



New Jersey School Boards Association

413 West State Street • Trenton, NJ 08618 • Telephone: 609.695.7600 • Toll-Free: 888.88NJSBA • Fax: 609.695.0413

Task Force on New Jersey's Accountability Regulations FINAL REPORT

N.J.A.C. 6A:23A



October 14, 2016

New Jersey School Boards Association

Revised 12/15/2016

**New Jersey School Boards Association
Task Force on New Jersey's Accountability Regulations
N.J.A.C. 6A:23A**

FINAL REPORT



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Report of NJSBA’s Task Force on New Jersey’s Accountability Regulations

October 14, 2016

TABLE OF CONTENTS

<u>Section</u>	<u>Page</u>
Letter of Transmittal	ii
Task Force Charge	iii
Task Force Membership.....	iv
Background and Analysis.....	1
RECOMMENDATIONS.....	3
Executive County Superintendent of Schools (N.J.S.A. 6A:23A-2).....	3
Administrator and Board Member Accountability (includes superintendent salary cap) (N.J.S.A. 6A:23A-3).....	6
School District Fiscal Accountability (N.J.S.A. 6A:23A-4)	10
Additional Measures to Ensure Effective and Efficient Expenditure of Funds (N.J.S.A. 6A:23A-5).....	11
Conditions for Receipt of State Aid (N.J.S.A. 6A:23A-6).....	14
School District Travel Policies and Procedures (N.J.S.A. 6A:23A-7).....	16
Annual Budget Development and Submission (N.J.S.A. 6A:23A-8)	20
Executive County Superintendent Budget Review (N.J.S.A. 6A:23A-9)	22
Spending Growth Limitation (N.J.S.A. 6A:23A-10)	24
Tax Levy Growth Limitation (N.J.S.A. 6A:23A-11).....	25
Commissioner Waivers of Tax Levy Growth Limitation; Separate Voter Approval (N.J.S.A. 6A:23A-12).....	26
Reserve Accounts (N.J.S.A. 6A:23A-14)	28
State Calculation and Aid Adjustment for Charter Schools (N.J.S.A. 6A:23A-15).....	29
Tuition Public Schools (N.J.S.A. 6A:23A-17)	30
Tuition for Private Schools for Students with Disabilities (N.J.S.A. 6A:23A-18)	31
Financial Operations of Charter Schools (N.J.S.A. 6A:23A-22).....	32
APPENDICES	35
A. History of the Accountability Regulations	
B. Results of Survey of Local School Officials	
C. Survey Instrument	
D. Education Transformation Task Force Recommendations Regarding the Accountability Regulations	
E. Leadership for Educational Excellence: Review and Comments	
F. New Jersey Association of School Business Officials: Review and Comments	
G. New Jersey School Boards Association: <i>Final Report on the Study of the Impact of the Salary Cap on Chief School Administrators</i>	
H. NJSBA Policies Reviewed by Task Force	
I. Proposed Re-adoption with Amendments: N.J.A.C. 6A:23A – 1 through 15	



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TO: Donald Webster, Jr., President
Lawrence S. Feinsod, Ed.D., Executive Director

FROM: Michael Kaelber, Esq., Director
NJSBA Legal & Labor Relations Services Department

SUBJECT: Final Report—NJSBA Task Force on New Jersey’s Accountability Regulations

DATE: October 14, 2016

I am pleased to submit the Final Report of the New Jersey School Boards Association’s Task Force on New Jersey’s Accountability Regulations (*N.J.A.C. 6A:23*). This document reflects nearly 12 months of research, study, discussion and collaboration by the 16-member group, appointed in the fall of 2015 by President Donald Webster, Jr., and Executive Director Dr. Lawrence S. Feinsod.

The Task Force included local school board members; resource persons representing the state’s executive county school business administrators and the New Jersey Association of School Business Officials; local school district administrators, and NJSBA staff.

In reaching its findings and recommendations, the Task Force considered several principles and factors, including preservation of local governance; the impact of the state’s 2 percent property tax cap; the need for clear, precise code language; and the reaffirmation of practices that promote effective and efficient expenditures.

The Final Report of the Task Force on New Jersey’s Accountability Regulations concludes with 63 recommendations designed to ensure responsible and efficient operations in our public schools, without placing excessive administrative and/or financial burdens on local school districts.



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TO: Michael F. Kaelber, Esq.
Director, Legal & Labor Relations Services
Chair, Task Force on New Jersey's
Accountability Regulations

FROM: Dr. Lawrence S. Feinsod
Executive Director

DATE: November 19, 2015

RE: Charge to the NJSBA Task Force on New Jersey's Accountability Regulations

Following is the charge to the NJSBA Task Force on New Jersey's Accountability Regulations:

Task Force on New Jersey's Accountability Regulations
(*N.J.A.C. 6A:23A, "Fiscal Accountability Efficiency and Budgeting Procedures"*)

CHARGE

By June 30, 2016, the Task Force will complete the following activities:

1. Analyze the current regulations including, but not limited to, provisions addressing administrator and board member accountability; review and approval of administrator contracts; school district fiscal accountability; effective and efficient expenditures; conditions for the receipt of state aid; travel policies and procedures; and budget review procedures.
2. Consult with experts on school district financial operations at the local, county and state levels, including the New Jersey Association of School Business Officials.
3. Collect data from local school districts concerning their experience with the current regulations, including their effectiveness, ease or burden of implementation, and cost.
4. Develop a plan to advocate for new and revised regulations, designed to ensure responsible and efficient school business and non-instructional operations without placing administrative and/or financial burdens on local districts.

Task Force on New Jersey's Accountability Regulations

The following individuals have been appointed to the Task Force by Dr. Lawrence S. Feinsod, Executive Director, and Donald Webster, Jr., President.

MEMBERS

Chairman

Michael Kaelber, Esq., Director, NJSBA Legal & Labor Relations Services Department

NJSBA Staff

Patrick Duncan, Manager, Labor Relations

Terri Lewis, Field Service Representative

Steve McGettigan, Manager, Policy

Charlene Peterson, Field Service Representative

Jonathan Pushman, Legislative Advocate, Governmental Relations

Jeanette Rundquist, Communications

Gwen Thornton, Field Service Representative

Cynthia Harrison, Administrative Assistant, Legal & Labor Relations Services Department

Board of Education Members

Chanta L. Jackson, Vice-President, Neptune Township Board of Education

Corey Lowell, Member, Asbury Park Board of Education

Andrew McElroy, President, Byram Township Board of Education

William Seeselberg, Member, South Plainfield Board of Education

David C. Verducci, Ph.D., Member, Upper Saddle River Board of Education

Consultant

Mr. Neil Cramer, Executive County School Business Administrator
Sussex/Warren Counties

Louis J. Pepe, RSBA, President, New Jersey Association of School Business Officials
School Business Administrator, Summit Public Schools

Ex Officio

Donald Webster, Jr., NJSBA President

Dr. Lawrence S. Feinsod, Executive Director

Background and Analysis

Sunset of Accountability Regulations

The Fiscal Accountability, Efficiency and Budgeting Procedures code (*N.J.A.C. 6A:23A*), which encompasses the Accountability Regulations, was originally scheduled to expire on November 25, 2014. However, a 2011 statute (*P.L. 2011, c. 45*) amended the state's Administrative Procedures Act and extended from five to seven years the expiration date of nearly all chapters in the New Jersey Administrative Code. As a result, the sunset date for *N.J.A.C. 6A:23A* was extended by two years.

The State Board of Education has initiated the first phase of the re-adoption process for sections 16 through 22 of *N.J.A.C. 6A:23A*, the provisions over which it has control. The proposed re-adoption of these sections, which address finance and business services, came before the state board at first discussion level on September 7, 2016.

The remainder of *N.J.A.C. 6A:23A*, sections 1 through 15, was first adopted in 2008 and readopted in November 2009 through a special rule-making process established by a 2008 statute (*P.L. 2008, Chapter 37*). Under this special process, the Commissioner of Education, rather than the State Board of Education, has authority to adopt *and readopt* regulations governing the implementation of statutes that address the following subjects, among others:

- School district fiscal accountability;
- Early termination of superintendent contracts;
- Review of employment contracts for central office administrators;
- Certificate revocation of superintendents, assistant superintendents and school business administrators;
- The property tax cap;
- The office of the Executive County Superintendent;
- Regionalization plans;
- School district travel regulations;
- Efficiency standards, and
- Budget procedures.

On November 16, 2016, the New Jersey Department of Education released proposed revisions to *N.J.A.C. 6A:23A-1* through 15, including changes to the superintendent salary provisions.

By virtue of the filing of the proposed revisions, the current Accountability Regulations, *N.J.A.C. 6A:23*, will remain in effect for an additional 180 days beyond November 16 and will now sunset on May 24, 2017.

Accountability Regulations: Genesis

The Accountability Regulations were a compilation of regulatory responses to a series of anecdotal abuses and misconduct in school districts, mostly singular in nature. Many of the Accountability Regulations reflected existing rules applicable only to the former Abbott districts. Upon adoption of the Accountability Regulations in December 2008, all school districts came under these rules.

Review/Study Process

The NJSBA Task Force on New Jersey’s Accountability Regulations met on nine occasions, from November 19, 2015 through June 15, 2016. Each meeting was held at NJSBA Headquarters in Trenton.

In its review of the Accountability Regulations, the Task Force considered the following principles and factors:

- Preservation of local governance of public education.
- The impact of the 2% property tax levy cap, which was not in effect at the inception of the regulations. (*To the extent that the 2% cap constrains expenditures, are some of the regulations still necessary?*)
- The prevalence of “caps within caps” in statute and code—for example, the superintendent salary cap, the administrative spending growth limit, and restraints on certain school district expenditures such as those for professional services, public relations and publications, and employee recognition awards.
- The need to review these limits, with an eye towards amending them to reflect current economic practices, regional cost differences and/or certain indices such as the Consumer Price Index, IRS rates, etc.
- Practices that promote effective and efficient expenditures.

The task force also sought to clarify code language, revise timelines and dates, identify requirements already completed, update provisions to reflect current practices, and reduce duplication.

For each provision, the Task Force considered the legislative and regulatory history behind issues addressed by Accountability Regulations, as well as the following resources:

- NJSBA Policies and Positions on Education;
- Recommendations of the state’s 2012 Education Transformation Task Force Report;
- NJSBA Commentary on the 2009 Re-adoption of the Accountability Regulations;
- The NJSBA Final Report on the Study of the Impact of the Salary Cap on Chief School Administrators (2014);
- The Leadership for Educational Excellence Commentary on the Accountability Regulations (2016);
- Comments on *N.J.A.C. 6A:23A* by the New Jersey Association of School Business Officials (2016), and
- Results of its March-April 2016 survey of school district officials.

The Task Force also conducted a survey of New Jersey’s local school board presidents, superintendents and school business administrators about the effectiveness of the various provisions of the Accountability Regulations. Over 39% of the state’s school districts are represented in the survey results.

Task Force Recommendations

As a result of its deliberations, the Task Force made 63 recommendations for revision, amendment or elimination of provisions of the Accountability Regulations (*N.J.A.C.* 18A:23A-1 through 22). Below are summaries of various provisions, followed by the Task Force recommendation(s) and the rationale for each.

Executive County Superintendent of Schools

N.J.A.C. 6A:23A-2

A 2007 law (*P.L.* 2007, chapter 63) strengthened the authority of the state Department of Education’s county officials (now called “Executive County Superintendents”) over local school district budgeting and operations. It also gave the Executive County Superintendents the specific task of developing plans to regionalize school districts within their jurisdictions.

This section of the Accountability Regulations was designed to provide the structure to implement the various responsibilities of the Executive County Superintendent (ECS).

***N.J.A.C.* 6A:23A-2.2 – School District Regionalization and Consolidation of Services Advisory Committee**

Requires the ECS to create a School District Regionalization and Consolidation of Services Advisory Committee.

RECOMMENDATION: Eliminate this section (*N.J.A.C.* 6A:23A-2.2).

RATIONALE: The Advisory Committees are neither necessary nor operational at this time. Each county has identified a grouping of school districts that may be “ready” for regionalization. The Department of Education has established an Office of Regionalization and Consolidation, the representatives of which visit school districts that may be ready for regionalization. Discussions are continuing, particularly among school districts involved in sending-receiving tuition arrangements.

The Task Force recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

***N.J.A.C.* 6A:23A-2.3 – Consolidation and sharing of services; joint and cooperative purchasing**

Requires the ECS to study, and make recommendations on, the consolidation of school district administrative services, creation of new administrative service providers or shared administrative arrangements. The provision specifies certain school district configurations and shared-administrative models to be considered.

RECOMMENDATION: Eliminate this section (*N.J.A.C.* 6A:23A-2.3), except for the requirement that consolidated administrative services be discussed quarterly at superintendents’ and school business administrators’ county roundtables (subparagraph g).

RATIONALE: The required studies have been completed, and information is available in county offices. Subparagraph (g), however, should be amended to reflect the current reality. The concept of sharing services is discussed on a regular basis and implemented where possible, particularly among secondary regional and constituent elementary districts and districts in sending-receiving relationships. Economic realities are driving the discussions.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

***N.J.A.C.* 6A:23A-2.4 – Districts that do not operate schools**

Requires the ECS to submit to the Commissioner a plan to eliminate non-operating districts—i.e., districts that have no schools and send their students to a neighboring district or districts through a sending-receiving tuition arrangement.

RECOMMENDATION: Eliminate this section (*N.J.A.C.* 6A:23A-2.4).

RATIONALE: The ECS reports on non-operating school districts have been completed, and the plans have been submitted to the commissioner. As such, the goals of the legislation (*P.L.* 2007, chapter 63) have been accomplished, and there is no longer a need for the code provision.

On July 1, 2009, 13 of the state’s 26 non-operating school districts were merged with the neighboring school districts where their students were already attending classes. Each of the 13 eliminated districts was engaged in a sending-receiving relationship with a single school district. In the remaining non-operating districts, certain considerations, including the impact on multiple sending-receiving partners, need to be addressed before merger could be effectuated.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

***N.J.A.C.* 6A:23A-2.5 – Plans to create K-12 regional school districts**

Requires the ECS to study consolidation of elementary-only and secondary-only school districts with neighboring districts, resulting in all K-12 systems, and to submit the regionalization plans to the commissioner by March 15, 2010. (The plans were not to have involved county vocational or special services districts.)

RECOMMENDATION: Eliminate this section (*N.J.A.C.* 6A:23A-2.5).

RATIONALE: The ECS reports on consolidation have been completed and filed. As such, the goal of the legislation (*P.L.* 2007, chapter 63) has been accomplished, and there is no need for this code provision.

Although the ECSs collected data and there were discussions of consolidation, no funding was available to complete the necessary feasibility studies.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-2.6 – **Transportation Efficiency Study**

Requires each ECS to complete a study of pupil transportation services no later than July 12, 2009 and sets forth factors to be considered in the study. The purpose of the study was to identify ways to provide pupil transportation in a more cost-effective and efficient manner.

RECOMMENDATION: Eliminate this section (*N.J.A.C. 6A:23A-2.6*).

RATIONALE: Transportation efficiency studies were completed and filed in July 2009. Therefore, the goal of this code provision has been accomplished.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-2.7 – **Shared Special Education Services**

Requires the ECS to facilitate the sharing of special education services within the county and places certain requirements on school districts. Provisions include:

- Notification to the ECS when an out-of-district placement is contemplated;
- Identification by the ECS of available programs in other districts;
- A written explanation if the individualized education program (IEP) team determines a placement other than the one identified by the ECS;
- Creation of lists of appropriately licensed and certified professionals, and
- Investigation of school districts sharing special education staff members.

RECOMMENDATION: Eliminate subparagraphs i, ii, iii and iv of paragraph 3, which involve procedures to be followed prior to out-of-district placement.

RATIONALE: These provisions are overly prescriptive.

RECOMMENDATION: Eliminate Sections 6 through 9, which involve development of lists of appropriately certified professionals, investigation into the sharing of special education staff members and creation of inventories of surplus equipment *unless the state can fund and staff these initiatives.*

RATIONALE: Special education directors meet on a regular basis in each county and share this type of information. The Task Force found these concepts to be “good ideas” but only if they were supported by adequate county office staffing. As such, it concluded that there is no need to retain these provisions if they are not operational.

These recommendations are consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

Administration and Board Member Accountability
N.J.A.C. 6A:23A-3 (includes the superintendent salary cap)

With the creation of the position of Executive County Superintendent, the Legislature expanded the duties, responsibilities and authority of the county offices of education. The general powers and duties of the Executive County Superintendent of Schools, as stated *N.J.S.A. 18A:7-8*, include the following:

Review and approve, according to standards adopted by the commissioner, all employment contracts for superintendents of schools, assistant superintendents of schools, and school business administrators in school districts within the county, prior to the execution of those contracts.

The regulations set forth in this section, *N.J.A.C. 6A:23A-3*, provide the structure to implement county office review of administrator contracts and the superintendent salary cap.

N.J.A.C. 6A:23A-3.1 – Review of Employment Contracts for Superintendents, Assistant Superintendents, School Business Administrators (includes the superintendent salary cap)

Creates the superintendent salary cap based upon school district enrollment and other factors.

Establishes the procedures and standards for Executive County Superintendent review of employment contracts for superintendents, assistant superintendents, deputy superintendents and school business administrators, including persons serving in those roles in an acting or interim capacity. The review encompasses:

- New employment contracts, including contracts that replace expired contracts for existing tenured and non-tenured employees;
- Renegotiations, extensions, amendments, or other alterations of the terms of existing employment contracts that have been previously approved by the Executive County Superintendent; and
- Provisions for contract extensions where such terms were not included in the original employment contract or are different from the provisions contained in the original approved employment contract.

RECOMMENDATION: Eliminate Subsection (e) (2), the Chief School Administrator Salary Cap.

RECOMMENDATION: Eliminate definitions in *N.J.A.C. 6A:23A-1* that are part of the CSA Salary Cap structure, including “Additional District Salary Increment,” “High School Salary Increment” and “Maximum Salary Amount.”

RATIONALE: The Task Force believes the superintendent salary cap is unnecessary. It concurs with NJSBA’s position against the concept of CSA salary caps:

1. The NJSBA believes in, and actively advocates for, local control and management over school district operations and finances. Consistent with this policy, NJSBA opposes the imposition of a hard cap on the salaries of chief school administrators
2. Salary caps tied to district enrollment are overly rigid and do not take into account variables, such as consolidation of additional administrative responsibilities in the position of the superintendent. In many smaller school districts, the chief school administrator also serves as a principal. In other

districts, the superintendent assumes responsibilities that eliminate the need for an additional administrative position, resulting in cost savings to the district.

3. The statutory 2% property tax levy cap and the administrative spending growth limit, along with other provisions of the Accountability Regulations, render a superintendent salary cap unnecessary. It is a “cap within the cap.”
4. The ECS review of all new contracts for chief school administrators, required under this section, provides a necessary and practical control against exorbitant compensation, while maintaining an appropriate level of local discretion and authority.

This recommendation is consistent with the recommendations of the New Jersey Leadership for Educational Excellence Group and the New Jersey Association of School Business Officials.

Task Force Survey

The recommendation to eliminate the superintendent salary cap reflects concerns expressed by school leaders in the Task Force survey, “Accountability Regulations 2016: Assessing the Impact.” The CSA salary cap elicited the strongest reaction among respondents, with 68.6% statewide indicating that it had a negative impact on their districts. Concerns included superintendent turnover, lack of continuity and the experience level of candidates.

The s superintendent salary cap also prompted the most comments from survey respondents, 133. They included the following:

“We are unable to attract superintendents with experience. In some cases, we cannot attract other administrators because their salary is high and not capped in the current district.”

– School business administrator

“It was detrimental to the district because it forced a long-standing superintendent into retirement. Personally, I have benefitted from the cap because it led to my hiring as superintendent. Our board of education is frustrated that it cannot unilaterally exercise the ability to set the pay of its superintendent, which it believes to be the responsibility of locally elected officials.”

– Superintendent

“I am currently a shared superintendent between two small districts. Two small neighboring districts informally approached me about being the shared superintendent for all four districts. While I could have handled the added responsibilities and brought a high level of experience to the districts, it was not something I would do for the small \$10,000 per district extra pay available. The stipend would not have begun to be commensurate with the additional workload.”

– Superintendent

If the CSA Salary Cap is continued—and the Task Force strongly recommends that it should not—the regulations should be amended to include indexing to a growth indicator, such as a Consumer Price Index indicator, and regional cost differences. The regulations should apply to charter schools, educational services commissions and vocational-technical schools.

RECOMMENDATION: Clarify Subsection (e) (4), School Administrator Contributions, which prohibits reimbursement of employee contributions toward benefits required by law (such as Social Security) or through the district’s teachers contract (e.g., health benefits, life insurance).

RECOMMENDATION: Clarify Subsection (e) (6), School Administrator Supplemental or Duplicative Benefits, which prohibit inclusion of benefits that supplement or duplicate those that are available by law, under an existing group plan, or by other means.

RATIONALE: Much confusion exists over whether benefit and employee contribution levels in contracts for superintendents, assistant superintendents and school business administrators could be greater than those for other school district employees. Issues have arisen over the level of health coverage (single v. family, prescription, dental, vision) and the level of contributions. County office responses to these issues in the administrator contract approval process have been inconsistent.

RECOMMENDATION: Revise Subsection (e) (7), Compensation for Accumulated Sick Leave, so that it references both of the statutes that addressing payment for unused sick leave.

RATIONALE: The current code references *N.J.S.A. 18A:30-3.5*, which limits payment for unused sick leave. It should also cite *N.J.S.A. 18A:30-3.6*, which specifically applies to new administrator hires and limits supplemental compensation for accumulated sick leave to \$15,000. All employees hired after June 2010, including school administrators, are subject to this accumulated sick leave cap.

RECOMMENDATION: Revise Subsection (e) (9), so that it references a 240-day work year for 12-month employees.

RATIONALE: A 240-day work year is more consistent with that used for other 12-month teaching staff employees. The current code references a 260-day work year.

RECOMMENDATION: Eliminate Subsection (e) (10), Qualitative and Quantitative Merit Goal Bonuses

RATIONALE: This provision sets forth the criteria and process for implementing the qualitative and quantitative merit goal bonuses under the superintendent salary cap. The Task Force recommendation is consistent with its recommendation to eliminate the salary cap provisions.

This recommendation is consistent with the recommendations of the New Jersey Association of School Business Officials.

RECOMMENDATION: Revise Subsection (e) (15), Additional Compensation for Graduate Degree, Tuition Reimbursement

RATIONALE: This provision should reference the need to comply with statute, *N.J.S.A. 18A:6-8.5*, which sets the following criteria for tuition reimbursement:

1. *In order for a board of education to provide to an employee tuition assistance for coursework taken at an institution of higher education or additional compensation upon the acquisition of additional academic credits or completion of a degree program at an institution of higher education:*
 - a. *The institution shall be a duly authorized institution of higher education as defined in section 3 of P.L.1986, c.87 (C.18A:3-15.3);*
 - b. *The employee shall obtain approval from the superintendent of schools prior to enrollment in any course for which tuition assistance is sought. In the event that the*

superintendent denies the approval, the employee may appeal the denial to the board of education.

In the case of a superintendent, the approval shall be obtained from the board of education; and

- c. The tuition assistance or additional compensation shall be provided only for a course or degree related to the employee's current or future job responsibilities.*
-

School District Fiscal Accountability

N.J.A.C. 6A:23A-4

The School District Fiscal Accountability Act, *N.J.S.A. 18A:7A-54, et seq.* provides the Commissioner of Education with the authority to appoint staff, including a state monitor, to provide direct oversight of school district business operations and personnel decisions under certain conditions including, but not limited to, an adverse, disclaimer or qualified opinion in the annual audit, or a finding of a weakness in internal controls.

The regulations set forth in this section were designed to provide the structure to implement this fiscal oversight.

N.J.A.C. 6A:23A-4.1 – Additional Powers of Commissioner to Achieve Fiscal Accountability

Sets forth the process by which the Commissioner of Education may appoint an external entity to perform a compliance audit of a school district’s general fund, the contents of the final compliance audit and the means for payment.

RECOMMENDATION: Amend Subsection (a), Appointment of External Entity to Perform Compliance Audit, so that it contains a definitive standard of due process for the board of education.

