

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 4967

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: JULY 21, 2023

SUMMARY

Synopsis:	Revises training requirements for governing board members of public institutions of higher education.
Type of Impact:	Annual State cost increase; annual cost decrease for four-year public institutions of higher education.
Agencies Affected:	Office of the Secretary of Higher Education; four-year public institutions of higher education.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Up to \$350,000
Four-Year Public Institutions of Higher Education Cost Decrease	Indeterminate

- The Office of Legislative Services (OLS) finds that there would be an increase in annual State expenditures of up to \$350,000 for the Office of the Secretary of Higher Education associated with arranging training for governing board members and maintaining records of training fulfillment, which is provided for by an appropriation included in the bill.
- The bill’s training requirements affect a maximum of 363 governing board members at any given time, although members are not required to complete the training on the same schedule.
- The bill removes a number of training and administrative requirements currently placed on four-year public institutions of higher education, thereby eliminating some costs to the institutions associated with meeting those requirements.

BILL DESCRIPTION

This bill requires that a newly appointed member of a governing board of a public institution of higher education complete certain training within six months of the member’s appointment and

that previously appointed members who were exempt from the current training requirement complete the training within six months of this bill's effective date. All members will be required to complete training within six months of the start of each successive term thereafter. Under current law, a newly appointed member of a governing board of a public institution of higher education is required to complete training on the roles and duties of a governing board member within one year of appointment to the board.

Current law generally provides that the subject matter of the board member training is prescribed by the institutions of higher education, in consultation with the Secretary of Higher Education. This bill provides that the secretary is to determine the subject matter of the training and that the training include the role of the governing board in the financial management of an institution of higher education. The bill provides that, in the case of four-year public institutions of higher education, the secretary will arrange for the training; current law, by contrast, requires the institution to arrange for the training. Public institutions of higher education also would no longer be required to conduct a periodic review of the training.

The bill directs the secretary to provide notification to a governing board member who has failed to comply with the training requirement and provide the member with a 30-day grace period to fulfill the outstanding training requirement. The bill permits the secretary to provide additional extensions to the grace period. The bill provides that failure to fulfill the outstanding training requirement within the grace period may constitute a resignation from the governing board at the discretion of the secretary and a vacancy will be deemed to exist. Under the bill, the board member will be disqualified from being reappointed to the board, or appointed to any other governing board of a public institution of higher education, for the succeeding two-year period. Additionally, the bill permits training for governing board members to be made available online.

The bill further repeals a section of law that requires four-year public institutions of higher education to provide certain information, orientation, and training to each of its governing board members. Under the bill, all required training for governing board members at public institutions of higher education is to be arranged for by the secretary.

Finally, the bill provides that \$350,000 will be annually appropriated from the General Fund to the Office of the Secretary of Higher Education to effectuate the bill's purposes.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that there would be an increase in annual State expenditures of up to \$350,000 associated with arranging training for governing board members and maintaining records of training fulfillment. The bill appropriates \$350,000 to the Office of the Secretary of Higher Education for the purposes of the bill. The bill also removes a number of training and administrative requirements currently placed on four-year public institutions of higher education, which would result in an indeterminate decrease in expenditures for the institutions.

Under current law, a newly appointed member of a governing board of a public institution of higher education is required to complete training that is designed to clarify the roles and duties of a governing board member. For four-year public institutions of higher education, this bill requires the Office of the Secretary of Higher Education to arrange for the training, whereas current law

requires the institutions to arrange for the training. For county colleges, training will continue to be provided under the bill by the New Jersey Council of County Colleges, although the bill provides that the training will now be done in consultation with the Office of the Secretary of Higher Education.

There are 11 four-year public institutions of higher education in the State and 18 county colleges. Membership on the governing board of a four-year public institution of higher education is capped at 15 members while membership on the governing board of a county college is capped at 11 members. The bill's training requirement affects a maximum of 363 governing board members at any given time, although members are not required to complete the training on the same schedule.

The bill removes a number of training and administrative requirements currently placed on four-year public institutions of higher education, thereby eliminating some costs to the institutions associated with meeting those requirements. Specifically, the bill provides that all required training for governing board members at four-year public institutions of higher education is to be arranged for by the Office of the Secretary of Higher Education, and the bill removes the requirement that public institutions conduct a periodic review of the training. The bill also requires the office to provide notification to a governing board member who has failed to comply with the training requirements and provide a grace period to fulfill the outstanding training requirement.

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.).