

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 5207

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 22, 2026

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 5207 (1R).

As amended, 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 serves. This bill clarifies that any individual appointed for this position is required to hold an appropriate certificate issued by the State Board of Examiners and have experience in school finance, budget planning, and governmental accounting. The bill also expands the duties of the executive county business official to require, among other duties, more substantial oversight of the fiscal conditions of the schools in the county.

The bill requires the executive county business official to, on a rolling basis, conduct fiscal reviews of each school district under its purview on a timeline established by the executive county superintendent. The bill provides the information that is to be included in each fiscal review. A copy of each fiscal review will be submitted to the board of education of the school district, the superintendent of schools, the executive county superintendent, and the commissioner. The report will include a summary of the executive county business official's findings, an analysis of any areas of fiscal concern, and recommendations for corrective action.

The bill requires the establishment of corrective action plans for certain school districts whose fiscal reviews identify significant fiscal concerns in two consecutive reviews. The bill establishes a process to notify the executive county superintendent, commissioner, and the school district. The school district is then required to submit a corrective action plan and be monitored by the executive county

superintendent and executive county business official. The bill details a process to impose certain remedial actions if a school district fails to implement the corrective action plan. The bill stipulates that the commissioner has the authority to take any action necessary to correct continuous fiscal concerns in a district which fails to implement the corrective action plan.

The bill also requires the commissioner to develop and administer a Comprehensive Statewide Fiscal Early Warning System. The system will monitor financial risk indicators, as established in the bill, utilizing information reported by school districts throughout the fiscal year to enable timely and structured intervention of districts that are at risk of financial distress.

Under the bill, the Comprehensive Statewide Fiscal Early Warning System will establish a fiscal categorization system where each district is annually categorized as low, moderate, or high fiscal risk pursuant to fiscal standards developed by the commissioner. The commissioner will provide notice to the school district and the executive county superintendent when any district is categorized as moderate or high fiscal risk. The bill requires a district categorized as being at moderate or high fiscal risk to discuss this determination at a public meeting of the board of education no later than 30 days after receiving notice. The bill requires a district categorized as a moderate or high fiscal risk to develop an improvement plan to address any fiscal concerns identified by the commissioner. The board of education is required to adopt a resolution approving the improvement plan within 30 days of discussing the determination at a public meeting of the board. The bill requires the district to post the determination and the improvement plan in a prominent place on the Internet website of the district.

The bill establishes a procedure to create an improvement plan and requires the commissioner to review the district's progress in implementing the improvement plan not less than every six months. The bill grants the commissioner authority to require a school district to amend the improvement plan if the district's financial condition has not substantially improved. If, after six months the district fails to take remediate action and address the fiscal concerns addressed in the amended plan, the commissioner will issue the district a letter detailing the areas in which the district remains deficient.

The bill stipulates that all improvement plans developed under the Comprehensive Statewide Fiscal Early Warning System are to be developed in coordination with any corrective action plans developed by the executive county superintendent pursuant to the provisions of the bill. The bill also requires the Department of Education to provide training to each school district on the Comprehensive Statewide Fiscal Early Warning System.

The bill permits the executive county superintendent and the department to hire additional staff to effectuate the provisions of this bill at the expense of the State.

COMMITTEE AMENDMENTS:

The committee amended the bill to update the effective date to provide that the bill is to take effect in the first full school year following the date of enactment instead of immediately. The Commissioner of Education is permitted to take any anticipatory administration in advance as necessary for the implementation of the bill.

FISCAL IMPACT:

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 \$1.6 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.