RATIONALE: Notice and an opportunity to respond should be provided to a board of education before the appointment of an external entity, which may result in a significant cost to the state and potentially to the school district. Guidance should be provided to boards of education in this area. Consideration should be given to the hearing process that is provided to boards of education when there is a deduction in state aid pursuant to section 5.1 of the Accountability Regulations (“Order to show cause to withhold or recover State aid due to excessive, unreasonable, ineffective or inefficient expenditures”). The same process may work well in this section.

RECOMMENDATION: Revise Subsection (d), Payment for the Compliance Audit to state that school district reimbursement to the Department of Education must be related to the audit findings.

RATIONALE: Subsection (d) requires the school district to reimburse the Department of Education for the “total cost” of the compliance audit where it determined that spending of state aid did not comply with law and regulation. As currently written, any finding of non-compliance—no matter how insignificant—triggers *total* cost reimbursement to the Department of Education. The amount of reimbursement should be related to the compliance audit findings. Balance, materiality and relevancy are keys. The greater the lack of compliance with statute and regulations, the greater should be the level of reimbursement.

Additional Measures to Ensure Effective and Efficient Expenditures of Funds

N.J.A.C. 6A:23A-5

The Task Force found provisions of this section to be extremely prescriptive and, in many respects, unnecessary. The reality is that the 2% tax levy cap places significant control over all school district spending, requiring a deliberate review of all costs in search of the most effective and efficient expenditure of school funds. Boards of education and school administrators should have greater flexibility and control, as they are in the best position to determine program needs and spending priorities in their schools.

N.J.A.C. 6A:23A-5.2 – Public Relations and Professional Services; Board Policies; Efficiency

Prohibits or limits certain non-classroom services and activities, including public relations/publicity, access to legal counsel, and use of other professional services. The Task Force recommends elimination of this section or, failing that, restating certain provisions as best practices and/or revising them to provide school boards with more flexibility.

RECOMMENDATION: Eliminate Section (a) (2), Legal Services.

RATIONALE: Identifying who may contact the board attorney, requiring that requests for legal advice be made in writing and maintained on file, establishing a process to determine whether a request warrants legal advice, keeping a detailed contact log, etc., should be determined by the client, the board of education, through policy, and not through state regulation. The requirement that other in-house resources must be consulted before calling the attorney may be detrimental programmatically and financially, and may create a legal exposure for school districts.

If this section is retained, expenditure controls should take into account regional cost differences. In addition, it should permit retainer agreements for basic legal services, a process that can be extremely cost-effective for school districts.

This recommendation is consistent with those the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

RECOMMENDATION: Eliminate Section (c), Production and Distribution of School District Publications, and Section (d), Community Distribution of Materials, Prior to a School Election – Executive County Superintendent Review

RATIONALE: It is difficult to imagine better examples of state micro-management of school district operations than these provisions. Section (c) prohibits the use of certain paper stock and inks in school district publications. Section (d) states that, within 90 days of a school election, the school district may not distribute any publication that contains a board member's picture to the community at large via regular mail, bulk mail, website postings or other electronic means. Additionally, within 60 days of a school election, any school district publication, whether it contains pictures or not, must be reviewed by the Executive County Superintendent prior to distribution to ensure that the public funds are being expended in a reasonable and cost-effective manner.

RECOMMENDATION: Eliminate Section (e) – Public Relations Activities

This section prohibits various public relations activities, ranging from district-sponsored booths at conferences to community events and school opening ceremonies. If the section is not eliminated from the regulations, it should be revised to permit district sponsorship of booths at statewide conferences. These programs are valuable opportunities for school districts to share exemplary programs and services and provide education-related opportunities for students. In particular, County Vocational Technical Schools and Academies, Choice School Districts, Special Services School Districts, Educational Services Commissions and local school districts with specialized programs would benefit from such activities.

This section’s prohibition of promotional efforts to advance a particular position on school elections or referenda is supported by NJSBA. However, that restriction is already reflected in long-standing and widely known case law and is normal practice throughout the state.

***N.J.A.C.* 6A:23A-5.4 – Violation of Public School Contracts Law**

Requires the withholding of state funds from any school district that violates a provision of the Public School Contracts Law. The amount of funds withheld is the amount of the contract awarded, except for contracts awarded under the extraordinary unspecifiable services (EUS) exception to the requirements for public advertisement and bidding services.

RECOMMENDATION: Revise this section of the code (*N.J.A.C.* 6A:23A-5.4).

RATIONALE: The penalty for a violation of the Public School Contracts Law should be proportional to the frequency, severity and materiality of the violation, not the full amount of the contract awarded, as currently stated. A more balanced approach is necessary.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, the New Jersey Leadership for Educational Excellence Group and the New Jersey Association of School Business Officials.

***N.J.A.C.* 6A:23A-5.5 – Expenditure and Internal Control Auditing**

Requires additional audits—separate from the annual audits required under state law, *N.J.S.A.* 18A:23-1—in school districts with budgets comprising 50% or greater state aid, with more frequent additional audits for those districts with state aid levels of 75% or higher.

RECOMMENDATION: Eliminate this section of the code (*N.J.A.C.* 6A:23A-5.5)

RATIONALE: The provision is unnecessary and, to the Task Force’s knowledge, has not been implemented within the timeframe indicated in the code. The cost of these state-required additional audits would be completely borne by the school district. If implemented, it would pose an undue cost burden on school districts, particularly those least able to pay. Because school districts are already subject to NJQSAC review (state monitoring), annual audits and Statements of Assurance, this provision is redundant.

Whether the current regulations have produced significant findings in these districts is unknown. To the best of the Task Force’s knowledge, none of these additional audits have actually been done. If the code provision is not currently operational, why keep it?

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-5.8 – Board of Education Expenditures for Non-Employee Activities. Meals and Refreshments

Establishes allowable and prohibited expenditures by boards of education for various school related activities, including meals and refreshments at school district events.

RECOMMENDATION: Amend this section (N.J.A.C. 6A:23A-5.8) to allow for reasonable expenditures for staff recognition events (e.g., breakfast on back-to-school day).

RATIONALE: School district expenditures based on limits set forth in state travel regulations or Office of Management and Budget circulars would be reasonable and not excessive in any way. In addition, even if reasonable expenditures were permitted, nothing would prevent a school district from continuing what has become a common practice: having a vendor or the local teachers’ association donate the refreshments in return for the ability to display signage or make a statement regarding the donation.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

In the NJSBA Task Force survey, more than half of the respondents found that restricting district expenditures on meals and refreshments for staff was considered “detrimental” or “somewhat detrimental.” Less than one quarter of the respondents considered the restriction “beneficial.” The query on this provision of the Accountability Regulations prompted 89 comments from respondents, including the following:

“There is no good reason why modest refreshments should not be able to be provided at all meetings. Why should administrative time be spent looking for donors?”

– Board President

“The amount of money spent on these items had virtually no budgetary impact. However, the fact that they cannot be done is disgraceful and is permitted in all other businesses – private and public.”

– Board President

“As superintendent, I currently take money out of my own pocket in order to provide staff with a ‘Back to School’ luncheon. Total elimination of these activities has a detrimental effect on culture building, morale, and makes the schedule of professional development days challenging.”

– Superintendent

“This should be a local decision. Some light refreshments are a simple morale booster. Currently administrators bear these expenses personally to boost morale or just because it is the appropriate thing to do.”

– School Business Administrator

Conditions for Receipt of State Aid

N.J.A.C. 6A:23A-6

This section requires compliance with certain financial standards, policy requirements and operational controls as conditions for receiving state aid.

N.J.A.C. 6A:23A-6.2 – Nepotism Policy

Requires that every school district have a nepotism policy that places restrictions on the hiring of relatives of the chief school administrator and board of education members; limits administrator supervision of relatives; and limits board of education and school administrator participation in collective negotiations when a relative receives the benefit of the in-district contract or when an immediate family member is working in another school district and receives the benefit of the contract from a similar statewide union with which the board of education is negotiating. These restrictions were originally part of the Commissioner's Abbott Regulations; they became applicable to all school districts through the Accountability Regulations in 2008.

RECOMMENDATION: Eliminate this requirement (N.J.A.C. 6A:23A-6.2); the New Jersey School Ethics Act and other guidance documents provide sufficient direction.

RATIONALE: In addition to the School Ethics Act, the Code of Ethics for School Board Members and policy models in NJSBA's *Critical Policy Reference Manual* provide sufficient guidance to prevent nepotism and conflicts of interest in hiring decisions.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence.

Revision: Definition of Relative

Should the Nepotism Regulation not be eliminated, the Task Force recommends that the Accountability Regulations definitions of "relative" and "immediate family member," set forth at N.J.A.C. 6A:23A-1.2, match the School Ethics Act definitions, rather than those in the State Conflict of Interest Law.

In enacting the School Ethics Act, the Legislature stated, "To ensure and preserve public confidence, school board members and local school administrators should have the benefit of *specific standards* to guide their conduct..." (Emphasis added)

At time of enactment, the Legislature already had in place the State Conflict of Interest Law, to govern the activities of state officials, and the Local Government Ethics Act, to govern the activities of municipal and county officials. The Legislature could have amended either of these to include school officials; it did not. Instead, it created a separate law, the School Ethics Act, to govern school officials' conduct. The actions of the Legislature should be acknowledged and respected and not clouded with definitions from other statutes that govern behavior of other public officials.

The School Ethics Act, at N.J.S.A. 18A:12-23, defines "relative" and "immediate family member" as follows:

"Member of immediate family" means the spouse or dependent child of a school official residing in the same household;

"Relative" means the spouse, natural or adopted child, parent, or sibling of a school official;

These definitions should be incorporated into the Accountability Regulations.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence.

Revision: Out-of-District Conflicts

Additionally, the Task Force recommends that the school district boundary should be line of demarcation for conflicts, particularly in collective negotiations. NJSBA has had policy on the matter since 1994:

The NJSBA believes that board members and school administrators should be authorized to fully participate in the collective negotiation process where their conflict is limited to an out-of-district union affiliation.

As such, the Task Force recommends that Section (a) (6) be eliminated as it pertains to out-of-district same statewide union affiliation conflicts in negotiations.

Revision: In-District Conflicts

For in-district conflicts, the NJSBA believes that the preclusion on negotiations participation should be limited to in-household conflicts. NJSBA long-standing policy (1994) states:

The NJSBA believes that board members and school administrators should be precluded from participation in the collective negotiation process when they have immediate family members employed in the district in the bargaining unit in question.

Therefore, the Task Force recommends that Section (a) (5) be amended to limit the collective negotiations participation exclusion to “immediate family members” who work in the school district, and not to the more expansive “relatives.”

This recommendation is consistent with that of New Jersey Leadership for Educational Excellence.

Revision: Per Diem Substitute and Student Employee Exception

Section (b) of *N.J.A.C. 6A:23A-6.2* states, “A school district or county vocational school district may exclude per diem substitutes and student employees from its board nepotism policy.”

The Task Force recommends that this exception to nepotism policy be eliminated. While the Task Force acknowledges that it is ultimately a matter of local control, it sees no reason for the exception.

Task Force Survey

The following comment, from the Task Force Survey, addresses the problem posed by the current expansive definition of out-of-district conflict:

“This is the BIGGEST problem in the regulations, along with how the nepotism cases are construed. A statutory fix may be required. Right now our BA and our CSA are both ‘conflicted out’ from participating in negotiations. There is no one at the table from administration who has an understanding of the operational ramifications of any decision. There is no way a superintendent or BA is going to be influenced because his or her spouse may be a union member in some other district.”

– Board President

School District Travel Policies and Procedures

N.J.A.C. 6A:23A-7

This section requires boards of education to establish and implement policy and procedures pertaining to travel expenditures for its employees and school board members that are in accordance with provisions of the 2007 School District Accountability Act, codified at of *N.J.S.A. 18A:11-12*, and various Office of Management and Budget circulars. These policies and procedures shall ensure that all travel by employees and board members is educationally necessary and fiscally prudent. The statute sets forth numerous standards to be included in school district policy and procedures.

The Task Force found many of these requirements to be overly prescriptive and unnecessary, given the 2% tax levy cap and its impact on school district spending. (This finding is consistent with that of the Education Transformation Task Force.)

N.J.A.C. 6A:23A-7.3 – **Maximum Travel Budget**

Requires a school board to annually establish a maximum travel expenditure amount for school district staff and officials. It also sets maximum annual travel amounts per employee for “regular school business travel” and a maximum individual registration fee for programs for employees and board members. The section also includes a definition of “regular school business travel.”

RECOMMENDATION: Revise this section to include a maximum annual dollar amount per board member for regular school business travel.

RATIONALE: Subparagraph (b) (1) of this section includes a maximum dollar amount for employees’ regular school business travel. However, board members must also attend training and meetings on behalf of the school district. The travel regulations should recognize this fact and include a maximum annual dollar amount per board member for travel and professional development, for which additional board approval is not required.

In addition, the maximum amount per employee and per board member should be set at \$3,000 and adjusted annually for inflation through a factor such as the Consumer Price Index. The current maximum, \$1,500, was set almost ten years ago.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

RECOMMENDATION: Increase the maximum “in-state” registration fee for in-state professional development for which board of education approval is not required.

RATIONALE: The current maximum registration fee for in-state professional development, \$150, was set almost ten years ago. It should be increased to \$300 for activities included in the definition of “regular business travel,” and adjusted annually for inflation through a factor such as the Consumer Price Index.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-7.4 – **Travel Approval Procedures**

Prescribes the approval processes for board member and staff travel, including the board of education’s and superintendent’s roles in the approval process, conditions for pre-approval of travel, and restrictions on post-approval of travel in unforeseen situations.

RECOMMENDATION: Revise the regulations to allow post-event approval for board member attendance at conferences, training events and programs, within certain established parameters.

RATIONALE: On occasion, a board member may become aware of a valuable program when there is no board of education meeting scheduled in time to obtain pre-approval. Establishing a maximum dollar amount for board member travel, as recommended by the Task Force in its analysis of *N.J.A.C.* 6A:23A-7.3 above, would assist in this area. However, the Task Force believes that allowing post-event approval of board member travel is still necessary.

RECOMMENDATION: Revise the prohibition against post-event approval for conferences, training events and programs in unforeseen situations, as stated in Subparagraph (e) (3).

RATIONALE: If post-event approval of such travel is not generally permitted under certain established parameters, then the regulations should allow it as an emergency situation, subject to Executive County Superintendent approval.

RECOMMENDATION: Revise the regulations so that, in regard to the need for superintendent approval, there is a distinction between employee and board member travel.

RATIONALE: The superintendent, as an employee of the school board, should not be placed in the position of approving board member travel. Board member travel should be subject to board of education approval within the pre-event and post-event parameters recommended by the Task Force.

The following comments, from the Task Force Survey, address the current approval process:

“Board members who volunteer their time have been denied the ability to participate in a class because they weren’t able to get pre-event approval.”

– Board President

“Extra paperwork, never a problem in district. Again, a broad stroke to address a problem in a few places.”

– Superintendent

N.J.A.C. 6A:23A-7.8 – **Prohibited Travel Reimbursement**

Prohibits or restricts travel reimbursement based upon type of event and type of expenditure.

RECOMMENDATION: Amend this section so that it clearly permits reimbursement of board member training related to board of education responsibilities.

RATIONALE: As currently written, subparagraph (a) (3) could be misinterpreted to restrict board member participation in programs addressing their responsibilities in labor relations, policy, school

law and other areas because such training might not be specifically required under statute. The section should be rewritten to make it clear that reimbursement for training related to board of education responsibilities is permissible.

This recommendation is consistent with the recommendations of the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-7.11 – Subsistence Allowance – Overnight Travel

Sets criteria for the reimbursement of overnight accommodations and meals at in-state and out-of-state conferences.

RECOMMENDATION: Eliminate the “50-mile” restriction on reimbursement for overnight travel.

RATIONALE: Subparagraph (d) permits reimbursement for travel expenses only for individuals whose home-to-conference commute exceeds 50 miles. This provision is unnecessary and unfair.

Sufficient safeguards are provided by other provisions of this section. These include the necessity for the commissioner of education to grant a waiver to make a specific multi-day conference eligible for overnight travel reimbursement and the maximum reimbursement rates for overnight accommodations.

The 50-mile provision limits affected board members’ and school employees’ access to training at multi-day statewide programs. Additionally, in situations where the 50-mile limit runs through the school district, some board members can attend the conference, stay over and be reimbursed, while other board members in the same school district cannot.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

The following comment from the Task Force survey addresses this provision:

“It is impractical for a person to drive 50 miles home and then 50 miles back several times during a 3-day workshop. The cost and value of a person’s time obviously was not considered when this regulation was enacted.”

– School Business Administrator

RECOMMENDATION: Eliminate the prohibition on meal reimbursement for the day prior to the conference and after check-out time on the last day.

RATIONALE: If an employee or board member has an early morning event at a conference, either as a presenter or attendee, it may be safer and more efficient for him or her to arrive the night before. On the last day, check-out times vary, some as early as 11 a.m., yet conference programming may run for the full day, perhaps as late as 5 p.m. Subsistence reimbursement should be permitted in these circumstances.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

RECOMMENDATION: Clarify subparagraph (f), which addresses permissible per diem reimbursement rates for accommodations so that it results in the most cost-effective practice.

RATIONALE: The current wording does not specify if the per diem rate applies to lodging per person or per room. A per person rule would encourage room-sharing and save school districts money.

N.J.A.C. 6A:23A-7.12 – Meal Allowance – Special Conditions – and Allowable Incidental Travel Expenditures

Establishes criteria, including reimbursement levels, for meals consumed during in-state and out-of-state travel, as well as in-district during events such as board meetings.

RECOMMENDATION: Eliminate the prohibition on lunch reimbursement on in-service days for staff members, who travel from other parts of the school district (Subsection (c) (3)).

RATIONALE: Many school districts do not provide refreshments at in-service days. The regulations should permit reimbursement for lunch at modest rates in accordance with meal allowances in the Office of Management and Budget circular.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

RECOMMENDATION: Eliminate the requirement that leftover food from board meetings be donated to charitable shelters since few such facilities accept left-over food.

RATIONALE: While noble in concept, the requirement, in Subsection (f) (5), is not practicable. Donating leftover food to homeless shelters is difficult, if not impossible. Such facilities often will not accept food unless it is untouched and the packaging has not been opened.

This recommendation is consistent with the recommendations of the Education Transformation Task Force, New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

Annual Budget Development and Submission

N.J.A. C. 6A:23A-8

This section sets out procedures for budget development and reporting, including restrictions on administrative spending.

N.J.A.C. 6A:23A-8.3 Administrative Cost Limits

Establishes regional (north, central and south) *per pupil* administrative spending growth limits equal to the greater of 2.5 percent or the consumer price index

RECOMMENDATION: Eliminate the Administrative Cost limits from the regulations because they are unnecessary and constrain local decision-making concerning the allocation of resources.

RATIONALE: The administrative cost limits, which reflect statute (N.J.S.A. 18A:7F-5), are unnecessary because of other state-level controls that are in place and budgeting practice among New Jersey’s school districts.

The 2% Tax Levy Cap provides a significant control on school district spending, requiring a deliberate review of all costs in search of the most effective and efficient expenditure of school funds. Boards of education and school administrators are in the best position to determine program needs and spending priorities within the 2% Tax Levy Cap.

Significantly, the U.S. Department of Education’s National Center for Education Statistics reports that New Jersey public schools spend a smaller percentage of their budgets on school and district administration than do the vast majority of states.

RECOMMENDATION: Clearly define the components used in the administrative cost calculation and delineate between instruction-related costs and operational costs.

RATIONALE: As long as state law includes administrative spending growth limits, regulation should clearly define the component used in the calculation. Administrative expenditures considered operational, as well as those needed to carry out state requirements, should not be part of the cost limits because they are outside of the board’s control.

In the Task Force Survey, the provisions setting Administrative Cost Limits prompted the second-strongest reaction, with more than two-thirds of respondents stating that it has been detrimental or somewhat detrimental. In addition, 100 comments were made on this regulation including:

“Irrelevant because the ‘admin costs’ include copiers, school main office secretaries, legal fees, auditor etc. It is literally a useless definition and therefore invalid measure of expenses. Finally it’s made worse and more ridiculous when enrollment slowly declines, and your per-pupil costs go up. This is basic math and yet no one seems to understand that you cannot fire a principal if you lose 25 kids.”

– School Business Administrator

“A cap within a cap limits any flexibility. This must go.”

– Superintendent

N.J.S.A. 6A:23A-8.7 – Tuition Rate Adjustment by Districts Receiving Preschool Expansion or Educational Opportunity Aid in the 2007-08 School Year

Phases in adjustments for certain types of state aid.

RECOMMENDATION: Eliminate this provision (*N.J.S.A. 6A:23A-8.7*).

RATIONALE: The time frame for this code provision has expired and is no longer necessary. The phase-in from the Abbott Parity Remedy, including Abbott Parity Aid, Educational Opportunity Aid and Discretionary Educational Opportunity Aid, was completed in the 2011-2012 school year.

Executive County Superintendent Budget Review

N.J.A.C. 6A:23A-9

As part of the creation of the position of Executive County Superintendent of Schools, the Legislature expanded the duties, responsibilities and authority of the office. Statute (*N.J.S.A. 18A:7-8*) includes the following among the ECS responsibilities:

Review all school budgets of the school districts within the county, and may, pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5), disapprove a portion of a school district's proposed budget if he determines that the district has not implemented all potential efficiencies in the administrative operations of the district or if he determines that the budget includes excessive non-instructional expenses...

The regulations contained in this section were designed to provide the structure to implement the efficiency standards for budget review.

N.J.A.C. 6A:23A-9.3 – Efficiency Standard for Review of Administrative and Non-instructional Expenditures and Efficient Business Practices

This section establishes “efficiency standards” related to various areas of school district operations. The standards measure administrative cost per pupil, support services per pupil, and operation/ maintenance costs per pupil. They also apply ratios of faculty to administrative personnel, students to educational support personnel, and employment of custodians for every 17,500 square feet of building space.

RECOMMENDATION: Eliminate references to Commissioner of Education cap waivers from Subsection (a).

RATIONALE: Commissioner of Education cap waivers were eliminated by the 2010 statute creating the 2% Tax Levy Cap.

RECOMMENDATION: Review the list of efficient administrative and non-instructional costs set forth in subparagraph (c) for relevancy and practicality. The review should include the following among other factors:

- Use of the state median, or average, as a benchmark in several areas;
- The standard of one custodian or janitor for every 17,500 square feet of building space;
- Overtime pay at 10% or less of regular wages;
- Incentives for employees to waive health coverage;
- Placement of vacant positions budgeted at no more than step one of the salary guide;
- Use of teacher aides not required by law, and
- Self-sufficiency of food service operations.

In addition, regional cost factors should be considered in the review.

RATIONALE: This section was originally part of the Commissioner’s “Abbott Regulations.” If it is retained, it should be restructured to reflect current practice.

This recommendation is consistent with the recommendations of the Education Transformation Task Force and the New Jersey Association of School Business Officials.

RECOMMENDATION: Eliminate the restriction in subparagraph (c) (14), which restricts employment of public relations personnel to half time.

RATIONALE: A full-time public relations professional may be cost-effective and beneficial to county vocational-technical schools, academies, choice school districts, special services school districts, educational services commissions and local school districts with specialized programs. Local school districts are in the best position to determine the resources needed to implement their communications/community relations responsibilities within the constraints of the 2% tax levy cap.

In the Task Force survey, several respondents expressed concern about this provision.

“Public relations IS a component of local government. Communication is necessary for input and relating messages. We know from teaching that multiple forms of communication are necessary for learners; it is not different for adults.”

– School Business Administrator

“Another oversight measure that takes local control from the board.”

– Superintendent

N.J.A.C. 6A:23A-9.5 – Commissioner to Ensure Achievement of the New Jersey Student Learning Standards; Corrective Actions

This provision is part of a section of code that sets out actions the commissioner of education may take if one or more schools in a district do not achieve the New Jersey Student Learning Standards as evidenced by statewide assessment methods or other statutory or regulatory methods of evaluation.

RECOMMENDATION: Eliminate the following subparagraph, (b) (6), which lists commissioner of education review of future collective bargaining agreements as a possible corrective action:

“Reviewing of the terms of future collective bargaining agreements prior to final approval by the district board of education and an assessment of the impact of such terms on the district's budget, education program and the local property tax levy.”

