found to be excessive. The
26 determination of the commissioner shall be made within 30 days of
27 receipt of the agreement.

28 As used in this subsection, “compensation” includes, but is not
29 limited to, salary, allowances, bonuses and stipends, payments for
30 accumulated sick or vacation leave, contributions toward the costs
31 of health, dental, life and other types of insurance, medical
32 reimbursement plans, retirement plans, and any in-kind or other
33 form of remuneration.

34 b. The Commissioner of Education shall adopt regulations in
35 accordance with the “Administrative Procedure Act,” P.L.1968,
36 c.410 (C.52:14B-1 et seq.), to establish the allowable parameters of
37 early termination agreements.

38
39 7. (New section) An employment contract entered into between
40 a board of education and a superintendent of schools shall include a
41 provision that explicitly states that in the event that the certificate of
42 the superintendent is revoked the contract is null and void as of the
43 date of the revocation.

44
45 8. (New section) A school business administrator, or any other
46 person designated by the board of education, shall certify to the
47 Department of the Treasury that all documentation prepared for
48 income tax related purposes, in regard to superintendents of

1 schools, assistant superintendents of schools, and school business
2 administrators, complies fully with the requirements of federal and
3 State laws and regulations regarding the types of compensation
4 which are required to be reported.

5
6 9. (New section) The annual audit conducted pursuant to
7 N.J.S.18A:23-1 shall include test measures to assure that
8 documentation prepared for income tax related purposes complies
9 fully with the requirements of federal and State laws and
10 regulations regarding the compensation which is required to be
11 reported.

12
13 10. (New section) a. If the Commissioner of Education
14 believes, based on information provided by the school district in
15 which the certificate holder was employed, that the conduct of a
16 superintendent, assistant superintendent or school business
17 administrator warrants the revocation of the certificate held, the
18 commissioner shall recommend such revocation to the Board of
19 Examiners.

20 b. The State Board of Education shall promulgate rules pursuant
21 to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-
22 1 et seq.), under which the Board of Examiners may revoke a
23 certificate pursuant to this section.

24
25 11. (New section) If any condition exists within a school
26 district that would authorize the appointment of a State monitor
27 pursuant to the provisions of section 2 of P.L.2006, c.15
28 (C.18A:7A-55), the State Board of Examiners shall review the
29 certification of the superintendent and school business administrator
30 of the district.

31
32 12. (New section) In the event that any school district is not in
33 compliance with the GAAP system of double entry bookkeeping as
34 required pursuant to the provisions of P.L.1989, c.266 (C.18A:4-14
35 et seq.) within one year of the effective date of P.L. , c. (C.)
36 (pending before the Legislature as this bill), the Commissioner of
37 Education shall recommend to the Board of Examiners that the
38 board review the certification of the district's school business
39 administrator.

40
41 13. (New section) a. As used in this section, "school leader"
42 means a school district staff member who holds a position that
43 requires the possession of a chief school administrator, principal, or
44 supervisor endorsement.

45 b. A school leader shall complete training on issues of school
46 ethics, school law, and school governance as part of the
47 professional development for school leaders required pursuant to
48 State Board of Education regulations. The training shall be offered

1 through a collaborative training model as identified by the
2 Commissioner of Education, in consultation with the State Advisory
3 Committee on Professional Development for School Leaders.

4
5 14. (New section) a. In addition to the powers provided
6 pursuant to P.L.2005, c.235 and P.L.1996, c.138 (C.18A:7F-1 et
7 seq.) or any other law, the Commissioner of Education may appoint
8 an external entity, in accordance with State procurement laws, to
9 perform a compliance audit of the spending of the district's general
10 fund budget upon identification that the district may be spending
11 State education funds for purposes that are not in compliance with
12 State education law and regulation. The scope of the compliance
13 audit shall be determined by the commissioner based upon the
14 specific circumstances of the district.

15 b. The final report of a compliance audit conducted pursuant to
16 subsection a. of this section shall include specific findings and
17 recommendations, as applicable, and shall be submitted to the
18 commissioner. The commissioner may use the audit report as
19 evidence for the appointment of a State monitor pursuant to the
20 provisions of subsection a. of section 2 of P.L.2006, c.15
21 (C.18A:7A-55).

22 c. The school district shall reimburse the Department of
23 Education for the total cost of the compliance audit conducted
24 pursuant to subsection a. of this section if the final audit report
25 includes findings that the district has spent State education funds
26 for purposes that are not in compliance with State education law
27 and regulation.

28

29 15. (New section) a. As used in this section:

30 (1) "Travel expenditures" means those costs paid by the school
31 district using local, State, or federal funds, whether directly by the
32 school district or by employee reimbursement, for travel by school
33 district employees and district board of education members, to the
34 following four types of travel events:

35 (a) "training and seminars" which means all regularly scheduled,
36 formal residential or non-residential training functions, conducted at
37 a hotel, motel, convention center, residential facility, or at any
38 educational institution or facility;

39 (b) "conventions and conferences" which means general
40 programs, sponsored by professional associations on a regular basis,
41 which address subjects of particular interest to a school district or
42 are convened to conduct association business. The primary purpose
43 of employee attendance at conferences and conventions is the
44 development of new skills and knowledge or the reinforcement of
45 those skills and knowledge in a particular field related to school
46 district operations. These are distinct from formal staff training and
47 seminars, although some training may take place at such events;

1 (c) “regular school district business” which means all regular
2 official business travel, including attendance at meetings,
3 conferences and any other gatherings which are not covered by the
4 definitions included in subparagraphs (a) and (b) of this paragraph;

5 (d) “retreats” which mean meetings with school district
6 employees and school board members, held away from the normal
7 work environment at which organizational goals and objectives are
8 discussed. If available, school district facilities shall be utilized for
9 this type of event.

10 (2) School district travel expenditures include, but are not limited
11 to, all costs for transportation, meals, lodging, and registration or
12 conference fees to and for the travel event.

13 (3) School district travel expenditures include costs for all
14 required training and all travel authorized in existing school district
15 employee contracts and school board policies. This includes, but is
16 not limited to, required professional development and other staff
17 training, required training for new school board members, and
18 attendance at specific conferences authorized in existing employee
19 contracts.

20 (4) A school district shall not bare costs for car rentals,
21 limousine services, and chauffeuring costs to or during the event, as
22 well as costs for employee attendance for coordinating other
23 attendees accommodations at the travel event.

24 b. A board of education shall implement a policy and procedures
25 pertaining to travel expenditures for its employees and school board
26 members that are in accordance with the provisions of this section.

27 c. A board of education shall ensure through its policy and
28 procedures that all travel by its employees and board members is
29 educationally necessary and fiscally prudent, and shall include the
30 requirement that all school district travel expenditures are:

31 (1) directly related to and within the scope of the employee's or
32 board member's current responsibilities and, for school district
33 employees, the school district's professional development plan;

34 (2) for travel that is critical to the instructional needs of the
35 school district or furthers the efficient operation of the school
36 district; and

37 (3) in compliance with State travel payment guidelines as
38 established by the Department of the Treasury and with guidelines
39 established by the federal Office of Management and Budget;
40 except that those guidelines that conflict with the provisions of Title
41 18A of the New Jersey Statutes shall not be applicable, including,
42 but not limited to, the authority to issue travel charge cards. The
43 board of education shall specify in its travel policy the applicable
44 restrictions and requirements set forth in the State and federal
45 guidelines including, but not limited to, types of travel, methods of
46 transportation, mileage allowance, subsistence allowance, and
47 submission of supporting documentation including receipts, checks
48 or vouchers.

1 d. A board of education shall include in its travel policy a
2 requirement for the employee or board member to submit to an
3 appropriate party as designated, and within a timeframe specified
4 by the board's policy, a brief report that includes the primary
5 purpose for the travel and the key issues that were addressed at the
6 event and their relevance to improving instruction or the operation
7 of the school district.

8 e. A board of education shall require in its travel policy that
9 detailed documentation be maintained on file in the school district
10 which demonstrates compliance with the school board's travel
11 policy including travel approvals, reports, and receipts for all school
12 district funded expenditures, as appropriate.

13 f. For employees, a board of education shall require in its policy
14 that travel occur only upon prior written approval of the chief
15 school administrator and prior approval by a majority of the full
16 voting membership of the board.

17 For regular business travel only, a school board may authorize in
18 its travel policy an annual maximum amount per employee for
19 regular business travel for which school board approval is not
20 required.

21 g. For board members, a board of education shall require in its
22 policy that travel occur only upon prior approval by a majority of
23 the full voting membership of the board and that the travel be in
24 compliance with section 4 of P.L.1991, c.393 (C.18A:12-24) and
25 section 5 of P.L.2001, c.178 (C.18A:12-24.1).

26 h. A school board may also approve, at any time prior to the
27 event, travel for multiple months as long as the school board
28 approval, as detailed in school board minutes, itemizes the approval
29 by event, total cost, and number of employees and school board
30 members attending the event. General or blanket pre-approval for
31 travel is not authorized. Approval shall be itemized by event, event
32 total cost, and number of employees and school board members
33 attending the event.

34 i. A board of education shall state in its policy that travel
35 payments will be paid only upon compliance with the this section
36 and the school board's policy provisions and approval requirements.
37 The policy shall state that the school board will not ratify or
38 approve payments or reimbursements for travel after completion of
39 the travel event.

40 j. An employee of the school board, a school board member, or
41 organization, shall not receive an amount for travel and travel-
42 related expenses in advance of the travel pursuant to N.J.S.18A:19-
43 1 et seq.

44 k. A board of education shall require in its policy that a board
45 member recuse himself from voting on travel if the board member,
46 a member of his immediate family, or a business organization in
47 which he has an interest, has a direct or indirect financial

1 involvement that may reasonably be expected to impair his
2 objectivity or independence of judgment.

3 l. A board of education shall require in its policy that a board
4 member shall not: act in his official capacity in any matter in which
5 he or a member of his immediate family has a personal involvement
6 that is or creates some benefit to the school official or member of
7 his immediate family; or undertake any employment or service,
8 whether compensated or not, which may reasonably be expected to
9 prejudice his independence of judgment in the execution of his
10 official duties.

11 m. A board of education may, in its policy, exclude from the
12 requirements of prior school board approval pursuant to subsection
13 f. of this section any travel caused by or subject to contractual
14 provisions, other statutory requirements, or federal regulatory
15 requirements. The school board may not exclude such travel from
16 the subsistence requirements pursuant to subsection n. and o. of this
17 section and the annual maximum travel expenditure amount
18 pursuant to subsection p. of this section.

19 n. A board of education shall provide in its policy that one-day
20 trips that do not involve overnight lodging are not eligible for a
21 subsistence payment or reimbursement except in limited
22 circumstances authorized in Department of the Treasury guidelines.

