

NJSBA

Delegate Assembly Handbook

November 23, 2019 • The Conference Center at Mercer • West Windsor, N.J.



New Jersey School Boards Association
Serving Local Boards of Education Since 1914



New Jersey School Boards Association

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

SEMIANNUAL DELEGATE ASSEMBLY November 23, 2019

**The Conference Center at Mercer
Mercer County Community College
West Windsor Campus
1200 Old Trenton Road
W. Windsor, New Jersey**

SCHEDULE

8:00- Registration
10:00 a.m. Hot Breakfast Buffet

9:00 a.m. Call to Order

Resolution

Adjournment

Adjourned Meeting Date
December 7, 2019

Note: In case of inclement weather, call 609-392-2000 for a recorded message about a possible cancellation of the Delegate Assembly. If you get a busy signal, someone is listening to the message; please call back.

[Meetings & Events](#)[Fine Food & Beverage Services](#)[Day Meeting Package](#)[Technology](#)[Contact Us/Directions](#)

**Mercer County Community College
West Windsor Campus
1200 Old Trenton Road
W. Windsor, NJ**

From North or South via U.S. 1

- Exit onto Quakerbridge Road / South 533.
- After 2 miles (through 4 traffic lights), turn left at the Youngs Road traffic light.
- At the end of Youngs Road, turn right onto Hughes Drive and follow past Mercer County Park entrance.
- MCCC campus entrance is on the left.

From Route 206 North or South

- From 206 South, turn left onto Province Line Road (at traffic light).
- From 206 North, turn right onto Province Line Road.
- Follow Province Line Road through the next traffic light (Princeton Pike), continue to the next traffic light and turn right onto Quakerbridge Road / South 533.
- On Quakerbridge Road, follow directions from Route 1 (see above).

From North or South via Interstate 95/295

- Take Interstate 95 (which becomes Interstate 295) to Exit 65A: Sloan Ave. East
- Continue straight on Sloan Ave. East (becomes Flock Road) to the end.
- Turn left at traffic light, onto Edinburg Road
- Continue straight through one traffic light (becomes Old Trenton Road).
- Take right jug handle that leads to the MCCC campus entrance.

From East

- Follow Route 33 West until you see signs for Route 133 West (the new bypass route).
- Turn right onto Route 133 West.
- Take Route 133 West to the end and exit immediately onto Route 571 West (Princeton-Hightstown Road).
- Move immediately to the far-left turning lane and turn left onto Route 535 / Old Trenton Road.
- Follow Route 535 / Old Trenton Rd for approximately 5 miles.
- MCCC campus entrance is on the right.

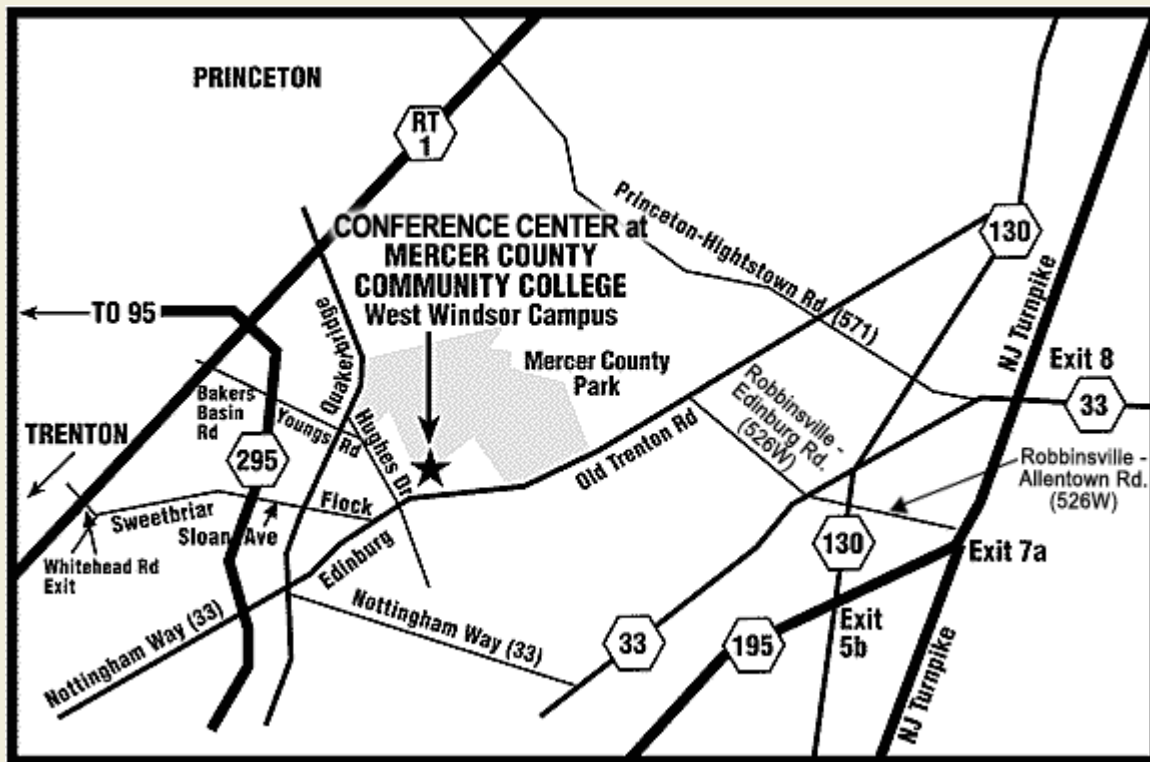
From North via NJ Turnpike

- Take Turnpike Exit 8 at Hightstown onto Route 33 West.
- Follow signs onto Route 133 West (the new bypass).
- Turn right onto Route 571 West (Princeton-Hightstown Road).
- Move immediately to the far-left turning lane and turn left onto Route 535 / Old Trenton Road.
- Follow Route 535 / Old Trenton Road for approximately 5 miles.
- MCCC campus entrance is on the right.

From South via NJ Turnpike

- Take Turnpike Exit 7A.
- Go West on I-195 to Exit 5B (first exit off I-195).
- North on Route 130, proceed to the second traffic light and turn left onto Robbinsville-Allentown Road (526 West).
- Go through traffic light and make immediate right onto Robbinsville-Edinburg Road (526 West).
- At the end of Robbinsville-Edinburg Road (526 West), turn left onto Old Trenton Road (535).
- Follow Old Trenton Road for 2 miles to campus entrance on right, after Mercer County Park.

AREA MAP:



CAMPUS MAP:

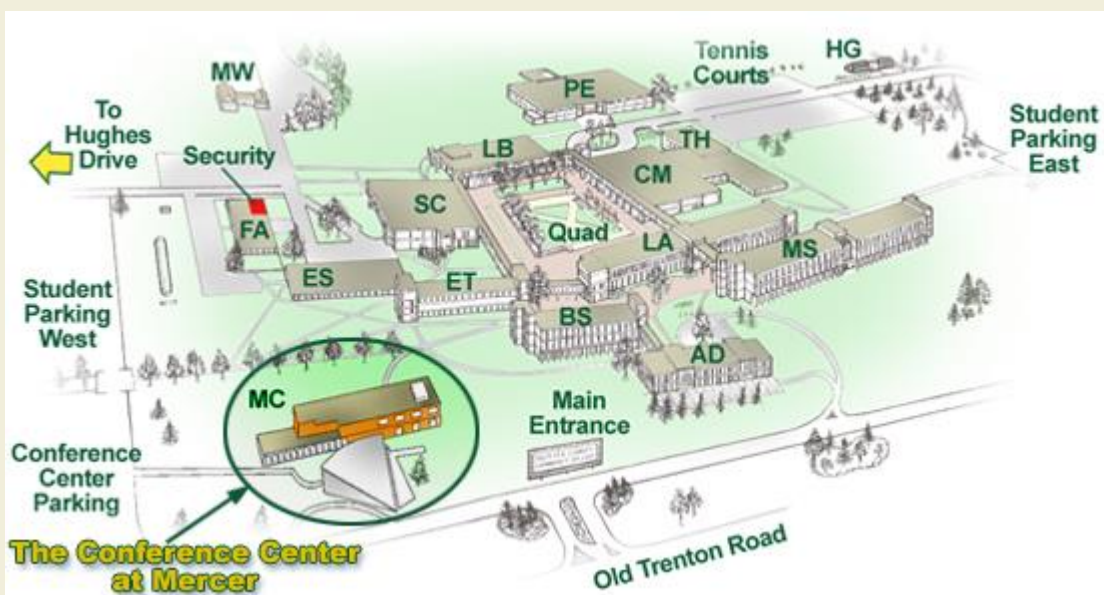


TABLE OF CONTENTS

OFFICERS & BOARD OF DIRECTORS/ALTERNATES	1
PROCEDURAL SUGGESTIONS FOR DELEGATES.....	5
RULES OF CONDUCT OF THE DELEGATE ASSEMBLY	7
MINUTES OF MAY 18, 2019 DA.....	9
COMMITTEE REPORTS	
Audit Committee Report.....	25
Legislative Committee	87
School Finance Committee	97
Special Education Committee.....	101
RESOLUTION SUBCOMMITTEE REPORT.....	103
RESOLUTION	
#1 Hillsborough Township Board of Education (Somerset).....	107
School Funding	

NEW JERSEY SCHOOL BOARDS ASSOCIATION
BOARD OF DIRECTORS 2019-2020
(As of 10/28/19)

OFFICERS/EXECUTIVE COMMITTEE

<i>President</i>	Michael R. McClure Maple Shade Board of Education
<i>Vice President for County Activities</i>	Bruce R. Young Carlstadt-East Rutherford Board of Education
<i>Vice President for Finance</i>	Tammeisha D. Smith Knowlton Township Board of Education
<i>Vice President for Legislation/Resolutions</i>	Karen Cortellino, M.D. Montville Township Board of Education
<i>Immediate Past President</i>	Daniel Sinclair Lakeland Regional Board of Education
EX OFFICIO <i>Executive Director</i>	Lawrence S. Feinsod New Jersey School Boards Association

MEMBERS & ALTERNATES

ATLANTIC COUNTY

Anne Erickson, Greater Egg Harbor Regional Board of Education
Noël Criscione-Naylor, Mullica Township Board of Education (Alt.)

BERGEN

Diane Holzberg, Demarest Board of Education
Sheli Dansky, River Edge Board of Education (Alt.)

BURLINGTON

Harry Litwack, Delanco Board of Education
Erica Campbell, Palmyra Board of Education (Alt.)

CAMDEN

Gail David, Eastern Camden County Regional Board of Education
Naomi Davidson, Runnemede Board of Education (Alt.)

CAPE MAY

Andrea Olenik-Hipkins, Upper Township Board of Education
Jacqueline McAlister, Ocean City Board of Education (Alt.)

CUMBERLAND

Michelle Kennedy, Fairfield Township Board of Education
Vacancy (Alt.)

ESSEX

Sandra Mordecai, West Orange Board of Education
Erika Jacho, Belleville Board of Education (Alt.)

GLOUCESTER

Peter J. Calvo, Glassboro Board of Education
Karen Vick, Clearview Regional Board of Education (Alt.)

HUDSON

Michael Baruch, M.D., Guttenberg Board of Education
Vacancy (Alt.)

HUNTERDON

Laurie Markowski, Flemington-Raritan Regional Board of Education
Charles T. Miller, East Amwell Board of Education (Alt.)

MERCER

Gregory M. Stankiewicz, Princeton Board of Education
Anthony F. Messina, Ewing Township Board of Education (Alt.)

MIDDLESEX

Lucille Bloom, Sayreville Board of Education
Deven M. Patel, South Brunswick Board of Education (Alt.)

MONMOUTH

Mark A. Bonjavanni, Howell Township Board of Education
Steven Seavey, Monmouth Regional Board of Education (Alt.)

MORRIS

Irene LeFebvre, Boonton Town Board of Education
Paul Breda, Wharton Borough Board of Education (Alt.)

OCEAN

Melanie Biscardi, Manchester Board of Education
Richard Casey, Ocean Gate Board of Education (Alt.)

PASSAIC

Jeff Fischer, Haledon Board of Education
Nancy Lohse Schwartz, Pompton Lakes Board of Education (Alt.)

SALEM

Dominick Miletta, Pittsgrove Board of Education
Vacancy (Alt.)

SOMERSET

Robert B. Morrison, Watchung Hills Board of Education
Barry Walker, Bridgewater-Raritan Board of Education (Alt.)

SUSSEX

Marie S. Bilik, Green Township Board of Education
William F. Kehoe, High Point Regional Board of Education (Alt.)

UNION

J. Brendan Galligan, Westfield Board of Education
Maureen Byrne, Winfield Board of Education (Alt.)

WARREN

Paul Williams, Harmony Township Board of Education
Scott Nodes, Greenwich Township Board of Education (Alt.)

COUNTY ASSOCIATION LEADERSHIP

Ginny Murphy, Washington Township Board of Education, Gloucester County
Judith Amorim Dias, West Essex Regional Board of Education, Essex County (Alt.)

URBAN BOARDS

Jonathan Hodges, M.D., Paterson Board of Education, Passaic County
Rita Martin, Winslow township board of Education (Alt.)

William Monk, Mount Holly Board of Education, Burlington County
Rosa E. Moreno-Ortego, Elizabeth Board of Education, Union County

Sudhan Thomas, Jersey City Board of Education
Diane Johnson, Pennsauken Board of Education (Alt.)

VOCATIONAL BOARDS

Elizabeth Martin, Hunterdon County Vocational Board of Education
Vacancy (Alt.)

NSBA REPRESENTATIVE (Non-Voting)

Vacancy

10/28/19



PROCEDURAL SUGGESTIONS FOR DELEGATES

Action in delegate meetings is sometimes prolonged when parliamentary procedure has not been properly followed in difficult situations. To speed the meeting, delegates might consider the following procedures:

Making Motions

To be discussed, a resolution must be moved by a delegate, preferably from the sponsoring board. The Vice President for Legislation/Resolutions does not move the resolution but merely reads a summary of the objectives sought in the resolution and the Resolutions Subcommittee's recommendation for delegate action as sent to all boards of education.

The recommendations proposed to the Delegate Assembly at the end of the discussion pages in this Delegate Handbook are made by the Resolutions Subcommittee. The Subcommittee is authorized by the NJSBA Bylaws to review all resolutions to come before the Delegate Assembly for policy consideration. Research on the issues presented in these resolutions sometimes leads the Resolutions Subcommittee to offer an alternative solution to the objectives sought with the Subcommittee recommending a substitute resolved clause for delegate approval. If a board delegate so chooses, the substitute resolved clause may be moved as the original motion for delegate approval.

When moving a resolution as originally presented by the sponsoring board of education, please say:

I move Resolution No. ____ as originally submitted.

When moving a resolution with the substitute resolved clause recommended in the discussion pages, please say:

I move Resolution No. ____ with the substitute resolved clause and recommended policy language for NJSBA'S Manual of Positions and Policies on Education.

Making Amendments

Any motion to amend a resolution or committee report recommendations must be submitted in writing to the Chair and official reporter before or at the time the motion is made on the floor.

An amendment form can be obtained at the Legal Table in the meeting room. You can consult with a staff attorney if you want help writing an amendment. The Legal Table is located in the front of the meeting room to your right.

When moving to amend a motion, please clarify your intent by saying one of the following:

- I move to strike on page ____, line ____ the word(s)
_____.
- I move to strike on page ____, line ____ the word(s)
_____ and insert the word(s)
_____.
- I move to insert the word(s) _____ between
_____ and _____ on
page ____, line ____.
- I move to add at the end of line ____ on page ____ the word(s)
_____.

Postponing or Referring a Motion

When delegates wish to defer action in order to develop more information, they should move to refer a resolution to a committee for study or refer a report back to the original committee for further study.

Close Votes

Whenever a delegate doubts the result of a vote as inconclusive or a tie, he/she may move that the vote be recast. If this motion is seconded, a majority vote is required to order a recount.

RULES FOR THE CONDUCT OF THE DELEGATE ASSEMBLY MEETING

1. **Credentials:** (a) The credential cards of all voting delegates shall be kept visibly displayed during the meeting. Voting shall be by electronic device. (b) The delegate to the Delegate Assembly must be either the delegate of record or alternate of record, or show proof of designated representation by the local board. A signed statement by the school business administrator on school district letterhead must be provided to show proof of designated representation by the local board. The delegate must show proof of identity at time of registration. (c) The registration desk shall close during the voting process in any contested election and no credentials shall be issued during such period. (d) An official count of all registered delegates shall be prepared and submitted to the President for announcement at the meeting just prior to the distribution of ballots in a contested election.
2. **Parliamentary Procedure:** (a) *Robert's Rules of Order Newly Revised, current edition*, shall govern the proceedings unless otherwise inconsistent with these rules. (b) There shall be an official parliamentarian to whom questions may be directed only through the Chair.
3. **Seating:** (a) All voting delegates, officers, members of the Board of Directors, county school board association representatives and staff shall be seated in front sections for easy access to the microphones for speaking privileges. (b) All others shall be seated in the rear of the meeting room.
4. **Recognition by Chair:** (a) An eligible speaker shall use a microphone and gain recognition of the Chair before speaking. (b) He/she shall give his/her full name and local board or official capacity. (c) Speakers shall state, at the outset, if they are speaking for or against a motion.
5. **Written Amendments:** (a) All motions to amend a resolution or committee report shall be submitted by the maker in writing to the Chair before or at the time the motion is made. The Chair has discretion to require any other motion to be submitted in writing. A majority vote is needed to pass the motion.
6. **Time Limitations on Speakers:**
 - (a) The first presentation of a delegate moving a question shall be limited to three minutes. Subsequent presentations shall be limited to two minutes each. No authorized speaker shall speak a second time on the same question until all persons seeking the floor shall have had an opportunity to speak once.*
 - (b) The first presentation of a delegate moving an amendment to a question shall be limited to two minutes. Subsequent presentations shall be limited to one minute each. No authorized speaker shall speak a second time on the same amendment until all persons seeking the floor shall have had an opportunity to speak once.
 - (c) Discussion on a committee report shall be limited to 15 minutes with the provision that, if continuation is desired, a motion may be passed by a two-thirds vote of the delegates present and voting to extend discussion time for a period of not more than five minutes, with a separate motion being required for each such extension.*

Rules For The Conduct Of The Delegate Assembly Meeting (continued)

- (d) Discussion on a proposed amendment to the *Bylaws* shall be limited to 15 minutes with the provision that, if continuation is desired, a motion may be passed by a two-thirds vote of the delegates present and voting to extend discussion time for a period of five minutes, with a separate motion being required for each such extension.*
- (e) Discussion on a resolution shall be limited to 15 minutes with the provision that, if continuation is desired, a motion may be passed by a two-thirds vote of the delegates present and voting to extend discussion time for a period of not more than five minutes, with a separate motion being required for each such extension.*
- (f) If a motion to amend the main motion is made, time will be suspended on the main resolution or committee report and five minutes will be allowed for discussion of the proposed amendment with the provision for extension as noted above (d). At the conclusion of a vote on the proposed amendment, time will be resumed on the main resolution or committee report.*

* Time clocks will be stopped when questions on parliamentary procedure are discussed and while proposed amendments are being prepared for presentation.

