Accountability Regulations: 
The Cost to Local School Districts

Report on a survey of local school officials conducted by the New Jersey School Boards Association, with the assistance of the New Jersey Association of School Business Officials

April – May 2009
Accountability Regulations: The Cost to Local School Districts

CONTENTS

Summary..........................................................................................................................................1
Survey Design/Collection of Responses ..........................................................................................2
Survey Results .................................................................................................................................2
Conditions for Receipt of State Aid...............................................................................................2
Travel Regulations ..........................................................................................................................4
Efficiency Standards ......................................................................................................................7
  Paraprofessionals, Support Services ............................................................................................7
  Maintenance .................................................................................................................................9
  Vacant Positions ........................................................................................................................11
  Administrative Costs ..................................................................................................................12
  Food Service Operations .............................................................................................................15
Legal Services Recordkeeping .........................................................................................................16
Required Second Audit ..................................................................................................................18
Other Concerns ............................................................................................................................18
  Professional Services, annual request for proposals .................................................................18
  Special Education Medicaid Initiative reimbursement ..........................................................18
  Additional comments ................................................................................................................20
Code Re-adoption Process .............................................................................................................23

APPENDIX 1: NJSBA Testimony (6/18/2009) ............................................................................24
APPENDIX 2: Survey Instrument .................................................................................................28

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Accountability Regulations: Cost to Local Districts
Survey Results (April-May 2009)

Provisions of the state’s Accountability Regulations, intended to promote public school efficiency, are creating additional administrative burden and cost in local school districts, according to a survey of local school district officials, conducted by the New Jersey School Boards Association with the support of the New Jersey Association of School Business Officials.

NJSBA, a federation of the state’s local boards of education, issued the survey to school district business administrators and other school officials in April. Approximately 37 percent of the state’s school districts responded.

Among the survey’s findings:

- Participating districts incurred $4.6 million in staffing costs and non-staff expenditures when implementing five of the “conditions for receipt of state aid,” set out in the regulations.

- A majority of school officials fear that some of the regulations’ “efficiency standards,” which are being used by the state’s executive county superintendents to review proposed school district budgets, may be leading to diminished quality of services. Additionally, by setting benchmarks for many of the efficiency standards at statewide medians, the regulations guarantee that half of the state’s districts will not meet the criteria. Use of medians will also push down staffing and expenditures, eventually affecting school quality. Officials of small school districts expressed concern about the accuracy of defining “efficiency” through the use of per pupil expenditure factors and student-staff ratios.

- A section of the Accountability Regulations that addresses travel for business and training and expenditures related to professional development is imposing severe administrative burdens in the vast majority of school districts. In addition, some school officials expressed concern that the “travel regulations” may discourage professional development among teaching staff. Many believe that the additional administrative burden and future costs of compliance will outweigh savings.

- Districts questioned the value of requirements, such as implementing legal services record-keeping systems and issuing requests for proposals for all professional services annually, regardless of current vendors’ performance. The financial cost and administrative burden of meeting these requirements exceeds any savings, according to many of the school officials responding to the survey.

School officials’ optional comments often focused on the fact that the vast majority of districts are accountable and efficient, but that, under the regulations, they are being penalized due to infractions by a only a few. Moreover, the regulations are distracting school personnel from concentrating on educational programming and other essential operations.

In May, the state Department of Education proposed revisions to the regulations. NJSBA’s survey addresses the regulations as finalized in December 2008, and not the proposed revisions, which would go into effect after July 2009. The Association, however, has analyzed the proposed revisions and will submit its analysis to the state Department of Education.
SURVEY DESIGN/COLLECTION OF RESPONSES

The survey focused on the financial, staffing and administrative impact of the following areas of the regulations:

- Changes in school business office, personnel and maintenance practices, which must be executed as a condition for receiving state aid.
- Separate accounting procedures for school officials’ and staff members’ travel.
- Ten “efficiency standards” that the state is using as guidelines to review proposed school district budgets and which address operations/maintenance costs, employment of non-instructional staff, employment of teacher aides, and support services.
- Establishment of legal services recordkeeping processes.
- A second audit—in addition to the annual audit of the school budget—that will be required periodically in school districts that receive more than half of their revenue from the state.

Responses were collected between April 7 and May 19, 2009. Two hundred twenty-eight districts (228) are represented in the responses.

- School business administrators constituted the largest share of respondents (84.6%, or 193).
- The remaining responses came from superintendents (7%), business office staff, other than the school business administrator (4.8%), school board presidents or other board members (2.6%), and central office administrators other than the superintendent (0.9%).
- Grade organization of responding districts is as follows: Kindergarten through 12th grade, 36% (82); K-6/K-8, 50% (114); 7-12/9-12, 8.8% (20); county vocational, 2.6% (6); special services/educational services commissions, 1.8% (4); and send-all, or non-operating districts, 0.9%.
- Responses came from all 21 counties. Locations of responding districts, according to geographical region, are as follows:
  - Central (Hunterdon, Mercer, Middlesex, Monmouth, Ocean, Somerset and Union), 37.3% (85)
  - North (Bergen, Essex, Hudson, Morris, Passaic, Sussex and Warren), 33.8% (77)
  - South (Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem), 28.9% (66).

In eight districts, two separate replies were submitted, each from a different official (e.g., school business administrator and superintendent), bringing the total number of responses statewide to 236. For the tabulations, however, only one response per district was used. In each of the eight districts, the response used for tabulation contained the most recent and most complete information.

SURVEY RESULTS

Conditions for Receipt of State Aid

To receive state aid, school districts must adhere to a list of conditions set out in the Accountability Regulations. The survey asked about the financial and administrative impact of five of the “conditions for the receipt of state aid” required by the regulations. These conditions involve establishment of the following:

1. Standard Operating Procedures for each “routine task or function” in 13 areas, ranging from accounting and cash management to security, transportation and information management.
2. Internal Controls to promote operational efficiency, provide reliable financial information, safeguard assets and records and comply with law and regulation.
3. **Automated Position Control Roster** to track the number and category of employees and to provide detailed information for each.

4. **Automated Work Order System** for prioritizing, performing and recording all maintenance and repair requests. The system would record 21 different types of information, including type of work, length of project, cost of materials and approval dates. The provision would also require a cost-benefit analysis of outsourcing certain types of projects.

5. **Enterprise Resource Planning** systems to integrate financial and human resources and data. (Applies to districts with more than 300 employees or with budgets larger than $25 million.)

**Responding school districts cited over $4.6 million in staffing and non-staff costs that resulted from implementing the five requirements.** The largest share of the costs came in two areas: internal financial controls and enterprise resource planning.

Approximately 8.8 percent of responding districts reported hiring additional staff to implement the internal controls. However, in optional comments, a large number of respondents said that, although the regulations created a need for more positions, their districts were not able to hire more employees due to budgetary constraints and/or the state’s administrative staffing restrictions.

Not surprisingly, respondents by wide majorities said that each of the five conditions placed “additional administrative burden on existing staff”:

- **93.9%** of respondents indicated that *Standard Operating Procedures* resulted in additional administrative burden.
- **87.7%** – *Internal Controls*.
- **86.9%** – *Automated Position Control Roster*.
- **73.3%** – *Automated Work Order System*.
- **66.9%** – *Enterprise Resource Planning* systems.

The inquiries about the conditions for receipt of state aid also produced 77 optional comments from respondents. The most frequently recurring themes were the following:

- Inability to hire staff needed to implement the requirements due to budgetary restraints or restrictions on administrative spending (30%)
- Questionable value and/or effectiveness of the requirements (13%)
- Conflict between state-required conditions to receive aid and state-imposed limits on administrative spending (10%)

Other commentators stated that their districts already had adequate controls in place, that the regulations should apply only to those districts found not to be efficient or accountable in the past, and that the requirements will divert resources away from the education program. Selected comments follow:

> In general, these requirements have resulted in significant additional administrative efforts, with no corresponding benefit realized or foreseen, as procedures were already in place to support the internal controls.

**K-8 District, Passaic County**

> The new regulations require more work hours. Budgetary constraints have caused the district to forego new staffing. This will ultimately result in both less time spent monitoring existing controls and longer timelines to accomplish the same goals. Thus, the laws which were put in place to make districts more accountable will only serve to make them more inefficient and vulnerable to deceptive practices.