23 o. A board of education shall provide in its policy that overnight
24 travel is eligible for a subsistence payment or reimbursement as
25 authorized in Department of the Treasury guidelines, except as
26 otherwise superseded by the following:

27 (1) per diem payment or reimbursement for lodging and meals
28 will be actual reasonable costs, not to exceed the federal per diem
29 rates as established in the federal register for the current year;

30 (2) lodging expenses may exceed the federal per diem rates if
31 the hotel is the site of the convention, conference, seminar or
32 meeting and the going rate of the hotel is in excess of the federal
33 per diem rates. If the hotel at the site of the convention, conference,
34 seminar, or meeting is no longer available, lodging may be paid for
35 similar accommodations at a rate not to exceed the hotel rate for the
36 event;

37 (3) receipts are required for hotel expenses. Meal expenses
38 under the federal per diem allowance limits do not require receipts;

39 (4) in any case in which the total per diem reimbursement is
40 greater than the federal per diem rate, except as stated in paragraph
41 (1) of this subsection, the costs will be considered to be excessive
42 and shall not be paid by school district funds;

43 (5) school districts shall patronize hotels and motels that offer
44 special rates to government employees unless alternative lodging
45 offers greater cost benefits; and

46 (6) payment or reimbursement is approved for the full cost of an
47 official convention meal that the employee or school board member
48 attends, when the meal is scheduled as an integral part of the

1 convention or conference proceedings. If a meal is included in the
2 registration fee, the allowance for the meal is not eligible for
3 reimbursement.

4 p. Annually in the prebudget year, each district board of
5 education shall establish by school board resolution, a maximum
6 travel expenditure amount for the budget year, which the school
7 district shall not exceed in that budget year. The school board
8 resolution shall also include the maximum amount established for
9 the prebudget year and the amount spent to date.

10 (1) The maximum school district travel expenditure amount
11 shall include all travel in accordance with this section supported by
12 local and State funds.

13 (2) A district board of education may elect to exclude travel
14 expenditures to be supported by federal funds in the maximum
15 travel expenditure amount. If federal funds are excluded from the
16 established maximum school district travel expenditure amount, the
17 board of education shall include in the board resolution, the total
18 amount of travel supported by federal funds from the prior year,
19 prebudget year, and projected for the budget year.

20 q. Each district board of education shall maintain separate
21 accounting for school district travel expenditures as necessary, to
22 ensure compliance with the school district's maximum travel
23 expenditure amount. This may include, but need not be limited to, a
24 separate or offline accounting of such expenditures or expanding
25 the school district's accounting system. The tracking system shall
26 be sufficient to demonstrate compliance with the board's policy and
27 this section, and shall provide auditable information.

28 r. Any district board of reduction that violates its established
29 maximum travel expenditure as set forth in subsection p. of this
30 section, or that otherwise is not in compliance with the travel
31 limitations set forth in this section may be subject to sanctions by
32 the commissioner as authorized pursuant to N.J.S.18A:4-23 and
33 N.J.S.18A:4-24, including reduction of State aid in an amount equal
34 to any excess expenditure.

35 s. A person who approves any travel in violation of the school
36 district's policy or this section shall be required to reimburse the
37 school district in an amount equal to three times the cost associated
38 with attending the event.

39 An employee or member of the board of education who travels in
40 violation of the school district's policy or this section shall be
41 required to reimburse the school district in an amount equal to three
42 times the cost associated with attending the event.

43 t. The provisions of this section shall apply to the boards of
44 trustees and employees of charter schools.

45

46 16. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
47 read as follows:

1 2. a. In addition to the powers provided pursuant to P.L.2005,
2 c.235 and P.L.1996, c.138 (C.18A:7F-1 et seq.) or any other law,
3 the Commissioner of Education shall have the authority to appoint a
4 State monitor and additional staff, as necessary, to provide direct
5 oversight of a board of education's business operations and
6 personnel matters if: the school district receives an adverse or a
7 disclaimer of opinion by its independent auditor in the annual audit
8 required pursuant to N.J.S.18A:23-1; or **[if]** any two or more of the
9 following circumstances apply to the school district:

10 (1) the school district ends the fiscal year with a deficit balance
11 as calculated for budgetary purposes in the general fund, special
12 revenue fund, or capital projects fund, with the exception of a
13 capital projects fund deficit caused by the issuance of bond
14 anticipation notes;

15 (2) the school district receives a qualified opinion by its
16 independent auditor in the annual audit required pursuant to
17 N.J.S.18A:23-1;

18 (3) the school district receives an adverse, disclaimer, or
19 qualified opinion by its independent auditor under the single audit
20 section for State or federal awards in the annual audit required
21 pursuant to N.J.S.18A:23-1;

22 (4) the school district receives any audit findings by its
23 independent auditor identified as material weaknesses in internal
24 controls;

25 **[(4)] (5)** the school district fails to develop and implement a
26 plan acceptable to the commissioner or his designee to address a
27 potential or actual deficit balance in the general fund, special
28 revenue fund, or capital projects fund, with the exception of a
29 capital projects fund deficit caused by the issuance of bond
30 anticipation notes; **[or]**

31 **[(5)] (6)** the school district fails to implement a plan from the
32 prior year which causes any findings from the independent auditor
33 to be repeated ;

34 (7) the school district is required to return federal funds once it
35 is determined that the school district's expenditures are not in
36 compliance with the grant requirements; or

37 (8) the school district submits the annual audit after the
38 submission date required pursuant to N.J.S.18A:23-1.

39 b. The State monitor shall:

40 (1) oversee the fiscal management and expenditures of school
41 district funds, including, but not limited to, budget reallocations and
42 reductions, approvals of purchase orders, budget transfers, and
43 payment of bills and claims;

44 (2) oversee the operation and fiscal management of school
45 district facilities, including the development and implementation of
46 recommendations for redistricting and restructuring of schools;

47 (3) ensure development and implementation of an acceptable
48 plan to address the circumstances set forth in subsection a. of this

1 section which resulted in the appointment of the State monitor. The
2 plan shall include measurable benchmarks and specific activities to
3 address the deficiencies of the school district;

4 (4) oversee all district staffing, including the ability to hire,
5 promote, and terminate employees;

6 (5) have authority to override a chief school administrator's
7 action and a vote by the board of education on any of the matters set
8 forth in this subsection, except that all actions of the State monitor
9 shall be subject to the education, labor, and employment laws and
10 regulations, including the "New Jersey Employer-Employee
11 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
12 bargaining agreements entered into by the school district;

13 (6) attend all meetings of the board of education, including
14 closed sessions; and

15 (7) meet with the board of education on at least a quarterly basis
16 to discuss with the members of the board the past actions of the
17 board which led to the appointment of the State monitor and to
18 provide board members with education and training that address the
19 deficiencies identified in board actions.

20 c. The Commissioner of Education shall notify the State Board
21 of Education following the appointment of a State monitor pursuant
22 to subsection a. of this section. The State monitor shall report
23 directly to the commissioner or his designee on a weekly basis. The
24 State monitor shall also report monthly to the board of education
25 and members of the public at the regularly scheduled board of
26 education meeting.

27 d. For purposes of the "New Jersey Tort Claims Act,"
28 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
29 officer.

30 e. The State monitor shall provide oversight in the school
31 district until the commissioner determines that all remedial actions
32 required under the plan have been implemented and the necessary
33 local capacity and fiscal controls have been restored to school
34 district operations.

35 f. The salary of the State monitor shall be fixed by the
36 commissioner and adjusted from time to time as the commissioner
37 deems appropriate. The school district shall assume the total cost of
38 the State monitor and necessary additional staff appointed pursuant
39 to subsection a. of this section.

40 (cf: P.L.2006, c.15, s.2)

41

42 17. Section 13 of P.L.1991, c.393 (C.18A:12-33) is amended to
43 read as follows:

44 13. a. Each newly elected or appointed board member shall
45 complete during the first year of the member's first term a training
46 program to be prepared and offered by the New Jersey School
47 Boards Association, in consultation with the New Jersey
48 Association of School Administrators, the New Jersey Principals

1 and Supervisors Association, and the Department of Education,
2 regarding the skills and knowledge necessary to serve as a local
3 school board member. The training program shall include
4 information regarding the school district monitoring system
5 established pursuant to P.L.2005, c.235, the New Jersey Quality
6 Single Accountability Continuum, and the five key components of
7 school district effectiveness on which school districts are evaluated
8 under the monitoring system: instruction and program; personnel;
9 fiscal management; operations; and governance.

10 The board member shall complete a training program on school
11 district governance in each of the subsequent two years of the board
12 member's first term.

13 b. Within one year after each re-election or re-appointment to
14 the board of education, the board member shall complete an
15 advanced training program to be prepared and offered by the New
16 Jersey School Boards Association. This advanced training program
17 shall include information on relevant changes to New Jersey school
18 law and other information deemed appropriate to enable the board
19 member to serve more effectively.

20 c. The New Jersey School Boards Association shall examine
21 options for providing training programs to school board members
22 through alternative methods such as on-line or other distance
23 learning media or through regional-based training.

24 (cf: P.L.1991, c.393, s.13)

25

26 18. N.J.S.18A:22-8 is amended to read as follows:

27 18A:22-8. The budget shall be prepared in such detail and upon
28 such forms as shall be prescribed by the commissioner and to it
29 shall be annexed a statement so itemized as to make the same
30 readily understandable, in which shall be shown:

31 a. In tabular form there shall be set forth the following:

32 (1) The total expenditure for each item for the preceding school
33 year, the amount appropriated for the current school year adjusted
34 for transfers as of February 1 of the current school year, and the
35 amount estimated to be necessary to be appropriated for the ensuing
36 school year, indicated separately for each item as determined by the
37 commissioner;

38 (2) The amount of the surplus account available at the beginning
39 of the preceding school year, at the beginning of the current school
40 year and the amount anticipated to be available for the ensuing
41 school year;

42 (3) The amount of revenue available for budget purposes for the
43 preceding school year, the amount available for the current school
44 year as of February 1 of the current school year and the amount
45 anticipated to be available for the ensuing school year in the
46 following categories:

47 (a) Total to be raised by local property taxes

48 (b) Total State aid

- 1 (i) Core curriculum standards aid
2 (ii) Special education aid
3 (iii) Transportation aid
4 (iv) Early childhood program aid
5 (v) Demonstrably effective program aid
6 (vi) Instructional supplement aid
7 (vii) Supplemental core curriculum standards aid
8 (viii) Distance learning network aid
9 (ix) Bilingual aid
10 (x) Other (detailed at the discretion of the commissioner)
11 (c) Total federal aid
12 (i) Elementary and Secondary Education Act of 1965 (20
13 U.S.C. s.2701 et seq.)
14 (ii) Handicapped
15 (iii) Impact Aid
16 (iv) Vocational
17 (v) Other (detailed at the discretion of the commissioner)
18 (d) Other sources (detailed at the discretion of the
19 commissioner).
20 b. (Deleted by amendment, P.L.1993, c.117).
21 c. In the event that the total expenditure for any item of
22 appropriation is equal to \$0.00 for: (1) the preceding school year,
23 (2) the current school year, and (3) the amount estimated to be
24 necessary to be appropriated for the ensuing school year, that item
25 shall not be required to be published pursuant to N.J.S.18A:22-11.
26 d. The instruction function of the budget shall be divided at a
27 minimum into elementary (K-5), middle school (6-8), and high
28 school (9-12) cost centers, each of which shall be further divided by
29 the core curriculum content areas. The commissioner shall phase in
30 these requirements as soon as practicable.
31 e. The budget as adopted for the school year pursuant to section
32 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for public
33 inspection on the school district's Internet site, if one exists, and
34 made available in print in a "user-friendly" format using plain
35 language. The Commissioner of Education shall promulgate a
36 "user-friendly," plain language budget summary format for the use
37 of school districts for this purpose.
38 (cf: P.L.1996, c.138, s.53)

39
40 19. This act shall take effect immediately.
41
42

43 STATEMENT
44

45 This bill includes various provisions designed to increase public
46 school district accountability. The bill requires that all school
47 districts, as a condition of receiving State aid, implement a number
48 of efficiency standards, including: examining all available group

1 options for every district insurance policy and opting for the most
2 cost effective plans; taking steps to maximize the district's
3 participation in the federal Universal Service Program (E-rate) and
4 the ACT telecommunications program; participating in the Alliance
5 for Competitive Energy Services (ACES) program; taking steps to
6 maximize participation in the Special Education Medicaid Initiative
7 (SEMI) Program; and refinancing all outstanding debt for which a
8 3% net present value savings threshold is achievable.

