

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY, No. 4396**  
**STATE OF NEW JERSEY**  
**220th LEGISLATURE**

DATED: NOVEMBER 7, 2022

**SUMMARY**

- Synopsis:** Establishes timelines for review and approval by Commissioner of Education of annual certified audits submitted by approved private schools for students with disabilities.
- Type of Impact:** Annual State expenditure increase; annual local school district cost impact.
- Agencies Affected:** Department of Education; local school districts.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Cost Increase</b>	Indeterminate
<b>Local Cost Impact</b>	Indeterminate

- The Office of Legislative Services (OLS) finds that this bill will lead to an indeterminate annual expenditure increase for the Department of Education associated with reviewing audits of approved private schools for students with disabilities within a specified timeframe.
- These annual audits are used to set tuition rates for sending school districts, so requiring the department to review these audits more quickly than would otherwise be the case could result in an indeterminate impact for local school districts insofar as it could affect tuition rates charged by the private schools.

**BILL DESCRIPTION**

This bill provides a timeline within which the Department of Education is required to issue any adverse finding, adjustment, or penalty regarding an audit submitted by an approved private school for students with disabilities. For audits submitted for any school year ending after the effective date of the bill, the action of the department must be within seven years of the date the audit was submitted. For audits submitted for any school year ending prior to the effective date of the bill, the action of the department must be within seven years of the date the audit was submitted or two years following the effective date of the bill, whichever is the later date.

## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

None received.

### *OFFICE OF LEGISLATIVE SERVICES*

The OLS finds that this bill would lead to an indeterminate annual expenditure increase for the Department of Education associated with reviewing audits of approved private schools for students with disabilities within a specified timeframe. The magnitude of the expenditure increase depends on the extent to which existing staff and resources are sufficient to carry out the provisions of this bill or if additional staff would need to be hired.

Annual audits of approved private schools for students with disabilities are used to set the tuition rate charged to local public school districts for a given school year. Adjusting the timeframe in which reviews of audits are required to be completed could impact the private schools and sending school districts by altering tuition rates or causing altered tuition rates to take effect sooner than they might have prior to enactment of the bill. Moreover, any adverse finding by the department during the course of its audits that is found outside the timeframe established by the bill would no longer be able to be addressed. However, the OLS is unable to estimate the magnitude or the direction of these potential impacts on local school districts.

*Background:* A public school student may be sent to an approved private school for students with disabilities if some or all of the student's needs (as required under the student's individualized education program) cannot be met by the local school district. Approved private schools for students with disabilities establish a maximum tentative tuition rate, based on the certified actual cost per student, which must be approved by the Department of Education. Tuition is then charged, pursuant to a contractual agreement between the private school and the sending public school district for each day that the student attends the private school, or for the number of hours daily if the student does not attend the school full-time.

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                  *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.).