RATIONALE: This provision is unduly prescriptive and intrudes on local governance of public education. The collective bargaining process is a mutual determination of terms and conditions of employment between the school board’s and the union’s bargaining teams. The parties are in the best position to determine what is needed in the school district from a labor relations perspective. That determination should not be subject to the review and approval of the commissioner of education.

Spending Growth Limitation

N.J.A.C. 6A:23A-10

This provision was designed to implement the 2007 4% Property Tax Cap law which, in 2010, was replaced by the 2% Tax Levy Cap. It has never been revised to reflect the new cap law.

N.J.A.C. 6A:23A-10.1 – Moratorium on Spending Growth Limitation and Municipal Governing Body Authority to Determine Amount to Be Raised upon Voter Rejection of Separate Proposal

This section called for the commissioner of education to conduct a four-year study of the impact of the former 4% property tax and to make a recommendation on its continuation.

RECOMMENDATION: Eliminate this provision (*N.J.A.C. 6A:23A-10.1*).

RATIONALE: The period of the moratorium was 2008-2009 through the 2011-2012. The statute creating the 2% Tax Levy Cap made the property tax cap permanent, rendering this provision unnecessary.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence.

N.J.A.C. 6A:23A-10.2 – Adjustments to Spending Growth Limitation

This section implements commissioner spending growth limitation adjustments under the previous school funding law.

RECOMMENDATION: Eliminate this provision (*N.J.A.C. 6A:23A-10.2*).

RATIONALE: The Commissioner spending growth limitation adjustments – capital outlay, pupil transportation, changes in enrollment, special education costs in excess of \$40,000, receiving school tuition and opening a new school facility – no longer exist.

This recommendation is consistent with the recommendations of the New Jersey Leadership for Educational Excellence Group.

N.J.A.C. 6A:23A-10.3. Unused spending authority (Banked cap)

This provision addresses the ability of school districts that did not budget up to their cap in one year to apply the unused (“banked”) cap in either of the next two succeeding budget years.

RECOMMENDATION: Revise this provision so that it matches the timeframe in current statute, *N.J.S.A. 18A:7F-39(c)*, that is, “any one of the next three succeeding budget years.”

RATIONALE: While the likelihood, given the 2% tax levy cap, of banked cap use is small, the code should be consistent with statute.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

Tax Levy Growth Limitation

N.J.A.C. 6A:23A-11

This code provision was designed to implement the 2007 4% Property Tax Cap law, codified at *N.J.S.A. 18A:7F-37 et seq.* It was not revised after enactment of the 2% Property Tax Cap law in 2010.

N.J.A.C. 6A:23A-11.1 – Adjusted Tax Levy Growth Limitation

Prescribes the calculation of adjustments to a district’s tax levy growth limitation under the previous statute, which created a 4% cap.

RECOMMENDATION: Eliminate references to cap adjustments for reductions in total unrestricted state aid and to “Commissioner waivers.”

RATIONALE: These concepts do not exist under the current cap law.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-11.3 – Adjustment for a Reduction in Total Unrestricted State Aid

Prescribes method for determining a cap adjustment for state aid reduction.

RECOMMENDATION: Eliminate this section (*N.J.A.C. 6A:23A-11.3*).

RATIONALE: This adjustment no longer exists; it was repealed upon enactment of the 2% Tax Levy Cap in 2010.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence.

Commissioner Waivers of Tax Levy Growth Limitation; Separate Voter Approval
N.J.A.C. 6A:23A-12

This code provision was designed to implement the 2007 4% Property Tax Cap law, codified at *N.J.S.A. 18A:7F-37 et seq.* It was not revised after the 2% Property Tax Cap law went into effect in 2010.

N.J.A.C. 6A:23A-12.1 through 12.11 – **Commissioner Waivers to Tax Levy Cap**

Describes criteria for commission-granted waivers to the state’s former 4% tax levy cap.

RECOMMENDATION: Eliminate the following sub-sections, which address various types of commissioner waivers:

12.1 – Waivers Subject to Commissioner Authorization	12.6 – Increases in Insurance Costs
12.1 – Failure to Meet CCCS (state standards)	12.7 – Increases in Transportation Costs to Service Hazardous Routes
12.3 – Energy Cost Increase	12.8 – Increases in Special Education Costs
12.4 – Capital Outlay Cost Increases	12.9 – Increases in Tuition Costs
12.5 – Use of Non-recurring General Fund Revenues	12.10 – Costs Associated with Opening a New School Facility
12.11 – Service Essential to Health, Safety and Welfare of Children	

RATIONALE: These commissioner waivers were repealed with the enactment of the 2% Property Tax Cap Law.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

N.J.A.C. 6A:23A-12.13 – **Voter Authorization to Exceed Tax Levy Limitation; Separate Proposal(s)**

Addresses composition and submission of ballot questions asking voters to approve spending above the tax levy cap.

RECOMMENDATION: Revise this section to reflect the fact that a simple majority of voters is necessary to approve separate ballot questions.

RATIONALE: In 2010, statute eliminated a previous requirement that an affirmative vote by 60% of participating voters is needed to approve ballot questions to exceed the tax levy cap. Currently, a simple majority is needed. This code provision should reflect current statute.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

RECOMMENDATION: Review this section to address the differences between approval of separate ballot proposals in April school election districts and November school election districts and the subsequent impact on budget development and implementation.

RATIONALE: Over 90% of the state's school district conduct elections in November, an option not available in 2008 when the Accountability Regulations were implemented. The timeframe for implementing approved separate questions differs between April and November election districts.

This recommendation is consistent with the recommendations of the New Jersey Leadership for Educational Excellence Group and the New Jersey Association of School Business Officials.

Reserve Accounts

N.J.A.C. 6A:23A-14

This section addresses the establishment and use of capital reserve accounts.

RECOMMENDATION: Amend the regulations to allow school districts to transfer funds from and between reserve accounts in order to offset fiscal emergencies, *upon approval of the Executive County Superintendent.*

RATIONALE: Access to reserve accounts in emergency situations should be allowed with ECS approval and not require placement of a separate question before voters.

For example, during the past year, a school district incurred a budget deficit due to a significant increase in tuition charges from its receiving school district. Even though the school district had a significant amount of money in its capital reserve account and could have covered the deficit, it had to go out to the voters with a separate question to authorize the transfer.

State Aid Calculation and Aid Adjustment for Charter Schools

N.J.A.C. 6A:23A-15

This section establishes processes for determining the funding of charter schools. Charter schools receive funding on *per pupil* basis, provided through their students’ districts of residence.

Under state law, N.J.S.A. 18A:36A-12, funding for charter schools is provided as follows:

The school district of residence shall pay directly to the charter school for each student enrolled in the charter school who resides in the district an amount equal to 90% of the sum of the budget year equalization aid per pupil and the pre-budget year general fund tax levy per pupil inflated by the CPI rate most recent to the calculation. In addition, the school district of residence shall pay directly to the charter school the security categorical aid attributable to the student and a percentage of the district's special education categorical aid equal to the percentage of the district's special education students enrolled in the charter school and, if applicable, 100% of preschool education aid. The district of residence shall also pay directly to the charter school any federal funds attributable to the student.

N.J.A.C. 6A:23A-15.1 – Definitions

RECOMMENDATION: Revise definition of “projected enrollment” to establish a better mechanism to forecast first-year enrollment in new charter schools, particularly blended charters.

N.J.A.C. 6A:23A-15.3 – Enrollment Counts, Payment Process and Aid Adjustment

RECOMMENDATION: Add a second student count date to address the movement of students to and from the charter school.

RATIONALE: A second child count date would enable funding to follow the student throughout the academic year, rather than waiting for an end-of-year adjustment.

N.J.A.C. 6A:23A-15.4 – Procedures for Private School Placements by Charter Schools

RECOMMENDATION: Amend this section to allow the local school district to conduct a needs assessment when a charter school proposes a student placement in a private day or residential program. The school district should also be able to consult with its IEP team prior to provision of notice to the parent.

Tuition Public Schools

N.J.A.C. 6A:23A-17

This subchapter establishes procedures for determining tuition in sending-receiving relationships, as well as tuition rates for county vocational-technical schools and county special services districts *N.J.A.C. 6A:23A-17.7* .

N.J.A.C. 6A:23A-17.1 – **Method of Determining Tuition Rates for Regular Public Schools**

N.J.A.C. 6A:23A-17.2 – **Method of Determining Tuition Rates In a New District Board Of Education**

N.J.A.C. 6A:23A-17.4 – **Method of determining tuition rates for county vocational technical schools**

N.J.A.C. 6A:23A-17.7 – **Method of determining tuition rates for county special services schools**

RECOMMENDATION: Amend the regulations so that tuition increases have an annual cap equal to the sending school district’s tax levy cap.

RECOMMENDATION: Revise the definition of “Average daily enrollment” so that it reflects the actual practice used in calculating average daily enrollment. Currently, average daily enrollment is calculated through a budget language process, not through the process set out in code.

RECOMMENDATION: Revise the code so that a local school district is not required to pay tuition to vocational-technical schools whose programs are duplicative and redundant to those currently available in the district.

Tuition for Private Schools for Students with Disabilities

N.J.A.C. 6A:23A-18

This section establishes a process for determining tuition paid by public school districts whose students are placed in private schools for the disabled.

N.J.A.C. 6A:23A-18.2 – **Tuition Rate Procedures**

RECOMMENDATION: Amend the regulations so that tuition increases for private schools for student with disabilities have an annual cap equal to the 2% tax levy cap for public school districts.

This recommendation is consistent with the recommendations of New Jersey Leadership for Educational Excellence and the New Jersey Association of School Business Officials.

The Task Force survey prompted several comments on this regulation, including the following:

“Again, the costs are still so high that our district is dying a slow death. We are being bombarded with special needs students with no way to pay for their care. Our district will likely collapse in the next 5 years because of special education costs.”

– Board President

“Private schools should be held to the same “cap” as public schools!”

– School Business Administrator

N.J.A.C. 6A:23A-18.13 – **Fiscal Monitoring of Approved Private Schools for Students with Disabilities and Corrective Action Plans**

RECOMMENDATION: Amend subparagraph (a) so that fiscal monitoring of private schools for students with disabilities occurs every three years, not once every six years.

RECOMMENDATION: Amend subparagraph (c) to require that the post-monitoring reports go to the sending districts as well as to the county superintendent and auditor.

Financial Operation of Charter Schools

N.J.A.C. 6A:23A-22

N.J.A.C. 6A:23A- 22.6 – **Public Relations and Professional Services; Board Policies; Efficiency**

Prohibits or limits certain non-classroom services and activities, including public relations/publicity, access to legal counsel, and use of other professional services. The Task Force recommends elimination of most sections or, failing that, restating certain provisions as best practices and/or revising them to provide charter schools with more flexibility.

RECOMMENDATION: Eliminate Section (a) (3,4,5,6), Legal Services.

RATIONALE: Identifying who may contact the charter school's legal counsel, requiring that requests for legal advice be made in writing and maintained on file, establishing a process to determine whether a request warrants legal advice, keeping a detailed contact log, etc., should be determined by the client, the board of trustees, through policy, and not through state regulation. The requirement that other in-house resources must be consulted before calling the attorney may be detrimental programmatically and financially, and may create a legal exposure for the school.

If this section is retained, expenditure controls should take into account regional cost differences. In addition, it should permit retainer agreements for basic legal services, a process that can be extremely cost effective for schools.

RECOMMENDATION: Revise Section (a) (6) iii, Public Relations Activities, Booths at Statewide Conferences to permit public relations activities such as booths at statewide conferences.

RATIONALE: The conferences can serve as valuable opportunities for charter schools to demonstrate exemplary programs and services and demonstrate opportunities provided to their students. This is particularly relevant for charter schools with specialized programs.

RECOMMENDATION: Eliminate the restriction in paragraph (a), which restricts employment of public relations personnel to half time.

RATIONALE: A full-time public relations professional may be cost-effective and beneficial to a charter school with specialized programs, enabling the school to market its services.

N.J.A.C. 6A:23A-22.9 – **Board of Trustees Expenditures for Non-Employee Activities, Meals and Refreshments**

This section sets forth allowable and prohibited expenditures by boards of trustees for various school related activities, including meals and refreshments at charter school events.

RECOMMENDATION: Amend this section to allow for reasonable expenditures for staff recognition events (e.g., breakfast on back-to-school day).

RATIONALE: Dollar limits for meals included in travel regulations and Office of Management and Budget circulars are reasonable and would not represent an excessive expenditure. These limits should be considered for inclusion in a revision of this section. In addition, nothing would prevent a charter school from continuing what has become a common practice: having a vendor or the teachers' association donate the refreshments at these events in return for the ability to display signage or make a statement regarding its donation.

N.J.A.C. 6A:23A-22.10 – **Nepotism Policy**

This section requires every charter school to have a nepotism policy that restricts the hiring of relatives of the lead person and board of trustee members, limits administrator supervision of trustee relatives, limits board of trustees and administrator participation in collective negotiations when a relative receives the benefit of the in-district contract or when an immediate family member is working in another school or school district and receives the benefit of the contract from a similar statewide union with which the board of trustees is negotiating.

These restrictions were originally part of the Commissioner's Abbott Regulations and became applicable to all school districts and charter schools through the Accountability Regulations in 2008.

RECOMMENDATION: Eliminate this requirement; the New Jersey School Ethics Act and other guidance documents provide sufficient direction.

RATIONALE: In addition to the School Ethics Act, the Code of Ethics for School Board Members and policy models in NJSBA's *Charter School Critical Policy Reference Manual* provide sufficient guidance to prevent nepotism and conflicts of interest in hiring decisions.

Revision: Definition of Relative

Should the Nepotism Regulation not be eliminated, the Task Force recommends that the Accountability Regulations definitions of "relative" and "immediate family member," set forth at *N.J.A.C. 6A:23A-1.2*, match the School Ethics Act definitions, rather than those in the State Conflict of Interest Law.

In enacting the School Ethics Act, the Legislature stated, "To ensure and preserve public confidence, school board members and local school administrators should have the benefit of *specific standards* to guide their conduct..." (Emphasis added)

At time of enactment, the Legislature already had in place the State Conflict of Interest Law, to govern the activities of state officers, and the Local Government Ethics Act, to govern the activities of municipal and county officers. The Legislature could have amended either of these to include school officials; it did not. Instead, it carved out a separate Act, the School Ethics Act, to govern school official conduct. The actions of the Legislature should be acknowledged and respected and not clouded with definitions from other statutes that govern behavior of other public officials.

The School Ethics Act, at *N.J.S.A. 18A:12-23*, defines "relative" and "immediate family member" as follows:

"Member of immediate family" means the spouse or dependent child of a school official residing in the same household;

"Relative" means the spouse, natural or adopted child, parent, or sibling of a school official;

These definitions should be incorporated into the Accountability Regulations.

Revision: Out-of-District Conflicts

Additionally, the Task Force recommends that the school district boundary should be line of demarcation for conflicts, particularly in collective negotiations. NJSBA has had policy on the matter since 1994:

The NJSBA believes that board members and school administrators should be authorized to fully participate in the collective negotiation process where their conflict is limited to an out-of-district union affiliation.

As such, the Task Force recommends that Section (a) (6) be eliminated as it pertains to out-of-district same statewide union affiliation conflicts in negotiations.

Revision: Per Diem Substitute and Student Employee Exception

Section (b) of *N.J.A.C. 6A:23A-22.10* states, “A charter school may exclude per diem substitutes and student employees from its board nepotism policy.”

The Task Force recommends that this exception to nepotism policy be eliminated. While the Task Force acknowledges that it is ultimately a matter of local control, it sees no reason for the exception.



The NJSBA Task Force on New Jersey's Accountability Regulations *N.J.A.C. 6A:23A*

APPENDICES

- A. History of the Accountability Regulations
- B. Results of Survey of Local School Officials
- C. Survey Instrument
- D. Education Transformation Task Force Recommendations Regarding the Accountability Regulations
- E. Leadership for Educational Excellence: Review and Comments
- F. New Jersey Association of School Business Officials: Review and Comments
- G. New Jersey School Boards Association: Final Report on the Study of the Impact of the Salary Cap on Chief School Administrators
- H. NJSBA Policies Reviewed by Task Force
- I. Proposed Re-adoption with Amendments: *N.J.A.C. 6A:23A* – 1 through 15



APPENDIX A

History of the Accountability Regulations

In July 2008, the Legislature enacted P.L. 2008, Chapter 37, which established the Commissioner of Education as the rule-making authority over several recently enacted school district accountability statutes. These statutes included:

- *N.J.S.A. 18A:7A-54, et seq.*, the School District Fiscal Accountability Act, which authorized the appointment of a state monitor to oversee school district business operations and personnel decisions when certain conditions were met.
- *N.J.S.A. 18:17-20.2a*, which governs early termination of superintendent contracts.
- *N.J.S.A. 18A:6-38.1*, which governs revocation of certificates of superintendents, assistant superintendents and school business administrators.
- *N.J.S.A. 18A:7F-37, et al.*, which governed the 4% property tax cap, which was in place at that time.
- *N.J.S.A. 18A:7-11, et al.*, which governs the CORE proposals, including the Uniform Shared Services and Consolidation Act, User-Friendly Budgets and the Executive County Superintendent of Schools.
- *N.J.S.A. 18A:11-13, et al.*, which governs school district travel regulations.
- *N.J.S.A. 18A:55-3, et al.*, which governs the efficiency standards needed to be met as a condition of receipt of state aid.
- *N.J.S.A. 18A:22-8c*, which governs budget and fiscal procedures including budget contents and user-friendly budgets.

The authorizing statutes uniformly stated that:

Notwithstanding any provision of P.L. 1968, c.410 (C.52:14B-1 et seq.) to the contrary, the Commissioner of Education may adopt, immediately upon filing with the Office of Administrative Law, such rules and regulations as the commissioner deems necessary to effectuate the budgeting and fiscal procedures under chapter 22 of Title 18A of the New Jersey Statutes which shall be effective for a period not to exceed 12 months following the effective date of P.L. 2008, c.37 (C.18A:11-13 et al.). The regulations shall thereafter be amended, adopted, or readopted by the commissioner in accordance with the provisions of P.L. 1968, c.410 (C.52:14B-1 et seq.); and the commissioner shall, at a minimum, hold at least one public hearing in each of the north, central, and southern regions of the State within 60 days of the public notice of any regulations proposed by the commissioner to be amended, adopted, or readopted pursuant to that act.

These Commissioner regulations, which became known as the Accountability Regulations, were unique in that they bypassed the traditional State Board regulation adoption process, placing significant power and authority in the hands of the Commissioner of Education. Even amendments and re-adoption of these regulations remained in the hands of the Commissioner, although the procedures of the Administrative Procedures Act, *N.J.S.A. 52:14B-1, et seq.*, still controlled, as well as the requirement for regional hearings.

APPENDIX A:

History of the Accountability Regulations

On July 1, 2008, in accordance with the provisions and requirements of *P.L. 2007, c. 63* and *P.L. 2007, c. 260*, the Department of Education promulgated the first of two phases of emergency rules as *N.J.A.C. 6A:23A-1* through 15 under the Commissioner's rulemaking authority and the procedures for special adoption. Many of the subchapters in the first phase of emergency rulemaking were reserved for the second phase to enable additional opportunity for discussion, review and comment.

The second phase was filed with the Office of Administrative Law on December 18, 2008. This included provisions and requirements of *P.L. 2007, c. 53* and *c. 62*, as well as additional provisions under *P.L. 2007, c. 63* and *c. 260*. These special adopted rules expired on December 28, 2009. In accordance with the requirements of *P.L. 2008, c. 37*, the Commissioner held three regional hearings for public discussion of the proposed readopted rules.

2009 Re-adoption The Accountability Regulations, codified at *N.J.A.C. 6A:23A-1* through 15, were readopted by Commissioner Lucille Davy on November 25, 2009.

The Department of Education reviewed, amended and readopted the finance and business services rules at *N.J.A.C. 6A:23*, which continued under the State Board of Education's rulemaking authority, to ensure consistency and compliance with the Commissioner Accountability Regulations set forth at *N.J.A.C. 6A:23A-1* through 15. The Department of Education determined to recodify the amended finance and business services rules as Subchapters 16 through 22 in the new Financial Accountability, Efficiency and Budgeting chapter at *N.J.A.C. 6A:23A*, so all school finance rules were in one Administrative Code chapter. The finance and business services regulations, readopted, amended and re-codified at *N.J.A.C. 6A:23-16* through 22, were adopted by the State Board of Education on November 25, 2009.

In adopting these regulations, the Commissioner of Education and the State Board of Education advised that these rules would ensure improved State monitoring, oversight and authority, and would also ensure adequate resources for district boards of education to successfully meet the State constitution's mandate for a thorough and efficient system of free education.

Procedural Update The *N.J.A.C. 6A:23A* Financial Accountability, Efficiency and Budgeting Procedures regulations, which include the original Accountability Regulations, were originally scheduled to expire on November 25, 2014. However, *P.L. 2011, c. 45*, amended *N.J.S.A. 52:14B-5.1* to extend by two years the expiration date of nearly all chapters in the *New Jersey Administrative Code* increasing the maximum expiration (or "sunset") period for a new or readopted chapter from five years to seven years. The Financial Accountability, Efficiency and Budgeting Procedures regulations, which include the original Accountability Regulations, are set to expire on November 26, 2016.

The State Board of Education has initiated the first phase of the re-adoption process, proposing the re-adoption of *N.J.A.C. 6A:23A-16* through 22, the sections over which the State Board still maintains control. The proposed re-adoption of these sections was at first discussion level on September 7, 2016.

On November 16, 2016, the New Jersey Department of Education released proposed revisions to a portion of the state's Accountability Regulations, *N.J.A.C. 6A:23A-1* through 15, including changes to the superintendent salary cap provisions. **By virtue of the filing of the proposed revisions, the current regulations, *N.J.A.C. 6A:23A*, will remain in effect for an additional 180 days beyond November 16, and will now sunset on May 24, 2017.**

As permitted under a 2008 statute, the commissioner of education, rather than the State Board of Education, has authority to readopt sections 1 through 15 of the regulations, including the superintendent salary cap.



New Jersey School Boards Association

413 West State Street • Trenton, NJ 08618 • Telephone: 609.695.7600 • Toll-Free: 888.88NJSBA • Fax: 609.695.0413

APPENDIX B

Accountability Regulations 2016:

Results of a Survey of Local School Officials
Conducted by the
NJSBA Task Force on New Jersey's Accountability Regulations

May 2016

TABLE OF CONTENTS

INTRODUCTION.....B-3

DEMOGRAPHIC DATA.....B-4

RESULTS AND ANALYSISB-5

N.J.A.C. 6A:23A-3 Administration and Board Member Accountability.....B-5

Q4: CHIEF SCHOOL ADMINISTRATOR SALARY CAP B-5

Q. 5: ADMINISTRATOR CONTRACT REVIEW B-6

N.J.A.C. 6A:23A-5 Effective and Efficient Expenditures of Funds.....B-7

Q6: PROFESSIONAL SERVICES CONTRACTS..... B-7

Q7: LEGAL SERVICES..... B-8

Q8: MEALS AND REFRESHMENTS B-9

N.J.A.C. 6A:23A-6 Conditions for Receipt of State Aid.....B-10

Q9: NEPOTISM B-10

N.J.A.C. 6A:23A-7 School District Travel Policies and ProceduresB-11

Q10: TRAVEL/TRAINING REIMBURSEMENT B-11

Q11: PRE-APPROVAL..... B-12

N.J.A.C. 6A:23A-8 Annual Budget Development and Submission.....B-13

Q12: ADMINISTRATIVE SPENDING GROWTH LIMIT B-13

N.J.A.C. 6A:23A-15 State Aid Calculation and Aid Adjustment for Charter SchoolsB-14

Q13: PAYMENTS TO CHARTER SCHOOLS B-14

N.J.A.C. 6A:23A-17 Tuition Public SchoolsB-15

Q14: PUBLIC SCHOOL TUITION B-15

N.J.A.C. 6A:23A-18 Tuition for Private Schools for Students with Disabilities.....B-16

Q15: PRIVATE SPECIAL EDUCATION SCHOOLS B-16

STATISTICAL ANALYSIS (charts).....B-17

INTRODUCTION

On March 17, 2016, the NJSBA Task Force on New Jersey’s Accountability Regulations distributed a survey to the state’s school district superintendents, business administrators and board of education presidents. Responses were gathered until April 8, 2016. The school officials were queried about a dozen of the most prominent regulations, and asked if they found each regulation to be “beneficial,” “somewhat beneficial,” “detrimental” or “somewhat detrimental,” or if the regulations had “no impact” on the district. Respondents were also permitted to answer “don’t know.” In addition, school officials were afforded the opportunity to comment on each regulation.