9 The bill codifies proposed regulations regarding travel and
10 expense reimbursement for employees of a school district and
11 members of the board of education. The bill's provisions on travel
12 and expense reimbursement will also apply to employees and
13 members of the boards of trustees of charter schools.

14 The bill directs the Commissioner of Education to promulgate
15 "user-friendly," plain language budget summary forms. The forms
16 will be used by school districts to provide the public with summary
17 information about the district's adopted budget and other statistical
18 information concerning district fiscal matters. The summary form
19 will be submitted to the Department of Education and made
20 available to the public through an Internet website maintained by
21 the department.

22 The bill also requires school districts to submit with their annual
23 budget, certain supporting documentation in regard to the
24 superintendent of schools, the assistant superintendent of schools,
25 the school business administrator, and any employee with an annual
26 salary that exceeds \$75,000 who is not a member of a collective
27 bargaining unit. The information would include a detailed
28 statement of the employment contract terms, the annualized cost of
29 all benefits provided to these employees, a detailed statement of
30 benefits to be conferred after or upon separation from the district,
31 and a detailed statement of any in-kind or other remuneration that is
32 not otherwise included in the employee's salary or benefits. This
33 information must also be available for public inspection on the
34 district's Internet site and on the Department of Education's
35 Internet site in a user-friendly, plain language format. The bill also
36 requires that the adopted budget of the district be posted on the
37 Internet site and made available in print.

38 The bill prohibits a school district from renegotiating, extending,
39 amending, or otherwise altering the terms of a contract with a
40 superintendent of schools, assistant superintendent of schools, or
41 school business administrator, unless notice is provided to the
42 public at least 30 days prior to the scheduled action by the board.
43 The board is required to hold a public hearing on the matter with at
44 least 10 days public notice.

45 Prior to any buy-outs of a superintendent's contract, the board of
46 education is required to obtain the approval of the Commissioner of
47 Education. The commissioner will have 30 days from receipt of the
48 agreement to make a determination. The commissioner has the

1 authority to disapprove any buy-out he deems to be excessive, and
2 is granted rule making authority to establish allowable parameters
3 of early termination agreements.

4 The bill specifies that an employment contract entered into
5 between a board of education and a superintendent of schools must
6 include a provision that explicitly states that in the event that the
7 superintendent's certificate is revoked the contract is null and void
8 as of the date of the revocation.

9 The bill permits the commissioner to recommend to the State
10 Board of Examiners that the board revoke the certification of a
11 superintendent of schools, assistant superintendent of schools or
12 school business administrator if the commissioner believes, based
13 on information from the school district in which the person is
14 employed, that the person's conduct warrants such action on the
15 part of the board. The bill also authorizes the commissioner to
16 recommend to the Board of Examiner the review of the certification
17 of any school business administrator in the event that the district in
18 which that administrator is employed is not in compliance with the
19 GAAP system of double entry bookkeeping within one year of the
20 bill's effective date. The Board of Examiners is also authorized to
21 review the certification of a superintendent of schools and a school
22 business administrator of any district in which conditions exist that
23 would allow the appointment of a State monitor.

24 Under the provisions of the bill, the school business
25 administrator, or another person designated by the board of
26 education, is required to certify to the Department of Treasury that
27 all documentation prepared for income tax related purposes in
28 regard to superintendents of schools, assistant superintendents of
29 schools, and school business administrators complies with federal
30 and State laws and regulations regarding the reporting of
31 compensation. The annual audit conducted in each school district
32 must also include test measures to assure that documentation
33 prepared for income tax related purposes complies with these laws
34 and regulations.

35 The bill also expands the circumstances under which the
36 Commissioner of Education may appoint a State monitor to ensure
37 public funds are properly expended. The bill authorizes the
38 commissioner to appoint a State monitor when the commissioner
39 finds evidence that a school district is spending State education
40 funds for purposes that are not in compliance with State law and
41 regulation. The bill also adds as factors to be included in making a
42 determination on the appointment of a State monitor the following:
43 the school district receives an adverse, disclaimer, or qualified
44 opinion under the single audit section for State or federal funds in
45 its annual audit; the school district is required to return federal
46 funds once it is determined that the district's expenditures are not in
47 compliance with grant requirements; or the school district submits
48 its annual audit after the required submission date. The bill also

1 expands the authority of the commissioner to order a compliance
2 audit of school district spending.

3 Finally, the bill addresses the issue of training for school board
4 members and other school leaders. The bill provides that the
5 training provided to newly-elected or appointed school board
6 members during the first year of the member's term by the New
7 Jersey School Boards Association must include training in the new
8 school district monitoring system, the New Jersey Quality Single
9 Accountability Continuum (NJ QSAC), and the five key
10 components of school district effectiveness set forth in NJ QSAC.
11 During each of the subsequent two years of the members' first term,
12 they will also be required to complete a training program on school
13 district governance. The bill additionally requires that every school
14 board member, within one year of re-appointment or re-election,
15 complete an advanced training program. This advanced training
16 program will assist members in serving more effectively on their
17 boards.

18 In the case of other school leaders, the bill provides that school
19 superintendents, principals, and other supervisors must complete
20 training on issues of school ethics, school law, and school
21 governance as part of the professional development for school
22 leaders currently required under State Board of Education
23 regulations. The training will be offered through a collaborative
24 training model identified by the commissioner.

25 This bill implements recommendations number 13, 14, 15 and 16
26 of the November, 2006 Report of the Joint Legislative Committee
27 on Public School Funding Reform.

STATEMENT TO
ASSEMBLY, No. 5

with Senate Floor Amendments
(Proposed By Senators ADLER and DORIA)

ADOPTED: DECEMBER 14, 2006

These Senate floor amendments provide that rather than a school district being required to submit to the Commissioner of Education documentation of all contributions made towards the costs of various types of insurance, medical and reimbursement plans, and retirement plans in regard to the superintendent of schools, assistant superintendents of schools, the school business administrator and any employee with an annual salary that exceeds \$75,000 who is not a member of a collective bargaining unit, the district will provide documentation only of contributions for the costs of these items which exceed the contributions for the costs of these items made on behalf of a teaching staff member under a collective bargaining agreement with the board.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: DECEMBER 19, 2006

SUMMARY

Synopsis: Provides for various school district accountability measures.

Type of Impact: Reduction in related local education costs.

Agencies Affected: School districts.

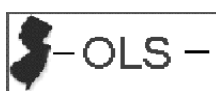
Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Savings	Indeterminate - See Comments Below		

- The Office of Legislative Services (OLS) has determined that it is not possible to estimate the fiscal impact of this bill.
- This bill includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The provision of the bill that may have the most immediate impact on savings within school districts require that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district’s participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the Alliance for Competitive Energy Services (ACES) program; taking steps to maximize participation in the Special Education Medicaid Initiative (SEMI) Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.
- Although the above requirements are expected to result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each requirement.

BILL DESCRIPTION

Assembly Bill No. 5 of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting



for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.

The bill also does the following: codifies proposed regulations regarding travel and expense reimbursement for school board members and district employees; institutes various budget and personnel compensation reporting requirements in school districts; prohibits a school district from renegotiating, extending, amending, or otherwise altering the terms of a contract with a school administrator unless notice is provided to the public prior to the action by the board and a public hearing is held; authorizes the Commissioner of Education to recommend that the State Board of Examiners revoke the certification of a school administrator if the commissioner believes that the person's conduct warrants such action or the district is not in compliance with GAAP accounting standards; provides that the approval of the commissioner is required for the buy-out of a superintendent's contract; expands the circumstances under which the commissioner may appoint a State monitor to ensure public funds are properly expended; authorizes the Board of Examiners to review the certification of superintendent or business administrator of any district in which conditions exist that would allow the appointment of a State auditor; expands the authority of the commissioner to order a compliance audit of school district spending; and revises training requirements for school board members.

The bill implements recommendations 13, 14, 15 and 16 of the November, 2006 Report of the Joint Legislative Committee on Public School Funding Reform.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

While Assembly Bill No. 5 of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters, the OLS believes that the requirements outlined below may have the most immediate impact on savings within school districts.

The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3percent net present value savings threshold is achievable. This provision is identical to the requirements imposed upon Abbott districts in the FY 2005, FY 2006 and FY 2007 Appropriations Acts as a condition for receiving Education Opportunity Aid. According to the Department of Education, data on the cost savings realized in Abbott districts as a result of the requirements is not available.

Although the above requirements outlined in the bill may result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each

requirement. Absent any data on the fiscal impact of the above requirements on Abbott districts, the OLS has determined that it is not possible to estimate the fiscal impact of the bill.

Section: Education

*Analyst: Osomo Thomas
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 5

STATE OF NEW JERSEY 212th LEGISLATURE

DATED: FEBRUARY 13, 2007

SUMMARY

Synopsis: Provides for various school district accountability measures.

Type of Impact: Reduction in related local education costs.

Agencies Affected: School districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Savings	Indeterminate - See Comments Below		

- The Office of Legislative Services (OLS) has determined that it is not possible to estimate the fiscal impact of this bill.
- This bill includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The provision of the bill that may have the most immediate impact on savings within school districts require that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the Alliance for Competitive Energy Services (ACES) program; taking steps to maximize participation in the Special Education Medicaid Initiative (SEMI) Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.
- Although the above requirements are expected to result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each requirement.

BILL DESCRIPTION

Assembly Bill No. 5 (1R) of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.