- 7. **Straw Poll:** There shall be no straw poll vote while the meeting is in session.
- 8. **A Motion to Call the Question:** (a) May not be made by a delegate at the conclusion of his/her remarks; (b) Will be deemed out of order if there are delegates waiting to speak **and** if discussion on the matter has not exceeded five minutes. A two-thirds vote of the delegates present and voting is needed to pass the motion.
- 9. **Motion to Reconsider:** Notwithstanding any provisions to the contrary in *Robert's Rules of Order Newly Revised, current edition*, once a resolution or *Bylaws* amendment has been voted upon, the delegates may not reconsider the vote on that resolution or *Bylaws* amendment.
- 10. **Breach of Order:** In debate a member's remarks must be germane to the question before the assembly—that is, his statements must have bearing on whether the pending motion should be adopted. If a member commits only a slight breach of order—such as addressing another member instead of the chair in debate, or in a single instance, failing to confine his remarks to the merits of the pending question—the chair will advise the member to avoid it. The member can then continue speaking if he commits no further breaches. If the offense is more serious as when a member persists in speaking on completely irrelevant matters in debate, the chair will warn the member; but with or without such a warning the president or any delegate can “call the member to order.” If the chair does this, he says, ‘The member is out of order and will be seated.’ Another member wishing to call a member to order shall rise and say, without waiting to be recognized, ‘Mr. [Chair], I call the member to order,’ and then resumes his seat. If the chair finds this point of order well taken, he declares the offender out of order and directs him to be seated.
- 11. **Suspension of Rules:** These rules may be overridden by a two-thirds vote of the delegates present and voting.

NOTE: These Rules of Conduct for the Delegate Assembly will sunset at the conclusion of the Delegate Assembly.



New Jersey School Boards Association

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Minutes NJSBA Annual Delegate Assembly May 18, 2019

The Annual Delegate Assembly of the New Jersey School Boards Association (NJSBA) was held at The Conference Center at Mercer, Mercer County Community College on May 18, 2019. There were approximately 175 delegates present representing twenty-one counties in attendance.

President Daniel Sinclair called the meeting to order at 9:03 a.m. He directed the guests and alternates, not serving in an official capacity, to their designated seating area and reminded everyone only certified delegates have the right to speak and vote on pending matters. He also reminded the participants that members of the staff and NJSBA Board of Director members, who are not serving as delegates, past presidents of the Association, and county school board presidents; or their designees, are afforded speaking privileges; but do not have voting privileges.

President Sinclair announced adequate notice of the meeting had been provided to three major newspapers and filed with the New Jersey Secretary of State. He reported the Delegate Assembly Handbook and other materials relating to the May 18, 2019 agenda were mailed on May 3, 2019 to all pre-registered delegates or to the school business administrators if the delegate was not pre-registered at the time of the mailing. A preview of the items on the agenda were published on NJSBA's website on May 5, and a new advisory highlighting agenda items of interest to the news media was sent to all daily newspapers in the state.

The Resolutions Subcommittee Report was placed on NJSBA's website on May 3, 2019 to allow boards of education time to discuss these items before today's meeting. The Delegate Assembly Handbook and other material relating to the agenda today were mailed on May 3, 2019 to pre-registered delegates and posted on the NJSBA website.

The scheduled date for the Adjourned Delegate Assembly, should we not complete today's business is June 22, 2019 at a place to be determined. He then recognized the officers for their contribution to the Association.

Mr. Sinclair also acknowledged the special contribution of those who have chaired the *ad hoc* committees of the Association:

Delegates were then informed the following reports were included in the DA handbook as information and required no action: Audit Committee Report, Resolutions Subcommittee Report, Special Education Committee Report, Standards and Assessment Committee Report, Urban Boards Committee Report, Legislative Committee Report, and the School Finance Report, which do not require any action today.

He reminded the delegates in the event business was not completed, the scheduled date for the adjourned Delegate Assembly is June 22, 2019 at a location to be determined.

Report of the President

President Sinclair began his remarks on a bittersweet note as he is completing his term as NJSBA President, one of the greatest honors of his life. At the same time, he expressed he is proud of the progress the Association has made and he is confident of its future.

From the beginning of his service four years ago, he has witnessed NJSBA's growing influence over state education policy, improved training and resources for members. Looking ahead to some of the exciting things in store for NJSBA, our 5,000 local school board members, and New Jersey's 1.4 million public school students.

He shared his optimism regarding the growing educational opportunities for non-college bound learners and stated NJSBA created the Task Force on Educational Opportunities for the Non-College Bound Learner. The committee produced a report with nearly 70 recommendations to promote best practices and new state and federal policy. The report is changing conversations among New Jersey's parents and educational leaders about our students' post-secondary plans. There is a growing realization that many well-paying careers do not require a college degree, but do require specialized skills and governmental decision makers are taking notice.

President Sinclair then spoke about the State Board of Education's proposed amendments to teacher certification requirements to give flexibility to candidates for the Career and Technical Education endorsement. This reflects a recommendation of our Task Force. These changes are expected to increase the pool of CTE teachers, who are currently in limited supply. He stated we have "moved the needle" on the issue, and he looks forward to increasing awareness about the importance of CTE.

He then stated a central part of NJSBA's mission is professional development and how it was one of his greatest pleasures to serve as a group leader and small group trainer at New Board Member Orientation Weekends. In 2013, NJSBA reestablished the weekend orientation program, one of the nation's premier training programs for new board members. In 2018, NJSBA moved to the next level with an intensive weekend leadership-training program for current and aspiring board presidents and vice presidents. GPS for Visionary Leadership, developed by the Field Services Department, which includes both small & large group sessions covers board-superintendent relationships, community relations, student focused decision-making and other important topics.

Through the support of corporate New Jersey, NJSBA provides both weekend orientation and leadership programming at no cost to school districts. This is due to the initiative and hard work of Dr. Feinsod, the Business Development Staff, and the Educational Leadership Foundation of New Jersey. President Sinclair was one of the group leaders at NJSBA's second leadership program earlier this month. As a group leader, he had the chance to engage smart, dedicated board leaders who left him very optimistic about the future of education in New Jersey. Not only is NJSBA creating strong leaders for local boards of education, but is also building the future leadership of our Association.

Additionally, President Sinclair expressed his enthusiasm for the newly elected President Mike McClure and officers and looks forward to seeing them advance our Association *"to the next level."* He then expressed his appreciation to our immediate past president, Don Webster. Don has spent 22 years as a local school board member, an NJSBA officer since 2010, and President from 2014-2017. According to

President Sinclair, Don never hesitates to step up to the plate when it comes to the well-being of students and the New Jersey School Boards Association. He has chaired two task forces; School Safety and the Non-College Bound Learner task force as well as other committees. He has also represented NJSBA on the State Legislature's school security task force, and recently is serving as acting Vice President for Legislation and Resolutions.

President Sinclair then thanked Dr. Feinsod and the NJSBA staff, and stated without a doubt, NJSBA has the best professional staff in the country. He is always impressed by the staff talent and unflagging efforts. As he reflects on his tenure as President, he will always remember the school districts, county associations, legislators, and many meetings with long-standing allies and new partners. Most of all, he will remember the privilege of meeting and speaking with school board members across the state, who work tirelessly on behalf of New Jersey's children. He closed his speech by thanking the assembly for the opportunity to serve as NJSBA President.

Report of the Executive Director

Dr. Feinsod began his report by congratulating the following incoming officers who will be sworn in at the conclusion of the Delegate Assembly: Mike McClure, President; Bruce Young, Vice President for County Activities; Tammy Smith, Vice President for Finance; and Karen Cortellino, Vice President for Legislation and Resolutions. Dr. Feinsod also extended a sincere "thank you" to Christy Tighe, Vice President for County Activities, who is completing her term in office. He echoed President Dan's tribute to Immediate Past President Don Webster for his leadership and long-term service to NJSBA. He stated this is President Sinclair's final Delegate Assembly as president, and he will assume the role of immediate past president at the conclusion of the meeting. He has been a great partner, advisor, and friend and offered a "job well done" on behalf of the association.

Dr. Feinsod shifted his remarks to the partnerships NJSBA has built, and how they advance our mission in advocacy, enhance training, and enable NJSBA to create more services for our members. Our partners comprise of education, business organizations, higher education, the military, and government decision makers. NJSBA's 2018-2020 Strategic Plan calls for strengthening existing partnerships and developing new ones to benefit local boards and the students in our schools.

One of NJSBA's long-standing collaborative programs is the Alliance for Competitive Energy Services, or ACES. The program helps local school boards take full advantage of the deregulated energy market. In the past decade, this valuable dues-based service has saved local school boards well over \$225 million in electricity and natural gas costs. Think of how those savings have helped many of your districts to direct resources to the classroom. Additionally, NJSBA broadened the concept by enabling districts to purchase discounted technology products and services through another cooperative pricing program called NJSBA TEC or Technology for Education and Careers. For the vast majority of school districts, the TEC program eliminates the need to go through the competitive bidding process, saving administrative time and expense.

Another recent collaboration is NJSBA's unique partnership with the U.S. Army. The partnership provides training and consultation, which enables local boards of education to advance STEAM education. As part of this agreement, the Army fully funds the placement of a STEAM education specialist on our staff, and we believe this is the only such program in the country. In addition, nothing illustrates the success of the NJSBA- U.S. Army partnership better than the annual STEAM Tank Challenge. Interest and enthusiasm in the program has grown exponentially over the past four years. In 2016, the first year of STEAM Tank, 32 student teams entered the Challenge. This year, the program has

attracted 560 entries and engaged more than 2,000 students. Final presentations will take place at Workshop 2019 in Atlantic City, NJ.

Dr. Feinsod spoke about the Sustainable Jersey for Schools program. He announced more than 56% or 328 of the state's operating school districts are members of this free program and hopes this number will continue to grow. Sustainable Jersey provides guidance, resources, recognition, and certification for sustainable practices, while advancing student learning in the STEAM education areas. Additionally, it has been a major source of grant funding for school districts. In fiscal year 2018 alone, it awarded over \$330,000 in grants to our members. Since its founding, the program has provided \$1.8 million in grants. Thanks to Sustainable Jersey, our state's public schools have implemented over 3,900 actions in areas such as energy efficiency, waste management, healthy school environment, wellness, and learning.

Dr. Feinsod announced a new partnership with the Rutgers University Division of Continuing Education Studies. This agreement marks the beginning of the NJSBA Online University, an activity that is directly related to three goal areas of our Strategic Plan: building a "Future Ready" Association, enhancing direct services, and making training more accessible. Rutgers will provide in-kind services to develop 14 courses and online training programs will cover mandated training and other professional development areas. The partnership represents NJSBA's commitment to make training available around the clock, seven days a week.

NJSBA goals for the partnership are as follows:

- Expand and improve online course offerings for board members
- Make NJSBA training available to a larger audience, such as school district human resource managers, facility managers and IT directors.

Corporate New Jersey is also a very important partner. The private sector has enabled NJSBA to continue innovative training opportunities. Earlier in the month, NJSBA held its second annual leadership program, GPS for Visionary Leadership. Offered at no cost thanks to a \$50,000 donation from both Dell and Microsoft, approximately 100 school board leaders attended the conference. The Field Services staff did an exemplary job in developing and delivering an exciting and informative curriculum, and the group leaders provided outstanding training.

NJSBA also secured funding for the two weekend New Board Member Orientation programs, which were no cost. Corporate contributions totaled \$100,000 and enabled the organization to provide training for 200 attendees. In addition, corporate funding totaling over \$130,000 covered programming, meals, and facility fees for over 80 county training meetings, all of which offered at no cost to our members.

Dr. Feinsod then spoke about non- dues revenue and how it is the key to NJSBA's financial health. NJSBA's 2019-2020 budget has the highest level of non- dues revenue (36.6%) in the Association's history. This is due to the work of our Business Development Department and ELFNJ, our 501(c) 3, and to the success of Workshop, which draws significant non-dues revenue through sponsorships and exhibits. As a result, for the tenth consecutive year, there will be no increase in member dues. At the same time, we have maintained dues- based services, and expanded into new areas. The goal, under the new Strategic Plan, is to "be the primary resource for New Jersey's local boards of education."

Dr. Feinsod stressed every decision made as school board members must have one overriding consideration, which is the advancement of student achievement. NJSBA's current Strategic Plan goal "Student Growth, Learning, Well- Being, and Success" reflects this principle. The final report on the Educational Opportunities for the Non- College Bound Learner was issued this past year. As President

Sinclair indicated, NJSBA is continuing efforts to raise awareness of the task force recommendations through engagement with education, government and business organizations. Two current projects, the Equity Council and the Task Force on Mental Health Services in the Public Schools, also fall within this strategic goal area.

The Equity Council consists of board members and experts in various fields. They are advising the Association and local school boards on research and best practices in curriculum, educational opportunity, school climate, policy and other areas. Dr. Penelope Lattimer of the Rutgers Institute for Improving Student Achievement is chairing the Council. Another current project involves the Task Force on Mental Health Services in Public Schools. You only need to read the recent headlines from around the country to know why this topic is so critical to the well-being of our students. The final report will be completed in the near future, and will be shared through our publications and at Workshop 2019.

Dr. Feinsod announced this year's theme for Workshop 2019 is "Imagine, Create, & Lead". This year's keynote speaker will be Ian Hockley, founder of "Dylan's Wings of Change." Ian named the group in honor of his son, who was one of the children killed in the Sandy Hook mass shooting. The organization works to develop youth leadership in schools through a program called "Wingman", which teaches children to be empathetic, courageous, and inclusive. Earlier in the week, Ian spoke at NJSBA's Special Education Symposium. His message was poignant and uplifting, and you could have heard a pin drop in the room. NJSBA has entered a collaborative effort with Dylan's Wings of Change to offer training and resources on social and emotional skill development to New Jersey school districts. School Board Notes will feature an article about the sessions, which will take place in July & August; ELF, the Educational Leadership Foundation of New Jersey, will sponsor training.

Dr. Feinsod stated NJSBA is an advocacy organization and then addressed an issue of critical importance, which is school funding. For about a decade, the state did not run the school funding formula as intended. As a result, over two-thirds of our members and their students paid a very steep price. Today the state is implementing a solution to put the funding formula back on course. Repeatedly, NJSBA has said in public testimony and other public statements that the hard-won increases in funding for the persistently under-aided districts are "sacred and must be untouched." However, another set of districts – approximately one-third of our members, believe that their educational programs and students will suffer due to reductions in aid. He stressed this has been a challenging time for the Association, and NJSBA represents all boards of education, and that our membership is currently divided on this issue.

NJSBA has provided three regional forums for the underfunded school districts to explain their situation. NJSBA also has hosted three regional forums for the districts that would experience aid reductions under the new funding law. Additionally the Association has met with school board leaders of the Fair Funding Action Committee, and the Support our Students Coalition. Throughout this period, NJSBA has taken the following position:

Ensure that no child's education is harmed by cuts in state aid, but do so without impeding the progress in restoring funds to the persistently underfunded districts.

NJSBA is not alone in this issue and many of the state's major education organizations share the Association's position such as the Association of School Administrators, the Association of School Business Officials, the Principals and Supervisors Association, the NJEA and the NJPTA. At various points in time, board members have expressed, "You are doing more for them than you ever did for us." Dr. Feinsod stressed that the Association has advocated for the persistently underfunded districts, and the Association will continue to do so. However, as an advocacy organization, we cannot turn our backs

on those members who say that, because of extenuating circumstances, proposed state aid cuts will hurt their students.

NJSBA's testimony to the Senate and Assembly Education Committees suggest options such as expanded emergency relief and full state funding of extraordinary special education. In particular, changes in special education funding would benefit all school districts. In recent correspondence to the Senate Leadership, NJSBA has possibly identified a source of funding that would help mitigate the negative impact of state aid cuts. Among these line items are non-public school aid, the additional allocations for non-public school aid, the additional allocations for non-public school transportation, and funding for the regulation of adult-use cannabis.

The current situation did not result from the action of local boards of education, but the product of long-term practice by the state. The tension that exists among local school boards is not good for any of us and to quote the famous words of Abraham Lincoln, "A house divided against itself cannot stand." Dr. Feinsod stated, in his long career in education, he has learned that the battles for kids and quality schools never end. Undoubtedly, there will be challenges down the road, which will require NJSBA to stand up for our students, for quality education and for local school board authority. We need to work together in the quest for educational excellence.

Dr. Feinsod shifted his focus to the Association's Strategic Plan; and how the counties will continue to play a major role in professional development and advocacy. He stressed the county associations are a barometer of health of the NJSBA. Six years ago, NJSBA developed a formula to revitalize the county associations with excellent programming, convenient locations and hot food. Attendance at county meetings has been very strong and programming is excellent. He then referred to a slide on the screen that contained topics covered at all county meetings this year. Additionally, several counties hosted Foundations for Success training, and as always, the county associations serve as excellent forums to build relationships and share ideas with our legislative representatives. Dr. Feinsod thanks Ray Pinney and his team for their dedication, and stated he has reached his personal goal of attending meetings in all 21 counties.

In closing, Dr. Feinsod spoke about the Eighth Grade Dialogues and Unsung Heroes Program sponsored by several county associations. The Unsung Heroes program originated in Middlesex County, replicated by four other associations, recognizes students who model good citizenship or who have achieved academic success in the face of significant barriers and challenges. There is nothing more inspiring than hearing the stories of these students. This year, Ray Pinney and Videographer Robin Kampf, produced a series of videos that profiled four of the Unsung Heroes. Both Ray and Robin worked closely with the students, their principals and guidance counselors to capture their unique stories. The results are heartwarming and should remind all of us why we are involved in public education. Dr. Feinsod ended his speech by recognizing Special Education Week, and shared the video of Unsung Hero Brian McAuliffe.

Rules for Conduct of the Delegate Assembly

President Dan Sinclair announced the assembly will use electronic voting cards and explained how to use them.

He then introduced parliamentarian Michelle Bobrow, who was prepared to address any questions about the rules. He then stated the *Rules and Procedures for the Delegate Assembly* are included in the handbooks and *Robert Rules of Order* will be adhered to.

Delegate Assembly was **APPROVED**

Minutes of November 17, 2018

President Sinclair asked the assembly if there were any corrections, additions, or deletions to the minutes.

There were no objections.

Minutes of November 17, 2018- APPROVED

Report of the Nominating Committee

Immediate Past President Don Webster explained the composition of the committee. According to the *Bylaws*, there shall be a standing committee of the Association called the Nominating Committee. It is selected at least 170 days prior to the annual meeting at which the regular election is held. The membership must consist of the following persons:

- Four members of the Board of Directors, one from each the geographical areas of the state as defined in Article 10, elected by the Board of Directors;
- Four persons, one from each of the geographical areas of the state as defined in Article 10, shall be elected by the County School Boards Association presidents;
- Four persons appointed at-large by the President, with the advice and consent of the Board of Directors;
- The Immediate Past President;
- The President as a non-voting member

Committee members serve for a 2- year term and hold office until their respective successors have been elected or appointed. No two members of the Nominating Committee, excluding the president and the Immediate Past President, may represent boards of education in the same county. Committee members shall be eligible to serve on the Nominating Committee for one 2- year term. They would be eligible to serve again after a 2-year break. The President names one member as the chairperson.

