



Hillsborough Township Public Schools Board Member Manual

Board of Education

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Joel Handler, Assistant Superintendent of Instructional Technology
Gerald Eckert, School Business Administrator/Board Secretary

Mission Statement

*Empowering all students to excel while finding
purpose and joy in every aspect of their educational journey.*

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District Strategic Plan

The district began a strategic plan development in July 2023. An agreement was entered into with Hazard Young Attea Associates (HYA) on June 26, 2023, to facilitate the development process that included stakeholder focus group work sessions, an electronic community survey, and an analysis of data followed by a Community Engagement Report (Needs Assessment). The [district's strategic plan](#), presented at the Board of Education meeting on May 13, 2024, creates a vision, mission, core beliefs, strategic priorities, and strategic objectives for the district.

Are You Interested in Becoming a Board Member?

Information regarding candidacy for a local New Jersey School Board is available on the New Jersey School Boards Association's [website](#).

The Role of the Board of Education Member

School Board members are *state* officials. They are empowered by state law to perform a state function – governing the public schools at the local level. Their powers are derived from the legislature and not from the people of their community. They are representatives of their community to the state.

The ethical role of a Board of Education is ***not to run the schools but to see that they are well run***. In order to accomplish this, a Board makes policies. Policies are the written expression of the Board's desires for the district's students. A Board of Education is a policy-making body. The other two major responsibilities of the Board of Education are to hire a Superintendent and evaluate the Superintendent accordingly. Please also keep in mind that as a Board member, you are one of nine. You have a voice - and an important one - but once the Board votes on something, whether unanimous or not, the Board then has spoken with one voice.

Often, when new Board members join a Board of Education, they do so because of a particular issue or concern that is important to them. Upon arrival to the Board, they sometimes realize that in assuring that the schools are well run, but not running them, they are unable to affect changes that they assumed that they

would be able to affect.

For example, here are some concerns that Board members may voice about the schools either before their time as a Board member or once elected:

- 1) "I don't like a particular staff member. I think he or she needs to be replaced."
- 2) "I don't like the way that certain teachers teach math in our schools."
- 3) "I think a certain building spends too much or too little money on certain resources."
- 4) "Kids need more time at lunch. We should ensure that all students have at least sixty minutes for lunch and recess."

You get the idea...

All of the above are examples of running the district. Outside of specific policies about such matters, Board members do not get involved in making decisions on such matters. The Superintendent does. If the Board does not like how the Superintendent runs the district, then they have the obligation - both by contract and by law - to evaluate him accordingly. This is spelled out in detail in [HTPS Policy and Regulation #1240 - Evaluation of Superintendent](#). In extreme situations where the Superintendent is given poor evaluations, the full Board can look for a new Superintendent. However, to be clear, the Board cannot run the day-to-day operations of the school district.

Board members have no legal status other than that of any citizen except when sitting with other Board members in a legally constituted meeting. As individuals, Board members cannot make decisions for the Board, take actions for the Board, or speak for the Board, unless the Board has authorized them to do so.

Board members represent their entire community, not just the area in which they live or their particular supporters. Board members have a responsibility to listen to all citizens and to explain to those with a special point of view the needs of the school system as a whole. Above all, Board members are responsible for and to the students in the schools. Every policy they approve, and every action they take needs to be based on what is best for the education of those students.

Code of Ethics for School Board Members - 18A:12-24.1

A School Board member shall abide by the following Code of Ethics for School Board Members:

- a. I will uphold and enforce all laws, rules, and regulations of the State Board of Education, and court orders pertaining to schools. Desired changes shall be brought about only through legal and ethical procedures.
- b. I will make decisions in terms of the educational welfare of children and will seek to develop and maintain public schools that meet the individual needs of all children regardless of their ability, race, creed, sex, or social standing.
- c. I will confine my Board action to policy making, planning, and appraisal, and I will help to frame policies and plans only after the Board has consulted those who will be affected by them.
- d. I will carry out my responsibility, not to administer the schools, but, together with my fellow Board members, to see that they are well run.

- e. I will recognize that authority rests with the Board of Education and will make no personal promises nor take any private action that may compromise the Board.
- f. I will refuse to surrender my independent judgment to special interest or partisan political groups or to use the schools for personal gain or for the gain of friends.
- g. I will hold confidential all matters pertaining to the schools which, if disclosed, would needlessly injure individuals or the schools. In all other matters, I will provide accurate information and, in concert with my fellow Board members, interpret to the staff the aspirations of the community for its school.
- h. I will vote to appoint the best-qualified personnel available after consideration of the recommendation of the chief administrative officer.
- i. I will support and protect school personnel in the proper performance of their duties.
- j. I will refer all complaints to the chief administrative officer and will act on the complaints at public meetings only after the failure of an administrative solution.

Subject Matter Which May be Discussed in Closed Session

- 1. Federal Law, State Statute, or Rule of Court
- 2. Impairment of the Right to Receive U.S. Government Funds
- 3. Unwarranted Invasion of Individual Privacy
- 4. Negotiations
- 5. Purchase of Property and Setting Bank Rates
- 6. Tactics and Techniques in Protecting Safety and Property of the Public
- 7. Personnel
- 8. Quasi-Judicial Deliberation of a Public Body

“7 Practices of Highly Effective Board Members”

- 1. You do NOT have legal authority or power as an individual.
 - a. You are part of a Board and need to operate within your scope of responsibility.
 - b. Escalate issues by following the chain of command.
- 2. Respect your team.
 - a. The Board sets the tone for the broader community.
- 3. Understand the different roles and responsibilities of the Board and the Staff
 - a. The Board cannot perform management functions. The Superintendent is held accountable by the Board.
- 4. Listen to your fellow Board members' views and share and support your own views
 - a. Be open to others' opinions.
 - b. Respect the Board's vote and support the decision.
- 5. Come to meetings prepared
 - a. Read background information in advance of the meeting.
 - b. Formulate questions in advance of the meeting.

6. Respect the oath you have taken to serve on the Board
 - a. You are serving in a public office position.
 - b. Maintain confidentiality when appropriate.
7. Continue Learning
 - a. Attend required training.
 - b. Understand your district's goals and initiatives.
 - c. Become familiar with NJ state statutes.

Robert's Rules

Robert's Rules of Order, Newly Revised, shall guide the Board of Education its deliberations and acts in all cases in which it is not inconsistent with statutes of the State of New Jersey, rules of the State Board of Education, or these bylaws.

