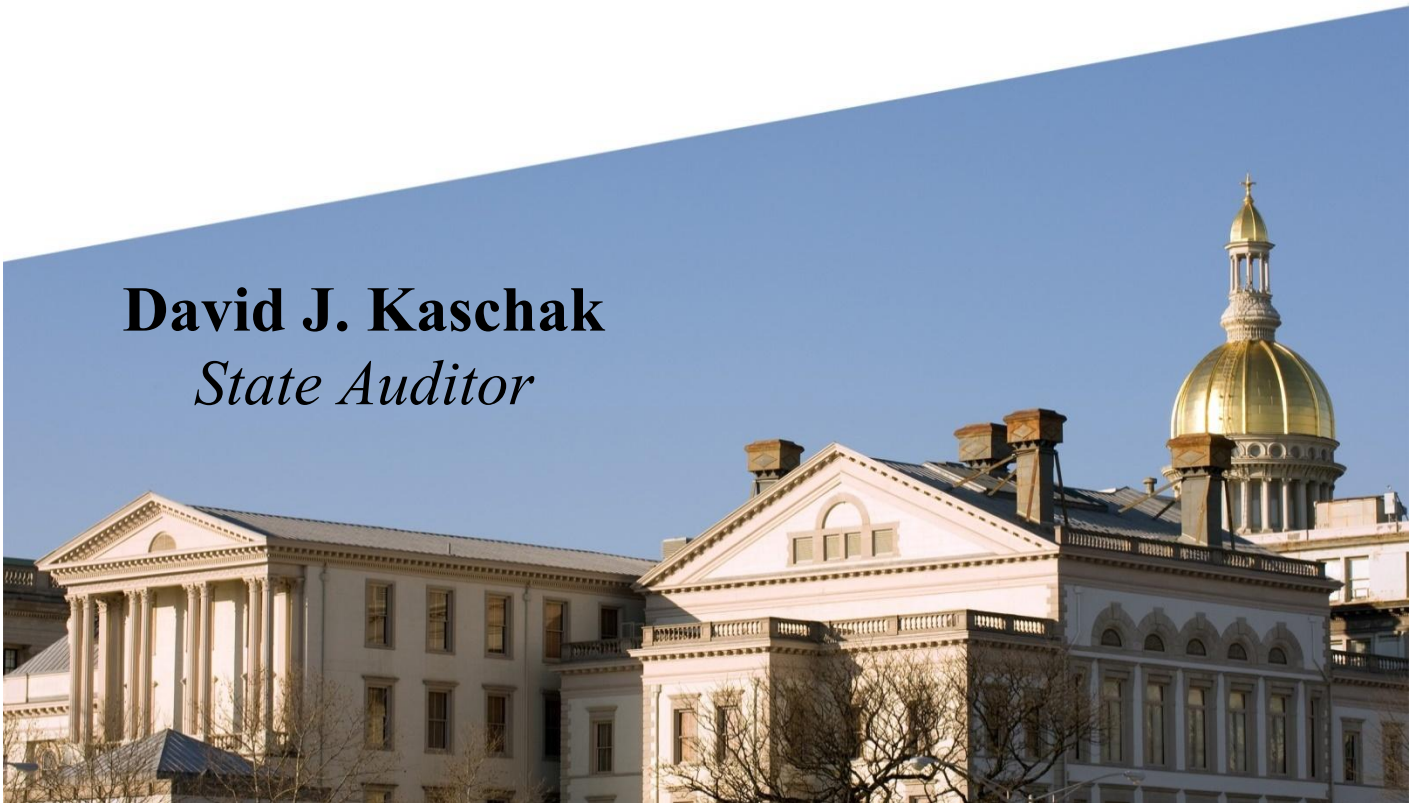


NEW JERSEY LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR

Department of Education
Selected Activities

July 1, 2021 to June 30, 2025

David J. Kaschak
State Auditor



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Governor of New Jersey

The Honorable Nicholas P. Scutari
President of the Senate

The Honorable Craig J. Coughlin
Speaker of the General Assembly

Ms. Maureen McMahon
Executive Director
Office of Legislative Services

Enclosed is our report on the audit of the Department of Education, Selected Activities for the period of July 1, 2021 to June 30, 2025. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink that reads "David J. Kaschak".

David J. Kaschak
State Auditor
April 1, 2026

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Scope

We have completed an audit of the Department of Education (department), Selected Activities for the period of July 1, 2021 to June 30, 2025. We selected the activities, in part, based on issues found during recent school district audits performed by our office. This audit focused on the following offices within the department: Student Safety and School Preparedness, Fiscal Policy and Planning, School Finance, Human Resources, and County Offices of Education.

Objectives

The objective of our audit was to determine whether the selected offices have effective internal controls to ensure program objectives are met. An additional objective was to determine whether issues identified in recent audits performed by our office are prevalent at a statewide level and assess whether the department has adequate controls to address those issues.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, policies of the department, and audit reports issued by our office. Provisions we considered significant were documented, and compliance with those requirements was verified by interview, observation, analysis, and testing. Additional detail regarding our methodology and work performed can be found in the Appendix, as well as in the findings and observations sections if a reportable condition was identified.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives, internal controls, and compliance. Sample populations were sorted, and transactions were judgmentally selected for testing. Because we used a nonstatistical sampling approach, we cannot project the results to the respective populations.

Data Reliability

We assessed the reliability of data obtained from various department sources, including the Case Processing System, NJDOE Homeroom, School Performance Reports, and JazzHR. This was achieved through interviews, analysis, testing, and independent verification from external

sources. We determined the data from each source to be sufficiently reliable for purposes of the report.