No person who serves on the Nominating Committee may be nominated as a candidate for office at the forthcoming election. Vacancies among the members of the committee shall be filled for the unexpired term in the same manner by which the original appointment was made pursuant to our Bylaws; the report of the Association's Nominating Committee was published in School Board Notes and posted on the NJSBA website on April 9, 2019.

The choice of candidates for office is never easy and Immediate Past President Webster took the opportunity to thank fellow members of the committee for the many hours of deliberation spent.

Page 60 in the handbook contains the names and biographical information of the nominees selected by the Nominating Committee. Twelve applications were received, however one withdrew from the interview process. The Association received two for president, four for vice president for county activities, one for vice president for finance and four for vice president for legislation/resolutions. The committee interviewed all eleven candidates and prepared a report naming a candidate for president, vice president for county activities, vice president for finance and vice president for

legislation/resolutions. All candidates nominated by the Committee are eligible to serve pursuant to NJSBA Bylaws.

Immediate Past President Webster nominated the following individuals:

- President- Michael R. McClure, Maple Shade BOE (Burlington)
- Vice President For County Activities- Bruce R. Young, Carlstadt- East Rutherford BOE (Bergen)
- Vice President for Finance- Tammeisha D. Smith, Knowlton Twp BOE (Warren)
- Vice President For Legislation/Resolutions- Karen Cortellino, Montville Twp BOE (Morris)

Report of NJSBA Ad Hoc Committee

Cyndy Jahn, General Counsel provided a brief report on NJSBA's Bylaws.

The Ad Hoc Committee's charge is to review NJSBA's Bylaws for any changes deemed necessary in terms of the needs of NJSBA's membership and the efficient and orderly operation of the Association's governance structure. The Committee recommended the amendments set forth below to the Board of Directors, which approved them. The Board of Directors recommends that the Delegate Assembly approve these recommendations for adoption at the May 18, 2019 Delegate Assembly.

There was a motion made to accept the report by Jeff Fischer, Passaic Co. - Manchester Reg BOE (Passaic)

Bruce Young, Carlstadt- East Rutherford BOE (Bergen) – Second

PASSED – (98% v 2%)

Report of the Vice President for Legislation/Resolutions

Immediate Past President Don Webster presented the Emergency Resolutions Subcommittee report. The cutoff for emergency resolutions was May 8, 2019. The Association received no resolutions. He then presented the Report of the Resolutions Subcommittee.

The Association received one resolution from local boards of education for submission to the agenda for the Annual Delegate Assembly by the official cutoff date on March 5, 2019. One resolution was received past the official cutoff date. A preview of the resolution on the agenda was published in the April 30 issue of *School Board Notes* and placed on the NJSBA website.

He then reminded the Assembly that Rule No.9 of the rules for conducting the Delegate Assembly precludes reconsideration of a resolution or Bylaws amendment and the policy adopted after the delegates have voted on it. If the policy language you prefer has not been moved, you must go to a microphone to amend the original motion before it is voted on. Delegates must write the amendment on the amendment form. They do not have to write either the policy language for the original resolution or the substitute resolved language because the wording is at the podium, in the delegate packet, and the amendment typist has it on the laptop computer.

If you have any suggestions for improving this procedure, a place has been provided for your comments on the delegate questionnaire form you will receive electronically. This procedure comes from your suggestions, so your comments do produce results. Also comments must be new and different than the previous comments and germane to the matter before the body. Procedural questions will be directed to the parliamentarian through the chair. Once the chair rules on the question, the matter is considered final and the meeting proceeds.

Under NJSBA's Bylaws, only certified delegates have the right to both speak and vote on pending matters. Members of the staff; members of the Board of Directors, who are not also at the Assembly as delegates; past presidents of the Association; and county school board presidents; or their designees, are afforded speaking privileges but not the right to vote. Guests do not have speaking privileges. If you wish to speak at any time, please walk to the nearest microphone and you will be recognized in the order you appear at the microphone. Once you are recognized, you must identify yourself by name, board, and state if you are the voting delegate so that the official reporter can keep accurate minutes. You must also state if you are speaking for or against the motion.

It is required that amendments be submitted in writing when the motion is made. It helps greatly when we deliberate and vote because we have the exact wording of your amendment. Please print the amendment language because cursive writing can be very difficult to read.

Resolution No.1 – Weymouth Township BOE (Atlantic)

The resolution proposes additional NJSBA policy on issues related to school funding: (a) The impact of state aid reductions on educational programming and taxpayers, and (b) the method used to determine a school district's local share, which is a factor in the calculation of state aid.

Recommendation

The Resolutions Subcommittee, membership found on page 76-77 of the Handbook, recommend approval of this resolution with the following substitutive resolve clauses to create additional policy language, found on pages 85-86 of the Handbook, to be included in NJSBA's *Manual of Positions and Policies on Education*.

The NJSBA believes in a fair, equitable, and adequate allotment of state aid based upon the most recent enrollment and financial data, including adjustments to ensure full funding under the statutory formula, but that no school district and no student should experience hardship as a result of reductions or other adjustments in state funding.

The NJSBA further believes that the state's school funding formula should address the financial needs of school districts in which exceptional circumstances involving the community's tax base prevent the calculation of a fair and accurate local contribution to the education program.

Further, it is recommended that NJSBA's School Finance Committee conduct a review of the School Funding Reform Act of 2008, particularly the data and methodology used to calculate a district's local share, and report the progress of the study, along with any policy recommendations, to the November 2019 Delegate Assembly.

Policy adopted at the May 2018 Delegate Assembly, Resolution #2 stating File Code 3220 State School Aid is not affected, it reads:

The NJSBA believes that school districts should receive state aid based on the school funding formula in current New Jersey statute, without predetermined growth limits, and calculated based on the most recent and available student population statistics.

Immediate Past President Webster entertained a motion to move the substitute resolved clause as recommended by the Resolutions Subcommittee, found on pages 85-86.

- Henry Goldsmith – Weymouth Township BOE –moved the motion forward
- Regina Discenza – Lacey Township BOE– in favor

He then called to the podium Frank Belluscio III, Deputy Executive Director; Communications Director to discuss the background and research that was involved in the write-up and the subsequent recommendation from the committee.

Discussion on the resolution began:

- Henry Goldsmith- Weymouth Twp. BOE- **In Support**
 - Stated his full support for unfunded districts. He supports equitable funding for all districts. The language in the resolution is different, but will achieve the goal.
- Amy Jablonski- Chesterfield Twp. BOE- **In opposition**
 - Rhetoric is threatening. The districts whose aid were cut, were overfunded for 10 years, and pay less in property taxes.
- Regina Dicznza- Lacey Twp. BOE- **In Support**
- Amy Rafanello- Delran BOE- **In Opposition**
 - Vague & Alarming, walking a slippery slope.
- Anne Erickson- Greater Egg Harbor BOE- **In Support**
 - Adequate funding for all school districts
- Jeff Fischer – Passaic Co- Manchester Regional BOE- **In Support**
 - Special Ed costs, underfunded districts cuts should not have been at the expense of the overfunded districts.
- Michael Skowronski- East Greenwich BOE- **In Opposition**
- Louis Petzinger- Manville BOE – **In Opposition**
- Anthony Neggers- Newton BOE- **In Opposition**
- Ben Forest- Red Bank BOE- **In Opposition**
 - His district is chronically underfunded, even after receiving money
- Cathy Moncrief- Lindenwold BOE- **In Opposition**
 - District underfunded; 16.3 million
- Craig Heilman- Robbinsville BOE- **In Opposition**
 - Every child in NJ matters, funded districts have same argument as underfunded
- Dan Leonard- Toms River Reg. BOE- **In Support**
 - We need to all work together
 - Some towns have not been reassessed in 35 years, pay what is fair and equitable
 - Division in the Association is not a good thing
- Michael Mankowski- Keansburg BOE- **In Support**

Discussion time ran out on the resolution, a vote took place to extend discussion by five minutes

Failed - 2/3 majority needed

Vote on main motion in Support of Resolution

Failed (37% v 63%)

Installation of Officers

Immediate Past President Webster then read the list of officers who have been duly elected by the body to step forward to be sworn in:

- Michael R. McClure- Office of the President
- Bruce R. Young- Office of Vice President for County Activities
- Tammeisha D. Smith – Office of the Vice President for Finance
- Karen Cortellino – Office of Vice President for Legislation/Resolutions
- Daniel Sinclair – Office of the Immediate Past President

He then stated, these people have been chosen by you, in accordance with the NJSBA Bylaws. They are to carry on the trust and office of our association, and to further the betterment of public education in New Jersey, in accordance with the established ethics and policy.

He then asked them to raise their right hands to administer the following oath of office:

Do you solemnly promise to faithfully and impartially perform the duties incumbent upon these offices to the best of your ability for the ensuing two years, or until your successors have been elected and installed ? And do you solemnly agree that you will at all times, to the best of your ability observe the Bylaws, policies, and the code of ethics of the New Jersey School Boards Association ? And do you solemnly promise that you will do everything in your power at all times, to uphold and advance the dignity, the honor, and the service of the Association and assist its members in encouraging and promoting all movements for the betterment of public education in New Jersey ?

He then congratulated the newly installed officers, and turned the gavel over to the newly elected President Michael McClure.

Meeting was adjourned at 10:56 a.m.

Respectfully submitted,



Cynthia J. Jahn, Esq.
General Counsel

May 18, 2019 Delegate Assembly

County	District	Last Name	First Name
Atlantic	Absecon Bd of Ed	Cottrell	Christopher
Atlantic	Egg Harbor Twp Bd of Ed	Della Barca	Louis
Atlantic	Grtr Egg Harbor Reg Bd of Ed	Erickson	Anne
Atlantic	Hamilton Twp Bd of Ed	Erickson	Margaret
Atlantic	Pleasantville Bd of Ed	Thomas	Carla
Atlantic	Weymouth Twp Bd of Ed	Goldsmith	Henry
Bergen	Carlstadt-E Rutherford Bd of Ed	Cruz	Rebecca
Bergen	Cresskill Bd of Ed	Villani	Denise
Bergen	Demarest Bd of Ed	Holzberg	Diane
Bergen	Dumont Bd of Ed	DeWald	Robert
Bergen	East Rutherford Bd of Ed	Zoller	Debra
Bergen	Edgewater Bd of Ed	Stefani-Rackow	Cristina
Bergen	Emerson Bd of Ed	Pressimone	Ann
Bergen	Fair Lawn Bd of Ed	Banta	Eugene
Bergen	Fort Lee Bd of Ed	Morell	Holly
Bergen	Franklin Lakes Bd of Ed	Rosano	Joseph
Bergen	Haworth Bd of Ed	Wunsch	Stacey
Bergen	Ho-Ho-Kus Bd of Ed	Nye	Mary Ellen
Bergen	Leonia Bd of Ed	Albanese	Mary
Bergen	Little Ferry Twp Bd of Ed	Ferrara	Jeanine
Bergen	Mahwah Township Bd of Ed	Wendrychowicz	Peter
Bergen	New Milford Bd of Ed	Ryan	Paige
Bergen	Oakland Bd of Ed	Gaffney	James
Bergen	Old Tappan Bd of Ed	Del Rosso	Melissa
Bergen	Oradell Bd of Ed	Walsh	John
Bergen	Palisades Park Bd of Ed	Jang	Stephanie
Bergen	Park Ridge Bd of Ed	Bradler	David
Bergen	Ramsey Bd of Ed	Schifano	Nicholas
Bergen	Ridgewood Bd of Ed	Wilson	Jeannette
Bergen	River Edge Bd of Ed	Sim	Gyuchang
Bergen	Rutherford Bd of Ed	Healey	Dennis

Bergen	Saddle Brook Bd of Ed	Quinn	Stephen
Bergen	Saddle River Bd of Ed	Valency	Tanya
Bergen	Teaneck Bd of Ed	Williams	Clara
Bergen	Tenafly Bd of Ed	Horan	Janet
Bergen	Westwood Reg Bd of Ed	Swietkowski	Susan
Burlington	Bordentown Reg Bd of Ed	Francisco-Cabus	Eileen
Burlington	Burlington City Bd of Ed	Keefe	Jessica
Burlington	Burlington Twp Bd of Ed	Riggi	Velina
Burlington	Chesterfield Bd of Ed	Jablonski	Amy
Burlington	Delanco Bd of Ed	Litwack	Harry
Burlington	Delran Bd of Ed	Rafanello	Amy
Burlington	Edgewater Park Bd of Ed	Holley	Lester
Burlington	Evesham Twp Bd of Ed	Barbagiovanni	Elaine
Burlington	Lumberton Bd of Ed	Colling	Thomas
Burlington	Maple Shade Bd of Ed	Lotierzo	Lynda
Burlington	Moorestown Twp Bd of Ed	Romano	Lauren
Burlington	Northern Burlington Co Reg BOE	Reading	Angela
Burlington	Pemberton Twp Bd of Ed	Maier	Thomas
Burlington	Southampton Twp Bd of Ed	Rickborn	Louise
Burlington	Tabernacle Twp Bd of Ed	Corey	Gail
Burlington	Willingboro Twp Bd of Ed	McKenzie	Grover
Camden	Berlin Boro Bd of Ed	Quinn	Dennis
Camden	Berlin Twp Bd of Ed	Williams	Mary
Camden	Black Horse Pike Reg Bd of Ed	Wilson	Patricia
Camden	Camden City Bd of Ed	Wilson	Martha
Camden	Cherry Hill Bd of Ed	Neary	Laurie
Camden	Clementon Bd of Ed	Weaver	Christy
Camden	Eastern Camden Co Reg Bd of Ed	Garr	Hillary
Camden	Gibbsboro Bd of Ed	Whyte	Kristi
Camden	Haddon Heights Bd of Ed	Shannon	Melissa
Camden	Haddon Twp Bd of Ed	Kendall	John
Camden	Lindenwold Bd of Ed	Moncrief	Cathy
Camden	Magnolia Bd of Ed	Sorbello	Karen
Camden	Pine Hill Bd of Ed	Gallagher	Leslie
Camden	Waterford Twp Bd of Ed	Chiddenton	Terri

Cape May	Upper Township Bd of Ed	Olenik-Hipkins	Andrea
Cumberland	Fairfield Twp Bd of Ed	Kennedy	Michelle
Cumberland	Maurice River Twp Bd of Ed	Kudla	Stephen
Essex	Belleville Bd of Ed	Lamparello	Christine
Essex	Bloomfield Bd of Ed	Heaney	Thomas
Essex	East Orange Bd of Ed	Tucker	Terry
Essex	Montclair Bd of Ed	De Koninck	Jessica
Essex	So Orange-Maplewood Bd of Ed	Cuttle	Shannon
Essex	West Essex Reg Bd of Ed	Prinzo	Anthony
Essex	West Orange Bd of Ed	Mordecai	Sandra
Gloucester	East Greenwich Bd of Ed	Skowronski	Mike
Gloucester	Elk Twp Bd of Ed	Potter	Cheryl
Gloucester	Franklin Twp Bd of Ed	DeSilvio	Nick
Gloucester	Glassboro Bd of Ed	Hughes	Ryan
Gloucester	Kingsway Reg Bd of Ed	Cavallaro-Fromm	Jennifer
Gloucester	Swedesboro Woolwich Bd of Ed	Ibbotson	Lauren
Gloucester	West Deptford Twp Bd of Ed	Barna	Nancy
Gloucester	Woodbury Bd of Ed	Abbott	Steven
Hudson	Jersey City Bd of Ed	Richardson	Lorenzo
Hudson	Secaucus Bd of Ed	McStowe	Jack
Hunterdon	Bethlehem Twp Bd of Ed	Roosen	Debra
Hunterdon	Hunterdon Co Vocational Bd of Ed	Martin	Elizabeth
Mercer	East Windsor Regional Bd of Ed	Ramachandran	Ram
Mercer	Hamilton Twp Bd of Ed	Cardinale	Cameron
Mercer	Hopewell Valley Reg Bd of Ed	Linthorst	Deborah
Mercer	Lawrence Twp Bd of Ed	Groeger	Jo Ann
Mercer	Princeton Bd of Ed	Stankiewicz	Gregory
Mercer	Robbinsville Bd of Ed	Heilman	Craig
Middlesex	Edison Twp Bd of Ed	Ward	Theresa
Middlesex	Highland Park Bd of Ed	Cimarusti	Darcie
Middlesex	Jamesburg Bd of Ed	Rutsky	Paul
Middlesex	Middlesex Boro Bd of Ed	Hrevnack	John
Middlesex	Monroe Twp Bd of Ed	Lang	Patricia
Middlesex	Piscataway Bd of Ed	Irwin	William
Middlesex	Sayreville Bd of Ed	Ciak	Kevin

Middlesex	South Amboy Bd of Ed	Kasics	Lynn
Middlesex	South Plainfield Bd of Ed	Boyle	Deborah
Monmouth	Asbury Park Bd of Ed	Etienne	Sheila
Monmouth	Atlantic Highlands Bd of Ed	Dougherty	Erin
Monmouth	Belmar Bd of Ed	Adams	Cherie
Monmouth	Freehold Boro Bd of Ed	Jensen	Paul
Monmouth	Henry Hudson Reg Bd of Ed	Mohr	Melissa
Monmouth	Highlands Borough Bd of Ed	Melnyk	Regina
Monmouth	Howell Twp Bd of Ed	Malley	Mary Rose
Monmouth	Keansburg Bd of Ed	Mankowski	Michael
Monmouth	Keyport Bd of Ed	Panzarelli	Ann
Monmouth	Long Branch Bd of Ed	Youngblood-Brown	Tasha
Monmouth	Matawan Aberdeen Reg Bd of Ed	Esposito	Anissa
Monmouth	Neptune City Bd of Ed	Lopez	Antonio
Monmouth	Red Bank Bd of Ed	Forest	Ben
Monmouth	Union Beach Bd of Ed	Boyce	Sarah
Monmouth	Wall Twp Bd of Ed	Zawodniak	Robin
Monmouth	West Long Branch Bd of Ed	Gassman	Lauren
Morris	Boonton Town Bd of Ed	LeFebvre	Irene
Morris	Denville Bd of Ed	Cappello	Dino
Morris	Hanover Twp Bd of Ed	Azzarello	Salvatore
Morris	Harding Twp Bd of Ed	Flynn	John
Morris	Jefferson Twp Bd of Ed	Stewart	Michael
Morris	Montville Twp Bd of Ed	Cortellino	Karen
Morris	Netcong Bd of Ed	Witt	Anne
Morris	Rockaway Twp Bd of Ed	Mezik	Lisa
Morris	Town of Dover Bd of Ed	Ruiz	Karol
Ocean	Jackson Twp Bd of Ed	Rivera	Tara
Ocean	Lacey Twp Bd of Ed	Discenza	Regina
Ocean	Lavalette Bd of Ed	Shohfi	Steve
Ocean	Ocean Gate Bd of Ed	Casey	Richard
Ocean	Ocean Township Bd of Ed	McDowell	Evelyn
Ocean	Toms River Reg Bd of Ed	Leonard	Daniel
Passaic	Bloomington Bd of Ed	Caraballo	Charles
Passaic	Clifton Bd of Ed	Kasper	Frank