Order of Business

At all regular meetings of the board, the order of business shall be as follows:

1. Call to Order
2. Roll Call
3. Executive Session (if needed)
4. Pledge of Allegiance
5. Correspondence
6. Approval of Minutes
7. Committee Reports
8. Board President's Report
9. Superintendent's Report
10. Board/Public Comment on the Meeting Agenda

Those wishing to address the Board regarding the meeting agenda may do so at this time. However, the Board typically will not address those issues at this time. Issues raised may be referred to the administration, Board committee or placed on a future meeting agenda if warranted.
11. Action Agenda
 - Education
 - Human Resources
 - Operations
 - Bylaws/Policies/Regulations (if needed)
 - Reviewed by the Education Committee
 - Reviewed by the Governance Committee
 - Reviewed by the Human Resources Committee
 - Reviewed by the Operations Committee
12. Comments from the Public/Board

Those wishing to address the Board regarding any school or school district issue that a member of the public feels may be of concern to the residents of the school district may do so at this time. Issues raised may be referred to the administration, Board committee or placed on a future work session agenda if warranted.
13. Informational
14. Adjournment

What Every New Board Member Needs to Know

Basic Information

- Board of Education meetings are held at Auten Road Intermediate School, 281 Auten Road, at 7:30 p.m. If there is a scheduled executive session, you will be notified of the start time.
- District Website: www.htps.us
- District Main Phone Number/Address
Main Phone Number: 908-431-6600
- Hillsborough Township Board of Education Offices
379 South Branch Road
Hillsborough, NJ 08844
- Approximate Number of Students: 7,000
- Approximate Number of Employees: 1,215
- Current Budget: 2025-2026 SY - \$176,862,729
- District Website: www.htps.us
- Configuration of District: PK - Grade 12
- Names/Addresses of Schools:

Hillsborough High School 466 Raider Boulevard Grades 9-12	Hillsborough Middle School 260 Triangle Road Grades 7-8	Auten Road Intermediate School 281 Auten Road Grades 5-6
Amsterdam Elementary School 301 Amsterdam Drive Grades K-4	Hillsborough Elementary School 435 Route 206 Grades K-4	Sunnymead Elementary School 55 Sunnymead Road Grades K-4
Triangle Elementary School 156 South Triangle Road Grades K-4	Woodfern Elementary School 425 Woodfern Road Grades K-4	Woods Road Elementary School 401 South Woods Road Grades K-4

Contact Information

- Superintendent
 - Michael J. Volpe
- Assistant Superintendent for Curriculum and Instruction
 - Lisa Rebimbas, Ed.D.
- Assistant Superintendent of Instructional Technology
 - Joel Handler

- School Business Administrator/Board Secretary
 - Gerald Eckert
- Fellow Board members
 - Joel E. Davis, Board President
 - Paul Marini, Vice President
 - Cynthia DeCavalcante-Nurse
 - Marc Ehrenkrantz
 - Elaine Jackson
 - Cassandra Kragh
 - Allison Laning-Beder
 - Jane Staats
 - Jean Trujillo
- Committees/Chairpersons
 - Education/Technology Committee
 - Elaine Jackson, Chairperson
 - Joel Davis
 - Cassandra Kragh
 - Jane Staats
 - Governance
 - Joel Davis, Chairperson
 - Elaine Jackson
 - Paul Marini
 - Cynthia Nurse
 - Human Resources/Communications
 - Cynthia Nurse, Chairperson
 - Joel Davis
 - Marc Ehrenkrantz
 - Allison Laning-Beder
 - Operations/Finance
 - Paul Marini, Chairperson
 - Marc Ehrenkrantz
 - Joel Davis
 - Jean Trujillo

Committee Alternates: If an assigned committee member is unable to attend a scheduled committee meeting, they should notify the Committee Chair and Administration as early as possible. The Board President may designate an alternate Board member to attend in their place to ensure full representation and participation.

- New Jersey School Boards Association and Field Service Representative (FSR): Catherine Pouria

Policy Manual

This is an electronic document located on our website under Board of Education > [Policies and Regulations](#).

The Board utilizes Strauss Esmay's services to provide the Superintendent with electronic policy alerts when there are mandatory or recommended revisions to regulations and/or policies.

After the administration reviews a policy alert, recommended revisions are assigned to appropriate Board committees where they are reviewed and moved to a first and second reading at a Board of Education meeting.

Essential Practices for Board Members

Email:

- Use your assigned Hillsborough email account for all Board-related discussions
- Do NOT reply to all.

Confidentiality:

- You must keep all matters discussed in closed and executive sessions confidential

Attendance:

- If you cannot attend a Board meeting, you should promptly notify the Superintendent and Board President.
- If you cannot attend a Committee meeting, you should notify the Committee chair.

Handling Community and Staff Inquiries:

- When contacted by a community or staff member regarding a specific concern, Board members must adhere to the chain of command. Members should listen courteously, clarify that individual Board members do not have operational authority, and direct or forward the individual's concern to the Superintendent or appropriate administrative lead for follow-up.

Information Requests:

- To maintain efficient operations and respect administrative staff capacity, all requests for information or data analysis must be submitted directly to the Board President and the Superintendent. Requests requiring substantial staff time or research will be brought to the appropriate committee or full Board to determine authorization.

Sharing Information with the Community:

- Board members may share any official information that is part of the public record - such as approved Board minutes, published agendas, district presentations, approved budgets, and publicly released policies. Board members must not share draft documents, personnel details, executive session matters, or student records. When sharing public details, members should clarify that they speak as individual community representatives unless formally authorized to speak on behalf of the Board.

Sharing Information with Staff Members:

- Board members may discuss public district information, general policy objectives, and approved strategic plans with staff members. However, Board members must refrain from discussing ongoing labor negotiations, active grievances, individual personnel decisions, or confidential committee/executive discussions. Formal inquiries regarding working conditions or staff concerns should *always* be directed through administrative channels rather than private discussions.

Board and Committee Meeting Information

Board and Committee Agendas and Minutes

The district uses [BoardDocs](#) for Board and Board Committee agendas and minutes. You will be trained on how to access documents that are not accessible to the public, i.e. committee agendas and minutes, executive session minutes, and confidential documents.

Board agendas are released on BoardDocs by 4:00 p.m. on a Friday prior to the Monday Board meeting.

Board meeting minutes are added to the Board agenda the month following a Board meeting.

Committee meeting agendas are released by 4:00 p.m. on Friday the week before the committee meeting.

Committee meeting minutes are added to the agenda by 4:00 p.m. on Friday prior to the next scheduled Board meeting.

Committees and Ad-Hoc Committees

The Board has four committees:

- Education/Technology
- Governance
- Human Resources/Communications
- Operations/Finance

Each committee consists of a committee chairperson, three Board members, and one or more administrators. The Board President selects the committee chairperson and members to serve for a period of one year. It is possible that the Board will decide to create an ad-hoc committee for a specific purpose and specified duration. Committee meeting frequency and duration will vary. On average, each Committee will meet once a month.

Committees are used as a means for further, in-depth discussion of topics. At the conclusion of each committee meeting, as described above, minutes are published so that all Board members, including those members not on a specific committee, can see what was discussed. Committees are also often used as a “sounding board” for the Superintendent where input and feedback from Board members can be given. However, the Hillsborough Committee structure is not that of a “voting committee” whereby a topic or item needs a certain amount of votes to move through to a full Board meeting agenda. In the news, you may hear about a different type of committee structure, such as in Congress, where items “don’t come out of committee” because they do not have enough votes. That is not the case here. That being said, it would be very short-sighted of a Superintendent to bring an item to a full Board meeting for a vote if he had no support in a committee for such an item. That would mean that if only one other Board member were to disagree with said item, it would fail at the dais.

Committee meetings are a good time for talking things through and further developing the relationships between the Superintendent and Board members.

Committee Chairperson

The committee chair is responsible for serving as the point person for the Board and Superintendent. The committee chairperson will help create the committee meeting agenda, and seek input from the Superintendent and Board to ensure there is agreement on topics for discussion. The chairperson will run the meeting while demonstrating strong leadership qualities. He/she will ensure the meeting addresses pre-stated agenda items while seeking input from fellow committee members and sharing input/ feedback from Board members as applicable. The chairperson also reports action and discussion items from their committee meeting at the Board meeting following their meeting.