Certain other data in our report was used to provide background information. Data used for this purpose was obtained from the best available sources. *Government Auditing Standards* does not require us to complete a data reliability assessment for this purpose.

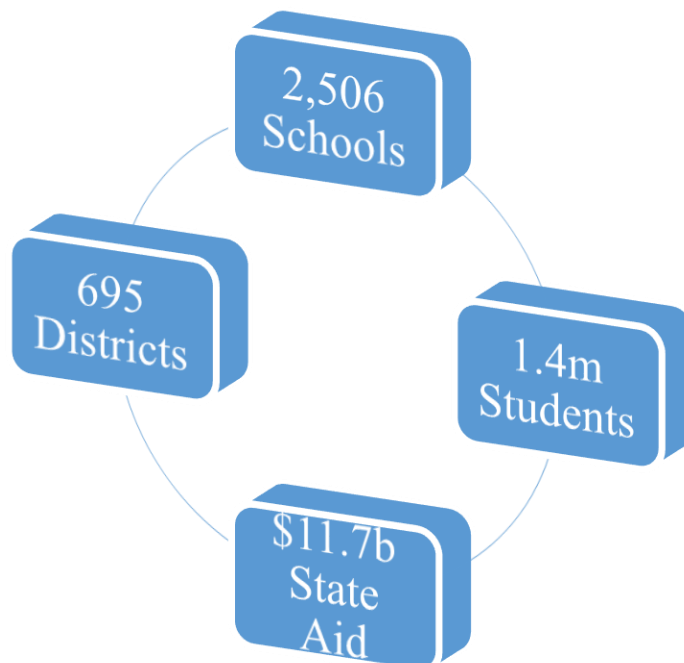
Conclusions

We found the offices we reviewed generally have effective internal controls to ensure program objectives are met. In making this determination, we noted that issues related to criminal background checks and district health benefits identified in our recent audit reports are prevalent at a statewide level, and that the department can improve controls to address those issues.

We also made observations related to Applications for State School Aid, department staffing, district satisfaction with department support, and plans to eliminate non-operating districts.

Background

The mission of the department is to provide support for schools, educators, and districts to ensure all students have equitable access to high-quality education and achieve academic excellence. During school year 2024-2025, the department had oversight over the following¹:



¹ New Jersey's Public School Fact Sheet 2024-2025 from the department's website.

Findings

Criminal History Background Checks

The department did not follow up with employers to ensure individuals convicted of a disqualifying criminal offense were no longer employed.

Educational facilities² are statutorily prohibited from employing or contracting for the services of individuals unless the employer has first determined no criminal history record information exists on file that would disqualify that individual from being employed.³ This prohibition applies to the following positions specifically listed in the statute, *regardless of student contact*: teaching staff member, substitute teacher, teacher aide, child study team member, school physician, school nurse, custodian, school maintenance worker, cafeteria worker, school law enforcement officer, school secretary, and clerical worker. The prohibition also applies to any individual that has regular student contact, regardless of position.⁴

The Office of Student Safety & School Preparedness (OSP) conducts criminal history background checks of individuals for educational facilities and authorized contractors, and the Commissioner of Education (commissioner) is authorized to receive all criminal history information necessary to complete the criminal history background check as required by the statute.⁵ Upon receipt of this information, a determination is made regarding employability, and the individual and respective employer are notified in writing of their qualification or disqualification from employment or service. An employee's criminal record may change after employment begins. When this occurs, the commissioner receives the updated information and notifies the employee and employer when applicable.

If the determination is disqualification, the notice states the individual is permanently disqualified from serving in any position, *paid or unpaid*, with any educational institution under the supervision of the department or with a contracted service provider. The notice further states the employer must send notification to the OSP regarding final disposition of employment. Individuals have 14 days to challenge the accuracy of the criminal history record (school bus drivers have 30 days).

The department confirms employment through wage reporting data from the Department of Labor (DOL) to ensure all applicable educational facilities and contractors are notified to take appropriate action. Any educational facility, contractor, or employee who violates the provisions of the statute may be subject to administrative action and a \$500 fine. School bus contractors and bus drivers may be fined \$5,000 and be denied direct access to the department's processing of future criminal history background checks on their drivers and aides.⁶

² This includes public schools, private schools for students with disabilities, charter schools, and nonpublic schools.

³ N.J.S.A. 18A:6-7.1

⁴ The department's Office of Student Protection website, FAQ: Applications and Appointments #8

⁵ N.J.S.A. 18A:6-7.2a

⁶ N.J.S.A. 18A:6-7.5; N.J.S.A. 18A:39-20; FAQ: General Polices #1

For calendar years 2021 through 2024, the OSP processed 518,277 criminal history background checks of individuals and disqualified 2,761 individuals.

We compared all 2,761 disqualified individuals to the DOL's wage reporting data and found 36 disqualified individuals had been paid by a district or bus company ranging from seven months to four years after being notified of their disqualification. This included teachers, teacher aides, bus drivers, bus aides, custodians, security officers, health professionals, and administrators. In all 36 instances, the disqualifying offense occurred after employment began.

While employers are responsible for ensuring disqualified individuals are not employed, the department's disqualification notice requires employers to notify the OSP of a disqualified individual's final disposition. However, we found this was not done for 20 of the 36 disqualified individuals mentioned above as of our testing date, on average more than a year and a half following the disqualification letter. The OSP does not follow up with employers when it does not receive the required notification, which may help allow disqualified individuals to remain employed by nonresponsive employers, posing a significant threat to the safety of children.

