

CHAPTER 23A

FISCAL ACCOUNTABILITY, EFFICIENCY AND BUDGETING PROCEDURES

Authority

P.L. 2007, c. 63 and P.L. 2007, c. 260.

Source and Effective Date

R.2008 d.212, effective July 1, 2008.
See: 40 N.J.R. 4610(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 23A, Fiscal Accountability, Efficiency and Budgeting Procedures, expires on December 28, 2009. See: 41 N.J.R. 2381(a).

Chapter Historical Note

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was adopted as Special New Rules by R.2005 d.17, effective December 7, 2004. See: 37 N.J.R. 136(a).

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was readopted as R.2005 d.411, effective October 27, 2005. See: 37 N.J.R. 2278(a), 37 N.J.R. 4403(a).

Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, was repealed by R.2006 d.361, effective October 2, 2006. See: 38 N.J.R. 2333(a), 38 N.J.R. 4178(b).

Chapter 23A, Fiscal Accountability, Efficiency and Budgeting Procedures, was adopted as special new rules by R.2008 d.212, effective July 1, 2008. See: Source and Effective Date.

Subchapter 2, Executive County Superintendent of Schools, Subchapter 4, School District Fiscal Accountability, Subchapter 7, School District Travel Policies and Procedures, Subchapter 8, Annual Budget Development and Submission, Subchapter 10, Spending Growth Limitation, Subchapter 11, Tax Levy Growth Limitation, Subchapter 12, Commissioner Waivers of Tax Levy Growth Limitation; Separate Voter Approval, Subchapter 13, Budget Transfers, Underestimated Surplus and Deficits, Subchapter 14, Reserve Accounts and Subchapter 15, State Aid Calculations and Aid Adjustments for Charter Schools, were adopted as special new rules by R.2009 d.35, effective December 18, 2008. See: 41 N.J.R. 642(a).

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SUBCHAPTER 1. PURPOSE, SCOPE AND DEFINITIONS

6A:23A-1.1 Purpose and scope

(a) The purpose of these rules is to assure the financial accountability of boards of education through enhanced State monitoring, oversight and authority, and to ensure that each district board of education adopts an annual budget that provides adequate resources to meet the State Constitution’s mandate for a thorough and efficient system of free public schools for all children. These rules set forth the roles of the Commissioner of Education and the Executive County Superintendent in overseeing board of education budgeting and expenditures. The rules also establish mechanisms to ensure the efficient expenditure of budgeted funds in a manner consistent with a district’s approved annual budget.

(b) Pursuant to these rules, the Commissioner of Education delegates to the Executive County Superintendent those powers, tasks and duties that further support efficiency of

1. Any local public school district with enrollment of 1,000 students or less;
2. Any local public school district with five school buildings or less;
3. Two or more contiguous local public school districts of the same county with a combined enrollment of 2,500 students or less;
4. Local public school districts that receive non-resident pupils pursuant to a formal send-receive agreement and their sending districts with a combined enrollment of 5,000 students or less;
5. Limited purpose regional school districts and their feeder school districts with a combined enrollment of 5,000 students or less; and
6. Any local public school district with an administrative cost per pupil in excess of 125 percent of the county median administrative cost per pupil.

(b) The study shall include consideration of the following models:

1. Shared leadership models where one or more local public school districts share the services and cost of one or more administrators pursuant to the provisions of N.J.S.A. 18A:17-24.1 et seq. or 40:8A-1 et seq.
2. Consortiums such as ESCs, CSSSDs, Jointure Commissions, Jointure agreements and Audio/Visual Aides Commissions;
3. Cooperative bidding or joint purchasing models;
4. Shared purchased services models for such services as accounting, graphic arts and printing, child study team services, transportation, food services, employee recruitment and screening services and substitute calling services;
5. Shared systems models such as computer networks, financial and human resource management software systems, electronic records storage, and information management systems;
6. Other consolidated administrative service and non-instructional services arrangements, including but not limited to, regional school districts or County Offices of Education pursuant to the provisions of N.J.S.A. 18A:7-12; or
7. The study may also consider the feasibility of "alternative approaches" for public school district sharing or consolidating administrative or management services between districts. If such an alternative approach is proposed that is not currently authorized by statute, such alternative approach shall not be implemented unless and until the statutory authorization for such an alternative approach is duly enacted.

(c) The Executive County Superintendent shall also study ways to promote cooperative purchasing of textbooks and

other instructional materials with the expectation that the local public school districts, ESCs, CSSSDs, and jointures shall be the primary entities for procuring such materials for the operation of public school districts.

(d) As part of the study, the Executive County Superintendent may conduct a survey of all local public school districts of the county, county vocational schools, CSSSDs and ESCs and other county or regional based entities to determine the scope of administrative services currently available within or outside the county and the capacity of administrative service providers to provide said services.

(e) As part of the study, the Executive County Superintendent may solicit proposals, as necessary, from local public school districts, ESCs, county vocational schools, CSSSDs or other county entities to expand the scope of available administrative services and/or provider capacity to provide said services.

(f) Based on the study conducted pursuant to (a) through (e) above, the Executive County Superintendent shall make one or more of the following recommendations to the Commissioner:

1. Where a cost/benefit analysis demonstrates that the consolidation of one or more administrative services is economically advantageous and the consolidation of said service or services will have no negative impact on a local public school district's educational program, the Executive County Superintendent shall recommend that the districts be required to enter arrangements to consolidate administrative services.
2. Where it is determined that designation of one or more lead administrative service providers for one or more specific available administrative services are most effective and efficient and are in the best interests of the local public school districts of the county, the Executive County Superintendent shall recommend such designation(s).
3. Where the establishment of a new service provider(s) or shared service arrangement(s) or expansion of services delivered by a current provider within the county is in the best interests of the local public school districts of the county, the Executive County Superintendent shall recommend the establishment or expansion of service provider(s), such as:
 - i. An Educational Service Commission pursuant to N.J.S.A. 18A:6-52;
 - ii. A county department of child study to coordinate special education services and basic child study team services on a county-wide basis pursuant to N.J.S.A. 18A:46-3 and, when applicable, N.J.S.A. 18A:7-12;
 - iii. A County Special Services School District pursuant to N.J.S.A. 18A:46-29;

iv. A school board insurance group pursuant to N.J.S.A. 18A:18B-3 et seq.;

v. A joint purchasing arrangement pursuant to N.J.S.A. 18A:18A-11 et seq.;

vi. A joint transportation arrangement pursuant to N.J.S.A. 18A:39-11 et seq.; and/or

vii. A county educational audiovisual aids center for media and library services pursuant to N.J.S.A. 18A:51-1 et seq.

(g) The topic of consolidated administrative services shall be an item on the agendas of the Executive County Superintendents and County School Business Administrators for their respective countywide roundtable meetings at least once each quarter. Presentations may include school district success stories, service provider availability and capacity, new or additional administrative service needs or suggestions to improve existing shared administrative services.

6A:23A-2.4 Elimination of school districts that are not operating schools

(a) The Executive County Superintendent shall submit to the Commissioner a plan to eliminate those local public school districts that are not operating schools where a cost-benefit will be achieved by the elimination of the school district not operating schools. The plan shall address, but not be limited to, the following issues:

1. The Executive County Superintendent's recommendation as to the most appropriate local public school district within the county for the "school district not operating a school" with which to consolidate, considering such factors as proximity of school districts, transportation costs, goal of creating regional local public school districts (pre-K or K to grade 12), school building capacity of any proposed regional school district, and special education needs;

2. A general description of the proposed regional school district, including the names of the constituent school districts, school buildings and grade levels by school district, and the area of the total proposed regional school district;

3. A plan to transition current administrative duties of the "school district not operating a school" to the proposed regional school district or to a provider of administrative services;

4. An estimate of additional costs, if any, of the proposed regional school district assuming the current administrative duties of the "school district not operating a school";

5. An estimate of efficiencies and cost savings, if any, resulting from the consolidation of school districts such as the elimination of the need to prepare annual tuition contracts and monthly tuition bills;

6. A comparison of the estimated State aid and property tax impact for the proposed regional school district and the sum of State aid and property taxes for the constituent school districts;

7. A recommendation by the Executive County Superintendent regarding the formation of the proposed regional school district; and

8. The feasibility of "alternative approaches" for public school district sharing or consolidating that will result in the elimination of school districts that are not operating schools, if applicable. If such an alternative approach is proposed that is not currently authorized by statute, such alternative approach shall not be implemented unless and until the statutory authorization for such an alternative approach is duly enacted.