Committee Norms

- Assume noble intent.
- We commit to being respectful of each team member's ideas. We agree to discuss and debate issues in an environment marked by mutual respect and appreciation and seek common ground as a committee when possible.
- We commit to confirming discussions and/or decisions articulated at each meeting prior to moving to the next agenda item.
- We commit to no surprises. If the committee agrees to an action item at a committee meeting and the member then changes their mind prior to voting at a board meeting, that member will give fellow members and Superintendent the courtesy of notifying them of his/her change in opinion.
- We commit to being prepared for meetings by reading the agenda and all attachments.
- We commit to keeping the meetings to the allotted time scheduled for the meeting. Additional meetings will be scheduled if needed. Members will inform the chair or administration if he/she will arrive late to a meeting or be attending virtually. At the discretion of the committee Chair, if two or more members are attending virtually, the meeting will/can take place as an all virtual meeting.
- Committee members should be ready to begin the meeting promptly at its designated time as opposed to arriving at the designated time. Except for extenuating circumstances, all members should strive to attend in person. The meeting will start when a quorum of the committee is present, but will not extend past the scheduled end time.
- Administration will provide timely information and supporting documentation on agenda items in preparation for committee meetings. An email will be sent to the full board when agendas are published. Follow up emails should be sent to the full board should there be any updates after the agenda has been published, noting the updates/modifications.
- An email will be sent to the full board when minutes are published. Follow up emails should be sent to the full board should there be any updates after the minutes have been published, noting the updates/modifications.
- Administration will maintain open communication regarding agenda setting. If a board member would like to request an item to be added to the agenda, it should be communicated to the chairperson and administrative liaison.
- For agenda items that received non-unanimous consent, dissenting opinions will be mentioned in Brass Tacks.

Committee Charges

Governance Committee

The primary function of the Governance Committee is to provide feedback and input, in accordance with Board of Education bylaws and policies, to the Board and to the Superintendent of Schools on issues related to Board governance, district and Board bylaws and policy, district strategic plan, and other items of

interest.

The Governance Committee may be chaired by either the Board President or Board Vice President. The Governance Committee membership must contain one member each from the Education/Technology, Human Resources/Communications, and Operations/Finance committees, preferably the chairperson. Governance Committee members will serve as liaisons to their respective committees.

To this end, the Governance Committee will:

1. Work with the district administration in the design, preparation and delivery of strategic plans, district goals and objectives, and other areas of study.
2. Review current and proposed new bylaws prior to Board review and/or action:
 - Recommend to the Board the creation of new bylaws.
 - Recommend to the Board the revision of existing bylaws.
 - Review and recommend to the Board a position on any bylaw or policy challenged by individual Board members and/or the public.
3. Coordinate governance activities including, but not limited to:
 - Board self-evaluation
 - Annual Board goals
 - New Jersey Quality Single Accountability Continuum (NJQSAC)
 - Cross-cutting issues not assigned to other committees.

Education/Technology

The primary function of the Education/Technology Committee is to provide feedback and input, in accordance with Board of Education policies, to the Board and to the Superintendent of Schools as he/she and his/her administration team develop and implement a comprehensive plan for the development, implementation, and evaluation of curriculum. The Education/Technology Committee will provide feedback and input in the following areas:

- Student achievement
- Curriculum, programs, courses of study
- Education Technology
- Special education
- Professional Development related to Education/Technology
- Communications Plan related to Education
- Policy development related to Education/Technology
- Strategic Plan implementation oversight related to Education/Technology
- All matters involving the education of the students

To this end the Education/Technology Committee will:

1. Review all administrative recommendations regarding textbooks and curriculum adoptions prior to submission to the Board for approval.
2. Consider and review recommendations for curriculum changes from the Board and the public to ensure alignment with the New Jersey Student Learning Standards (NJSLS) best practices research and 21st Century College and Career Readiness.
3. Assist the administrative team in providing to the Board brief informational reports on curriculum activities on a planned periodic basis.

4. Assist the administrative team in providing the Board with information on the collecting, analyzing, interpreting, reporting, and utilizing of student achievement information.
5. Assist the administrative team in providing the Board with information on staff development opportunities that foster an environment of lifelong learning for staff and enhance student learning and achievement in the 21st century.
6. Assist the administrative team in providing the Board with information on the district's vision of education technology that addresses the future educational needs of our students by providing the teachers and administration within our facilities the resources needed to promote instructional expertise to develop and implement comprehensive and rigorous academic programs.
7. Participate in curriculum workshops (such as those sponsored by NJSBA) and provide a report to the Board with special emphasis on items particularly relevant to the district's curriculum.
8. Review Board policies as they relate to the district's curriculum and instruction program and make recommendations to the Board prior to Board review and/or action.
9. Review proposed new policies related to the oversight responsibilities of the Education/Technology Committee prior to Board review and/or action.

Human Resources/Communications

The charge of the Human Resources/Communications Committee is to assist the Board of Education in the hiring, evaluation, retention, and compensation of the employees who serve at the pleasure of the Board, and to initiate policies or recommend revisions to existing policies in order to assure the systematic selection and retention of highly qualified professional and support staff. The Human Resources/Communications Committee will provide feedback and input in the following areas:

- Teacher evaluation
- Administrator evaluation
- Support staff evaluation
- Employee discipline
- Negotiations
- Grievance handling
- Communications Plan related to Human Resources/Communications
- Policy development related to Human Resources/Communications
- Strategic Plan implementation oversight related to Human Resources/Communications
- Any additional matters involving the employees of the district

To this end, the Human Resources/Communications Committee will:

1. Assist the administrative team in providing to the Board information on the model used for teacher and administrative evaluation that reflects current best practices and proactively anticipates changes by the state by selecting optimal evaluation tools best suited to our district.
2. Assist the administrative team in providing the Board with information on staff development programs for non-certificated personnel and district administration that meet their professional needs, state-mandated requirements and best practices.
3. Review proposed new policies related to the oversight responsibilities of the Human Resources/Communications Committee prior to Board review and/or action.

Specific responsibilities for the Human Resources/Communications Committee are to:

1. Coordinate the annual evaluation of the Superintendent of Schools following statutory requirements.
2. Coordinate the annual evaluation of the Board Secretary following statutory requirements.

3. Review any other significant personnel issue as requested by the Board and/or Superintendent.

Operations/Finance

The Operations/Finance Committee is charged with the responsibility of finance and facilities. The Operations/Finance Committee will provide feedback and input in the following areas:

- Finance
- Facilities
- Transportation/Food Service
- Environmentally friendly practices (Green initiatives)
- Non-educational professional services
- Safety and Security
- Communications Plan related to Operations/Finance
- Policy development related to Operations/Finance
- Strategic Plan implementation oversight related to Operations/Finance
- Other non-educational and non-human resource areas

Finance

The Operations/Finance Committee is charged with the responsibility to review, revise and initiate policies to ensure efficiencies that provide a productive, accountable and transparent board which will assure sound financial practices that are in compliance with audit requirements and in accordance with generally accepted accounting principles.

