

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5206

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: OCTOBER 29, 2026

SUMMARY

- Synopsis:** Establishes additional procedures for financial oversight and reporting to ensure fiscal stability of school districts.
- Type of Impact:** Annual State expenditure increase; annual expenditure increase for school districts.
- Agencies Affected:** Department of Education; school districts.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill would result in an annual, indeterminate increase in administrative expenditures for local school districts to satisfy new requirements related to: providing additional information for inclusion in the board of education secretary’s monthly report to the board; the chief school administrator conducting reconciliations of the position control roster and district payroll and staffing records; and the district providing training to school employees on reporting fiscal concerns.
- The Department of Education would experience cost increases as it is required to develop: various standardized procedures and guidance for the position control roster and payroll reconciliation; forms and reporting mechanisms related to fiscal concerns; and budget and fiscal training. The OLS cannot determine if these additional responsibilities would require additional departmental staff to be hired.
- If the department enters into an agreement with a private or non-profit entity to create a training program, as is permitted, the department may incur additional costs to provide the training program free of charge to school business administrators, board of education members, and any individual serving as the secretary of a board of education.

BILL DESCRIPTION

This bill establishes various procedures related to the financial management of school districts.

Under current law, the secretary of a board of education submits a monthly report to the board that includes information on the monthly reconciliation of district bank account statements that has been conducted by the district's chief school administrator. This bill specifies additional information, such as the projected year-end surplus or deficit and the identification of any structural operating deficits, to be included in the secretary's monthly report.

Additionally, the bill requires a district's chief school administrator to perform a quarterly reconciliation of the district's position control roster and the district's payroll and human resources staffing records. The district's school business administrator would be required to certify to the board that the reconciliation has been completed and any discrepancies have been resolved.

Finally, the bill includes training requirements related to new administrative procedures. Each school district would be required to adopt a policy regarding the reporting of fiscal concerns in the district, and each school employee would receive training on the policy from the district. The Department of Education would establish a training program on the creation and interpretation of the monthly reports, school budgeting, governmental accounting, financial commitments, and any other fiscal responsibility deemed relevant.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill would result in an annual, indeterminate increase in administrative expenditures for local school districts. The bill contains various provisions placing certain administrative responsibilities on school districts, such as requiring: the board of education secretary to report several additional items in the secretary's monthly report to the board; the chief school administrator to conduct reconciliations of the position control roster and district payroll and staffing records; the school business administrator or chief school administrator to review and investigate reports of fiscal concerns; and school districts to provide training to school employees on reporting fiscal concerns. The fiscal impact on individual districts will vary based on existing staffing levels and capacity to meet the requirements of the bill with current resources.

The Department of Education would experience an annual, indeterminate increase in administrative expenditures. The expenditure increase would be associated with the development of: various standardized procedures and guidance for the position control roster and payroll reconciliation required by the bill; budget and fiscal training for school business administrators, board of education members, and board of education secretaries; forms and reporting mechanisms related to school business administrators' objections to certain spending by local boards of education; a model reporting form, model board of education policy, and review procedures related to fiscal concerns from school employees; and procedures for the review of certain local procurements by the Office of Controversies and Disputes. The OLS does not have sufficient information to project the department's staffing needs to implement these provisions. However, to the extent that these requirements necessitate hiring of additional employees, the most recent payroll information available indicates the median salary among all Department of Education

employees is \$117,800. When factoring in estimated fringe benefit costs, total compensation for hiring one additional department employee is expected to be \$186,600.

If the department enters into an agreement with a private or non-profit entity to create a training program, as is permitted, the department may incur additional costs to provide the training program free of charge to school business administrators, board of education members, and any individual serving as the secretary of a board of education. The additional costs may include membership or course fees. For example, the Government Finance Officers Association offers virtual training on local government budgeting, which includes instructions on personnel budgeting, capital budgeting, and methods of monitoring and evaluating budgetary performance. This training currently costs \$605 for a member organization. School district membership in the association currently varies between \$250 and \$1,500 based on enrollment in the district.

Section: Education

*Analyst: Jae Wan Ahn
Assistant Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).