6A:23A-2.5 Plan for district consolidation to create regional school districts

(a) The Executive County Superintendent, in consultation with the Advisory Committee, shall study the consolidation of local public school districts within the county, other than county school districts and existing all purpose regional school districts (pre-K or K to grade 12), into one or more all purpose regional school districts. The study shall to the greatest extent practicable focus on the consolidation of existing local public school districts that receive students from school districts on a tuition basis with those sending school districts, and the consolidation of limited purpose regional school districts that receive students from constituent municipalities to create enlarged all purpose regional school districts. The study may also consider public school district models of "alterative approaches" for consolidating or sharing administrative or management services between districts where creation of an all purpose regional district is not feasible or is not the most cost-effective option. If such an alternative approach of consolidating or sharing administrative or management services between districts is proposed that is not currently authorized by statute, and the plan with the alternative approach is approved by the Commissioner pursuant to (b) below, the proposal shall not be submitted to the voters in a special election pursuant to N.J.S.A. 18A:7-8 unless and until statutory authorization for such alternative approach is duly enacted.

(b) Based on the study required in (a) above, the Executive County Superintendent shall submit to the Commissioner a plan to achieve this purpose no later than March 15, 2010 pursuant to N.J.S.A. 18A:7-8(h). The plan shall contain, but not be limited to, the following issues:

1. A general description of the proposed all purpose regional school district or school districts, including the names of the constituent local public school districts, school buildings and grade levels by school district, and the area of the total proposed regional school district;

2. The proposed structure of the new board of education of the proposed all purpose regional district, if applicable, that ensures representation from all constituent communities;

3. An analysis of administrative staffing, collective bargaining agreements and compensation guides of the constituent school districts and recommendations and guidance for the proposed regional school district, including, but not limited to:

i. The existing administrative organization structures of each constituent local public school district;

ii. A proposed administrative organization chart for the proposed regional school district;

iii. Copies of each constituent school district's bargaining agreement(s) and the associated salary guides;

iv. A summary report showing each constituent local public school district's first step and last step of the salary guides for the current and last year of each school district's current bargaining agreement(s), showing the lowest and highest starting salaries among the salary guides and the lowest and highest top salaries among the salary guides for the current and last year of each school district's current bargaining agreement(s), the length of the guide, each school district's current average teacher salary and average years of service, and any provisions for longevity pay;

v. A recommended framework for negotiation of a new collective bargaining agreement in the proposed regional school district;

vi. A recommended framework to assign, recruit, interview and employ administrative staff in accordance with the positions on the recommended administrative organization chart in accordance with N.J.S.A. 18A:6-31.3 through 31.7 and N.J.S.A. 18A-49; and

vii. A recommended framework to assign, recruit, interview and employ other teaching staff members and other staff in accordance with N.J.S.A. 18A:6-31.3 through 31.7 and N.J.S.A. 18A-49;

4. An analysis of each proposed constituent public school district's educational program and recommendations and guidance for establishing the educational program of the proposed regional school district;

5. An analysis of potential opportunities for greater effectiveness and efficiency including, but not limited to:

i. Consolidation of special education programs and services consistent with the requirements of the Individuals with Disabilities Education Act (IDEA), 20 U.S.C. §1400 et seq., State statutes and regulations (examples: more efficient inclusive practices, returning out-of-district placements, staff consolidation and maximization of special education class sizes to legal limits);

ii. Maximization of pupil transportation cost savings and other efficiencies through coordinated bell schedules, tiered bus routes, and other efficiencies created by the consolidation of transportation management services;

iii. Consolidation of computer networks and administrative systems such as finance and human resource systems.

iv. Food service operations (example; centralizing meal preparation with satellite cafeterias); and

v. Other areas of consolidation and economies of scale such as staff development, curriculum development, health services, guidance services, media services, extra- and co-curricular activities and operation and maintenance of plant;

6. An analysis of socio-economic and demographic information including, but not limited to:

i. Current and projected enrollment data for the succeeding five school years by location, school and grade and for the proposed regional school district as a whole;

ii. Enrollment data by location, school and grade showing the current racial composition of the student population and the resulting racial composition for the proposed regional school district as a whole;

iii. Enrollment data showing the school food service eligibility status (free, reduced or paid) of the student population by location, school and grade and for the proposed regional school district as a whole; and

vi. Attendance areas by school building, grade and current and projected enrollment of the constituent school districts and recommended grade configurations and attendance areas for each existing and proposed school building, if applicable, of the proposed regional school district;

7. A summary of the advantages and disadvantages of forming an all purpose regional district for each constituent school district;

8. A recommendation by the Executive County Superintendent regarding the formation of the proposed regional school district;

9. If the recommendation of the Executive County Superintendent is to form a regional school district, the following additional information shall be included in the plan:

i. A comparison of the estimated State aid and property tax impact for the proposed regional school district and the sum of State aid and property taxes for the constituent school districts;

ii. An impact assessment of property tax apportionment among the constituent school districts using a minimum of three apportionment methods:

(1) The proportion of each constituent municipality's equalized valuation;

(2) A combination using 50 percent of the proportion of each constituent municipality's equalized valuation and 50 percent of the proportion of each constituent school district's pupil enrollments; and

(3) A combination of equalized valuation and pupil enrollments using a percentage split that most closely approximates each proposed constituent school district's current percentage share of the sum of all proposed constituent school districts' current property taxes to the percentage share that would result after a regional school district is newly created or enlarged;

iii. A comprehensive financial analysis of current and projected spending, local community wealth, debt limit and current debt burden, including, but not limited to:

(1) The projected current operating expenses of the proposed regional school district had it operated in the school year in which the plan is issued, and the current operating expenses of the constituent school districts for the school year in which the plan is issued, both individually and in the aggregate;

(2) The aggregate equalized valuation, average equalized valuation and equalized valuation per pupil of each constituent school district or, if a constituent school district is a regional school district, of each municipality of the regional school district;

(3) The aggregate income, average household income and aggregate income per pupil of each constituent local public school district or, if a constituent school district is a regional school district, of each municipality of the regional school district;

(4) The borrowing margin of each constituent local public school district or, if a regional school district, each municipality of the regional school district, and the projected borrowing margin of the proposed regional school district as determined in accordance with N.J.S.A. 18A:24-1 et seq.;

(5) A schedule showing for each constituent local public school district, or if a regional school district, its municipalities, the original and current debt principal balance(s) and remaining debt service schedule(s) by debt issuance, and percentage of each constituent school district's debt principal to the aggregate debt principal of all proposed constituent school districts;

(6) The individual and aggregate historical and replacement costs as of June 30 of the school year prior to the year in which the plan is issued of school buildings and additions, grounds, furnishings and equipment of each constituent school district and for the proposed regional school district, as a whole; and

(7) The individual and aggregate projected additional costs as of June 30 of the school year prior to the year in which the plan is issued contained in each constituent school district's approved Long-Range Facilities Plan of school buildings and additions, grounds, furnishings and equipment of each constituent school district and for the proposed regional school district, as a whole; and

iv. A Long-Range Facilities Plan for the regional school district, if new schools and/or additions are recommended that are not currently reflected in the existing plans of the constituent school districts; and

10. If the recommendation of the Executive County Superintendent also includes an alternative approach for consolidating or sharing administrative or management services, the information in (b)1 through 8 above, as applicable, related to the alternative approach(es) shall be included in the plan.