In order to fulfill this responsibility, the Operations/Finance Committee will:

1. Develop criteria for and coordinate a selection process for the employment of the Board attorney, auditor, treasurer of monies, school physician and other individuals who serve at the pleasure of the Board.
2. Review proposals from the administration which may give the district administration flexibility in its business operations in order to meet the mission and/or will result in creating, monitoring, and administering revenue-generating initiatives that will help alleviate the local tax burden and allow the district to implement different initiatives while maintaining a budget within the tax levy cap.
3. Assist the administrative team in providing information to the Board on savings from green initiatives (environmentally sound practices) to fund the district's innovative practices and to support property tax relief.
4. Assist the administrative team in providing information to the Board on private, federal, state and local grant opportunities as well as revenue-generating activities that are aligned to the district's revenue-generating activities.
5. Review proposed new policies related to the oversight areas of the Operations/Finance Committee prior to Board review and/or action.

Facilities

The Operations/Finance Committee is charged to represent the Board of Education on all issues involving the district's school buildings, grounds, and their use. All committee deliberations and actions will be guided by the policies previously established by the Board. Through these policies, the Committee will ensure that safe and suitable facilities are provided throughout the district.

In order to fulfill this responsibility, the Committee will:

1. Review and recommend to the full Board a five-year comprehensive preventative maintenance plan

developed by the administration that clearly articulates a priority-ordered listing of capital maintenance projects.

2. Assist the administration in providing information to the Board on a comprehensive capital and maintenance plan that supports the Home/School Associations' projects.
3. During construction periods, the Committee will monitor progress reports provided by the administration and review proposed change orders related to construction in preparation for the presentation of the recommendations to the full Board.
4. Will review evaluations and recommendations made by the administration on professional service contracts related to the management and construction of school facilities.

Organizational Meetings

Organizational meetings of the Board of Education take place during the first week of January and at a meeting in May. The January meeting is the first meeting for newly elected Board members. Per Bylaw 0151 - Organization Meeting:

The meeting shall be called to order by the Board Secretary, who shall serve as presiding officer pro tempore until the election of a President. The Board Secretary shall administer the oath of office to new Board members.

The May meeting is a mid-year organizational meeting to approve items for the following school year that may include designation of signatories, professional services, Board policies, job descriptions, school district curricula, field trip destinations, participation in NJSIAA/Skyland Athletic Conference, Affirmative Action Officer/Title IX Coordinator, Section 504 Officer, Liaison for Homeless Students, Board Secretary, Attendance Officer, designation of Public Agency Compliance Officer, purchases from State contract vendors, advertising bids for goods and services, and cooperative purchasing.

The Agenda Process

The Agenda Process:

- Organizes the business of the Board
- Serves as the basis for information needs
- Serves as a planning tool
- Informs the public
- Provides continuous and useful flow of information
- Keeps surprises out of meetings

Items are placed on the Agenda by:

- Committee recommendation
- Board President
- Superintendent

To get an item on the Agenda:

- Contact the Committee Chair
- Contact the Board President
- Contact the Superintendent

Committee Agenda Structure:

- Action Items

- Informational/Discussion Items
- Committee Norms

Moving Agenda Motions

At Board of Education meetings, the President will ask Board members to “move” items in a section. This occurs via motion. Individual members can:

1. Make a motion, “I would like to move, items 1, 2, and 3 under Finance.”
2. Make a second motion, “Second”. If there is no second, the items cannot be moved.
3. Provide comments on the topics. After a second motion, the President will ask if anyone has any comments. It is then that Board members can provide feedback.
4. Vote on motions.

Voting on a Motion: The Board votes by Roll Call. Each member answers “yes,” “no” or can “abstain” after his/ her name is called.

Motion to Table: This motion is used to pull the item from discussion at the meeting.

School District Accountability Act – Mandatory Training

On March 15, 2007, Gov. Jon S. Corzine signed into law the School District Accountability Act. This multifaceted legislation impacts school Boards in a variety of ways and one key area is Board-member training. NJSBA has been selected, by the state, as the designated training provider for all of the mandated courses.

Provisions of the Law

- Establish new requirements and approval processes for School Board and staff travel.
- Expand existing training required for newly elected and new school Board members.
- Establish training requirements for first-term Board members during their second and third years in office *and* for re-elected and re-appointed Board members.
- Set new processes that must be followed to renew or alter administrator’s contracts.
- Create requirements for reporting and publicly posting administrators' compensation.
- Require plain language summaries of school budgets.
- Extend the state commissioner of education's authority to intervene in school district business operations.

All Board members must attend the New Board Member Orientation Conference in their first year of service. In addition, other Board members must attend training in subsequent years if they fall into one of the following categories:

- 1st Term, 1st year of service – New Board Member Orientation
- 1st Term, 2nd year of service – Governance II: School Finance
- 1st Term, 3rd year of service – Governance III: Student Achievement
- Reelected/Reappointed Board Members in the 1st year of any succeeding term – Advanced Training: Legal Update

Training Report Form

The School District Accountability Act requires Board members to report back to their districts after they have attended training or educational programs. NJSBA has developed an easy-to-complete form for members to comply with the regulations.

The form provides space to explain what the training involved and where and when it was held, as well as briefly discuss the educational benefits of the session, so that information can be shared with colleagues.

Web-Based Training

Pre-recorded, Web-based training allows you to take your mandated training requirement at your convenience. Upon registering for Web-based training, you will be e-mailed further instructions.

Webinars

For your convenience, NJSBA is offering online training opportunities, also known as webinars, to meet the mandated training requirement under the state's School District Accountability Act. Upon registering, you will be sent a confirmation notice. Two days prior to the webinar, you will receive an email containing your login name and password, and instructions on how to download program materials before the webinar begins. Please register for each webinar at least three business days prior to the event.

Check the NJSBA website at: www.njsba.org for further information on updated training dates.

Mentoring Overview

Purpose

The purpose of the mentor is to help the new Board member get acclimated and assimilated to his/ her new role in the District. The intent of the mentoring program is to supplement required Board Member training and resources available via the NJSBA. The mentor/ mentee relationship should grow over time.

The mentor and mentee should have an initial meeting within two weeks of selection. Ideally, this meeting will occur face-to-face. Subsequent interactions can occur via face-to-face, phone or email.

Duration

The goal is for the mentor and mentee to remain paired until one of the party's term concludes.

Selection

The Board President or designee will match mentors and mentees based on the following:

- Personality style/ compatibility
- Strengths and development needs

Key Skills for Mentors

1. Listening; seeking to understand the mentee's needs
2. Having a positive attitude
3. Taking the other's perspective
4. Appreciating the other's values
5. Reasoning ethically
6. Identifying and accessing resources
7. Respecting diverse talents and interests
8. Being emotionally available
9. Possessing servant leadership values

Welcome to the Machine - An Introduction to New Jersey School Finance for Board Members

If you've successfully managed a household budget or balanced the books for a private company, your first instinct as a new Board member might be to apply that same "kitchen table" logic here. You might think, "If we don't have the money, we don't spend it," or "We should just cut 5% across the board to save the taxpayers some cash."

In the real world, that's called fiscal responsibility. In the world of New Jersey school finance, that same logic can be a recipe for catastrophe. On the surface, a school budget looks like any other budget - money comes in from taxes and the state, and money goes out for salaries, books, and buses. If you've managed a household or a small business, you might feel prepared to jump into the numbers.

However, as a member of a New Jersey Board of Education, you are about to discover that school finance is less like a bank account and more like a highly pressurized, 3D puzzle governed by physics-defying laws.