Recommendation

We recommend the OSP improve its monitoring over compliance with applicable criminal history background check statutes. The OSP should follow up with nonresponsive employers regarding termination of employment, repeatedly if necessary, and increase its use of DOL wage reporting data to ensure individuals convicted of a disqualifying offense are no longer employed, including those we identified.



District Health Benefits

The department can improve its controls to verify districts participated in the most cost-effective health insurance plans. Districts and their employees could have potentially saved a combined \$91 million in fiscal year 2023.

The Office of Fiscal Policy and Planning (OFP) develops, communicates, and maintains all aspects of finance-related policy for districts. This includes issuing guidance for a statutory requirement regarding health care benefits plans provided by the School Employees' Health Benefits Program (SEHBP).

The department has the responsibility to not disburse any State Aid to a district that fails to examine, no less than once every three years, all available group options for every insurance policy held by the district, and to participate in the most cost-effective plan.⁷ However, districts are not required to submit their examination results to the department, thereby increasing the risk

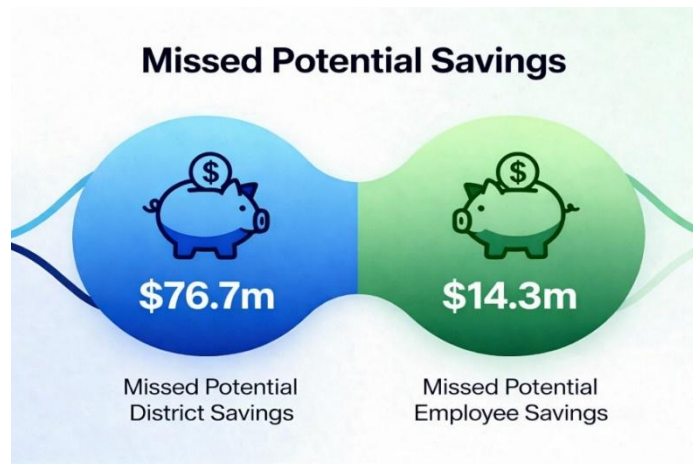
⁷ N.J.S.A. 18A:55-3 & N.J.A.C. 6A:23A-6.1

that the department disbursed State Aid to districts not in compliance with the examination provision.

For fiscal year 2023, we sent a questionnaire to all 15 districts that received more than 70 percent of their total revenue in State Aid, which equated to \$2.9 billion, and did not participate in the SEHBP. We found six districts (40 percent) did not examine all available group options for every insurance policy.

In accordance with N.J.S.A. 18A:16-13.3, the department collects health care plan data from districts to aid in the determination of any reduction to each district's tax levy expected to be raised through local property taxes. We used this data to recalculate health care benefits costs for the 15 districts and determined 10 could have potentially saved \$76.7 million had they participated in the SEHBP. In addition, their employees could have potentially saved \$14.3 million.

We used a conservative approach to calculate potential savings by comparing the annual costs per active employee under each district's plan to the most expensive plan under the SEHBP. In addition, we assumed prescription costs were included even though a district's plan may exclude prescription coverage. We did not account for factors such as length of contracts, experience ratings, and increases in average premiums. All of these factors could impact potential savings.



Not verifying whether districts participate in the most cost-effective health insurance plans prior to disbursing State Aid could result in inefficient expenditures of State Aid, district funds, and employee pay.

Recommendation

We recommend the department improve its controls to verify districts are examining, once every three years, all available group options for health insurance plans, and are participating in the most cost-effective plan prior to the disbursement of State Aid.



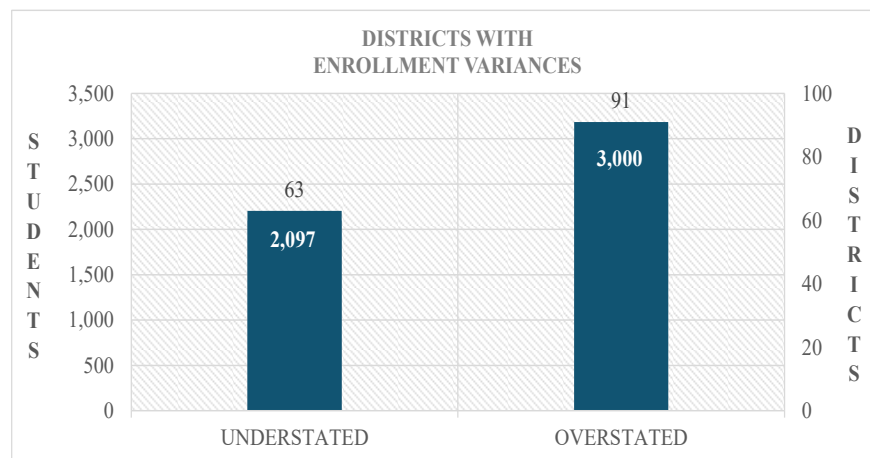
Observations

Applications for State School Aid

The department was precluded from adjusting State Aid amounts payable, which may have resulted in overpayments to seven districts totaling \$13.3 million and underpayments of State Aid to five districts totaling \$7.6 million.

Districts are required to report the number of pupils enrolled by submitting an annual Application for State School Aid (ASSA), which contains pupil counts needed to calculate a district's State Aid entitlement. Districts are also statutorily required to obtain an annual audit by a municipal or certified public accountant of the ASSA enrollment data.⁸ The results are included in the Auditor's Management Report (AMR), which is publicly available on the department's website.

For fiscal year 2023, we analyzed 583 available AMRs, excluding charter schools and educational commissions, to determine if there were enrollment variances identified by the districts' auditors. We found 154 districts may have misstated enrollment data by a combined 5,097 students, thereby resulting in those districts receiving too much or too little State Aid.