Passaic	Lakeland Reg Bd of Ed	Sinclair	Daniel
Passaic	North Haledon Bd of Ed	DeNova	Lucia
Passaic	Passaic Co-Manchester Reg BOE	Fischer	Jeffrey
Passaic	Paterson Bd of Ed	Hodges	Jonathan
Passaic	Pompton Lakes Bd of Ed	Schwartz	Nancy
Passaic	Wayne Twp Bd of Ed	Bubba	Michael
Salem	Penns Grove-Carneys Point BOE	Ashcraft	John
Salem	Pittsgrove Twp Bd of Ed	Miletta	Dominick
Salem	Quinton Bd of Ed	Scull	Tracy
Salem	Woodstown-Piles Grove Reg BOE	Miller	Eileen
Somerset	Bedminster Bd of Ed	Creelman	Judy
Somerset	Central Jersey College Prep Charter School	Lewis	Jackie
Somerset	Hillsborough Twp Bd of Ed	Trujillo	Jean
Somerset	Manville Bd of Ed	Petzinger	Louis
Somerset	Montgomery Township Bd of Ed	Bursh	Phyllis
Somerset	Somerville Bd of Ed	Sergile	Lucien
Somerset	Watchung Bd of Ed	Glasser-Nehls	Georgia
Sussex	Franklin Boro Bd of Ed	Zydon	Sarah
Sussex	Green Twp Bd of Ed	Bilik	Marie
Sussex	Hardyston Twp Bd of Ed	Hoffman	Ronald
Sussex	Newton Bd of Ed	Neggars	Anthony
Union	Cranford Bd of Ed	Hulse	William
Union	Linden Bd of Ed	Johnson	Doris
Union	Mountainside Bd of Ed	Schiano	Candice
Union	Rahway Bd of Ed	Miles	Eric
Union	Roselle Bd of Ed	Ware-Tibbs	Delia
Union	Winfield Bd of Ed	Viteka	Frederick
Warren	Allamuchy Bd of Ed	Strutin	Lisa
Warren	Franklin Twp Bd of Ed	DiGilio	Rudolph
Warren	Frelinghuysen Bd of Ed	Peterson	Eleni
Warren	Greenwich Twp Bd of Ed	Nodes	Scott
Warren	Harmony Bd of Ed	Babula	George
Warren	Hope Twp Bd of Ed	Beatty	Andrea
Warren	Knowlton Twp Bd of Ed	Smith	Tammeisha
Warren	Lopatcong Bd of Ed	Taggart	William
Warren	Mansfield Township Bd of Ed	Momary	James
Warren	North Warren Reg Bd of Ed	Summers	Bethany
Warren	Phillipsburg Bd of Ed	Person	Rosemarie
Warren	Warren Hills Reg Bd of Ed	Marshall	Lisa
Warren	Washington Twp Bd of Ed	Knittel	Jennifer



New Jersey School Boards Association

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ANNUAL REPORT NJSBA AUDIT COMMITTEE REPORT

**By
Laurie Markowski Chairperson**

**Prepared for the Semi-Annual Delegate Assembly
November 23, 2019**

In June 1991, the Delegate Assembly established the Audit Committee. The committee consists of five members appointed by the president. A complete list of the committee members who served during 2018-2019 is attached to this report.

At the March 15, 2019 meeting, the Audit Committee re-appointed Suplee, Clooney & Company to conduct the 2018-2019 audit and reviewed budget transfers.

At the May 10, 2019 meeting, the Audit Committee reviewed and approved the Executive Committee's and Executive Director's out-of-state travel expenses for 2019-2020 and reviewed budget transfers. The approval of the Executive Director's request for prospective out-of-state travel for National Jobs Corps Association Board of Directors' meeting in Washington, DC was also approved as well as an out-of-state trip for the President to Maine for an ESAC Conference.

On September 27, 2019, the Audit committee also reviewed the annual report of aggregate Executive Committee, Executive Director, Board of Directors and staff expenses for 2018-2019, as well as the draft of the 2018-2019 audit.

Mr. Robert Butvilla, partner of Suplee, Clooney & Company reviewed the draft of the 2018-2019 audit report and the internal control process. Mr. Butvilla stated that management was responsive in helping to complete the audit. He briefly addressed the contents of the audited report with the Committee. The contents included the adoption of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement 68). This adoption began with the 2015-2016 audited financial statements.

This year, the state provided numbers for the unfunded liability for retiree benefits of \$10 million. The number is very high for the 11 retirees qualifying for post-retirement health benefits but a decision was made to put these amounts on our report to receive an unmodified opinion. It was concluded that the state assumes all our participants (71) in the state health benefit program qualify for post-retirement health benefits.

The audit was performed in accordance with generally accepted auditing standards (GAAS). As part of the audit planning process, the auditors reviewed the internal controls that affect financial reporting and accounting to form their opinion. The Statement on Auditing Standards, No. 112, issued by the American Institute of Certified Accountants, requires communication in writing concerning accounting policies, estimates, and assertions of management to be presented as a separate document, rather than in the audit report.

In the opinion of our auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New Jersey School Boards Association, as of June 30, 2019 and 2018, and the respective changes in the financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America. The audit resulted in an unmodified opinion that NJSBA systems and procedures function effectively, with the books and records in excellent condition.



New Jersey School Boards Association

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AUDIT COMMITTEE 2018-2021

- 2019-2021 Tammeisha D. Smith, Vice President of Finance, P.O. Box 152, Delaware, 07833
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Phone: 973-222-5741 E-mail: smittt@knowltonschool.com
- 2018-2020 Lucille “Lucy” Bloom, 15 Cheyenne Drive, Parlin, 08859
Sayreville Board of Education, Middlesex County
Phone: 732-727-7591 E-mail: lucy.bloom@sayrevillek12.net
- 2018-2020 Diane Johnson, 1904 45th Street, Pennsauken, 08110
Pennsauken Board of Education, Camden County
Phone: 856-495-2474 E-mail: diane.johnson@pennsauken.net
- 2018-2020 Laurie Markowski, 17 William Barnes Road, Flemington, 08822
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Annual
Financial Report

of the

New Jersey School Boards Association

for the

Years Ended

June 30, 2019 and 2018

Prepared by

New Jersey School Boards Association

Finance Department

NEW JERSEY SCHOOL BOARDS ASSOCIATION

I N D E X

PAGE NUMBER

FINANCIAL SECTION

Independent Auditor's Report	1-3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards	4-5
Management's Discussion and Analysis	6-11

BASIC FINANCIAL STATEMENTS

EXHIBITS

"A"	Statements of Net Position - June 30, 2019 and 2018	12-13
"B"	Statements of Revenue, Expenses and Changes in Net Position for the Years Ended June 30, 2019 and 2018	14
"C"	Statements of Cash Flows for the Years Ended June 30, 2019 and 2018	15
	Notes to Financial Statements - June 30, 2019 and 2018	16-39

SUPPLEMENTARY INFORMATION

SCHEDULES

"R-1"	Schedule of Association's Proportionate Share of the Net Pension Liability – Public Employees Retirement System – Last Ten Years	40
"R-2"	Schedule of Association's Contributions – Public Employees Retirement System – Last Ten Years	41
"R-3"	Schedule Related to Accounting and Reporting for Pension (GASB 68) – Note to RSI III	42
"S-1"	Schedule of Association's Proportionate Share of the Net OPEB Liability – State Health Benefits Local Government Retired Employees Plan - Last Ten Years	43
"S-2"	Schedule of Association's Contributions - State Health Benefits Local Government Retired Employees Plan - Last Ten Years	44
"S-3"	Schedule Related to Accounting and Reporting for OEB (GASB 75) – Note to RSI III	45

FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

New Jersey School Boards Association
413 West State Street
Trenton, New Jersey 08618

Report on the Financial Statements

We have audited the accompanying financial statements of the New Jersey School Boards Association, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the New Jersey School Boards Association, as of June 30, 2019 and 2018, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the basic financial statements, during the year ended June 30, 2019, the Association adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and the schedules related to accounting and reporting for pensions in Schedules R-1 through R-3 and the schedules related to accounting and reporting for OPEB in Schedules S-1 through S-3 identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019 on our consideration of the New Jersey School Boards Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Jersey School Boards Association's internal control over financial reporting and compliance.

September 27, 2019

A handwritten signature in black ink that reads "Suplee, Clooney & Company". The signature is written in a cursive, flowing style.



SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

New Jersey School Boards Association
413 West State Street
Trenton, New Jersey 08618

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Jersey School Boards Association as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise New Jersey School Boards Association's financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Jersey School Boards Association's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of New Jersey School Boards Association's internal control. Accordingly, we do not express an opinion on the effectiveness of New Jersey School Boards Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Association's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

SUPLEE, CLOONEY & COMPANY

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Jersey School Boards Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

September 27, 2019

A handwritten signature in black ink, appearing to read "Suplee, Clooney & Company". The signature is stylized and cursive.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

In this section of the annual report, management of the New Jersey School Boards Association (the "Association") presents a narrative discussion and analysis of the Association's financial activities for the years ended June 30, 2019 and June 30, 2018. This section of the report should be read in conjunction with the Association's audited financial statements and supplementary information for the years ended June 30, 2019 and 2018. The Association's audited financial statements are presented in conformity with U.S. generally accepted accounting principles.

Audit Assurance

The unmodified opinion of our independent auditors, Suplee Clooney & Company, is included in this report.

Financial Highlights

Total assets and deferred outflow of resources at June 30, 2019 were \$19.3 million, a decrease of \$238 thousand from the prior year's total assets of \$19.5 million. The change was comprised of an increase in cash of \$603 thousand, a decrease in accounts receivable of \$5 thousand, and a reduction in property, plant, and equipment and other assets of \$132 thousand, due to depreciation and amortization of these assets of \$480 thousand and additions of \$348 thousand. Additionally, there was a decrease in deferred outflow of resources of \$704 thousand due to changes in the net pension and other post-employment benefit (OPEB) obligations. These transactions are explained in footnotes 1, 6, 8 and 9 and later in this discussion. Current liabilities were \$3.0 million in 2019 and \$1.8 million in 2018. An increase of \$1.2 million was mostly due to an increase of the unpaid portion of the Association Management System (AMS) project invoices of \$84 thousand and an increase in deferred revenue of \$254 as well as the addition of \$815 thousand due to short-term net pension and OPEB obligations. Net pension liabilities decreased \$2.5 million and net OPEB liabilities decreased \$3.7 million, and deferred inflow of resources increased by \$4.9 million due to favorable market investment assumptions.

Membership dues and programs remained almost constant year to year, as well as net membership expenditures.

Overhead expenditures decreased \$319 thousand in 2018-2019. Salaries and benefits increased by \$62 thousand. Pension expense – non-cash portion, decreased to \$379 thousand from \$829 thousand in 2018. The State of New Jersey, Division of Pension and Benefits provides these amounts to us.

The October 2018 net Workshop accounts resulted in an overall increase of 9.4% over the October 2017 Workshop. The largest revenue producing items of registration, commercial exhibits, and sponsorships resulted in an increase in Workshop revenues of 8.5%, while costs increased by 7% due to technology for self-registration stations and additional Wi-Fi throughout the conference center.

Net Fee-Based Services accounted for \$357 thousand, or 18.9%, more than the previous year of \$300 thousand. BoardDocs E-Governance, a successful replacement of the District Manual on the Web, contributed the most to this increase, followed by Manual Writing Services and Superintendent Searches.

Net conference receipts and expenditures increased 29.6% from the previous year, resulting from several new conferences being added.

The iSTEAM and Sustainability area includes \$37 thousand from ACESplus, which is \$15 thousand more than last year. A contribution of \$50,000 was made to Sustainable Jersey which is included in this line item.

Miscellaneous Revenue increased by 21%. The largest contributor to this increase was attributable to TEC (Technology for Careers and Education) fees of \$83 thousand.

Investment income increased 32.4% primarily due to higher interest rates and a higher average investment balance.

Unrestricted cash and Investments of \$6.2 million was \$564 thousand higher in 2019 than in 2018. Cash provided by operating activities was \$725 thousand in 2019 and \$377 thousand in 2018. Cash flows used in investing activities were \$161 thousand in 2019 versus \$303 thousand in 2018.

Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the Association's financial condition and performance. Summary financial statement data, and key financial and operational indicators used in the Association's budget, were used for this analysis.

The financial statements report information about the Association using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; Statements of Cash Flows; and notes to the financial statements.

The Statements of Net Position present the financial position of the Association on a full accrual, historical cost basis. These statements present information on all of the Association's assets and liabilities, with the differences reported as net position. Over time, increases and decreases in net position are indicators of whether the financial position of the Association is improving or deteriorating.

While the Statements of Net Position provide information about the nature and amount of resources and obligations at year-end, the Statements of Revenues, Expenses and Changes to Net Position present the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

The Statements of Cash Flows present changes in cash and cash equivalents, resulting from operational, financing, and investing activities. These statements present cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets occurs.

Beginning in 2015, the Government Accounting Standards Board (GASB) Statement 68 required state and local governmental entities to disclose their unfunded pension liabilities. The Association participates in the pension plan sponsored by the State of New Jersey, which has a much-publicized, large unfunded liability. Although the Association is not responsible for making pension payments to employees when they retire, GASB 68 dictates that the pro-rata share represented by Association employees participating in PERS (Public Employee Retirement System) be reported in the audited financial statements to promote better financial clarity. Understandably, the net pension liability of \$14.6 million and \$17.0 million – shown within long-term liabilities – is a significant amount at June 30, 2019 and 2018, respectively. Footnotes 1 and 6 explain the pension plan accounting in detail.

GASB has also issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This plan is a cost sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding solution. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Association adopted a resolution to provide post-retirement health benefits to employees who retire with 25 years or more of service within the system by December 1, 2001. Eleven retirees meet this requirement and are receiving benefits. One current employee is eligible upon their retirement. The net OPEB liability was \$10.7 million and \$14.4 million – shown within long-term liabilities at June 30, 2019 and 2018, respectively. Footnotes 1, 8 and 9 explain the OPEB plan accounting in detail based on 71 plan members.

The Notes to the Financial Statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Association's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Summary of Organization and Business

The New Jersey School Boards Association was created by the State of New Jersey N.J.S.A. 18A:6-45 in 1914. The Association is a federation of all of the state's boards of education. Each district is required to pay dues annually to the Association. The mission of the Association is to provide training, advocacy and support to advance public education and promote the achievement of all students through effective governance.

The Association's Associate Membership Program for Charter Schools is designed to help charter school trustees and lead persons successfully carry out their responsibilities in policy, governance, finance and negotiations.

Use of Surplus

The balance of the Future Ready Technology Replacement Fund as of June 30, 2018 was \$242 thousand. During the current year, funds in the amount of \$61 thousand were used for the Office 365 installation and for the purchase of new video equipment. \$100 thousand was transferred from surplus from the original request of funds of \$500 thousand, on November 2017. Also, \$100,000 was transferred to a new fund, the Association Management System (AMS) Fund, leaving a balance of \$181 thousand at June 30, 2019. The AMS Fund was established in January 2019 for the purpose of upgrading our current Association Management System. A task force was formed to recommend an improved AMS in alignment with the goals of the NJSBA 2018-2020 Strategic Plan. After more than a year of study, the task force recommended that NJSBA move from its current Personify AMS, which is being phased out, to a cloud-based system offered by Cobalt, an Arlington Virginia- based company that specializes in systems for associations. In addition to the \$100,000 transfer from the Future Ready Fund, \$235 thousand was approved by the Board of Directors and transferred from the operating fund. We have used \$157 thousand of the appropriation to pay Cobalt for the completed work through June 30, 2019, leaving a balance of \$178 thousand. This project is expected to be completed in the first quarter of 2020. The Building Needs Fund spent \$36 thousand on the chiller replacement project which was started in 2018. A few other projects were also completed during this fiscal year. A Honeywell server upgrade was installed and the exterior of the headquarters was painted. \$100,000 of the operating fund was transferred in November for future needs, leaving a balance of \$99 thousand in this fund.

Contacting the Association's Management

If there are any questions concerning the Association's report or if additional information is needed, please contact Dr. Lawrence S. Feinsod, Executive Director; New Jersey School Boards Association, 413 West State Street, Trenton, New Jersey 08618.