6A:23A-2.6 Transportation efficiency study

(a) Each Executive County Superintendent shall complete a study of pupil transportation services in the county no later than July 12, 2009 pursuant to N.J.S.A. 18A:7F-57. The purpose of the study shall be to determine ways to provide pupil transportation services in a more cost-effective and efficient manner. The study shall be transmitted upon completion to the Commissioner and to the Legislature pursuant to N.J.S.A. 52:14-19.1.

(b) For the study of pupil transportation services pursuant to (a) above, the Executive County Superintendent will examine ways to promote coordination and regionalization of pupil transportation services of public school districts and nonpublic schools including, but not limited to:

1. The coordination of bus routes, bell schedules and school calendars within the county for both public and nonpublic schools;

2. Staggering bell schedules in order to implement a tiered system of busing within the school district and with adjoining school districts;

3. Centrally coordinating transportation for out-of-district special education placements, including practices and/or policies in place to more effectively provide for special education transportation services;

4. Consolidating transportation services in combinations of two or more school districts;

5. Establishing a consolidated countywide transportation system by jointure agreement or county-based service provider;
6. Analyzing district school bus routing and scheduling to encourage the use of efficient routing practices;
7. Improving cooperation between local boards of education and nonpublic school administrators leading to more efficient and effective student transportation services; and
8. Soliciting input from current public school district transportation employee representatives and school employee representatives regarding ways to institute efficiencies and savings.

6A:23A-2.7 Shared special education services

(a) The Executive County Superintendent shall promote and facilitate the sharing of special education services consistent with Individuals with Disabilities Education Act, P.L. 105-17, (IDEA) requirements as follows:

1. Coordinate with the Department to maintain a real time Statewide and district-wide database that tracks the types and capacity of special education programs being implemented by each school district and the number of students enrolled in each program to identify program availability and needs;
2. Coordinate with the Department to maintain a Statewide and district-wide list of all special education students served in out-of-district programs and a list of all public and private entities approved to receive special education students that includes pertinent information such as audit results and tuition charges;
3. Serve as a referral source by maintaining information on placement options available in other school districts and their tuition rates for school districts that do not have appropriate in-district programs for individual special education students;
 - i. When school personnel serving on a IEP team are considering that a student's IEP be implemented in a special class program that is not available in-district, they shall inform the Executive County Superintendent of the age of the student and the class type that they are considering.
 - ii. The Executive County Superintendent shall identify whether such special class programs are available in other local districts and if there are vacancies. The Executive County Superintendent shall inform the district of any available in-district programs for the consideration of the IEP team. If there are no in district programs available the county office shall inform the district of any available public regional programs for their consideration.
4. Conduct regional planning, identify the program needs of the county and work with school districts in the development of in-district special education programs to meet those needs;
5. Identify special class programs within school districts of the county serving students with like IEPs that may be appropriately consolidated within legally permissible class size limits within one school or school district;
6. Maintain a list of appropriately licensed and/or certified professionals or appropriate county entities, and their fees, available to provide related services such as speech, physical therapy or occupational therapy, on an as needed basis;
7. Maintain a list of appropriately licensed or certified professionals or appropriate county entities, and their fees, able to participate or provide appropriately licensed and/or certified professionals to participate on or supplement local school district child study teams;
8. With consideration of school districts' size, classification rates, types of classifications, caseloads, geographic proximity, staffing, budget constraints or other available information, investigate the feasibility of two or more school districts sharing of special education staff members, including a director, child study teams and related services providers, and make a formal written recommendation, as appropriate;
9. Prepare and circulate within the county an inventory by school district of surplus or idle equipment used by students with special needs; and
10. Provide assistance to school districts in budgetary planning for resource realignment and reallocation to direct special education resources into the classroom through shared service arrangements and other methods.

SUBCHAPTER 3. ADMINISTRATOR AND BOARD
MEMBER ACCOUNTABILITY

**6A:23A-3.1 Review of employment contracts for
superintendents, assistant superintendents
and school business administrators**

(a) The Executive County Superintendent shall review and approve, for all superintendents, deputy superintendents, assistant superintendents and school business administrators in school districts, county vocational school districts, county special services school districts and other districts, except charters, within the county under the supervision of the Executive County Superintendent:

1. New employment contracts, including contracts that replace expired contracts for existing tenured and non-tenured employees;
2. Renegotiations, extensions, amendments, or other alterations of the terms of existing employment contracts that have been previously approved by the Executive County Superintendent; and
3. Provisions for contract extensions where such terms were not included in the original employment contract or are different from the provisions contained in the original approved employment contract.

(b) In counties where there is no Executive County Superintendent, the Assistant Commissioner for Field Services shall review and approve all above contracts.

(c) The contract review and approval shall take place prior to any required public notice and hearing pursuant to N.J.S.A. 18A:11-11 and prior to the board approval and execution of those contracts to ensure compliance with all applicable laws, including, but not limited to, N.J.S.A. 18A:30-3.5, 18A:30-9, 18A:17-15.1 and 18A:11-12.

1. The public notice and public hearing required pursuant to N.J.S.A. 18A:11-11 is applicable to a board of education that renegotiates, extends, amends, or otherwise alters the terms of an existing contract with a superintendent of schools, deputy superintendent, assistant superintendent, or school business administrator. It does not apply to new contracts, which includes contracts that replace expired contracts for existing employees in one of these positions, whether tenured or not tenured. Nothing precludes a board of education from issuing a public notice and/or holding a public hearing on new contracts, including new contracts that replace expired contracts for existing tenured and non-tenured employees.

(d) In connection with the Executive County Superintendent's review of the contract, the board of education shall provide the Executive County Superintendent with a detailed statement setting forth the total cost of the contract for each applicable year, including salary, longevity (if applicable), benefits and all other emoluments.

(e) The contract review and approval shall be consistent with the following additional standards:

1. Contracts for each class of administrative position shall be comparable with the salary, benefits and other emoluments contained in the contracts of similarly credentialed and experienced administrators in other districts in the region with similar enrollment, academic achievement levels and challenges, and grade span.

2. No contract shall include provisions that are inconsistent with the travel requirements pursuant to N.J.S.A. 18A:11-12 and N.J.A.C. 6A:23A-7 including, but not limited to, the provisions for mileage reimbursement and reimbursement for meals and lodging in New Jersey. Any contractual provision that is inconsistent with law is superceded by the law.

3. No contract shall include provisions for the reimbursement or payment of employee contributions that are either required by law or by a contract in effect in the district with other teaching staff members, such as payment of the employee's State or Federal taxes, or of the employee's contributions to FICA, Medicare, State pensions and annuities (TPAF), life insurance, disability insurance (if offered), and health benefit costs.

4. No contract shall contain a payment as a condition of separation from service that is deemed by the Executive County Superintendent to be prohibited or excessive in nature. The payment cannot exceed the lesser of the calculation of three months pay for every year remaining on the contract with proration for partial years, not to exceed 12 months, or the remaining salary amount due under the contract.

5. No contract shall include benefits that supplement or duplicate benefits that are otherwise available to the employee by operation of law, an existing group plan, or other means; for example, an annuity or life insurance plan that supplements or duplicates a plan already made available to the employee. Notwithstanding the provisions of this section, a contract may contain an annuity where those benefits are already contained in the existing contract between that employee and the district.

6. Contractual provisions regarding accumulation of sick leave and supplemental compensation for accumulated sick leave shall be consistent with N.J.S.A. 18A:30-3.5. Supplemental payment for accumulated sick leave shall be payable only at the time of retirement and shall not be paid to the individual's estate or beneficiaries in the event of the individual's death prior to retirement. Pursuant to N.J.S.A. 18A:30-3.2, a new board of education contract may include credit of unused sick leave days in accordance with the new board of education's policy on sick leave credit for all employees.