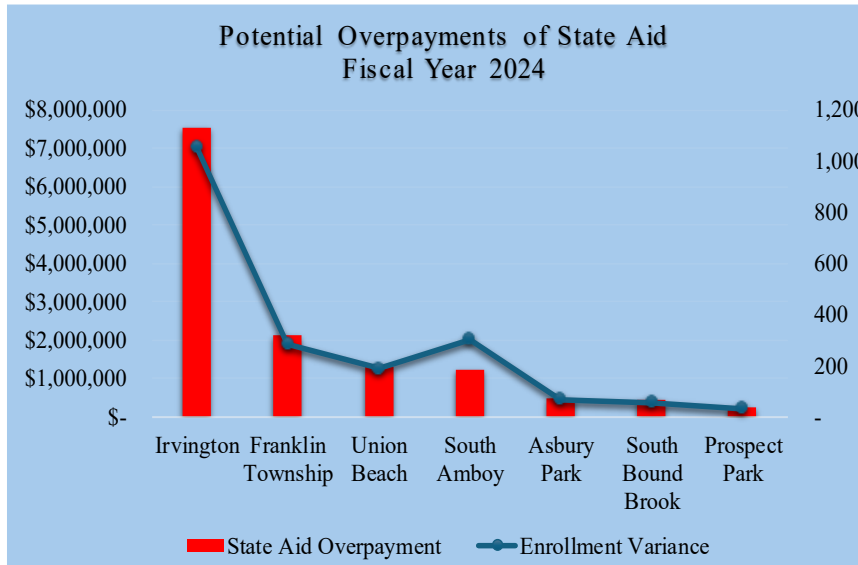


We asked the Office of School Finance (OSF), which is responsible for administering State Aid, to calculate the potential overpayments for seven districts with overstated enrollment variances ranging from 33 to 1,057 students, and also the potential underpayments for five districts with understated enrollment variances ranging from 44 to 765 students.⁹ The results are summarized in the following charts.¹⁰

⁸ N.J.S.A. 18A:23-1

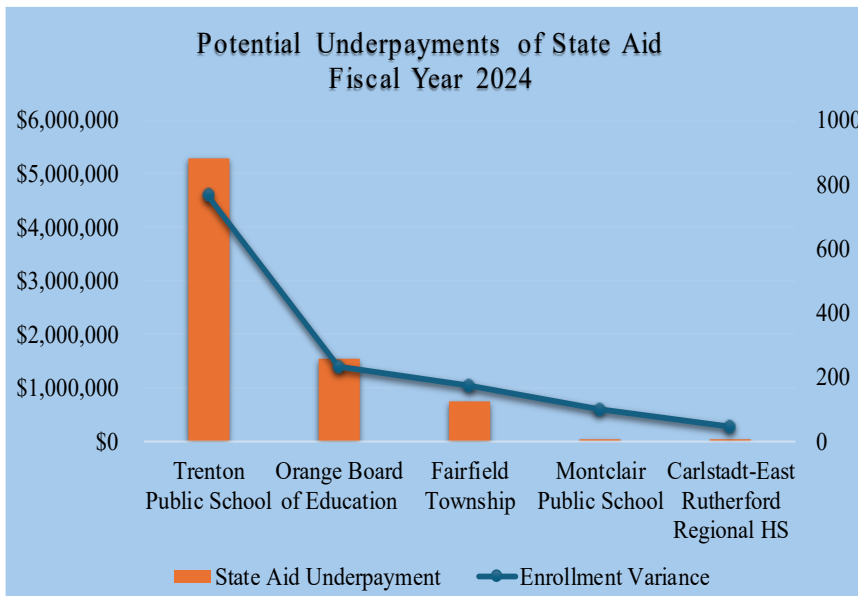
⁹ Some variances may be from charter school enrollment not included in a district's auditor's working papers.

¹⁰ Student enrollment reported in the FY 2023 AMRs was used to calculate FY 2024 State Aid.



**FY 2021-
FY 2025**

These districts had overstated enrollment variances totaling 2,598 students.



**FY 2021-
FY 2025**

These districts had understated enrollment variances totaling 1,858 students.

The department has mechanisms to adjust districts’ State Aid amounts payable if errors are detected.¹¹ The State Aid Audit Unit (SAAU) had previously audited enrollment data reported by each district on their ASSA to determine if the district’s State Aid funding was correct by reconciling submitted ASSA data to actual student enrollment. However, appropriation language precluded the department from adjusting State Aid during our audit period, including fiscal year 2026. A goal of the SAAU is to conduct more ASSA audits when adjustments are permitted.