Financial Analysis

The following comparative, condensed financial statements and other selected information serve as key financial data and indicators for management, monitoring and planning.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

CONDENSED FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF NET POSITION

	<u>June 30</u>		<u>Variance</u>	
	<u>2019</u>	<u>2018</u>	<u>Dollars</u>	<u>%</u>
Assets and Deferred Outflow of Resources				
Cash and Cash Equivalents - Unrestricted	\$ 6,199,779	\$ 5,636,114	\$ 563,665	10.0%
Cash - Restricted	111,788	72,371	39,417	54.5%
Accounts Receivable - Net	153,768	158,352	(4,584)	-2.9%
Property, Plant and Equipment - Net	7,983,735	8,175,246	(191,511)	-2.3%
Other Assets	202,297	143,220	59,077	41.2%
Deferred Outflow of Resources	4,604,847	5,308,927	(704,080)	-13.3%
Total Assets and Deferred Outflow of Resources	<u>\$ 19,256,214</u>	<u>\$ 19,494,230</u>	<u>\$ (238,016)</u>	<u>-1.2%</u>
Liabilities and Deferred Inflow of Resources				
Current Liabilities	\$ 3,001,009	\$ 1,812,372	\$ 1,188,637	65.6%
Long-Term Liabilities	<u>25,297,790</u>	<u>31,443,579</u>	<u>(6,145,789)</u>	<u>-19.5%</u>
Total Liabilities	<u>28,298,799</u>	<u>33,255,951</u>	<u>(4,957,152)</u>	<u>-14.9%</u>
Deferred Inflow of Resources	11,348,235	6,476,809	4,871,426	75.2%
Net Position				
Board Designated	458,208	297,462	160,746	54.0%
Unrestricted - Undesignated	4,022,975	3,900,223	122,752	3.1%
Unrestricted - Net Pension Liability	(15,785,299)	(15,406,779)	(378,520)	2.5%
Unrestricted - OPEB Liability	(17,070,439)	(17,204,682)	134,243	-0.8%
Net Investment in Facilities	7,983,735	8,175,246	(191,511)	-2.3%
Restricted	<u>0</u>	<u>0</u>	<u>-</u>	<u>-</u>
	<u>(20,390,820)</u>	<u>(20,238,530)</u>	<u>(152,290)</u>	<u>0.8%</u>
Total Liabilities, Deferred Inflow of Resources and Net Position	<u>\$ 19,256,214</u>	<u>\$ 19,494,230</u>	<u>\$ (238,016)</u>	<u>-1.2%</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

CONDENSED FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	June 30		Variance	
	2019	2018	Dollars	%
Membership Dues	\$ 7,112,092	\$ 7,112,000	\$ 92	0.0%
Membership Programs	297,051	302,234	(5,183)	-1.7%
Total Memberships	<u>7,409,143</u>	<u>7,414,234</u>	<u>(5,091)</u>	<u>-0.1%</u>
Membership Expenditures:				
Committees	66,634	70,017	(3,383)	-4.8%
Conferences	40,605	28,189	12,416	44.0%
Membership Services & Programs	192,869	177,393	15,476	8.7%
Publications included with Memberships, Net	19,771	43,847	(24,076)	-54.9%
Travel & Liaison	129,256	132,283	(3,027)	-2.3%
Total Memberships Expenditures	<u>449,135</u>	<u>451,729</u>	<u>(2,594)</u>	<u>-0.6%</u>
Overhead:				
Salaries	5,713,115	5,597,927	115,188	2.1%
Personnel Administration & Training	2,118,608	2,171,950	(53,342)	-2.5%
Pension Expense - non-cash portion	378,520	829,320	(450,800)	-54.4%
Headquarters Housing	391,807	367,242	24,565	6.7%
Amortization & Depreciation Expense	480,167	446,029	34,138	7.7%
Insurance	89,173	86,258	2,915	3.4%
Office Expense	292,582	284,032	8,550	3.0%
Total Overhead Expenditures	<u>9,463,972</u>	<u>9,782,758</u>	<u>(318,786)</u>	<u>-3.3%</u>
Net Memberships	(2,503,964)	(2,820,253)	316,289	-11.2%
Workshop Receipts	2,246,386	2,071,179	175,207	8.5%
Workshop Expenditures	895,942	837,008	58,934	7.0%
Net Workshop	<u>1,350,444</u>	<u>1,234,171</u>	<u>116,273</u>	<u>9.4%</u>
Fee Based Service Receipts	675,506	562,754	112,752	20.0%
Fee Based Service Expenditures	318,214	262,378	55,836	21.3%
Net Fee Based Services	<u>357,292</u>	<u>300,376</u>	<u>56,916</u>	<u>18.9%</u>
Conference Receipts	239,880	191,734	48,146	25.1%
Conference Expenditures	42,774	39,669	3,105	7.8%
Net Conferences	<u>197,106</u>	<u>152,065</u>	<u>45,041</u>	<u>29.6%</u>
Net Publications	23,445	27,607	(4,162)	-15.1%
Net iSTEAM & Sustainability	5,380	59,325	(53,945)	-90.9%
Net Misc. Receipts	156,478	129,333	27,145	21.0%
Net OPEB Expense	134,243	4,936	129,307	2619.7%
Investment Income	<u>127,286</u>	<u>96,109</u>	<u>31,177</u>	<u>32.4%</u>
Net Loss	(152,290)	(816,331)	664,041	-81.3%
Net Position, Beginning of Year	<u>(20,238,530)</u>	<u>(2,212,581)</u>	<u>(18,025,949)</u>	<u>814.7%</u>
Restatement to Include Net OPEB Liability		<u>(17,209,618)</u>	17,209,618	-100.0%
Net Position, Beginning of Year - Restated		<u>(19,422,199)</u>	19,422,199	-100.0%
Net Position, End of Year	<u>\$ (20,390,820)</u>	<u>\$ (20,238,530)</u>	<u>\$ (152,290)</u>	<u>0.8%</u>

BASIC FINANCIAL STATEMENTS

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents - unrestricted	\$ 6,199,779	\$ 5,636,114
Cash - restricted	111,788	72,371
Accounts Receivable	153,768	158,352
Prepaid Expenses	202,297	143,220
<u>Total Current Assets</u>	<u>6,667,632</u>	<u>6,010,057</u>
Fixed Assets:		
Land for HQ	1,686,534	1,686,534
Land	139,040	139,040
Building and Building Improvements	10,625,568	10,575,405
Furniture and Fixtures	864,232	815,111
Computer Hardware and Software	761,132	571,760
Telephone System	38,907	38,907
Automobiles	59,669	59,669
	<u>14,175,082</u>	<u>13,886,426</u>
Less: Accumulated Depreciation and Amortization	<u>(6,191,347)</u>	<u>(5,711,180)</u>
<u>Net Fixed Assets</u>	<u>7,983,735</u>	<u>8,175,246</u>
<u>Total Assets</u>	<u>14,651,367</u>	<u>14,185,303</u>
<u>Deferred Outflow of Resources</u>		
Pension Related	4,520,015	5,306,459
OPEB Related	84,832	2,468
	<u>4,604,847</u>	<u>5,308,927</u>
<u>TOTAL ASSETS AND</u> <u>DEFERRED OUTFLOW OF RESOURCES</u>	<u>\$ 19,256,214</u>	<u>\$ 19,494,230</u>

The accompanying Notes are an integral part of these financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

LIABILITIES, DEFERRED INFLOWS
OF RESOURCES AND NET POSITION

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
Accounts Payable & Accrued Expenses	\$ 1,310,974	\$ 370,631
Payroll Taxes	46,684	42,802
Unearned Revenue	1,149,320	894,827
Accrued Vacation Payable	494,031	504,112
<u>Total Current Liabilities</u>	<u>3,001,009</u>	<u>1,812,372</u>
Long-term Liabilities:		
Net Pension Liability	14,557,227	17,043,915
Net OPEB Liability	10,740,563	14,399,664
	25,297,790	31,443,579
<u>Total Liabilities</u>	<u>28,298,799</u>	<u>33,255,951</u>
<u>Deferred Inflow of Resources</u>		
Pension Related	5,012,683	3,669,323
OPEB Related	6,335,552	2,807,486
	11,348,235	6,476,809
<u>Net Position</u>		
Unrestricted - Board Designated:		
Building Needs Allocation	98,579	54,663
Future Ready Technology Replacement	181,508	242,799
Association Management System	178,121	-
Total Unrestricted - Board Designated	458,208	297,462
Unrestricted - Undesignated	4,022,975	3,900,223
Unrestricted - Net Pension Liability	(15,785,299)	(15,406,779)
Unrestricted - OPEB Liability	(17,070,439)	(17,204,682)
Net Investment in Capital Assets	7,983,735	8,175,246
Restricted	-	-
<u>Total Net Position</u>	<u>(20,390,820)</u>	<u>(20,238,530)</u>
<u>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</u>	<u>\$ 19,256,214</u>	<u>\$ 19,494,230</u>

The accompanying Notes are an integral part of these financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Membership Dues	\$ 7,112,092	\$ 7,112,000
Membership Programs	297,051	302,234
Total Memberships	<u>7,409,143</u>	<u>7,414,234</u>
Membership Expenditures:		
Committees	\$ 66,634	\$ 70,017
Conferences	40,605	28,189
Membership Services & Programs	192,869	177,393
Publications included with Memberships, Net	19,771	43,847
Travel & Liaison	129,256	132,283
Total Memberships Expenditures	<u>449,135</u>	<u>451,729</u>
Overhead:		
Salaries	\$ 5,713,115	\$ 5,597,927
Personnel Administration & Training	2,118,608	2,171,950
Pension Expense non-cash portion	378,520	829,320
Headquarters Housing	391,807	367,242
Amortization & Depreciation Expense	480,167	446,029
Insurance	89,173	86,258
Office Expense	292,582	284,032
Total Overhead Expenditures	<u>9,463,972</u>	<u>9,782,758</u>
Net Memberships	\$ (2,503,964)	\$ (2,820,253)
Workshop Receipts	\$ 2,246,386	\$ 2,071,179
Workshop Expenditures	895,942	837,008
Net Workshop	<u>1,350,444</u>	<u>1,234,171</u>
Fee Based Service Receipts	\$ 675,506	\$ 562,754
Fee based Service Expenditures	318,214	262,378
Net Fee Based Services	<u>357,292</u>	<u>300,376</u>
Conference Receipts	\$ 239,880	\$ 191,734
Conference Expenditures	42,774	39,669
Net Conferences	<u>197,106</u>	<u>152,065</u>
Net Publications	\$ 23,445	\$ 27,607
Net iSTEAM & Sustainability	\$ 5,380	\$ 59,325
Net Misc. Receipts	\$ 156,478	\$ 129,333
Operating Loss	\$ (413,819)	\$ (917,376)
Investment Income	\$ 127,286	\$ 96,109
Net Loss	\$ (286,533)	\$ (821,267)
Net Position, Beginning of Year	\$ (3,033,848)	\$ (2,212,581)
Net Position, End of Year	<u>\$ (3,320,381)</u>	<u>\$ (3,033,848)</u>

The accompanying Notes are an integral part of these financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATIONSTATEMENTS OF CASH FLOWFOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Collections from Customers	\$ 11,162,342	\$ 11,289,541
Payments to Vendors and Employees	<u>(10,437,307)</u>	<u>(10,912,403)</u>
Net Cash Provided by Operating Activities	\$ <u>725,035</u>	\$ <u>377,138</u>
Cash Flows from Investing Activities:		
Purchases of Equipment	\$ (288,656)	\$ (399,579)
Interest	<u>127,286</u>	<u>96,109</u>
Net Cash Used in Investing Activities	\$ <u>(161,370)</u>	\$ <u>(303,470)</u>
Net Change in Cash and Cash Equivalents	\$ 563,665	\$ 73,668
Cash and Cash Equivalents, Beginning of Year	\$ <u>5,636,114</u>	\$ <u>5,562,446</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>6,199,779</u></u>	\$ <u><u>5,636,114</u></u>
Reconciliation of Operating Income to:		
Net Cash Provided by Operating Activities:		
Operating Loss	\$ (413,819)	\$ (917,376)
Depreciation	445,129	404,370
Amortization	35,038	4,710
Pension Expense	378,520	829,320
Deferred Compensation	-	36,949
Changes in Operating Assets and Liabilities:		
Accounts Receivable	4,584	(37,020)
Restricted Cash	(39,417)	(26,808)
Prepaid Expenses	(59,077)	7,308
Accounts Payable and Accrued Expenses	119,584	57,982
Other Liabilities	<u>254,493</u>	<u>17,703</u>
Net Cash Provided by Operating Activities	\$ <u><u>725,035</u></u>	\$ <u><u>377,138</u></u>

The accompanying Notes are an integral part of these financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The New Jersey School Boards Association (the "Association") was created by the State of New Jersey N.J.S.A. 18A:6-45 in 1914. The Association is a state federation of all district boards of education. Each district is required to annually pay dues to the Association. The mission of the Association is to provide training, advocacy and support to advance public education and promote the achievement of all students through effective governance.

Reporting Entity

The Association's financial statements include all operations and management of the organization. The Board of Directors consists of the officers of the Association and 26 members as follows:

- a. One from each county of the State, who shall be elected by the district boards of education acting through the school boards association of each county;
- b. Three members elected by the members of the Urban Boards Committee, provided that no member elected pursuant to this subsection be a member of a local board on which another member of the Board of Directors already serves;
- c. One member who shall be appointed by the president with the advice and consent of the Board of Directors, and who shall be a member of a county vocational board of education, provided that no member appointed pursuant to this subsection may be a member of a local board on which another member of the Board of Directors already serves;
- d. One member elected by the members of the County Association Leadership, provided that no member elected pursuant to this subsection may be a member of a local board on which another member of the Board of Directors already serves; and
- e. Any board of education member who is elected as an officer or board of directors member of the National School Boards Association, and whose district board of education is in good standing with the Association, shall serve as a non-voting member of the Board of Directors for the duration of his or her NSBA term of office.

Regular members of the Board of Directors other than officers shall be elected or appointed for a term of three years. There is one alternate for each director, selected in the same manner as the director by the same authority, for a three-year term. The officers are elected for a two-year term. Among other duties and authority, the Board of Directors implements the purposes of the Association and exercises general supervision over its affairs, between meetings of the delegates; they adopt the annual budget and approve the annual audit of the Association; and are authorized to transact the business of the Association and enter into contracts on behalf of the Association. There are no additional entities required to be included in the reporting entity, and the Association is not included in any other reporting entity.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

The Association implemented Governmental Accounting Standards Board (GASB) 68 in 2015. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this statement. This statement is effective for periods beginning after June 15, 2014.

The Association has also implemented GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date* – an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity contributes to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions (Continued)

At transition to Statement No. 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 requires that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No.68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

Under GAAP, the Association is required to recognize the pension liability in the Statement of Net Position and Notes to the Financial Statements in accordance with GASB No.68. The liability required to be displayed by GASB No. 68 is displayed as a separate line item in the Long-Term Liabilities area of the Statement of Net Position.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement no. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, authorities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet. Currently, the unfunded OPEB liability of the Bureau as of June 30, 2019 is not available and the OPEB liability as of June 30, 2018 is presented

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Association has only two items that qualify for reporting in this category, deferred amounts related to pensions and OPEB.

In addition to liabilities, the statement of net position will sometimes report a separate section or deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Association has two items that qualify in this category, deferred amounts related to pensions and OPEB.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for proprietary funds as prescribed by the GASB. Proprietary fund revenues and expenses are recognized on the accrual basis. Accordingly, revenues are recognized in the accounting period in which they are earned and become measurable. Membership dues collected in the current fiscal year, which are due in the next fiscal year, are recorded as unearned revenue. Expenses are recognized in the period incurred if measurable. Under GASB Statement No. 34, for financial reporting purposes, the Association is considered a special-purpose government entity engaged only in business-type activities.

Concentration of Credit Risk

The Association maintains its cash balances in financial institutions, which are insured by the Federal Deposit Insurance Corporation up to \$250,000 each and the remaining bank balance is covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). Our bank, Investors Bank, is certified by the Department of Banking and Insurance for participation in the GUDPA system.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within 3 months of purchase. Balances may exceed FDIC limits. The Association believes it is not exposed to any significant credit risks.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable consists of various amounts receivable from member boards of education and corporate partners for conferences, fee-based services, advertising, and other member program services. Accounts deemed uncollectible are directly written off.

Investments

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The Association classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value. Authorized investments include the following:

- a. Certificates of Deposit or other interest-bearing deposits of New Jersey financial institutions, which are certified as Public Depositories for accepting public funds by the State Commissioner of Banking, according to the provisions of the GUDPA. There is no dollar limitation on funds placed in GUDPA depositories.
- b. Money market funds of authorized financial institutions (GUDPA depositories).
- c. The State of New Jersey Cash Management Fund.
- d. Obligations of the U.S. Government or obligations guaranteed by the U.S. Government.

Deferred Pension Cost

The deferred pension cost was amortized on a straight-line method over the 15-year remaining life of the agreement with the State of New Jersey. At June 30, 2019, the deferred pension cost was fully amortized. Amortization expense amounted to \$36,949 for the fiscal year ended June 30, 2018.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the related assets. Asset lives used in the calculation of depreciation are as follows:

Buildings and Improvements	33 ½ years
Office Equipment	5 years
Furniture and Fixtures	10 years
Telephone System	10 years
Computer Hardware and Software	3 years
Vehicles	3 years

Estimates and Uncertainties

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Association is a governmental unit as described in Section 170(c) (1) of the Internal Revenue Code and in accordance with Section 115 of the Code, is not subject to income taxes.

(2) CASH – RESTRICTED

The Association's cash restricted accounts consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Trust - ACES	<u>\$111,788</u>	<u>\$ 72,371</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(3) INVESTMENTS

At June 30, 2019 and 2018, the Association's cash was invested in a money market and an interest bearing account.

(4) DESIGNATED NET POSITION

The Association has designated certain funds as restricted by the Board of Directors.

The Strategic Plan Fund was not funded during 2018-2019. The remaining balance of \$5,747 was spent during 2017-2018 on new computer switches.

At the May 2017 Board of Directors meeting, the board unanimously approved a transfer from surplus of \$225,000 into the Building Needs Fund to replace the chiller, which was not replaced during the renovation of the headquarters in 2010. During 2017-2018, we spent \$181,648 for the chiller, \$7,228 for computer switches, and \$22,153 for a new copier, leaving a balance of \$54,663. During 2018-2019, we spent another \$35,968 on the chiller, as well as a Honeywell server upgrade, and the exterior of the headquarters was painted. In addition, in November 2018, the Board of Directors approved a transfer of \$100,000 from the operating fund for future needs, leaving a balance of \$98,579 in the fund.

The Board of Directors approved a one-time expenditure not to exceed \$500,000 from the free balance to a Future Ready Technology Fund to replace/upgrade elements of the Association's technological infrastructure. The Association transferred \$400,000 to the Fund, and during the year used it to replace our desktop and laptop computers. We also purchased software and printers, leaving a balance of \$242,799 at June 30, 2018. During 2018-2019, funds were used for the Office 365 installation and for the purchase of new video equipment. Also, \$100,000 was transferred to a new fund, the Association Management System Fund (AMS), leaving a balance of \$181,508 at June 30, 2019.

The AMS Fund was established in January 2019 for the purpose of upgrading or replacing our current Association Management System. In addition to the \$100,000 transfer from the Future Ready Fund, \$234,688 was approved by the Board of Directors' and transferred from the operating fund. We have used \$156,666 of the appropriation to pay Cobalt, the company selected by the staff task force to replace our current system. The balance of the AMS Fund at June 30, 2019 is \$178,121.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(5) PROPERTY AND EQUIPMENT - GROSS

Property and equipment are summarized as follows for June 30:

	<u>2019</u>	<u>2018</u>
Property and Equipment		
Land in Hamilton, NJ	\$ 1,686,534	\$ 1,686,534
Land in Trenton, NJ	139,040	139,040
Building and Improvements	10,625,568	10,575,406
Furniture and Fixtures	672,353	667,153
Computer Hardware and Software	761,132	571,760
Office Equipment	191,879	147,957
Telephone System	38,907	38,907
Vehicles	<u>59,669</u>	<u>59,668</u>
Total Property and Equipment	\$ <u>14,175,082</u>	\$ <u>13,886,425</u>
	<u>2019</u>	<u>2018</u>
Accumulated Depreciation and Amortization		
Building and Improvements	\$ 4,903,014	\$ 4,629,088
Furniture and Fixtures	562,254	495,279
Computer Hardware and Software	500,144	380,306
Office Equipment	127,359	114,726
Telephone System	38,907	38,150
Vehicles	<u>53,669</u>	<u>53,630</u>
Total Accumulated Depreciation and Amortization	<u>6,191,347</u>	<u>5,711,179</u>
Property and Equipment, Net	\$ <u>7,983,735</u>	\$ <u>8,175,246</u>

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS

Deferred Compensation Plan

The Association's deferred compensation program is offered to all Association employees. The program was created in accordance with Sections 403(b) and 457 of the Internal Revenue Code. The program is offered by the Association through two program administrators, The Variable Annuity Life Insurance Company ("VALIC") and The Metropolitan Life Insurance Company ("Metlife"). Amounts deferred under this plan are to be held for the exclusive benefit of participating employees and are not accessible by the Association or its creditors.

The Association has a Deferred Compensation Plan pursuant to Section 403(b) of the Internal Revenue Code. The Association does not contribute to the Plan. All amounts deferred under the 403(b) plan are the property of the employee.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January 1955 under the provisions of *N.J.S.A. 43:15A* to provide coverage to substantially all full time employees of the State or any county, municipality, school board or public agency provided the employee is not a member of another state-administered retirement system.