- **K-12 District, Bergen County**
Accountability Regulations: Cost to Local School Districts

We already have procedures in place to do all the things now being mandating “the state’s way.”
- K-12 District, Gloucester County

Most of these regs are common sense ideas that have been put in place in most districts. To have us pay the penalty of additional bureaucracy is insane. Small to mid-size districts do not have budget capacity to add new staff for these types of non-instructional issues.
- K-8 District, Monmouth County

The position control roster in particular is ridiculous in a 120 employee district. We have always maintained rosters of staff and their positions... It is the integration between the payroll system and HR system that is very difficult to achieve. It requires a great deal of software modification that I am most reluctant to pay for. We already had the checks and balances in place prior to these regulations.
- K-8 District, Burlington County

In each instance, the law serves to mandate that district leadership turn its attention to non-educational criteria. Logically, as districts strive to fulfill the new requirements of the Accountability Regulations, we will...turn our attention away from other areas.
- K-12 District, Mercer County

We are small. We are efficient—have been for a long time. We have to be. We know where every penny goes. However, because we are small, the same people who have created these regulations want to shut us down.
- K-6 District, Ocean County

The tracking and record keeping will result in overtime which will have to be paid, and the end result will be absolutely nothing for this district except for a wasted expense.
- K-8 District, Burlington County

With increased administrative responsibilities and costs, how then can the same limits on administrative spending be imposed?
- K-8 District, Burlington County

Districts will be forced to lay aside important educational pursuits to accomplish the meaningless tasks requested by the legislature.
- K-8 District, Monmouth County

The state is micromanaging high performing school districts. If they would pay attention to data and only “bother” underperforming districts or inefficiency, the state could save districts money and reduce its own expenses.
- K-8 District, Burlington County

It is not realistic, cost-effective or logical to [delay] repairs while a comparison is made between in-house costs versus a contractor. We all strive to get the best quality for the dollars spent.
- K-6 District, Cape May County

Travel Regulations

The Accountability Regulations establish limits and documentation requirements for travel by board members, administrators and teaching staff. They require the school business administrator to prepare itemized travel budgets; to maintain a separate accounting system for school district travel (or to expand the existing system); to review and approve all requests for travel expenditure reimbursement, ensuring the adequacy of documentation; and to retain such documents for auditing purposes.
Accountability Regulations: Cost to Local School Districts

The travel regulations also set parameters governing board member and staff travel for business and training, as well as for district-sponsored events. Requirements and restrictions include advance board approval to attend any training event; expenditure limits determined by federal Office of Management and Budget guidelines; prohibition against reimbursement for overnight accommodations for in-state conferences (unless the commissioner of education has granted a waiver for the specific event); restrictions on train travel to the same event by multiple school staff members/officials; limits on expenditures for meals related to travel and training; use of school vehicles for business purposes, and a prohibition against staff/board members taking home unconsumed refreshments following an event.

Approximately 91 percent of responding districts indicated that these provisions place additional administrative burden on existing staff.

According to the survey, the travel regulations have not resulted in additional staffing in 2008-2009. Many respondents, however, indicated that, because their districts were unable to hire additional staff, the travel regulations placed more work on existing staff—often at the expense of other projects. While the respondents cited limited additional costs ($41,200) in 2008-2009, many predict that future compliance will entail greater expense.

The queries about the travel regulations generated 85 optional comments. The most frequently recurring themes were as follows:

- Excessive paperwork, duplicative, additional costs (53%)
- Districts already had adequate controls over travel (15.3%)
- Timelines and complex procedures will discourage staff professional development (13%)
- Savings outweighed by additional administrative burden (13%)

Other comments noted that the regulations penalize districts, which have not abused travel in the past, and that the process diverts central office and school board attention away from the education program and other district operations. Selected comments follow:

Frankly, if there are any cost savings, they are negated by the amount of time spent in the paperwork that must be processed by staff – secretaries, administrators, and teachers – as well as the Board.

– K-12 District, Middlesex County

This process can be difficult especially when training seminars come up on short notice... We had to turn away staff members from important workshops because they could [not] be approved by the board prior to the event. It has increased the paperwork and work load of the business office.

– K-6 District, Essex County

The process for completing the paperwork necessary to send staff out of district for staff development, or to travel for routine business, has served to dissuade the applicants (teachers primarily) from seeking professional development.... The Board of Education has its focus diverted from education to the newly legislative priorities of travel logs, policies, and regulations...

– K-12 District, Mercer County

The incredible amount of time and paperwork spent on this ridiculous requirement is enormous, and the many hands that need to touch a single piece of paper is outrageous.

– K-12 District, Sussex County

...for the amount spent on travel, the extra work is not warranted.

– School Business Administrator, Atlantic County
This requirement has seemed to punish districts that have not abused travel in the past. This requirement is onerous at best and has not saved our district money, but has cost us additional time...

– K-8 District, Camden County

There is a double burden. Setting limits in line with the OMB circular should be enough to control costs. Separate record keeping places additional burdens on an already overloaded staff. Adding personnel is not an option for my district.

– K-12 District, Hudson County

Obtaining driver abstracts for anyone using a vehicle or driving students is difficult since the district is unable to obtain this [itself], employees have to pay for this information and then be reimbursed. The amount of logs for travel, attorneys and other information the regs say are pertinent takes time to put together, fill out and keep track of.

– K-8 District, Camden County

[Prohibiting] school districts from serving lunch or snacks to teachers on professional development days is a deterrent to best practices in staff development. By serving our staff lunch in the cafeteria, we foster an environment of learning and sharing. Staff members from all schools, along with administrators, have an opportunity to discuss the day's development activities. Also, the staff stays more focused since they are not disappearing off campus for lunch. We have been able to provide lunch for staff at a very low cost per-person on these district-wide staff development days.

– K-12 District, Somerset County

...our business office time has been diverted away from other local initiatives. The travel restrictions place an undue burden at all levels in the district and again divert our time from the business of the district.

– K-8 District, Morris County

There is no room for abuse [even] without this procedure in effect. Regulations that stipulate allowed or disallowed travel seem sufficient without all of the detailed requirements.

– K-8 District, Passaic County

We spent the same amount of money this year as in previous years for travel. The amount of funds spent for new forms and lost productivity...far outweighed any benefit derived [from] implementing these laws.

– K-12 District, Bergen County

The districts that abused their travel allocations should have been disciplined as opposed to imposing this undue burden on all districts.

– K-12 District, Middlesex County

This requirement has not changed anything the district does, especially since the district does not have much travel. Therefore, it only created work and provided no benefit.

– K-12 District, Bergen County

This is a lot of work for such a small amount of money. Our district does not have a lot of requests for travel reimbursement to begin with. I think these regulations are overkill. They seem to penalize the districts that do the right thing. Our district never abused travel. Our budgets are proof of that. It is very disturbing to see what is now required in order to attend a conference or convention. I think these regulations are targeting the wrong audience.

– K-8 District, Bergen County
Accountability Regulations: Cost to Local School Districts

Efficiency Standards

Under the Accountability Regulations, the state’s Executive County Superintendents use a series of efficiency standards when reviewing proposed school district budgets and cap waiver requests. The 2009-2010 school budget development process represented the first time that the standards were rigorously applied. The survey asked local school officials what impact, if any, each of ten standards had on quality of services, expenditures and administrative workload, as well as if the particular benchmark was difficult to achieve or implement.

A number of the standards are based on statewide medians for student-staff ratios and expenditures. In many cases, respondents expressed concern about the fact that the use of medians would result in half of all districts not meeting particular standards.

“Diminished quality of service” was a prevalent concern about efficiency standards that limited employment of teacher aides, support services and maintenance staff, and which addressed budgeting for vacant positions. Administrative staffing and expenditure benchmarks also elicited concern about adequate supervision and the impact on educational program quality.

Paraprofessionals, support services

**Standard: Employment of aides whose positions are not mandated by law or required by an IEP [Individual Education Program] is allowed "only when supported by independent research-based evidence that demonstrates the use of aides is an effective and efficient way of addressing the needs of the particular student population."**

Given the option to select one or more responses about the impact of this standard, 51.8% of respondents expressed concern that the standard would result in “diminished quality of service,” while 57.7 percent said it would place “additional burden on staff.” Over 35 percent of the responses indicated that the standard would be “difficult to achieve or implement.” Approximately 29 percent indicated the standard had “minimal or no impact.”

The query generated 41 comments. The most frequently recurring themes were –

- Value of aides in instructional and non-instructional areas; concern about negative impact on education program and student safety (27.5%)
- District already complies with standard (25%)
- Financial benefit of employing aides (15%)

Other comments included the following: difficulty in having teachers assume non-instructional duties due to contractual provisions or other factors; the difficulty/cost of securing “independent research-based evidence” necessary to gain approval for the employment of aides not required by students’ IEPs; and community concern over the elimination of teacher aide positions. Selected comments follow:

> ...when contracts state specific prep times for teaching staff and the reason you hired these aides was to cover lunches and playgrounds, it's hard to achieve [especially] when contracts are not up for negotiations for a couple of years.
> – K-8 District, Camden County

> We employ aides to assist children when they go from the elementary building to outside trailers. This law would have us discontinue that practice. In doing so, you would either put a child’s safety at risk by having them walk to the trailers unaccompanied or reduce instructional time by forcing the teacher to do this.
> – K-12 District, Bergen County
Accountability Regulations: Cost to Local School Districts

Aides provide a wealth of services to the District’s students. These individuals’ compensation is generally less than $15,000 and [they] are “priceless” to the District and its students.

– K-8 District, Sussex County

So it is educationally effective to divert a Kindergarten teacher’s time to helping the 5-year-olds tie their shoes and the other daily occurrences that happen when you have 21 5-year-olds in the same room.