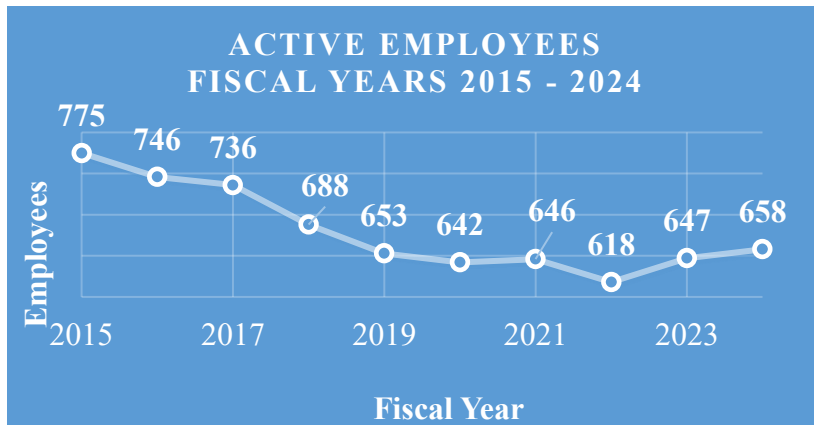


¹¹ N.J.S.A. 18A:7F-5

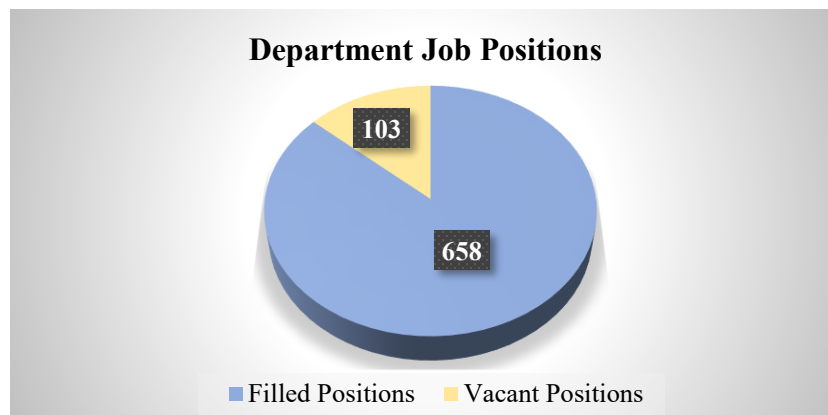
Department Staffing

The department experienced a 15 percent reduction in staffing levels and has a lengthy hiring process.

From fiscal years 2015 through 2024, the number of active employees in the department declined from 775 to 658, an overall reduction of 117 employees (15 percent).



As of September 17, 2024, there were 103 vacancies, or 14 percent of available job positions.



For the period September 26, 2023 through September 17, 2024, we analyzed a department report and noted 4,357 applications were received for 120 job positions. During this period, there were 40 positions filled (33 percent), while 80 remained vacant (67 percent).¹² The overall length of the hiring process for the filled positions averaged 179 days, ranging from 91 to 313 days.

According to the department, the overall length of the hiring process may be extended for various reasons, including the need to issue a job posting multiple times before locating suitable

¹² The number of vacant positions differs from the chart above because of internal promotions and timing issues between the two data sources.

candidates and because of technical expertise requirements. Other reasons include 60-day advance notice of resignation for certain positions and positions requiring approval by the Office of the Governor and the Civil Service Commission.

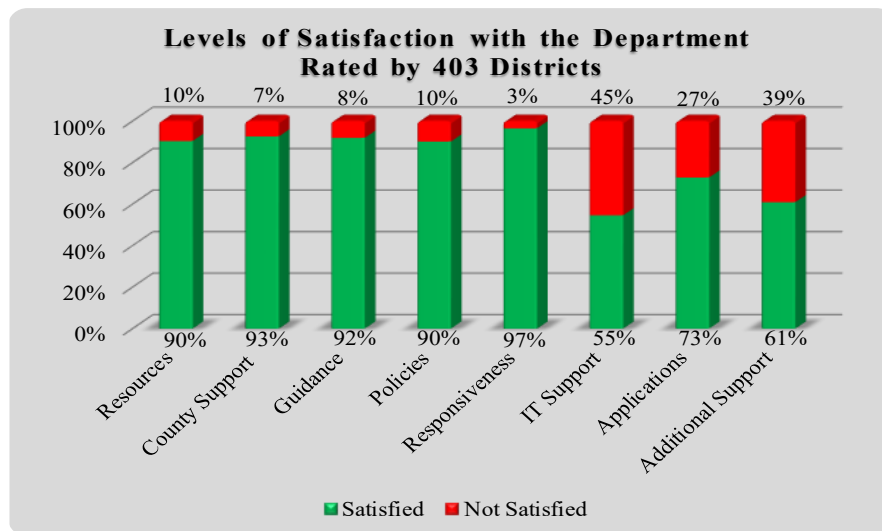


District Satisfaction Questionnaire

While most district School Business Administrators reported being satisfied with the department’s overall level of support across most areas included in the questionnaire, a notable minority of respondents reported being dissatisfied in certain areas.

In July 2024, we sent a questionnaire to all 686 school districts at that time to determine their level of satisfaction with the department’s support provided to them. We received responses from 403 districts (59 percent).

Most responses indicated overall satisfaction and positive feedback with the department regarding resources, support provided by County Offices of Education, guidance, policies, and responsiveness. However, other responses indicated dissatisfaction with the department regarding information technology (IT) support, difficulty operating department computer applications, and a lack of additional support provided in several areas.