The bill also does the following: codifies proposed regulations regarding travel and expense reimbursement for school board members and district employees; institutes various budget and personnel compensation reporting requirements in school districts; prohibits a school district from renegotiating, extending, amending, or otherwise altering the terms of a contract with a school administrator unless notice is provided to the public prior to the action by the board and a public hearing is held; authorizes the Commissioner of Education to recommend that the State Board of Examiners revoke the certification of a school administrator if the commissioner believes that the person's conduct warrants such action or the district is not in compliance with GAAP accounting standards; provides that the approval of the commissioner is required for the buy-out of a superintendent's contract; expands the circumstances under which the commissioner may appoint a State monitor to ensure public funds are properly expended; authorizes the Board of Examiners to review the certification of a superintendent or business administrator of any district in which conditions exist that would allow the appointment of a State auditor; expands the authority of the commissioner to order a compliance audit of school district spending; and revises training requirements for school board members.

The bill implements recommendations 13, 14, 15 and 16 of the November, 2006 Report of the Joint Legislative Committee on Public School Funding Reform.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

While Assembly Bill No. 5 (1R) of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters, the OLS believes that the requirements outlined below may have the most immediate impact on savings within school districts.

The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable. This provision is identical to the requirements

imposed upon Abbott districts in the FY 2005, FY 2006 and FY 2007 Appropriations Acts as a condition for receiving Education Opportunity Aid. According to the Department of Education, data on the cost savings realized in Abbott districts as a result of the requirements is not available.

Although the above requirements outlined in the bill may result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each requirement. Absent any data on the fiscal impact of the above requirements on Abbott districts, the OLS has determined that it is not possible to estimate the fiscal impact of the bill.

Section: Education
Analyst: Osomo Thomas
Senior Fiscal Analyst
Approved: David J. Rosen
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

SENATE, No. 4

STATE OF NEW JERSEY 212th LEGISLATURE

INTRODUCED DECEMBER 4, 2006

Sponsored by:

Senator JOHN H. ADLER

District 6 (Camden)

Senator JOSEPH V. DORIA, JR.

District 31 (Hudson)

SYNOPSIS

Provides for various school district accountability measures.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning school district accountability, revising various
2 parts of the statutory law and supplementing Title 18A of the
3 New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) As a condition of receiving State aid, a
9 school district shall:

10 a. examine all available group options for every insurance
11 policy held by the district, including any self-insurance plan
12 administered by the New Jersey School Boards Association
13 Insurance Group on behalf of districts, and shall participate in the
14 most cost effective plans;

15 b. take steps to maximize the district's participation in the
16 federal Universal Service Program (E-rate) and the ACT
17 telecommunications program offered through the New Jersey
18 Association of School Business Officials;

19 c. participate in the Alliance for Competitive Energy Services
20 (ACES) Program offered through the New Jersey School Boards
21 Association, unless the district is able to demonstrate to the
22 commissioner that it receives goods or services at a cost less than or
23 equal to the cost achieved by participants in the program;

24 d. take appropriate steps to maximize the district's
25 participation in the Special Education Medicaid Initiative (SEMI)
26 Program, with maximum participation defined by the
27 commissioner; and

28 e. refinance all outstanding debt for which a 3% net present
29 value savings threshold is achievable.

30
31 2. (New section) a. The Commissioner of Education shall
32 promulgate "user-friendly," plain language budget summary forms
33 for the use of school districts. The commissioner shall also
34 promulgate a procedure for the submission by each school district
35 of the required budget summary form to the Department of
36 Education following the approval of the budget.

37 b. The plain language budget summary shall provide the public
38 with information in summary form about the budget of the school
39 district and shall include, in addition to an abbreviated version of
40 the formal budget adopted by the school district, such statistical
41 information as the commissioner determines to be useful for the
42 public's understanding of the school district's fiscal matters and
43 condition, and shall also include, but not be limited to, the
44 following information for both the district's budget year and the
45 prebudget year: all line items of appropriation aggregated by item

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 type; the school tax rate; the equalized school tax rate; revenues by
2 major category; the amount of available surplus; a description of
3 unusual revenues or appropriations, with a description of the
4 circumstances of the revenues or appropriations; and a list of shared
5 service agreements in which the district is participating.

6 c. The plain language budget summary shall be submitted to
7 the Department of Education in such form as determined by the
8 commissioner, and, upon its receipt of the summary, the department
9 shall make the summary available to the public through an Internet
10 website maintained by the department in an easily accessible
11 location. The information on the web site shall be presented as data
12 that can be downloaded by the public for comparative purposes
13 using commonly-used software.

14

15 3. (New section) Not later than the first day of the sixth month
16 next following the enactment of P.L. , c. (C.) (pending
17 before the Legislature as this bill), the Commissioner of Education
18 shall promulgate the “user friendly,” plain language budget
19 summary forms and procedures required pursuant to section 2 of
20 P.L. , c. (C.) (pending before the Legislature as this bill).

21

22 4. (New section) a. In addition to other items prescribed by the
23 Commissioner of Education pursuant to subsection c. of section 5 of
24 P.L.1996, c.138 (C.18A:7F-5), the Commissioner of Education shall
25 require a school district to submit annually with the budget, the
26 following items as supporting documentation in regard to the
27 superintendent of schools, the assistant superintendent of schools,
28 the school business administrator, and any employee with an annual
29 salary that exceeds \$75,000 who is not a member of a collective
30 bargaining unit:

31 (1) a detailed statement of the employment contract terms for
32 these school employees, including, but not be limited to, the
33 duration of the contract and all forms of compensation provided for
34 under the contract;

35 (2) the annualized cost of all benefits provided to these school
36 employees, including, but not limited to, all allowances, bonuses
37 and stipends, and all contributions made by the school district
38 towards the costs of health, dental, life and other types of insurance,
39 medical and reimbursement plans, and retirement plans;

40 (3) a detailed statement of any benefits provided for in the
41 employment contract with these school employees which are to be
42 conferred after or upon the separation from the school district; and,

43 (4) a detailed statement of any form of in-kind or other form of
44 remuneration provided to these school employees which is not
45 otherwise included in the employee’s salary or benefits.

46 b. The items required to be submitted pursuant to subsection a.
47 of this section shall be provided for public inspection on the school
48 district’s Internet site, if one exists, in a “user-friendly” format

1 using plain language, and on the Department of Education’s Internet
2 site in an easily accessible location. The Commissioner of
3 Education shall promulgate a “user-friendly,” plain language format
4 for the use of local districts for this purpose.

5
6 5. (New section) A board of education shall not renegotiate,
7 extend, amend, or otherwise alter the terms of a contract with a
8 superintendent of schools, assistant superintendent of schools, or
9 school business administrator, unless notice is provided to the
10 public at least 30 days prior to the scheduled action by the board.
11 The board shall also hold a public hearing and shall not take any
12 action on the matter until the hearing has been held. The board
13 shall provide the public with at least 10 days notice of the public
14 hearing.

15
16 6. (New section) a. Prior to a board of education entering an
17 agreement for an early termination of an employment contract
18 entered into with its superintendent of schools pursuant to the
19 provisions of N.J.S.18A:17-15, that includes the payment of
20 compensation to the superintendent as a condition of separation
21 from service with the district, the board shall submit the agreement
22 to the Commissioner of Education for approval. The agreement
23 shall be submitted by certified mail, return receipt requested. The
24 commissioner shall evaluate the agreement and have the authority
25 to disapprove the agreement if the payment of compensation as a
26 condition of separation from services is found to be excessive. The
27 determination of the commissioner shall be made within 30 days of
28 receipt of the agreement.

29 As used in this subsection, “compensation” includes, but is not
30 limited to, salary, allowances, bonuses and stipends, payments for
31 accumulated sick or vacation leave, contributions toward the costs
32 of health, dental, life and other types of insurance, medical
33 reimbursement plans, retirement plans, and any in-kind or other
34 form of remuneration.

35 b. The Commissioner of Education shall adopt regulations in
36 accordance with the “Administrative Procedure Act,” P.L.1968,
37 c.410 (C.52:14B-1 et seq.), to establish the allowable parameters of
38 early termination agreements.

39
40 7. (New section) An employment contract entered into
41 between a board of education and a superintendent of schools shall
42 include a provision that explicitly states that in the event that the
43 certificate of the superintendent is revoked the contract is null and
44 void as of the date of the revocation.

45
46 8. (New section) A school business administrator, or any other
47 person designated by the board of education, shall certify to the
48 Department of the Treasury that all documentation prepared for

1 income tax related purposes, in regard to superintendents of
2 schools, assistant superintendents of schools, and school business
3 administrators, complies fully with the requirements of federal and
4 State laws and regulations regarding the types of compensation
5 which are required to be reported.

6
7 9. (New section) The annual audit conducted pursuant to
8 N.J.S.18A:23-1 shall include test measures to assure that
9 documentation prepared for income tax related purposes complies
10 fully with the requirements of federal and State laws and
11 regulations regarding the compensation which is required to be
12 reported.

13
14 10. (New section) a. If the Commissioner of Education
15 believes, based on information provided by the school district in
16 which the certificate holder was employed, that the conduct of a
17 superintendent, assistant superintendent or school business
18 administrator warrants the revocation of the certificate held, the
19 commissioner shall recommend such revocation to the Board of
20 Examiners.

21 b. The State Board of Education shall promulgate rules
22 pursuant to the "Administrative Procedure Act," P.L.1968, c.410
23 (C.52:14B-1 et seq.), under which the Board of Examiners may
24 revoke a certificate pursuant to this section.

25
26 11. (New section) If any condition exists within a school district
27 that would authorize the appointment of a State monitor pursuant to
28 the provisions of section 2 of P.L.2006, c.15 (C.18A:7A-55), the
29 State Board of Examiners shall review the certification of the
30 superintendent and school business administrator of the district.

31
32 12. (New section) In the event that any school district is not in
33 compliance with the GAAP system of double entry bookkeeping as
34 required pursuant to the provisions of P.L.1989, c.266 (C.18A:4-14
35 et seq.) within one year of the effective date of P.L. , c. (C.)
36 (pending before the Legislature as this bill), the Commissioner of
37 Education shall recommend to the Board of Examiners that the
38 board review the certification of the district's school business
39 administrator.

40
41 13. (New section) a. As used in this section, "school leader"
42 means a school district staff member who holds a position that
43 requires the possession of a chief school administrator, principal, or
44 supervisor endorsement.

45 b. A school leader shall complete training on issues of school
46 ethics, school law, and school governance as part of the
47 professional development for school leaders required pursuant to
48 State Board of Education regulations. The training shall be offered

1 through a collaborative training model as identified by the
2 Commissioner of Education, in consultation with the State Advisory
3 Committee on Professional Development for School Leaders.