7. Contractual provisions regarding accumulation of unused vacation leave and supplemental compensation for accumulated unused vacation leave shall be consistent with

N.J.S.A. 18A:30-9. Contractual provisions for payments of accumulated vacation leave prior to separation can be included but only for leave accumulated prior to June 8, 2007 and remaining unused at the time of payment. Supplemental payments for unused vacation leave accrued consistent with the provisions of N.J.S.A. 18A:30-9 after June 8, 2007 as well as unused vacation leave accumulated prior to June 8, 2007 that has not been paid, shall be payable at the time of separation and may be paid to the individual's estate or beneficiaries in the event of the individual's death prior to separation.

8. Contractual provisions that include a calculation of per diem for 12-month employees shall be based on a 260-day work year.

9. No provision for a bonus shall be made except where payment is contingent upon achievement of measurable specific performance objectives expressly contained in a contract approved pursuant to this section, where compensation is deemed reasonable relative to the established performance objectives and achievement of the performance objectives has been documented to the satisfaction of the district board of education.

10. No provision for payment at the time of separation or retirement shall be made for work not performed except as otherwise authorized above.

11. No contract shall include a provision for a monthly allowance except for a reasonable car allowance. A reasonable car allowance cannot exceed the monthly cost of the average monthly miles traveled for business purposes multiplied by the allowable mileage reimbursement pursuant to applicable law and regulation and New Jersey Office of Management and Budget (NJOMB) circulars. If such allowance is included, the employee cannot be reimbursed for business travel mileage nor assigned permanently a car for official district business. Any provision of a car for official district business must conform with N.J.A.C. 6A:23A-6.12 and be supported by detailed justification. No contract can include a provision of a dedicated driver or chauffeur.

12. All superintendent contracts shall include the required provision pursuant to N.J.S.A. 18A:17-51 which states that in the event the superintendent's certificate is revoked, the contract is null and void.

13. No contract shall include a provision for additional compensation upon the acquisition of a graduate degree unless the graduate degree is conferred by a duly accredited institution of higher education as defined in N.J.A.C. 6A:9-2.1. No contract shall include a provision for assistance or tuition reimbursement, or for additional compensation, for graduate school coursework, unless such coursework culminates in the acquisition of a graduate degree conferred by a duly accredited institution of higher education as defined in N.J.A.C. 6A:9-2.1.

(f) Any actions by the Executive County Superintendent undertaken pursuant to this subchapter may be appealed to the Commissioner pursuant to the procedures set forth at N.J.A.C. 6A:3.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

In (e)2, inserted "and N.J.A.C. 6A:23A-7"; and added (e)13.

6A:23A-3.2 Required actions relative to early termination of superintendent

(a) Pursuant to N.J.S.A. 18A:17-20.2a, the district board of education shall submit to the Commissioner for prior approval an early termination of employment agreement for its superintendent that includes the payment of compensation as a condition of separation.

(b) Early termination of employment agreements shall only be for involuntary separation of the superintendent where the district board of education documents that the separation agreement is in the best interests of the district's students and/or district's operations.

(c) No payment of compensation as a condition of separation shall be made when such separation is the result of:

1. Indictment for a felony unless subsequently cleared or acquitted;
2. Conviction of a felony;
3. Documented cause such as gross mismanagement, purposeful waste or fraud;
4. Revocation of certification; or
5. Finding(s) of ethical violations by the School Ethics Commission.

(d) No early termination of employment agreement shall contain payment of compensation as a condition of separation when the existing employment contract already contains provisions for compensation as a condition of separation.

(e) No early termination of employment agreement shall include payment for unspecified future work or for work not actually performed, such as a retainer for unspecified consultation or for advice subsequent to separation.

(f) Early termination agreements shall not include the value of any accrued, unused sick days except as permitted by N.J.S.A. 18A:30-3.5.

(g) Early termination agreements containing compensation for separation cannot exceed the lesser of the calculation of three months pay for every year remaining on the contract with proration for partial years, not to exceed 12 months, or the remaining salary amount due under the contract, except as noted in (g)1 below:

1. The value of any accrued, unused vacation days shall not exceed the sum of accrued, unused vacation days as of June 8, 2007, unused vacation days accrued in the school year in which the separation agreement is entered and unused vacation days accrued in the year preceding the school year in which the separation agreement is entered, to the extent permitted by N.J.S.A. 18A:30-9, provided payment for accrued, unused vacation days is an express provision of the existing contract.

(h) No early termination of employment agreement shall include extended payment, or payment for retroactive salary increases, bonuses, overtime, longevity, accrued vacation or other time benefit, or any other benefit neither expressly contained in the employment agreement being terminated early nor earned according to performance or other criteria established in the agreement.

Special New Rule, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

6A:23A-3.3 Certification review under certain conditions

The State Board of Examiners shall review the certification of the superintendent and SBA of the district pursuant to N.J.S.A. 18A:6-38.2 when the appointment of a State monitor pursuant to N.J.S.A. 18A:7A-55 is authorized.

Special New Rule, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

6A:23A-3.4 Noncompliance with GAAP, review of certification of a SBA

The Commissioner, pursuant to N.J.S.A. 18A:6-38.3, shall recommend to the State Board of Examiners that it review the certification of the district's SBA when any school district's accounting system and financial reports are not in compliance with GAAP within one year of March 15, 2007.

Special New Rule, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

SUBCHAPTER 4. SCHOOL DISTRICT FISCAL ACCOUNTABILITY

6A:23A-4.1 Additional powers of Commissioner to achieve fiscal accountability

(a) The Commissioner may appoint an external entity to perform a compliance audit of a district's general fund spending upon identification that the district may be spending State education funds for purposes that are not in compliance with State education laws and regulations.

(b) The final report shall include, as applicable:

1. Specific findings of:

- i. Spending that was not in compliance with Federal and State law and regulations;

- ii. Procedural noncompliance with Federal and State law and regulations;

- iii. Noncompliance with GAAP and/or generally accepted business practices;

- iv. Weaknesses in the system of internal controls; and

- v. Questionable or inefficient spending practices;

2. The cause of each finding;

3. Specific corrective recommendations; and

4. The school district response to each finding and recommendation.

(c) The Commissioner may use the audit report as evidence for the appointment of a State fiscal monitor pursuant to N.J.S.A. 18A:7A-55.

(d) The district shall reimburse the Department the total cost of the compliance audit where the audit determined State aid spending was not in compliance with State education law and regulation.

6A:23A-4.2 Compliance with requirements for income tax

(a) SBAs or any other person designated by the board of education shall certify to the Department of the Treasury on a form provided by the Department of the Treasury that all documentation prepared for income tax related purposes, in regard to superintendents, assistant superintendents, and SBAs, complies fully with the requirements of Federal and State laws and regulations regarding the types of compensation which are required to be reported.

(b) The personal use of a school district vehicle and/or use of driver services shall be taxable to the employee as a non-cash fringe benefit pursuant to the IRS Code. "Personal use" includes commuting to and from work as well as personal travel. Pursuant to N.J.A.C. 6A:23A-3.1 and 6.12, a district cannot assign a vehicle permanently to an individual for the primary purpose of commuting nor can a district provide a dedicated driver or chauffeur. Incidental personal use, however, is permitted and shall be taxable pursuant to the IRS Code.

1. The SBA or designee shall be responsible for notifying the affected employees, within 30 days of providing them with the use of a school district vehicle, of the valuation method to be used to calculate their vehicle fringe benefit.

2. The value of the services provided by a driver to the individual assigned a school district vehicle shall also be included in determining the total taxable fringe benefit.

3. The total taxable non-cash fringe benefit amount shall be the proportional share of personal use and commutation value to total value of the school district vehicle and driver salary.

4. The taxable non-cash fringe benefit amount shall be included in the gross wages of the final pay period of the calendar year, and displayed in the box entitled "Taxable Benefits" on the W-2 Forms of the affected employees.

5. The taxable non-cash fringe benefit amount shall be included in taxable Federal wages and taxable State wages for New Jersey residents.