– K-8 District, Morris County

The cost of independent research-based evidence could run into the tens of thousands of dollars.

– School Business Administrator, Vocational-Technical District

When the classroom has special needs students, it is always helpful to have an aide...whether IEP-allowed, or not. It just helps the classroom environment, and those students get extra attention. There is plenty of evidence to suggest that, where achievable, this is a good idea. The requirement for independent research is off base...the district should be able to provide actual in-district research to show that it works.

– K-8 District, Burlington County

Lunchroom aides...assist with cleanliness between lunch periods and maintain order... Teachers are not required to hold lunchroom duty, and this could cause a grievance from the union.

– K-8 District, Warren County

I do not have "independent research-based evidence" to prove that our lunch aides save the district money, but I do know that if I had to pay teachers to cover the lunch periods it would cost the district much more.

– K-8 District, Bergen County

We recently had a major RIF [reduction in force] of aide staff. Hundreds of people came to board meetings and were very upset. We will feel the true backlash next year when [we] have fewer aides to supervise cafeteria and bus duties.

– K-12 District, Burlington County

If the district wants to provide the service and the community desires to spend the money, why should the state force districts to reduce the level of services? The state is forcing the reduction of the level of education to children and then will wonder why test scores decline, but will still blame the districts. Is it a goal of the state to make school districts look bad for political purposes?

– K-8 District, Burlington County

We use aides (besides IEP) where it is cost beneficial, thus saving money as work performed by either clerical or teaching staff would be more expensive.

– K-12 District, Somerset County

**Standard:** A ratio of Students to Educational Support Personnel [e.g., counselors, librarians, nurses, child study team members] equal to or more than the state average.

The largest share of respondents (40.2%) indicated that the standard would be “difficult to achieve/implement,” often because of constantly changing state averages. An almost equal proportion (39.1%) expressed concern over “diminished quality of service.” Over 38% said that the standard would have “minimal or no impact” on the school district.

Twenty comments were provided in response to the query. The most common themes involve concern the use of statewide averages or medians as benchmarks (25%) and that the standard could
have a negative impact on students’ education (20%). One-quarter of the comments indicated that the districts were meeting this standard. Selected comments follow:

*Current level of services to students would be diminished. Doesn't account for special needs.*
– K-8 District, Hunterdon County

*Cutting back on support personnel often results in a loss to the student. Less staff here will mean more time that the instructional staff will have to spend resolving issues.*
– K-12 District, Bergen County

*The equation does not address the current situation in [our district] whereby Support Services are increasing but out-of-district tuition is decreasing due to the number of programs we have started in-district for our special needs students. The students we have brought into district require a greater amount of support services.*
– K-12 District, Mercer County

**Standard: Support Services cost per pupil equal to or less than the state median.** (“Support services” include attendance, social work, health and guidance services, educational media/school library services, and child study team services.)

Over 40% of respondents said this standard would be “difficult to achieve/implement.” An equal share expressed concern about “diminished quality of service,” while 38.1 percent indicated that it would place “additional burden on staff.” Just over one-third said it would have “minimal or no impact.”

The query resulted in 12 comments, including the following:

*State mandates have burdened the payroll for years. Special interest groups lobby to get a certain structure in, the state mandates these things and then points their fingers at districts saying: "The district is inefficient."*
– K-6 District, Warren County

*A state median is inappropriate. Enrollment changes for one will skew the measurements.*
– K-8 District, Morris County

*We can't all be below the median.*
– K-12 District, Middlesex County

**Maintenance**

**Standard: Custodians and janitors employed on a ratio of one for every 17,500 square feet of building space calculated on a district-wide basis.**

The most frequently cited impact of this standard was “diminished quality of service” (46.6%). Just over 40 percent of respondents said it would place an “additional burden on staff.” A similar proportion of responses indicated that the standard would have “minimal or no impact.”

The query generated 42 comments. Prevalent themes were as follows:

- Inappropriate benchmark that does not take into account age/condition of buildings, mandated duties of daytime custodians or other variables (33.3%)
- District is meeting standard (25%)
- Decline in maintenance/cleanliness (18.2%)

Other comments addressed increased costs due to the need to contract for grounds-keeping services in order to stay within staffing limits, and increased maintenance caused by community use of buildings. Selected comments follow.
Generic rules make no sense. Cleaning a wood shop is not like wiping down desks and sweeping floors.

– School Business Administrator, Vocational-Technical District

You should not have to count the daytime custodian in this calculation. Our schools cannot be open without a rep with a black seal license. The primary responsibility of the daytime custodian is to help the principal and teachers. It is the evening custodial staff’s responsibility to clean. It is only this group that should be held to this standard.

– K-8 District, Monmouth County

Our custodians and janitors don’t just clean school buildings. These individuals must cut acres and acres of grass. They must plow miles of driveways and parking lots. They must paint walls and classrooms. It is inappropriate to calculate each custodian and/or janitor on 17,500 square feet of building basis because their duties go beyond cleaning.

– K-8 District, Sussex County

Our custodians are also responsible for landscaping, snow removal and staff needs. This is not figured into the 17,500 sq feet per custodian standard. So, instead of having them take care of the landscaping and other building needs as part of their job, we have to hire a contractor which is more expensive.

– K-8 District, Sussex County

We have many night activities that require set up and break down. With this limitation, it is difficult to stay within the ratio and still keep the buildings clean. The alternative is to stop allowing the community to use the buildings at night – not an acceptable choice to us.

– K-12 District, Burlington County

We have a high use of our buildings by outside community organization, which places limitations on our cleaning staff. The square foot calculation does not take into account these variations.

– K-8 District, Hunterdon County

Areas of building will not be cleaned as frequently. Indoor air quality and overall building appearance will suffer.

– K-12 District, Morris County

No consideration is given for old buildings which require more maintenance.

– K-12 District, Essex County

...the square footage efficiency standard is not achievable without significant renegotiation of union agreements.

– K-12 District, Monmouth County

Standard: Operations and Maintenance of Plant cost per pupil equal to or less than the state median.

Over 47 percent of the responses indicated that the standard would be “difficult to achieve or implement.” A significant proportion (42.4%) cited concern about “diminished quality of service.” More than 34% said the standard would have “minimal or no impact.”

Thirty-eight respondents also submitted optional comments in response to this query. The most common themes included the following: the standard does not take into consideration age, condition and configuration of buildings, as well as other variables (47.4%); and the standard’s use of a median and a cost per pupil as benchmarks (39.5%).
Other comments focused on the impact of prior years’ deferral of maintenance and the inability to provide maintenance at current levels in the future. Selected responses follow:

To make a determination on Operation and Maintenance of Plant based on cost per pupil is not sound reasoning. Operation and Maintenance is based on the physical plant... I am not going to reduce the [number] of custodians or decide to change the filters less [often] because I have [fewer] students.

– K-8 District, Burlington County

If you had years when you couldn't afford maintenance or it wasn't a priority, it is now impossible to play catch up. Also building maintenance changes very little with enrollment, so calculating on a per pupil basis makes no sense.

– K-8 District, Morris County

Hard to achieve when you have both old buildings and an energy marketplace that has been volatile over the last two years.

– K-12 District, Bergen County

In a small district, the movement of one child can cause you to miss the mark.

– K-8 District, Bergen County

While we meet this standard now, everyone can't be under the median, as the median drops each time a district reaches it.

– Business Administrator, Special Services School District

...the state median is impacted by lower costs per pupil resulting from districts that do not "invest in" or "maintain" their facilities; a district that does "invest in" facilities is penalized.

– K-8 District, Salem County

Our facilities are maintained in top notch condition, and we have skilled workers on staff due to a higher than average pay. These skilled workers are able to keep other costs low by doing many tasks in house rather than contracting out.

– K-8 District, Warren County

Vacant positions

**Standard:** Vacant positions budgeted at no more than “step one” of the salary guide unless justification for the additional amount has been approved by the Department of Education.

Budgeting for vacant positions at no higher than step one of the salary guide is one of the “Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices.” However, it appears that some of the executive county superintendents are applying the standard to vacant teaching positions, as well as to administrative and non-certificated staff openings.

Consequently, the overwhelming concern expressed by the school officials who provided optional comments focused on difficulty in securing qualified teachers, particularly in math, science and special education. Discretion over initial placement on the salary guide has been a strategy sought by school districts to meet staffing needs in critical instructional areas.