4
5 14. (New section) a. In addition to the powers provided
6 pursuant to P.L.2005, c.235 and P.L.1996, c.138 (C.18A:7F-1 et
7 seq.) or any other law, the Commissioner of Education may appoint
8 an external entity, in accordance with State procurement laws, to
9 perform a compliance audit of the spending of the district's general
10 fund budget upon identification that the district may be spending
11 State education funds for purposes that are not in compliance with
12 State education law and regulation. The scope of the compliance
13 audit shall be determined by the commissioner based upon the
14 specific circumstances of the district.

15 b. The final report of a compliance audit conducted pursuant to
16 subsection a. of this section shall include specific findings and
17 recommendations, as applicable, and shall be submitted to the
18 commissioner. The commissioner may use the audit report as
19 evidence for the appointment of a State monitor pursuant to the
20 provisions of subsection a. of section 2 of P.L.2006, c.15
21 (C.18A:7A-55).

22 c. The school district shall reimburse the Department of
23 Education for the total cost of the compliance audit conducted
24 pursuant to subsection a. of this section if the final audit report
25 includes findings that the district has spent State education funds
26 for purposes that are not in compliance with State education law
27 and regulation.

28
29 15. (New section) a. As used in this section:

30 (1) "Travel expenditures" means those costs paid by the school
31 district using local, State, or federal funds, whether directly by the
32 school district or by employee reimbursement, for travel by school
33 district employees and district board of education members, to the
34 following four types of travel events:

35 (a) "training and seminars" which means all regularly scheduled,
36 formal residential or non-residential training functions, conducted at
37 a hotel, motel, convention center, residential facility, or at any
38 educational institution or facility;

39 (b) "conventions and conferences" which means general
40 programs, sponsored by professional associations on a regular basis,
41 which address subjects of particular interest to a school district or
42 are convened to conduct association business. The primary purpose
43 of employee attendance at conferences and conventions is the
44 development of new skills and knowledge or the reinforcement of
45 those skills and knowledge in a particular field related to school
46 district operations. These are distinct from formal staff training and
47 seminars, although some training may take place at such events;

1 (c) "regular school district business" which means all regular
2 official business travel, including attendance at meetings,
3 conferences and any other gatherings which are not covered by the
4 definitions included in subparagraphs (a) and (b) of this paragraph;

5 (d) "retreats" which mean meetings with school district
6 employees and school board members, held away from the normal
7 work environment at which organizational goals and objectives are
8 discussed. If available, school district facilities shall be utilized for
9 this type of event.

10 (2) School district travel expenditures include, but are not limited
11 to, all costs for transportation, meals, lodging, and registration or
12 conference fees to and for the travel event.

13 (3) School district travel expenditures include costs for all
14 required training and all travel authorized in existing school district
15 employee contracts and school board policies. This includes, but is
16 not limited to, required professional development and other staff
17 training, required training for new school board members, and
18 attendance at specific conferences authorized in existing employee
19 contracts.

20 (4) A school district shall not bare costs for car rentals,
21 limousine services, and chauffeuring costs to or during the event, as
22 well as costs for employee attendance for coordinating other
23 attendees accommodations at the travel event.

24 b. A board of education shall implement a policy and
25 procedures pertaining to travel expenditures for its employees and
26 school board members that are in accordance with the provisions of
27 this section.

28 c. A board of education shall ensure through its policy and
29 procedures that all travel by its employees and board members is
30 educationally necessary and fiscally prudent, and shall include the
31 requirement that all school district travel expenditures are:

32 (1) directly related to and within the scope of the employee's or
33 board member's current responsibilities and, for school district
34 employees, the school district's professional development plan;

35 (2) for travel that is critical to the instructional needs of the
36 school district or furthers the efficient operation of the school
37 district; and

38 (3) in compliance with State travel payment guidelines as
39 established by the Department of the Treasury and with guidelines
40 established by the federal Office of Management and Budget;
41 except that those guidelines that conflict with the provisions of Title
42 18A of the New Jersey Statutes shall not be applicable, including,
43 but not limited to, the authority to issue travel charge cards. The
44 board of education shall specify in its travel policy the applicable
45 restrictions and requirements set forth in the State and federal
46 guidelines including, but not limited to, types of travel, methods of
47 transportation, mileage allowance, subsistence allowance, and

1 submission of supporting documentation including receipts, checks
2 or vouchers.

3 d. A board of education shall include in its travel policy a
4 requirement for the employee or board member to submit to an
5 appropriate party as designated, and within a timeframe specified
6 by the board's policy, a brief report that includes the primary
7 purpose for the travel and the key issues that were addressed at the
8 event and their relevance to improving instruction or the operation
9 of the school district.

10 e. A board of education shall require in its travel policy that
11 detailed documentation be maintained on file in the school district
12 which demonstrates compliance with the school board's travel
13 policy including travel approvals, reports, and receipts for all school
14 district funded expenditures, as appropriate.

15 f. For employees, a board of education shall require in its
16 policy that travel occur only upon prior written approval of the
17 chief school administrator and prior approval by a majority of the
18 full voting membership of the board.

19 For regular business travel only, a school board may authorize in
20 its travel policy an annual maximum amount per employee for
21 regular business travel for which school board approval is not
22 required.

23 g. For board members, a board of education shall require in its
24 policy that travel occur only upon prior approval by a majority of
25 the full voting membership of the board and that the travel be in
26 compliance with section 4 of P.L.1991, c.393 (C.18A:12-24) and
27 section 5 of P.L.2001, c.178 (C.18A:12-24.1).

28 h. A school board may also approve, at any time prior to the
29 event, travel for multiple months as long as the school board
30 approval, as detailed in school board minutes, itemizes the approval
31 by event, total cost, and number of employees and school board
32 members attending the event. General or blanket pre-approval for
33 travel is not authorized. Approval shall be itemized by event, event
34 total cost, and number of employees and school board members
35 attending the event.

36 i. A board of education shall state in its policy that travel
37 payments will be paid only upon compliance with the this section
38 and the school board's policy provisions and approval requirements.
39 The policy shall state that the school board will not ratify or
40 approve payments or reimbursements for travel after completion of
41 the travel event.

42 j. An employee of the school board, a school board member, or
43 organization, shall not receive an amount for travel and travel-
44 related expenses in advance of the travel pursuant to N.J.S.18A:19-
45 1 et seq.

46 k. A board of education shall require in its policy that a board
47 member recuse himself from voting on travel if the board member,
48 a member of his immediate family, or a business organization in

1 which he has an interest, has a direct or indirect financial
2 involvement that may reasonably be expected to impair his
3 objectivity or independence of judgment.

4 l. A board of education shall require in its policy that a board
5 member shall not: act in his official capacity in any matter in which
6 he or a member of his immediate family has a personal involvement
7 that is or creates some benefit to the school official or member of
8 his immediate family; or undertake any employment or service,
9 whether compensated or not, which may reasonably be expected to
10 prejudice his independence of judgment in the execution of his
11 official duties.

12 m. A board of education may, in its policy, exclude from the
13 requirements of prior school board approval pursuant to subsection
14 f. of this section any travel caused by or subject to contractual
15 provisions, other statutory requirements, or federal regulatory
16 requirements. The school board may not exclude such travel from
17 the subsistence requirements pursuant to subsection n. and o. of this
18 section and the annual maximum travel expenditure amount
19 pursuant to subsection p. of this section.

20 n. A board of education shall provide in its policy that one-day
21 trips that do not involve overnight lodging are not eligible for a
22 subsistence payment or reimbursement except in limited
23 circumstances authorized in Department of the Treasury guidelines.

24 o. A board of education shall provide in its policy that
25 overnight travel is eligible for a subsistence payment or
26 reimbursement as authorized in Department of the Treasury
27 guidelines, except as otherwise superseded by the following:

28 (1) per diem payment or reimbursement for lodging and meals
29 will be actual reasonable costs, not to exceed the federal per diem
30 rates as established in the federal register for the current year;

31 (2) lodging expenses may exceed the federal per diem rates if the
32 hotel is the site of the convention, conference, seminar or meeting
33 and the going rate of the hotel is in excess of the federal per diem
34 rates. If the hotel at the site of the convention, conference, seminar,
35 or meeting is no longer available, lodging may be paid for similar
36 accommodations at a rate not to exceed the hotel rate for the event;

37 (3) receipts are required for hotel expenses. Meal expenses
38 under the federal per diem allowance limits do not require receipts;

39 (4) in any case in which the total per diem reimbursement is
40 greater than the federal per diem rate, except as stated in paragraph
41 (1) of this subsection, the costs will be considered to be excessive
42 and shall not be paid by school district funds;

43 (5) school districts shall patronize hotels and motels that offer
44 special rates to government employees unless alternative lodging
45 offers greater cost benefits; and

46 (6) payment or reimbursement is approved for the full cost of an
47 official convention meal that the employee or school board member
48 attends, when the meal is scheduled as an integral part of the

1 convention or conference proceedings. If a meal is included in the
2 registration fee, the allowance for the meal is not eligible for
3 reimbursement.

4 p. Annually in the prebudget year, each district board of
5 education shall establish by school board resolution, a maximum
6 travel expenditure amount for the budget year, which the school
7 district shall not exceed in that budget year. The school board
8 resolution shall also include the maximum amount established for
9 the prebudget year and the amount spent to date.

10 (1) The maximum school district travel expenditure amount shall
11 include all travel in accordance with this section supported by local
12 and State funds.

13 (2) A district board of education may elect to exclude travel
14 expenditures to be supported by federal funds in the maximum
15 travel expenditure amount. If federal funds are excluded from the
16 established maximum school district travel expenditure amount, the
17 board of education shall include in the board resolution, the total
18 amount of travel supported by federal funds from the prior year,
19 prebudget year, and projected for the budget year.

20 q. Each district board of education shall maintain separate
21 accounting for school district travel expenditures as necessary, to
22 ensure compliance with the school district's maximum travel
23 expenditure amount. This may include, but need not be limited to, a
24 separate or offline accounting of such expenditures or expanding
25 the school district's accounting system. The tracking system shall
26 be sufficient to demonstrate compliance with the board's policy and
27 this section, and shall provide auditable information.

28 r. Any district board of reduction that violates its established
29 maximum travel expenditure as set forth in subsection p. of this
30 section, or that otherwise is not in compliance with the travel
31 limitations set forth in this section may be subject to sanctions by
32 the commissioner as authorized pursuant to N.J.S.18A:4-23 and
33 N.J.S.18A:4-24, including reduction of State aid in an amount equal
34 to any excess expenditure.

35 s. A person who approves any travel in violation of the school
36 district's policy or this section shall be required to reimburse the
37 school district in an amount equal to three times the cost associated
38 with attending the event.

39 An employee or member of the board of education who travels in
40 violation of the school district's policy or this section shall be
41 required to reimburse the school district in an amount equal to three
42 times the cost associated with attending the event.

43 t. The provisions of this section shall apply to the boards of
44 trustees and employees of charter schools.