Why it's more than "Ins and Outs"

In the private sector, if you have a surplus, you save it. In New Jersey schools, if you save too much in the wrong "bucket," the state can take it back. In business, if your costs go up, you raise your prices. In a school district, if your costs (like health insurance or fuel) go up by 8%, you are legally forbidden from raising your "price" (the tax levy) by more than 2%, with few exceptions which include the health care adjustment, enrollment adjustment, or using banked cap.

School finance is an intricate system of interlocking constraints;

- Legislative Mandates - You are legally required to provide services that you may not have the funds to pay for.
- The Funding Cliff - Saving the average taxpayer \$50 today can inadvertently trigger a \$1,000,000 deficit two years from now.
- The Transparency Paradox - The state demands total transparency, yet the formulas used to calculate the "State Aid" are complex and not easily understood.

Your Role as a Navigator

As a Board member, you aren't expected to be a certified Business Administrator (BA). Your job is to provide governance, not management. However, to govern effectively, you must understand the levers the administration is pulling. When your BA warns you against a certain cut, they aren't just being protective of their budget - they are often trying to prevent a structural collapse of the district's long-term fiscal health. However, once the Superintendent presents the tentative budget, it then becomes the Board's budget. The Superintendent and BA can only advise the Board on decisions but the budget, as a whole, is the Board's.

What This Guide Covers

This document is designed to demystify the terms you'll hear at the dais and the scenarios that will define your term in office. We will dive into;

- The Accounts - Why Capital Reserve is an important survival tool.
- The Fund Balance Trap - Why using savings to lower taxes may not have the effect you are looking for.
- The 2% Cap Reality - Understanding how fixed costs always outpace your ability to raise revenue.
- Common "Fiscal Hero" Mistakes - Why the most intuitive cuts often cause the most damage.

This is your primer for moving past the "ins and outs" and understanding the true mechanics of how our district stays solvent while delivering a high-quality education.

Budget Glossary for Board Members

1. *Fund Balance* - In the simplest terms, Fund Balance is what is left over at the end of the school year. It is the difference between our assets (what the district owns/has) and our liabilities (what we owe). If we spend less than what was originally budgeted, or receive more revenue than expected, that "surplus" becomes the fund balance. However, in New Jersey, districts aren't allowed to keep an infinite amount of leftover cash. We are generally capped at keeping 2% of our total budget as "unassigned" fund balance.

2. *Budgeted Fund Balance* - This is the portion of the leftover money from the previous year that the district decides to spend this year. Think of it like moving money from your savings account into your checking account to pay your bills. By "budgeting" the fund balance, the district uses its own savings to pay for costs, which helps keep the local property tax levy from rising as much as it otherwise would.

Due to our budget situation in the past, Hillsborough currently uses approximately \$4.5 million of budgeted fund balance to make our budget work every year. Essentially, we need to be mindful, efficient, and conservative in spending during the year because we have to end each year with \$4.5 million "left over" to make the next year's budget work. This number was raised right before the current Business Administrator was first hired in 2022. It is something that we can look to reduce in future years and needs to be decided at audit time.

If you remember when the audit was presented to the Board, our auditor commended us on keeping that amount flat from year to year. If the budgeted fund balance is increased in any budget and we are not able to regenerate that amount, we are in effect creating a hole in the following year's revenue as we would be forced to budget less fund balance as a revenue.

3. *Reserve (Capital, Maintenance, or Emergency)* - A reserve is a restricted "savings bucket" designated for a specific, legally defined purpose. Unlike the fund balance, you can't just use reserve money to pay teacher salaries or buy paper clips.

- Capital Reserve - Money set aside for long-term building projects (like a new roof or HVAC system) that are included in the District's approved Long-Range Facilities Plan (LRFP). This money cannot be used for anything else. A withdrawal from the Capital Reserve is traditionally done during the budget process but can be done during the school year with approval from the Commissioner of Education. The maximum amount a District can have in their Capital Reserve cannot exceed the total amount needed to implement the capital projects listed in the approved LRFP.
- Maintenance Reserve - Money set aside to keep school facilities open, safe and functioning. Note - The maximum amount of budgeted maintenance reserve withdrawal cannot be greater than what is budgeted in function 261 of Required Maintenance for School Facilities. Function 261 is a specific accounting category New Jersey schools use to track money spent on required maintenance and repairs that keep buildings safe and functional, such as fixing HVAC systems or patching roofs. It is distinct from daily cleaning or utility bills, focusing instead on the fix-it work necessary to preserve the school's long-term physical infrastructure. A withdrawal from the maintenance reserve is also traditionally done during the budget process but can be done during the school year with just approval from the Board of Education.
- Emergency Reserve - For dark-cloud scenarios, like sudden, massive increases in health benefit costs or security needs. To withdraw funds from the Emergency Reserve, the Superintendent must submit a written application to the Commissioner of Education, including a board resolution, documentation of the emergency, and a report from the board secretary.

4. *Banked Cap* - As you know, school districts are legally limited (capped) on how much they can increase the local tax levy each year - currently 2%, with exceptions such as the healthcare waiver. For example, if a district decides to only raise taxes by 1% this year, they "save" that unused 1% in a virtual "bank." In order to use banked cap to raise the tax levy above 2%, the District must first ensure all other current year tax allowances, such as a health care cost adjustment or an enrollment adjustment, are utilized. Regulations require the district Board of education to utilize unused bank cap from the earliest prior year(s) before using newer banked cap. They can then "withdraw" that percentage in any of the next three years to go above the 2% cap without needing a public vote. Banked Cap does not expire until after three years.

5. *Calendar year vs. School budget year* - Think annual property taxes as a budget sandwich because the school's financial year is shifted by six months compared to the normal calendar year. While your calendar year runs from January to December, the school's budget year begins on July 1st. This means that when you pay your 2026 taxes, you aren't funding one single, cohesive school plan. You are actually paying for the "tail end" of the 2025-26 budget during the first half of the year and the "front end" of the 2026-27 budget during the second half.

Because of this 50/50 split, your total tax bill is always a hybrid of two different sets of financial decisions. It is also important to note that any specific tax increases you see are not necessarily permanent fixtures that will repeat forever. Instead, future tax rates will fluctuate based on several factors, including new decisions made by the Board of Education and the evolving needs of the district each year. This is true for every year.

6. *Local Fair Share* - Think of the Local Fair Share as the state's math-based opinion on how much our community can afford to contribute to its own schools through property taxes. The state looks at two things - the total value of the property in our town and the average income of the people living there. If our town is filled with high-value real estate and high earners, the state expects our "Fair Share" to be higher. If the town is economically struggling, the state expects less. The state doesn't just give us money based on what we want. They give us money based on the gap between what they say we need and what they think we can reasonably raise.

7. *Adequacy* - Adequacy is the minimum amount of money the state calculates is necessary to provide every student in our district with a thorough and efficient education. It's not a flat fee per kid. The state uses a formula where certain students cost more to educate. For example, an elementary student is the baseline, a high schooler costs more (labs, sports, tech), and students with special needs, English language learners, or those from low-income households add "weights" to the price tag. If we are spending at the adequacy level, the state considers us properly funded.

8. *Healthcare Waiver* - The healthcare waiver, officially known as the Health Care Cost Adjustment, is a specific exception to New Jersey's 2% property tax levy cap. Under state law, school districts are generally prohibited from increasing the amount of money they raise through local property taxes by more than 2% over the previous year's total. However, because health insurance premiums frequently rise at rates far exceeding 2%, the state created this waiver to prevent districts from having to gut academic programs or staff positions just to keep up with skyrocketing insurance bills. Essentially, it allows a Board of Education to "pass through" a portion of those insurance increases to the taxpayers above the 2% limit.