Two-thirds of respondents characterized this standard as “difficult to achieve/implement.” Over 44 percent said it would lead to “diminished quality of service.” Just under a quarter of respondents said it would have “minimal or no impact” on their districts.
Accountability Regulations: Cost to Local School Districts

The query produced 51 optional comments. Selected comments follow:

*In reality, an open position budgeted at Step One does not mean we’re going to hire at Step One, but it does create an unrealistic budget. In some cases, new staff with directly related experience may be required. So again, the budget is unrealistic and we have to find the additional funds elsewhere.*

– K-8 District, Passaic County

*It is fair to say that some vacant teaching positions can be made at Step 1 of the BA salary guide. However, there are many that cannot such as members of the Child Study Team, World Language Teachers, Special Education Teachers, Math Teachers or School Nurses.*

– K-8 District, Sussex County

*Our special education environment makes it difficult to find staff at step one. This adds to our hiring time by requiring additional approval, and individuals may find other positions by the time we can offer them a position at a suitable step.*

– Business Administrator, Special Services School District

*...this is age discrimination in that it causes districts not to be able to hire qualified candidates with experience. It allows us only to look at teachers who are going into their first year of teaching.*

– K-8 District, Warren County

*Given the unique certifications of high school teachers, this is not realistic for the hard to fill positions.*

– 9-12 District, Monmouth County

*In a Preschool -12 district, it is sometimes difficult to find qualified people to fill positions, such as advanced placement math and science positions. In addition, there are times that a "strong" teacher may need to be hired to compliment the current staff. For example, someone who has strong technology skills could be used to help turnkey programs to move a district forward. In restricting the positions to step one, districts lose the flexibility to appoint the best person to the position.*

– K-12 District, Gloucester County

*This is unrealistic and merely results in a game of hiding funds elsewhere in the budget...*

– K-12 District, Monmouth County

*Cannot hire social workers, speech therapists, occupational or physical therapists, math, music, science or foreign language teachers at step 1.*

– K-6 District, Ocean County

**Administrative costs**

New Jersey’s expenditures on school administration are lower than the nationwide average and less than those of 42 other states, according to the U.S. Department of Education’s National Center for Education Statistics. The state’s new Accountability Regulations include three efficiency standards addressing administrative staffing and expenditures. They set benchmarks according to ratios of pupil-to-administrative staff and faculty-to-administrative staff, as well as median expenditures.

Over 40 percent of responses indicated that these standards would be “difficult to achieve/implement.” A similar proportion of respondents said they would have “minimal or no impact.”
Accountability Regulations: Cost to Local School Districts

Many comments noted that state mandates often drive the need to hire non-instructional staff. They also question the use of factors such as statewide medians and averages, which guarantee that a certain number of districts would always miss benchmarks. Respondents also expressed concern that state restrictions on administrative hiring would have a negative impact on the supervision of instruction.

**Standard:** Administrative cost per pupil equal to or less than the state median.

“Difficult to achieve/implement” was the most frequent response (45.8%) to this standard. Close to 40 percent of the responses indicated there would be “minimal or no impact.” One-third each of the responses cited “diminished quality of service” and “additional burden on staff.”

The query generated 42 comments. Prevalent themes included the following: concern over basing the benchmark on a statewide median (28.6%); and that the standard penalizes small, but efficient districts (11.9%). Over 28 percent of the responses indicated that the district was meeting the standard.

Other comments focused on the impact on education quality, regional cost differences, and that varied administrative/supervisory needs made the standard an inaccurate measure of efficiency. Selected comments follow:

> Regardless of district size, some current administrative costs (audit costs, legal costs, phone costs, superintendent services, business administrator services, etc.) cannot be controlled because those items are mandated or necessary...
> – K-8 District, Salem County

> This requirement should allow for a percentage above or below state average—NOT just below or at. This regulation favors larger districts.
> – K-12 District, Monmouth County

> A lower number does not imply efficiency. In fact, all of the egregious financial mishandling that prompted these laws was found in districts [that because of their size] had low per pupil costs in this area.
> – K-12 District, Bergen County

> Too many variables to consider here! Student enrollment, preferred class sizes, number of school buildings, room sizes, the ever increasing DOE accountability, reporting and school administration regulations, virtually uncontrollable benefit costs (health, pensions etc.), increasing costs of essential legal representation.
> – K-8 District, Morris County

> We operate way below the regional limit in administrative costs... We are over in administrative staff-to-pupil ratio but way below in administrative costs. Interesting!
> – K-8 District, Warren County

> Impossible to achieve with flat or declining enrollment.
> – K-12 District, Somerset County

**Standard:** A ratio of Students to Administrative Personnel equal to or more than the state average.

Over two-thirds of responding districts said this standard would present additional burden on staff. Although 42.7 percent of responses indicated it would have minimal or no impact on district operations, 41.5 percent said it would be difficult to achieve. In addition, 31.6 percent indicated that the standard would lead to diminished quality of service.

The question prompted 38 optional comments. Common themes included the following: concern over basing benchmarks on medians, averages and ratios (23.7%); the impact on small, high-
Accountability Regulations: Cost to Local School Districts

performing districts (13.2%); and the effect of enrollment decline on the ability to meet the standard
(10.5%). Just over 21 percent of the responses indicated that the district was meeting the standard.
Selected comments follow:

Currently, we are below state average, but if student numbers decline, then this might become an issue for us.
— K-6 School District, Warren County

NJDOE needs to take a statistical math class. If everyone moves down to the average, the average decreases—essentially a never-ending downward spiral. Is that how we achieve quality?
— K-12 District, Morris County

We have met efficiencies of cost but the ratio is higher than that which is acceptable... why does this matter when efficiencies of finance are being met! Once again, bureaucrats are making the rules and have lost touch with reality.
— K-8 District, Burlington County

Commonsense must prevail -- admittedly, some schools are very "top heavy" and could use restructuring. Perhaps, added mandates from government have something to do with the top heavy staffing needs of some schools.
— K-6 District, Warren County

In a small district, the movement of one child can cause you to miss the mark.
— K-8 District, Bergen County

The school's curriculum should be a factor in determining the ratio of administration to students. More programs need more oversight and therefore increase the work load.
— K-8 District, Sussex County

There are only 2 administrators (the CSA/Principal and the BA) but our enrollment makes it impossible to meet this requirement. Another move to squeeze out the small schools, without looking at test scores or everything else done right.
— K-8 District, Atlantic County

Small learning communities suffer when we attempt to satisfy this goal. Furthermore this goal is in direct conflict with the additional requirements for oversight.
— K-12 District, Mercer County

Another meaningless measurement as there is and will never be an ideal ratio for all districts.
— K-8 District, Morris County

Standard: A ratio of Faculty to Administrative Personnel equal to or more than the state average.

The largest share of responses (45.2%) indicated that this standard will have “minimal or no impact” on district operations. Thirty-eight percent of the responses said it would be “difficult to achieve/implement, while 31.3 percent said it would lead to “diminished quality of service.”

Twenty comments were provided in response to the query. The most prevalent themes were the following: the standard does not reflect state requirements, education program needs and/or school district structure (35%); and concern about use of average and/or ratio (35%).

Respondents also expressed concern about a potentially negative impact on supervision. Selected comments follow:
Accountability Regulations: Cost to Local School Districts

What does this prove? Hire more staff and the ratio gets better. How is this efficient or desirable? It seems more appropriate that staffing should be at whatever level is necessary to provide a quality educational program.

– K-12 District, Bergen County

The set-up of your district plays an important role in these calculations. We currently run 2 school buildings; some districts of the same size might only have 1 building, which lowers your admin costs.

– K-6 District, Warren County

This requirement should allow for a % above or below state average NOT just below or at. Oversight of teaching staff is critical to student achievement.

– K-8 District, Sussex County

Human resources are the most efficacious resource we have with respect to delivery of services. Supervision and development of this resource is diminished as the ratio becomes more favorable to the State’s desired outcome.

– K-12 District, Mercer County

Food Service Operations

Standard: The food service fund is self-sufficient and does not require a contribution from the general fund budget.

A wide majority of school districts (58.7%) indicated that this standard would have “minimal or no impact” on district operations. Over one-third said it would be difficult to achieve or implement, while 20.4 percent said it would lead to “diminished quality of service.”

The query generated 47 optional comments from school officials. Concerns centered on the impact that student participation would have a district’s ability to meet the standard, as well as restrictions on what districts may charge for meals. A number of districts indicated that their food services were already self-sufficient. Selected comments follow:

Because we run a satellite program, we cannot charge students more than our cost for lunches and preparation. As a result, we must pay for the employment of additional aides to serve food through our district budget.

– K-8 District, Camden County

This one I agree with. We are in the business of educating children, not running a restaurant. Let the experts handle it through an outsourcing arrangement.

– 7-12 District, Ocean County

The economy has had an impact on students purchasing meals and a la carte items. This has had an effect on profit this year and may make this difficult to achieve for small districts.

– 7-12 District, Warren County

We are privatized and the contribution is for the cost of aides which our "provider" employs on our behalf. If they were our employees as the County Superintendent has requested, they would be non-mandated aides in contradiction of the law.

– K-12 District, Camden County

We are working toward this goal - will be reachable once our food service company is able to employ all staff (still have a few local employees with benefits on local payroll).

– K-12 District, Gloucester County
Accountability Regulations: Cost to Local School Districts

Providing a "break even" food service plan isn't always possible as student participation plays a major role in the ability to generate sufficient revenue. As many of the costs are fixed (employee salaries, benefits, equipment maintenance, etc.) if revenues fall short, the district is forced to make up the difference.

