

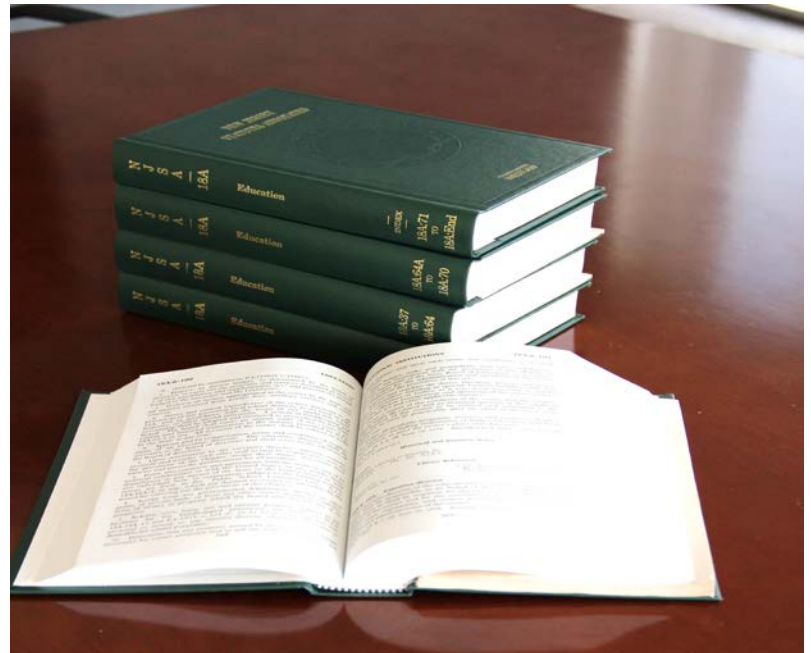


New Jersey School Boards Association

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Unfunded and Underfunded State and Federal Mandates:

A Burden on Local School Districts



May 2016

Unfunded/Underfunded State and Federal Mandates: A Burden on Local School Districts

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www.njsba.org/mandates2016

This report was developed as part of a 2015-2016 New Jersey School Boards Association goal to build upon the Association’s previous work on unfunded state and federal mandates and to identify their impact on local boards of education.

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Introduction

Since 1995, the New Jersey School Boards Association has engaged in studies on the impact of unfunded state and federal mandates on local school districts. This latest report builds on those efforts by addressing statutory and regulatory requirements that come with nominal, but insufficient, funding (“underfunded mandates”).

The relationship between local school districts and the state and federal governments has often been a source of friction since 1875, when New Jersey constitutionally guaranteed a “thorough and efficient” system of public schools. The Legislature has delegated the responsibility to carry out that function to local school districts.

NJSBA’s latest report focuses on instances in which the state and federal governments have created new requirements for local boards of education but have not provided the amount of funding necessary to implement them. Areas of focus include enforcement and monitoring of the Anti-Bullying Bill of Rights; preparation for, and implementation of, the PARCC assessment; special education; the AchieveNJ evaluation system; and Workers’ Compensation requirements.

This report is supplemented by a [survey](#) of local school officials, issued in April 2016. Two hundred four (204) school board presidents, superintendents and school business administrators responded to the survey as of April 28. In all, 30.6% of the state’s operating school districts are represented in the survey responses.

Many of the responses illustrate the burden that underfunding places on our members and the difficult choices they must make to stay within budget constraints.

NJSBA supports many of the state’s recent education reform initiatives. However, the impact of *underfunded* state and federal requirements should not go unnoticed by state and federal lawmakers. We hope that this report raises the level of awareness and influences future decisions in Trenton and Washington.

Lawrence S. Feinsod, Ed.D.
Executive Director

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Historical Overview

In 1995, the New Jersey School Boards Association, in concert with the New Jersey Association of School Administrators, the New Jersey Association of School Business Officials and the New Jersey Principals and Supervisors Association, compiled an exhaustive [list of federal and state mandates](#) on local school districts. The undertaking focused largely on identifying mandates contained in Title 18A of the New Jersey Statutes and Title 6A of the New Jersey Administrative Code. It also provided an index of requirements emanating from the Individuals with Disabilities Education Act and other federal statutes, as well as regulations issued by agencies including the U.S. Department of Education, the U.S. Department of Agriculture, the Environmental Protection Agency, and the Occupational Safety and Health Administration.

During this period, the state Legislature was debating the need for a constitutional amendment banning future unfunded state mandates. In November 1995, voters approved the "State Mandate, State Pay" amendment to the New Jersey Constitution. The enabling legislation ([N.J.S.A. 52:13H-1](#)), designed to implement the constitutional amendment, became effective in May 1996.

The amendment and enabling legislation created the [Council on Local Mandates](#), a unique entity that is independent of the Executive, Legislative and Judicial branches of state government. The Council determines questions of whether a particular governmental action established after the 1995 Constitutional Amendment is an impermissible, unfunded mandate.

In October 2003, Governor James McGreevey signed [Executive Order #75](#) creating the Education Mandate Review Study Commission. The Commission's charge was to identify and evaluate statutory and regulatory requirements imposed on school districts and to make recommendations regarding mandates that could be altered or eliminated to provide maximum financial flexibility and/or savings to school districts.

The Education Mandate Review Study Commission issued its [final report](#) in January 2004. The commission, which included a local school board member who represented the NJSBA, examined three areas: 1) outdated mandates, 2) business and facilities mandates, and 3) classroom and curriculum mandates.

13 Years Later

As the 2016-2017 school year approaches many of the previously identified mandates remain in place. Additionally, there are several instances of the state enacting new requirements that, technically, are not "unfunded," but which provide only nominal resources, hence the term "underfunded mandate."

Despite the constitutional amendment banning new unfunded state mandates, there is no statutory preclusion from imposing new requirements with insufficient funding. The burden of

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new, underfunded mandates is exacerbated by the state's 2% tax levy cap. This constraint, enacted in July 2010 (*P.L. 2010, c.44*), reduced the school districts' property tax levy cap from 4% to 2%, while eliminating many previous exceptions to the cap, such as those for increases in extraordinary special education costs and energy costs.