Two hundred twenty-three school districts—39.1 percent of the state’s operating districts—are represented in the responses.

In general, respondents found the regulations addressed in the survey to be more detrimental than beneficial. One regulation, addressing access to the board attorney, was found to be beneficial by the majority of the respondents.

Key findings include the following:

- The Chief School Administrator (CSA) salary cap elicited the strongest reaction, and was deemed to have a negative impact by the greatest percentage of respondents overall. This regulation prompted 133 comments, the most of any provision.
- More than half of the respondents considered the regulation governing “effective and efficient expenditure of funds” by restricting district expenditure on meals and refreshments for staff to be “detrimental” or “somewhat detrimental.” Less than a quarter of respondents found it to be of benefit. Respondents provided 89 comments on this provision.
- The restriction on who within the district may contact the board attorney was the only provision one considered primarily beneficial. Just over half of the respondents found it to be “beneficial” or “somewhat beneficial.” Fifty-two comments were submitted by respondents.
- The 2.5 percent administrative spending growth limit prompted the second-strongest reaction, with more than two-thirds of respondents stating that this provision has been “detrimental” or “somewhat detrimental” to the school district. School officials provided 100 comments on this regulation.

The total number of comments may provide one measure of the level of school officials’ frustration with, and sensitivity to, the regulations. In all, 816 comments were submitted by superintendents, business administrators and board presidents.

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

DEMOGRAPHIC DATA

(includes responses to Survey Questions 1, 2 and 3)

Responses were collected between March 17 and April 8, 2016. A total of 274 responses were received, representing 223 individual school districts. The total number of districts represented in the survey is 39.1 percent of the state’s operating school districts.

- School business administrators constituted the largest share of survey participants, totaling 111 and making up 40.5 percent of respondents.
- Superintendents were the next-largest group, with 95 responses, or 34.7 percent of the total.
- Board presidents submitted 68 responses, making up 24.8 percent of the total.
- All 21 counties are represented in the survey.

For purposes of analysis, responding districts were divided into the following geographic groupings:

- NORTH: Bergen, Essex, Hudson, Morris, Passaic, Sussex, Warren
- CENTRAL: Hunterdon, Mercer, Middlesex, Monmouth, Ocean, Somerset, Union
- SOUTH: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Salem

Responses by Region		
	Frequency	Percent
Northern New Jersey	107	39.1%
Central New Jersey	85	31.1%
Southern New Jersey	80	29.1%
No Indication	2	0.7%
Total	274	100.0%

RESULTS AND ANALYSIS

N.J.A.C. 6A:23A-3 – ADMINISTRATION AND BOARD MEMBER ACCOUNTABILITY

Q4: Chief School Administrator Salary Cap

Establishes maximum salaries based on district enrollment, with stipends allowed for a shared superintendent position and overseeing a district with a high school. This provision also allows bonuses for achievement merit goals.

ANALYSIS: This query prompted the strongest reaction in the survey, with the vast majority of respondents— 68.6 percent—finding the salary cap “detrimental” or “somewhat detrimental.”

CSA Salary Cap		
	<u>Frequency</u>	<u>Percent</u>
Detrimental/Somewhat Detrimental	188	68.6%
No Impact	39	14.2%
Beneficial/Somewhat Beneficial	29	10.6%
Don't Know	18	6.6%
Total	274	100.0%

There was some variation among responses by the three groups of school officials: 85.2 percent of superintendents and 65.7 percent of business administrators indicated that the CSA salary cap has been “detrimental” or “somewhat detrimental” to their districts, while 50 percent of board presidents expressed that sentiment.

A minority viewed the cap positively, with 26.5 percent of board presidents deeming it “beneficial” or “somewhat beneficial.” However, only 9.1 percent of business administrators and a mere 1.1 percent of superintendents rated it as such.

There were significant regional differences, with 75.7 percent of northern New Jersey respondents and 80 percent of central New Jersey respondents designating the cap as “detrimental” or “somewhat detrimental.” However, less than a majority of southern New Jersey school officials (48.8 percent) gave the CSA cap a rating of “detrimental” or “somewhat detrimental.”

COMMENTS:

I am currently a shared superintendent between two small districts. Two small neighboring districts informally approached me about being the shared superintendent for all four districts. While I could have handled the added responsibilities and brought a high level of experience to the districts, it was not something I would do for the small \$10,000 per district extra pay available. The stipend would not have begun to be commensurate with the additional workload.

– Superintendent

In a small district like ours, having a hard call on the administrative costs/salary cap has been a help. We have an easier time finding candidates when there is a set limit to how much they can be paid. It levels the playing field.

– Board President

We are unable to attract superintendents with experience. In some cases, we cannot attract other administrators because their salary is high and not capped in the current district.

– Business Administrator

APPENDIX B: Survey Results
 NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-3 – ADMINISTRATION AND BOARD MEMBER ACCOUNTABILITY

Q5: Administrator Contract Review

Requires Executive County Superintendents to review contracts for superintendents, assistant superintendents and school business administrators. The review includes all emoluments, including contributions to health benefits costs, sick and vacation leave, and other benefits.

ANALYSIS: Most respondents indicated that the administrator contact review was “detrimental” or “somewhat detrimental” (35.8%) or that the provision had “no impact” (36.9%). Superintendents were more likely to view the regulation negatively, with 40.1 percent responding that it has been detrimental or somewhat detrimental.

Administrator Contract Review		
	<u>Frequency</u>	<u>Percent</u>
Detrimental/Somewhat Detrimental	98	35.8%
No Impact	101	36.9%
Beneficial/Somewhat Beneficial	59	21.5%
Don't Know	16	5.8%
Total	274	100.0%

COMMENTS:

The review of contracts seems to vary between counties, and what’s good in our county is not good in another county.

– Business Administrator

Boards of Education should retain the authority to approve contracts as long as they are in compliance with current regulations and law.

– Superintendent

Local rule should determine how we spend our money.

– Board President

APPENDIX B: Survey Results
 NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-5 – EFFECTIVE AND EFFICIENT EXPENDITURES OF FUNDS

Q6: Professional Services Contracts

Governs public relations activities and professional services contracts, including requests for proposals, and sets maximum dollar amounts.

ANALYSIS: The largest groups of respondents (40.1%) found this provision to have “no impact” on the district. Other respondents were equally divided as to whether the regulation has been “beneficial” or “somewhat beneficial” (26.3%), while 25.9 percent said it was “detrimental” or “somewhat detrimental.”

Professional Service Contracts		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	71	25.9%
No Impact	110	40.1%
Beneficial or Somewhat Beneficial	72	26.3%
Don't Know	21	7.7%
Totals	274	100.0%

Board presidents were most likely to have a positive view of this provision, with 42.7 percent stating it was “beneficial” or “somewhat beneficial.” Only 21 percent of superintendents and 20.7 percent of business administrators saw any benefit to the requirement.

COMMENTS:

We are a very financially responsible district. From my experience, compliance has not affected us a great deal.

– Board President

Again, another oversight measure that takes local control from the board.

– Superintendent

One more distraction from education. Public relations IS a component of local government. Communication is necessary for input and relating messages. We know from teaching that multiple forms of communication are necessary for learners and it is not different for adults.

– Business Administrator

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-5 – EFFECTIVE AND EFFICIENT EXPENDITURES OF FUNDS

Q7: Legal Services

Limits who on the school board and in school administration may seek legal advice from the board attorney, and under what circumstances. Establishes procedures to be followed prior to contacting the board attorney and requires maintenance of a log to track contact with legal counsel.

ANALYSIS: Just over half of the total respondents (50.4%) found this regulation to be “beneficial” or “somewhat beneficial” in their districts. The second-largest group of respondents, 35.4 percent, indicated that it has had “no impact.” Only 8.8 percent of total respondents said it has been “detrimental” or “somewhat detrimental.”

Legal Services		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	24	8.8%
No Impact	97	35.4%
Beneficial or Somewhat Beneficial	138	50.4%
Don't Know	15	5.4%
Totals	274	100.0%

Board presidents were most likely to respond positively to this provision, with 63.2 percent deeming it “beneficial” or “somewhat beneficial.”

COMMENTS:

We had procedures in place prior to the law. This is good though, as some BOE members might take it upon him/herself to go to the attorney without approval.”

– Board President

The authors of this fail to realize how much work there is to be done already. As a BA, I check that bill on a monthly basis and ask questions about anything that looks out of whack, why keep a logbook?

– Business Administrator

N.J.A.C. 6A:23A-5 – EFFECTIVE AND EFFICIENT EXPENDITURES OF FUNDS

Q8: Meals and Refreshments

Restricts school district expenditures for certain activities, such as meals and refreshments for employees at back-to-school luncheons and similar events.

ANALYSIS: More than half of respondents found this regulation to be “detrimental” or “somewhat detrimental.” Respondents cited a negative impact on staff morale and communication. Superintendents expressed the strongest opposition, with 69.4 percent identifying the provision as “detrimental” or “somewhat detrimental.” Among board presidents and school business administrators, 47.1 percent and 43.2 percent, respectively, viewed the provision negatively.

Meals and Refreshments		
	<u>Frequency</u>	<u>Percent</u>
Detrimental/Somewhat Detrimental	146	53.3%
No Impact	53	19.3%
Beneficial or Somewhat Beneficial	60	21.9%
Don't Know	15	5.5%
Totals	274	100.0%

COMMENTS:

“There is no good reason why modest refreshments should not be able to be provided at all meetings. Why should administrative time be spent looking for donors? Why must districts appear inhospitable?”

– Board President

“The amount of \$ spent on these items had virtually no budgetary impact. However, the fact that they cannot be done is disgraceful and is permitted in all other businesses – private and public.”

– Board President

“As superintendent, I currently take money out of my own pocket in order to provide staff with a ‘Back to School’ luncheon. Total elimination of these activities has a detrimental effect on culture building, morale, and makes the schedule of professional development days challenging.”

– Superintendent

“Upsets certain employees though it does save the district (very limited) funding.”

– Business Administrator

“This should be a local decision. Some light refreshments are a simple morale booster. Currently, administrators bear these expenses personally to boost morale or just because it is the appropriate thing to do.”

– Business Administrator

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-6 – CONDITIONS FOR RECEIPT OF STATE AID

Q9: Nepotism

Requires school boards to adopt policies addressing employment of a “relative” and an “immediate family member” and sets limits on board member participation in hiring and negotiation. The regulation’s definitions of “relative” and “immediate family member” differ from those in the New Jersey School Ethics Act.

ANALYSIS: The largest group of respondents, 44.9 percent, found this regulation has been “beneficial” or “somewhat beneficial.” Over one-fifth (21.8%) stated that it had “no impact.” Less than 20 percent found it to be “detrimental” or “somewhat detrimental.”

Nepotism		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	52	19.0%
No Impact	87	21.8%
Beneficial or Somewhat Beneficial	123	44.9%
Don't Know	12	4.3%
Totals	274	100.0%

Board presidents responded most negatively to this provision, with 35.3 percent reporting that it has been “detrimental” or “somewhat detrimental” to the district. Only 13.7 percent of superintendents and 13.5 percent of business administrators responded in the same way.

A total of 57 comments were received.

COMMENTS:

This is the BIGGEST problem in the regulations, along with how the nepotism cases are construed. A statutory fix may be required. Right now our BA and our CSA are both ‘conflicted out’ from participating in negotiations. There is no one at the table from administration who has an understanding of the operational ramifications of any decision. There is no way a superintendent or BA is going to be influenced because his or her spouse may be a union member in some other district. This one is my top priority.”

– Board President

You may lose a good candidate on occasion, but generally the Board member should have better sense to begin with; some things just look bad.

– Superintendent

Great provision. I’m grateful for the thinking used to implement this. This provision allowed us to focus on students instead of political pressure. Thank you.

– Business Administrator

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-7 – SCHOOL DISTRICT TRAVEL POLICIES AND PROCEDURES

Q10: Travel/Training Reimbursement

Governs board member travel and professional development, including a 50-mile-from-conference-site limit for reimbursement of overnight travel expenses.

ANALYSIS: Respondents were almost evenly split on this question. Some 36.5 percent found this Regulation had no impact. Another 32.8 percent said it has been “detrimental” or “somewhat detrimental,” while 26.6 viewed it positively. There was no meaningful difference among responses to this question, either by respondents’ job titles, or geographic region.

Travel/Training Reimbursement		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	93	32.8%
No Impact	100	36.5%
Beneficial or Somewhat Beneficial	73	26.6%
Don't Know	11	4.1%
Totals	274	100.0%

COMMENTS:

“If travel and other related fees for training were not reimbursed, I would not be able to go as I am a single Mom with limited income. I am sure this does not only apply to me.”

– Board President

“Although this has had limited impact on our Board I can see that it may pose concerns for others.”

– Superintendent

“It is impractical for a person to drive 50 miles home and then 50 miles back several times during a 3-day workshop. The cost and value of a person’s time obviously was not considered when this regulation was enacted.”

– Business Administrator

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-7 – SCHOOL DISTRICT TRAVEL POLICIES AND PROCEDURES

Q11: Pre-Approval

Requires pre-event approval for board member to attend conferences, training events and programs. This process differs from that for employees, who may have an annual pre-set, per-person dollar amount to cover travel for training and professional development.

ANALYSIS: Almost half of respondents said this provision had “no impact.” The remaining responses were split between 27.4 percent that found it to be “beneficial” or “somewhat beneficial” and 19 percent who viewed the regulation negatively.

Responses among the three sets of officials—board presidents, superintendents and business administrators—reflected the overall distribution.

Pre-Approval for Board Member Training/Travel		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	52	19.0%
No Impact	134	48.9%
Beneficial or Somewhat Beneficial	75	27.4%
Don't Know	13	4.7%
Totals	274	100.0%

COMMENTS:

“Board members who volunteer their time have been denied the ability to participate in a class because they weren’t able to get pre-event approval.”

– Board President

“Extra paperwork. It’s never been a problem in district. Again, a broad stroke to address a problem in a few places.”

– Superintendent

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey's Accountability Regulations

N.J.A.C. 6A:23A-8 – ANNUAL BUDGET DEVELOPMENT AND SUBMISSION

Q12: Administrative Spending Growth Limit

Implements statute that sets a permissible range, limited to 2.5 %, for the cumulative annual growth in spending for administrative line items. Included in the administrative spending growth limit are administrators' salaries; principals and assistant principals' salaries; professional services such as attorney and auditor; communications/telephone costs; in-house training and meeting supplies; cost of secretaries and clerks.

ANALYSIS: This provision provided a strongly negative reaction among respondents. Overall, 66.8 percent of respondents said the regulation has been “detrimental” or somewhat “detrimental.” Only 12 percent reacted positively to the regulation, while 15 percent said that it has had no impact.

Administrators were most critical of this provision, with 80 percent of superintendents and 72 percent of business administrators identifying it as “detrimental” or “somewhat detrimental.” Only 39.7 percent of board presidents gave it such ratings. This regulation prompted 100 comments from respondents.

Administrative Spending Growth Limit		
	Frequency	Percent
Detrimental or Somewhat Detrimental	183	66.8%
No Impact	41	15.0%
Beneficial or Somewhat Beneficial	33	12.0%
Don't Know	17	6.2%
Totals	274	100.0%

COMMENTS:

“Irrelevant because the ‘admin costs’ include copiers, school main office secretaries, legal fees, auditor etc. It is literally a useless definition and therefore invalid measure of expenses. Finally it’s made worse and more ridiculous when enrollment slowly declines, and your per-pupil costs go up. This is basic math, and yet no one seems to understand that you cannot fire a principal if you lose 25 kids.”

– Business Administrator

“A cap within a cap limits any flexibility. This must go.”

– Superintendent

“Boards have to balance the costs of operating districts with the communities’ ability to pay. Setting limits typically encourages districts to ‘get to the cap’ instead of zero base budgeting their needs. This results in steady increases, which may or may not be tied to inflation. Alternatively, it prevents consideration for expanding capacity needed to ensure adequate supervision and evaluation.”

– Board President

“This hurts a small district tremendously. We can try to stay within the limit, but it doesn’t really happen.”

– Business Administrator

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-15 – STATE AID CALCULATION AND AID ADJUSTMENT FOR CHARTER SCHOOLS

Q13: Payments to Charter Schools

Addresses the method of calculating payments to charter schools by taking an enrollment count once a year and making an adjustment at the end of the year.

ANALYSIS: The largest group of respondents, 45.3 percent, said this regulation has “no impact,” a result that might be influenced by the fact that the majority of the state’s school districts do not have charter schools operating within their boundaries. Thirty-one percent deemed it to be “detrimental” or “somewhat detrimental.” Only 5.1 percent gave it positive reviews. A large proportion of school district officials (18.6%) responded “don’t know.”

The question generated 54 comments.

Payment to Charter Schools		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	85	31.0%
No Impact	124	45.3%
Beneficial or Somewhat Beneficial	14	5.1%
Don't Know	51	18.6%
Totals	274	100.0%

COMMENTS:

“Would like a complete overhaul of how Charter Schools are funded.”

– Board President

“I am not against charter schools, but I believe the state should be funding them, not the local school districts.”

– Business Administrator

APPENDIX B: Survey Results
 NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-17 – TUITION PUBLIC SCHOOLS

Q14: Public School Tuition

Prescribes method to determine tuition rates for regular public schools; for a new school district; for county vocational/technical schools; and for county special services schools.

ANALYSIS: More than half of respondents (51.8%) said the provisions regulation has had “no impact” on their districts. Another 12.4 percent responded “don’t know.” Just over 16 percent of respondents said the regulation has been detrimental or somewhat detrimental, and 19.7 percent said it has been beneficial or somewhat beneficial.

Tuition Public Schools		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	44	16.1%
No Impact	142	51.8%
Beneficial or Somewhat Beneficial	54	19.7%
Don't Know	34	12.4%
Totals	274	100.0%

COMMENTS:

“Costs are too high; their superintendents are not salary capped.”

– Superintendent

“Payments to the vocational/technical school in this county have basically crippled this district’s ability to function.”

– Business Administrator

“For county special services school districts – why do we have to pay an out-of-county fee if our county does not offer the program that the student needs? We are all part of the State of NJ – shouldn’t we all help each other out?”

– Business Administrator

“Academics should be taught in the high school and trades taught in the vocational/technical school. There is no reason why academics (math, language arts, etc.) need to be taught at both.”

– Board President

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

N.J.A.C. 6A:23A-18 – TUITION FOR PRIVATE SCHOOLS FOR STUDENTS WITH DISABILITIES

Q15: Tuition for Private Special Education Schools

Determines tuition payments by public school districts to private schools for students with disabilities.

ANALYSIS: The largest proportion of respondents (38%) said the regulation has been “detrimental” or “somewhat detrimental.” Over one-quarter gave the provision positive reviews, while 19.7 percent said it had “no impact” and 15.3 percent responded “don’t know.”

Results were similar when viewed by respondents’ position or region.

Tuition Private Special Education Schools		
	<u>Frequency</u>	<u>Percent</u>
Detrimental or Somewhat Detrimental	104	38.0%
No Impact	54	19.7%
Beneficial or Somewhat Beneficial	74	27.0%
Don't Know	42	15.3%
Totals	274	100.0%

COMMENTS:

“Cost of special education is going to drive school districts bankrupt – formula and/or method should be standard.”

– Board President

“Again, the costs are still so high that our district is dying a slow death. We are being bombarded with special needs students with no way to pay for their care. Our district will likely collapse in the next 5 years because of special education costs.”

– Board President

“It is in this area, where public monies must be spent on private vendors, where there needs to be regulations. However, those regulations must be placed on private institutions, as the costs are becoming prohibitive.”

– Superintendent

“Private schools should be held to the same “cap” as public schools!”

– Business Administrator

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey's Accountability Regulations

STATISTICAL ANALYSIS

Q4 CSA SALARY CAP	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	14	20.6	56	58.9	44	39.6
Somewhat Detrimental	20	29.4	25	26.3	29	26.1
No Impact	12	17.6	10	10.5	17	15.3
Somewhat Beneficial	11	16.2	1	1.1	7	6.3
Beneficial	7	10.3	0	0.0	3	2.8
Don't Know / Missing	4	5.9	3	3.2	11	9.9
Totals	68	100.0	95	100.0	111	100.0

Q4 CSA SALARY CAP	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	50	46.7	42	49.4	22	27.5
Somewhat Detrimental	31	29.0	26	30.6	17	21.3
No Impact	9	8.4	6	7.1	23	28.7
Somewhat Beneficial	9	8.4	6	7.1	4	5.0
Beneficial	1	0.9	3	3.4	6	7.5
Don't Know / Missing	7	6.6	2	2.4	8	10.0
Totals	107	100.0	85	100.0	80	100.0

Q5 ADMINISTRATOR CONTRACT REVIEW	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	1	1.5	22	23.2	22	19.8
Somewhat Detrimental	13	19.1	17	17.9	23	20.7
No Impact	25	36.7	35	36.8	41	36.9
Somewhat Beneficial	13	19.1	12	12.6	8	7.3
Beneficial	15	22.1	5	5.3	6	5.4
Don't Know / Missing	1	1.5	4	4.2	11	9.9
Totals	68	100.0	95	100.0		100.0

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey’s Accountability Regulations

Q5 ADMINISTRATOR CONTRACT REVIEW	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
	Detrimental	14	13.1	16	18.8	15
Somewhat Detrimental	20	18.7	16	18.8	17	21.3
No Impact	38	35.5	35	41.1	28	35.0
Somewhat Beneficial	14	13.1	10	11.8	9	11.3
Beneficial	11	10.3	6	7.1	8	10.0
Don't Know / Missing	10	9.3	2	2.4	3	3.7
Totals	107	100.0	85	100.0	80	100.0

Q6 PROFESSIONAL SERVICES CONTRACTS	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	3	4.4	10	10.5	6	5.5
Somewhat Detrimental	9	13.2	21	22.2	22	19.8
No Impact	21	30.9	38	40.0	51	45.9
Somewhat Beneficial	17	25.1	14	14.7	19	17.1
Beneficial	12	17.6	6	6.3	4	3.6
Don't Know / Missing	6	8.8	6	6.3	9	8.1
Totals	68	100.0	95	100.0	111	100.0

Q6 PROFESSIONAL SERVICES CONTRACTS	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	8	7.5	5	5.9	6	7.5
Somewhat Detrimental	16	15.0	23	27.1	13	16.2
No Impact	45	42.1	32	37.5	33	41.2
Somewhat Beneficial	21	19.6	14	16.5	15	18.8
Beneficial	7	6.5	5	5.9	9	11.3
Don't Know / Missing	10	9.3	6	7.1	4	5.0
Totals	107	100.0	85	100.0	80	100.0

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey's Accountability Regulations

Q7 LEGAL SERVICES	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	1	1.5	5	5.3	8	7.2
Somewhat Detrimental	2	2.9	4	4.2	4	3.6
No Impact	19	27.9	36	37.9	42	37.8
Somewhat Beneficial	19	27.9	20	21.1	29	26.1
Beneficial	24	35.3	28	29.5	18	16.2
Don't Know / Missing	3	4.4	2	2.1	10	9.0
Totals	68	100.0	95	100.0	111	100.0

Q7 LEGAL SERVICES	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	3	2.8	4	4.7	7	8.8
Somewhat Detrimental	3	2.8	7	8.3	0	0
No Impact	39	36.4	29	34.1	28	35.0
Somewhat Beneficial	26	24.3	24	28.2	18	22.5
Beneficial	28	26.2	20	23.5	22	27.5
Don't Know / Missing	8	7.5	1	1.2	5	6.2
Totals	107	100.0	85	100.0	80	100.0

Q8 MEALS / REFRESHMENTS	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	10	14.7	31	32.6	13	11.7
Somewhat Detrimental	22	32.4	35	36.8	35	31.6
No Impact	15	22.1	19	20.0	19	17.1
Somewhat Beneficial	8	11.7	4	4.2	21	18.9
Beneficial	8	11.7	5	5.3	14	12.6
Don't Know / Missing	5	7.4	1	1.1	9	8.1
Totals	68	100.0	95	100.0	111	100.0