– K-8 District, Morris County

We privatized four years ago. Although we have been profitable each of those years, every year we are less profitable due to rising food cost and failure of state and federal reimbursement to keep up with rising food and supply costs.

– K-8 District, Burlington County

We have an outside provider and the contract guarantees break-even.

– K-12 District, Bergen County

Our food service program is self-sufficient unless we have to charge the lunchroom aides to the food service account— aides that we aren't suppose to have on staff anyway. We would then have to double the cost of a student lunch to make up the difference.

– K-8 District, Warren County

Insufficient federal/state reimbursements with a continued increase in mandated requirements, record keeping and meal offerings make it almost impossible to be self sufficient.

– K-8 District, Salem County

Self-Sufficient food service does not take into consideration GAAP accounting methods. When charging appropriate Cafeteria aides and janitorial time, the food service fund does not end up truly self-sufficient.

– K-8 District, Sussex County

Legal Services Recordkeeping

The Accountability Regulations limit contact with legal counsel and require a process to track and maintain records of legal services.

- Requests for legal advice shall be made in writing and shall be maintained on file in the district offices.
- Districts must establish a process to determine whether the request warrants legal advice.
- Districts must maintain “a log of all legal counsel contact including name of legal counsel contacted, date of contact, issue discussed and length of contact. Legal bills should be compared to the contact log and variances shall be investigated and resolved.”

The provision’s major impact, cited by 85.6 percent of respondents, will be additional administrative burden.

While only a small fraction of respondents said that the requirement will directly result in additional hiring or other expenditures, optional comments indicated a concern that the procedures would not result in savings.

Seventy-five comments were submitted on this topic. Major themes included the following:

- Unnecessary/duplicative paperwork that would not produce savings (45.3%)
- Difficult to implement because of the manner in which legal advice is sought and provided (21.3%)
- District already has adequate control in place (14.7%)
Accountability Regulations: Cost to Local School Districts

In other comments, respondents expressed concern that the standard would discourage school officials from seeking the advice of attorneys, and that additional paperwork would divert the attention of school officials from other responsibilities. Selected comments follow:

So far, there has been no discrepancy with our logs and the attorney's. It has resulted in a considerable amount of lost productivity. If you were to assign dollars to the lost productivity, I imagine that the loss to the district would be considerable.

– K-12 District, Bergen County

We already controlled our legal costs through policy which we heeded -- we don't need a fancy book to log in and fill out forms to explain what we are doing. All this extra paperwork is nonsense.

– K-6 District, Warren County

This regulation is an over burden and takes time off task in accomplishing work goals.

– K-12 District, Middlesex County

... a waste of time and an insult to professionals. In our school district, we always check policy, law and codes before seeking legal advice.

– K-12 District, Somerset County

This requirement does not serve the intended purpose. I can keep track of legal counsel conversations to support the legal invoices, but I can't know how much additional time the attorney spends on the issue which is also billed. In general, this requirement has resulted in additional administrative efforts with no resulting cost savings.

– K-8 District, Passaic County

We have never experienced a high level of legal usage; therefore, the cost of maintaining a system will not add value to our process.

– K-12 District, Gloucester County

Our district has always been diligent about minimizing the use of legal counsel and reviewing billing statements. This further restriction takes time to log and is overkill since we were already cost conscience.

– K-12 District, Bergen County

A bureaucratic waste of time since most of the issues have to do with staff, negotiations and contracts, and one does not necessarily want to put some notes on a log that could become a record under OPRA.

– School Business Administrator, Vocational-Technical District

This will allow the district to track legal expenses better.

– 7-12 District, Gloucester County

[Large districts] have issues that need immediate attention in a crisis, that supersede reporting requirements and may involve numerous employees to discuss legal implications, especially in special education. The district has taken extra care in minimizing legal expenses over the years and feels that this additional burden is overkill...

– K-12 District, Middlesex County

...provides no support to operation or financial savings.

– K-12 District, Somerset County

This provision places a chilling effect on staff regarding reaching out for legal advice...

– K-8 District, Hunterdon County
Accountability Regulations: Cost to Local School Districts

Our legal services are at a minimum... to keep these records is burdensome and a waste of time and money for the board office.

– K-8 District, Burlington County

...this will cause people to hesitate about making contact with their lawyer, which could result in legal issues.

– K-8 District, Warren County

In a district that has reasonably low legal costs, keeping a log separate from documented case notes seems to be an "expensive" waste of my time.

– K-8 District, Hunterdon County

It is ridiculous to ask that the request for legal services be put in writing. Sometimes an answer is needed immediately to avoid a potential legal problem. The legal log is not practical.

– K-8 District, Sussex County

Additional record keeping takes Business Administrator’s time away from other district needs.

– Board President, K-8 District, Bergen County

Absolutely absurd requirement as we receive detailed bill from Attorney that is reviewed and approved by the personnel that have direct access to attorney. Log is completely unnecessary.

– K-12 District, Somerset County

Required Second Audit

The Accountability Regulations call for periodic second audits in school districts that receive 50 percent or more of their general fund budget in state aid. At the request of the New Jersey Association of School Business Officials, the requirement has been set aside for the 2009-2010 school year.

Districts that could be affected by this requirement in future years indicated that the average cost of an additional audit would be $43,550.

Professional Services, SEMI Reimbursement

Respondents were given the option to comment on other provisions of the Accountability Regulations, such as requirements that districts obtain maximum reimbursement through the federal Special Education Medicaid Initiative and that they issue requests for proposals (RFPs) for professional services, regardless of current contractors’ performance. (The regulations permit the commissioner of education to waive the SEMI reimbursement requirement.)

Eighty-three respondents commented. Most comments centered on the two examples provided, SEMI Reimbursement (35.4%) and RFPs for professional services (22%). Several respondents said it is difficult to meet the SEMI requirement, often due to lack of cooperation among parents. Comments also cited the time and effort required to secure a waiver from the state. In addition, respondents questioned the necessity and value of issuing RFPs for professional services annually.

Added administrative burden and expense were referenced in 30.5 percent of the comments. Other respondents commented on the continued growth in unfunded mandates. A small number of officials said that their districts are in compliance with the SEMI reimbursement requirement and that they already issue RFPs as required by the regulations. Selected comments follow:
RFPs for Professional Services

Extremely negative experience with the mandatory annual request for proposals. The amount of time fielding calls was very disruptive to staff. Waste of time and energy compiling data, committee meetings, etc. Disrupts continuity of services and established rapport with vendors. Total disruption to the budget process, taking time away from where it would be more productive. If Board chooses new vendor based on cost, additional time is lost by administration getting vendors up to speed after new vendor is brought on. Should not be required annually; should only be required every three years.

– K-8 District, Camden County

The recommendation to seek RFPs for professional services each year is ridiculous. Just the ad in a newspaper can be over $500. This becomes another cost that must be absorbed by the administrative cost centers.

– K-8 District, Warren County

Professional services are not put out to bid for a reason. Board attorney has familiarity with past cases and litigation. Auditor also has familiarity with district operations and provides advice throughout the year. The regulations do not take into account the ongoing nature of professional services.

– K-8 District, Hunterdon County

To require school districts to possibly terminate long-term relationships with professional contractors, who know our school district and its culture, while providing affordable services is insulting and virtually accuses school district and/or professionals of collusion.

– K-12 District, Sussex County

Awarding professional services to the lowest bidder is not prudent business practice. Many of these professionals worked with districts for years and know the varying issues that the individual districts face. The dollars saved awarding a contract to a new auditor or legal counsel are lost while they learn the various issues; also lost is productivity of staff members who must “train” and familiarize these new vendors.

– K-8 District, Cape May County

Large-scale issuance of RFPs, combined with normal bidding requirements, has led to a delay in the implementation of efficiencies that would have led to tax savings. The revenue anticipated from SEMI will barely cover the personnel costs and divert the staff from implementing efficiencies that would have led to tax savings.

– K-12 District

RFP for professionals—I would suggest, at a minimum, every 5 years; the current requirement is a waste of vendor, district and BOE time.

– K-12 District, Somerset County

SEMI Reimbursement

When you get uncooperative parents, it hurts your chances of attaining the [SEMI] standard. The district should determine the standard. As for professional services, as long as it is shown that the services provided are within an area’s cost range and the district has had good experience, there is no need to add to the regulations a requirement that an RFP must be used. Leave as is.