Subsequent legislation has changed the enrollment and retirement criteria for PERS members enrolled as of certain dates and defined them as tiers in the following manner:

Tier 1 – Members who were enrolled prior to July 1, 2007

Tier 2 – Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008

Tier 3 - Members who were eligible to enroll on or after November 2, 2008 and on or before May 21, 2010

Tier 4 - Members who were eligible to enroll after May 21, 2010 and before June 28, 2011

Tier 5 - Members who were eligible to enroll on or after June 28, 2011

The minimum retirement age requirement for PERS members is age 60 for Tier 1 and Tier 2 members, age 62 for Tier 3 and Tier 4 members, and age 65 for Tier 5 members. The formula to calculate the maximum annual pension for Tier 1, Tier 2, and Tier 3 is:

$$\frac{\text{Years of Service}}{55} \times \text{Final Annual Average Salary} = \text{Retirement Allowance}$$

The formula to calculate the maximum annual pension for Tier 4 and Tier 5 is:

$$\frac{\text{Years of Service}}{60} \times \text{Final Annual Average Salary} = \text{Retirement Allowance}$$

Final Average Salary for Tier 1, Tier 2, and Tier 3 members means the average salary for the 36 months immediately preceding retirement. For Tier 4 and Tier 5 members the Final Average Salary is the average of their salary for the last 60 months immediately preceding retirement.

The Association made contributions of \$739,587 and \$690,788 to PERS for the fiscal years ended June 30, 2019 and 2018, respectively.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2018. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2018.

Public Employees Retirement System (PERS)

At June 30, 2018, the State reported a net pension liability of \$14,557,228 for the Association’s proportionate share of the total net pension liability. The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. The Association’s proportion of the net pension liability was based on a projection of the Association’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Association’s proportion was 0.0 7393396 percent, which was an increase of 0.0007162378 percent from its proportion measured as of June 30, 2018.

Funding Policy for PERS

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by legislation. Chapter 78, P.L. 2011 provided for an increase in the employee contribution rates: from 5.5 percent to 6.5 percent plus an additional 1 percent phased-in over seven years beginning in the first year, meaning after 12 months, after the bill’s effective date for PERS which was June 28, 2011. PERS provides for employee contributions of above mentioned percentages of employees’ annual compensation, as defined. The Association is required to contribute at an actuarially determined rate to PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Funding Policy for PERS (Continued)

For the year ended June 30, 2018, the State recognized an actuarially determined pension expense of \$1,113,925 for the Association's proportionate share of the total pension expense. The pension expense recognized in the Association's financial statement based on the April 1, 2018 billing was \$678,284.

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience	\$ 75,062	\$ 277,609
Changes of assumptions	4,654,627	2,398,790
Net difference between projected and actual earnings on pension plan investments	136,547	
Changes in proportion and differences between Bureau contributions and proportionate share of contributions	146,447	1,108,212
	<u>\$5,012,683</u>	<u>\$3,784,611</u>

Other local amounts reported by the State as the Association's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended <u>June 30</u>	<u>Amount</u>
2019	\$ 293,388
2020	52,469
2021	(810,728)
2022	(677,133)
2023	<u>(86,068)</u>
	<u>(\$1,228,072)</u>

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which rolled forward to June 30, 2018. These actuarial valuations used the following assumptions:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.25 Percent	2.25 Percent
Salary Increases (based on age)		
Though 2026	1.65-4.15 Percent	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent	7.00 percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Fund	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Market Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(6) PENSION AND OTHER DEFERRED COMPENSATION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB #68

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00 as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the participating employers as of June 30, 2018 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease 4.66%	At Current Discount Rate 5.66%	1% Increase 6.66%
Association's proportionate share of the pension liability	\$18,304,037	\$14,557,228	\$11,413,895

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(7) EMPLOYEE HEALTH INSURANCE

Contributions by Employees

Participating Association staff members contribute from 10 percent to 35 percent of the total premium cost. In the same law (Chapter 78, P.L. 2011) referred to above in the Funding Policy for PERS section, health care contributions are incrementally changing over time, effective June 28, 2011. This change is determined by type of coverage: single, family, member/spouse/partner/child coverage, and by salary.

In 2019 and 2018, the Association paid \$987,745 and \$959,651 for staff health care premiums. This was offset by contributions of \$236,789 and \$228,369, or 24 percent and 23.8 percent, respectively.

(8) POST RETIREMENT HEALTH INSURANCE

The Association provides post-retirement health benefits to employees who retired with 25 years or more of service within the system by December 1, 2001. Employees with ten (10) or more years of service may also qualify for benefits under the Disability Retirement Provisions of the Plan. Currently eleven retirees meet this requirement and are receiving benefits. In addition, one current employee is eligible upon their retirement.

Plan Description

The Association contributes to the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents. The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions>.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(8) POST RETIREMENT HEALTH INSURANCE (CONTINUED)

Funding Policy

Contributions to pay for the health premiums of participating employees in the SHBP are billed to the Association on a monthly basis. Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. The Association's contributions to the SHBP for the years ended June 30, 2019 and 2018 were \$79,156 and \$111,122, respectively, which equaled the required contributions for each year. Additionally, the Association reimbursed eleven retirees for Part B Federal Medicare premiums, for a cost of \$26,365 and \$21,300 for the years ended June 30, 2019 and 2018, respectively.

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the Association has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health and prescription. Currently, the unfunded OPEB liability and the participating local group as of June 30, 2019 is not available.

Under current New Jersey budget requirements, the Association is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Contributions

The Association's contributions to SHBP for the years ended June 30, 2018, 2017 and 2016 were \$111,122, \$115,845, and \$107,392 respectively, which equaled the required contributions for each year.

Total OPEB Liability

At June 30, 2018, the Plan reported a liability of \$10,740,563 for the Association's proportionate share of the collective net OPEB liability. The total OPEB liability measured as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Association's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2017 through June 30, 2018.

At June 30, 2018, the Association's proportion was 0.068557 percent, which was a decrease of 0.001975 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the State reported OPEB expense of \$418,018. This OPEB expense was based on the OPEB plans June 30, 2018 measurement date.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Total OPEB Liability (Continued)

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience		\$2,180,717
Changes of assumptions		2,724,485
Net difference between projected and actual earnings on OPEB plan investments	\$ 5,676	
Changes in proportion		1,430,350
Association contributions subsequent to the measurement date	79,156	
	<u>\$84,832</u>	<u>\$6,335,552</u>

The \$84,832 reported as deferred outflows of resources related to OPEB resulting from Association contributions subsequent to the measurement date (i.e. for the year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total OPEB Liability (Continued)

Other local amounts reported by the State as the Association's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2019	(\$1,005,500)
2020	(1,005,500)
2021	(1,005,500)
2022	(1,006,100)
2023	(1,007,069)
Thereafter	<u>(1,300,206)</u>
	<u>(\$6,329,875)</u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Inflation	2.50 Percent	2.50 Percent
Salary Increases (based on age)		
Though 2026	1.65-8.98 Percent	1.65-8.98 Percent
Thereafter	2.65-9.98 Percent	2.65-9.98 Percent

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the July 1, 2016 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan — the Police and Firemen Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2010 to June 30, 2013 and July 1, 2011 to June 30, 2014, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(9) ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS
OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Association's Proportionate Share of the OPEB Liability to Changes in
the Discount Rate

The following presents the OPEB liability associated with the Association as of June 30, 2018, calculated using the discount rate as disclosed above as well as what the OPEB liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease <u>2.87%</u>	At Current Discount Rate <u>3.87%</u>	1% Increase <u>4.87%</u>
Association's proportionate share of the OPEB liability	\$12,749,823	\$10,740,563	\$9,146,799

Sensitivity of the Association's Proportionate Share of the OPEB Liability to Changes in
Healthcare Trends

The following presents the total OPEB liability associated with the Association as of June 30, 2018, calculated using the healthcare trend rate as disclosed above as well as what the OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Association's proportionate share of the OPEB liability	\$8,833,075	\$10,740,563	\$13,273,685

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(10) LEASES

Operating Leases

The Association currently leases various equipment under non-cancelable operating lease agreements expiring on various dates through June 30, 2021. Future minimum lease payments under all non-cancelable operating leases as of June 30, 2019 are as follows:

	<u>Amounts</u>
Year Ending:	
2020	39,402
2021	16,321
Thereafter	<u>-</u>
Total	<u>\$55,723</u>

Total rent expenses, inclusive of usage charges on leased equipment, included as a charge to operations, amounted to \$40,331 and \$40,621 in 2019 and 2018, respectively.

(11) RELATED ORGANIZATION

The Electric Discount and Energy Competition Act of 1999 designated the New Jersey School Boards Association ("NJSBA") as a "governmental aggregator" for school district purchasing of deregulated electricity and gas. The New Jersey School Boards Association, the New Jersey Association of School Business Officials ("NJASBO"), and the New Jersey Association of School Administrators ("NJASA") signed a formal agreement to co-sponsor the Alliance for Competitive Energy Services, ("ACES") for local school district joint purchasing of electricity and other energy services on the open market. Because of the legal designation of "governmental aggregator", NJSBA is prohibited from realizing excess revenues in its role as a sponsor of ACES. The financial records of ACES are maintained on a calendar-year basis and are subject to independent audit.

Gable Associates of Highland Park, New Jersey, an energy environmental and public utility consulting firm, is under contract to perform the administrative functions of ACES. All fees due to Gable Associates are contingent upon the successful performance of the Alliance in securing and delivering discounted energy.

The NJSBA, NJASBO, and NJASA formed a Trust that agreed to share equally the direct administrative costs and expenses that were incurred by ACES during the startup process.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(12) USE OF SURPLUS

In November 2017, the Board of Directors allowed a one-time expenditure not to exceed \$500,000 to replace/upgrade elements of the technological infrastructure. \$400,000 was transferred to the Future Ready Technology Fund from the free balance. The majority of the money spent from this fund was for new desktop and laptop computers, printers, and software. The balance in this Fund at June 30, 2018 was \$242,799. During the current year, funds were used for the Office 365 installation and for the purchase of new video equipment. Also, \$100,000 was transferred to a new fund, the Association Management System (AMS) Fund, leaving a balance of \$181,508 at June 30, 2019. In addition to the \$100,000 transfer from the Future Ready Fund, \$234,688 was approved by the Board of Directors and transferred from the operating fund surplus. After paying Cobalt during the fiscal year, the company selected by the staff task force to replace our current system, the AMS Fund has a balance of \$178,121 at June 30, 2019. The Building Needs Fund spent \$35,968 during 2018-2019 to complete the chiller replacement. A Honeywell EBI upgrade was installed and the exterior of the headquarters was painted. \$100,000 of the operating fund was transferred in November for future needs, leaving a balance of \$98,579 in this fund.

(13) RESTATEMENT

As stated in Note 9, in 2019, the Association implemented GASB 75. As a result, the Authority's Net Position at June 30, 2018 was restated as follows:

	<u>Governmental Activities</u>
Beginning Net Position 6/30/18	\$ (2,212,581)
Adjustments:	
Recognition of Net OPEB Liability (Measurement Date)	<u>(17,209,618)</u>
Beginning Net Position 6/30/18 (as Restated)	<u><u>\$ (19,422,199)</u></u>

The Unrestricted Net Position balance was restated to properly reflect the Association's Net Position under GASB 75.

(14) COMMITMENTS AND CONTINGENCIES

In the opinion of management, claims or lawsuits incidental to the business of the Association have been adequately provided for in the financial statements.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

(15) FUTURE COMMITMENTS

The Association has entered into various contracts with vendors and facilities for workshops and conferences extending into the future. The values of these contracts at June 30, 2019 are \$434,184.

(16) SUBSEQUENT EVENTS

The Association has evaluated subsequent events occurring after the financial statement date through September 27, 2019 which is the date the financial statements were available to be issued. Based on this evaluation, the Association has determined that no subsequent events have occurred which require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Association's Proportionate Share of the Net Pension Liability (Asset)	Association's Proportionate Share of the Net Pension Liability (Asset)	Association's Covered-Employee Payroll	Association's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered- Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2014	0.0627282930%	\$ 11,744,452	4,519,279	259.87%	40.71%
2015	0.0675394347%	\$ 15,161,250	4,614,496	328.56%	42.74%
2016	0.0694470870%	\$ 20,568,235	5,032,005	408.75%	40.14%
2017	0.0732177222%	\$ 17,043,915	5,088,478	334.95%	36.78%
2018	0.0739339600%	\$ 14,557,228	4,980,783	292.27%	40.45%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULE OF THE ASSOCIATION'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Contractually</u> <u>Required</u> <u>Contribution</u>	<u>Contributions in</u> <u>Relation to the</u> <u>Contractually</u> <u>Required</u> <u>Contributions</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Association's</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>	<u>Contributions as</u> <u>a Percentage of</u> <u>Covered-</u> <u>Employee</u> <u>Payroll</u>
2014	\$ 517,123	\$ 517,123	\$ -0-	4,519,279	11.44%
2015	\$ 580,658	\$ 580,658	\$ -0-	4,614,496	12.58%
2016	\$ 616,958	\$ 616,958	\$ -0-	5,032,005	12.26%
2017	\$ 678,284	\$ 678,284	\$ -0-	5,088,478	13.33%
2018	\$ 735,404	\$ 735,404	\$ -0-	4,980,783	14.76%

41 Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE YEAR ENDED JUNE 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (3.58%) to the current measurement date (3.87%), resulting in a change in the discount rate from 5.00% to 5.66%. This change in the discount rate is considered to be a change in actuarial assumptions under GASB No. 68.

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST TEN YEARS

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net OPEB</u> <u>Liability</u>	<u>Authority's</u> <u>Proportionate</u> <u>Share of</u> <u>the Net OPEB</u> <u>Liability (Asset)</u>	<u>Authority's</u> <u>Covered-Employee</u> <u>Payroll</u>	<u>Authority's</u> <u>Proportion Share</u> <u>of the Net OPEB</u> <u>Liability (Asset)</u> <u>as a percentage</u> <u>of it's Covered-</u> <u>Employee Payroll</u>	<u>Plan Fiduciary</u> <u>Net Position</u> <u>as a percentage</u> <u>of the total</u> <u>OPEB Liability</u>
2017	0.0070532%	\$ 14,399,664	\$ 5,088,478	282.99%	1.03%
2018	0.0685570%	\$ 10,740,563	\$ 4,980,783	215.64%	1.97%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULE OF THE ASSOCIATION'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Authority's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2017	\$ 306,728	\$ 306,728	\$ -0-	5,088,478	6.03%
2018	\$ 325,470	\$ 325,470	\$ -0-	4,980,783	6.53%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

NEW JERSEY SCHOOL BOARDS ASSOCIATION
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR OPEB (GASB 75)
NOTE TO RSI III
FOR THE YEAR ENDED JUNE 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The discount rate changed from 3.58% to 3.87% as of
June 30, 2018.



REPORT OF THE LEGISLATIVE COMMITTEE

By

Dr. Karen Cortellino, M.D.

Vice President for Legislation/Resolutions

Prepared for the November 23, 2019 Delegate Assembly

As Vice President of Legislation/Resolutions, I would like to report the Legislative Committee's activities since the May 18, 2019 Delegate Assembly.

CHARGE:

1. The Committee shall encourage, promote and assist in the development of local, county and Statewide legislative networks.
2. The Committee may initiate legislative policy recommendations for consideration by the Board of Directors or the Delegate Assembly.
3. The Committee shall review issues and NJSBA's advocacy agenda and offer input on these matters.
4. The Committee shall clarify existing positions on legislation by analyzing bills pending in the Legislature.
5. The Committee shall recommend a biannual legislative agenda.
6. The Committee members may be called upon to testify at meetings and hearings of the State Legislature on issues.
7. The Committee shall serve as a membership base for the Resolutions Subcommittee.
8. The Committee members may participate in NJSBA's legislative training activities.
9. The Committee shall review federal legislation and other initiatives that affect local school boards and offer input on these matters.
10. The Committee shall serve as a united voice for the needs of all children by testifying, initiating local resolutions, writing/meeting/telephoning legislators, and communicating with local board members at county functions.

At the heart of the Committee's charge is its crucial service as a link between local boards of education and the New Jersey School Boards Association on current legislative and administrative code issues. Committee members encourage, promote and assist in the development of local, county and Statewide legislative networks.

The Legislative Committee consists of 80 members and alternates who represent their respective legislative districts. Having members from all legislative districts ensures that each legislator is contacted on a regular basis by board members who advocate and champion the needs of 1.4 million public school children. Having active Committee members and alternates ensures a stronger and more consistent message to ALL legislators. Please look at the vacancy list below. If you know of any board members in your district who would be great in our advocacy efforts, let us know.

Legislative Committee Vacancies

LD # County

2-alt Atlantic
13-alt Monmouth
19-alt Middlesex
20-mem Union
20-alt Union

30-alt Monmouth and Ocean
33-mem Hudson
33-alt Hudson
40-alt Bergen, Essex, Morris, Passaic

Since the last report, the Committee met on May 11, 2019 and September 14, 2019 and had discussions and received updates on various issues including:

May 11, 2019

Opening Remarks: Opening comments from President Dan Sinclair and Dr. Larry Feinsod, followed by quorum count and new board member introduction.

Dr. Feinsod introduced the special guest speaker, Honorable Gary S. Stein, former Justice of the New Jersey Supreme Court, who discussed the impending Desegregation Lawsuit. Justice Stein is president of the NJ Coalition for Diverse and Inclusive Schools that filed suit in superior court a year ago seeking a remedy for the de facto racial segregation in NJ public schools. After months of meetings with representatives of the DOE and Attorney General's office and the recognition those discussions are stalled, they asked to return to court to litigate the issue. Justice Stein explained the type of de-facto segregation that is within NJ, which is based on circumstance. Justice Stein also provided an in-depth overview of the racial statistics within the urban school districts vs suburban school districts. He reviewed the resources available for each, as well as the history of the Abbot school districts and charter schools. Justice Stein discussed his strategies in addressing this issue, which are primarily voluntary. The first involves a magnet school initiative, and then an inter-district school choice initiative.

State Legislative Updates:

Ms. Sharon Seyler discussed the status of S3381, sponsored by Sen. Ruiz. A bill that would have helped the debate regarding graduation requirements passed but stalled in the Assembly. This measure would have amended the provisions of current law concerning the graduation proficiency test to allow for the development of statewide assessments in reading, writing and computational skills. It would also have eliminated the requirement that the assessment be administered to 11th graders, knowing this grade is busy with preparing for SAT's, ACT's, or other entrance exams. Ms.

Seyler and Mr. Vrancik will be attending the Joint Committee on the Public Schools hearing later in the week, where this issue will be discussed.

Ms. Seyler reminded the committee of NJSBA's annual Legislative Day on Thursday, May 16, at the Trenton War Memorial. This event is held in conjunction with the NJPTA, and Cary Booker, the governor's education advisor, is the key speaker. There will be a panel of scheduled legislators to discuss school funding, assessments, special education and mental health issues. A separate panel, consisting of various key education association governmental relations staff, will address current topics that school districts have. A NJ Census presentation, given by Peter Chen, Advocates for Children of NJ policy counsel, is also on the agenda.

