

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 5206

with committee amendments

STATE OF NEW JERSEY

DATED: SEPTEMBER 14, 2026

The Assembly Education Committee reports favorably and with committee amendments Assembly Bill No. 5206.

As amended, this bill establishes procedures to be followed by chief school administrators, school business administrators, boards of education, and school employees in order to improve the financial management of school districts and ensure the short- and long-term fiscal stability of the district.

Under current law, the secretary of a board of education makes a monthly report to the board that includes information on the monthly reconciliation of district bank account statements that has been conducted by the district's chief school administrator. This bill specifies additional information to be included in the secretary's monthly report to provide the board with a more complete picture of the district's fiscal situation. Some of the additional required information includes:

- (1) projected year-end surplus or deficit;
- (2) identification of any structural operating deficits;
- (3) an analysis of budget to actual expenditures; and
- (4) any multi-year contractual commitments, including salary and benefit obligations.

These items and the other information required under the bill to be included in the monthly report will allow the board to make more informed decisions over the course of the school year.

In addition to the monthly reconciliation of bank account statements required under existing law, the bill requires a district's chief school administrator to perform a monthly reconciliation of the district's position control roster, which is currently required to be maintained by a school district under State Board of Education regulations, and the district's payroll and human resources staffing records. The chief school administrator is required to verify that all payroll expenditures are aligned with the number of board-approved positions, and the results of this reconciliation will be included in the secretary's monthly report. The bill requires the school business administrator to certify to the board on a monthly basis that the reconciliation has been completed and that any discrepancies between the position control roster and payment and human resources records

have been identified and addressed. The bill establishes procedures to be followed in the event that the school business administrator finds any discrepancies between the position control roster and payroll and human resources staffing records.

Additionally, the bill requires certain information to be conveyed to a board of education when school staff recommendations require a vote of the board pursuant to current law.

The bill also provides that a board of education may not approve any financial commitment unless the school business administrator certifies that sufficient funds are available in the current school budget year to fund the financial commitment, and the financial commitment is consistent with the district's financial plan. The bill defines a "financial commitment" as the hiring of school district personnel, the award of salary adjustments and stipends, the approval of collective bargaining agreements and amendments to those agreements, vendor contracts, professional services agreements, and any action resulting in a financial obligation that extends beyond the current school budget year.

The bill establishes procedures to be followed by the school business administrator if the administrator is not able to certify the financial commitment, and ultimately provides for reporting to the Commissioner of Education if the board takes action in contravention to the school business administrator's objection to certification.

The bill directs each school district to adopt a policy regarding the reporting of fiscal concerns in the district. At a minimum the policy is required to include a definition of fiscal concerns as detailed in the bill. The policy would provide for the creation of a reporting form based on a model reporting form to be developed by the commissioner. A school employee will use the reporting form to provide, in writing, an explanation of the alleged violation. The report will be reviewed by the school business administrator or chief school administrator who will document in writing the results of the investigation and any action taken. The bill permits a school employee to submit a written complaint of the alleged fiscal concern directly to the executive county superintendent of schools and the commissioner if the alleged concern was not resolved within a timeframe established by the commissioner. The bill requires the policy to safeguard confidentiality and protect school employees from retaliation in accordance with the provisions of the "Conscientious Employee Protection Act."

The bill requires the purchasing agent to contact the Office of Controversies and Disputes in the department if the purchasing agent determines the board has not acted in accordance with the provisions of the "Public School Contracts Law" prior to the awarding or approval of a contract. The office is subsequently required to determine if the board acted in accordance with the law. If the office determines the board did not act in accordance with the law, the

purchase, contract, or agreement is not to be approved or awarded by the board.

Finally, this bill grants the purchasing agent the authority to override any purchase, contract, or agreement approved or awarded by the board of education if the purchasing agent determines that the purchase, contract, or agreement was not properly awarded or approved by the board in accordance with the "Public School Contracts Law." The bill requires the purchasing agent to immediately notify the superintendent and the board of education If the purchasing agent determines that the purchase, contract, or agreement was not properly awarded or approved by the board in accordance with the "Public School Contracts Law." Additionally, if the purchasing agent determines the contract was not property awarded or approved in accordance with the law, the purchase, contract, or agreement is to remain suspended pending further review of the Office of Controversies and Disputes.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- revise the certification process of the school business administrator to require the school business administrator to certify certain information prior to each meeting of the board of education in which funds will be encumbered;
- establish a process for a purchasing agent to report that a board has not followed the provisions of the “Public School Contracts Law” prior to the awarding or approval of purchases, contracts, or agreements; and
- establish a process to suspend the implementation of purchases, contracts, or agreements not awarded in accordance with the provisions of the “Public School Contracts Law” pending further review of the Office of Controversies and Disputes within the Department of Education.