– K-12 District, Gloucester County
Accountability Regulations: Cost to Local School Districts

It is difficult for us to maximize SEMI. Parents do not authorize, as they fear loss of services...
– K-12 District, Ocean County

Our district is over 90% participation in SEMI; therefore, this regulation has had no effect. We routinely request RFPs for professional services; therefore this regulation has had little effect [on us] other than not having an architect of record.
– Vocational-Technical School District

Maximum reimbursement through SEMI doesn’t exist. Although our special education population is in excess of 19%, we continually attempt to obtain parental consent via repeated mailings, at IEP meetings, etc., to no avail. When they don’t want to sign, they don’t want to sign. And we bear the financial burden...
– K-12 District, Sussex County

In general, for this district, these regulations, including the SEMI participation and the proposal for professional services, have created significant additional administrative burden with no corresponding cost savings realized or foreseen.
– K-8 District, Passaic County

This experience has been negative, as it takes a great deal of time to enter this information and receive pennies.
– K-8 District, Camden County

The SEMI requirements are too lofty. Many parents do not participate for fear that the information they provide may affect the benefits they currently receive. There are districts that will never reach 90% participation based on that fact. Additionally, the return for the amount of work and time put into this requirement is cost-prohibitive.
– K-12 District, Ocean County

The county office is ill prepared to review the SEMI alternate revenue projections. We were forced to budget revenue for SEMI that we know... we will not receive. We were able to provide this to the county, submitted documentation and requested that the county approve our alternate revenue projection. We were told they did not know how and were not instructed by Trenton on how to do so. Overall, we have found the county office staff ill prepared and not well trained.
– K-12 District

We received a SEMI waiver, but it involved a lot of work to prove our case. We have spent numerous hours creating the [Standard Operating Procedures] manual, and the additional travel approval requirements are onerous.
– K-12 District, Burlington County

Additional Comments

Many of these regulations will actually result in a weakening of internal control by forcing districts to focus on the wrong areas...
– K-12 District, Bergen County

The aggregate administrative time spent to comply with the regulations has placed additional burden upon the district. This time should be spent doing the necessary tasks to run the district efficiently and effectively. This puts us in a situation of great risk, as we are unable to hire additional staff to perform all of the tasks required by the regulations.
– K-12 District, Monmouth County
Accountability Regulations: Cost to Local School Districts

In the media, these regs may appear to be saving the taxpayer money, but in reality, they are costing the taxpayer... Coupled with the new concept of shared administration, the business offices are actually being run by non-certificated staff that do not have the experience to run a business...efficiently. ...the net result is not nearly what the layperson is assuming to be great savings. It is media hype, not fiscally responsible management.

– K-8 District, Sussex County

We consider ourselves very efficient and our cost per pupil is already low. Our audits are excellent. Our transportation efficiency is high. We share services. Our budgets pass. The state should back off on districts like us and put their efforts into the others who are not efficient or effective.

– 9-12 Regional, Warren County

...as a Business Administrator, I will implement the requirements; [however,] the quality and quantity of my work product is being diluted on paper oversight when I should be working on proactive methods to work towards efficiency and cost savings.

– Vocational-Technical School District

The cost and burden on the staff of implementing the efficiency standards far exceeds the benefits. It is not just the cost in money, but also the moral of hard working people in the education field. In the past, all of us have either read about or heard about abuse and excessive spending by certain districts. Instead of determining a reasonable solution, all of us are punished for the acts of a few. The worse part is the quality of service to the students has decreased.

– K-8 District, Sussex County

The standards have placed a huge burden on the Superintendent and Business Administrator. Our audit will now take longer and cost more, as all of these items need to be audited to be sure we are in compliance. With state aid frozen and reduced, we can't afford to hire anyone else to help with the additional work. We were not a district who overspent or spent frivolously - many of the targeted districts have much more staff than we do.

– K-12 District, Burlington County

Why is the state planning on spending $4M on feasibility studies when the state is running in the red and past feasibility studies show an increase in costs to most school districts? Hasn't the lesson been learned...

– K-8 District, Burlington County

We are spending so much additional time adhering to state compliance that it is diminishing what we can do for educating students.

– K-8 District, Hunterdon County

We had to contract services for policy updating in the amount of $17,000 to maintain policy compliance with the Accountability Regulations and NJQSAC. This is a financial burden on our school district, as these funds could have been utilized for textbooks in a new curriculum or other classroom functions.

– K-8 District, Hunterdon County

Simply put: The efficiency regs have made us inefficient. We are required to take time off task to do extra, unnecessary paperwork. A fiscally responsible district does not need a piece of paper or reports to tell its financial manager that something is awry. A good fiscal manager keeps on top of those things that need to be examined and fixed. The additional reports, papers and such get in the way of being efficient.

– K-6 District, Warren County
The Accountability Regulations have forced our volunteer board members to have to complete paperwork that takes up significant amounts of time. ...I am seriously concerned about losing good board members due to this new burden.

– K-8 District, Passaic County

What is sad is that NJDOE assumes that we were not already doing this. If some were not, then focus on them. It is never good to paint us all with the same brush (unless you wish to make us all look bad).

– K-12 District, Morris County

At each turn, we are now divided as to whether we visit a classroom and encourage achievement through coaching a lesson, visit a bus stop for safety concerns, or focus on the paperwork associated with the Accountability Regulations. We will always favor providing the critical service to our students. We will not always be able to do this without additional cost.

– K-12 District, Mercer County
CODE RE-ADOPTION PROCESS

On June 18, 2009, Eva M. Nagy, New Jersey School Boards Association vice president for legislation and resolutions, testified during a hearing on proposed revisions to the Accountability Regulations (N.J.A.C. 6A:23A-1.1 et seq), conducted by the state Department of Education in East Brunswick. The hearing was one of nine sessions held as part of the re-adoption process for the regulations.

Ms. Nagy’s testimony is Appendix 1 of this report. Along with NJSBA’s analysis of the state education department’s proposed revisions to the Accountability Regulations, it will be among documents issued by the Association during the re-adoption process for the regulations.
Testimony:
Fiscal Accountability, Efficiency and Budgeting Procedures (N.J.A.C. 6A:23A-1 et seq.)
Middlesex County Vocational & Technical School at East Brunswick
Thursday, June 18, 2009, 3-5 P.M.

Eva M. Nagy
Vice President for Legislation/Resolutions
New Jersey School Boards Association

Good afternoon.

I am Eva M. Nagy, vice president for legislation/resolutions, of the New Jersey School Boards Association. NJSBA is a non-partisan federation of the state’s local boards of education. Our mission is the advancement of public education.

I have also been a member of the Franklin Township Board of Education for 17 years and have served as board president for 14 of those years.

During my local school board experience, I have not seen any state laws or regulations as far-reaching—many would say “intrusive”—as the 215-page Accountability Regulations finalized in December.

The New Jersey School Boards Association agrees with the overarching goals of the regulations. Who wouldn’t?

Accountability, fiscal responsibility, and focusing resources on instruction represent the core mission of local school districts. In fact, the vast majority of school boards and school administrations adhere to practices that give highest priority to our children’s education and to the community’s financial concerns. These are not mutually exclusive interests by any means.

But there is a critical difference between the principles behind these goals, and the procedures set up to reach them. There is also an important distinction that must be made between regulations that advance goals and those that result in micromanagement and, consequently, create an obstacle to progress.

Unfortunately, those obstacles result from many of the provisions of the Accountability Regulations.
NJSBA will provide detailed written commentary on the existing regulations and the amendments proposed by the state Department of Education. This afternoon, however, I would like to share two sets of information with you:

- First, an overview of the responses to a 78-question survey on the regulations, issued to local school districts by NJSBA, with the assistance of the New Jersey Association of School Business Officials.
- Second, a summary of our analysis of the proposed amendments to the Accountability Regulations.

**Survey of School Districts**

Approximately 37 percent of the state’s school districts responded to our survey, issued in April. Approximately 90 percent of the respondents were school business administrators or other school business office personnel. Here is what we found:

- Provisions of the state’s Accountability Regulations, intended to promote public school efficiency, are creating additional administrative burden and cost in local school districts.
- A majority of school officials fear that some of the “efficiency standards” may be leading to diminished quality of services. Additionally, many of the standards set benchmarks at statewide medians, guaranteeing that half of the state’s districts will not meet them and resulting in a downward push in staffing and expenditures that could affect school quality.
- Regulations addressing travel for business and training and for expenditures related to professional development are imposing administrative burdens in the vast majority of school districts. In addition, some school officials expressed concern that the “travel regulations” may discourage professional development among teaching staff. Many believe that the additional administrative burden and future costs of compliance will outweigh savings.
- Requirements for the extensive tracking and recordkeeping of legal service are producing unnecessary and duplicative paperwork that will not result in cost-savings. Many respondents said their districts already had adequate controls in place. Some commented that an additional administrative burden was being placed on them due to infractions by a relative few.

The survey focused on the financial, staffing and administrative impact of several areas of the regulations, including—the conditions for receipt of state aid; the efficiency standards; the legal services record-keeping requirement; the travel regulations; and a required second audit in some school districts.

Responding school districts cited over $4.6 million in staffing and non-staff costs that resulted from implementing five of the conditions for receipt of state aid. The largest share of the costs came in two areas: internal financial controls and enterprise resource planning. That total does not include the cost of a second audit, which the regulations would require periodically in districts that receive more than half of their revenue from the state. Districts subject to this requirement estimate that it would cost more than $43,500 each to comply.
Approximately 8.8 percent of responding districts reported hiring additional staff to implement the internal controls. However, a large number of respondents commented that, although the regulations created a need for more positions, their districts could not hire more employees due to budgetary constraints and/or state administrative staffing restrictions. We will include a report on the survey with our written comments.