The calculation begins by establishing a "base" using the district's total healthcare expenditures from the prior year's budget. The district is then required to absorb the first 2% of any increase within its normal operating budget. Therefore, the "allowable increase" only applies to costs that exceed 102% of the previous year's enrollment-adjusted healthcare spending. This ensures that the district still remains responsible for a modest inflationary increase before they are permitted to ask the community for additional funds beyond the standard cap.

Furthermore, the state imposes a "ceiling" or a maximum limit on this waiver to ensure districts aren't subsidizing gold-plated private plans at the taxpayers' expense. This ceiling is tied to the annual percentage increase in the State Health Benefits Program (SHBP). For example, if a district's premiums increase by 20%, but the state's benchmark increase for the SHBP is set at 15%, the district can only calculate their waiver based on that 15% state-approved threshold. The calculation also accounts for mandatory employee contributions required under Chapter 78 or Chapter 44, as the waiver only applies to the net cost paid by the Board of Education.

Finally, the waiver is a "use it or lose it" adjustment for the specific budget year in question. Unlike "Banked Cap," which allows a district to save unused taxing authority for up to three future years, the healthcare waiver must be applied for and approved by the Executive County Superintendent during the annual budget submission process.

You Don't Have Total Control of the Tax Bill - The "Outside the Board" Reality

One of the most common misconceptions new members face is the idea that the Board of Education has total control over the local property tax bill. In reality, the school district is just one player in a complex ecosystem. While we determine the school budget, several external levers dictate how that budget actually translates into a homeowner's tax bill.

Here are the primary parameters that impact property taxes but remain entirely beyond the scope of the Board of Education.

1. Municipal Reassessments and Market Shifts

The Board sets a tax levy (the total dollar amount we need to collect), but we do not determine the total property tax. The board will only set the school tax rate. That is driven by the total assessed value of all property in the town.

- **The Impact:** If the town undergoes a "revaluation" and your neighbor's property value rises 40% while yours rises only 10%, their share of the school tax burden will increase significantly more than yours, even if the Board's budget remains flat.
- **The Constraint:** The Board has no say in how the municipal tax assessor values individual homes or commercial properties.

2. Municipal PILOT Agreements

Many NJ towns use PILOTs (Payments in Lieu of Taxes) to attract developers. Under these deals, a developer pays a fee directly to the municipality instead of standard property taxes.

- **The Impact:** Typically, \$0 of a PILOT payment goes to the school district, yet the new development may bring dozens of new students into our classrooms.
- **The Constraint:** PILOTs are negotiated exclusively by the Mayor and Township Committee. The Board of Education has no legal authority to block these deals or demand a share of the revenue, meaning existing taxpayers must often "subsidize" the cost of educating students from these new tax-exempt buildings.
(*Note: Legislation is currently being debated in Trenton to mandate PILOT sharing, but it is not yet law.*)

3. The State Aid Formula

Under the School Funding Reform Act (SFRA), the state uses a complex formula to determine a district's Local Fair Share.

- **The Impact:** If the state deems our community wealthier (based on property values and income), it can reduce our state aid. This forces the district to raise local taxes just to maintain current programs, even if the Board does not add a single penny in new spending.
- **The 2026 Context:** While recent legislation (A5509) has sought to stabilize aid, many districts still face "cliff" scenarios where state funding decreases as property values rise.

4. When Ratables Go UP: The "Tax Rate" Illusion

When the town experiences a boom (new construction or a market-wide revaluation), the total value of the town's ratables increases.

- **The Result:** The Tax Rate will almost certainly drop.
- **The Misconception:** Residents see a lower "rate" and assume their bill will go down. However, if their individual home's value rose *faster* than the town average, their actual tax bill would go up, even if the Board of Education passed a 0% budget increase.
- **The State Aid Trap:** As our ratables go up, the NJ Department of Education views our town as wealthier and may reduce our State Aid. This often forces the Board to increase the local levy just to fill the hole left by the State.

5. When Ratables Go DOWN: The "Tax Rate" Spike

If a major taxpayer (like a shopping mall or office complex) successfully appeals their assessment or goes out of business, the town's total ratable base shrinks.

- **The Result:** The tax rate must rise to collect the same amount of money from a smaller pool of property owners.
- **The Board's Scope:** The Board has no authority over tax appeals or business closures. Even if we keep our budget exactly the same as the previous year, residents will see a school tax increase on their bill because they are now carrying a larger slice of the pie.

Administration's work

To an outside observer, a school budget looks like a simple spreadsheet. To a School Business Administrator, it is a living, breathing three-dimensional puzzle where moving one piece - like a single teacher's salary - can trigger a cascade of regulatory violations or tax levy breaches.

Here is a look behind the curtain at the high-stakes complexity administrators manage, alongside your specific mandates as a Board member.

The Administrator's Burden - "Regulatory Tetris"

While the Board focuses on the "what," the administration lives in the "how." They are managing a massive operation under a crushing weight of state and federal mandates.

1. The Encumbrance & GAAP Accounting Maze

Unlike a home budget where you spend what's in the bank, districts must use GAAP (Generally Accepted Accounting Principles).

- **The Complexity** - Every penny must be encumbered (legally locked away) the moment a contract is signed, even if the money isn't paid for ten months.
- **The Administrator's Expertise** - We are constantly balancing line-item transfers. If the price of heating oil spikes, we must legally find a surplus in another line (like a vacant custodial position) and move it through a formal Board-approved process to avoid an over-expenditure, which is a literal crime in school finance. When overexpenditures occur, they indicate weak internal controls, often resulting in severe audits, mandated transfers from other lines to cover deficits, and potential state monitoring to correct financial instability.

2. The SFRA and Wealth Factor Alchemy

The state does not just give funds out at random. They use the School Funding Reform Act (SFRA), which involves a weighted student formula.

- **The Complexity** - The BA must track weights (extra funding) for students who are Low Income, English Language Learners, or Special Education.
- **The Administrator's Expertise** - We are constantly trying to calculate the Local Fair Share. This is a state-calculated number representing what the state *thinks* our town can afford based on property values and aggregate income. If Hillsborough's wealth goes up, our state aid drops, and the BA has to figure out how to tell the Board they need to raise taxes just to stay even.

3. Public Bidding

Administrators cannot simply hire the best contractor. We must follow the Public School Contracts law.

- **The Complexity** - The Division of Local Government Services sets the Public Bidding thresholds and Office of the State Comptroller Reporting thresholds. This sets thresholds that the district must abide by. There are quote thresholds as well as a bid threshold that requires a formal, sealed competitive bid process.

- The Administrator's process - The quote threshold just entails obtaining multiple comparable quotes to ensure the district is doing its due diligence in obtaining a reasonable price. This is similar to a home owner obtaining quotes to get work done at their homes. However, the bidding process could add 4–6 weeks to every project. We spend hours writing "specs" (technical requirements) to ensure the district doesn't get stuck with a low-bidder who does terrible work but legally won the contract.

The Board of Education's Official Roles

As a Board member, you are the governance body. You don't drive the bus, but you decide where it's going. Your roles during the budget cycle are specific and statutory.