6. FICA and Medicare contributions, if required, shall be withheld for affected employees on the final pay period of the calendar year.

(c) Other fringe benefits and perquisites shall be taxable to the employee in accordance with State or Federal law.

6A:23A-4.3 Annual audit to assure income tax reporting compliance

The annual audit conducted pursuant to N.J.S.A. 18A:23-1 shall include test measures to assure that documentation prepared for income tax related purposes complies fully with the requirements of Federal and State laws and regulations regarding the compensation which is required to be reported.

6A:23A-4.4 Repeat annual audit recommendations; action required

(a) Districts that had repeat audit findings in the Auditor's Management Report submitted with the CAFR in any year shall, within 30 days of the CAFR submission, submit to the Executive County Superintendent or State fiscal monitor, as applicable, a specific corrective action plan for addressing the repeat audit findings noted in the Auditor's Management Report. The corrective action plan shall include the following:

1. Conditions that caused the repeat recommendation(s);
2. Corrective actions taken or to be taken and the dates or projected dates of such actions;
3. Internal controls put in place or to be put in place to prevent another repeat of the recommendation and the dates or projected dates of implementation of such controls; and
4. The administrator directly responsible for implementing the actions and controls in (a)2 and 3 above.

SUBCHAPTER 5. ADDITIONAL MEASURES TO ENSURE EFFECTIVE AND EFFICIENT EXPENDITURES OF DISTRICT FUNDS

6A:23A-5.1 Order to show cause to withhold or recover State aid due to excessive, unreasonable, ineffective or inefficient expenditures

(a) If the Department of Education identifies ineffective or inefficient expenditure(s) by a school district or county vocational school district, including, but not limited to, the practices prohibited in N.J.A.C. 6A:23A-5.2 through 5.9, the Commissioner shall, except as otherwise provided in (h) below, provide the school district or county vocational school district the opportunity to be heard as to why the amount of the ineffective or inefficient expenditure(s) shall not be withheld from State aid or refunded to the Department.

(b) The proceeding shall be instituted by an Order to Show Cause filed by the petitioner. The filing shall include a statement of factual findings along with a letter memorandum setting forth the basis for the position that the expenditure(s) were ineffective or inefficient.

(c) The respondent(s) to whom the order is directed shall file, within 15 days, a response to the letter memorandum and an answer that meets the filing, service and format requirements for answers as set forth in N.J.A.C. 6A:3, Controversies and Disputes.

(d) The petitioner may file a reply to the response within 10 days.

(e) Upon review of the filings, the Commissioner may decide to hear the matter directly pursuant to N.J.S.A. 52:14F-8 or refer the matter to the Office of Administrative Law. If the Commissioner decides to transmit the matter to the Office of Administrative Law, such transmission shall be done on an expedited basis.

(f) If the Commissioner is hearing the matter directly, upon receipt of the filings set forth above, or upon expiration of the time for their submission, the Commissioner shall review the total record before him or her and render a written decision.

(g) The Commissioner's decision shall include a determination of whether the expenditure was ineffective or inefficient and, if so, the amount of funds to be withheld from State aid or refunded by the district.

(h) Nothing shall preclude the Commissioner from immediately and summarily withholding State aid, consistent with N.J.S.A. 18A:55-2, if, at any time, it is determined that the fiscal practices, actions or expenditures of a school official, board member, board or any other party under the Commissioner's jurisdiction are in violation of any statute, regulation, rule or directive of the State Board of Education or Commissioner of Education.

6A:23A-5.2 Public relations and professional services; board policies; efficiency

(a) Each school district and county vocational school district board shall establish by policy or policies a strategy or strategies in order to minimize the cost of public relations as defined in N.J.A.C. 6A:23A-9.3(c)14, and professional services. The policy or policies shall include, to the extent practical and cost effective, but need not be limited to, the following provisions:

1. A maximum dollar limit, established annually prior to budget preparation, for public relations, as defined in N.J.A.C. 6A:23A-9.3(c)14, and each type of professional service, with appropriate notification to the board of education if it becomes necessary to exceed the maximum. Upon such notification, the board of education may adopt a dollar increase in the maximum amount through formal board action;

2. Establishment of procedures to ensure the prudent use of legal services by employees and board of education members and the tracking of the use of those services that should include:

i. A limitation on the number of contact persons with the authority to request services or advice from contracted legal counsel;

ii. Criteria or guidance to prevent the use of legal counsel unnecessarily for management decisions or readily available information contained in district materials such as policies, administrative regulations or guidance available through professional source materials;

iii. A provision that requests for legal advice shall be made in writing and shall be maintained on file in the district offices and a process to determine whether the request warrants legal advice or if legal advice is necessary; and

iv. A provision to maintain a log of all legal counsel contact including name of legal counsel contacted, date of contact, issue discussed and length of contact. Legal bills shall be compared to the contact log and any variances shall be investigated and resolved;

3. A provision that requires that contracts for legal services comply with payment requirements and restrictions pursuant to N.J.S.A. 18A:19-1 et seq. and as follows:

i. Advance payments shall be prohibited;

ii. Services to be provided shall be described in detail in the contract;

iii. Invoices for payment shall itemize the services provided for the billing period; and

iv. Payment shall only be for services actually provided;

4. Professional services contracts are issued in a deliberative and efficient manner such as through a request for proposals based on cost and other specified factors or other comparable process that ensures the district receives the highest quality services at a fair and competitive price or through a shared service arrangement; and

5. Professional services contracts are limited to non-recurring or specialized work for which the district does not possess adequate in-house resources or in-house expertise to conduct.

(b) School districts and county vocational school districts are prohibited from contracting with legal counsel or using in-house legal counsel to pursue any affirmative claim or cause of action on behalf of district administrators and/or any individual board members for any claim or cause of action in which the damages to be awarded would benefit an individual rather than the district as a whole.

(c) School district and county vocational school district publications shall be produced and distributed in the most cost-efficient manner possible that will enable the district to inform and educate the target community. The use of expensive materials or production techniques where lower cost methods are available and appropriate, such as the use of multi-color glossy publications instead of suitable, less expensive alternatives, is prohibited.

(d) School districts and county vocational school districts are prohibited from distributing, via mass mailings or other means to the district community at large, publications that include the picture(s) of any members of the district board of education within 90 days before any election in which any board member is seeking any elective office or any election relating to district operations held in the district. Moreover, any publication(s) distributed by the district board of education via mass mailings or other means to the district community at large within 60 days before any election in which any board member is seeking any elective office or any election relating to district operations held in the district must be submitted to the Executive County Superintendent for review prior to distribution to ensure that the public funds are being expended in a reasonable and cost-effective manner.

(e) Public relations activities, such as booths at Statewide conferences, marketing activities and celebrations for opening schools and community events, and TV productions that are not part of the instructional program or do not provide, in a cost-effective way, information about district or board operations to the public, that are excessive in nature are prohibited. All activities involving promotional efforts to advance a particular position on school elections or any referenda are prohibited.

(f) Nothing in this section shall preclude boards of education from accepting donations or volunteer services from community members, local private education foundations and local business owners to conduct or assist in public relations services. Examples include, but are not limited to:

1. Providing district flyers, newsletters or other materials containing district related information of public concern to local businesses, public meeting places or other local organizations to display or make available for dissemination;

2. Making district related information of public concern available to local newspapers to publish related articles; and

3. Utilizing volunteered services of local community members, district employees, members of parent organizations or local businesses with expertise in related areas such as printing, advertising, publishing or journalism.

Special amendment, R.2009 d.35, effective December 18, 2008.

See: 41 N.J.R. 642(a).

In (c), inserted "and appropriate".

6A:23A-5.3 Failure to maximize Special Education Medicaid Initiative (SEMI)

(a) Every school district and county vocational school district, with the exception of any district that obtains a waiver of the requirements of N.J.A.C. 6A:23A-5.3 pursuant to the procedures set forth at (b) below, shall take appropriate steps to maximize its revenue from the Special Education Medicaid Initiative (SEMI) Program by following the policies and procedures to maximize participation in the program as set forth in (d) below and to comply with all program requirements as set forth in (e) below.