**Proposed Revisions**

On May 20, the Department of Education filed amendments to several sections of the regulations. NJSBA has conducted a thorough analysis of the proposal. We will submit detailed written commentary on 51 parts of the regulations as proposed for revision. Let me take a moment to summarize some of our concerns.

The current regulations define terms, such as “administrator” and “relative,” inconsistently. These discrepancies represent more than just a mere choice of words. They could present serious complications, and they have not been totally resolved by the proposed amendments.

- When addressing ethical concerns, for example, the proposed revisions reference the definition of “administrator,” as contained in the New Jersey School Ethics Act. However, outside the realm of school ethics, the revisions use a much broader definition of the term “administrator” and include non-certificated staff in the category. This oversight will have a dramatic impact on local school district labor relations, particularly if regionalization takes place and bargaining units are consolidated.

- At various points, the regulations use the same definition of “immediate family member” as does the School Ethics Act. At other points, it references the definition in the state’s Conflict of Interest of Law. And, in the section dealing with anti-nepotism (N.J.A.C. 6A:23A-6.2), it says board policies should be consistent with the two definitions. The regulations beg for a single definition of “immediate family member.” NJSBA supports the School Ethics Act definition, which provides both protection against conflict in hiring practices and sufficient managerial flexibility.

- The proposed revision’s definition of “relative” is the same broad one used in the Conflict of Interest Law. However, nothing in the CORE Act or the School District Accountability Act gives the Department of Education the authority to broaden the definition of relative beyond that contained in the School Ethics law.

A key element of the regulations defines the process that the Executive County Superintendents will use in developing proposed regionalization plans (N.J.A.C. 6A:23A-2.2 and 2.5) and promoting shared services (N.J.A.C. 6A:23A-2.3). NJSBA is concerned about prospective costs to local school districts during the “study phase” of the regionalization plans, as well as obstacles to sharing school administrative services.

In conducting regionalization studies, the Executive County Superintendent is authorized to create committees representing local school districts. Appointing school employees to these panels creates travel costs, substitute coverage and other expenses, as well as labor relations issues. The regulations also permit the Executive County Superintendents to engage consultants to perform studies. If school districts are forced to absorb the cost of consultants, it could be construed as an unfunded mandate. To prevent this, the regulations should specify an alternative funding source.
• As now written, the revisions would eliminate school boards’ ability to use Inter-local Agreements to share the services of an administrator. Such agreements are currently authorized by law for local governments and school districts. And, up to now, the Inter-local Services Agreements have been the most widely used process to share administrative and other school services. The proposed revision’s current wording might be an oversight, but it is a significant one that could impede school districts from considering this option.

• The regulations specify factors that the Executive County Superintendent would consider in developing regionalization plans. A critical element is missing, however. That is, financial review of the implications of consolidating staffing and collective bargaining agreements, including length of workday and work year provisions. The impact of such factors must be considered due to current laws that prevent reduction in compensation, require that the “largest district agreement prevails” after regionalization, and produce other labor relations considerations.

In our written comments about the Accountability Regulations, NJSBA will address policy, legal, administrative and cost concerns about a large number of provisions—ranging from professional services and the use of printed public relations materials to the Special Education Medicaid Initiative and the Executive County Superintendent review of proposed budgets.

Our goal is improvement. We need to point out those areas where overly restrictive regulations are posing costs and burdens to school districts and preventing them from taking action that would advance education programming.

NJSBA thanks the Department of Education for scheduling a large number of public hearings on the Accountability Regulations, which have a dramatic impact on school district operations. We hope the re-adoption process results in thoughtful revisions. However, the opportunity for further change should not end this summer, and we urge the Department of Education to continue making revisions as necessary.

Thank you.
Accountability Regulations: Costs to Local Districts

The state Department of Education will soon begin the re-adoption process for the Accountability Regulations (N.J.A.C. 6A:23A), which expire June 30, 2009. Before then, the commissioner of education will conduct regional public hearings.

To advocate needed changes, the New Jersey School Boards Association and the New Jersey Association of School Business Officials plan to identify increased costs and/or administrative burdens resulting from the regulations.

By spending approximately 20 minutes to complete the following survey, you will help us collect this critical information.

* 1. Name: ________________________________

* 2. Position/Title:
   - [ ] School Business Administrator
   - [ ] Other (please specify) ________________________________

* 3. School district: ________________________________

* 4. County: ________________________________
Accountability Regulations: Costs to Local Districts

Conditions for the Receipt of State Aid

To receive state aid, each school district must adhere to a list of conditions set out in the Accountability Regulations. Indicate on the following pages the impact of some of these requirements on school district staffing and financial resources.

Some of the questions involve estimates of costs. Your responses to these queries will be extremely valuable in addressing the Accountability Regulations with state education officials.
Accountability Regulations: Costs to Local Districts
Conditions for the Receipt of State Aid: Internal Controls

Each school district shall establish INTERNAL CONTROLS as a condition for receiving state aid. These systems would promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets and records, encourage adherence to prescribed policies and comply with law and regulation.

* 1. Has this requirement resulted in the hiring of additional staff this year (2008-2009)?
   ☐ Yes
   ☐ No
   ☐ Not certain

2. If yes, indicate the number of staff hired as a result of this requirement.
   #

3. Estimate the cost involved in employing the additional staff members in 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 4. Has the requirement resulted in additional non-staff expenditures during 2008-2009?
   ☐ Yes
   ☐ No
   ☐ Not certain

5. If yes, estimate the additional non-staff costs for 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 6. Has the requirement placed additional administrative burden on existing staff in 2008-2009?
   ☐ Yes
   ☐ No
   ☐ Not certain
Accountability Regulations: Costs to Local Districts

Conditions for the Receipt of State Aid: Standard Operating Procedures

By July 1, 2009, each school district must establish STANDARD OPERATING PROCEDURES (SOP) for each business task or function. "An SOP manual shall include sections on each routine task or function" in 13 areas, ranging from accounting and cash management to security, transportation and information management.

* 1. Has this requirement resulted in the hiring of additional staff this year (2008-2009)?
   ○ Yes
   ○ No
   ○ Uncertain

2. If yes, indicate the number of staff hired as a result of this requirement.
   #

3. Estimate the cost involved in employing the additional staff members in 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 4. Has the requirement resulted in additional non-staff expenditures during 2008-2009?
   ○ Yes
   ○ No
   ○ Not certain

5. If yes, estimate the additional non-staff costs for 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 6. Has the requirement placed additional administrative burden on existing staff in 2008-2009?
   ○ Yes
   ○ No
   ○ Not certain
Accountability Regulations: Costs to Local Districts

Conditions for the Receipt of State Aid: Financial/Human Resources Management...

To receive state aid, a district with a budget larger than $25 million, or with more than 300 employees, must maintain an ENTERPRISE RESOURCE PLANNING (ERP) system. Such a system integrates financial and human resources data and processes.

Districts that do not currently maintain an ERP system must implement one by 2010-2011.

1. Does your district have either a budget larger than $25 million or more than 300 employees? (If "no," skip to next page.)
   - Yes
   - No

2. If yes, has maintenance and/or implementation of the ERP system resulted in the hiring of additional staff this year (2008-2009)?
   - Yes
   - No
   - Not certain

3. Indicate the number of staff hired as a result of this requirement in 2008-2009.
   

4. Estimate the cost involved in employing the additional staff members in 2008-2009. (Use numerals only; no commas or dollar signs.)
   

5. Has this requirement resulted in additional non-staff expenditures during 2008-2009?
   - Yes
   - No
   - Not certain

6. If yes, estimate the amount of additional non-staff costs for 2008-2009. (Use numerals only; no commas or dollar signs.)
   

7. Has the requirement placed additional administrative burden on existing staff in 2008-2009?
   - Yes
   - No
   - Not certain
Accountability Regulations: Costs to Local Districts

8. For next year (2009-2010), will the ERP requirement result in the hiring of additional staff?
   ☐ Yes
   ☐ No
   ☐ Not certain

9. If yes, estimate the number of additional staff members needed to implement this requirement in 2009-2010.
   #

10. Estimate the cost involved in employing the additional staff members in 2009-2010. (Use numerals only; no commas or dollar signs.)
    $#

11. Has this requirement resulted in additional non-staff expenditures during 2009-2010?
    ☐ Yes
    ☐ No
    ☐ Not certain

12. If yes, estimate the additional non-staff costs for 2009-2010. (Use numerals only; no commas or dollar signs.)
    $#

13. Will the requirement place additional administrative burden on existing staff in 2009-2010
    ☐ Yes
    ☐ No
    ☐ Not certain
Accountability Regulations: Costs to Local Districts

Conditions for the Receipt of State Aid: Personnel Tracking and Accounting

To receive state aid, a school district must maintain an AUTOMATED POSITION CONTROL ROSTER to track the number and category of employees and to provide detailed information for each.

All districts must have such a system in full operation by July 1, 2009.

