



New Jersey School Boards Association

413 West State Street • P.O. Box 909 • Trenton, NJ 08605-0909 • Telephone: 609.695.7600 • Toll-Free: 888.88NJSBA • Fax: 609.695.0413

February 14, 2019

NJSBA Position Statement

OPPOSING

Assembly Bill No. 3395

(McGuckin/Dancer/ Chiaravalloti/ Wimberly)

Concerns subcontracting agreements entered into by public school districts.

The New Jersey School Boards Association (NJSBA), a federation of local school districts and associate charter school members, appreciates the opportunity to provide feedback on Assembly Bill No. 3395, which concerns subcontracting agreements entered into by New Jersey's local boards of education. Due to the detrimental impact this bill would have on the quality of educational programs and services, as well as on school district finances, the NJSBA respectfully opposes this legislation.

The NJSBA believes that it is critical that a board of education be permitted to enter into subcontracting agreements whenever, for reasons of economy or to advance the best interests of the school district and the educational welfare of the children, it determines such agreements are appropriate. Local boards of education have – and should retain – the nonnegotiable, managerial prerogative to enter into subcontracting agreements.

If enacted, the provisions of A-3395 would significantly restrain school districts' ability to manage their limited resources effectively and efficiently. The legislation imposes burdensome and costly requirements that would severely inhibit local school districts' ability and flexibility to enter into subcontracting agreements. As introduced, A-3395 would prohibit subcontracting during the terms of an existing collective bargaining agreement, which typically last three years. The legislation would also impose lengthy negotiations, notice and arbitration requirements. Taken together, these restrictions could force a school district to wait more than three years before it could utilize subcontracting to address a budget crisis. This restrictive timeframe is very troublesome. It would severely impede a districts' ability to quickly respond to adverse economic circumstances and effectively makes the subcontracting option no option at all. A-3395 would, at best, delay a school board's efforts to save money through subcontracting. At worst, it would essentially grant the local union veto power over privatization.

Students and taxpayers will undoubtedly be harmed by the provisions of this bill should it become law in its current form. Interfering with the ability to subcontract severely inhibits effective and efficient management, especially when a school district is confronted with a budget crisis, economic downturn, state aid reductions or freezes, or other emergency. By taking the subcontracting option off the table, school districts may need to look at other areas for savings that could harm educational services. Absent the ability to subcontract, districts may need to utilize other methods to balance their budgets, such as program cuts, teacher layoffs and

possibly tax increases. From the NJSBA's standpoint, none of these alternatives is productive or desirable, is certainly not in the best interests of either students or taxpayers, and should only be employed as a last resort.

When utilized appropriately, subcontracting enables boards to direct limited resources to academic programming while reducing the financial burden on local property taxpayers. Every year, New Jersey school districts save millions of dollars through subcontracting services such as maintenance, cafeteria operations, buildings and grounds, custodial services, transportation, occupational/physical therapy, security, and technology. Past surveys conducted by the NJSBA revealed that school districts saved millions of dollars annually through subcontracting. School officials generally apply these savings toward the following: property tax relief and budget reductions; retaining or hiring of instructional staff; and classroom programs, supplies and equipment.

By advancing this measure, the Legislature will be sending mixed messages to local boards of education. School districts are under constant pressure to control the growth of property taxes while delivering high-quality educational programs and services. The two-percent property tax levy cap combined with the state's failure to meet its statutory obligations under the School Funding Reform Act have made this a difficult balancing act. Furthermore, with the recent changes to the school funding formula that will result in reductions in state aid for approximately one-third of the state's school districts, it is incumbent upon this Legislature to give districts the tools they need to maintain New Jersey's status as having one of the best educational products in the nation. Subcontracting has a proven track of record of success and is therefore a financial management tool that must remain available and viable to our members.

Some form of this bill has been pending in the Legislature for roughly 30 years. Fortunately, it never became law as previous Legislatures and Governors realized the adverse impact it would have on district finances and educational programming. We are hopeful that this Legislature will reach the same conclusion.

Thank you for your consideration of the NJSBA's opposition on this legislation. Any questions may be directed to Jonathan Pushman, NJSBA Legislative Advocate, at (609) 529-5154 or jpushman@njsba.org.