Phase 1 - Goal Setting (The Vision)

Before a single number is typed, the Board sets the District Goals and/or Strategic Plan, and provides guidance on the tax levy increase.

- *Example* - If the Board decides mental health is the priority, the administration is then tasked with finding the \$200,000 for new counselors within the existing cap.
- The Board should direct the Superintendent to build a budget with a X% tax levy increase
- When the Board provides a vision, the administration follows.

Phase 2 - The Implementation (October - March)

- Administration develops preliminary revenue and appropriation projections
- Budget managers are given their allocations amounts and they enter their budget details into the accounting software.
- State Aid gets announced in late February or early March. The district then has to adjust the revenue and appropriations accordingly.

Phase 3 - The Review & The Squeeze (March)

The Superintendent will present a tentative budget. Your role here is to act as the inquisitor.

- You must ask - "Does this budget reflect our goals?"
- You must balance the needs of the students with the fiscal taxpayer impact. This is the hardest part of the job - deciding if a 2% tax increase is worth the new STEM lab.
- Once presented, the budget is now yours.
- The tentative budget is voted on by the Board and the approved budget is then submitted to the Executive County Superintendent for review and approval.

Phase 4 - The Public Hearing, Advertisement, & Adoption (April-May)

- In New Jersey, you must hold a Public Hearing which is held for community input.
- The budget must be advertised to the public, detailing spending and tax impacts
- The Board's Role - You must defend the budget to the public. You are the buffer between the community's wallet and the district's needs.
- The Vote - You must formally vote to adopt the budget and submit it to the Executive County Superintendent for final state approval.

Phase 5 - Monitoring (The Monthly Secretary's Report)

The budget isn't over once it's passed. *Every month*, the Board must:

- Review the Board Secretary's Report and the Treasurer's Report.
- Certify that no major account or fund has been over-expended. This is your most significant legal liability as a Board member.

Common Traps for Board Members

It is a natural instinct for a Board member to want to be a fiscal hero for the taxpayers. However, school finance in New Jersey is counterintuitive. *Often, the things that look like saving money today are actually massive deferred tax hikes or legal liabilities waiting to happen.*

Here are the most common budgetary traps and the hidden "domino effects" that administrators desperately try to avoid.

1. The Capital Reserve Trap - "Let's Just Skip the Roof This Year"

When the budget is tight and you need to shave off \$500,000 to keep the tax levy down, the Capital Reserve (the district's long-term savings for buildings) is the *easiest* target.

- The Temptation - "The roof isn't leaking *that* badly. Let's take the \$500,000 we were going to save for the HVAC project and use it to lower this year's tax increase instead."
- The Unintended Consequence - By not replacing the roof that is past its useful life, you are risking that the roof will last the remainder of the school year. If the roof fails, it needs to be addressed. However, the district did not budget for the \$500,000 roof replacement.
- The Result - The district must scramble to find the \$500,000 in a budget that is already tight to begin with. Capital reserve projects are the easiest place to find to save, but these projects are traditionally big ticket items that cannot be ignored.

2. The Attrition Trap - "We Don't Need to Replace That Teacher"

When a veteran teacher retiring at \$95,000 is not replaced, it looks like an easy win.

- The Temptation - "Class sizes will just go from 22 to 26. It's manageable."
- The Unintended Consequence - If the remaining teachers now have to teach an extra period to cover the gap, our CBA (Collective Bargaining Agreement) requires us to pay them extra (often 1/6th or 1/7th of their salary).
- The Result - You might save \$95,000 on paper, but you pay out \$60,000, lose a planning period for five teachers (lowering morale), and risk a grievance from the union - all for a negligible net saving.

3. The "One-Time Revenue" Trap

Sometimes a district gets a windfall - a one-time federal grant (like COVID-era ESSER funds) or a large tuition payment from a neighboring town.

- The Temptation - Use that \$200,000 "surprise" money to hire two new permanent Reading Specialists.
- The Unintended Consequence - Those specialists are now on the books with tenure rights and rising healthcare costs. When that one-time grant disappears next year, you still have the \$200,000 expense but \$0 in additional revenue to cover it.
- The Result - You are forced to make staffing cuts the following year, which damages the district's reputation and creates legal hurdles. This is called funding recurring expenses with non-recurring revenue, and it is the *fastest* way to fiscal insolvency.

4. The Maintenance Deferral Trap - This has been a notorious Hillsborough strategy for two decades

Maintenance is different from Capital projects. Required maintenance is defined as expenditures for system warranty purposes that are approved for repairs and replacements for the purpose of keeping a school facility open, comfortable and safe for use or in its original condition, including repairs and replacements to a school facility's heating, lighting, ventilation, security and other fixtures to keep the facility or fixtures in effective working condition. For example; maintenance is the oil change while capital is the new engine.

- The Temptation - Cut the maintenance reserve or the custodial supply budget.
- The Unintended Consequence - QSAC Violations. The state monitors districts through QSAC (Quality Single Accountability Continuum). If our buildings are found to be deteriorating (stained ceiling tiles, peeling paint, broken tiles, poor air quality), the State can move to intervene in your district's management.
- The Result - A "put a bandaid on it" mindset is a, often unconscious, approach of applying quick, temporary, or superficial fixes to deep, complex problems, failing to address the underlying root cause cheap fixes now lead to expensive emergency repairs later. An emergency boiler repair on a Saturday in January costs 3x more than a planned summer replacement. This has been a trap Hillsborough fell into years ago that we are still trying to dig out of.

The "Capital-to-Fund-Balance" Spiral

To understand this, you have to look at how the state views our surplus. In New Jersey, you are generally allowed to keep 2% of your operating budget as a safety net (unassigned fund balance). Anything over that 2% must be returned to taxpayers to lower the next year's bill.

The Trap - Artificial Savings

If you decide to stop putting money into the Capital Reserve to keep the current tax levy low, you are essentially leaving that cash in your general bucket.

- The Year 1 Illusion - By not transferring \$500,000 to the Capital Reserve, you show a surplus at the end of the year. You feel like a fiscal conservative.
- The Year 2 Reality - Because you didn't assign that \$500,000 in a protected Capital Reserve account, the state sees it as an excess surplus. *Under NJ law, you are now **forced** to use that money as Budgeted Fund Balance for next year's budget to lower the tax levy.*
- The Trap Springs - You have now used a one-time pot of money to support your daily operations. That excess money will have to be regenerated every year moving forward in order to have a budget that is not lower than the previous.

The Cliff and the Forced Tax Hike

The following year, that \$500,000 is gone - you spent it on operations to keep the tax levy flat.

1. The Hole - You now have a \$500,000 hole in your revenue because you don't have that excess surplus to use again.
2. The Result - To simply keep the same staff and programs, you have to raise the tax levy by the full 2%, in addition to possibly utilizing the health care adjustment and potentially the use of the available Banked Cap just to make up for the savings you gave away the year before.
3. The Irony - You are now back to square one. Rather than the traditional 2% tax levy increase each year to keep operations running, the community could be faced with a tax levy increase of over \$10+ Million because of the savings given to them that one year. Reminder, just because the Board proposes a 0% tax levy increase does not mean the home owners taxes will not increase.

The Complexities of Budgeted Fund Balance

While it sounds like a win for the community - "We're using our savings to lower your taxes!" - relying on Budgeted Fund Balance (the practice of taking cash on hand and plugging it into the next year's revenue) is a strategy that administrators view with extreme caution.

