LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 5207

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: OCTOBER 29, 2026

SUMMARY

Synopsis:	Expands duties of executive county business official; establishes processes for fiscal review of school districts by executive county superintendent and Commissioner of Education.
Type of Impact:	Annual State expenditure increase. Expenditure increase for certain school districts.
Agencies Affected:	Department of Education. Office of the State Comptroller. Certain School Districts.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	At least $1.5 million
Expenditure Increase for Certain School Districts	Indeterminate

- The Office of Legislative Services (OLS) concludes that this bill would result in an annual State expenditure increase, primarily to support the expanded duties of executive county business officials and the establishment of a Comprehensive Statewide Fiscal Early Warning System in the Department of Education.

- The OLS estimates that the State would be required to hire seven new executive county business officials at minimum in order to meet the bill's requirement that an executive county business official serve no more than 50 municipalities. The total cost of hiring new executive county business officials is estimated to be approximately $1.5 million.

- The costs associated with establishing a Comprehensive Statewide Fiscal Early Warning System by the Commissioner of Education are estimated to be indeterminate, as those costs would be dependent on the staffing requirements of the Department of Education. The OLS does not have sufficient information to project these staffing needs.

- School districts at moderate or high fiscal risk would be required to formulate and implement improvement plans under the bill, which may result in indeterminate additional costs.

BILL DESCRIPTION

This bill expands the duties of the executive county business official and establishes processes for the fiscal review of school districts by the executive county superintendent and the Commissioner of Education.

Under current law, the commissioner is required to appoint an executive county business official to serve in the office of the executive county superintendent of schools for a term of three years. This bill permits a county to hire multiple executive county business officials based on the number of municipalities the county contains, provided that an executive county business official would serve no more than 50 municipalities. The bill also clarifies minimum certification and experience requirements for executive county business officials and expands their duties to require more methods of fiscal oversight over school districts.

The bill requires executive county business officials to conduct fiscal reviews of each school district on a rolling basis. Meanwhile, the commissioner, in consultation with the State Comptroller, is tasked with developing and administering a Comprehensive Statewide Fiscal Early Warning System, which will be used to monitor and rate each school district by its financial risk indicators. School districts categorized as being at moderate or high fiscal risk according to the Comprehensive Statewide Fiscal Early Warning System would be required to formulate and implement improvement plans.

Finally, the State is required to bear the costs necessary to effectuate the provisions of this bill, including the funds to hire additional staff.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that this bill would result in an annual State expenditure increase, primarily to support the expanded duties of executive county business officials and the establishment of a Comprehensive Statewide Fiscal Early Warning System in the Department of Education.

The OLS anticipates that the bill will result in increased State costs in order to pay for the salaries and benefits of additional executive county business officials needed to meet the bill's requirement that not more than 50 municipalities be served by an executive county business official. Based on the maximum number of municipalities an executive county business official may serve, the OLS estimates the State would hire at least seven additional executive county business officials to cover all counties. Based on the most recent payroll information available, the median salary among all staff members of county offices of education is $135,300. When factoring in estimated fringe benefit costs of about $79,000, total compensation for hiring one new executive county business official is expected to be $214,300. Thus, the total cost of hiring new executive county business officials is estimated to be approximately $1.5 million.

The costs associated with establishing a Comprehensive Statewide Fiscal Early Warning System by the Commissioner of Education are indeterminate, as those costs would be dependent on the staffing requirements of the Department of Education. The OLS does not have sufficient information to project these staffing needs. However, to the extent that this requirement may require hiring of additional employees, based on the most recent payroll information available, the

median salary among all Department of Education employees is $117,800. When factoring in estimated fringe benefit costs of about $68,800, total compensation for hiring one additional department employee is expected to be $186,600.

Finally, the OLS notes that school districts at moderate or high fiscal risk would be required to formulate and implement improvement plans under the bill, which may result in indeterminate additional costs.

Section: *Education*

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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.).