45

46 16. Section 2 of P.L.2006, c.15 (C.18A:7A-55) is amended to
47 read as follows:

1 2. a. In addition to the powers provided pursuant to P.L.2005,
2 c.235 and P.L.1996, c.138 (C.18A:7F-1 et seq.) or any other law,
3 the Commissioner of Education shall have the authority to appoint a
4 State monitor and additional staff, as necessary, to provide direct
5 oversight of a board of education's business operations and
6 personnel matters if: the school district receives an adverse or a
7 disclaimer of opinion by its independent auditor in the annual audit
8 required pursuant to N.J.S.18A:23-1; or **[if]** any two or more of the
9 following circumstances apply to the school district:

10 (1) the school district ends the fiscal year with a deficit balance
11 as calculated for budgetary purposes in the general fund, special
12 revenue fund, or capital projects fund, with the exception of a
13 capital projects fund deficit caused by the issuance of bond
14 anticipation notes;

15 (2) the school district receives a qualified opinion by its
16 independent auditor in the annual audit required pursuant to
17 N.J.S.18A:23-1;

18 (3) the school district receives an adverse, disclaimer, or
19 qualified opinion by its independent auditor under the single audit
20 section for State or federal awards in the annual audit required
21 pursuant to N.J.S.18A:23-1;

22 (4) the school district receives any audit findings by its
23 independent auditor identified as material weaknesses in internal
24 controls;

25 **[(4)] (5)** the school district fails to develop and implement a
26 plan acceptable to the commissioner or his designee to address a
27 potential or actual deficit balance in the general fund, special
28 revenue fund, or capital projects fund, with the exception of a
29 capital projects fund deficit caused by the issuance of bond
30 anticipation notes; **[or]**

31 **[(5)] (6)** the school district fails to implement a plan from the
32 prior year which causes any findings from the independent auditor
33 to be repeated ;

34 (7) the school district is required to return federal funds once it
35 is determined that the school district's expenditures are not in
36 compliance with the grant requirements; or

37 (8) the school district submits the annual audit after the
38 submission date required pursuant to N.J.S.18A:23-1.

39 b. The State monitor shall:

40 (1) oversee the fiscal management and expenditures of school
41 district funds, including, but not limited to, budget reallocations and
42 reductions, approvals of purchase orders, budget transfers, and
43 payment of bills and claims;

44 (2) oversee the operation and fiscal management of school
45 district facilities, including the development and implementation of
46 recommendations for redistricting and restructuring of schools;

47 (3) ensure development and implementation of an acceptable
48 plan to address the circumstances set forth in subsection a. of this

1 section which resulted in the appointment of the State monitor. The
2 plan shall include measurable benchmarks and specific activities to
3 address the deficiencies of the school district;

4 (4) oversee all district staffing, including the ability to hire,
5 promote, and terminate employees;

6 (5) have authority to override a chief school administrator's
7 action and a vote by the board of education on any of the matters set
8 forth in this subsection, except that all actions of the State monitor
9 shall be subject to the education, labor, and employment laws and
10 regulations, including the "New Jersey Employer-Employee
11 Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.), and collective
12 bargaining agreements entered into by the school district;

13 (6) attend all meetings of the board of education, including
14 closed sessions; and

15 (7) meet with the board of education on at least a quarterly basis
16 to discuss with the members of the board the past actions of the
17 board which led to the appointment of the State monitor and to
18 provide board members with education and training that address the
19 deficiencies identified in board actions.

20 c. The Commissioner of Education shall notify the State Board
21 of Education following the appointment of a State monitor pursuant
22 to subsection a. of this section. The State monitor shall report
23 directly to the commissioner or his designee on a weekly basis. The
24 State monitor shall also report monthly to the board of education
25 and members of the public at the regularly scheduled board of
26 education meeting.

27 d. For purposes of the "New Jersey Tort Claims Act,"
28 N.J.S.59:1-1 et seq., the State monitor shall be considered a State
29 officer.

30 e. The State monitor shall provide oversight in the school
31 district until the commissioner determines that all remedial actions
32 required under the plan have been implemented and the necessary
33 local capacity and fiscal controls have been restored to school
34 district operations.

35 f. The salary of the State monitor shall be fixed by the
36 commissioner and adjusted from time to time as the commissioner
37 deems appropriate. The school district shall assume the total cost of
38 the State monitor and necessary additional staff appointed pursuant
39 to subsection a. of this section.

40 (cf: P.L.2006, c.15, s.2)

41

42 17. Section 13 of P.L.1991, c.393 (C.18A:12-33) is amended to
43 read as follows:

44 13. a. Each newly elected or appointed board member shall
45 complete during the first year of the member's first term a training
46 program to be prepared and offered by the New Jersey School
47 Boards Association, in consultation with the New Jersey
48 Association of School Administrators, the New Jersey Principals

1 and Supervisors Association, and the Department of Education,
2 regarding the skills and knowledge necessary to serve as a local
3 school board member. The training program shall include
4 information regarding the school district monitoring system
5 established pursuant to P.L.2005, c.235, the New Jersey Quality
6 Single Accountability Continuum, and the five key components of
7 school district effectiveness on which school districts are evaluated
8 under the monitoring system: instruction and program; personnel;
9 fiscal management; operations; and governance.

10 The board member shall complete a training program on school
11 district governance in each of the subsequent two years of the board
12 member's first term.

13 b. Within one year after each re-election or re-appointment to
14 the board of education, the board member shall complete an
15 advanced training program to be prepared and offered by the New
16 Jersey School Boards Association. This advanced training program
17 shall include information on relevant changes to New Jersey school
18 law and other information deemed appropriate to enable the board
19 member to serve more effectively.

20 c. The New Jersey School Boards Association shall examine
21 options for providing training programs to school board members
22 through alternative methods such as on-line or other distance
23 learning media or through regional-based training.

24 (cf: P.L.1991, c.393, s.13)

25

26 18. N.J.S.18A:22-8 is amended to read as follows:

27 18A:22-8. The budget shall be prepared in such detail and upon
28 such forms as shall be prescribed by the commissioner and to it
29 shall be annexed a statement so itemized as to make the same
30 readily understandable, in which shall be shown:

31 a. In tabular form there shall be set forth the following:

32 (1) The total expenditure for each item for the preceding school
33 year, the amount appropriated for the current school year adjusted
34 for transfers as of February 1 of the current school year, and the
35 amount estimated to be necessary to be appropriated for the ensuing
36 school year, indicated separately for each item as determined by the
37 commissioner;

38 (2) The amount of the surplus account available at the beginning
39 of the preceding school year, at the beginning of the current school
40 year and the amount anticipated to be available for the ensuing
41 school year;

42 (3) The amount of revenue available for budget purposes for the
43 preceding school year, the amount available for the current school
44 year as of February 1 of the current school year and the amount
45 anticipated to be available for the ensuing school year in the
46 following categories:

47 (a) Total to be raised by local property taxes

48 (b) Total State aid

- 1 (i) Core curriculum standards aid
2 (ii) Special education aid
3 (iii) Transportation aid
4 (iv) Early childhood program aid
5 (v) Demonstrably effective program aid
6 (vi) Instructional supplement aid
7 (vii) Supplemental core curriculum standards aid
8 (viii) Distance learning network aid
9 (ix) Bilingual aid
10 (x) Other (detailed at the discretion of the commissioner)
11 (c) Total federal aid
12 (i) Elementary and Secondary Education Act of 1965 (20
13 U.S.C. s.2701 et seq.)
14 (ii) Handicapped
15 (iii) Impact Aid
16 (iv) Vocational
17 (v) Other (detailed at the discretion of the commissioner)
18 (d) Other sources (detailed at the discretion of the
19 commissioner).
20 b. (Deleted by amendment, P.L.1993, c.117).
21 c. In the event that the total expenditure for any item of
22 appropriation is equal to \$0.00 for: (1) the preceding school year,
23 (2) the current school year, and (3) the amount estimated to be
24 necessary to be appropriated for the ensuing school year, that item
25 shall not be required to be published pursuant to N.J.S.18A:22-11.
26 d. The instruction function of the budget shall be divided at a
27 minimum into elementary (K-5), middle school (6-8), and high
28 school (9-12) cost centers, each of which shall be further divided by
29 the core curriculum content areas. The commissioner shall phase in
30 these requirements as soon as practicable.
31 e. The budget as adopted for the school year pursuant to
32 section 5 of P.L.1996, c.138 (C.18A:7F-5) shall be provided for
33 public inspection on the school district's Internet site, if one exists,
34 and made available in print in a "user-friendly" format using plain
35 language. The Commissioner of Education shall promulgate a
36 "user-friendly," plain language budget summary format for the use
37 of school districts for this purpose.
38 (cf: P.L.1996, c.138, s.53)

39
40 19. This act shall take effect immediately.
41
42

43 STATEMENT
44

45 This bill includes various provisions designed to increase public
46 school district accountability. The bill requires that all school
47 districts, as a condition of receiving State aid, implement a number
48 of efficiency standards, including: examining all available group

1 options for every district insurance policy and opting for the most
2 cost effective plans; taking steps to maximize the district's
3 participation in the federal Universal Service Program (E-rate) and
4 the ACT telecommunications program; participating in the Alliance
5 for Competitive Energy Services (ACES) program; taking steps to
6 maximize participation in the Special Education Medicaid Initiative
7 (SEMI) Program; and refinancing all outstanding debt for which a
8 3% net present value savings threshold is achievable.

9 The bill codifies proposed regulations regarding travel and
10 expense reimbursement for employees of a school district and
11 members of the board of education. The bill's provisions on travel
12 and expense reimbursement will also apply to employees and
13 members of the boards of trustees of charter schools.

14 The bill directs the Commissioner of Education to promulgate
15 "user-friendly," plain language budget summary forms. The forms
16 will be used by school districts to provide the public with summary
17 information about the district's adopted budget and other statistical
18 information concerning district fiscal matters. The summary form
19 will be submitted to the Department of Education and made
20 available to the public through an Internet website maintained by
21 the department.

22 The bill also requires school districts to submit with their annual
23 budget, certain supporting documentation in regard to the
24 superintendent of schools, the assistant superintendent of schools,
25 the school business administrator, and any employee with an annual
26 salary that exceeds \$75,000 who is not a member of a collective
27 bargaining unit. The information would include a detailed
28 statement of the employment contract terms, the annualized cost of
29 all benefits provided to these employees, a detailed statement of
30 benefits to be conferred after or upon separation from the district,
31 and a detailed statement of any in-kind or other remuneration that is
32 not otherwise included in the employee's salary or benefits. This
33 information must also be available for public inspection on the
34 district's Internet site and on the Department of Education's
35 Internet site in a user-friendly, plain language format. The bill also
36 requires that the adopted budget of the district be posted on the
37 Internet site and made available in print.

38 The bill prohibits a school district from renegotiating, extending,
39 amending, or otherwise altering the terms of a contract with a
40 superintendent of schools, assistant superintendent of schools, or
41 school business administrator, unless notice is provided to the
42 public at least 30 days prior to the scheduled action by the board.
43 The board is required to hold a public hearing on the matter with at
44 least 10 days public notice.

