

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2927

STATE OF NEW JERSEY

DATED: JANUARY 4, 2024

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2927.

Many of New Jersey's most vulnerable students receive the educational program and services required in their individual education program at approved private schools for students with disabilities (APSSDs) as part of the statutorily created continuum of services established pursuant to N.J.S.18A:46-14.

Pursuant to regulation, APSSDs are required to submit annually to the Commissioner of Education an independent audit as part of the tuition setting process and accountability structure. It is not uncommon for the commissioner to take 20 years or more to complete the review of the submitted annual audit and finalize the tuition rate charged by the APSSDs to sending school districts for that school year. This inordinate delay creates havoc in the budgeting process for both the APSSDs and the sending school districts. There is also a manifest unfairness in holding APSSDs responsible for audits that were completed so far in the past, because it is difficult for the APSSDs to defend themselves against the audit review findings under these circumstances. Basic fairness to the APSSDs requires timely notice of the audit review findings and a meaningful chance to be heard and defend against the finding. There is also a concern that an audit finding by the commissioner regarding an audit completed many years ago will be repeated in each succeeding year as a continuing finding and thereby compound the financial impact of any disagreement, error, or omission.

This bill provides a timeline within which the Commissioner of Education must issue any adverse finding, adjustment, or penalty regarding an audit submitted by an APSSD. For audits submitted for any school year ending after the effective date of the bill, the action of the commissioner must be within seven years of the date of the submission of that audit. For audits submitted for any school year ending prior to the effective date of the bill, the action of the commissioner must be within seven years of the date of the submission of that audit or two years following the effective date of the bill, whichever is the later date.

As reported by the committee, Senate Bill No. 2927 is identical to Assembly Bill No. 4396, which was also reported by the committee on this date.

FISCAL IMPACT:

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.