Under the 2010 law, a school district's individual cap could only be adjusted for enrollment increases, debt service, certain health benefit cost increases, and pension cost increases. The statute permits "cap banking," a process that gives a school district three years in which it could apply "unused cap" — that is, the difference between its actual tax levy increase and its permissible cap — to a future year's budget. Otherwise, any property tax levy increase above the cap requires voter approval.

In the following pages, this report provides examples of new requirements accompanied by only limited resources and how they have placed a burden on local boards of education.

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The Anti-Bullying Bill of Rights

Nothing is more critical to the academic and emotional well-being of students than a safe and secure learning environment. Ensuring such a school climate is the goal behind the Anti-Bullying Bill of Rights (PL 2010, c. 122), which took effect in the 2011-2012 academic year. As important as this goal is, the state has not provided sufficient funding to enable school districts to implement the law without having financial consequences on other district operations.

The act greatly expanded an existing law concerning harassment, intimidation and bullying (HIB). Among other things, the 2011 act required:

- Districts to adopt policy on how they will respond to an HIB incident, including “an appropriate combination of counseling, support services, intervention services, and other programs, as defined by the commissioner”;
- Every district to establish bullying prevention programs and to train school personnel and others regarding those programs, and allowed districts to apply for funds for such programs “to the extent funds are appropriated for these purposes or funds are made available through the Bullying Prevention Fund”;
- Every school principal to appoint, from currently employed school personnel, a “school anti-bullying specialist” and every superintendent to appoint a “district anti-bullying coordinator” and to “make every effort” to appoint a current employee to that position;
- The formation of a school safety team in each school “to develop, foster and maintain a positive school climate,” whose members must include at least one teacher employed in the school and the school anti-bullying specialist; and
- The creation of a Bullying Prevention Fund “to offer grants to school districts to provide training on [HIB] prevention and on the effective creation of positive school climates.”

During review of the legislation, the Office of Legislative Services (OLS) could not determine the cost of implementation “as the cost would be contingent on decisions made by the State and local school districts that cannot be predicted.”

The net result of the Anti-Bullying Bill of Rights Act was significant cost to local school districts. Heightened sensitivity to HIB increased the reporting of such incidents to unprecedented levels. According to the New Jersey Anti-Bullying Task Force’s first interim report, over 13,000 incidents were reported in the first academic year following enactment of the law. The resulting responsibilities raised the positions of anti-bullying specialist and anti-bullying coordinator to full-time jobs in many school districts.

Meanwhile, the Bullying Prevention Fund went unfunded.

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Council on Local Mandates Decision

Consequently, in 2012, the Allamuchy Board of Education filed a complaint with the Council on Local Mandates, which decided in its favor. Allamuchy had incurred a one-time cost of \$6,000, plus \$1,000 annually, for the implementation of an anti-bullying program by a third-party vendor. Additionally, because the anti-bullying coordinator, specialists and safety team members were members of the local bargaining unit, the district anticipated additional compensation of \$2,000 to \$4,000 for each of these staff members, depending on their responsibilities.

As a result of the Allamuchy decision, the state appropriated \$1 million for the Bullying Prevention Fund in 2012-2013 and 2013-2014. However, the program has not been funded since then, and no appropriation has been recommended for next school year.

According to the New Jersey Anti-Bullying Task Force, the \$1 million was woefully inadequate to meet school districts' needs statewide. In its 2016 annual report, the Task Force noted that 2013-2014 requests to the NJDOE for bullying prevention funds totaled approximately \$9 million.

2012 NJSBA Survey

That figure is consistent with a survey conducted by NJSBA in 2012. In that survey, 206 business administrators (representing 40% of all school districts statewide) identified more than \$2 million in additional costs in their districts to implement the Anti-Bullying Bill of Rights. The survey indicated the average costs per responding district for the following categories:

- Supplies, materials and software: \$4,534
- Professional development: \$3,958.70
- Additional programs: \$3,431.21
- Additional staffing: \$25,211

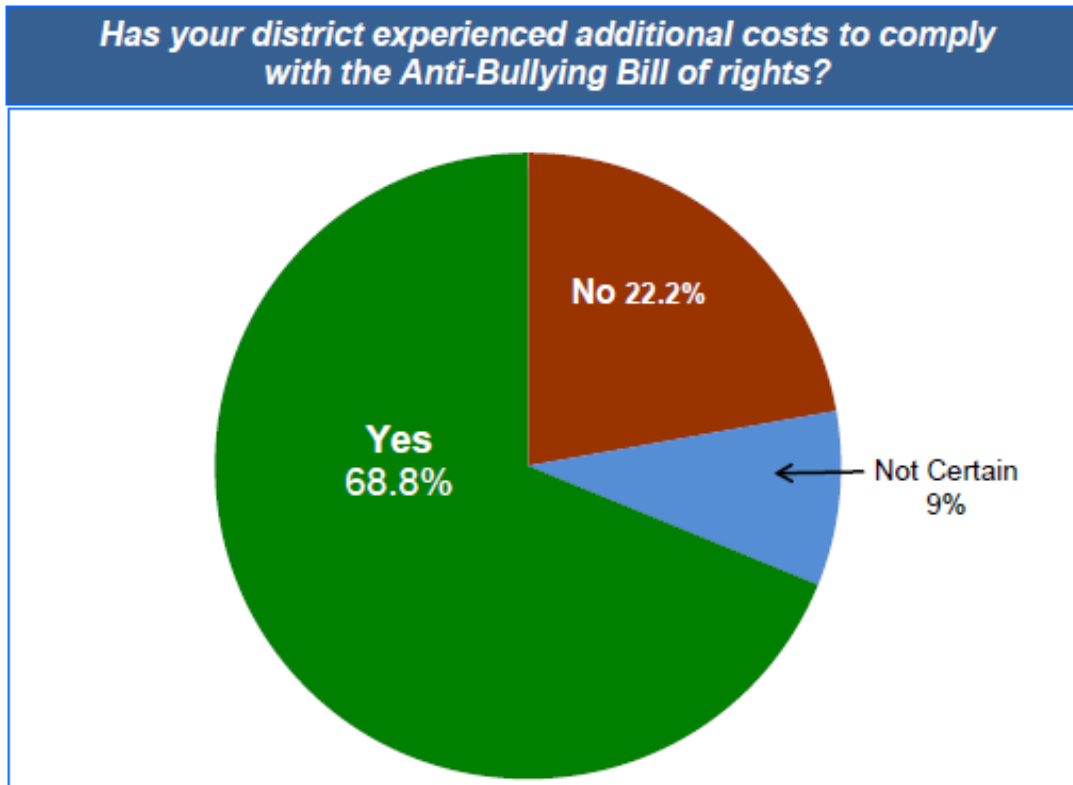
The survey respondents identified the following reasons for the personnel cost increases:

- 39% indicated the cost increases resulted from compensation for existing staff members who were designated as Anti-Bullying Coordinators;
- 32% attributed the cost increases to existing staff who were designated as school Anti-Bullying Specialists;
- 15% cited the hiring of additional staff members to serve as district Anti-Bullying Coordinators; and
- 20% said the cost increases were due to compensation for other personnel who assumed duties previously performed by Anti-Bullying Specialists and Coordinators.

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2016 NJSBA Survey

NJSBA's April 2016 survey of board presidents, superintendents and school business administrators shows that the law continues to place financial and administrative burdens to districts.

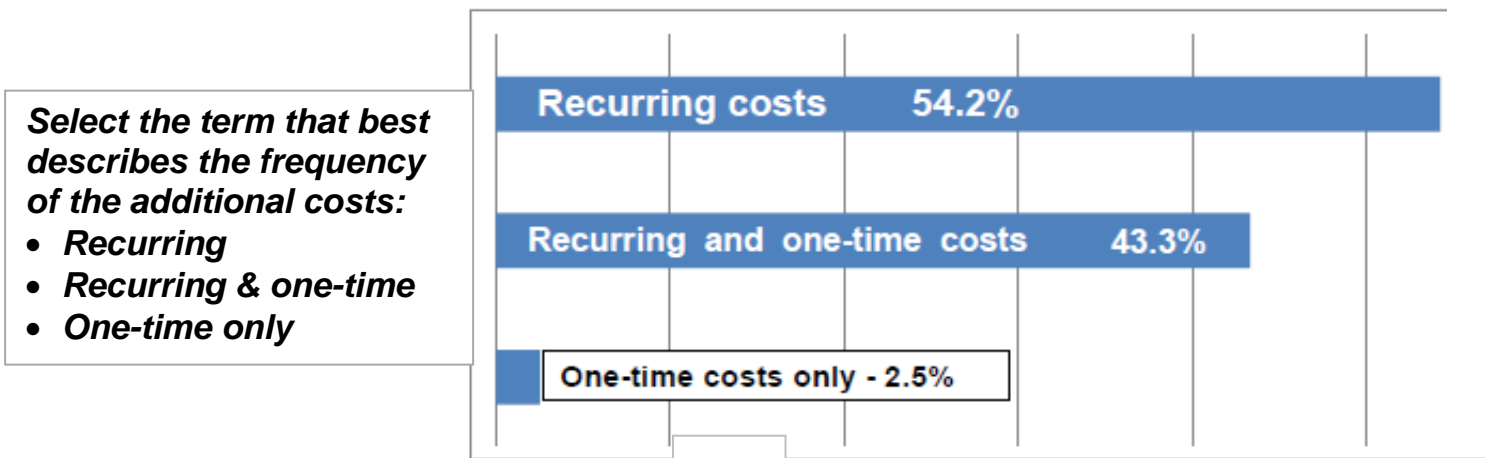


School officials were also asked to indicate the areas in which their districts experienced additional expenses. The four most frequently cited areas were as follows:

- *Professional development*, indicated by **90.1%** of respondents;
- *Programs/initiatives*, selected by **60.3%**;
- *Supplies and materials*, **52.1%**, and
- *Personnel*, **50.4%**.

Just below 10% of the survey participants cited "other costs," with legal fees noted by several respondents.

In most cases, the additional costs are of a recurring, or annual, nature.



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In their comments, the school officials noted the impact of the HIB law on staff time and other programs.

"We reallocated resources and lost time to support students with substance-abuse concerns."

– Business Administrator (K-12)
Gloucester County

"HIB appeals often result in many additional hours of preparation including additional school board attorney fees."

– Superintendent (K-12)
Morris County

"This has introduced new responsibilities and time commitments amid constantly shifting understanding and protocol."

– Board President (Elementary District)
Hunterdon County

"Time is a valuable resource. We have consumed a great deal of time in school, at board meetings, and in support staff meetings."

– Business Administrator (K-12)
Mercer County

"We had an anti-bullying program at least a decade before this legislation. Time is the greatest cost to our counselors and administrators."

– Superintendent (Elementary District)
Atlantic County

"The time required to process cases, especially at the elementary school level, is excessive."