45 Prior to any buy-outs of a superintendent's contract, the board of
46 education is required to obtain the approval of the Commissioner of
47 Education. The commissioner will have 30 days from receipt of the
48 agreement to make a determination. The commissioner has the

1 authority to disapprove any buy-out he deems to be excessive, and
2 is granted rule making authority to establish allowable parameters
3 of early termination agreements.

4 The bill specifies that an employment contract entered into
5 between a board of education and a superintendent of schools must
6 include a provision that explicitly states that in the event that the
7 superintendent's certificate is revoked the contract is null and void
8 as of the date of the revocation.

9 The bill permits the commissioner to recommend to the State
10 Board of Examiners that the board revoke the certification of a
11 superintendent of schools, assistant superintendent of schools or
12 school business administrator if the commissioner believes, based
13 on information from the school district in which the person is
14 employed, that the person's conduct warrants such action on the
15 part of the board. The bill also authorizes the commissioner to
16 recommend to the Board of Examiner the review of the certification
17 of any school business administrator in the event that the district in
18 which that administrator is employed is not in compliance with the
19 GAAP system of double entry bookkeeping within one year of the
20 bill's effective date. The Board of Examiners is also authorized to
21 review the certification of a superintendent of schools and a school
22 business administrator of any district in which conditions exist that
23 would allow the appointment of a State monitor.

24 Under the provisions of the bill, the school business
25 administrator, or another person designated by the board of
26 education, is required to certify to the Department of Treasury that
27 all documentation prepared for income tax related purposes in
28 regard to superintendents of schools, assistant superintendents of
29 schools, and school business administrators complies with federal
30 and State laws and regulations regarding the reporting of
31 compensation. The annual audit conducted in each school district
32 must also include test measures to assure that documentation
33 prepared for income tax related purposes complies with these laws
34 and regulations.

35 The bill also expands the circumstances under which the
36 Commissioner of Education may appoint a State monitor to ensure
37 public funds are properly expended. The bill authorizes the
38 commissioner to appoint a State monitor when the commissioner
39 finds evidence that a school district is spending State education
40 funds for purposes that are not in compliance with State law and
41 regulation. The bill also adds as factors to be included in making a
42 determination on the appointment of a State monitor the following:
43 the school district receives an adverse, disclaimer, or qualified
44 opinion under the single audit section for State or federal funds in
45 its annual audit; the school district is required to return federal
46 funds once it is determined that the district's expenditures are not in
47 compliance with grant requirements; or the school district submits
48 its annual audit after the required submission date. The bill also

1 expands the authority of the commissioner to order a compliance
2 audit of school district spending.

3 Finally, the bill addresses the issue of training for school board
4 members and other school leaders. The bill provides that the
5 training provided to newly-elected or appointed school board
6 members during the first year of the member's term by the New
7 Jersey School Boards Association must include training in the new
8 school district monitoring system, the New Jersey Quality Single
9 Accountability Continuum (NJ QSAC), and the five key
10 components of school district effectiveness set forth in NJ QSAC.
11 During each of the subsequent two years of the members' first term,
12 they will also be required to complete a training program on school
13 district governance. The bill additionally requires that every
14 school board member, within one year of re-appointment or re-
15 election, complete an advanced training program. This advanced
16 training program will assist members in serving more effectively on
17 their boards.

18 In the case of other school leaders, the bill provides that school
19 superintendents, principals, and other supervisors must complete
20 training on issues of school ethics, school law, and school
21 governance as part of the professional development for school
22 leaders currently required under State Board of Education
23 regulations. The training will be offered through a collaborative
24 training model identified by the commissioner.

25 This bill implements recommendations number 13, 14, 15 and 16
26 of the November, 2006 Report of the Joint Legislative Committee
27 on Public School Funding Reform.

STATEMENT TO

SENATE, No. 4

with Senate Floor Amendments
(Proposed By Senators ADLER and DORIA)

ADOPTED: DECEMBER 14, 2006

These Senate floor amendments provide that rather than a school district being required to submit to the Commissioner of Education documentation of all contributions made towards the costs of various types of insurance, medical and reimbursement plans, and retirement plans in regard to the superintendent of schools, assistant superintendents of schools, the school business administrator and any employee with an annual salary that exceeds \$75,000 who is not a member of a collective bargaining unit, the district will provide documentation only of contributions for the costs of these items which exceed the contributions for the costs of these items made on behalf of a teaching staff member under a collective bargaining agreement with the board.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4
STATE OF NEW JERSEY
212th LEGISLATURE

DATED: JANUARY 5, 2007

SUMMARY

Synopsis: Provides for various school district accountability measures.

Type of Impact: Reduction in related local education costs.

Agencies Affected: School districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Local Savings	Indeterminate - See Comments Below		

- The Office of Legislative Services (OLS) has determined that it is not possible to estimate the fiscal impact of this bill.
- This bill includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The provision of the bill that may have the most immediate impact on savings within school districts require that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the Alliance for Competitive Energy Services (ACES) program; taking steps to maximize participation in the Special Education Medicaid Initiative (SEMI) Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.
- Although the above requirements are expected to result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each requirement.

BILL DESCRIPTION

Senate Bill No. 4 of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters. The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards,

including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable.

The bill also does the following: codifies proposed regulations regarding travel and expense reimbursement for school board members and district employees; institutes various budget and personnel compensation reporting requirements in school districts; prohibits a school district from renegotiating, extending, amending, or otherwise altering the terms of a contract with a school administrator unless notice is provided to the public prior to the action by the board and a public hearing is held; authorizes the Commissioner of Education to recommend that the State Board of Examiners revoke the certification of a school administrator if the commissioner believes that the person's conduct warrants such action or the district is not in compliance with GAAP accounting standards; provides that the approval of the commissioner is required for the buy-out of a superintendent's contract; expands the circumstances under which the commissioner may appoint a State monitor to ensure public funds are properly expended; authorizes the Board of Examiners to review the certification of superintendent or business administrator of any district in which conditions exist that would allow the appointment of a State auditor; expands the authority of the commissioner to order a compliance audit of school district spending; and revises training requirements for school board members.

The bill implements recommendations 13, 14, 15 and 16 of the November, 2006 Report of the Joint Legislative Committee on Public School Funding Reform.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

While Senate Bill No. 4 of 2006 includes various provisions designed to increase public school district accountability in budgeting and personnel matters, the OLS believes that the requirements outlined below may have the most immediate impact on savings within school districts.

The bill requires that all school districts, as a condition of receiving State aid, implement a number of efficiency standards, including: examining all available group options for every district insurance policy and opting for the most cost effective plans; taking steps to maximize the district's participation in the federal Universal Service Program (E-rate) and the ACT telecommunications program; participating in the ACES program; taking steps to maximize participation in the SEMI Program; and refinancing all outstanding debt for which a 3 percent net present value savings threshold is achievable. This provision is identical to the requirements imposed upon Abbott districts in the FY 2005, FY 2006 and FY 2007 Appropriations Acts as a condition for receiving Education Opportunity Aid. According to the Department of Education, data on the cost savings realized in Abbott districts as a result of the requirements is not available.

Although the above requirements outlined in the bill may result in cost savings, the OLS is not able to estimate the potential savings that would result from the implementation of each requirement. Absent any data on the fiscal impact of the above requirements on Abbott districts, the OLS has determined that it is not possible to estimate the fiscal impact of the bill.

Section: Education

*Analyst: Osomo Thomas
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L. 1980, c.67.

Apr-03-07 Governor Signs Landmark Property Tax Reform

FOR IMMEDIATE RELEASE
April 3, 2007

Press Office
609-777-2600

GOVERNOR SIGNS LANDMARK PROPERTY TAX REFORM

Makes Broad, Sweeping Start to Rein in New Jersey's Highest in the Nation Property Taxes

TRENTON - Governor Jon S. Corzine today signed landmark property tax legislation that will lower property taxes in the short-term while instituting long-term reforms to help break the decades-long cycle of steep annual property tax increases.

"I am proud to sign into law a remarkable combination of relief and reform that seemed impossible just a few years or even a few months ago," said Governor Corzine. "Through letters and e-mails, and at town hall meetings and sporting events across our state, I have heard from overburdened homeowners about their sizable and always-increasing property tax bills. Today, we are taking significant steps to ease that burden."

"This year, hardworking homeowners will experience the largest level of relief in state history. The four percent tax levy cap will be instrumental in helping to sustain this relief over time," said Senate President Richard J. Codey, a prime sponsor of S-20. "Rest assured, the totality of our efforts will produce long-term reform and in the interim taxpayers will get much-needed relief now."

"This is the double-dose of property tax reform and relief taxpayers have asked for and so desperately need," said Assembly Speaker Joseph J. Roberts, Jr. (D-Camden). "This initiative provides historic levels of property tax savings, cutting property taxes for the overwhelming majority of New Jerseyans and creating a four-percent cap to sustain them."

Bill A-1/S-20 will provide homeowners with immediate and substantial property tax relief. Homeowners with incomes up to \$100,000 will receive a 20 percent reduction in their property taxes through either a credit or a rebate. Those with incomes between \$100,000 and \$150,000 will receive a 15 percent reduction,

and those with incomes between \$150,000 and \$250,000 will receive at 10 percent reduction.

The program will provide benefits to 1.9 million homeowners - about 95 percent of all homeowners in the state - and to 800,000 tenants.

The overall average benefit for all eligible homeowners will be nearly \$1,100.

The average for senior homeowners, who are guaranteed to receive a rebate at least equal to last year's amount, is nearly \$1,250. The average benefit for non-senior homeowners is nearly \$1,000 and will be more than triple the amount of last year's benefit. Funding for tenant rebates will be doubled, with low-income tenants receiving a dramatic increase.

The legislation also imposes a 4 percent property tax levy cap on school districts and all county and local governments. The cap provisions of the bill permit only a small number of adjustments. To address "extraordinary" increases in costs, the bill creates a limited waiver process for school districts that will require application to and approval by the Commissioner of Education. The school district waiver process will be initiated for the 2008-2009 school year budgets.

The Local Finance Board in the Department of Community Affairs will consider county and local government waiver requests. Governor Corzine has directed both agencies to put the interests of taxpayers first in reviewing any waiver requests.

Under the new law, school districts and county and local governments are permitted to seek voter approval to exceed the tax levy cap. Any proposal to exceed the cap must be passed by a supermajority of 60 percent of the voters, except for the upcoming school elections where a simple majority of 50 percent will be required to approve a cap override.

Bill A-4/S-19 implements several reform proposals that were originally contained in the "CORE reform" package of legislation put forth by Assembly Speaker Roberts last year. This bill includes the "Uniform Shared Services and Consolidation Act," which is designed to encourage savings among local units of government through the use of shared services, joint meetings, and municipal

consolidation. Financial incentives will be made available to municipalities that participate in shared services opportunities under the “Share Available Resources Efficiently” (SHARE) program.