Ms. Seyler was invited by a committee member to attend a Lacey Township school event, along with Congressman Andy Kim. They had the pleasure of watching a school play, listening to a performance by the school band, as well as touring their autism section. This district is losing money because of S2, and they wanted the Congressman to see some of the school's key programs they would like to maintain.

Mr. John Burns discussed S477, scheduled to be signed on May 13 by the governor. This bill extends the statute of limitations in civil actions for sexual abuse claims from 2 years to 37 years. It also allows those who may have been precluded under the 2 year statute of limitations from filing a suit, to be able to refile their suit, as long as it's completed within the next 2 years. Mr. Burns suggested that board members talk with their board attorneys and insurance carriers, to discuss how this new law may impact insurance premiums.

Mr. Burns mentioned the State Board of Education recently passed regulations creating the teacher-leader endorsement on the instructional certificate. A teacher-leader is someone for whom districts would employ to assist teachers in bringing data into the classroom, to ensure students are receiving the data school districts have. It is important to note this is not a mandatory endorsement but rather permissive; you can still have someone in your district engaged in teacher-leader activities without having the endorsement. Mr. Burns answered the additional questions from the committee.

Mr. Jonathan Pushman discussed the two bills that the Association strongly opposes, A3395 and A3664. A3395 places expensive hurdles for school districts seeking to outsource non-instructional programs and services. A3664 would establish tenure-like protections for school district support staff and would subject a board's personnel decisions to costly, protracted challenges through binding arbitration. Mr. Pushman reminded members of the sample resolutions that are available for boards, which formally oppose both measures. Both bills had been released by the Assembly Labor Committee in March and were scheduled for a floor vote in the Assembly, and were then pulled.

Mr. Pushman also discussed the bill that covers Chapter 78 relief, S2606, which would cap the amount that employees contribute to their health care premiums, and A4352, which revises health care levy adjustment for school district and imposes cap on contributions by public employees for health care benefits. The Association opposes these bills, as it would undo the progress accomplished through Chapter 78. The Association has received public statements from Senate President Sweeney that the bill will not pass in the Senate, and has not had traction in the General Assembly.

Mr. Pushman mentioned the Path to Progress report, which was the focus at November's DA meeting. Senate President Sweeney and other legislators have been holding a series of town hall meetings to promote the recommendations of the report. The report was issued by the NJ Economic and Fiscal Policy Workgroup and includes a series of proposals aimed at improving the state's fiscal condition. The proposals that would affect school districts include Health Benefits, Regionalization and Special Education. No legislation to implement these proposals has been introduced yet.

Mr. Christopher Jones discussed the proposed FY2020 Budget, which the governor gave at his annual Budget Address on March 6. As expected, this is the first state budget process under S2, which passed last summer. This legislation sought to "restore fairness to the state's school aid formula" according to its sponsors. The law repealed statutory the growth caps and eliminates adjustment aid over a six-year phase-in. Districts that received funds greater than the new calculations produce are scheduled to have that difference reduced by 13% in the upcoming year. Conversely, districts receiving less than the calculation under S2 are scheduled to receive a "proportionate share" of additional funds made through the new calculation. Mr. Jones mentioned the application process for emergency relief through the DOE.

Committee Sharing:

. A motion was moved to approve the 2019-2020 Legislative Committee meeting dates.

. A member mentioned a new bill, A764. In January 2019, the governor signed legislation, known as "Alyssa's Law," requiring that all public schools be equipped with a panic alarm for use in a school security emergency. The law, which goes into effect Sept. 1, directs the state to reimburse school districts for the full cost of the panic alarms or alternative mechanisms, including those installed prior to the bill's enactment. The member mentioned to propose working on legislation to change the law to eliminate the word "silent" and "inaudible". Mr. Jones mentioned this law requires the state pay for the alarm system, and it's an unfunded mandate. Proceeds of the bond act will be used to fund the full cost of these systems, and districts will be eligible for reimbursement for the costs of any installation that occurs before the law goes into effect.

. A member mentioned with S2, his district has been substantially impacted and a school may have to close. He asked if the Association can address this. Mr. Vrancik responded that based on his many meetings with legislators, the DOE and two hearings, there seems to be a consensus the state wants to move forward with the amendments to the law. However, the chair of the Senate Budget committee recently said the state will need to address the unintended consequences. An appropriations bill will be passed sometime in June, and the language provision for emergency aid will be further identified. It was mentioned the School Finance Committee meets following the Legislative Committee meeting, and they address funding questions, if anyone would like to attend a meeting.

. The meeting closed with Mr. Sinclair introducing the new Officers, who will be sworn in at the May DA.

September 14, 2019

Opening Remarks: Dr. Karen Cortellino was introduced as the newly elected Vice President for Legislation and Resolutions. Dr. Cortellino thanked the board members for their commitment to serving on the committee, and noted the local control members provide ensures high performing schools. Opening comments from President Michael McClure and Dr. Larry Feinsod followed by quorum count and new board member introduction.

Legislative Updates:

Mr. John Burns provided recent State Board and legislative updates. In June the State Board changed leadership, and former board member and Legislative Committee member, Kathy Goldenberg, is the new president of the board. Bill S3433, Mallory's Law, was introduced in June and approved by the Senate within 3 days. This bill would make adjustments to the anti-bullying law. It would designate school resource officers as an anti-bullying specialist, and would mandate the executive county superintendent become involved in disciplinary decisions in regards to determinations of bullying. The association is concerned on this legislation, and suggesting alternatives to it. NJSBA is currently working with its partner organizations to draft responsible amendments that meet the policy goals of the legislation, while providing local flexibility for boards of education to meet individual student needs. A copy of the bill will be sent to committee members after the meeting.

Mr. Jonathan Pushman provided labor relations updates. Mr. Pushman discussed the superintendent salary cap. The governor signed the legislation, S-692/A-3775 over the summer, which effectively eliminates the superintendent salary cap. The bill explicitly prohibits the DOE from regulating the maximum salary a school district may pay its superintendent of schools. With the removal of the restriction, school districts still have to comply with the following spending constraints under statute and code: the 2% cap on increases in the school tax levy; the Administrative Spending Growth limit, and DOE review of superintendent employment contracts, based on criteria designed to limit excessive compensation packages. The association is pleased this bill has passed the governor's desk.

Mr. Pushman also discussed health care reform. School districts that participate in the School Employees Health Benefits Program (SEHBP) will find the cost to the board will drop on January 1, 2020. Just this week, the premium rates for the 2020 plan year for both SEHBP and the State Health Benefits Plan (SHBP) were approved. Overall rates for both plans will decline for the year. The SEHBP rates for medical and prescription coverage will decline by 4.5% for active employees, and 4.8% for early retirees; rates will increase for retirees on Medicare by 8.4%. The combined rate decrease for the plans is 2.3%.

About 30% of school district employees are enrolled in the School Employees' Health Benefits Program. For local government employers, the SHBP rates will decrease by 4.3% for active employees, and stay flat for early retirees and retirees on Medicare. (State government workers are also covered under the SHBP.) The combined rate decrease for the plans is 3.8%. This will also provide chapter 78 relief to employees if they are in that plan. SEHBP and SHBP rate renewals information will be sent to members following the meeting.

Mr. Pushman provided an overview of health care legislation. The Path to Progress report, headed by Senate President Sweeney, has allowed him to have town hall meetings throughout the state the past few months. After the last committee meeting in May, the Senator unveiled a package of 27 bills that would implement the recommendations in the report. Bills directly affecting districts focus on reducing public employee health care costs, special education funding, and school district regionalization and consolidation. There has been little movement as the legislature has been on a hiatus, and action on the bills may start in the “lame duck” session following November’s elections.

Mr. Pushman reviewed S3754, which terminates SEHBP; terminates SHBP Plan Design Committee; transfers coverage from SEHBP to SHBP; requires certain plans with no employee or retiree contribution; imposes limit on health care benefits for public employees. Mr. Pushman mentioned Speaker Coughlin announced legislation aimed at reducing the cost of health benefits for the state’s public school teachers. A5814/S4114 requires the SEHBP to provide only 3 plans that employees may select from in years 2020-2024 for health care benefits coverage. Senate President Sweeney reaction was not favorable, as he has his own competing reforms via the Path to Progress report, so discussions will be ongoing and the Association is reviewing the legislation.

Ms. Tammeisha Smith, Vice President of Finance, mentioned that as we receive a reduction in the SEHBP, please ensure your BA and HR professionals are aware effective January 1, 2020, Horizon will be the sole carrier for active employees; Aetna will no longer be the carrier

Mr. Christopher Jones provided an update on school funding. The FY2020 State Budget was passed at the end of June. The percentage for school funding was at 39%, which in the past has been 36-37%. He suggested that NJSBA’s Governmental Relations Department could provide help with inquiries concerning emergency aid for districts negatively impacted by S-2 amendments.

Mr. Jones discussed the status of Alyssa’s Law, requiring every school to have an alarm system to be hooked up to the local police department. The bond referendum approved by the voters in November 2018 was to provide resources for local districts but the approval of debt has been stalled pending formal release of the grant applications.

In the state budget, the legislature added 50 million dollars for extraordinary special education. This has been an underfunded issue; and Mr. Jones explained the threshold rates in detail.

Ms. Sharon Seyler mentioned over the summer, the Governmental Relations staff conducted their annual legislative office visits, which included visits to three congressional offices. Regarding Pre-K expansion, Ms. Seyler referenced the Pre-K coalition committee meetings she attends. This coalition, formed by the DOE, partners with ACNJ (Advocates for children of NJ) and are conducting application seminars to learn how to complete applications for these funds. Ms. Seyler discussed the obstacles to receiving funds that exist in some of the eligible districts, specifically adequate facilities. The application states a certain amount of square footage of space to accommodate 15 students in a room, but some districts do not have the space and are therefore not eligible. ACNJ is providing solutions for districts. A member mentioned he will be providing an overview of the procedures his district followed to receive Pre-K funding at Workshop, Tuesday October 22 if anyone would like to attend.

Ms. Seyler introduced the guest speaker, Ms. Diane Pasculli, Deputy Assistant Commissioner for Performance, DOE, who gave an extensive overview of the Assessments guidelines that are currently being developed at the DOE. A copy of Ms. Pasculli's presentation will be sent out following the meeting.

Committee Sharing

. A draft copy of the Advocacy Agenda for 2020-2021 was provided; members are asked to review it and be prepared to discuss at the next committee meeting, December 7. The agenda will then be sent for approval at the January BOD meeting.

. Mr. Vrancik discussed the districts that have been affected by reduced school aid, and several members voiced their concerns. A Hillsborough member mentioned her resolution has been submitted for the November 23 DA meeting and she asked for the committee members consideration.

Staff

Michael Vrancik, Director, Governmental Relations

Cyndy Jahn, Esq., General Counsel

Raymond Pinney, Director, County Activities and Member Engagement

John Burns, Esq., Counsel

Christopher Jones, Legislative Advocate

Jonathan Pushman, Legislative Advocate

Sharon Seyler, Legislative Advocate

Anette Airey, Administrative Assistant



New Jersey School Boards Association

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LEGISLATIVE COMMITTEE ROSTER **11-23-19**

State District	Name	Title	Board of Education
1	Vacancy	Member	
	Josephine Sharpe	Alternate	Wildwood City (Cape May)
2	Peter Castellano	Member	Egg Harbor Township (Atlantic)
	Kristy Bird	Alternate	Egg Harbor Township (Atlantic)
3	Carolyn Kegler	Member	Logan Township (Gloucester)
	Cheryl Potter	Alternate	Elk Township (Gloucester)
4	Candice Zachowski	Member	Washington Township (Gloucester)
	John Shaw	Alternate	Winslow (Camden)
	Maryjo Dintino	Resource	Gloucester Township (Camden)
5	Martha Wilson	Member	Camden City (Camden)
	Joseph Coldren	Alternate	Woodbury (Gloucester)
6	Joyce Miller	Member	Gibbsboro (Camden)
	Carol Matlack	Alternate	Cherry Hill (Camden)
7	Lester Holley	Member	Edgewater Park (Burlington)
	Sean Toner	Alternate	Palmyra (Burlington)
8	Dennis Quinn	Member	Berlin Borough (Camden)
	Thomas Maier	Alternate	Pemberton (Burlington)
9	Kim Hanadel	Member	Pinelands (Ocean)
	Regina Discenza	Alternate	Lacey Township (Ocean)
10	Steve Shohfi	Member	Lavallette (Ocean)
	Michael Horgan	Alternate	Toms River (Ocean)
11	Bob English	Member	Eatontown (Monmouth)
	Dr. Paul Christopher	Alternate	West Long Branch (Monmouth)
12	Angela Reading	Member	Northern Burlington Reg. (Burlington)

	Tara Rivera	Alternate	Jackson (Ocean)
13	Melissa Mohr	Member	Henry Hudson (Monmouth)
	Matthew Kitchen	Alternate	Keansburg (Monmouth)
14	Elliott Stroul	Member	Jamesburg (Middlesex)
	Steven Riback	Alternate	Monroe (Middlesex)
15	Jo Ann Groeger	Member	Lawrence Township (Mercer)
	Deborah Linthorst	Alternate	Hopewell Township (Mercer)
16	Barry Nathanson	Member	South Brunswick (Middlesex)
	Jean Trujillo	Alternate	Hillsborough (Somerset)
	Arthur Robinson	Resource	South Brunswick (Middlesex)
17	Anthony Brooks	Member	North Brunswick (Middlesex)
	Dr. Tom Connors	Alternate	Piscataway (Middlesex)
18	Deborah Boyle	Member	South Plainfield (Middlesex)
	Anthony Razzano	Alternate	South River (Middlesex)
19	Daniel Harris	Member	Woodbridge (Middlesex)
	Lynn Kasics	Alternate	South Amboy (Middlesex)
20	Vacancy	Member	
	Vacancy	Alternate	
21	Vacancy	Member	
	Robin McKeon	Alternate	Bernards Township (Somerset)
22	Deborah Bridges	Member	Rahway (Union)
	Sharon Schueler	Alternate	Middlesex Borough (Middlesex)
23	Teresa Kane	Member	Milford (Hunterdon)
	Lisa Marshall	Alternate	Warren Hills (Warren)
24	Robert Carlson	Member	Wallkill Valley Regional (Sussex)
	Bethany Summers	Alternate	North Warren (Warren)
25	Dino Cappello	Member	Denville (Morris)
	Michael Bertram	Alternate	Morris Hills Regional (Morris)
26	Vacancy	Member	
	Alison Cogan	Alternate	Parsippany Troy (Morris)
27	Elizabeth Baker	Member	South Orange-Maplewood (Essex)
	Pamela Chirls	Alternate	Livingston (Essex)
	Stephanie Lawson-Muhammad	Resource	South Orange-Maplewood (Essex)

28	Jill Fischman	Member	Bloomfield (Essex)
	Reginald Bledsoe	Alternate	Newark (Essex)
29	Nelson Barrera	Member	Belleville (Essex)
	Yambeli Gomez	Alternate	Newark (Essex)
30	Albert Miller	Member	Howell Township (Monmouth)
	Vacancy	Alternate	
31	Lorenzo Richardson	Member	Jersey City (Hudson)
	Joel Torres	Alternate	Jersey City (Hudson)
32	Christina Stefani-Rackow	Member	Edgewater (Bergen)
	Adam Parkinson	Alternate	West New York (Hudson)
33	Vacancy	Member	
	Vacancy	Alternate	
34	Judith Bassford	Member	Clifton (Passaic)
	Jessica De Koninck	Alternate	Montclair (Essex)
	Cameron B. Jones, Sr.	Resource	East Orange (Essex)
35	John Vander Molen	Member	Passaic Co. Manchester Reg. (Passaic)
	Anyelis Diaz	Alternate	Haledon (Passaic)
36	Jeanine Ferrara	Member	Little Ferry (Bergen)
	William Barnaskas	Alternate	Bergen County Spc Svcs (Bergen)
37	Clara Williams	Member	Teaneck (Bergen)
	Paula Colbath	Alternate	Fort Lee (Bergen)
	Lauran Tuck	Resource	Fort Lee (Bergen)
38	John Walsh	Member	Oradell (Bergen)
	Joseph Steele	Alternate	New Milford (Bergen)
39	Charles Caraballo	Member	Bloomingtondale (Passaic)
	Peter Wendrychowicz	Alternate	Mahwah Township (Bergen)
	Jeffrey Pollack	Resource	Dumont (Bergen)
40	Catherine Kazan	Member	Wayne (Passaic)
	Vacancy	Alternate	



REPORT OF THE SCHOOL FINANCE COMMITTEE **Prepared for the Annual Delegate Assembly** **November 23, 2019**

CHARGE:

To solicit input from a cross-section of interested current and former board members on issues related to school finance and the fiscal implications of proposed legislative education reforms.

Members of the Committee were selected using the criteria of school District Factor Group (DFG) designation, district size, and geographical location of the district. A survey was then sent to a group of selected members to confirm their interest and indicate their availability for conference call and in-person meetings.

REPORT:

The School Finance Committee has met twice since the May 2019 Delegate Assembly:

May 11, 2019 meeting **Opening Remarks**

On Monday, May 13, the Senate Community and Urban Affairs Committee will have a hearing, including a bill that would require municipalities to share in PILOT payments with school districts. It raises an issue with what happens if districts receive additional monies. The legislation, with last minute amendments, would require that to the extent, and there is a methodology that dictates how much the PILOT payments would have to yield to districts based on the nature of constructions projects, etc. This is line with our policies. A concern is an amendment that would be offered at the committee that suggests any PILOT money a districts receives from a municipality in the form of additional monies they weren't receiving before has to go to reduce the district levy. It limits how the district can use the money.

A copy of the resolution to be discussed at the May 18 Delegate Assembly was provided. Weymouth had discussed the impact of S2 within their district, as roughly 25% of their jurisdiction is a senior citizen mobile home community. They are losing adjustment aid, both this year and next year as part of the implementation of S2, and they need to raise their local levy. A quarter of the property are mobile home units and not considered permanent structures, so the property is not taxed, with only the land being taxed. When the town raised the tax to off-set the loss of adjustment aid, the tax increase disproportionately impacts the other 75% of the people who live in the town, as they pay a higher proportion to off-set that 25% of their properties that are not taxed. Weymouth also expressed concern, as they joined a lawsuit that suggests the formula the state uses for school funding reform act is flawed, in the way the local fair share is calculated does not work.

The committee chairman posed the question of what was changed in the calculation that made his district closer to being fully funded than they had thought. Mr. Vrancik explained there are a series of mathematical equations in the formula to derive what every districts adequacy budget should be. This formula yields a calculation based on the characteristics of individual students.

There are per-pupil adequacy amounts for elementary students, with weighting-factors for middle school and high school students, and additional factors for English language learners, special learning needs and at-risk students. At the end of this series of calculations, an adequacy budget is determined for each district reflecting their total cost to provide an adequate education. From each district's adequacy budget a local fair share amount, based on income and property wealth calculations for each district. This reflects the amount that they are required to raise through their local school levy to support the overall adequacy budget. Mr. Vrancik also explained the Educational Adequacy Report issued every third year addressing adjustments to the per-pupil amounts and the attached weighting-factors.

