



Gerard M. Thiers
Executive Director

TO: Honorable Members of the State Board of Education

FROM: Gerard M. Thiers, Executive Director

RE: Proposed Fiscal Code for Approved Private Schools, 6A:23A-18

DATE: April 5, 2017

Thank you for the opportunity to speak on the proposed fiscal rules for approved private schools for students with disabilities. ASAH is a nonprofit state association that speaks for 150 approved private schools serving 10,000 special education students. ASAH's members serve students with complex conditions including those who are medically fragile, on the autism spectrum, exhibit challenging behavior, have a mental illness and those with multiple disabilities.

As you know, we have been advocating for the delay of these rules since they were made public in November. We remain deeply concerned about many provisions. In addition, it has become apparent that neither the NJDOE nor approved private schools will be able to implement these changes in the 17 business days between June 7th when the code is to be adopted, and July 1st when it is scheduled to take effect. We point out the following:

First, NJDOE is attempting to pass the code without making important clarifications or issuing a chart of accounts. It is impossible for private school accountants and auditors to understand the proposed changes without more details such as account definitions and assigned cost categories. We have asked for these details, but they have not been provided.

Second, ASAH has asked for but has not received job descriptions for approved job titles and clarification of non-certified staff and the appropriate use of approved job titles.

Third, NJDOE intends to use new financial reporting software that has not been pilot tested by private schools. NJDOE cannot tell us when it will be available for the schools to learn and test.

Fourth, we have found that NJDOE has miscalculated maximum salaries. They also provided this board - and the public - very misleading information at the February 1 State Board meeting.

In its PowerPoint presentation at the February 1 State Board of Education meeting, NJDOE presented two slides related to salaries. The first compared the **maximum** salary of a private school administrator to the **average** salary of a public school administrator. The Department did not tell you the **average** approved private school administrator salary is **\$105,393** - about \$14,000 less than their public school counterparts, who earn, according to NJDOE, an average of \$119,482.

This is *the opposite* of what the Department suggested at the February 1 meeting. In fact, if the NJDOE had looked at the highest paid public school administrator in New Jersey, you would see a salary in excess of \$266,460, with nearly \$40,000 in bonuses.

A second slide presented by NJDOE did the same thing – it compared the *maximum* salaries of private school teachers in three counties to the *average* salary of public school teachers. NJDOE did not tell you that private school teachers made an **average of \$47,878**, \$20,311 less than the their public school counterparts, who earn, on average, \$68,589.

If NJDOE had compared the average private school teacher salary to the maximum salary of a public school teacher, you would learn that the maximum salary paid to a New Jersey teacher is \$187,000.

This is what the NJDOE slide would look like if the same type of comparison were made in reverse:

Position	Average Salary in Private School	Maximum Salary Paid by a Public School
School Administrator	105,393	\$266,460
Teacher	47,878	187,000

We also found that the “maximum salary guide” has not been calculated correctly.

NJDOE is citing the salaries of public school employees who have a 12-month contract with a salary that exceed the current maximums. However, there are public school employees who have a 10-month contract whose salaries would exceed the maximums if adjusted to 12 months. Most, if not all, employees of private schools have a salary based on a full year.

NJDOE’s maximum salary schedule for private school employees is incorrect, and in some cases not consistent with the code. Because of this, maximum salaries for most non-administrative employees have not changed for six years and the proposed requirement could extend this calculation error for a total of seven more years.

I want to conclude by asking, ***do you really know what you are getting in adopting this code proposal?***

There are mistakes in the math, accountants and audit firms have varying interpretations of the code language, and the Department itself is unclear as to how the code and financial reporting software will be implemented in the 17 business days between June 7 and July 1.

The Department has yet to provide answers to many crucial issues, such as:

- Whether the reimbursement for school breakfast/lunch programs will be sufficient for schools who provide specialized food and feeding to medically fragile students,

- Whether a nonprofit school can sell its current facility and use the proceeds to purchase better classrooms and therapy spaces for students, and
- Whether teachers and therapists can access the specialized training they need to provide the highest quality services.

Many well-respected advocacy organizations have asked for a delay. You have heard from The Arc of New Jersey, Autism New Jersey, ACNJ, The Alliance for Citizens with Disabilities, NJ Association of Mental Health and Addiction Agencies, The United Way of Central Jersey and most recently, the New Jersey Coalition for Special Education Funding Reform, which represents 13 statewide advocacy organizations.

We urge you to delay the effective date of this proposal to the 2018-19 school year.

Rushing the implementation of this code will lead to inconsistency and more disputed disallowances by both audit firms and DOE financial monitoring. It **will** drive up audit costs and ultimately administrative costs.