Plans to Eliminate Non-Operating Districts

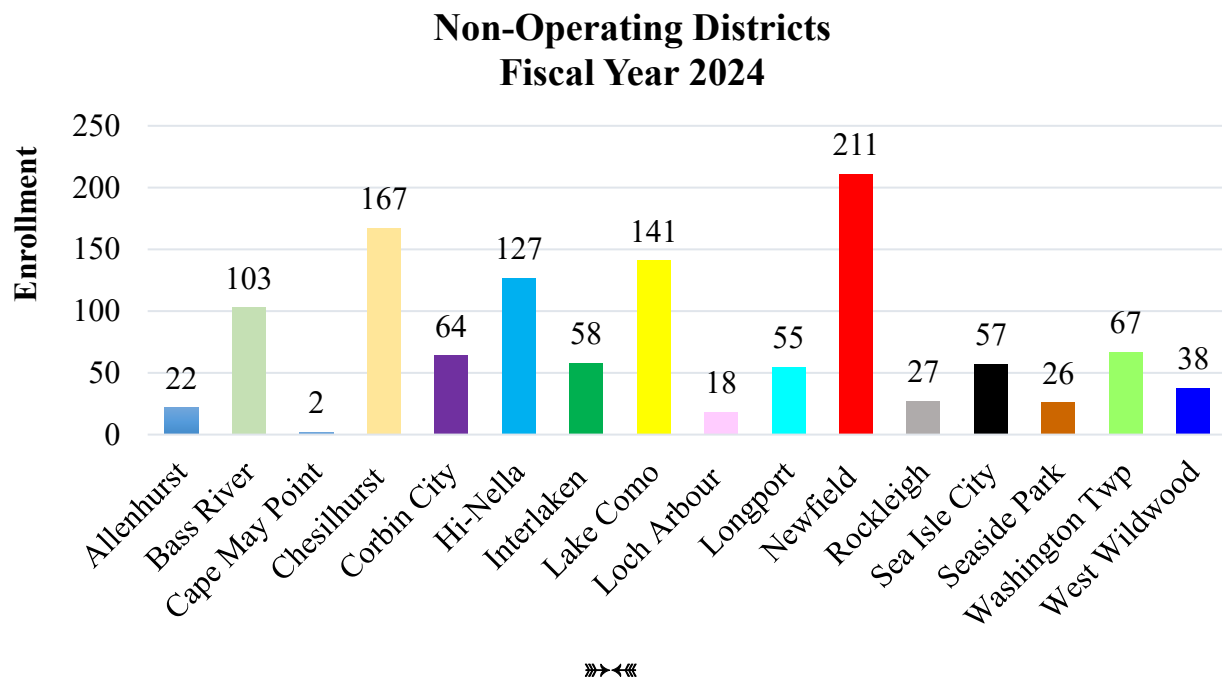
The department has not developed plans to eliminate non-operating districts since 2009.

County Offices of Education provide general support, oversight, and routine communications between districts and the department. Each county office is led by an Executive County Superintendent (ECS), who reports to the Commissioner of Education (commissioner). In 2009, ECS's were required to submit plans to the commissioner to eliminate non-operating districts by merging them into the district with which they participate in a sending-receiving relationship.¹³

¹⁴ A non-operating district is defined as a school district that is not operating any schools.¹⁵

The department complied with this provision in 2009, and the state eliminated 13 of the 26 existing non-operating districts. No plans have been submitted since the 2009 plan. Elimination of non-operating districts could result in efficiencies, reduced expenditures, and shared services.

In 2024-2025, there were 16 non-operating districts with enrollment ranging from 2 to 211 students.



¹³ N.J.S.A. 18A:8-44

¹⁴ N.J.A.C. 6A:23A-2.4

¹⁵ N.J.S.A. 18A:8-43

Appendix

Methodologies to Achieve Audit Objectives

Related Party Transactions

To determine if potential related party transactions existed, we performed an address match between vendors and department employees.

Public School Choice Program

To determine if the program provided funding for more students than available seats, we reviewed enrollment and funding reports for fiscal year 2024. During this period, 125 school districts participated in the program.

Office of School Facilities

To determine if the office managed development and maintenance of efficiency standards and ensured students were educated in safe school facilities, we examined review and approval counts for lead water testing, long-range facilities plans, and certification of educational facilities managers. From fiscal years 2022 through 2025, the office reviewed and approved 3,287 lead water tests, 857 long-range facilities plans, and 927 certifications of educational facilities managers.

Office of Comprehensive Support

To determine if the office adhered to regulations regarding the identification and follow up of schools in need of comprehensive or targeted support, we reviewed a random sample of 10 annual school plans. From fiscal years 2022 through 2025, there were 1,025 schools identified as needing comprehensive or targeted support and 3,836 schools that had annual school plans.

Health Benefits

To determine if districts paid employees in excess of a \$5,000 statutory cap for waiving health benefits coverage, we sent a questionnaire to all 15 districts that received more than 70 percent of its aid in State Aid and did not participate in the SHBP. For school year 2023, 10 of 15 districts paid waivers totaling \$2.3 million.

Goals and Objectives of Selected Units

To determine if certain units in the department were meeting goals and objectives related to their units, we sent questionnaires to 36 unit directors.



Auditor's Note Regarding Department's Response

The department's response begins on the subsequent page. We have included additional comments on some of the department's responses. While the department's response did not always address our recommendations, our office will follow up on all recommendations during our Compliance Review during calendar year 2028. As is customary, the results of that review will be issued to the legislature.



State of New Jersey
DEPARTMENT OF EDUCATION
PO Box 500
TRENTON, NJ 08625-0500

MIKIE SHERRILL
Governor

DR. DALE G. CALDWELL
Lt. Governor

DR. LILY LAUX
Commissioner

March 23, 2026

Mr. David J. Kaschak, State Auditor
Office of Legislative Services
Office of the State Auditor
125 South Warren Street
P.O. Box 067
Trenton, New Jersey 08625-0067

SUBJECT: Response to the OLS Audit Report of the Department of Education –
Selected Activities, July 1, 2021 through June 30, 2025

Dear Mr. Kaschak:

Thank you for the opportunity to review the Office of the Legislative Services Office of the State Auditor (OSA) Report titled *Department of Education Selected Activities for the period of July 1, 2021, through June 30, 2025*. The Department appreciates the work of the OSA, and the time invested in preparing this Report. The Department values a strong, constructive relationship with the audit community, and we offer the following responses and clarifications.