(b) School districts and county vocational school districts may seek, in the prebudget year, a waiver of the requirements of N.J.A.C. 6A:23A-5.3 upon demonstration that for the subsequent school year: the district projects, based on reliable evidence, that it will have 30 or fewer Medicaid eligible classified students; or the district demonstrates that efforts to participate in SEMI would not provide a cost benefit to the district, based on the projection of the district's available SEMI reimbursement for the budget year as set forth in (c) below.

1. For the 2008-09 school year, the waiver request must be submitted to the Executive County Superintendent by September 1, 2008. The Executive County Superintendent shall promptly review the request and render a decision no later than September 30, 2008.

2. Beginning with the 2009-2010 school year, the application for a waiver of the requirements of this section shall be made to the Executive County Superintendent no less than 45 days prior to the submission of the district's proposed budget for the school year to which the waiver request applies. The Executive County Superintendent shall notify the district of the decision on the waiver application within 20 days of receipt of the waiver request. If the waiver is not granted, the district shall submit a SEMI action plan to the Executive County Superintendent as required by (f) below as part of its annual district budget submission or demonstrate to the Executive County

Superintendent that the district has achieved maximum participation in the SEMI program in the prebudget year.

(c) As part of the annual budget information, the Department shall provide each school district and county vocational school district with a projection of available SEMI reimbursement for the budget year, as determined by the State Department of Treasury's third party administrator for SEMI. The projection shall be based on the following: the number of Medicaid eligible students; assumption of 20 services per eligible students per year; one IEP meeting per eligible student per year; and applicable SEMI reimbursement rates.

1. Beginning with the 2009-2010 school year, the district shall recognize as revenue in its annual district budget no less than 90 percent of said projection.

2. A school district or county vocational school district may seek approval from the Executive County Superintendent to use its own projection of SEMI reimbursement upon demonstration that the numbers it used in calculating the projection are more accurate than the projection provided.

(d) Each school district or county vocational school district shall strive to achieve maximum participation in the SEMI program. For purposes of this section, "maximum participation" means obtaining a 90 percent return rate of parental consent forms for all SEMI eligible students. Districts shall enter all students following their evaluations into the third-party system to identify the district's universe of eligible students. This can be done without parental consent.

(e) Districts participating in the SEMI reimbursement program shall comply with program requirements as follows:

1. Each school district or county vocational school district board shall implement a policy concerning the effective and efficient administration of the SEMI reimbursement program consistent with the requirements of this section. A complete listing of requirements and information are available at the SEMI/MAC website <http://www.state.nj.us/treasury/administration/SemiMac.htm>.

2. Any service submitted to Medicaid for reimbursement shall be rendered by a Medicaid qualified practitioner, or rendered by a provider under the supervision of a Medicaid qualified practitioner. The following outlines the required documentation for each related service provider:

- i. Nurses – copy of license (Department of Education (DOE) certification is not required for SEMI);
- ii. Occupational Therapist – copy of license and DOE certification;
- iii. Physical Therapist – copy of license and DOE certification;
- iv. Psychologist – copy of DOE certification;
- v. Social Worker – copy of DOE certification; and

vi. Speech Therapist – copy of license, DOE certification, and American Speech-Language-Hearing Association (ASHA) certification or masters degree in speech pathology on or after January 1, 1993.

3. Practitioners who are not Medicaid qualified can deliver services under the direction of Medicaid qualified practitioners. These include certified occupational therapist assistants (COTAs), physical therapist assistants (PTAs) and speech correctionists.

4. Any direct therapy or other related service shall be prescribed in the related services section of the student's Individualized Education Plan (IEP) prior to submitting a claim to Medicaid for reimbursement. Delivery of nursing services and dispensing of medication must be referenced in the IEP and supported by physicians' orders or prescriptions. These documents must be maintained on file. Supporting documentation to be maintained by the district shall be the cover/signature page, related services section of the IEP, therapy logs, and the evaluations and assessments conducted by the Medicaid-qualified practitioners.

5. Entities where the district has placed SEMI eligible students shall take steps to enable districts to maximize participation, including either logging the eligible services provided directly through the vendor or the sending district, as mutually agreed upon with the district, and obtaining SEMI provider qualification certifications. Every out-of-district placement must provide copies of SEMI provider qualifications, certifications and licenses. This paragraph applies to the following out-of-district placement options:

- i. Approved private schools for students with disabilities;
- ii. Educational services commissions;
- iii. Jointure commissions;
- iv. Vocational half-time programs;
- v. Department of Education regional day schools; and
- vi. Special Service School Districts.

6. All supporting documentation for a Medicaid claim shall be maintained on file and available for audit or State review for at least seven years from the date of service. Supporting documentation shall include provider certification (current and historical for each provider), provider service logs, licenses and certifications, physician authorizations for nursing services, parental consent forms, attendance records, and copies of the student IEP.

(f) Each district that has less than 90 percent participation of SEMI eligible students in the 2007-2008 school year or has failed to comply with all program requirements set forth in (e) above, shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue

during the 2008-2009 school year by submitting a SEMI action plan to the Executive County Superintendent for review and approval by September 1, 2008. In subsequent years, each district that has less than 90 percent participation of SEMI eligible students in the prebudget year or that has failed to comply with all program requirements set forth in (e) above shall submit a SEMI action plan to the Executive County Superintendent for review and approval as part of the district's proposed budget submission.

(g) The SEMI action plan shall include the following components:

1. Procedures for obtaining parental consent forms including the Parental Consent Best Practices which are available from the Department;

2. Establishment of a benchmark for the 2008-2009 school year or for the first year that the district does not have an approved waiver pursuant to the provisions of (b) above, whichever is applicable, for obtaining maximum participation of all SEMI eligible students by the start of the subsequent school year.

- i. The benchmarks for the 2008-2009 school year or for the first year that the district does not have an approved waiver pursuant to (b) above, whichever is applicable, for achieving maximum participation shall at a minimum close the gap between current participation and maximum participation by 50 percent by the beginning of the subsequent school year; and

- ii. The benchmarks shall be based on the percentage of parental consent forms collected from eligible students. The number of parental consent forms shall reflect one parental consent form for each eligible student. This should include documentation of parental refusal to give consent;

3. Procedures to ensure that all IEP meetings are documented in the third-party administrator's system. IEPs are only claimable if a Medicaid qualified practitioner is present;

4. Procedures to ensure that all SEMI eligible services, including services provided by entities where the district has placed SEMI eligible students, are documented in the third-party administrator's system;

5. Procedures to ensure that a valid IEP is on file and the IEP date is on file in the third-party administrator's system for each SEMI eligible student for whom parental consent has been obtained; and

6. Procedures to ensure that service providers used by the district and entities where the district has placed SEMI eligible students have valid licenses and certifications documenting SEMI provider qualifications on file in the third-party administrator's system.

(h) Districts that did not achieve 90 percent participation or achieve their approved benchmarks in the SEMI program

for a given budget year and cannot demonstrate that they fully implemented their Department approved SEMI action plan required under (f) and (g) above shall be subject to review for the withholding of State aid by the Commissioner pursuant to N.J.S.A. 18A:55-3 in an amount equal to the SEMI revenue projection based on their approved benchmark for the budget year, if applicable, less actual SEMI reimbursements for the budget year. The State aid deduction shall be made in the second subsequent year after the budget year.

6A:23A-5.4 Violation of public bidding laws

(a) Pursuant to the authority granted the Commissioner under N.J.S.A. 18A:55-2 and 18A:7F-60, the Commissioner shall subject to review for the withholding of State funds any school district or county vocational school district which fails to obey the provisions of the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq.