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey's Accountability Regulations

Q8 MEALS / REFRESHMENTS	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	18	16.8	19	22.4	17	21.2
Somewhat Detrimental	38	35.6	29	34.1	25	31.2
No Impact	22	20.6	12	14.1	18	22.5
Somewhat Beneficial	12	11.2	12	14.1	9	11.3
Beneficial	7	6.5	12	14.1	8	10.0
Don't Know / Missing	10	9.3	1	1.2	3	3.8
Totals	107	100.0	85	100.0	80	100.0

Q9 NEPOTISM	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	8	11.8	3	3.2	8	7.2
Somewhat Detrimental	16	23.5	10	10.5	7	6.3
No Impact	15	22.1	35	36.8	37	33.4
Somewhat Beneficial	12	17.6	19	20.0	21	18.9
Beneficial	15	22.1	28	29.5	28	25.2
Don't Know / Missing	2	2.9	0	0.0	10	9.0
Totals	68	100.0	95	100.0	111	100.0

Q9 NEPOTISM	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	6	5.6	8	9.4	5	6.2
Somewhat Detrimental	9	8.4	8	9.4	15	18.8
No Impact	34	31.8	29	34.1	24	30.0
Somewhat Beneficial	23	21.5	18	21.2	11	13.7
Beneficial	25	23.4	21	24.7	24	30.0
Don't Know / Missing	10	9.3	1	1.2	1	1.3
Totals	107	100.0	85	100.0	80	100.0

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey's Accountability Regulations

Q10 TRAVEL REIMBURSEMENT	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	8	11.8	16	16.8	15	13.5
Somewhat Detrimental	10	14.7	22	23.2	19	17.1
No Impact	22	32.4	41	43.1	37	33.3
Somewhat Beneficial	11	16.2	11	11.6	12	10.8
Beneficial	15	22.1	5	5.3	19	17.1
Don't Know / Missing	2	2.9	0	0.0	9	8.2
Totals	68	100.0	95	100.0	111	100.0

Q10 TRAVEL REIMBURSEMENT	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	8	7.5	13	15.3	18	22.4
Somewhat Detrimental	21	19.6	19	22.4	11	13.8
No Impact	42	39.3	28	32.9	28	35.0
Somewhat Beneficial	10	9.3	13	15.3	11	13.8
Beneficial	17	15.9	12	14.1	10	12.5
Don't Know / Missing	9	8.4	0	0.0	2	2.5
Totals	107	100.0	85	100.0	80	100.0

Q11 PRE-APPROVAL	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	3	4.4	8	8.4	6	5.4
Somewhat Detrimental	8	11.8	9	9.5	18	16.3
No Impact	30	44.1	54	56.8	50	45.0
Somewhat Beneficial	8	11.8	15	15.8	11	9.9
Beneficial	17	25.0	8	8.4	16	14.4
Don't Know / Missing	2	2.9	1	1.1	10	9.0
Totals	68	100.0	95	100.0	111	100.0

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey’s Accountability Regulations

Q11 PRE-APPROVAL	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	4	3.7	8	9.4	5	6.3
Somewhat Detrimental	13	12.1	15	17.6	7	8.8
No Impact	52	48.6	35	41.2	47	58.8
Somewhat Beneficial	12	11.2	13	15.3	8	10.0
Beneficial	18	16.8	12	14.1	10	12.5
Don't Know / Missing	8	7.5	2	2.4	3	3.8
Totals	107	100.0	85	100.0	80	100.0

Q12 ADMIN. SPENDING GROWTH LIMIT	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	7	10.3	43	45.3	51	45.9
Somewhat Detrimental	20	29.4	33	34.7	29	26.1
No Impact	13	19.1	14	14.7	14	12.6
Somewhat Beneficial	13	19.1	4	4.2	5	4.5
Beneficial	10	14.7	1	1.1	0	0.0
Don't Know / Missing	5	7.4	0	0.0	12	10.9
Totals	68	100.0	95	100.0	111	100.0

Q12 ADMIN. SPENDING GROWTH LIMIT	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	37	34.6	33	38.8	30	37.5
Somewhat Detrimental	33	30.8	24	28.2	25	31.3
No Impact	14	13.1	15	17.6	11	13.7
Somewhat Beneficial	8	7.5	10	11.8	4	5.0
Beneficial	2	1.9	1	1.2	8	10.0
Don't Know / Missing	13	12.1	2	2.4	2	2.5
Totals	107	100.0	85	100.0	80	100.0

APPENDIX B: Survey Results

NJSBA Task Force on New Jersey's Accountability Regulations

Q13 PAYMENTS TO CHARTER SCHOOLS	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	13	19.1	22	23.2	17	15.3
Somewhat Detrimental	10	14.7	10	10.5	13	11.7
No Impact	22	32.4	45	47.3	57	51.4
Somewhat Beneficial	2	2.9	2	2.1	4	3.6
Beneficial	5	7.4	1	1.1	0	0.0
Don't Know / Missing	16	23.5	15	15.8	20	18.0
Totals	68	100.0	95	100.0	111	100.0

Q13 PAYMENTS TO CHARTER SCHOOLS	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	16	15.0	21	24.8	15	18.8
Somewhat Detrimental	17	15.9	11	12.9	3	3.8
No Impact	46	43.0	37	43.5	41	51.1
Somewhat Beneficial	3	2.8	4	4.7	1	1.3
Beneficial	1	0.9	1	1.2	4	5.0
Don't Know / Missing	24	22.4	11	12.9	16	20.0
Totals	107	100.0	85	100.0	80	100.0

Q14 PUBLIC SCHOOL TUITION	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	7	10.3	5	5.3	8	7.2
Somewhat Detrimental	9	13.2	9	9.5	6	5.4
No Impact	21	30.9	52	54.7	69	62.2
Somewhat Beneficial	14	20.6	12	12.6	13	11.7
Beneficial	8	11.8	6	6.3	1	0.9
Don't Know / Missing	9	13.2	11	11.6	14	12.6
Totals	68	100.0	95	100.0	80	100.0

APPENDIX B: Survey Results
NJSBA Task Force on New Jersey's Accountability Regulations

Q14 PUBLIC SCHOOL TUITION	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	7	6.5	5	5.9	8	10.0
Somewhat Detrimental	9	8.4	8	9.4	6	7.5
No Impact	52	48.6	48	56.5	41	51.3
Somewhat Beneficial	16	15.0	13	15.3	10	12.5
Beneficial	5	4.7	4	4.7	6	7.5
Don't Know / Missing	18	16.8	7	8.2	9	11.2
Totals	107	100.0	85	100.0	80	100.0

Q15 PRIVATE SPECIAL EDUCATION SCHOOLS	Board Presidents		Superintendents		Business Administrators	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	14	20.6	30	31.6	31	27.9
Somewhat Detrimental	9	13.2	14	14.7	6	5.4
No Impact	12	17.7	15	15.8	27	24.4
Somewhat Beneficial	13	19.1	19	20.0	22	19.8
Beneficial	9	13.2	6	6.3	5	4.5
Don't Know / Missing	11	16.2	11	11.6	20	18.0
Totals	68	100.0	95	100.0	111	100.0

Q15 PRIVATE SPECIAL EDUCATION SCHOOLS	North		Central		South	
	Freq.	%	Freq.	%	Freq.	%
Detrimental	31	29.0	22	25.9	21	26.3
Somewhat Detrimental	14	13.1	9	10.5	6	7.5
No Impact	13	12.1	19	22.4	22	27.5
Somewhat Beneficial	19	17.8	19	22.4	15	18.7
Beneficial	9	8.4	6	7.1	5	6.3
Don't Know / Missing	21	19.6	10	11.7	11	13.7
Totals	107	100.0	85	100.0	80	100.0

Accountability Regulations Survey - Business Administrators

Accountability Regulations Introduction

The New Jersey School Boards Association needs your input on a critical issue: New Jersey's school district Accountability Regulations (*N.J.A.C. 6A:-23*), which will sunset in November.

Currently, the NJSBA Accountability Regulations Task Force, formed late last year, is reviewing the regulations, which were first adopted in 2008. The project's goal is development of proposed revisions that will ensure responsible and efficient school business and non-instructional operations without red tape, administrative burden, and additional expense.

The following questions address various provisions of the regulations and their impact on the administration and finances of local school districts. Your input will enable NJSBA to develop recommendations that it will present to the State Board of Education this fall. This survey is being sent separately to school board presidents, superintendents and business administrators, as we are seeking the perspectives of each group. (*Please note: NJSBA will not release the names of respondents or their individual responses when reporting the survey results.*)

1. PLEASE PROVIDE THE FOLLOWING INFORMATION.

Name:

School district:

Email address:

2. I am a...

3. County where my school district is located...

N.J.A.C. 6A:23A-3 Administration and Board Member Accountability.

CSA SALARY CAP: Establishes maximum salaries based on district enrollment, with stipends allowed for a shared superintendent position and overseeing a district with a high school. This provision also allows bonuses for achievement merit goals.

4. In my district this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

ADMINISTRATOR CONTRACT REVIEW: Requires Executive County Superintendents to review contracts for superintendents, assistant superintendents and school business administrators. The review includes all emoluments, including contributions to health benefits costs, sick and vacation leave, and other benefits.

5. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

**N.J.A.C. 6A:23A-5 Additional Measures to Ensure Effective and Efficient Expenditures of Funds
PROFESSIONAL SERVICES CONTRACTS: Governs public relations activities and professional services contracts, including requests for proposals, and sets maximum dollar amounts.**

6. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

LEGAL SERVICES: Limits who on the school board and in school administration may seek legal advice from the board attorney, and under what circumstances. Establishes procedures to be followed prior to contacting the board attorney.

7. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

MEALS/REFRESHMENTS: Restricts school district expenditures for certain activities, such as meals and refreshments for employees at back-to-school luncheons and similar events.

8. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

N.J.A.C. 6A: 23A-6 Conditions for Receipt of State Aid

NEPOTISM: Requires school boards to adopt policies addressing employment of "relative" and "immediate family member" that are different than those in the School Ethics Act and sets limits on board member participation in hiring and negotiations.

9. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

N.J.A.C. 6A:23A-7 School District Travel Policies and Procedures

TRAVEL/TRAINING REIMBURSEMENT: Governs board member travel and professional development, including a 50-mile-from-conference-site limit for reimbursement of overnight travel expenses.

10. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

PRE-APPROVAL: Requires pre-event approval for board members to attend conferences, training events and programs, unlike the process for employees, who may have an annual pre-set per-person dollar amount to cover travel for training and professional development.

11. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Other (please specify)

N.J.A.C. 6A: 23A-8 Annual Budget Development and Submission

ADMINISTRATIVE SPENDING GROWTH LIMIT: Implements statute that sets a permissible range, limited to 2.5%, for the cumulative annual growth in spending for administrative line items. Included in the administrative spending growth limit are administrators' salaries; principals and assistant principals' salaries; professional services such as attorney and auditor; communications/telephone costs; in-house training and meeting supplies; costs of secretaries and clerks.

12. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

N.J.A.C. 6A: 23A-15 State Aid Calculation and Aid Adjustment for Charter Schools

PAYMENTS TO CHARTER SCHOOLS: Addresses the method of calculating payments to charter schools, by taking an enrollment count once per year and adjusting once at the end of the year.

13. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

N.J.A.C. 6A:23A-17 Tuition Public Schools

PUBLIC SCHOOL TUITION: Prescribes method to determine tuition rates for regular public schools; for a new school district; for county vocational/technical public schools; and for county special services schools.

14. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment

N.J.A.C. 6A:23A-18 Tuition for Private Schools for Students With Disabilities

PRIVATE SPECIAL EDUCATION SCHOOLS: Determines tuition payments by public school districts to private schools for students with disabilities.

15. In my district, this provision has been:

- Beneficial
- Somewhat beneficial
- No impact
- Somewhat detrimental
- Detrimental
- Don't know

Comment



APPENDIX D

Education Transformation Task Force Recommendations Regarding the Accountability Regulations

In its final report, issued September 5, 2012, Governor Christie's Education Transformation Task Force recommended 428 regulatory and 46 statutory changes designed to give teachers, principals and superintendents the autonomy they need to help all students learn and to create a culture that focuses on student outcomes rather than compliance with regulations. A significant number of the recommended changes were within the Accountability Regulations reviewed by the NJSBA's Task Force on New Jersey's Accountability Regulations. The following is a compilation of the Education Transformation Task Force recommendations that were considered by the NJSBA Task Force.

SUBCHAPTER 2. EXECUTIVE COUNTY SUPERINTENDENTS OF SCHOOLS

N.J.A.C § 6A:23A-2.2 School district regionalization and consolidation of services advisory committee

"[(a) Each Executive County Superintendent shall create a School District Regionalization and Consolidation of Services Advisory Committee (Advisory Committee) for the purpose of providing advice and consultation to the Executive County Superintendent on the issue of regionalization of school districts or consolidation of school district services ...]"

The Department and State Board should eliminate this regulation, which required the executive county superintendent to create a School District Regionalization and Consolidation Committee to assist in developing a district consolidation plan for the creation of regional school districts. The proposed change would eliminate this provision since the statutory timeline expired on March 15, 2010.

N.J.A.C. § 6A:23A-[2.3]2.2(a) Consolidation and sharing of services; joint and cooperative purchasing

"The [Executive County Superintendent, in consultation with the Advisory Committee,] executive county superintendent shall study the consolidation of local public school districts' administrative services, to the extent practical. ..."

The Department and State Board should eliminate this regulation, which required the executive county superintendent to consult with the School District Regionalization and Consolidation Committee to assist in developing a district consolidation plan for the creation of regional school districts. The proposed change would eliminate this provision since the statutory timeline expired on March 15, 2010.

6A:23A-2.5 Plan for district consolidation to create regional school districts

“[(a) The Executive County Superintendent, in consultation with the Advisory Committee, shall study the consolidation of local public school districts within the county, other than county school districts and other than preschool or kindergarten through grade 12 operating school districts in the county, into one or more all purpose regional school districts ...]”

The Department and State Board should eliminate this subsection, which required the executive county superintendent to submit to the Commissioner a district consolidation plan for the creation of regional school districts. The proposed change would eliminate this provision since the statutory timeline expired on March 15, 2010.

6A:23A-2.6 Transportation efficiency study

“[(a) Each Executive County Superintendent shall complete a study of pupil transportation services in the county no later than July 12, 2009 pursuant to N.J.S.A. 18A:7F-57. The purpose of the study shall be to determine ways to provide pupil transportation services in a more cost-effective and efficient manner. The study shall be transmitted upon completion to the Commissioner and to the Legislature pursuant to N.J.S.A. 52:14-19.1. ...]”

The Department and State Board should eliminate this subsection, which required the executive county superintendent to complete a study of pupil transportation services in the county no later than July 12, 2009. The proposed change would eliminate this provision since the statutory timeline expired on that date.

6A:23A-2.7 Shared special education services

“[(a) The Executive County Superintendent shall promote and facilitate the sharing of special education services consistent with Individuals with Disabilities Education Act, P.L. 105-17, (IDEA) requirements as follows: ...]”

The Department and State Board should eliminate this subsection, which required the executive county superintendent to assess the needs of shared special education services within the consolidated districts established pursuant to N.J.S.A. § 18A:7-8. The proposed change would eliminate this provision since the statutory timeline expired on March 15, 2010.

SUBCHAPTER 3. ADMINISTRATOR AND BOARD MEMBER ACCOUNTABILITY

6A:23A-3.4 Noncompliance with GAAP, review of certification of a SBA

“The Commissioner, pursuant to N.J.S.A. 18A:6-38.3, [shall] may recommend to the State Board of Examiners that it review the certification of the school district's SBA when any school district's accounting system and financial reports are not in compliance with GAAP [within one year of March 15, 2007].”

The Department and State Board should amend this regulation, which currently provides a mandatory referral to the Board of Examiners to review the certification of any school business administrator whose financial reports are not GAAP compliant. The proposed change would replace a mandatory reporting requirement with a more permissive standard to provide flexibility to the Commissioner in addressing the potential for good-faith mistakes and errors while maintaining the option for more serious action if and when warranted. Additionally, the date provided in the original regulation is proposed for removal to establish a standard with an indefinite term.

SUBCHAPTER 4. SCHOOL DISTRICT FISCAL ACCOUNTABILITY

6A:23A-4.2 Compliance with requirements for income tax

“[SBAs or any other person designated by the board of education] The school district auditor shall certify to the Federal Department of the Treasury on a form provided by the Department of the Treasury that all documentation prepared for income-tax related purposes, in regard to superintendents, assistant superintendents[,] and SBAs, complies fully with the requirements of Federal and State laws and regulations regarding the types of compensation [which] that are required to be reported.”

The Department and State Board should revise this regulation, which addresses the certification requirement relating to IRS filings. The proposed amendment would place this obligation on outside auditors rather than district employees. This change would eliminate the potential for a conflict of interest if the business administrator reviewed his or her own information and the information for his or her supervisor. By eliminating the possibility of self-oversight, this change would promote accuracy and full disclosure while reducing the potential for conflicts of interest and minimizing the possibility of fraud.

SUBCHAPTER 5. ADDITIONAL MEASURES TO ENSURE EFFECTIVE AND EFFICIENT EXPENDITURES OF DISTRICT FUNDS

6A:23A-5.2(a)(3) Public relations and professional services; board policies; efficiency

“Districts with legal costs that exceed 130 percent of the Statewide average per pupil amount should establish the following procedures and, if not established, provide evidence that such procedures would not result in a reduction of costs.”

The Department and State Board should seek to codify this regulation. In light of the 2 percent property tax cap, which properly constrains increases in aggregate districts spending, district administrators should have greater flexibility with regard to the nature of their expenditures.

6A:23A-5.2(c) Public relations and professional services; board policies; efficiency

“[School district and county vocational school district publications shall be produced and distributed in the most cost-efficient manner possible that will enable the district to inform and educate the target community. The use of expensive materials or production techniques where

lower cost methods are available and appropriate, such as the use of multi-color glossy publications instead of suitable, less expensive alternatives, is prohibited.]”

The Department and State Board should eliminate this overly prescriptive regulation. The Department should not be in the business of determining what kinds of paper districts use. In light of the 2 percent property tax cap, which properly constrains increases in aggregate district spending, district administrators should have greater flexibility with regard to the nature of their expenditures.

6A:23A-5.3 Failure to maximize Special Education Medicaid Initiative (SEMI)

N.J.A.C. 6A:23A-5.3(b)(1) and (2)1

“[1. For the 2008-09 school year, the waiver request must be submitted to the Executive County Superintendent by September 1, 2008. The Executive County Superintendent shall promptly review the request and render a decision no later than September 30, 2008. 2. Beginning with the 2009-2010 school year, the] 1. The application for a waiver of the requirements of this section shall be made to the [Executive County Superintendent] executive county superintendent no less than 45 days prior to the submission of the school district’s proposed budget for the school year to which the waiver request applies. ...”

N.J.A.C. 6A:23A-5.3(c)1

This regulation establishes a waiver process regarding the Special Education Medicaid Initiative (SEMI) beginning in the 2008-09 school year. The Department and State Board should clarify and simplify this regulation to delete language regarding the initial timeline for implementation as the rule has been in place for more than two years.

“[Beginning with the 2009-2010 school year, the] The school district shall recognize as revenue in its annual district budget no less than 90 percent of said projection.”

This regulation defines what should be recognized as revenue for purposes of the SEMI beginning in the 2009-2010 school year. The Department and State Board should clarify and simplify the code by eliminating the initial timeline for implementation as the rule has been in place for more than two years.

N.J.A.C. 6A:23A-5.3(f)

“[Each district that has less than 90 percent participation of SEMI eligible students in the 2007-2008 school year or has failed to comply with all program requirements set forth in (e) above, shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue during the 2008-2009 school year by submitting a SEMI action plan to the Executive County Superintendent for review and approval by September 1, 2008. In subsequent years, each] Each school district that has less than 90 percent participation of SEMI-eligible students in the prebudget year or that has failed to comply with all program requirements set forth in (e) above shall submit a SEMI action plan to the [Executive County Superintendent] executive county superintendent for review and approval as part of the school district’s proposed budget submission.”

This regulation establishes guidance regarding acceptable participation rates for the SEMI beginning in the 2008-09 school year. The Department and State Board should modify this regulation to eliminate instructions regarding the initial implementation as the rule has been in place for more than two years.

6A:23A-5.4(a) Violation of public school contracts law

“Pursuant to the authority granted the Commissioner under N.J.S.A. 18A:55-2 and 18A:7F-60, the Commissioner [shall] may subject to review for the withholding of State funds any school district or county vocational school district [which] that fails to obey the provisions of the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq.”

The Department and State Board should amend this regulation, which requires the Commissioner to subject any district that violates the terms of the School Contract Law to a formal review as to whether State school aid should be withheld. This change would grant the Commissioner discretion in determining whether a failure to obey some provision of the Public School Contract Law escalates to the level that calls for a review of the district and possible withholding of State funds. This would provide flexibility to the Commissioner to ensure that resources are not wasted on unnecessary reviews or for trivial violations.

6A:23A-5.5(a) Expenditure and internal control auditing

“[Pursuant to a phase-in schedule to be determined by the Commissioner, a school district or county vocational school district board that receives 50 percent or more of its general fund budget in State aid during the 2008-2009 school year] Any school district that has been identified by the Commissioner as requiring increased state oversight due to fiscal or operational irregularities shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the most recently completed school year [that the district received 50 percent or more of its general fund budget in State aid].” 133

This regulation requires that certain troubled school districts go through a secondary review of internal controls. The Department and State Board should modify this regulation to reduce the burden on operationally and fiscally efficient districts. Although the State has a great interest in ensuring that taxpayer dollars are used in a responsible, efficient and effective manner, it should design a system that is not overbroad in its reach. This change would save taxpayer dollars and district resources.

N.J.A.C. § 6A:23A-5.6(a) District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

“Any school district or county vocational school district that has been subject to an audit or investigation by the Department’s Office of Fiscal Accountability and Compliance (OFAC) [shall] may choose to discuss the findings [of the audit or investigation] at a public meeting of

the district board of education if said findings clear the school district, district board of education members, employees or contractors of any wrongdoing. All other findings shall be discussed at a public meeting of the district board of education no later than 30 days after receipt of the findings.”

This regulation requires that whenever the Department’s Office of Fiscal Accountability and Compliance (OFAC) conducts an investigation in a district, the finding must be reported and discussed at a public meeting of the board of education. Districts subject to an OFAC investigation where no negative findings were reported have expressed great frustration that this requirement wastes time and requires the school administrator to convince the public that the district did nothing wrong. The Department and State Board should modify this regulation to require district boards to discuss the results of the OFAC audit at a public meeting only if the audit reveals a violation or possible violation of administrative code or law. The change would reduce a burden on school districts as it is unnecessary to dedicate time at public board meetings to discuss the results of an investigation that requires no corrective action.

N.J.A.C. § 6A:23A-5.6(b) District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

“Within 30 days of the public meeting required in (a) above, the district board of education shall adopt a resolution certifying that the findings of wrongdoing were discussed in a public board meeting and approving a corrective action plan to address the issues raised in the findings.”

The Department and State Board should modify this regulation to require district boards to adopt a resolution and approve a corrective plan in response to an OFAC audit only if the investigation reveals a violation or possible violation of administrative code or law. Currently, whenever OFAC conducts an investigation in a district, the finding must be reported and discussed at a public meeting of the board of education and a resolution be adopted certifying that this requirement has been met and sent to OFAC. Districts where there were no negative findings regarding the OFAC investigation have expressed great frustration regarding this requirement as it wastes time and resources. When the audit reveals no need for correction, it is unnecessary to expend resources on a meeting, a plan of corrective action, and submission of such a plan for approval by the board of education.

N.J.A.C. § 6A:23A-5.6(c) District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

“The findings of wrongdoing of the OFAC audit or investigation and the board of education’s corrective action plan shall be posted on the district’s web[]site[, if one exists].”