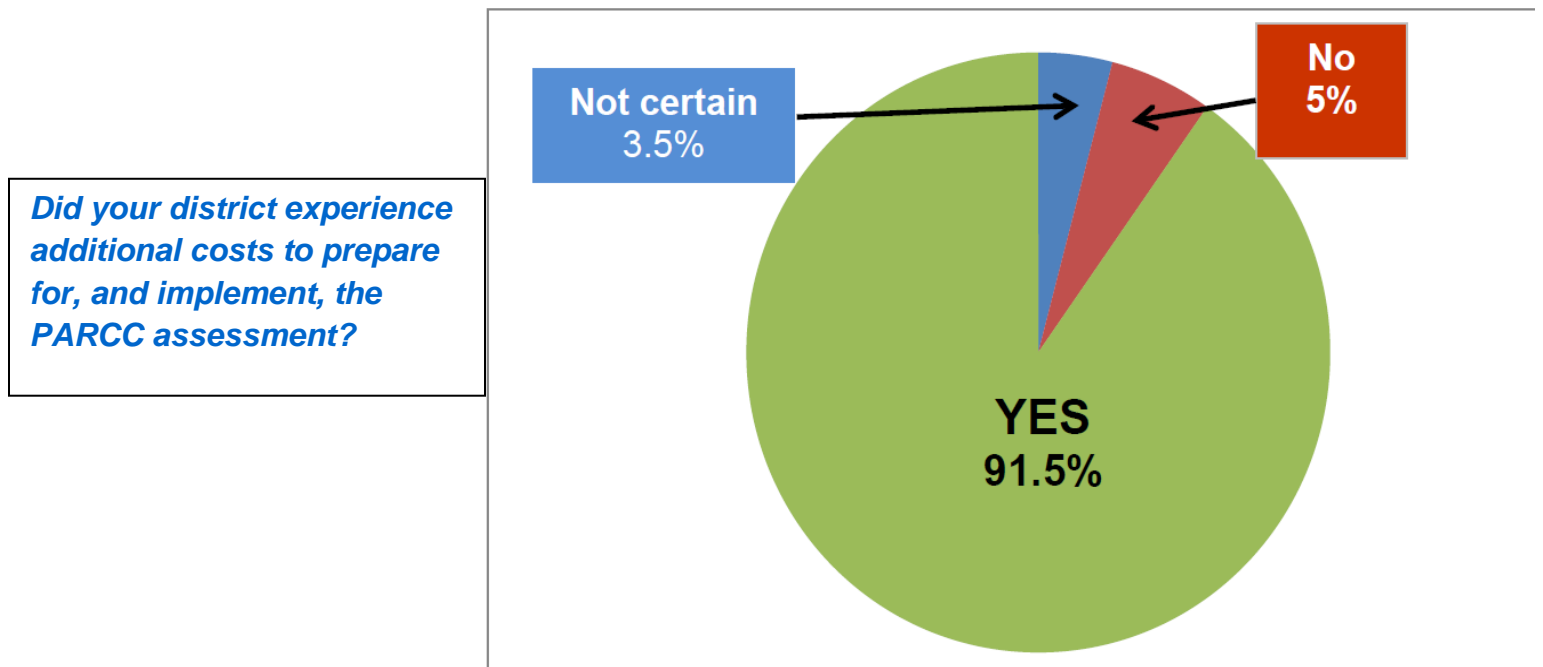
– Board President (K-12)
Somerset County

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The PARCC Assessment

In 2014-2015, New Jersey transitioned from its former NJASK and HSPA assessments to the Partnership for Assessment of Readiness for College and Careers (PARCC) assessment in mathematics and English language arts. As opposed to its predecessors, PARCC is a computer-based assessment. Therefore, many school districts had to expend funds on technology in preparation for the new PARCC exams.

Over 90% of the respondents to NJSBA's April 2016 survey indicated that the PARCC assessment resulted in additional expenditures to their school districts.



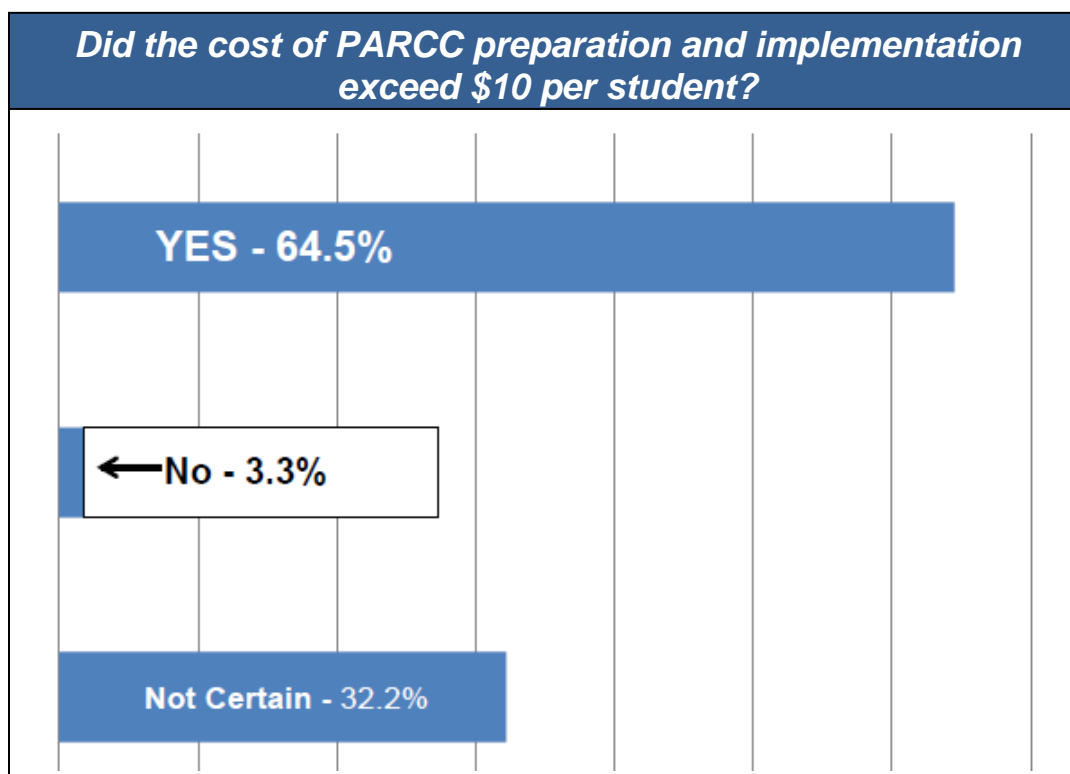
NJSBA believes that a uniform statewide test (or an alternative method of measurement) should be used to assess student progress toward state academic standards. To help school districts prepare for, and administer, the new PARCC assessment, the Association established programs to enable the purchase of technology at lower cost, and provided information, based on statute and code, addressing schools' responsibilities in administering the statewide tests.

The April survey of board presidents and business administrators confirmed the need for assistance in securing technology.