The Department respectfully offers a different perspective regarding OSA's overall approach throughout the audit including the methodologies and resulting conclusions in the Report. Several findings appear to rely on interpretations that diverge from statutory requirements or operational realities. The Department maintains that greater clarity regarding the legal frameworks governing district and Department responsibilities would strengthen the Report and provide policymakers with clearer context.

Our performance audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our methodologies and resulting conclusions were developed in accordance with those standards.

The Department also notes that some analytical approaches would benefit from more detailed definitions, more specificity regarding data collection techniques, and consideration of the complex, interconnected nature of educational governance—particularly the need to balance State law, Federal requirements, and local district constraints. As was shared with OSA during the review process, certain survey instruments and data collection techniques raise questions regarding reliability. The Department offers these observations in the spirit of supporting continuous improvement and ensuring that future reports can provide the most actionable insights possible.

OSA Finding 1

The Department did not follow up on disqualified employees to ensure that individuals convicted of a disqualifying offense were no longer employed.

OSA Recommendation:

We recommend the OSP improve its monitoring over compliance with applicable criminal history background check statutes.¹ The OSP should follow up with non-responsive employers regarding termination of employment, repeatedly if necessary, and increase its use of DOL wage reporting data to ensure individuals convicted of a disqualifying offense are no longer employed, including those we identified.

Department Response:

Takeaway: The authorizing statute does not require hiring entities to notify the Department of the disqualified individual's final disposition of employment. Additionally, employees may remain on payroll while required due-process and administrative procedures are underway, which means wage data alone cannot indicate whether employees are interacting with students.

We did not state the *statute* requires hiring entities to notify the department of final disposition. However, the original draft report sent to the department for response may have been unclear in this regard. Therefore, the report has been updated to make it more clear by stating "the department's disqualification notice requires employers to notify the OSP of a disqualified individual's final disposition." We gave the department an opportunity to modify its response, but it declined to do so.

The Department appreciates the focus on student safety and shares OSA's commitment to ensuring full compliance with criminal history requirements. For clarification, however, that State law places responsibility for personnel actions, and for ensuring that disqualified individuals are not employed, on the hiring entity.

Our report clearly refers to individuals convicted of a disqualifying offense, and we repeatedly explained to the department that we only included in our testing individuals who have been convicted of a disqualifying offense and have been deemed *permanently disqualified* by the department.

Employees who are undergoing the required due process, appeal, or other administrative procedures may remain on payroll even though they have been removed from duty and are prohibited from having contact with students. As a result, payroll data cannot be used to determine whether an individual is actively working with students. State law places responsibility for personnel actions, including ensuring that disqualified individuals are not employed, on the hiring entity. The Department's role is confined to notifying employers when disqualification or a pending charge occurs, after which the employer must take the appropriate action. N.J.S.A. 18A:6-7.3 expressly anticipates that individuals may remain employed during the pendency of charges and requires separation only upon conviction. For these reasons, the assumption that remaining on a district payroll equates to student contact is inaccurate and not supported by the statutory framework.

Convicted individuals may only appeal the accuracy of the criminal history information and must do so within 14 days. We tested only disqualified individuals who had remained on the payroll at least six months.

We made no assumption regarding student contact; whether these individuals had contact with students is inconsequential to our finding.

The notice sent to employers states the individual may not serve in *any* position, *paid or unpaid*. In addition, our exceptions only included individuals working in titles for which employment with a disqualifying offense is statutorily prohibited, *regardless of student contact*.

Additionally, contrary to OSA's description in this Report, the authorizing statute does not require hiring entities to notify the Department of the disqualified individual's final disposition. Rather, the Department advises hiring entities to do so, but without statutory authority to require this follow-up, the Department's action amounts to no more than a best practice request to the hiring entity to share this information with the Department.

As noted above, the report has been updated to make clear we are not stating the statute requires this, rather the department's disqualification notice does.

The department "advises" hiring entities to do so without specific statutory authority. Therefore, following up with the non-responsive districts would not require any.

The Department would welcome legislative changes that provide clearer reporting requirements for school districts and enforcement tools for the Department. These additions would help strengthen the system and further support the safety of students and staff across the State.

While we agree legislative changes could provide clearer reporting requirements for school districts and enforcement tools for the department, current procedures have resulted in a 99 percent compliance rate. The department should strive to achieve 100 percent compliance by following up with non-responsive districts.

OSA Finding 2

¹ In the Report, OSP refers to the Office of Student Protection, which is an office within the New Jersey Department of Education that conducts criminal history background checks, among other responsibilities.

The department can improve its controls to verify districts participated in the most cost-effective health insurance plans. Districts and their employees could have potentially saved a combined \$91 million in fiscal year 2023.

OSA Recommendation:

We recommend the department improve its controls to verify districts are examining, once every three years, all available group options for health insurance plans, and are participating in the most cost-effective plan prior to the disbursement of State Aid.

Department Response:

Takeaway: The Department already fulfills this statutory requirement through budget reviews and auditing processes that provide oversight of school district evaluation of potential School Employee Health Benefit Plan (SEHBP) savings. There are many factors that determine if a district can achieve cost savings by utilizing the SEHBP.

As a condition to receive State Aid, districts must examine, no less than once every three years, all available group options for every insurance policy held by the district and participate in the most cost-effective plan. However, we found that the department is disbursing State Aid to districts that fail to fulfill those requirements.