The Department and State Board should amend this regulation, which provides that a district must post on its website a corrective action plan regarding any OFAC investigation report. School districts indicate the requirement wastes time and resources when the OFAC investigation yields no negative findings. The above addition would limit the publishing requirement to OFAC audits that reveal negative results to ensure the public is made aware of the

findings. This would prevent the waste of time and resources on enforcing the reporting of a positive or neutral result of an investigation.

6A:23A-5.7(a) Verification of payroll check distribution

“Beginning with the [2008-2009] 2012-13 school year, at least once every three years[,] between the months of September through May, [school districts and county vocational school districts] each school district identified by the Commissioner as requiring increased State oversight due to fiscal or operational irregularities shall require each school district employee to report to a central location(s) and produce picture identification and sign for release of his or her paycheck or direct deposit voucher. The school district may exclude per diem substitutes from the required verification. Other school districts are recommended but not required to undertake this procedure.”

The Department and State Board should alter this regulation, which requires certain operationally and fiscally troubled districts to conduct a payroll verification at least once every three years. Regulations such as this one have their etiology in a departmental response to an isolated example of poor district decision-making, and the departmental response should not be generalized systemwide.

Under the amendments, all non-targeted districts would be given the opportunity to have their employees report and re-verify their identification triennially, but would not be required to do so. This change also would establish a new start date for this subsection because the code has been altered to reduce its scope, as discussed below. The regulatory changes would ease burdens on school districts that are running efficiently.

SUBCHAPTER 6. CONDITIONS FOR THE RECEIPT OF STATE AID

6A:23A-6.2 Nepotism policy

N.J.A.C. 6A:23A-6.2(a)2i

“A person employed by the school district on the effective date of the policy or the date a relative becomes a school board member or chief school administrator shall not be prohibited from continuing to be employed or to be promoted in the school district. However, this provision will not pertain to extending an employment contract to allow for an increase in annual pay directly related to an extension of the work year; and”

The Department and State Board should amend this regulation, which allows an existing school district employee to continue to serve in his or her position upon a relative’s election as a school board member or appointment as the chief school administrator of the same district. The regulation furthers the objective of this subsection, which is to avoid preferential treatment for employed relatives.

The proposed change would clarify that an extension of the work year (for example, from 10 to 12 months) is allowed under this regulation as long as the new annual pay is prorated based on the rate prior to the extension. This change would ensure that the related school board member or

chief school administrator does not have the opportunity to increase their relative's rate of pay through a work-year extension.

6A:23A-6.6 Standard operating procedures for business functions

N.J.A.C. 6A:23A-6.6(a)

"[By December 31, 2009, each] Each school district and county vocational school district shall [establish] have SOPs for each task or function of the business operations of the school district."

The Department and State Board should adopt the proposed changes, which would delete the date for implementation of the standard operating procedures (SOPs) since it has passed. This change would be in line with the assumption that districts already have implemented SOPs. The use of "have" would clarify that the requirement of district SOPs would be a continuous requirement.

N.J.A.C. § 6A:23A-6.7(a) Financial and human resource management systems; access controls

"School districts and county vocational school districts [with budgets in excess of \$25,000,000 or with more than 300 employees] that have been identified by the Commissioner as requiring increased State oversight due to fiscal or operational irregularities shall maintain an enterprise resource planning (ERP) system [which] that integrates into a unified system all data and processes of an organization[into a unified system]. All other school districts are encouraged to implement similar systems. An ERP system uses multiple components of computer software and hardware and a unified database to store data for the various system modules to achieve the integration."

The Department and State Board should adopt the above changes to limit the regulation only to districts that have been identified by the Commissioner as operationally or fiscally troubled as necessitating the data and process integration systems. Although larger districts have a greater need for integration to ensure efficiency and effective decision-making at the top levels, and to facilitate efficient auditing and oversight by the State, the application of this requirement to all large districts would be overbroad.

The above modification would better identify districts that will benefit from the systems and not prescribe them for districts that already operate efficiently and effectively. This change would lead to savings of taxpayer dollars and district resources.

N.J.A.C. 6A:23A-6.7(b)

"[Districts] School districts affected by (a) above that do not currently maintain an ERP system shall fully implement one by the [2010-2011]2014-15 school year and maintain both the existing system(s) and run a beta test ERP system during the [2009-2010]2013-14 school year. A statement of assurance verifying the acquisition and full implementation of the system must be filed by the superintendent with the county office of education. Failure to purchase and/or implement the system shall require a review by the county office of education, which may result

in further sanctions including the possible loss of State aid. In addition, false assurances by the superintendent may result in disciplinary action by the Commissioner.”

The Department and State Board should adopt the above changes, which would modify the date for implementation of an ERP integration system where required and not yet implemented. The amendments would remove confusion and allow districts sufficient time to prepare for implementation. This change also would modify the date for a test run of the ERP integration system while maintaining the existing system. Finally, monitoring of the implementation would occur through a statement of assurance.

6A:23A-6.8 Personnel tracking and accounting

N.J.A.C. 6A:23A-6.8(a)

“A school district and county vocational school district shall maintain an accurate, complete[,] and up-to-date automated position control roster to track the actual number and category of employees and the detailed information for each. [Districts that do not currently maintain a position control roster as defined, or were not previously required to maintain a position control roster, shall fully implement one by December 31, 2009.] The position control roster shall: ...”

The Department and State Board should clarify the code by removing a past deadline that required districts not maintaining control rosters to have a complete roster by the stipulated date. It is assumed that all districts now have fully implemented control rosters, and a new deadline is unnecessary.

6A:23A-6.12 District vehicle assignment and use policy

“[Vehicle use logs shall be maintained for all individual and pool assignments in order to accurately record all usage of each vehicle, including the driver, mileage, and starting and destination points.]”

The Department and State Board should eliminate the requirement that districts maintain use logs for all district-owned vehicles, including the driver, mileage, and starting and destination points. Districts should exercise careful oversight of district-owned property such as vehicles, but use logs are a cumbersome, burdensome, and minimally effective control mechanism.

SUBCHAPTER 7. SCHOOL DISTRICT TRAVEL POLICIES AND PROCEDURES

N.J.A.C. § 6A:23A-7 School district travel policies and procedures – Overview

The regulations in this subchapter present a confusing and complex level of regulation through constant reference to and even enhancement of the N. J. Department of the Treasury, Office of Management and Budget Circulars 08-19-OMB and 06-14-OMB (OMB Circulars). School districts are well aware of the need to comply with OMB directives, and building a regulatory system on top of the circulars creates confusion leading to poor decision-making. In addition, it is impossible to update the regulatory code to reflect changes in OMB Circulars, leading districts into possible non-compliance in relying solely on Department regulations. Confusion also exists

between the statutes and OMB Circulars. *N.J.S.A. § 18A:11-12(c)3* clarifies that any OMB guidelines that conflict with *N.J.S.A. § 18A* are not applicable. The code references to OMB Circulars may have unintentionally given the impression that OMB Circulars are the ultimate authority in determining this policy, whereas the statute ultimately governs.

The Task Force recommends deleting from the Department's code all reference to OMB Circulars.

6A:23A-7.3 Maximum travel budget

N.J.A.C. § 6A:23A-7.3(b)2 Maximum travel budget

“Regular school district business travel as defined in N.J.A.C. 6A:23A-1.2 includes attendance at regularly scheduled in-state county meetings and Department sponsored or association sponsored events provided free of charge. It also includes regularly scheduled in-State professional development activities for which the registration fee does not exceed \$[150.00]300.00 per employee or board member.”

The Department and State Board should amend this regulation, which establishes a limit on registration fees for State professional development activities. The above revisions would change the maximum per-employee per-event allowance from \$150 to \$300 to account for price changes over time. The change would more accurately reflect the original intent of the rule.

N.J.A.C. § 6A:23A-7.3(b)3 Maximum travel budget

“Regular school district business travel as authorized in the board's travel policy requires approval of the superintendent or his or her designee prior to obligating the school district to pay related expenses and prior to attendance at the travel event.”

The Department and State Board should amend this regulation, which requires a superintendent to approve travel prior to attendance or incurring costs for travel. This revision would streamline the approval process by allowing a superintendent to designate personnel to approve travel requests.

N.J.A.C. § 6A:23A-7.4(a) Travel approval procedures

“All travel requests for employees of the school district shall be approved in writing by the superintendent or his or her designee and approved by a majority of the full voting membership of the district board of education, except where the board has excluded regular business travel from prior approval pursuant to N.J.A.C. 6A:23A-7.3(b), prior to obligating the school district to pay related expenses and prior to attendance at the travel event.”

The Department and State Board should amend this regulation, which requires a superintendent to approve in writing travel expenses prior to attendance or incurring costs for travel. This revision would streamline the approval process by allowing a superintendent to designate personnel to approve travel requests.

N.J.A.C. § 6A:23A-7.5 Required documentation for travel

“(a) The board in its policy shall specify the [type of] minimum documentation required to justify [the number of employees attending an event and the benefits to be derived from their] attendance at the event; [(b) Neither the superintendent, or designee, nor the board shall approve a travel request unless it includes the following information ... (c) Detailed documentation shall be maintained on file in the school district which demonstrates compliance ...]”

The Department and State Board should amend this regulation, which prescribes minimum documentation and information required to support each travel request. The current mandates exceed statutory requirements without meaningfully adding to the protections against wasteful spending. Worse, districts must expend resources to comply with the mandate. The proposed changes would provide the board of education with flexibility in determining the information required and would streamline the approval process. It also would eliminate requirements that account numbers and funding sources be disclosed, as well as the requirement that the previous year’s event cost be documented. The changes would set forth the minimum required information and give local boards flexibility to add additional requirements as they see fit.

N.J.A.C. § 6A:23A-7.6(f) SBA responsibilities regarding accounting for travel

“The SBA shall sign an annual travel statement of assurance in the format prescribed by the assistant commissioner of the Division of Administration and Finance.”

The Department and State Board should adopt this new subsection, which the Task Force believes would provide an added level of protection given the greater flexibility proposed elsewhere in this subchapter. The addition of the travel statement of assurance requirement merely would ensure that the school business administrator is held accountable for adhering to the policies and procedures prescribed above. This change would establish an extra safeguard to ensure that policies are followed without creating additional substantive requirements.

N.J.A.C. § 6A:23A-7.7(d) Sanctions for violations of travel requirements

“[The board policy shall include procedures to monitor compliance and application of the penalty upon determination a violation has occurred after board payment of the event. If a violation is determined prior to payment or reimbursement of the travel event, the board policy may exclude application of any additional penalties.]”

The Department and State Board should delete N.J.A.C. § 6A:23A-7.7(d) and the requirement that districts include in their travel policy both compliance-monitoring and punishment-monitoring procedures (when there is a violation). The current provision is unnecessarily prescriptive given the approval process established elsewhere in law and code.

N.J.A.C. § 6A:23A-7.12(f)5 Meal allowance – special conditions – and allowable incidental travel expenditures

“The school district shall purchase or prepare food that [are] is sufficient to provide each board member, dignitary, non-employee speaker or allowable staff member one meal. Meals should be carefully ordered to avoid left-overs. [Unintended left-over food should be donated to a charitable shelter or similar facility, if at all possible.]”

This subsection provides unnecessary recommendations that school districts make provisions to donate any excess catered food to charitable organizations. While the intention of supporting charitable organizations is certainly laudable, it is frequently impractical for school districts to arrange such small donations or for charitable organizations to accept donations of food that may no longer be suitable for consumption. Existing rules provide sufficient controls on the ability of school districts to order excessive catering.

SUBCHAPTER 9. EXECUTIVE COUNTY SUPERINTENDENT BUDGET REVIEW PROCEDURES

N.J.A.C. § 6A:23A-9.3(c)3 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

“[Custodians and janitors on a ratio of one for every 17,500 square feet of building space calculated on a district-wide basis;]”

The Department and State Board should eliminate this subsection, which requires executive county superintendents to review district budgets for administrative and non-instructional expenditures. One of the indicators includes the deployment of custodians and janitors. The criteria concerning custodial and maintenance staff is overly prescriptive and an unnecessary restriction on school district discretion. Although the restriction technically applies to the budget review process by executive county superintendents, it has come to establish an unintended norm for all districts. In light of the 2 percent property tax cap, which properly constrains increases in aggregate district spending, district administrators should have greater flexibility with regard to the nature of their expenditures.

N.J.A.C. § 6A:23A-9.3(c)8 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

“[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.]”

The Department and State Board should delete this regulation, which provides criteria to be used during the budget review process to determine efficient administrative and non-instructional costs. The proposed changes would delete language concerning the salary guide. Currently, regulations impede districts from compensating new employees at levels beyond the initial step of the salary guide, regardless of their prior experience and other qualifications. Although this restriction technically applies to the budget review process by executive county superintendents, it has come to establish an unintended norm for all districts. In light of the 2 percent property tax cap, which properly constrains increases in aggregate district spending, district administrators and educators should have the flexibility to attract and hire the best educators.

N.J.A.C. § 6A:23A-9.3(c)9 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

“[Aides that are not mandated by law or required by an IEP employed 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 served.]”

The Department and State Board should delete this regulation, which provides criteria to be used during the budget review process to determine efficient administrative and non-instructional costs. The proposed change would delete language limiting the use of aides who are not mandated by law or an IEP. There are valid justifications for use of aides beyond the requirements of law and IEPs. In light of the 2 percent property tax cap, which properly constrains increases in aggregate district spending, district administrators should have greater flexibility to determine staffing within their schools.

N.J.A.C. § 6A:23A-9.3(c)14 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

“[Public relations services that are incorporated into the duties of the superintendent, business administrator and/or other staff position or positions and not provided by a dedicated public relations staff position or contracted service provider. Public relations functions as defined in (c)14i and ii below should not comprise more than 50 percent of the duties of any one staff position.]”

The Department and State Board should delete this regulation, which provides criteria to be used during the budget review process to determine efficient administrative and non-instructional costs. The proposed change would delete language limiting public relations services. The Task Force believes that decisions about how to best keep families and the community informed and empowered should be left to districts. In light of the 2 percent property tax cap, which properly constrains increases in aggregate district spending, district administrators should have greater flexibility with regard to the nature of their expenditures.

N.J.A.C. § 6A:23A-9.5(a) Commissioner to ensure achievement of the Core Curriculum Content Standards; corrective actions

“(a) A district board of education shall be subject to action by the Commissioner, as part of the budget approval process, upon the failure of one or more schools within the district to achieve the Core Curriculum Content Standards as evidenced by existing Statewide assessment methods or other statutory or regulatory methods of evaluation. At the mid-term assessment of expenditures, the county office of education may make recommendations regarding the budget development by the school district for the upcoming year.”

The Department and State Board should amend this regulation, which provides for a budget review based on achievement of the Core Curriculum Content Standards for poor-performing districts. The proposed change would provide for a mid-term review.

SUBCHAPTER 16. DOUBLE-ENTRY BOOKKEEPING AND GAAP ACCOUNTING

N.J.A.C. § 6A:23A-16.1(b) Prescribed system of double-entry bookkeeping and GAAP accounting

“Each district board of education and charter school board of trustees shall ensure that the uniform system is fully consistent with [the "generally accepted accounting principles" (henceforth referred to as) GAAP[]] as set forth in the Governmental Accounting and Financial Reporting Standards Original Pronouncements, published annually by the Governmental

Accounting Standards Board (GASB; 401 Merritt 7, P.O. Box 5116, Norwalk CT), incorporated herein by reference as amended and supplemented, and is compatible with the financial accounting terminology and classifications established in the Federal accounting manual, Financial Accounting for Local and State School Systems, [2003] 2009 Edition by the National Center for Education Statistics (NCES[;], K Street NW, Washington, DC 20006), incorporated herein by reference, as amended and supplemented as prepared, published and distributed by the Commissioner, as required by N.J.S.A. 18A:4-14.”

The Department and State Board should amend this regulation, which would require school district accounts to conform to GAAP. This proposed change would update the edition of the federal accounting manual that districts reference.

N.J.A.C. § 6A:23A-16.2(f)1 Principles and directives for accounting and reporting

“Each district board of education and charter school board of trustees shall use, for financial reporting to the Department [of Education], a uniform minimum chart of accounts published and distributed by the Commissioner consistent with Financial Accounting for Local and State School Systems, [2003] 2009 Edition, developed by the National Center for Education Statistics (NCES[;], K Street NW, Washington DC 20006), incorporated herein by reference, as amended and supplemented.”

The Department and State Board should amend this regulation, which requires school district accounts to conform to GAAP. The proposed change would update the edition of the federal accounting manual that districts reference.

N.J.A.C. § 6A:23A-16.4(d) Minimum bond requirements for treasurer of school moneys

“If a school district eliminates the position of treasurer, the person assuming the duties must have a bond or have their bond increased by the amount of the treasurer’s bond.”

N.J.A.C. § 6A:23A-16.4 concerns bonding requirements for the treasurer of school moneys. The Department and State Board should add the proposed language to ensure that any individual assuming the duties of a treasurer in districts that opt to eliminate the position is bonded to the same degree as the former treasurer. The new language would maintain the security associated with bonding while providing districts with the opportunity to eliminate a potentially superfluous, obsolete or otherwise unnecessary position.

6A:23A-16.5 Supplies and equipment

“... [Quotations for fresh or frozen fruits, vegetables and meats need not be solicited more than once in any two-week period.]” 140

The Department and State Board should remove this subsection, which concerns quotations for food supplies from vendors. The proposed amendment would delete the requirement that quotations for certain foods not be solicited more than once every two weeks. This regulation is overly prescriptive.

6A:23A-16.14 Dismissal or re-assignment of a school business administrator

“[(a) In order to protect the integrity of the school business administrator office, a district board of education shall submit to the executive county superintendent a written justification for the non-renewal, dismissal for cause, re-assignment or elimination of the position of a school business administrator, or the individual duly certified and performing the duties of a school business administrator, within 48 hours of said notification by the district board of education to the affected employee. ...]”

The Department and State Board should delete this regulation, which requires notice to the executive county superintendent regarding transfer or dismissal of the school business administrator. The proposed change would eliminate an unnecessary step in the transfer or dismissal process.

SUBCHAPTER 18. TUITION FOR PRIVATE SCHOOLS FOR STUDENTS WITH DISABILITIES

N.J.A.C. § 6A:23A-18 Tuition for Private Schools for Students with Disabilities - Overview

The Department and State Board should revise this section to change the methodology for determining the tuition rate at private schools for students with disabilities (“PSSD”). Under the current rate-setting method, the Department establishes a tentative payment rate at the beginning of a school year for each disability classification and then makes a comparison between the amount paid at the tentative rate and the certified actual cost per student. If the certified actual cost per student is less than the tentative rate, then the PSSD must refund the overpayment to the sending districts. But if the certified actual cost per student is more than the tentative rate, the sending district must pay the PSSD an amount equal to the difference between the two amounts. As part of this process, the Department is charged with conducting a rigorous review of the accounting and expenditures at PSSDs, even to the point of having to review every dollar spent to determine whether it was for legitimate educational purposes. The ultimate goal of the process is to reconcile the rate so the actual amount paid is equal to the actual cost to educate the student. Therefore, the costs should be contained and controlled as a result.

However, there have been several problematic issues in practice. The very rules intended to control costs have facilitated growth of spending in some cases. For instance, current regulations stipulate that no PSSD administrator may be paid more than the highest paid public school employee in the State with the same administrative job title. As the below chart shows, the resulting maximum salaries far exceed comparable salaries at traditional public schools. Further, under the current system for determining PSSD tuition, PSSDs have little incentive to contain the growth of employee salaries so long as they remain below maximum levels. As a result, salaries have become targets rather than controls on PSSD spending.

This procedure appears to have been ineffective at controlling costs, as the rates for PSSD tuition have increased substantially since the inception of this regulation. It is worthwhile to note that the certified actual cost of tuition is almost always determined to be higher than the tentative

rate, even after the Department conducts its review. Second, the demands of an effective review and reconciliation of rates for every PSSD strains the capacity of the Department's finance staff. Finally, this process has led to ill-will among the parties involved. Taxpayers are suspicious that PSSDs are deliberately and artificially increasing their costs; PSSDs are suspicious that they have been targeted for extreme scrutiny and have been given an automatic presumption of dishonesty; and school districts are made party to a payment system over which they have little control and that almost always results in districts ultimately having to pay large amounts to PSSDs for underpayment of tuition.

It should also be noted that throughout the current subchapter there are numerous references to the tentative tuition rate and the certified actual cost per student that would also require revising to bring the subchapter in accord with the proposed changes. Generally, this revision would consist of removing such references and, where appropriate, replacing them with references to the maximum tuition rate set under the proposed process.

The intention embodied in this entire proposal would allow for a flexible process that would encourage more robust negotiations between the parties with the expectation that costs would be reasonably controlled through such negotiations. The proposal also has a few simple measures for stabilizing and containing costs, as well as ensuring that certain minimum standards are met in the allocation of expenses. It is recommended that the Department and State Board periodically review and revise this regulation as described herein to achieve simplicity in the process and to effectuate results that are realistically more obtainable than those pursued currently.

N.J.A.C. § 6A:23A-18.2(a) Tuition rate procedures

“[The board of directors of an approved private school for students with disabilities located in New Jersey shall determine the final tuition rate charged to be an amount less than or equal to the certified actual cost per student. The board of directors shall identify the certified actual cost per student and final tuition rate charged in the audited financial statements submitted to the Department pursuant to N.J.A.C. 6A:23A-18.9. ...] The maximum tuition rate charged by the approved private schools for students with disabilities shall be determined by the assistant commissioner of the Division of Administration and Finance in consultation with a committee appointed by the Commissioner. The committee shall be comprised of two representatives from private schools for students with disabilities, one from a for-profit school and one from a nonprofit school, and five members appointed by the Commissioner. In determining the maximum tuition rate, the assistant commissioner shall consider prior years' certified audited tuition rates and other relevant factors. 1. Extraordinary services required by the student's Individualized Education Plan (IEP) shall be paid by the sending school district and are not included in the tuition rate. 2. Transportation from home to school is the responsibility of the school district of residence when the student's IEP assigns them to the private school and either the student meets the distance requirements of the law governing transportation or the student's IEP says that they need transportation. Such transportation costs shall be paid by the sending school district and is not included in the tuition rate. 3. Costs for the program shall include instructional costs and administrative costs, as defined in the chart of accounts, as follows:

i. For the 2006-2007 school year and thereafter, minimum instructional costs of [55] 60 percent

and maximum administrative costs of [25] 20 percent. 4. Unless otherwise determined pursuant to (b) below, the approved private school for students with disabilities shall charge one [tentative] tuition rate [, charge one final tuition rate, and calculate one certified actual cost] per student for the school year. ...”

The Department and State Board should revise this regulation to change the methodology for determining the tuition rate at PSSDs. Currently, the Department sets a tentative payment rate for PSSDs and then adjusts the rate based on a reconciliation of the allowable spending of each PSSD. For the reasons explained previously, the Department should set a maximum tuition rate for each disability classification and allow PSSDs to spend the funds as they see fit, so long as spending on instructional costs exceeds 60 percent and spending on administrative costs falls below 20 percent of tuition. Additionally, two categories of expenses would be excluded from the new tuition rate amount: extraordinary expenses for an individual student as required by that student’s IEP, and student-specific transportation expenses.

N.J.A.C. § 6A:23A-18.2(b) Tuition rate procedures

“An approved private school for students with disabilities may charge one tuition rate per school location for the school year, or separate tuition rates by class type and by school location for the school year. Approved private schools for students with disabilities that choose to charge by class type shall: 1. Maintain bookkeeping and accounting records by class type and school location for the school year; and 2. Charge a separate tuition rate for each class type served; [3. Prepare in the Department-prescribed format the audited costs by class type for the first two years that tuition is charged by class type in order for the Commissioner to determine the tentative tuition rates in accordance with (i) below; and 4. Determine on a pro rata basis the individual share of a particular allowable cost item for a class type, when it is not possible to charge the actual amount expended, in accordance with the following ratios or an alternative method as approved by the Commissioner: i. Ratio of average daily enrollment in each class type to the total average daily enrollment; ii. Ratio of square feet of floor space in each class type to the total square feet of floor space used; and iii. Direct costs.]”