PARCC-Implementation Expenditures	
<u>Expenditure</u>	<u>Cited by...</u>
User hardware (e.g., laptops, tablets, etc.)	90.6% of respondents
Infrastructure upgrades	89.4%
Other types of expenditures: <i>Staffing (substitute teachers, personnel to oversee testing, stipends), training, software, consulting services</i>	

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In 2014-2015 and 2015-2016, the state provided assistance through a new funding category, PARCC Readiness Aid. At \$10 per student, this new categorical aid provided \$13.5 million annually for local districts “to procure the technology necessary to offer the online PARCC assessments.” NJSBA’s April 2016 survey indicates that, for most districts the aid level did not meet the level of expenditures for PARCC preparation and administration.



Among the survey respondents who indicated that PARCC expenses exceeded \$10 per student, the actual costs cited for implementation ranged from \$15 to \$2,000, with an average of \$236 per pupil and a median of \$250.

The criticism of PARCC as an underfunded mandate is tempered by the recognition that, in many school districts, technological upgrades were needed for academic programs and that their benefit will go beyond the assessment.

Close to 90% of respondents said their districts would have made at least some of the technological upgrades even without PARCC. The survey asked respondents to indicate, which of the following statements best applied to their districts:

My district would have made all of the technological upgrades even if the PARCC assessment were not required.	10.9%
My district would have made some of the technological upgrades even if the PARCC assessment were not required.	78.2%
My district would have made none of the technological upgrades if the PARCC assessment were not required.	2.2%
Not certain	8.7%

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In March 2015, the state indicated that it planned on spending \$108 million over a four-year period for the PARCC assessment. (The \$13.5 million in PARCC Readiness Aid was not included in that figure.) Additionally, the Department of Education has made a financial commitment to digital learning the Future Ready Schools-NJ initiative, a partnership with NJSBA and the New Jersey Institute of Technology.

"It is difficult to separate that which needed to be done regardless of PARCC and that which was done because of PARCC. Much of what was done within our district was in need of being done...PARCC just moved our deadlines."

– Board President (K-12)
Gloucester County

"...a significant investment in hardware as well as additional substitute costs necessitated by extended time accommodations."

– Superintendent (K-12)
Camden County

"We obviously had to prepare technology, train staff, and staff the testing sessions, which were greater in both amount and duration when compared to NJASK testing. All of this impacted staff and time and, therefore, pulled staff away from other work."

– Board President (Elementary District)
Hunterdon County

"Purchased additional iPads so students could take the tests via a computer. Hired a temporary administrator to coordinate the schedule."

– Board President (K-12)
Union County

"...created a new position to help support our greatly increased level of instructional technology."

– Superintendent (Elementary District)
Monmouth County

"We purchased about 250 Chromebooks (at a cost of \$250 each), 12 carts for storage (at \$1,000 each), and 25 hard-wired computers (about \$900 each) during the previous two years. We have been installing wireless internet access points throughout the district during the last two years. This equipment is not only used for PARCC, but the cost is well over \$10 per student."

– Business Administrator (Elementary District)
Atlantic County

"Needed to develop ways to deliver the test to ensure proper security (i.e., lockdown of laptops, disabling features, etc.)"

– Business Administrator (K-12)
Bergen County

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Special Education

No discussion of underfunded mandates is complete without addressing special education, a federally and state-required service that, in many respects, has been a success story in New Jersey public education—but, nonetheless, a costly one for local school districts.

In its Policies and Positions on Education ([FC3220](#)), NJSBA calls for state funding of the “full excess cost” of special education services—that is, special education expenditures that exceed those for general education. Current state and federal funding practices, however, place an undue burden on local school districts, and their property taxpayers, to support this state- and federally required program.

NJSBA Research

A 2007 NJSBA-sponsored study found that, in Fiscal Year 2005, the annual cost of services for 232,894 students with special needs totaled \$3.3 billion statewide. Local school districts supported 57% of the costs, with the remainder coming from state funds (34%) and federal aid (9%), according to the study.

The research identified the main cost-drivers as out-of-district placements, programs for students with autism, transportation, related services, and resource programs. Other factors included high classification rates and impediments to shared services. The NJSBA study reaffirmed the need for a fair, adequate and equitable funding formula.

In 2014, another NJSBA project culminated in the report, [Special Education: A Service, Not A Place](#). The study reflected more than a year of research by a task force that included board of education members, state officials, and school administrators and other educators. Citing New Jersey Department of Education data, the task force found that special education costs continue to outpace inflation.

- Expenditures identified as special education increased approximately 8% from 2008-2009 to 2011-2012. The increase was twice as large as the rate of growth in expenditures for general education. They were also double the rate of growth in the special education population during the same period.
- In 2011-2012, statewide expenditures to cover the additional costs of serving special education students accounted for over one-fifth of the total expenditures for K-12 education.
- From 2008-2009 to 2011-2012, the number of classified students in regular operating districts (i.e., those that did not have the former “Abbott” designation) grew by 4%, while total enrollment in those districts remained flat. During the same time period, the number of special education students in the former Abbott districts remained flat.
- The percentage of students in the former Abbott districts who are taught in the most restrictive settings is more than double that of regular operating school districts.

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A New Formula

The School Funding Reform Act of 2008 altered the method of distributing state aid to local school districts, including the funding of special education.

Previously, all special education funding consisted of “categorical” aid—an allotment per pupil related to the services needed and provided to each district regardless of community wealth. The SFRA changed the distribution method, rolling two-thirds of special education funding into a district’s wealth-based “equalization aid” and providing one-third as categorical aid.

In calculating the special education component of Equalization Aid, the formula uses a state average percentage of classified students, rather than the district’s actual number of students with special needs. For 2016-2017, the “[Educational Adequacy Report](#),” a periodic reassessment of the factors used in the SFRA formula, set the statewide classification rate at 14.92%, with an additional 1.63% of students qualifying for speech therapy.*

Additionally, the SFRA limits a district’s special education categorical aid by factors such as the statewide average classification rate, average statewide cost and regional cost adjustments

The shifting of two-thirds of special education funding to a wealth-based formula has increased the underfunding of this state-required program in many districts. Additionally, by using statewide averages, rather than the district’s actual special education population and costs, for both the wealth-based and categorical components, the current formula further increases the financial burden of this state-required service for many communities.