(b) The amount of funds withheld shall equal the amount of the contract awarded in violation of the provisions of N.J.S.A. 18A:18A-1 et seq., except for violations related to the award of contracts under the extraordinary unspecifiable services (EUS) provision which shall be governed by the provisions of N.J.S.A. 18A:18A-46.1.

6A:23A-5.5 Expenditure and internal control auditing

(a) Pursuant to a phase-in schedule to be determined by the Commissioner, a school district or county vocational school district board that receives 50 percent or more of its general fund budget in State aid during the 2008-2009 school year shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the most recently completed school year that the district received 50 percent or more of its general fund budget in State aid. The purpose of the audit is to determine the educational value and/or reasonableness of said expenditures and to conduct a sampling of internal controls sufficient to determine the adequacy of the district's internal control structure. In establishing the phase-in schedule for the audits, the Commissioner shall take into account the time period that has elapsed since any other expenditure and/or comprehensive internal control audit beyond the CAFR, has been conducted in the district, the district's performance on the fiscal management section of the most recent NJQSAC evaluation, and any other factors determined to be relevant by the Commissioner.

(b) A school district or county vocational school district board not subject to (a) above but that receives 50 percent or more of its general fund budget in State aid in a school year subsequent to 2008-2009 shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the

school year in which it received 50 percent or more of its general fund budget in State aid to determine the educational value and/or reasonableness of said expenditures and to conduct a sampling of internal controls sufficient to determine the adequacy of the district's internal control structure.

(c) For districts receiving between 50 and 75 percent of its general fund budget in State aid in the seventh year following the audit required by (a) or (b) above, an audit shall be conducted once every seven years.

(d) For districts that receive greater than 75 percent of its general fund budget in State aid in the fourth year following the audit required by (a) or (b) above, an audit shall be conducted once every four years.

(e) The cost of the required audit under this section shall be considered to be outside the calculation of the per pupil administrative cost limit pursuant to N.J.S.A. 18A:7F-5.

6A:23A-5.6 District response to Office of Fiscal Accountability and Compliance (OFAC) investigation report

(a) Any school district or county vocational school district that has been subject to an audit or investigation by the Department's Office of Fiscal Accountability and Compliance (OFAC) shall discuss the findings of the audit or investigation at a public meeting of the district board of education no later than 30 days after receipt of the findings.

(b) Within 30 days of the public meeting required in (a) above, the district board of education shall adopt a resolution certifying that the findings were discussed in a public board meeting and approving a corrective action plan to address the issues raised in the findings. This resolution shall be submitted to OFAC within 10 days of adoption by the board of education.

(c) The findings of the OFAC audit or investigation and the board of education's corrective action plan shall be posted on the district's web site, if one exists.

6A:23A-5.7 Verification of payroll check distribution

(a) Beginning with the 2008-2009 school year, at least once every three years, between the months of September through May, school districts and county vocational school districts shall require each district employee to report to a central location(s) and produce picture identification and sign for release of his or her paycheck or direct deposit voucher. The district may exclude per diem substitutes from the required verification.

(b) Picture identification shall be in the form of a district issued identification card, valid drivers' license, official passport or other picture identification issued by a state, county or other local government agency.

(c) The Chief School Administrator shall designate an appropriately qualified staff member to match the picture identification to the position control roster maintained by the office of personnel or human resources prior to release of the pay check or direct deposit voucher.

1. If the district elects to conduct the payroll verification prior to the district's required implementation of the position control roster pursuant to N.J.A.C. 6A:23A-6.8, the district may use a similar and suitable office of personnel or human resource generated listing of employees.

(d) Where no appropriate identification can be produced, the school business administrator shall withhold paychecks or stop direct deposits until such time that the payee/district employee can produce appropriate identification or until an investigation and corrective action is concluded, as appropriate to the circumstances.

(e) Upon completion of the payroll check distribution verification procedures set forth in this section, the chief school administrator shall submit a certification of compliance, in a form prescribed by the Department, to the Executive County Superintendent. Verification of the district's compliance with the provisions of this section will be required as part of the annual audit.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

In (a), substituted "September" for "October" and "a central location(s)" for "the central office"; and added (c)1.

6A:23A-5.8 Board of Education expenditures for non-employee activities, meals and refreshments

(a) The words and terms used in this section shall have the following meanings, unless the context clearly indicates otherwise:

1. "Activities" means events or functions provided or held for the benefit of students, dignitaries, and other "non-district" employees (for example, parents) which are paid from public funds.

2. "Dignitary" means a notable or prominent public figure; a high level official; or one who holds a position of honor. A dignitary, for purposes of this section, is not a school district employee or board of education member.

(b) Allowable expenditures for non-employee school district or county vocational school district board of education activities shall include:

1. All reasonable costs, including light meals and refreshments, directly related to activities that benefit students and are part of the instructional program including expenditures for field trips and extracurricular programs that are not solely for entertainment. Nothing in this subsection shall preclude boards of education from using student activity funds or accepting donations to support student activities that are solely for student entertainment;

2. All reasonable costs directly related to activities of dignitaries and other "non-district" employees (for example, parents), including light meals and refreshments and any other directly related expense. It is expected that expenditures for this purpose will be minimal and infrequent;

3. All reasonable costs of commencement and convocation activities for students; and

4. Expenditures related to district employees to the extent such employees are essential to the conduct of the activity.

(c) A school district and county vocational school district board shall, at a minimum, take actions regarding student activities as follows:

1. Pre-approve field trip destinations;

2. Establish dollar thresholds for awards to recognize special accomplishments; and

3. Establish a budget supported by general fund revenues for each category of activity in a non-discriminatory manner (for example, football, boys soccer, girls soccer, photography club). Student activity funds are excluded.

(d) Pursuant to N.J.S.A. 18A:11-12 and State of New Jersey Department of Treasury, Office of Management and Budget Circular 08-19-OMB and 06-14-OMB, the following costs shall not be permitted using public funding:

1. Receptions, dinners or other social functions held for or honoring any employee or group of employees of the district (for example, breakfast, luncheon, dinner, or reception for retirees or award recipients). This does not prohibit districts from honoring employees without a social function or using public funds to support reasonable costs of employee recognition awards (for example, teacher of the year awards, years of service awards). Use of public funds for reasonable costs of employee awards is a local discretionary expenditure;

2. Meals or refreshments served to guests at any athletic event or other games or contests; and

3. Expenses for alcoholic beverages.

(e) Documentation required to support activities, meals and refreshments at district events shall be:

1. A description of the activity;

2. The purpose/justification of the activity, expressed in terms of the goal(s) or objective(s) of the district;

3. The make-up of the group participating in the activity; and

4. The names and titles of board members or employees included in the group.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

Rewrote (c)3; and in (d)1, substituted "(for example, breakfast, luncheon, dinner, or reception for retirees or award recipients)." for "(retirement, awards, appointments, recognition, etc.)", and inserted the last two sentences.

6A:23A-5.9 Out-of-State and high cost travel events

(a) Reimbursement for all in-State and out-of-State travel shall be made pursuant to N.J.S.A. 18A:11-12.

(b) Out-of-State travel events shall be limited to the fewest number of board members or affected employees needed to acquire and present the content offered to all board members or staff, as applicable, at the conclusion of the event. Lodging may only be provided if the event occurs on two or more consecutive days and where home to event commute exceeds 50 miles.

(c) Where a travel event has a total cost that exceeds \$5,000, regardless of the number of attendees, or where more than five individuals from the district are to attend a travel event out-of-State, the school district or county vocational school district shall obtain the prior written approval of the Executive County Superintendent. The Executive County Superintendent shall promptly review the request and render a written decision within 10 working days.

(d) For all employee and board member travel events out of the country, regardless of cost or number of attendees, the school district or county vocational school district shall obtain the prior written approval of the Executive County Superintendent. Such requests must be supported by detailed justification. The Executive County Superintendent shall promptly review the request and render a written decision within 10 working days. It is expected that approvals will be rare.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

In (c), substituted "five" for "three", inserted "a travel event out-of-State", and inserted the last sentence; and added (d).