The Department supports efforts to ensure cost-effective use of public resources and appreciates the intent of this Finding. However, the Department has concerns about the accuracy of the calculated savings due to several methodological limitations, including the omission of key cost drivers such as contract terms, experience ratings, and recent significant increases in SEHBP premiums. The OSA’s analysis correctly notes that the highlighted “missed potential savings” from switching to SEHBP did not factor in, “length of contracts, experience ratings, and increases in average premiums.” There may in fact be instances, such as for districts that are self-insured, where switching to the SEHBP may not be in their interest. Districts that are self-insured typically use a longer time horizon than one year to determine whether cost savings would be achieved through switching carriers. Their goals in achieving cost efficiencies may come over the cost of multiple years, even if one year their claims experience is higher than what is expected. Further, winding down self-insured plans requires sufficient reserves for incurred but not received claims, and a claims corridor to process claims subsequent to termination.

We reviewed our calculations with relevant department personnel, who confirmed our calculations were accurate.

As noted in our report, we only looked at 15 districts, and we used a conservative approach by assuming that prescription costs were included even though a district’s plan may not have included prescription coverage. If a district’s plan had included prescription coverage, our estimated savings were likely significantly understated.

We did not account for factors such as length of contracts, experience ratings, and increases in average premiums, which could decrease potential savings. However, in our audits of individual districts, these factors did not have a significant impact on savings.

The Department also notes that current district oversight mechanisms—such as mid-year budget reviews, annual budget reviews, and annual audits—already include reviews of insurance-related compliance. The Department stands ready to work with the Legislature and public stakeholders on ways to strengthen district reporting and improve overall transparency in this area.

Existing controls and processes did not prevent the department from disbursing State Aid to school districts that did not examine all available health insurance plans and participate in the most cost-effective plan as required by both statute and administrative code.

Specifically, districts not participating in the SEHBP must submit with their annual budget submission, “detailed analysis of the cost savings achieved from the current provider and documentation to support alternative insurers were examined at least once in the past three years pursuant to the requirements under N.J.S.A. 18A:55-3 subsection a.” This requirement is also detailed in the annual Budget Guidelines and Electronic Data Collection Manual published by the Department for the inclusive years of the review.

At year end, the district’s external auditor must also review the district’s evaluation of potential cost savings as part of the annual audit program. The audit program requires auditors to answer the question, “Did the school district/charter

school/renaissance school project participate in the following cost savings programs during the audit year? (N.J.S.A. 18A:55-3 and N.J.A.C. 6A:23A-6.1(b)): Sub question (D) New Jersey State Health Benefits Plan If no, why didn't the school district/charter school/renaissance school project participate?"

OSA Observation 1

The Department was precluded from adjusting State Aid amounts payable, which may have resulted in overpayments to seven districts totaling \$13.3 million and underpayments of State Aid to five districts totaling \$7.6 million.

Department Response:

Takeaway: The Department emphasizes that each year since the School Funding Reform Act (SFRA) was enacted, the authority to adjust state aid in this manner has been removed by the Legislature through language in the annual Appropriations Act. The Department's aid calculations have consistently complied with these provisions.

The Department agrees that annual appropriations language has, for many years, superseded certain provisions of the SFRA and has precluded the Department from making adjustments tied to enrollment differences. For example, the FY2023 Appropriations Act which is the same period for the OSA review of enrollments, instructed that "no adjustments shall be made to state aid amounts payable during the 2022 - 2023 school year based on adjustments to the 2021 - 2022 allocations using actual pupil counts." The following FY2024 Appropriations Act included the same language relevant to 2022-2023 allocations using actual pupil counts. Therefore, by not adjusting state aid amounts, the Department complied with relevant law in effect at the time.

OSA Observation 2

The Department experienced a 15 percent reduction in staffing levels and has a lengthy hiring process.

Department Response:

Takeaway: The Department is already working to streamline the hiring process and build a workforce that effectively serves New Jersey's schools.

The Department acknowledges the staffing challenges identified in the Report. Many factors contributing to extended hiring timelines, such as Civil Service rules, external approvals outside of the Department, and the demand for highly technical skillsets have impacted all state agencies and extend beyond the Department's direct control. The Department continues working with State partners to strengthen recruitment and streamline hiring processes and remain committed to building a workforce that can serve New Jersey's schools effectively.

OSA Observation 3

While most district school business administrators reported being satisfied with the Department's overall level of support across most areas included in the questionnaire, a notable minority of respondents reported being dissatisfied in certain areas.

Department Response:

Takeaway: The Department reviewed these survey results and values district feedback.

The Department values district feedback and sees opportunities to strengthen future survey efforts. Improving OSA’s survey methodology and ensuring input from the most relevant district personnel would strengthen the value and reliability of survey results to inform Department improvements.

Our questionnaire was sent to each district's School Business Administrator (SBA) in order to get a broad understanding of each district's level of satisfaction with department support. We believe the SBAs were the most relevant district personnel to provide the requested information.

OSA Observation 4

The Department has not developed plans to eliminate non-operating districts since 2009.

Department Response:

Takeaway: The Department complied with the statute and further elimination of non-operating districts involves complex legal and financial factors.

The Department complied with N.J.S.A. 18A:8-44 in 2009, when 13 non-operating districts were eliminated. Additional consolidations involve complex statutory and financial considerations, including tax levy implications and tuition structures, which may not always yield net savings. The Department remains open to continued dialogue with stakeholders about potential opportunities for non-operating district mergers where they are feasible and beneficial.

Thank you again for the opportunity to review and respond to the Report. The Department values a collaborative relationship with OSA and remains committed to strengthening transparency, accountability, and service to New Jersey’s students. Please feel free to reach out with any questions or requests for further clarification.

Sincerely,



Christopher Williams
Chief of Staff

- c Lily Laux
- Joseph Howe
- Laura Console
- Ambrose Duckett
- Ralph Hoag
- Chris Huber
- Paula Bloom
- Suzanne Fenske