Extraordinary Costs

State law calls for additional funding to help districts pay for “extraordinary” special education costs—that is, those expenditures above a certain per-pupil amount. The latest Educational Adequacy Report recommends reimbursement of extraordinary costs as follows:

- In-district placement – 90% of the amount above \$40,000 per pupil
- Placement in another public school district – 75% of the amount above \$40,000
- Private school placements – 75% of the amount above \$55,000

Local school officials note the limited nature of extraordinary special education costs. A survey conducted as part of NJSBA’s 2014 report, asked the question: *What changes in law or regulation would enable your school district to better manage special education costs without affecting program quality and availability?* Frequently cited was the need to “[e]xpand expenditures covered by the Extraordinary Special Education Aid.”

* Previous years’ statewide average classification rates were as follows: Fiscal Year 2008—14.69% (general special education services) and 1.9% (speech-only students); and FY2014 (Educational Adequacy Report)—14.78% and 1.72%, respectively.

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Federal Funding

When the federal special education law, the Individuals with Disabilities Education Act (IDEA), was enacted in 1975, the federal government promised to cover 40% of the cost of implementing required special education services. However, the amount covered by federal funding has been considerably less.

According to data from a [February 2015 report](#) by the National Education Association, federal funds covered only 16% (or \$357.7 million) of New Jersey's IDEA costs. If federal funding were provided at the promised 40% level, the state would have received \$893.4 million in IDEA funding in 2014-2015. That higher funding level would have resulted in an additional \$535.7 million in federal special education aid for New Jersey.

A number of school districts have been required—sometimes by court order citing the IDEA—to provide separate placement for students, often in private settings that involve residential and travel costs. Such extraordinary special education costs can have a dramatic impact on an individual district's budget, making it difficult to accommodate the required service without affecting general education and other programming. For these school districts, the issue of IDEA funding at the originally promised levels, along with adequate state support for extraordinary costs, is particularly acute.

2016 Survey

NJSBA's most recent survey on unfunded and underfunded mandates questioned respondents on state requirements related to the PARCC assessment, workers' compensation, the Anti-Bullying Bill of Rights and teacher evaluation. It also posed an open-ended query to give respondents the option to describe "other unfunded and underfunded mandates affecting your school district."

The most frequently cited requirements involved special education, or related areas such as special education class-size limits and out-of-district placement. Cost estimates include \$40 million annually for all special education services in a large K-12 district in central New Jersey; \$500,000 for special education programs in a small elementary district in Monmouth County, and \$400,000 in a Bergen County elementary district.

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TEACHNJ/AchieveNJ

In August 2012, Governor Christie signed the first significant reform of the state’s century-old teacher tenure law. The legislation, the Teacher Effectiveness and Accountability for the Children of New Jersey (TEACHNJ) Act, received unanimous approval in the Senate and Assembly.

Tenure Reform

The law increased the amount of time—from three years to four—that a new employee needed to serve in his or her position to receive tenure protection. Among other changes, the statute placed adjudication of tenure charges with an arbitration panel, rather than the Commissioner of education.

[TEACHNJ](#) required the development of an evaluation system with four summative ratings — “highly effective”; “effective”; “partially effective”; and “ineffective.” Significantly, it tied retention of tenure to the evaluation process.

The chart below, based on one developed by the New Jersey Department of Education, describes the TEACH NJ provisions that tie the employee’s annual evaluation to tenure retention and which require the superintendent to file—or which give the superintendent discretion to file—tenure charges of “inefficiency,” the category that involves poor job performance.

Summative Rating A	Summative Rating B (Consecutive)	Action
Ineffective	Ineffective	The superintendent shall file a charge of inefficiency.
Partially Effective	Ineffective	
Ineffective	Partially Effective	The superintendent may file a charge of inefficiency or may defer by filing written evidence of exceptional circumstances. After the following summative evaluation (i.e., the third consecutive), the superintendent shall file a charge of inefficiency if the rating is Ineffective or Partially Effective.
Partially Effective	Partially Effective	

A Statewide Evaluation System

The keystone of these reforms is a statewide evaluation system, titled [AchieveNJ](#) and established through state regulation. AchieveNJ incorporated uniform standards of student growth into the annual performance reviews and mandated a minimum number of observations and evaluations each year.

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A New Jersey Department of Education guide to AchieveNJ provides the following information about the process:

“Teacher evaluation consists of two primary components: Teacher Practice (measured primarily by classroom observations) and Student Achievement (measured by Student Growth Objectives and, for a select group of teachers, Student Growth Percentiles).”