The legislation also sets new rules to bring increased openness and transparency to the budgeting process for schools and municipalities. All municipal budgets and municipal employee salary changes are required to be posted online. Budgets posted online must be accompanied by a user friendly plain language guide. Additionally, all compensation, benefits, separation benefits, and contract terms for school superintendents, assistant superintendents, and school business administrators must be clearly disclosed to the Commissioner of Education and will be made available for public review.

Finally, the legislation greatly expands the authority and responsibility of county superintendents of schools, who will now be known as executive county superintendents. The executive superintendents will have the authority to disapprove portions of a school district’s budget if a district has not implemented all potential administrative efficiencies or if a budget includes excessive non-instructional expenses. The executive superintendents also will be responsible for developing a plan to eliminate all so-called “non-operating” school districts, which are school districts without schools. Additionally, they will develop a proposal for submission to the voters to create or enlarge regional school districts so that school districts smaller than K-12 would be eliminated.

The signing of these bills comes on the heels of other significant reforms recently signed into law by Governor Corzine to control additional drivers of property tax increases.

On March 15, the Governor signed the following bills:

- **A-2/S-15** – legislation to create an independent Office of the Comptroller to root out waste, inefficiency and mismanagement in state and local government. The comptroller will have the authority to perform financial audits and performance reviews of all government entities.
- **A-5/S-4** – a bill to increase the fiscal oversight and accountability of school districts

- **A-15/S-12** – a measure creating a commission to study and recommend municipal consolidations and other actions designed to improve efficiency and eliminate duplication
- **S-14/A-20** -- a bill to mandate pension forfeiture and prison sentences for public officials or employees convicted of corruption

The Governor also has secured commitments from legislative leaders that they will pass a bill to ban dual office holding before he signs the FY08 budget.

"When we began the Property Tax Special Session last summer, we knew that success would be measured on two things – how much direct relief we could immediately get to homeowners and how effectively we could control spending," said Senate Majority Leader Bernard F. Kenny, Jr., (D-Hudson). "Today, we are providing New Jersey residents with a staggering amount of property tax relief – not only in terms of dollars but also in terms of families reached."

"Property taxes are issue number one, two, and three for the residents of this state," said Assemblyman John F. McKeon (D-Essex). "After years of out-of-control property tax increases and fluctuating relief, this combination of tax cuts and caps is just what the doctor ordered to help homeowners, renters, and senior citizens."

"This historic infusion of property tax savings will benefit millions of homeowners and renters," said John J. Burzichelli (D-Gloucester). "These credits, rebates, and caps will put the brakes on runaway property taxes and give residents the real relief they deserve."

Assembly Bill No. 1 was sponsored by Speaker Joseph J. Roberts, Jr. (D-Camden, Gloucester) and Assemblypersons John F. McKeon (D-Essex) and John J. Burzichelli (D-Salem, Cumberland, Gloucester). It was sponsored in the Senate by Senate President Richard J. Codey (D-Essex) and Senator Bernard F. Kenny, Jr. (D-Hudson).

Assembly Bill No. 4 was sponsored by Speaker Joseph J. Roberts, Jr. (D-Camden, Gloucester) and Assemblypersons John S. Wisniewski (D-Middlesex), Jerry Green (D-Middlesex, Somerset, Union), Robert M. Gordon (D-Bergen), Louis D. Greenwald (D-Camden), Pamela R. Lampitt (D-Camden), Bonnie

Watson Coleman (D-Mercer), Douglas H. Fisher (D-Salem/ Cumberland/ Gloucester), and Nilsa Cruz-Perez (D-Camden/Gloucester). It was sponsored in the Senate by Senator Bob Smith (D-Middlesex, Somerset).

###

Delivering Results -- Property Tax Relief and Reform

The Special Session on Property Taxes that Governor Corzine opened last summer has produced the most comprehensive set of measures ever enacted in New Jersey to provide immediate relief from high property taxes and to create structural reforms that will help break the decades-long cycle of steep annual property tax increases in New Jersey.

Immediate Relief

- The new property tax credit/rebate program will mean a **20% reduction** in property taxes for the great majority of property taxpayers – an average benefit of more than **\$1,100** for the nearly **1.4 million** New Jersey homeowners with incomes of **\$100,000 or less**.
- Another 500,000 homeowners – those with incomes between \$100,000 and \$250,000 – will see benefits that are significantly higher than they have ever been before.
- Overall, benefits for non-senior homeowners will on average be **more than three times the amount** of last year's benefit.
- Seniors will continue to receive a high level of relief, guaranteed to be at least as much as last year's and averaging nearly **\$1,250 for senior homeowners**.
- Funding for relief for nearly **800,000 tenant households will double**.

Long-Term Reform

Promoting Consolidation and Shared Services

- The new Local Unit Alignment, Reorganization, and Consolidation Commission will allow thorough research, review, and development of proposals for shared service arrangements and consolidations that will reduce duplication and inefficiency.
- So-called “non-operating school districts,” which actually are school districts without schools, will be eliminated.
- The executive county superintendents will develop proposals to create or enlarge regional school districts so that school districts smaller than K-12 could be eliminated. These proposals will then be subject to voter approval.
- Civil service and other legal barriers that often make regional or consolidated approaches more difficult to design and implement will be eliminated.

Improving Ethics, Fiscal Oversight and Accountability

- The new State Comptroller will have unprecedented authority to root out waste, fraud, and abuse and to improve performance and internal controls at all levels of government through fiscal audits, performance reviews, and procurement monitoring.
- Pension abuses like padding and tacking will be eliminated through pending reforms that will remove service credit for professional service work by independent contractors and place a cap on the amount of salary that will count toward a defined benefit pension.
- Mandatory pension forfeiture and a prison sentence will apply to public employees or officials convicted of corruption.
- To enable voters to have a better understanding of how their property tax dollars are being spent, all school districts and local governments will be required to prepare “user-friendly” budgets that will be publicly available and posted on the Internet
- Compensation for school superintendents and other top-level school administrators will be subject to greater oversight and control, including a requirement that all employment contracts for these officials be pre-approved by executive county superintendents.

Controlling Spending

- The 4% cap on the local property tax levy will create a dynamic where school districts and local governments will have to prioritize spending decisions and aggressively search for structural changes to control long-term costs, especially compensation costs.
- School districts and local governments will now have the legal authority to achieve through negotiation greater employee contributions toward healthcare costs.
- School districts will be required to implement a variety of efficiency standards as a condition of State school aid.
- Executive county superintendents in each county will have the authority to disapprove portions of a school district's budget if a district has not implemented all potential administrative efficiencies or if a budget includes excessive non-instructional expenses.
- Municipalities will be graded against performance measures designed to promote cost savings in the delivery of services, and new Municipal Efficiency Promotion Aid will be available only to towns that meet those standards.

Reducing Reliance on Property Taxes

- The proposed FY08 State budget calls for a significant increase in School Aid, including funding that is targeted to at-risk children regardless of where they live. This principle of linking funding to the needs of children, rather than the accident of geography, will be at the core of a new school funding formula currently under development.
- The budget also calls for an increase in State Aid to municipalities so they can reduce their reliance on property taxes to fund needed local services.

NEW JERSEY LEGISLATURE NEWS RELEASE



FOR RELEASE:
June 6, 2006

CONTACT:
Senate President Codey **Speaker Roberts**
Jennifer Sciortino Joe Donnelly
(609) 292-5215 (609) 292-7065

CODEY, ROBERTS ANNOUNCE PLANS FOR SPECIAL SESSION ON PROPERTY TAXES

*Legislature to Convene Bicameral, Bipartisan Joint Committees in July;
Final Action on Property Tax Relief Measures Expected by End of Year*

(TRENTON) – Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts, Jr., today announced plans for an unprecedented special legislative session that would work throughout the summer and fall with the goal of enacting property tax reforms by the end of this year.

The announcement lays out an unparalleled framework to bring about legislative measures and corresponding action aimed at reducing the property tax burdens of New Jersey residents. It would mark the first time in state history that the Legislature will create special bicameral committees tasked with looking at the property tax problem from all angles.

“For too long property owners have been getting blitzed with taxes advancing further and further. It’s time that we not only hold the line, but push them back,” said Codey (D- Essex). “Unless we attempt to create greater efficiency and reduce spending at the local levels, we will only be chasing our tails.”

“Since New Jersey’s homeowners don’t get a vacation from high property taxes, the Legislature shouldn’t get one either,” said Roberts (D-Camden). “Solving the problem of sky-high property taxes cannot be left to one person, one party, or one half of the Legislature. Today we are launching a full-court press to make major repairs to New Jersey’s broken property tax system.”

The special legislative session process would begin in July when Governor Corzine would frame out the goals and expectations in an address to a joint session of the Legislature.

(MORE)

Following the Governor's address, the Senate and Assembly both would pass joint resolutions to create four bicameral, bipartisan joint committees:

- **Joint Committee on School Funding.** This panel would expand upon the Assembly task force that Speaker Roberts initially proposed in his recent CORE Reform Plan. This joint committee would seek to implement reforms to the current school funding formula to mitigate disparities and inequalities between urban and suburban/rural schools, among other changes;
- **Joint Committee on Benefits Reform.** The committee would use the recommendations from the Pension and Benefits Review Task Force, convened last year by Governor Codey, as the basis for legislative proposals to end abuses of the public benefit system and control benefits costs statewide;
- **Joint Committee on Government Consolidation and Shared Services.** This joint committee would serve as a launch pad for drafting measures to promote service sharing at all levels of government and examine potential consolidation of certain state government functions;
- **Joint Committee on a Citizens' Convention and Constitutional Reform.** The committee would address property tax issues that require constitutional remedies with the goal of laying the groundwork for a Citizen's Convention that would be put to the voters on the November 2007 ballot.

The joint committees would immediately begin work on developing legislative proposals, with a deadline for completing their work by September 30. The proposals would be forwarded to the Legislature's standing committees with the goal of achieving final legislative action by the end of the year.

Codey and Roberts said the plan was created in consultation with Governor Jon S. Corzine, who has called for both a special session and constitutional convention to tackle the state's decades-old problem of repressively high property taxes.

(MORE)

The leaders noted that the measures would be crafted jointly by both the Senate and Assembly, providing insurance against legislative gridlock and increasing the session's chances of success.

Unlike past special sessions – which historically have dissolved into political grandstanding – the Codey/Roberts plan's bicameral and bipartisan approach would ensure careful deliberation and discussion of all ideas.

“History has shown us that most partisan legislative initiatives are rarely successful,” said Codey. “Both houses working together, side by side, will be far more efficient and more meaningful.”

“In the end, taxpayers won't especially care whether this is called a 'special session,' 'special committees,' or 'special process' unless there are real results,” said Roberts. “This must be a process of meeting deadlines, not dead ends.”