

6360 POLITICAL CONTRIBUTIONS

Political Contribution Disclosure Requirements

In accordance with the requirements of Section 2 of P.L. 2005, Chapter 271 (N.J.S.A. 19:44A-20.26), the Board of Education shall have on file, to be maintained with other documents related to a contract, the following documents to award a "non-fair and open" contract to any business entity receiving a contract with an anticipated value in excess of \$17,500:

1. A Political Contribution Disclosure (PCD) form submitted by the business entity (at least ten days prior to award); and
2. A Business Registration Certificate (anytime prior to award).

"Business entity" means a natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other State or foreign jurisdiction.

A "non-fair and open" procurement process is one that does not meet the standards defined in N.J.S.A. 19:44A-20.7 as a "fair and open process." "Fair and open" is defined as being:

1. Publicly advertised (either conventionally in newspapers or posted on the district website) in sufficient time (at least ten calendar days) to give notice in advance of the contract, and
2. Awarded under "a process that provides for public solicitation or proposals or qualifications," and
3. Awarded under criteria established in writing by the Board prior to the solicitation of proposals or qualifications, and
4. Publicly opened, and
5. Publicly announced when awarded by the Board.

A PCD form is not required to be submitted by a business entity if the contract is awarded under a "fair and open" process as outlined above. Public bidding and competitive contracting models meet the requirements of a "fair and open" process. In addition, contracts awarded by a lead agency in a cooperative purchasing program or as a State contract are considered awarded under a "fair and open" process and a PCD form is not required.

The \$17,500 contract amount is not related to the Board's bid threshold and does not exempt the district from the requirements of the Public School Contracts Law or other applicable purchasing statutes. Contracts less than the bid threshold but higher than \$17,500 (a.k.a. "window contracts") fall under PCD requirements, but have special circumstances.

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1. If these contracts are awarded as a "fair and open" contract, a PCD form is not required, and the contract must be approved by the Board.
2. If these contracts are awarded as a non-fair and open contract and the contract is in excess of \$17,500, a PCD form is required. If generally authorized by the Board to award these contracts, the School Business Administrator/Board Secretary can award these contracts.

The \$17,500 contract amount threshold is subject to the principle of aggregation rules in accordance with the Division of Local Government Services guidance. Unlike the Public School Contracts Law, aggregation thresholds for this Policy and Chapter 271 purposes shall be calculated at the vendor level – meaning, when a vendor receives more than \$17,500 in a school district's fiscal year, a PCD form shall be required.

There is a range of goods and services that are exempt from bidding (N.J.S.A. 18A:18A-5 et seq.) which are subject to Chapter 271 (i.e. professional services, perishable food, textbooks, educational and library-media material, proprietary software or software maintenance, child study consultants, etc.). School districts can meet the fair and open requirement by using the "request for qualification" (RFQ) approach to a fair and open process. Using this model, a Board can specify the desired qualifications, establish criteria for, and award open-ended contracts (for terms as allowed by law) based on those proposals, which may or may not include pricing proposals. Orders for specific services would then be placed, as needed, with individual contractors based on price quotations, ability, or availability of specific goods or services. A RFQ does not require an evaluation based on price – it can be based on skills, ability to deliver a certain product, or range and breadth of product line – with price being agreed upon at the end of the evaluation process.

The disclosure provisions of N.J.S.A. 19:44A-20.26 do not apply in cases where there is a "public emergency" that requires the immediate delivery of goods or services.

Insurance companies and banks are prohibited under State law from making political contributions. However, because the PCD form reflects contributions made by partners, Boards of Directors, spouses, etc., PCD forms are required ten days prior to the approval of a depository designation resolution or insurance company contract awarded by the Board. A PCD form is also required when a contract in excess of \$17,500 is made to an insurance broker. A PCD form is required from the company receiving the contract, regardless of the entity issuing an insurance policy.

PCD forms are required for Board of Education contracts in excess of \$17,500 with a New Jersey Department of Education "Approved In-State Private School for the Disabled." Chapter 271 also applies to in-State private special education schools, supplemental educational services under NCLB, early childhood school providers – DHS approved, and other similar programs.

If the school district spends more than \$17,500 in a school year with a newspaper, the selection of the newspaper is subject to the provisions of Chapter 271. In this case, using the RFQ approach may be useful.

PCD forms are not required for regulated public utility services, as the Board is required by the Board of Public Utilities to use a specific utility. This exception does not apply to non-regulated public utility services, such as generated energy (not tariffed), or long-distance telephone services where other procurement practices are used.

PCD forms are not required for membership to the New Jersey School Boards Association.

If the original contract provided for the possibility of an extension(s), Chapter 271 compliance is not required if the extension/continuation is based on that original contract.

A non-profit organization having proper documentation from the Internal Revenue Service (IRS) showing it is registered with the IRS as a 501(c) type corporation is not required to file a PCD form.

A PCD form is not required for contracts with governmental agencies, including State colleges and universities.

N.J.S.A. 19:44A-1 et seq.

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