As a background, one of the committee's missions is to "monitor the school funding law in New Jersey and its impact on all types of school districts in the state of New Jersey." Per the Weymouth resolution, the School Finance Committee was tasked with conducting a review of School Funding Reform Act (SFRA), particularly the data and methodology used to calculate a district's local share, and report the progress of the study, along with any policy recommendations, to the November 2019 Delegate Assembly.

September 14, 2019

Opening Remarks

Since the Weymouth Resolution did not pass at the May 18, 2019 Delegate Assembly, the next steps for the committee is to review the impact of some of the proposals included in the Path to Progress report, particularly increased special education funding and costs and other implications of regionalization.

Two Monroe BOE members attended as guests, Patricia Lang and Steven Reiback. They asked the committee to review their board's resolution they would like submitted for the November 23, 2019 Delegate Assembly, as well as review their responses to the Association's Position and Policies on Education (handouts provided). The Monroe BOE's resolution identifies issues for districts with enrollments that exceed the capacity of their current facilities. Monroe has had a dramatic increase in student enrollment and has not received voter support for referendums to expand their space. Even though they have received an increase from the provisions of S2, the amount of money received from the state is a relative small percentage in their total spending.

Mr. Reiback and Ms. Lang pointed out almost 60% of their town's population are senior citizens who have not been supportive of levy increases to pay for facility expansion referendums. The 2% levy cap has hurt them as well as they do not have enough funds in their operating budget.

They are asking for the state to create a new funding formula to address their concerns. Dr. Connors asked what the Monroe board would like the committee to accomplish, as the resolution

does not mention the School Finance Committee. Mr. Vrancik proposed the following: to have the resolution submitted to the committee requesting specific changes; the committee works with the board to formulate a resolution and submitted for the May Delegate Assembly; or the board works with the committee to propose changes that would help other districts as well. The committee reviewed the FY2020 State Budget handout, specifically for education. Mr. Jones proposed a revised resolution that includes advocacy for a funding formula that would factor in a district's capacity for the students they have. After a lengthy discussion, the consensus was the board will work with the committee, and submit a resolution for the May 2020 Delegate Assembly. Following this meeting, Mr. Vrancik and Mr. Jones will review the current resolution, send drafts to the committee members, and the committee can further discuss at the next committee meeting, December 7.

Discussion Items

Mr. Vrancik gave an update on the Path to Progress report. Senate President Sweeney had conducted a series of town hall meetings throughout the state to raise awareness of the issues included in the Path to Progress report. Subsequently Senator Sweeney unveiled a package of 27 bills that would implement the recommendations contained in the report issued by the New Jersey Economic and Fiscal Policy Workgroup in August of 2018.

According to a press release issued by the Senate Majority Office, the bills are “designed to fix New Jersey’s fiscal crisis, restore the stability of the pension system and save tens of billions of dollars for taxpayers.” The workgroup’s recommendations include strategies to lower public employee health benefit costs, reform special education funding and promote government efficiency through shared services. Mr. Vrancik mentioned the committee will need to analyze the details of the bills before taking a position.

Mr. Vrancik mentioned another item to be addressed at the December committee will be potential legislation allowing districts to exceed the 2% levy cap to meet their local share requirements under the School Funding Reform Act (SFRA). Districts that want to exceed the levy cap now must get voter approval via a second ballot question. For many districts, especially in light of aid reductions per S-2, this will be an important discussion item.

School Finance Committee 2019-2020

Dr. Tom Connors, <i>Chair</i>	Piscataway	Middlesex
Judith Bassford	Clifton	Passaic
Deborah Boyle	South Plainfield	Middlesex
Daniel Harris	Woodbridge Township	Middlesex
Cathy Kazan	Wayne Township	Passaic
Joseph Steele	New Milford	Bergen
Jean Trujillo	Hillsborough	Somerset
Clara Williams	Teaneck	Bergen

Resource

George Babula
Paula Colbath
Matthew Kitchen
Angela Reading

Staff

Michael Vrancik
Christopher Jones
Anette Airey

Director, Governmental Relations
Legislative Advocate
Administrative Assistant



REPORT OF THE SPECIAL EDUCATION COMMITTEE

Irene LeFebvre, Chair

Prepared for the Annual Delegate Assembly

November 23, 2019

As Chair of the Special Education Committee, I would like to report on the Special Education Committee's activities since the May 2019 Delegate Assembly.

CHARGE:

The Special Education Committee shall prepare and present appropriate testimony on special education issues affecting the delivery of special education services to children in New Jersey and in support of Association policies. The Committee shall report periodically to the Delegate Assembly and may recommend positions on special education issues for consideration by the Board of Directors.

MEETINGS:

The Special Education Committee met on May 18 and September 25, 2019. The agendas of those meetings included the topics and presentations outlined below.

Presentation from NJDOE Staff

Carolyn Marano, Assistant Commissioner, Division of Student Services and Dominic Rota, Director, Office of Special Education Policy and Dispute Resolution, Division of Student Services gave a presentation to the committee on efforts to streamline the special education dispute process. These included efforts such as specialized training for administrative law judges, increased efforts in mediation, and the designation of hearing officers to assist in the resolution of disputes. Ms. Marano and Mr. Rota also spoke of efforts to work directly with local districts to assist them with their local special education programs.

Presentation from National School Boards Association on the IDEA

Ms. Deborah Rigsby from NSBA gave a presentation to the committee concerning federal legislative efforts to increase funding for the Individuals with Disabilities Education Act. This includes:

IDEA Full Funding Act (H.R. 1878 / S. 866) -- When the Individuals with Disabilities Education Act was passed in 1975, Congress committed to paying 40 percent of the associated price tag. However, the federal government is currently only paying 14 percent of those costs. This bill would increase spending to the mandated 40 percent over a period of 10 years.

IDEA High Cost Pool Funding Act, (H.R. 5976) -- Helps states cover the exceptional costs for high needs students with disabilities, including supports, resources, and one-on-one instruction for the students most in need. The IDEA High Cost Pool Funding Act would provide additional support to states that set up "pools" to help reimburse local schools for special educational services that are more than the average per pupil expenditure.

Funding Early Childhood is the Right IDEA Act (H.R. 4107) -- Both federal grant programs to assist states with early intervention services for children with disabilities ages 3-5 and 0-3 – Part B, Section 619 and Part C of the Individuals with Disabilities Education (IDEA) Act respectively– are in high demand and are underfunded. The number of students requiring the services they provide has been increasing at a faster rate than the funding the programs are receiving. Adjusted for inflation, per-child funding for both Section 619 and Part C have decreased from their peaks by more than 64%. The Funding Early Childhood is the Right IDEA Act assist 1.16 million children. The bill includes authorization levels for IDEA Part C and Section 619 Preschool Grant Programs and authorizes a five-year glide path to full funding.

Ms. Rigsby encouraged the members of the committee to support these bills.

SPECIAL EDUCATION COMMITTEE MEMBERS 2019-20

Member Name

Irene LeFebvre, *Chair*
 Cherie L. Adams
 Rita Barone
 Gerard Crisonino
 Sheli Dansky
 Lisa Marshall
 Cathy A. Moncrief
 Sharon Schueler
 Eleanore Shaffer

District Name

Boonton Town Bd. of Ed
 Belmar Bd. of Ed
 Watchung Hills Regional Bd. of Ed
 Berkeley Heights Bd. of Ed
 River Edge Bd. of Ed
 Warren Hills Regional Bd. of Ed
 Lindenwold Bd. of Ed
 Middlesex Borough Bd. of Ed
 Hampton Twp. Bd. of Ed

Staff

John J. Burns, Esq.
 Michael A. Vrancik

Counsel
 Director, Governmental Relations



REPORT OF THE RESOLUTIONS SUBCOMMITTEE

by

**Karen Cortellino
Vice President for Legislation/Resolutions**

**Prepared for the Semiannual Delegate Assembly
November 23, 2019**

The Resolutions Subcommittee met Saturday, October 5, 2019 at NJSBA Headquarters, Trenton, to review the resolutions that will come before the Semiannual Delegate Assembly on November 23, 2019.

The Association received 1 resolution from a local board of education for submission to the agenda for the Semiannual Delegate Assembly by the official cutoff date on September 19. One resolution was received past the official cutoff date. Pursuant to Article V, Section 6, action taken by the Resolutions Subcommittee may be overridden upon a motion and simple majority vote. The motion to override must state specifically the remedy sought by the moving party. The motion to override shall not be subject to debate except that both the maker of the motion and the chair of the Resolutions subcommittee shall be given three minutes to address the delegates concerning the motion.

Enclosed is the resolution admitted to the Delegate Assembly agenda by the subcommittee.

Enclosure



RESOLUTIONS SUBCOMMITTEE OF THE LEGISLATIVE COMMITTEE

JANUARY--DECEMBER 2019

CHAIR **Karen Cortellino**, NJSBA VP for Legislation/Resolutions

REGION A - MEMBERS

District 2	Peter Castellano,	Egg Harbor Twp. BOE (Atlantic)
District 5	Martha Wilson,	Camden (Camden)
District 6	Joyce Miller,	Gibbsboro BOE (Camden)
District 8	Dennis Quinn,	Berlin Borough BOE (Camden)

REGION B – MEMBERS

District 11	Bob English,	Eatontown BOE (Monmouth)
District 15	Jo Ann Groeger,	Lawrence Twp. BOE (Mercer)
District 13	Melissa Mohr	Henry Hudson BOE (Monmouth)
District 17	Dr Tom Connors,	Piscataway Township BOE (Middlesex)

REGION C – MEMBERS

District 22	Deborah Bridges,	Rahway BOE (Union)
District 24	Robert Carlson,	Wallkill Valley Regional BOE (Sussex)
District 26	Vacant	
District 30	Albert Miller,	Howell BOE (Monmouth)

REGION D – MEMBERS

District 34	Judith A. Bassford,	Clifton BOE (Passaic)
District 35	John Vander Molen,	Passaic Co-Manchester Reg. BOE (Passaic)
District 40	Catherine Kazan,	Wayne Twp. BOE (Bergen)
District 37	Clara Williams,	Teaneck BOE (Bergen)

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REGION A – ALTERNATES

District 3	Carolyn Kegler,	Logan Twp. BOE (Gloucester)
District 7	Lester Holley	Edgewater Park BOE (Burlington)
District 8	Thomas Maier,	Pemberton Twp. BOE (Burlington)
District 10	Steve Shohfi,	Lavalette BOE (Ocean)

REGION B – ALTERNATES

District 13	Maryann Fiel	Highlands Borough BOE (Monmouth)
District 14	Steven Riback,	Monroe BOE (Middlesex)
District 17	Anthony Brooks,	North Brunswick BOE (Middlesex)
District 19	Daniel Harris,	Woodbridge Twp. BOE (Middlesex)

REGION C – ALTERNATES

District 22	Sharon Schueler,	Middlesex Borough BOE (Middlesex)
District 25	Michael Bertram	Morris Hills Regional BOE (Morris)
District 27	Elizabeth Baker	South Orange-Maplewood BOE (Essex)
District 28	Jill Fischman,	Bloomfield BOE (Essex)

REGION D – ALTERNATES

District 34	Jessica De Koninck	Montclair BOE (Essex)
District 38	John Walsh,	Oradell BOE (Bergen)
District 38	Joseph Steele,	New Milford BOE (Bergen)
District 39	Peter J. Wendrychowicz,	Mahwah Twp. BOE (Bergen)

EX-OFFICIO: **Michael McClure,** NJSBA President, Maple Shade BOE (Burlington)

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RESOLUTION NO. 1

SYNOPSIS

Resolution No. 1 from the Hillsborough Board of Education (BOE) proposes additional NJSBA policy allowing districts to exceed the 2% cap when it is necessary for the district to meet their local fair share requirement. Additionally the Hillsborough Board is proposing new policy supporting a rolling average calculation for local wealth in lieu of the current School Funding Reform Act (SFRA) local fair calculation. This would serve to minimize dramatic changes in local wealth as experienced in their district over the last five years.

BACKGROUND

Through the provisions of S2, Hillsborough will lose funding through FY2025. Driving this reduction has been an increase of the district's local share, as the town has seen rapid growth of affluent home construction. Consequently, in a five-year period (FY2013-FY2018), Hillsborough has gone from under-aided by \$13 million to over-aided by \$5.6 million.

RELEVANT NJSBA POLICY

POSITIONS AND POLICIES ON EDUCATION 3100

Budget Planning, Preparation and Adoption

Budget Caps/Spending Growth Limitations

- A. The NJSBA believes in the concept of budget caps/spending growth limitations and believes budget caps/spending growth limitations should be made more responsive to what is actually happening in the economy while at the same time permitting districts to keep pace with increases in fixed costs over which they have little control.
- B. The NJSBA believes that the range of budget caps/spending growth limitations should be widened, with low spending districts permitted to increase their spending at a greater rate than under the present cap/spending growth limitation. [Authority: DA 12/76-13, DA 6/77-Policy Rec. 4, DA 12/77-7b, DA 12/77-16, DA 6/86-10, DA 6/91-CR QEA, DA 6/93-1, DA 6/93-2]
- E. The NJSBA believes that the following should be excluded from the budget caps/spending growth limitations:
 - 1. State mandated programs, such as special education, bilingual education, at-risk, school lunch programs and transportation from the cap/spending growth limitations; Limitations should include only revenues necessary for regular education programs;
 - 2. Revenues necessary due to increases in fixed costs that are due solely to actions of state or federal regulatory agencies;
 - 3. Revenues necessary due to non-discretionary increases in costs for those fixed or essential items such as heat, tuition, insurance, maintenance and repair, shall be authorized as appropriate expenditures above the maximum permissible budget; [Authority: DA 12/76-13, DA 6/77-Policy Rec. DA 12/77-7b, DA 12/77-16, DA 6/86-10, DA 6/91-CR QEA, DA 6/93-1, DA 6/93-2]

DISCUSSION

Enacted last year, S2 repealed the enrollment growth aid caps and recalculates state aid using the most up to date data concerning student populations and local income and tax ratables. Districts that have been receiving aid in excess of that amount will have the overfunded amount reduced on the following schedule:

(NOTE: this is the reduction of **overfunded** aid, **not** a district's **total** aid):

2019-20	13%
2020-21	23%
2021-22	37%
2022-23	55%
2023-24	76%
2024-25	100%

Some school districts are exempt from these reductions. Specifically, vocational schools and certain below adequacy districts whose equalized tax rate exceeds the state average.

School districts receiving less than what the School Funding Reform Act (SFRA) calls for are due to receive an increase in state aid. Specifically, each district receives a proportionate share of the total state aid reduction from “over-funded” districts and any additional revenue included in the annual appropriations act for the purpose of providing direct state aid to school districts.

Approximately two-thirds of the state’s school districts are considered “underfunded” due to the enrollment growth caps and because state aid allocations have not reflected student population growth since the current school funding law was enacted in 2008. In addition, 184 districts receive adjustment aid, a statutory provision designed to prevent aid reductions when the school funding system was implemented, but which the Legislature originally intended for phase-out.

The underlying principle of the funding formula is a district should raise what is fair and feasible at the local level to support an adequate budget with the state making up the difference. The problem Hillsborough highlights is that the 2% property tax levy cap, enacted after the school funding formula, is impeding their ability to meet their local share obligations.

The second issue Hillsborough raises is that a sudden spike in ratables can obscure the calculation of a district’s local fair share. They seek to smooth that by using an average of past years rather than the most recent year’s data. However, this could be problematic for a number of reasons.

The Hillsborough proposal seems counter to the principle embedded in the SFRA and S2 that funding should reflect the most recent local data. Using a multi-year average could adversely affect a district that loses a major ratable in their district.

Instead of getting credit for the ratable loss immediately, the full value of the reduction is spread over several years thus preventing an immediate positive adjustment in state aid to offset their reduction in local wealth. The funding reductions required by S2 are phased-in over a six-year period in order to provide the transition Hillsborough is seeking.

STATEMENT OF REASONS

1. Current policy 3100 A, B and E call on NJSBA to support waivers from budget caps/spending growth limitations for districts in need of such waivers.
2. Formula aid is intended to meet a district's current need and current data is needed to calculate such need.
3. The Hillsborough Board of Education is in support of the Resolutions Subcommittee recommendation.

RECOMMENDATION

The Resolutions Subcommittee recommends approval of this resolution with the following substitute resolved language which would create **additional** policy language to be included in NJSBA's *Manual of Positions and Policies on Education*:

The NJSBA believes that in instances where districts cannot meet their local share, per the state funding formula, those districts may be allowed to exceed statutory levy caps to meet the local share.

Further, it is recommended that Hillsborough's request concerning a rolling average for wealth calculation be forwarded to the School Finance Committee for further study.

NEW JERSEY SCHOOL BOARDS ASSOCIATION

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**SEMIANNUAL DELEGATE ASSEMBLY
November 23, 2019**

**The following resolution was received from the
Hillsborough Township Board of Education (Somerset):**

- WHEREAS, On July 24, 2018, Governor Phil Murphy signed into law S-2, which made major changes to the state's school funding formula by repealing enrollment growth caps and eliminating adjustment aid over a seven-year period; and
- WHEREAS, State funding for the Hillsborough Township Board of Education was decreased by \$282,394 for the 2018-2019 school year, further decreased by \$526,434 for the 2019-2020 school year, and expected to decrease by \$1,069,836 for the 2020-2021 school year; and
- WHEREAS, The Hillsborough Township Board of Education is considered to be over-aided by \$5.6M in the 2017-2018 school year, but was considered under aided by approximately \$13M in the 2012-2013 school year, which is a swing of almost \$19M over 5 years; and
- WHEREAS, The formulas used to calculate state aid, which use a one-year snapshot of real estate value and resident income, are seriously flawed; and
- WHEREAS, The volatility in the district's fair share calculation and the loss in state aid negatively impacts the Hillsborough Township Board of Education's ability to provide its students with a Thorough and Efficient Education; and
- WHEREAS, The Delegate Assembly is the official policymaking body of the New Jersey School Boards Association; and
- WHEREAS, Education related policies resulting from prior Delegate Assembly and Board of Directors' actions are codified in the NJSBA Manual of Positions and Policies on Education; now, therefore, be it
- RESOLVED, That the Hillsborough Township Board of Education proposes the following additional language for adoption by the Delegate Assembly and inclusion in the NJSBA Manual of Positions and Policies on Education:

The NJSBA supports allowing districts to raise their tax levies by more than 2% through a cap waiver where the district currently spends below its local fair share according to the School Funding Reform Act. The NJSBA further supports using a rolling average of district wealth, for example, using data from the last 5-10 years, rather than a one-year snapshot, as a way of smoothing out the volatility in the state aid formula wealth calculation.

RESOLVED, That this resolution be placed on the agenda for consideration at the November 23, 2019 Delegate Assembly.

Adopted at a regular meeting of the
Hillsborough Township Board of Education
on September 16, 2019

Aiman Mahmoud
Business Administrator/
Board Secretary

The Delegate Assembly is the policymaking body of the New Jersey School Boards Association. These materials are submitted for consideration by the delegates at the Semi-Annual Meeting on November 23, 2019.



New Jersey School Boards Association

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