In the world of NJ school finance, **Budgeted Fund Balance is like a high-interest credit card.** It solves a problem today, but it can create a structural deficit that is almost impossible to escape.

1. The "Revenue Substitution" Trap

The most dangerous thing about using fund balance is that it creates an artificial revenue stream.

- How it works - For a simple numbers example, let's say a district has a \$10 million budget. You use \$500,000 of excess surplus to balance it so you don't have to raise taxes.
- The Problem - Our actual expenses (salaries, health benefits, busing) didn't go down. In fact, those costs increase year to year. You simply used savings to pay for them.
- The Cliff - Next year, you still have the \$10 million in expenses (actually \$10.3 million with inflation), but that \$500,000 of savings is gone. You now have a half-million-dollar hole in your budget before you even begin. The only option is to consistently regenerate the \$500,000 in savings every year to be used in the following year budget as revenue
- The Unintended Consequence - The Double-Digit Jump - To fill that hole the following year, you would have to raise taxes by the 2% cap plus find another \$500,000 or have it regenerated from the previous budget. Since you likely can't raise taxes that much without a referendum, you are forced to make drastic staffing or program cuts just to stay even.

2. The Bond Rating & Interest Rate Penalty

Just like an individual has a credit score, your school district has a Bond Rating (from agencies like Moody's or S&P). As you know, our's was recently upgraded for the first time in known district history! (It is actually a big deal).

- What they look for - Rating agencies want to see a healthy, stable fund balance. They view a district that drains its surplus to lower taxes as fiscally unstable.
- The Consequence - If your fund balance gets too low, your credit rating drops.
- The Cost - When you eventually need to borrow money for a new roof or a building addition, you will pay a higher interest rate. This can cost your taxpayers hundreds of thousands of dollars in extra interest over the life of a bond - far more than saved when you used the fund balance to lower taxes by \$50.

3. The Loss of the Emergency Buffer

New Jersey schools operate on a strict fiscal calendar. Once the budget is finalized in April, you cannot go back to the taxpayers for more money if something goes wrong during the school year. The only way to do so is through a referendum which is done through special elections but limited to specific dates mandated by State law.

- The October Surprise - Imagine a specialized student moves into the district in October, requiring an out-of-district placement and a 1-on-1 nurse. That could cost over \$150,000.
- The Risk - If you used all your excess fund balance to lower taxes in the spring, you have zero flexibility in the fall.
- The Result - Administrators are forced to do emergency freezes on classroom supplies, field trips, or equipment just to cover the legal mandate of that one student's education. Hillsborough has notoriously done this in the past.

4. The Tax Levy Floor Erosion

This is the most technical part of the trap. The Tax Levy (the total amount raised by taxes) set in one year is the floor for next year's tax levy increase.

- If you keep the tax levy flat by using fund balance, your floor doesn't grow.
- The Long-Term Failure - Over years, if you keep using fund balance to suppress the tax levy, the gap between your actual costs and your tax revenue becomes so wide that the 2% cap will never be enough to catch up.
- The Result - You eventually hit a fiscal emergency where the district can no longer function, leading to state intervention or the total elimination of non-mandated programs like sports, music, and AP classes.

Hillsborough currently has \$4.5 million in budgeted fund balance. **We have to end the year, every year, not having spent \$4.5 million of the budget to make the next year's budget work.** This was a number set before either the current Superintendent or Business Administrator were hired.

In conclusion, navigating the Hillsborough Township Public Schools budget requires a shift from viewing school finance as a simple checking account to understanding it as an intricate system of interlocking regulatory constraints. As a Board member, your role in governance is to resist the temptation of fiscal hero shortcuts - such as draining the fund balance or skipping capital reserve contributions - which often trigger structural deficits in future years. By recognizing that Hillsborough currently relies on \$4.5 million in budgeted fund balance annually just to maintain operations, you can help protect the district from the revenue substitution trap and ensure long-term fiscal solvency. Ultimately, your mastery of these mechanics allows the district to avoid drastic program cuts and continue delivering a high-quality education while remaining a responsible steward of taxpayer resources.

Activity Checklist: Ideas for mentors and mentees to work on

Tour Facilities

- ☐ Provide tour/walk-through of all buildings, fields, etc. (available upon request)

Meeting with Board President

- ☐ Role of the Board Member
- ☐ Review agenda process
- ☐ Review Board governance model (committee system/Board of the whole)
- ☐ Review meeting protocol (getting an item onto the agenda, making motions, voting, open vs. executive session)
- ☐ Reorganization Meeting: what to expect
- ☐ Board Annual Planning Calendar
- ☐ District and Board of Education Goals (last year)
- ☐ Provide Mentor (to be provided by Board president following reorganization)
- ☐ Provide info on NJSBA, County School Boards Assoc.
- ☐ Field Service Representative: name/phone #/e-mail address
- ☐ Legally Required Training for New Board Members

Meeting with Administrators (Superintendent, School Business Administrator)

- ☐ Organizational Chart for Administration
- ☐ Overview of the Role of the Superintendent
- ☐ BA (Business Administrator): district's finances and budget process
- ☐ "Brass Tacks" weekly report

Provide Access and/ or show locations of the following:

- ☐ District e-mail address/password
- ☐ Board Member Directory
- ☐ Policy Manual
- ☐ Current Board Self-Evaluation
- ☐ Board Governance last evaluation (Committee System/) if available
- ☐ Last six months of Board minutes
- ☐ Strategic Plan and Mission Statement
- ☐ State open-meeting laws
- ☐ Board or State Code of Ethics
- ☐ Superintendent's Contract
- ☐ Teachers' Contract (including salary guide)
- ☐ Administrators' Contract
- ☐ Financial Overview of District & Budget
- ☐ School Calendar (current and for the upcoming year)

Superintendent Evaluation Timeline:

The full Board coordinates and completes the annual evaluation of the Superintendent in accordance with Policy 1240 and N.J.A.C. 6A:10-8.1. The process is overseen by the Board President (or designee):

- January – February (Goal & Metric Review): The Board and Superintendent review annual district goals, program objectives, instructional priorities, and indicators of student progress.
- April (Distribution of Evaluation Instrument): The evaluation tool is distributed to all Board members via the NJSBA portal. Newly elected Board members must complete required NJSBA training on Superintendent evaluations within six months of taking office (N.J.S.A. 18A:17-20.3.b).
- May 15 (Individual Member Completion): Board members individually complete and submit their evaluations on the NJSBA platform.
- By July 1 (Annual Summary Conference & Final Report): Summary Conference: A majority of the total Board membership meets with the Superintendent in Executive Session (unless requested in

public by the Superintendent) to review performance strengths, areas needing improvement, student growth indicators, and professional development plans.

- Final Performance Report: Prepared by a majority of the full Board by July 1, formally provided to the Superintendent, and added to the personnel file. Note: All evaluation reports and supporting data remain confidential under state law (N.J.S.A. 47:1A-1 et seq.).

Board Self-Evaluation:

By policy, the Board will annually adopt an evaluation instrument that permits individual Board members to record their assessment of the conduct of the Board in fulfilling its responsibilities in accordance with applicable statutes and administrative codes.

The assessments of Board members will be tabulated by the Board President or designee and presented for discussion at a regular meeting of the Board in which the Superintendent will be invited to participate. The Board will formulate, as appropriate, goals and priorities that will serve to guide the Board's future conduct in the ensuing school year.