* 1. Has this requirement resulted in the hiring of additional staff this year (2008-2009)?
   ○ Yes
   ○ No
   ○ Not certain

2. If yes, indicate the number of staff hired as a result of this requirement.
   *

3. Estimate the cost involved in employing the additional staff members in 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 4. Has the requirement resulted in additional non-staff expenditures during 2008-2009?
   ○ Yes
   ○ No
   ○ Uncertain

5. If yes, estimate the additional non-staff costs for 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 6. Has the requirement placed additional administrative burden on existing staff?
   ○ Yes
   ○ No
   ○ Not certain
Accountability Regulations: Costs to Local Districts

Conditions for the Receipt of State Aid: Facilities Maintenance, Repair Sch...

To receive state aid, any district with three or more buildings must implement an AUTOMATED WORK ORDER SYSTEM by July 2010 “for prioritizing, performing and recording all maintenance and repair requests” for buildings and grounds. Under the requirement, the superintendent must establish standard operating procedures for the system, which would record specific information including type of work, length of work project, rates paid, cost of materials, location of work, approval dates, etc.

* 1. Does your district have three or more buildings? (If "no," skip to next page.)
   - Yes
   - No

2. Prior to the adoption of the Accountability Regulations, did your district already operate an automated work order system that would satisfy the requirements? (If "yes," skip to next page.)
   - Yes
   - No

3. Has (or will) the implementation of this requirement result in the hiring of additional staff?
   - Yes
   - No
   - Uncertain

4. If yes, indicate (or estimate) the number of staff needed to fulfill this requirement.
   

5. Indicate (or estimate) the cost involved in implementing this system. (Use numerals only; no commas or dollar signs.)
   

6. Has (or will) this requirement result in additional non-staff expenditures?
   - Yes
   - No
   - Uncertain

7. If yes, indicate (or estimate) the non-staff expenditures needed to fulfill this requirement. (Use numerals only; no commas or dollar signs.)
   

8. Has (or will) this requirement place additional administrative burden on existing staff?

- Yes
- No
- Uncertain
### Accountability Regulations: Costs to Local Districts

#### Conditions for the Receipt of State Aid

1. **OPTIONAL:** Provide further comments about the conditions school districts must meet to receive state aid under the Accountability Regulations.
Accountability Regulations: Costs to Local Districts

Legal Services: Recordkeeping

The Accountability Regulations limit contact with legal counsel and require a process to track and maintain records of legal services.

- Requests for legal advice shall be made in writing and shall be maintained on file in the district offices.
- Districts must establish a process to determine whether the request warrants legal advice.
- Districts must maintain "a log of all legal counsel contact including name of legal counsel contacted, date of contact, issue discussed and length of contact. Legal bills should be compared to the contact log and variances shall be investigated and resolved."

* 1. Has this requirement resulted in the hiring of additional staff this year (2008-2009)?
   - Yes
   - No
   - Not certain

2. If yes, indicate the number of staff hired as a result of this requirement.
   - 

3. Estimate the cost involved in employing these additional staff members in 2008-2009. (Use numerals only; no commas or dollar signs.)
   - 

* 4. Has the requirement resulted in additional non-staff expenditures during 2008-2009?
   - Yes
   - No
   - Not certain

5. If yes, estimate the additional non-staff costs for 2008-2009. (Use numerals only; no commas or dollar signs.)
   - 

* 6. Has the requirement placed additional administrative burden on existing staff in 2008-2009?
   - Yes
   - No
   - Not certain
Accountability Regulations: Costs to Local Districts

7. Next year (2009-2010), will this requirement result in the hiring of additional staff?
   ○ Yes
   ○ No
   ○ Not certain

8. If yes, estimate the number of additional staff members, who will be needed to fulfill this requirement next year (2009-2010).

9. Estimate the cost that will be involved in employing the additional staff in 2009-2010. (Use numerals only; no commas or dollar signs.)

10. Will the requirement result in additional non-staff expenditures next year (2009-2010)?
    ○ Yes
    ○ No
    ○ Not certain

11. If yes, estimate the additional non-staff costs for 2009-2010. (Use numerals only; no commas or dollar signs.)

12. Will the requirement place additional administrative burden on existing staff in 2009-2010?
    ○ Yes
    ○ No
    ○ Not certain

13. OPTIONAL: Provide further comments about your district’s experience with the legal services record keeping provision.
Accountability Regulations: Costs to Local Districts

School District Travel and Policy Procedures

The Accountability Regulations establish limits and documentation requirements for travel by board members and administrators. Additionally, they require the school business administrator to prepare itemized travel budgets; to maintain a separate accounting system for school district travel, which may be off line or expand the existing system; to review and approve all requests for travel expenditure reimbursement; ensuring the adequacy of documentation; and to retain such documents for auditing purposes.

* 1. Has this requirement resulted in the hiring of additional staff this year (2008-2009)?
   ○ Yes
   ○ No

2. If yes, indicate the number of staff hired as a result of this requirement.
   #

3. Estimate the cost involved in employing these additional staff members. (Use numerals only; no commas or dollar signs.)
   $

* 4. Has the requirement resulted in additional non-staff expenditures during 2008-2009?
   ○ Yes
   ○ No

5. If yes, estimate the additional non-staff costs resulting from this requirement in 2008-2009. (Use numerals only; no commas or dollar signs.)
   $

* 6. Has the requirement placed an additional administrative burden on existing staff in 2008-2009?
   ○ Yes
   ○ No

7. OPTIONAL: Provide further comments about your district’s experience with requirements under the travel regulations.


Accountability Regulations: Costs to Local Districts

Efficiency Standards

The Accountability Regulations establish a series of efficiency standards for Executive County Superintendent use in reviewing proposed school district budgets and cap waiver requests.

Indicate if the efficiency standards listed below would result in diminished quality of service, require additional resources and/or be difficult to achieve/implement.

1. Employment of aides whose positions are not mandated by law or required by an IEP is allowed "only when supported by independent research-based evidence that demonstrates the use of aides is an effective and efficient way of addressing the needs of the particular student population." (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):

2. Custodians and janitors employed on a ratio of one for every 17,500 square feet of building space calculated on a district-wide basis. (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Additional expenditures
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):
3. Vacant positions budgeted at no more than “step one” of the salary guide unless justification for the additional amount has been approved by the Department of Education. (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):

4. The food service fund is self-sufficient and does not require a contribution from the general fund budget. (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Additional expenditures
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):

5. Operation and Maintenance of Plant cost per pupil equal to or less than the state median. (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):
Accountability Regulations: Costs to Local Districts

6. A ratio of Students to Administrative Personnel equal to or more than the state average. (Select all responses that apply.)

- Diminished quality of service
- Additional burden on staff
- Difficult to achieve/implement
- Minimal or no impact

Other (please specify):

7. A ratio of Faculty to Administrative Personnel equal to or more than the state average. (Select all responses that apply.)

- Diminished quality of service
- Additional burden on staff
- Difficult to achieve/implement
- Minimal or no impact

Other (please specify):

8. Administrative cost per pupil equal to or less than the state median. (Select all responses that apply.)

- Diminished quality of service
- Additional burden on staff
- Difficult to achieve/implement
- Minimal or no impact

Other (please specify):
Accountability Regulations: Costs to Local Districts

9. A ratio of Students to Educational Support Personnel equal to or more than the state average. (Select all responses that apply.)

☐ Diminished quality of service
☐ Additional burden on staff
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):

10. Support Services cost per pupil equal to or less than the state median.

☐ Diminished quality of service
☐ Additional burden on staff
☐ Difficult to achieve/implement
☐ Minimal or no impact

Other (please specify):

11. OPTIONAL: Provide further comments about your district's experience with the efficiency standards.

Other (please specify):
Accountability Regulations: Costs to Local Districts

Required Second Audit

The Accountability Regulations call for a second audit in school districts that receive 50% or more of their general fund budget in state aid. At the request of the New Jersey Association of School Business Officials, this requirement has been set aside for the 2009-2010 school year.

* 1. Does your district receive 50% or more of its general fund budget through state aid? (If you answered "no" to this question, please skip to next page.)
   ○ Yes
   ○ No

2. If yes, please estimate what an additional audit would cost your district. (Use numerals only; no commas or dollar signs.)
   $

- 45 -
Accountability Regulations: Costs to Local Districts

Other Provisions of the Accountability Regulations

The Accountability Regulations include many other provisions that could affect school district operations. These include maximum reimbursement through the federal Special Education Medicaid Initiative and requirements that districts issue requests for proposals (or a "comparable process") for professional services regardless of current contractors' past performance. Use the comment box below to describe your district's experience—positive or negative—with these and other aspects of the Accountability Regulations.

1. OPTIONAL: Please identify other provisions of the Accountability Regulations that have placed financial and administrative burdens on school districts. Describe how they are affecting your district.

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Accountability Regulations: Costs to Local Districts

Thank you for taking part in our survey!

Harry J. Delgado, President, NJSBA
Debra Naley-Mirabella, RSBA, President, NIASBO