The Department and State Board should revise this regulation to eliminate the burdensome requirements under the current system for PSSDs that charge separate tuition rates for different class types and school locations. Specifically, a PSSD that charges separate tuition rates would have to maintain records for only the different class types or school locations and actually charge a separate tuition rate for each class type served, both of which are current requirements. Such a PSSD would no longer have to prepare a document that details the audited costs by class type for the first two years, which is currently required for the determination of the tentative tuition rate. The same PSSD would also no longer have to determine the individual share of each cost item on a pro rata basis in accordance with attendance, floor space ratios and direct costs, which currently are required for the purpose of determining the certified actual cost per student. The revisions would change how tuition payments are determined and would also alleviate a regulatory burden for PSSDs and the Department.

N.J.A.C. § 6A:23A-18.2(i) Tuition rate procedures

“(i) The [Commissioner] assistant commissioner of the Division of Administration and Finance will issue notification of the maximum [tentative] tuition rate for approved private schools for

students with disabilities no later than January 1 for the ensuing school year, [calculated as follows:] determined in accordance with N.J.A.C. 6A:23A-18.2. [1. The maximum tentative tuition rate per student shall equal the product of the audited actual cost per student for the school year prior to the current school year inflated by twice the spending growth limitation of 2.5 percent and any applicable change to this percentage identified in N.J.S.A. 18A:7F-5d or the CPI, whichever is greater ...]”

The Department and State Board should revise this regulation to eliminate the requirement that the tentative tuition rate be calculated pursuant to a formula based on the actual cost from the prior school year as inflated by either a spending growth limitation or by the rate of inflation indicated by the Consumer Price Index. Additionally, language incorporating a for-profit surcharge or a non-profit capital fund contribution into the tuition rate should be eliminated, because both concepts embodied in N.J.A.C. § 6A:23A-8.6 and 8.7, respectively, would be eliminated through the adoption of this proposal. The only remaining requirement would be for the Department to give notice of the determination for the maximum tuition rate by January 1 in the prior school year. The changes would comport with the overall process as proposed for amendment and generally would simplify and reduce the regulatory requirements on the Department and PSSDs.

N.J.A.C. § 6A:23A-18.2(j) to (m) Tuition rate procedures

“(j) The Commissioner may approve a higher tentative tuition rate for any year in which the approved private school for students with disabilities can prove to the satisfaction of the Commissioner that the maximum tentative tuition rate for the year is not adequate and would cause an undue financial hardship on the private school. ... (m) If the tentative tuition rate for the school year established by written contractual agreement pursuant to (h) above is less than the final tuition rate charged for the school year, the approved private school for students with disabilities may charge each sending district board of education all or part of the difference owed, but the same final tuition rate shall be charged to each sending district board of education. The sending district board of education shall pay the difference on a mutually agreed upon date during the second school year following the year for which the actual cost per student is certified.]”

The Department and State Board should revise the regulations to completely eliminate items (j), (k), (l) and (m), as all deal with the process by which the tentative tuition rates currently are established and subsequently paid. The current process would not be required under the proposed system. The primary goals reflected by the changes would be to achieve simplicity and to reduce regulatory burdens on the parties.

N.J.A.C. § 6A:23A-18.2(o), (p) and (q) Tuition rate procedures

“(o) An approved private school for students with disabilities shall reference as guidance the list of maximum allowable salaries by job title and county according to the job titles contained in N.J.A.C. 6A:9 which pertain to approved private schools for students with disabilities that is published by the Commissioner. Except for administrative job titles referenced in (p) below, maximum allowable salaries are based on the highest contracted salaries (not including payment of unused sick and vacation days and severance pay) of certified staff by job title in a district

board of education for any prior year indexed by the average increase in salary between the two preceding school years for each job title. ... (p) An approved private school for students with disabilities shall reference as guidance a list of maximum allowable salaries by administrative and job titles and county according to the job titles contained in N.J.A.C. 6A:9 and 6A:23A-18.1 which pertain to approved private schools for students with disabilities that is published by the Commissioner. Maximum allowable salaries are based on the highest contracted salary (not including payment of unused sick and vacation days and severance pay) by administrative job title for the entire State in a district board of education, special services district board of education and educational services commissions with comparable average daily enrollments for any prior year, indexed by the average increase in salary between the two preceding school years for each job title. ...]”

The Department and State Board should eliminate the regulations, which stipulate that no PSSD administrator may be paid more than the highest paid public school employee in the State with the same administrative job title. The resulting maximum salaries far exceed comparable salaries at traditional public schools. Further, under the current system for determining PSSD tuition, PSSDs have little incentive to contain the growth of employee salaries so long as they remain below maximum levels. As a result, salaries have become targets rather than controls on PSSD spending.

Instead, salaries should be determined through robust negotiations as long as overall spending conforms to the maximum tuition amounts set by the Department, instructional spending constitutes at least 60 percent of overall spending and administrative spending equals no more than another 20 percent.

N.J.A.C. § 6A:23A-18.2[(r)](k) Tuition rate procedures

“An approved private school for students with disabilities shall employ staff pursuant to the list of the recognized job titles in accordance with N.J.A.C. 6A:9 that require certification [and N.J.A.C. 6A:23A-18.1 that require a bachelor's degree, which is published by the Commissioner]. An approved private school for students with disabilities shall only hire staff or consultants in job titles that require certification or a bachelor's degree if such titles are included on this list, or if such titles are unrecognized job titles that are approved annually in accordance with N.J.A.C. 6A:9-5.5. [The approved private school for students with disabilities may use unrecognized administrative job titles, but maximum salaries of these titles are restricted in accordance with N.J.A.C. 6A:23A-18.5(a)9. If an approved private school for students with disabilities hires staff in administrative or support job titles such as but not limited to Chief Executive Officer or Chief Financial Officer, the maximum salaries of such job titles shall be limited to the maximum salary of a director in accordance with N.J.A.C. 6A:23A-18.2(p).]”

The Department and State Board should remove requirements regarding which job titles PSSDs may assign their employees. In addition, the reference to the applicability of maximum salary amounts should also be removed, as such salary maximums will no longer be applicable for any positions. The requirement therein for staff to be properly certificated and licensed, as needed, should be maintained.

N.J.A.C. § 6A:23A-18.3(d), (e), (f) and (g) New approved private schools for students with disabilities

“(d) An approved private school for students with disabilities shall amortize start-up costs, if any, over a 60-month period. (e) For the first two years of operation of an approved private school for students with disabilities, the tentative tuition rate charged at each site shall be established annually and be based on budgeted allowable costs. An approved private school for students with disabilities shall submit such estimated cost(s) to the Assistant Commissioner, Division of Finance for approval no later than 90 days preceding the beginning of each school year. The proposed budget shall be on a form prepared by the Assistant Commissioner, Division of Finance which provides for, but is not limited to, the following: 1. Fiscal and programmatic data; 2. Projected allowable cost items and projected enrollments; 3. A projected budget that reflects administrative costs not in excess of, and instructional costs not less than, the percentages identified in N.J.A.C. 6A:23A-18.2(a)3 and as defined in the chart of accounts; 4. A report of all funding resources; 5. An affidavit of compliance; and 6. A statement of assurance. ...”

The Department and State Board should eliminate the regulations, which all deal primarily with how newly approved schools are to be treated for the purposes of establishing the tentative tuition rate and certified actual cost per student, neither of which is part of this proposal. Future PSSDs would still have to apply to the Department for approval, which would depend on the school’s ability to demonstrate that a need exists for the program(s) offered by the school and on the provision of a minimum of 24 slots for students.

N.J.A.C. § 6A:23A-18.4 Bookkeeping and accounting

“(a) An approved private school for students with disabilities shall maintain accounting and bookkeeping systems as prescribed in Financial Accounting for New Jersey Private Schools for students with disabilities issued by the Department in accordance with the following standards: 1. An approved private school for students with disabilities shall maintain accounts in accordance with generally accepted accounting principles (GAAP) as [defined] codified by the [American Institute of Certified Public Accountants] Financial Accounting Standards Board (FASB), except as already modified in this chapter. 2. [At a minimum, an] An approved private school for students with disabilities shall use accrual accounting [on a quarterly basis]. 3. An approved private school for students with disabilities shall capitalize fixed asset expenditures of \$2,000 or more and depreciate such expenditures using the straight line depreciation method and using a useful life consistent with current Federal tax law as defined in Internal Revenue Code Section 168 and class lives as defined in that section (also see IRS Publication 946)[, except for real property which may be depreciated using a useful life of 15 years or the term of the original mortgage, whichever is greater. 4. An approved private school for students with disabilities shall capitalize leasehold improvements and depreciate such improvements using the straight-line method and a useful life equal to that of the lease, but not less than five years].”

The Department and State Board should revise the regulations. PSSDs should maintain financial accounts largely in accordance with generally accepted accounting principles (GAAP) as codified by the Financial Accounting Standards Board (FASB). The requirement for accrual

accounting on a quarterly basis is unnecessarily burdensome; annual accounting is sufficient for fiscal monitoring purposes. The specific rules governing capitalization of fixed asset expenditures and leasehold improvements similarly are unnecessary, as GAAP accounting provides a clear set of rules. Rather than prescribe additional rules for how PSSDs should spend tuition funds, the Department should instead set rules regarding the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.4(a)11 Bookkeeping and accounting

“[An approved private school for students with disabilities shall prepare a financial report in a format prescribed or approved by the Commissioner each quarter at a minimum for the school year program. This report shall be submitted to the school's governing body and its acceptance shall be documented in the minutes of the meetings.]”

The Department and State Board should eliminate this regulation. The Department should not require PSSDs to submit every 90 days a financial report approved by the school's governing body. Rather than prescribe rules for how PSSDs specifically should spend tuition funds, the Department should set rules regarding the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.4(a)14 and 15 Bookkeeping and accounting

“[14. An approved private school for students with disabilities that incurs contingent pay increases shall have in place an employee contract that contains the criteria by which the increase will be paid. The plan shall be submitted to the Commissioner for approval prior to implementation. The private school shall make payment of such increase upon achievement of the contractual contingencies as set forth in the approved plan. Such payment shall not be at the discretion of management. The employee contract shall contain the following: i. The date and signature of both the staff member and authorized school representative; ii. The average daily enrollment contingency the approved private school for students with disabilities must achieve in order to generate the increase; and iii. The specific dollar amount or percentage of original contracted salary to be paid pursuant to (a)14ii above. 15. An approved private school for students with disabilities that incurs merit pay increases shall have adopted a formal board policy that outlines the criteria of the merit pay plan(s). ...]”

The Department and State Board should eliminate this regulation. The Department should not set specific rules prescribing when PSSDs may provide merit- or contingent-pay increases. Rather than set specific rules for how PSSDs specifically should spend tuition funds, the Department should instead set rules regarding the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.4(a)18 Bookkeeping and accounting

“[A mileage record shall be maintained for each school-owned vehicle, leased vehicle or vehicle contained in a related party transaction involving the purchase of transportation services in a format prescribed by the Commissioner. The mileage record shall be maintained on a trip by trip basis and include any personal use including to/from work commutation. At the end of the fiscal year, the percentage determined by the total personal miles to total miles shall be applied to all

costs associated with the vehicle(s) and those costs shall be excluded from the actual allowable costs. Vehicle costs may include, but not be limited to, the following: depreciation, lease costs, gas, oil, repairs and maintenance, insurance and car phone.]”

The Department and State Board should eliminate this regulation. The Department should not require PSSDs to maintain mileage records for any vehicles required for school purposes. Rather than prescribe specific rules for how PSSDs should spend tuition funds, the Department should instead set rules regarding the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.4(f) Bookkeeping and accounting

“An approved private school for students with disabilities shall establish, maintain and distribute an employee handbook to all staff. [The approved private school for students with disabilities shall include in the employee handbook an outline of all employee fringe benefits. All employee fringe benefits shall be adopted in a board of directors meeting and documented in the board minutes prior to implementing the fringe benefit. Employee fringe benefits that are consistent with N.J.A.C. 6A:23A-18.5(a)23 for which costs are deemed allowable are as follows: 1. Health insurance coverage (including dental and vision); 2. Life insurance; 3. Type(s) and qualification for retirement plan(s); 4. Severance pay; 5. Vacation; 6. Long term disability; 7. Sick day and personal day benefits; 8. Premium-only plans; 9. Cafeteria plans; 10. Section 125 plans; 11. Tuition reimbursement; and 12. Other benefits for which an approved private school for students with disabilities has applied and received written approval from the Commissioner.]”

The Department and State Board should eliminate this regulation to be consistent with the process embodied in this proposal. In negotiations with their employees, PSSDs would have the flexibility to decide what fringe benefits to provide. Rather than prescribe specific rules for how PSSDs should spend tuition funds, the Department should instead set rules regarding the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.4(k), (m), (o) and (p) Bookkeeping and accounting

“[(k) An approved private school for students with disabilities shall issue compensation increases after the start of the fiscal year only in accordance with N.J.A.C. 6A:23A-18.2(q), and when the increase: 1. Is due to a staff member(s) promotion that results in additional job responsibilities; 2. Is due to a staff member(s) attaining a higher degree or certification; 3. Is due to a staff member(s) additional job responsibilities such as a coach, class or school advisor or mentor; 4. Is in accordance with (a)14 or 15 above; or 5. Has been approved by the Department after review of a formal written request to the Assistant Commissioner, Division of Finance documenting the facts supporting the increase, if none of the above applies.] [(m) An approved private school for students with disabilities that incurs costs for a retirement plan(s) in accordance with N.J.A.C. 6A:23A-18.5(a)31 and/or medical benefits for retired employees in accordance with N.J.A.C. 6A:23A-18.5(a)56 shall include these costs in the certified actual cost per student on the cash basis of accounting.] [(o) An approved private school for students with disabilities shall comply with the maximum salaries determined in accordance with N.J.A.C.

6A:23A-18.2(o) and (p) and restricted in accordance with N.J.A.C. 6A:23A-18.5(a) 6, 8 and 9 regardless of the job titles used and whether these job titles comply with the list of job titles published by the Commissioner. (p) An approved private school for students with disabilities shall under no circumstances other than in accordance with N.J.A.C. 6A:23A-18.4(k), provide compensation increases after the start of the fiscal year.]”

The Department and State Board should eliminate the regulations to be consistent with the process embodied in this proposal. The Department no longer would set rules on how PSSDs account for the costs of retirement plans or the timing of compensation increases, but instead would set rules on the maximum allowable tuition rate and the portion of tuition spent on instructional and administrative expenses.

N.J.A.C. § 6A:23A-18.5 Non-allowable costs

“(a) [Costs that are not allowable in the calculation of the certified actual cost per student include the following: ...] Non-allowable costs shall be limited to costs found to be patently unreasonable by the Commissioner or his or her representative(s) or the independent auditor/accountant. Costs shall be consistent with the individualized education program of a disabled student. They also shall be reasonable; that is, ordinary, necessary and not in excess of the cost incurred by an ordinarily prudent person in the administration of public funds. Costs shall be consistent with Federal guidelines issued as “Cost Principles for Non-Profit Organizations (OMB Circular A-122)” published as Title 2 in the Code of Federal Regulations (CFR) Subtitle A, chapter II, part 230 effective August 21, 2005, as amended and supplemented. (b) A cost found to be non-allowable shall be returned to the public school district of residence by the approved private school upon order of the Commissioner. (c) Failure to comply with this section may result in the Commissioner placing the approved private school for students with disabilities on conditional approval status.”

The Department and State Board should eliminate the lengthy, yet non-exhaustive, list of 68 types of non-allowable costs and replace it with the proposed language above. As non-allowable costs play a crucial part in the current reconciliation process between the tentative tuition rate and the certified actual cost per student, the need for such a detailed list would be eliminated along with the reconciliation process under the proposed new methodology for determining the tuition rate at PSSDs. The simpler mechanism described in this revised regulation would enable the Department to identify non-allowable costs that are unreasonable in nature and not incurred as part of the normal operation of a PSSD, thereby facilitating the prevention and addressing of possible fraud or any other suspect activity.

N.J.A.C. § 6A:23A-18.6 Surcharge

“[(a) For profit-making schools, the school's tuition rate may include an annual surcharge up to 2.5 percent of the private school's allowable actual costs. (b) For profit-making schools, interest earned in accordance with N.J.A.C. 6A:23A-18.2(h) is an unrestricted revenue and is not part of the school's surcharge computation. (c) For profit-making schools, the allowable Federal, State and local income tax liability in N.J.A.C. 6A:23A-18.5(a)39 is computed using only the public school placement tuition income and all allowable and non-allowable approved private school for students with disabilities expenses that are allowable tax deductions on the school's Federal,

State and local income tax returns. (d) Any gain or loss on the sale of fixed assets (except for buildings and/or land) or items originally purchased through funds charged in the certified actual cost per student shall be netted against or if applicable added to the total allowable costs to determine the certified actual cost per student.]”

The Department and State Board should eliminate this section in its entirety. “Profit-making schools” currently are allowed to charge a 2.5 percent surcharge, which serves as a restricted profit. Under this proposal, nonprofit and for-profit PSSDs would face the same maximum tuition rates.

N.J.A.C. § 6A:23A-18.7 Public school placement restricted working capital fund

“(a) For approved non-profit private schools for students with disabilities, the school's tuition rate may include an amount that will permit the school to establish a public school placement restricted working capital fund of up to 15 percent of the private school's allowable actual costs, for the 2006-2007 through 2007-2008 school year, but the private school shall not include an amount in excess of 2.5 percent of the private school's allowable actual costs per year. (b) Interest and/or dividends earned from the investment of tuition funds shall be netted against the school's total allowable costs incurred in account numbers classified as undistributed expenditures -- business and other support services when calculating the certified actual cost per student. (c) Any gain or loss on the sale of fixed assets (except for buildings and/or land) or items originally purchased through funds charged in the certified actual cost per student shall be netted against or if applicable added the total allowable costs to determine the certified actual cost per student. (d) Interest earned in accordance with N.J.A.C. 6A:23A-18.2(h) is unrestricted revenue and is not part of the school's public school placement restricted working capital fund computation.]”

The Department and State Board should eliminate this section in its entirety. This section allows non-profit PSSDs to contribute into a working capital fund an amount in excess of the school's actual allowable costs, and is workable only as part of the current reconciliation process. As this proposal would eliminate that process, the requirements of this section would no longer be applicable.

N.J.A.C. § 6A:23A-18.9(c) Audit requirements

“The approved private school for students with disabilities shall ensure that the audited financial statements reflect [the certified actual cost(s) per student as determined by the independent auditor and final tuition rate(s) charged at the end of the school year as determined by the school's management.] tuition revenue based upon the rate not to exceed the maximum established by the assistant commissioner pursuant to N.J.A.C. 6A:23A-18.2.”

The Department and State Board should eliminate the regulations referring to the current reconciliation process as part of the annual audit. As this proposal would eliminate that process, the requirements of this section would no longer be applicable. Instead, this code should be replaced with language reflective of the proposed process and the maximum tuition rate established therein.

N.J.A.C. § 6A:23A-18.9(d) Audit requirements

“[The approved private school for students with disabilities management representative(s) shall discuss with the auditor the results of the auditor's determination of the certified actual cost per student in order for management to determine the final tuition rate charged as a result of the audit. 1. The approved private school for students with disabilities shall charge as the final tuition rate an amount equal to or less than the certified actual cost per student. 2. The approved private school for students with disabilities shall ensure that the audit report contains a letter signed by both the school auditor and an authorized school representative indicating that both parties have met and discussed the audit, and that the determination of the final tuition rate charged was a management decision.] The audited data shall be submitted electronically to the Department in a format provided by the assistant commissioner.”

The Department and State Board should also include a new subsection (d) to allow for the electronic submission to the Department of the documents related to the annual audit of PSSDs.

N.J.A.C. § 6A:23A-18.9(f) and (h) Audit requirements

“[(f) The approved private school for students with disabilities shall not amend the final tuition rate charged after certification by the Commissioner.] ... (h) An approved private school for students with disabilities that files an audit postmarked after November 1 [shall cause the tentative tuition rate per student for the ensuing school year to be calculated based upon the audited actual cost per student for the school year two years prior to the current school year, and N.J.A.C. 6A:23A-18.2(j) will not apply.] may be subject to a fine, which will reduce the tuition rate for the subsequent year. Such fine shall be determined by the assistant commissioner of the Division of Administration and Finance.”

The Department and State Board should eliminate (f) and amend (h) as the regulations currently refer to the reconciliation process as part of the annual audit. As this proposal eliminates the process, the requirements of this section would no longer be applicable.

N.J.A.C. § 6A:23A-18.10 Appeals

“(a) The decision of the [Assistant Commissioner] assistant commissioner, Division of Administration and Finance regarding the calculation of the [tentative] tuition [rate] revenue pursuant to N.J.A.C. 6A:23A-18.2[(j)], regarding the approval of [a tentative] tuition [rate] revenue pursuant to N.J.A.C. 6A:23A-18.3 and regarding conditional approval status pursuant to N.J.A.C. 6A:23A-18.9(i), may be appealed in accordance with N.J.A.C. 6A:3. (b) The decision of the [Assistant Commissioner] assistant commissioner, Division of Administration and Finance in regard to certification may be appealed in accordance with N.J.A.C. 6A:3. (c) The decision of the Commissioner in regard to N.J.A.C. 6A:23A-18.3, New private schools for students with disabilities, may be appealed [to the State Board of Education] in accordance with [N.J.S.A. 18A:6-27 and] N.J.A.C. 6A:4.”

The Department and State Board should revise this regulation. The appellate jurisdiction of the State Board was removed in 2008 by the Legislature and should be deleted from this regulation. Additionally, references to the tentative tuition rate should be replaced.

N.J.A.C. § 6A:23A-18.13(f) Fiscal monitoring of approved private schools for students with disabilities and corrective action plans

“When an approved private school for students with disabilities is determined to be in noncompliance, the Commissioner may: 1. Issue a conditional approval status when noncompliance with State rules and/or implementation of the corrective action plan is demonstrated; or 2. Immediately remove program approval when it is documented that the health, safety or welfare of the students is in danger. 3. Require that the private school for students with disabilities refund excess tuition charged to the sending school districts if it is determined that the amount charged was noncompliant with N.J.A.C. 6A:23A-18.2. 4. If the audited expenditures for instruction are below 60 percent of total expenditures or the administrative costs exceed 20 percent of total expenditures, the per-pupil tuition rate charged shall be reduced by the costs that are noncompliant and refunded to the sending school districts. Income taxes of a for-profit private school for students with disabilities, claims and judgments shall not be included in total expenditures for purposes of this section.”

The Department and State Board should revise this regulation to change how non-allowable costs are to be refunded to sending districts, as well as to include a mechanism to address instances where a PSSD does not comply with the allowable percentages for instructional and administrative costs as detailed in the proposed N.J.A.C. 6A:23A-18.2.

SUBCHAPTER 22. FINANCIAL OPERATIONS OF CHARTER SCHOOLS

N.J.A.C. § 6A:23A-[22.5]22.4(c) Public school contract law

“Charter schools are prohibited from contracting with legal counsel or using in-house legal counsel to pursue any affirmative claim or cause of action on behalf of charter school administrators and/or any individual board members for any claim or cause of action in which the damages to be awarded would benefit an individual rather than the charter school as a whole.”

The Department and State Board should adopt this regulation to prohibit charter schools from pursuing certain legal actions that would benefit individuals rather than the charter school as a whole. The addition of this language would make the code consistent with statutory requirements placed on other public schools.

6A:23A-22.7 Charter school response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

“The findings of violations or possible violations of the OFAC audit or investigation and the board of trustees’ corrective action plan shall be posted on the charter school’s website.”

The Department and State Board should adopt this regulation, which would provide an additional requirement regarding OFAC investigations. Charter schools should be required to post an OFAC audit or investigation on their website only if there are negative findings. The addition of this language is consistent with another proposal in this chapter to ease requirements placed on other public schools.

6A:23A-22.8 Verification of payroll check distribution

“Beginning with the [2009-2010]2012-13 school year, each charter school identified by the Commissioner as requiring increased State oversight due to fiscal or operational irregularities shall, at least once every three years[,] between the months of September through May, [charter schools shall] require each charter school employee to report to a central location(s) and produce picture identification and sign for release of his or her paycheck or direct deposit voucher. The [district] charter school may exclude per diem substitutes from the required verification. Other charter schools are recommended but not required to undertake this procedure.”

The Department and State Board should amend this regulation, which requires all charter schools to verify payroll at least once every three years. The change would target the requirement only to charter schools identified by the Commissioner as requiring increased State oversight due to fiscal or operational irregularities. All non-targeted charter schools would be given the opportunity to have their employees report and re-verify their identification triennially, but would not be required to do so. This change also would establish a new start date for this subsection because the code has been altered to reduce its scope.