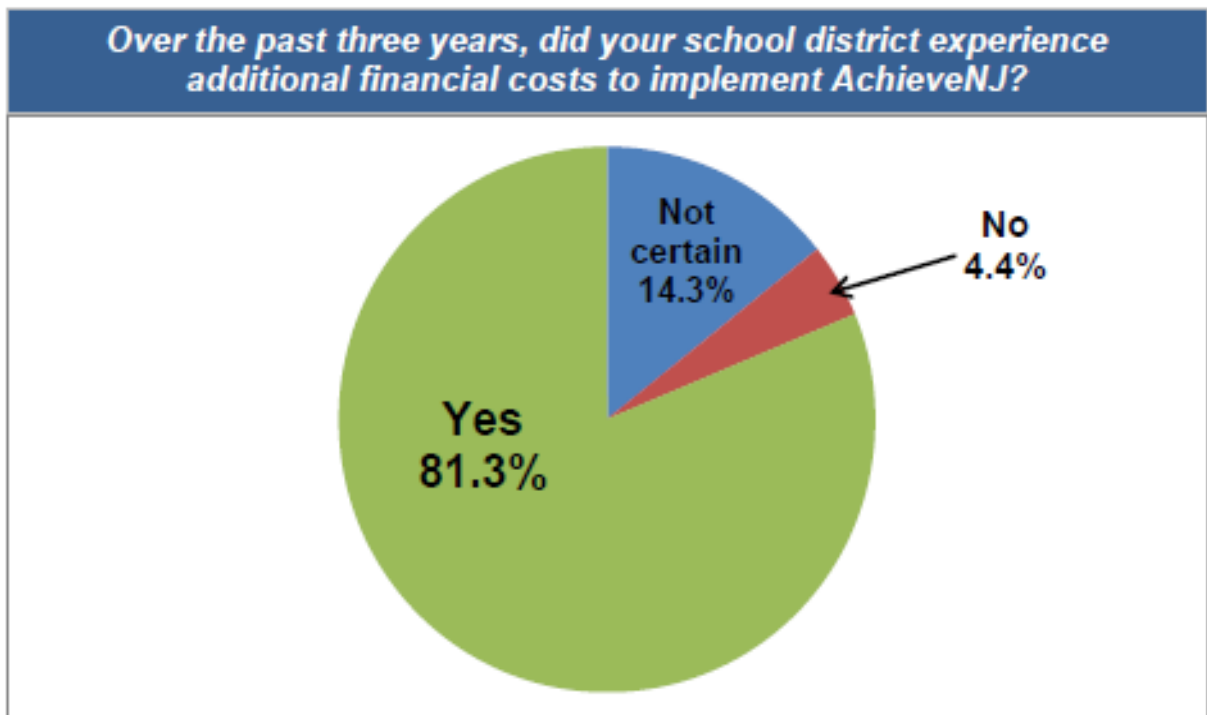
“Teacher practice is measured by performance on a state-approved teacher practice instrument (e.g., Danielson, Marzano, et al.), which is used to gather evidence primarily through classroom observations.”

Since the mid-1970s, NJSBA has advocated replacement of lifetime tenure with renewable contractual tenure. The Association expressed its support for the tenure reform provisions of TEACHNJ as an important step in ensuring the quality of instruction. NJSBA also supports the inclusion of student achievement data in employee evaluations.

Costs to School Districts

While NJSBA supports the purpose of TEACHNJ and AchieveNJ, it has concerns about the administrative time and expense required to implement the evaluation process in light of statutory financial constraints, such as the 2% tax levy cap and the administration spending growth limits.

The vast majority of school board presidents, superintendents and school business administrators participating in NJSBA’s survey on underfunded mandates indicated that their districts experience additional costs in implementing AchieveNJ.



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Over three-quarters of the respondents identified licensing fees for the district evaluation model (e.g., Danielson, Marzano) as the reason for additional expenditures.

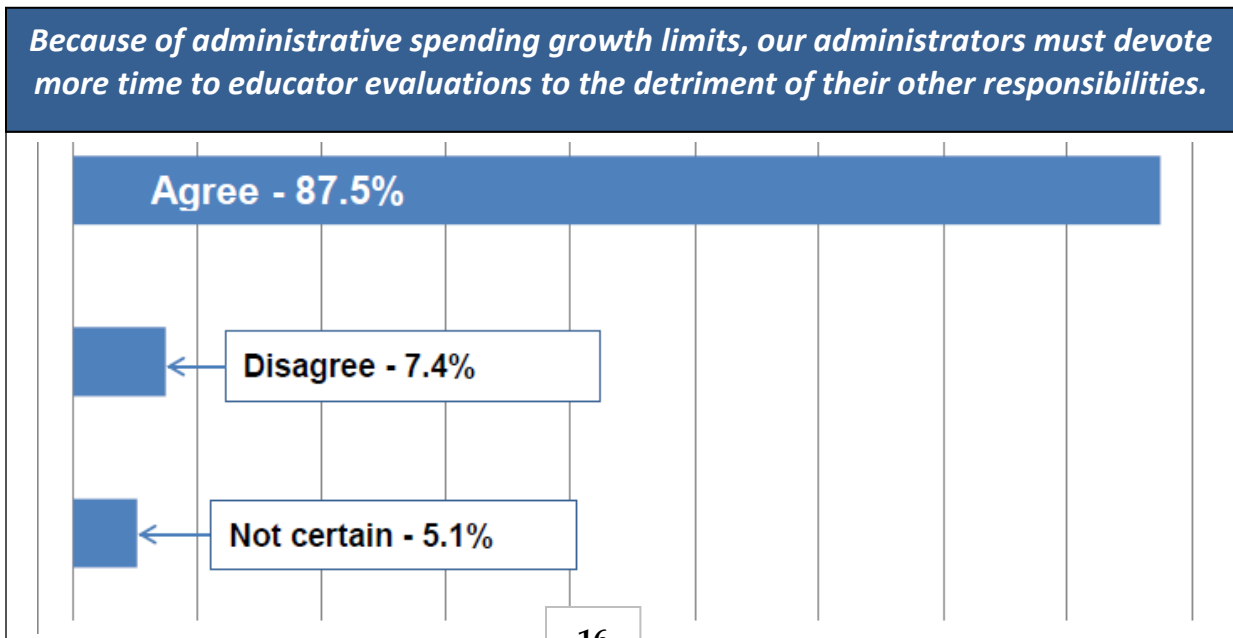
AchieveNJ: Reasons of Additional Expenditures	
License for the chosen evaluation model	Cited by 78.2% of respondents
Software	65.3%
Equipment/supplies	42.9%
Additional administrative staff	38.8%
Additional clerical staff/overtime	19.7%
Training/professional development	17.7%

For 33.1% of the respondents, the additional expenditures recur annually; 57.4% indicated the costs were both recurring and one-time. Examples of annual cost estimates include: more than \$240,000 in a 15,000-student K-12 district; \$10,000 for a southern New Jersey elementary district with fewer than 750 pupils; and \$125,000 for a 5,000-student K-12 district in suburban northern New Jersey.

The survey asked school officials if the additional costs negatively affected other programs. Just under half (49.1%) said there was no negative impact. Those who indicated a negative impact were given a list of program areas and asked to identify those affected. Generally, responses were evenly divided among curriculum development, the instructional program, extracurricular activities, and counseling.

We simply keep consolidating and rearranging duties so that the task can be completed. There is no room in the budget to incur additional costs. The additional costs are absorbed across all areas of the budget, not just a single program, with the consideration of where will be the least impact.
 – School Board President (K-12)
 Gloucester County

Nonetheless, respondents agreed that the evaluation process has taken a toll on the time administrators have available for other responsibilities, particularly in light of statutory administrative spending limits.



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Impact on Negotiations

The survey asked school board presidents, superintendents and school business administrators if AchieveNJ has had an impact on collective bargaining.

- 47.7% of the respondents agreed with the statement, "The new educator evaluation system has affected the negotiations process for teachers and principals/supervisors." Just over 30% disagreed with the statement, while the remainder was not certain.
- Of those who agreed that AchieveNJ has had an impact at the bargaining table, 61.9% responded affirmatively when asked if the new process resulted in changes to the "Evaluation" article of the district's collective bargaining agreement.
- Within that group, 51% indicated that the union proposed the new contract language, while 37.3% said the proposal came from the board.

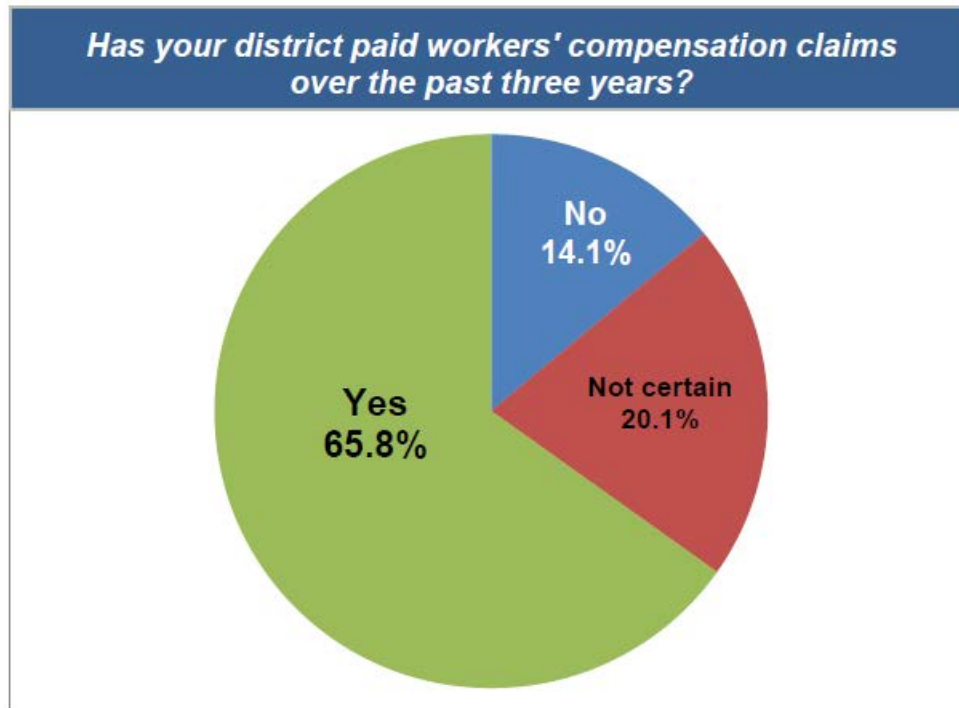
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Workers' Compensation

Current statute ([N.J.S.A. 18A:30-2.1](#)) requires that school boards pay a school employee *full salary* for up to one year when the staff member is absent from work due to an employment-related injury. The full-salary requirement is unique to school districts. Other New Jersey employers are required only to provide employees with 70% of their salary, pursuant to the New Jersey Labor and Workers Compensation Act.

The school-specific mandate has been in place since 1967 (*P.L.1967, c.168*). Prior to that, the law stated that a school board “may” provide “up to” full salary. As a result, local school districts, unlike other public and private employers, must pay an amount in addition to state-required workers’ compensation benefits that is equivalent to 30% of the employee’s salary.

Costs per district for this benefit can fluctuate annually. The financial impact in any given year would be difficult for a district to anticipate. Nonetheless, it can be significant, given the number of districts that pay workers’ compensation claims, according to NJSBA’s survey.



The survey asked respondents to estimate how much their districts paid “out of pocket” to fund claims over the past three years. Most respondents said they were not certain of the amount. Of the 25 who did offer estimates, the three-year average expenditure was \$380,470.

Individual responses varied widely, however, and may illustrate the difficulty school districts face in predicting these costs. Examples include the following: \$1.5 million (central New Jersey K-12 district, with approximately 9,000 students); \$200,000 (Morris County K-12 district, with over 2,000 students); \$75,000 (Bergen County K-12 district, with over 1,200 students); and zero (Atlantic County K-8 district, with over 3,000 students).

Unfunded/Underfunded State and Federal Mandates: A Burden on Local School Districts

Recommendations

1. Boards of education are urged to adopt resolutions calling on state and federal officials to provide adequate funding of required programs. NJSBA provides [sample resolution](#) language.
2. Working with the National School Boards Association, NJSBA will advocate the interests of students and local school districts, including the provision of adequate federal funding, when Congress begins reauthorization of the Individuals with Disabilities Education Act.
3. NJSBA will continue to seek fair and adequate state special education funding and, at the same time, will advocate for an adjustment to the 2% tax levy cap for special education cost increases.
4. NJSBA will seek legislation to make workers' compensation requirements for local school districts consistent with those of other New Jersey employers.
5. NJSBA will continue to provide school districts with opportunities to secure the technology necessary for implementation of standardized testing and digital learning.
6. NJSBA will continue to monitor the financial impact of the Anti-Bullying Bill of Rights, AchieveNJ and other well-intended, but underfunded, state requirements on school district budgets.
7. NJSBA will continue to seek relief from the administrative spending growth limits, which affect the ability of school districts to carry out responsibilities under AchieveNJ.