The regulatory changes would ease burdens on charter schools that are running efficiently and are consistent with requirements in this chapter proposed for other public schools.

N.J.A.C. § 6A:23A-[22.10]22.8(a)[2]1 Nepotism policy

“A provision prohibiting any relative of a board member, lead person or chief school administrator from being employed in an office or position in that charter school except that a person employed [or to be promoted] by the charter school on the effective date of the policy or the date a relative becomes a board member or chief school administrator shall not be prohibited from continuing to be employed or to be promoted in the school[, and a]. This allowance does not pertain to extending an employment contract to allow for an increase in pay related to the extension of the work year. A charter school may employ a relative of a board member, lead person[,] or chief school administrator provided that the charter school has obtained approval from the executive county superintendent [of schools]. Such approval shall be granted only upon demonstration by the charter school [district] that it conducted a thorough search for candidates and [that] the proposed candidate is the only qualified and available person for the position;”

The Department and State Board should amend this regulation, which clarifies that an extension of the work year (for example, from 10 to 12 months) is allowed under this regulation as long as the new annual pay is prorated based on the rate prior to the extension. This change would ensure that the related school board member or chief school administrator does not have the opportunity to increase their relative’s rate of pay through a work-year extension.

Leadership for Educational Excellence



April 8, 2016

President Mark Biedron
State Board of Education
100 River View Plaza
P.O. Box 500
Trenton, NJ 08625

Dear Commissioner Hespe:

As you are well aware, the Accountability Regulations (N.J.A.C.-23A:23A) are scheduled for re-adoption in November of 2016. This matter has been an item of discussion over the past few months by members of the LEE Group. Each of the professional associations has conducted its own review of the regulations and intends to submit respective comments in the near future. The Group decided that it would be productive to meet and review each Association's comments on the Code to determine where a common consensus of opinion existed relative to particular Code provisions.

To that end, the undersigned Members of LEE hereby submit for your consideration and that of the State Board of Education their consensus of opinion on specific code provisions as listed below:

Subchapter 1 – Purpose Scope, Definitions

We recommend that this section be appropriately amended consistent with current law and specific code recommendations that follow that are acceptable to the Department and State Board of Education.

Subchapter 2 – Executive County Superintendent of Schools

Although statute has recognized the value in advancing the various studies outlined in this subchapter, there has not been a statutory requirement to do so. In fact, many studies relative to regionalization, non-operating school districts, transportation, shared services, etc. have been completed. County offices have the authority to move forward with studies of this kind without the need for code provisions. Accordingly, we recommend that this entire subchapter and associated definitions be deleted.

Subchapter 3 – Administrator and Board Member Accountability

6A:23-3.1(e)2 There is no statutory provision that caps or limits the rights of individuals relative to the negotiation of contractual compensation. The arbitrary limits placed on the compensation of school superintendents has resulted in the premature exit of many of our states educational leaders. Further it has created a disincentive for those that aspire to school district leadership and limited the right of boards of education to negotiate terms and conditions of employment for their educational leader. Accordingly, we recommend the elimination of 6A:23-3.1(E)2 along with relevant definitions in Subchapter 1.

Subchapter 5 – Additional Measures to ensure effective and efficient expenditure of district funds

Notwithstanding other laws to the contrary, the undersigned members of the LEE group unanimously agrees that provisions in this subchapter are overly prescriptive and burdensome for NJ School Districts. We believe that many of the measures contained here can be incorporated as part of a district's internal control protocols or within local board policy. New Jersey's 2% tax levy cap on school spending will require a deliberate review of all costs in search of the most effective and efficient expenditure of school funds. Accordingly, we recommend the elimination of this section or a requirement that school district "may" consider controls or board policy in these areas.

Subchapter 6 – Conditions for the receipt of state aid

6A:23A-6.2 There is inconsistency here with the regulations and New Jersey's School Ethics Act. There is particular conflict in the definitions of "relative" and "immediate family member". We recommend that this section of code be eliminated as New Jersey statute (School Ethics Act) should be the prevalent reference.

6A-23A-6.7 through 6.13 - Similar to our comments in subchapter 5, we believe that these sections are overly burdensome and proscriptive; limit the local discretion of a board of education, and may be incorporated in district policy or included in internal control documents. We recommend elimination or wording that these controls "may" be locally considered.

Subchapter 7 – School district travel policy and procedures

6A:23A-7.3(b)1 - As the maximum annual amount not requiring board approval has been \$1500 for many years, we recommend that this amount be increased to \$3000 with consideration of an annual inflator such as CPI or other appropriate inflationary index.

6A:23A-7.3(b)2 As the maximum “in-state” registration fee in this section has been \$150 for many years, we recommend that this amount be increased to \$300 with consideration of an annual inflator such as the Consumer Price Index (CPI) or other appropriate inflationary index.

6A:23A-7.11(d) This section provides for an arbitrary prohibition for employees and board members to be reimbursed for the cost of overnight accommodations if the employee or board member lives within 50 miles of a conference approved by the Commissioner of Education. This prohibition fails to recognize the unique opportunities for staff and board members to build relationships and camaraderie beyond the scheduled professional clinics and academic symposiums. No other public officials at the State or local level have such a prohibition. We recommend the elimination of the 50 mile limit.

6A:23A-7.12(f)5 We do not think that State regulations need to govern leftovers after meetings of local boards of education. This provision and should be eliminated.

Subchapter 8 – Annual budget development and submission

6A:23A-8.2(b) This section requires a school district to publish a statement with its annual school budget if it proposes a budget with a general fund tax levy and equalization aid exceeding the school district’s adequacy budget. There are a number of reasons beyond the control of a local board of education that could cause a district to propose a budget that exceeds adequacy, not the least of which is the fact that the adequacy budget fails to recognize certain cost elements. The Department’s recommendation to reduce the weighting factors for special populations could unexpectedly result in a district moving from a position of being within adequacy to being over adequacy. It is extremely difficult to explain to the public the reasons why educational spending exceeds the hypothetical construct of the State’s adequacy budget for public schools. This section is a counterproductive requirement and only results in confusion and misunderstandings at the local level. We recommend the elimination of this requirement.

6A:23A-8.7 - No longer applicable. We recommend deletion.

Subchapter 9 – Executive County Superintendent budget review procedures

6A:23A-9.3A – No longer applicable. We recommend deletion.

Subchapter 10 – Spending Growth Limitation

6A:23A-10.1 and 10.2 - No longer applicable. We recommend deletion

6A:23A:10.3(a) - This section limits the use of banked cap beyond a period of two years. New Jersey's 2% levy cap will make it more and more difficult to maintain current school programs in the absence of increased state school aid. This will result in a greater reliance on local support to continue and maintain the educational excellence many school districts now enjoy. Districts should not be penalized for underutilizing school tax levy support for future use. Accordingly, we recommend that unused spending authority be available for a period of five years.

Subchapter 11, 12, 13– Tax Levy Growth Limitation-----Commissioner Waivers and separate voter approval-----Budget Transfers

We recommend that these chapters be updated consistent with current law.

Subchapter 14 Reserve Accounts

Current budgetary limitations now require NJ school districts to include capital expenditures within their annually adopted operating budgets. This means that annual capital outlay appropriations for such things as roof repairs and replacement, mechanical system upgrades, major plumbing and electrical upgrades, sidewalk and playground infrastructure must be within a school district's 2% tax levy limits. Absent increases in state school aid, the majority of school districts can barely cover current operational costs within current spending limits and they must forgo addressing capital infrastructure. Accordingly, capital reserve has become the default source of funding for necessary health and safety capital projects.

Accordingly, current provisions to deposit funds in all reserve accounts in June should remain as written and it should be clear that withdraws from capital reserve for eligible and otherwise eligible projects be allowed by board resolution.

Subchapter 16 – Double-entry bookkeeping and GAAP accounting

6A:23A-16.9 We recommend changing the word in the first sentence to state that a district board of education "may" establish a summer pay plan. We further recommend that the entire last sentence be eliminated that requires these funds to be deposited in an interest bearing account and made available to employees. This provision is more properly an issue for collective bargaining.

Subchapter 18 – Tuition for private schools for students with disabilities

We encourage the State Board to place further restrictions on the ever increasing tuition costs for private schools for the handicapped. The escalation of tuition rates has become a major financial burden for all NJ school districts. Their right to amend rates after certification by the state only adds to this financial burden and hardship.

Subchapter 19 – Emergency state aid and residency determination

We recommend that this chapter be updated to be consistent with current statutory requirements.

The undersigned members of the LEE Group respectfully submit these comments for the consideration of the Commissioner and the State Board of Education. We are more than willing to meet with the Department or the State Board to address any questions or clarifications.

Respectfully,



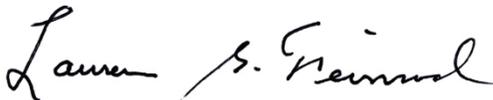
Richard Bozza

New Jersey Association of School Administrators



Wendell Steinhauer

New Jersey Education Association



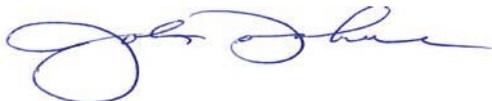
Lawrence Feinsod

New Jersey School Boards Association



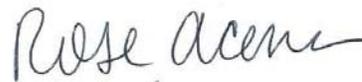
Patricia Wright

New Jersey Principals and Supervisors Association



John F. Donahue

New Jersey Association of School Business Officials



Rose Acerra

New Jersey PTA Association

Cc: President Mark Biedron, State Board

Kevin Dehmer

Chapter 23A, Fiscal Accountability, Efficiency and Budgeting Procedures

Comments Presented by the

New Jersey Association of School Business Officials

As Chapter 23A of the New Jersey Administrative Code is up for re-adoption in November, 2016, the New Jersey Association of School Business Officials respectfully submits the following comments.

We urge the Department to update the regulations to be consistent with current statutory and regulatory provisions.

Subchapter 1. Purpose, Scope and Definitions

Consistent with our recommendation to follow with respect to subchapter 3 and the county office review of administrator contracts, we recommend the elimination of the following definitions:

1. Additional district salary increment – not sufficient for amount of work; should be left to local control as this is dependent upon the needs of each district which could vary greatly from district to district. This is also counterproductive to shared services. Could be designed with more flexibility. Also this is an example of a cap within a cap, as this falls under the 2% tax levy cap and the administrative cap limit.
2. High school salary increment – “same as comments in #1 above.
3. Maximum salary amount – The salary cap, as defined has resulted in the exit or premature retirement of many of our talented educational leaders. Many districts find it extremely difficult to maintain persons in these positions and to replace their district leadership when vacancies occur.

In addition, other definitions (i.e., “net budget”) that are no longer relevant and consistent with our current funding laws, should be eliminated.

Subchapter 2. Executive County Superintendent of Schools

6A:23A-2.2 School District regionalization and consolidation of services advisory committee

6A:23A-2.3 Consolidation and sharing of services; joint and cooperative purchasing

6A:23A-2.4 Elimination of school districts that are not operating schools

6A:23A-2.5 Plan for district Consolidation to create regional school districts

6A:23A-2.6 Transportation efficiency study

6A:23A-2.7 Shared special education services

The above sections of Subchapter 2 require county offices to complete studies relative to various operational aspects of New Jersey School Districts. Although statutes are in place that recognize these

topics as important issues worth consideration, the statutes are not specific in requiring the degree of study as required in these citations of code. We recognize that lack of resources is most likely the reason that county office have not advanced these code responsibilities. We recommend that the Department eliminate the requirement to study these issues but “recognize”, consistent with statute, the importance of these issue for efficient school district operation.

Subchapter 3. Administrator and Board Member Accountability

6A:23A-3.1 Review of employment contracts for superintendents, assistant superintendents and school business administrators - 3.1 (e) 1 & 2, these sections of the code clearly provides for “additional” standards, not found within statute, that shall be considered when reviewing administrator contracts. These standards have been inconsistently applied throughout the state and have resulted in the premature exit or retirement of many of New Jersey’s talented educational leaders.

Boards of education have found it difficult to maintain and attract chief school administrators because the regulations have stripped them of their right to fully negotiate terms and conditions of employment for certain administrators. These “additional” standards were in place prior to the existence of our current 2% levy cap. With the 2% budget spending limit in place, as well as the administrative spending cap, there is no longer the need to deny locally elected officials their right to negotiate terms and conditions of employment, especially salaries, for their central office personnel.

We do recommend that 6A:23A-3.1 (e) 1, 2, 10 and 11 be eliminated as well as pertinent definitions that we cite in Subchapter 1. We do not believe that the application of current code has served the best interest of public education in this State. We believe in the right of all individuals to negotiate reasonable terms and conditions of employment without the imposition of arbitrary standards not supported by law. We also believe that we should return the right of local control back to locally elected officials when deciding terms of agreement for all of their employees. We believe that if the maximum salary caps are eliminated, and salaries determined at the local level, then the merit goals should be eliminated

We recognize that certain sections of this subchapter are consistent with law and we make no recommendation relative to: 6A:23A-3.1 (e) 3, 4, 5, 6, 7, 8, 9, 13, 14, and 15.

6A23A-3.3 Certification review under certain conditions - We recommend that the wording here be changed from “shall recommend” to “may recommend” when requested by the Commissioner of Education. This is consistent with the Task Force recommendation.

6A:23A-3.4 Noncompliance with GAAP, review of certification of a SBA - We recommend the wording here be changed from “shall recommend” to “may recommend”.

Subchapter 4. School District Fiscal Accountability

No comments

Subchapter 5. Additional Measures to Ensure Effective and Efficient Expenditures of District Funds

6A:23A-5.2 Public relations and professional services; board policies; efficiency - 5.2 (a) Keep first sentence and eliminate the remaining parts. Remove 5.2 (c) in its entirety. These sections are overly prescriptive and should be governed by local policy. This is consistent with the Task Force recommendation.

6A:23A-5.3 Failure to maximize Special Education Medicaid Initiative (SEMI) – This entire section is overly prescriptive and should focus on the revenue, as the revenue received by the district should exceed the costs incurred by a district to participate. Also, the requirement for a corrective action plan if the district fails to meet participation but does meet and or exceeds their revenue projection is not efficient operation. We recommend this section be rewritten and focus on the revenue.

6A:23A-5.4 (a) Violation of public school contract law – We agree with the Task Force recommendation to provide that the Commissioner “may” withhold state funds for failure to comply with procurement laws.

6A:23A-5.5 Expenditure and internal control auditing – We recommend this section be eliminated. This should and can be done at the discretion of the DOE.

6A:23A-5.6 District response to Office of Fiscal Accountability and compliance (OFAC) – We recommend this section be eliminated as it is standard practice and there is no need to regulate.

6A:23A-5.7 Verification of payroll check distribution – We recommend this section be eliminated as there is no statutory basis for this requirement; and believe it should be part of a district’s internal controls review and therefore left to the local district’s discretion. The Commissioner can always direct this process if warranted.

6A:23A-5.8 Board of Education expenditures for non-employee activities, meals and refreshments – We recommend in 5.8 (c) change the word from “board shall,” to “board may,” and eliminate “at a minimum”. 5.8 (e), we recommend this section be eliminated as it is overly prescriptive.

6A:23A-5.9 Out of State and high cost travel events – We recommend 5.9 (b) be eliminated as it is arbitrary. We recommend 5.9 (c) be eliminated as this should be left to the local district’s discretion.

Subchapter 6. Condition for the Receipt of State Aid

6A:23A-6.1(b)2 Conditions precedent to disbursement of State Aid – We recommend that language be added, “unless the school district can demonstrate to the Commissioner a more efficient method of securing these services. As this is written, a district “must” participate in the programs mentioned in this section.

6A:23A-6.3 Contributions to board members and contract awards – 6.3 (a) 1. We recommend that language be changed from “school board” to “district”; and that this section would not be applicable if the contract was based on a fair & open process, including quoting and public bidding. We recommend that the first sentence be rewritten to read, “No school board, in the absence of employing a fair and open process, will vote upon or award any contract in the amount of \$17,500.

6A:23A-6.7 Financial and human resource management systems, access controls – We recommend eliminating 6.7 (b) as it is no longer applicable as the referenced time period has passed. We recommend that 6.7 (c) be eliminated as it has not been done and would be difficult to achieve as district needs vary from district to district. We recommend that 6.7 (d) be eliminated as it is overly prescriptive; and is part of a district’s internal controls. The Commissioner may have the option of ordering these controls as part of increased state oversight.

6A:23A-6.8 Personnel tracking and accounting – We recommend eliminating 6.8(a)3.iii(4)iv, v & vi as these are difficult and impractical to accomplish.

6A:23A-6.9 Facilities maintenance and repair scheduling and accounting – We recommend that this section be eliminated as it is micromanaging, burdensome and overly prescriptive.

6A:23A-6.10 Approval of amounts paid in excess of approved purchase orders; board policy – We recommend eliminating 6.10 (b) & (c) as it is micromanaging a district and is part of the district’s internal control which is reviewed by the auditors during the annual audit.

6A:23A-6.11 Vehicle tracking, maintenance and accounting - We recommend this section be eliminated as it is overly prescriptive, and most of this information is required to be maintained for insurance purposes.

6A:23A-6.12 District vehicle assignment and use policy – We recommend this section be eliminated as it is overly prescriptive and burdensome. This is consistent with the Task Force Report.

Subchapter 7. School District Travel Policies and Procedures

6A:23A-7.3(b)1 – Maximum travel budget – We recommend that the annual maximum travel amount per employee be increased to \$3,000 from the current amount of \$1,500, which has been in place since the adoption of the regulations almost ten years ago.

6A:23A-7.3(b)2 – Maximum travel budget – We recommend that the current registration fee not requiring board approval be increased to \$300 from the current amount of \$150, which has been in place since the adoption of the regulations almost ten years ago.

6A:23A-7.8(a) 7 – Prohibited travel reimbursements – We recommend the following (*example: CPE credits to maintain a CPA license if the employee is not required to be a CPA for continued school district employment*) be eliminated. The example is not clear, has caused confusion and is unnecessary.

6A:23A-7.9(c) 3 ii, iii, and iv – Travel Methods – We recommend eliminating these three sections as it is already stated in (c) 3 i “the most economical scheduling of rail travel shall be utilized...”.

6A:23A-7.11(d) – Subsistence allowance – overnight travel – This section prohibits reimbursement for approved overnight travel for individuals whose home to the convention commute is less than 50 miles. We recommend the elimination of this restriction. State conferences provide a unique opportunity for board members and staff to come together and share professional experiences. This experience is unique as it offers the chance to interact with other board members, colleagues, and professionals in an informal setting beyond formal presentations and workshops. We do not believe this would be a material cost for school districts. Further, we believe local school district policy should determine whether respective employees and board members should attend overnight conventions approved by the Commissioner of Education and not be denied the same opportunity as their colleagues because of the personal residence. Please note that school district employees and board members are the only individuals to have this restriction; municipal employees that hold overnight conferences have no such limitation.

6A:23A-7.12(f) 5 – Meal allowance – special conditions – and allowable incidental travel expenditures – We recommend this section be eliminated as it is not practical and most charities will not take food that has been opened. We believe this to be overly prescriptive. This is consistent with the Task Force Report.

Subchapter 8. Annual Budget Development and Submission

6A:23A-8.2(b) – Public notice and inspection - We recommend this section be eliminated as the Department has not run the adequacy numbers rendering this section not applicable.

6A:23A-8.7 – Tuition rate adjustment by district receiving preschool expansion aid or education opportunity aid in the 2007-08 school year – We recommend this section be eliminated as it is no longer applicable.

Subchapter 9. Executive County Superintendent Budget Review Procedures

6A:23A-9.3 (c) 3 – Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices - The standard in this section are for custodians and janitors on a ratio of one for every 17,500 square feet of building space be calculated on a district-wide basis. Standards proposed by the National Center for Educational Statistics distinguishes between “service” custodians (day custodians) and “production” custodians (night custodians). When utilizing a square footage standard for each custodian, NCES does not include service custodians in this standard and districts that have day and night custodians should not count service custodians as part of the standard. NCES recommends one custodian for every 20,000 square feet for an eight hour shift. School custodians typically work seven hours, therefore the 17,500 standard would be appropriate. However this section should clarify that the 17,500 does not apply to service (day) custodians when the district employees production (evening) custodians. The day custodians should be exempt from this standard.

6A:23A-9.3 (c) 6 – Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices – We recommend this section be eliminated as it is no longer applicable. The State Health Benefits plan clearly limits waivers for participating districts to no more than \$5,000.

6A:23A 9.3 (c) 14 - Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices – We agree with the Task Force Report that this section should be eliminated as local discretion should govern in this area. The tax levy cap properly constrains district spending.

Subchapter 10. Spending Growth Limitation

This entire subchapter should be revised and updated consistent with current statutory provisions.

6A:23A-10.3 (a) – Unused spending authority (banked cap) – We recommend the use of banked cap be extended for up to five (5) years. The restrictive nature of tax levy caps makes it extremely difficult to maintain current educational programs. The two percent levy caps often translate to less than one percent budget caps. This penalizes the less wealthy school districts.

Subchapter 11. Tax Levy Growth Limitation

This entire subchapter should be revised and updated consistent with current statutory provisions.

Subchapter 12. Commissioner Waivers of Tax Levy Growth Limitation; Separate Voter Approval

This entire subchapter should be revised and updated consistent with current statutory provisions.

Subchapter 13. Budget Transfers, Underestimated Surplus and Deficits

This entire subchapter should be revised and updated consistent with current statutory provisions.

Subchapter 14. Reserve Accounts

6A:23A-14.1 Capital Reserve - 14.1(b), We believe that this section should remain unchanged, although this is contrary to the recommendation of the Transformation Task Force Report (TTFR). The current tax levy cap includes capital expenditures with no waiver as was the case under CEIFA. Capital reserve funds, in the absence of school facility grants, have become the primary source of revenue to maintain and improve school infrastructure.

14.1(b)2 ii – We recommend language be added “pursuant to the Annual Budget approval by the ECS for districts with November elections.

14.1(c) 3 – We recommend adding this section 3 be added. “ A district board of education or board of school estimate, as appropriate, may supplement a capital reserve account through a transfer by board resolution of any unanticipated revenue and/or unexpended line-item appropriation amounts anticipated at year end for withdrawal in subsequent school years. Any such transfer resolution shall be adopted by the board no earlier than June 1 and no later than June 30 of the respective school year.”

14.1(e) – We recommend language be added after the wording budget time, “ as approved by the ECS for school districts with November elections.”

6A:23A-14.2 Maintenance Reserve –We recommend language be added “ A district board of education or board of school estimate, as appropriate, may supplement a maintenance reserve account through a transfer by board resolution of any unanticipated revenue and/or unexpended line-item appropriation amounts anticipated at year end for withdrawal in subsequent school years. Any such transfer resolution shall be adopted by the board no earlier than June 1 and no later than June 30 of the respective school year.”

6A:23A-14.3 – Supplementation of capital reserve and maintenance reserve accounts – We recommend this section be eliminated as this should be incorporated into 14.1 and 14.2.

6A:23A-14.4 – Establishment of other reserve accounts – 14.3. ii, we recommend changing the word from “third” year to “second” year.

14.3 iii – We recommend this section be eliminated.

Subchapter 15. State Aid Calculations and Aid Adjustments for Charter Schools

We have no recommendations

Subchapter 16. Double-Entry Bookkeeping and GAAP Accounting

6A:23A-16.9 – Summer Payment Plan – We recommend changing the word from “shall” to “may” in the first sentence. We also recommend eliminating the second sentence in its entirety, as the management of this program shall be determined by board policy.

Subchapter 17. Tuition Public Schools

We have no recommendations

Subchapter 18. Tuition for Private Schools for Students with Disabilities

We encourage the Department to place further restrictions on the ever increasing tuition costs for private schools for the handicapped. The escalation of tuition rates has become a major financial burden for all school districts. There right to amend rates after the rate certification by the State only adds to the financial hardship of districts that must contend with a 2% levy cap.

Subchapter 19. Emergency State Aid and Residency Determination

We have no recommendations

Subchapter 20. Purchase and Loan of Textbooks

We have no recommendations

Subchapter 21. Management of Public School Contracts

We have no recommendations

Subchapter 22. Financial Operations of Charter Schools

We have no recommendations