SUBCHAPTER 6. CONDITIONS FOR THE RECEIPT OF STATE AID

6A:23A-6.1 Conditions precedent to disbursement of State aid

(a) The Commissioner shall not disburse any State aid to a school district or county vocational school district that fails to comply with the standards set forth at N.J.S.A. 18A:55-3 and the requirements concerning nepotism, contributions to board members and contract awards, and internal controls set forth in this subchapter.

(b) Pursuant to N.J.S.A. 18A:55-3, as a condition of State aid, a district shall:

1. Examine, no less than once every three years, all available group options for every insurance policy held by the district, including self-insurance plan administered by the New Jersey School Boards Association (NJSBA) Insurance Group on behalf of districts, and shall participate in the most cost effective plan. This shall include review of annual claims data and other experience rating information, as applicable;

2. Take steps to maximize the district's participation in the Federal Universal Service Program (E-rate) and the ACT telecommunications program offered through the New Jersey Association of School Business Officials;

3. Participate in the Alliance for Competitive Energy Services (ACES) Program offered through the NJSBA, unless the school district is able to demonstrate to the commissioner that it receives goods or services at a cost less than or equal to the cost achieved by participants of the program based on an analysis of the prior two years;

4. Take appropriate steps to maximize the local public school district's participation in the Special Education Medicaid Initiative (SEMI) Program pursuant to N.J.A.C. 6A:23A-5.3; and

5. Refinance all outstanding debt in accordance with the provisions of N.J.S.A. 18A:24-61.1 et seq. for which a three percent net present value savings threshold is achievable. This provision shall also be monitored by the Executive County Superintendent or State Monitor, if applicable, pursuant to N.J.A.C. 6A:23A-9.11.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).

Inserted designation (a); and added (b).

6A:23A-6.2 Nepotism policy

(a) As a condition of receiving State aid, the school district or county vocational school district board shall implement the nepotism policy established by this subsection by October 1, 2008, except that districts previously subject to N.J.A.C. 6A:10 and 6A:10A shall implement such policy on July 1, 2008. The nepotism policy shall include the following:

1. A definition of "relative" that is consistent with N.J.S.A. 52:13D-21.2 and N.J.A.C. 6A:23A-1.2 and a definition of "immediate family member" that is consistent with N.J.S.A. 52:13D-13 and N.J.A.C. 6A:23A-1.2;

2. A provision prohibiting any relative of a school board member or chief school administrator from being employed in an office or position in that district except that a person employed by the district on the effective date of the policy or the date a relative becomes a school board member or chief school administrator shall not be prohibited from continuing to be employed in the district;

3. A provision prohibiting the chief school administrator from recommending to the school board pursuant to

N.J.S.A. 18A:27-4.1 any relative of a school board member or chief school administrator;

4. A provision prohibiting a district administrator from exercising direct or indirect authority, supervision or control over a relative of the administrator. Where it is not feasible to eliminate such a direct or indirect supervisory relationship, appropriate screens and/or alternative supervision and reporting mechanisms must be put in place;

5. A provision prohibiting a district administrator or board member who has a relative who is a member of the bargaining unit from discussing or voting on the proposed collective bargaining agreement with that unit or from participating in any way in negotiations, including, but not limited to, being a member of the negotiating team; nor should that district administrator be present with the school board in closed session when negotiation strategies are being discussed; provided, however, that the administrator may serve as a technical resource to the negotiating team and may provide technical information necessary to the collective bargaining process when no one else in the district can provide such information; and

6. A provision prohibiting a district administrator or board member who has an immediate family member who is a member of the same Statewide union in another district from participating in any way in negotiations, including, but not limited to, being a member of the negotiating team or being present with the school board in closed sessions when negotiation strategies are being discussed, prior to the school board attaining a tentative memorandum of agreement with the bargaining unit that includes a salary guide and total compensation package; once the tentative memorandum of agreement is established, a district administrator with an immediate family member who is a member of the same Statewide union in another district may fully participate in the process, absent other conflicts. Notwithstanding the above, a district administrator who has an immediate family member who is a member of the same Statewide union in another district may serve as a technical resource to the negotiating team and may provide technical information necessary to the collective bargaining process when no one else in the district can provide such information.

(b) A school district or county vocational school district may exclude per diem substitutes and student employees from its board nepotism policy.

Special amendment, R.2009 d.35, effective December 18, 2008.

See: 41 N.J.R. 642(a).

In (a)1, inserted "and a definition of 'immediate family member' that is consistent with N.J.S.A. 52:13D-13 and N.J.A.C. 6A:23A-1.2", rewrote (a)2; in (a)3, deleted "unless the person is subject to the exception in (a)2 above" from the end; in (a)4, deleted "supervising, or" preceding "exercising", inserted "supervision or control", and inserted the last sentence; rewrote (a)5 and (a)6; and added (b).

6A:23A-6.3 Contributions to board members and contract awards

(a) As a condition of receiving State aid, school districts and county vocational school district shall have policies that comply with the provisions of this section to ensure that the district shall maintain honest and ethical relations with vendors and shall guard against favoritism, improvidence, extravagance and corruption in its contracting processes and practices. Such policies shall be adopted by the school district and implemented by October 1, 2008, except that districts previously subject to N.J.A.C. 6A:10 and 6A:10A shall adopt and implement such policies on July 1, 2008. The terms "business entity" and "interest" as used below are defined as set forth in P.L. 2004, c. 19.

1. No school board will vote upon or award any contract in the amount of \$17,500 or greater to any business entity which has made a contribution reportable by the recipient under P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.) to a member of the district board of education during the preceding one-year period.

2. Contributions reportable by the recipient under P.L. 1973, c. 83 (N.J.S.A. 19:44A-1 et seq.) to any member of the school board from any business entity doing business with the district are prohibited during the term of a contract.

3. When a business entity referred to in (a)2 above is a natural person, a contribution by that person's spouse or child that resides therewith shall be deemed to be a contribution by the business entity. Where a business entity is other than a natural person, a contribution by any person or other business entity having an interest therein shall be deemed to be a contribution by the business entity.

4. The disclosure requirement set forth in section 2 of P.L. 2005, c. 271 (N.J.S.A. 19:44A-20.26) also shall apply when the contract is required by law to be publicly advertised for bids.

5. This subsection shall not apply to a contract when a district emergency requires the immediate delivery of goods or services.

6. With the exception of districts previously subject to the requirements of N.J.A.C. 6A:10-2.1(e), this subsection shall not apply to contributions made prior to the effective date of these rules.

6A:23A-6.4 Internal controls

(a) As a condition of receiving State aid, each school district and county vocational school district shall establish specific policies and procedures on internal controls designed to provide management with reasonable assurance that the district's goals and objectives will be met and that meet the requirements of N.J.A.C. 6A:23A-6.5 through 6.13. Internal controls shall promote operational efficiency and effectiveness, provide reliable financial information, safeguard assets

and records, encourage adherence to prescribed policies and comply with law and regulation.

(b) The specific internal controls contained in this subchapter shall be established together with other internal controls contained in N.J.A.C. 6A and other law and regulations, required by professional standards and as deemed necessary and appropriate by district management. Any district may submit a written request to the Commissioner to approve an alternative system, approach or process for implementing the internal controls required in this subchapter. The application must include documented evidence that includes but is not limited to, an independent, third-party written assessment that the alternative system, approach or process will achieve the same safeguards, efficiency and other purposes as the specified internal control requirement(s).

6A:23A-6.5 Segregation of duties; organization structure

(a) All school districts and county vocational school districts shall evaluate business processes annually and allocate available resources appropriately in an effort to establish a strong control environment.

(b) The SBA shall identify processes that when performed by the same individuals are a violation of sound segregation of duties. The SBA shall segregate the duties of all such processes among business office staff based on available district resources, assessed vulnerability and the associated cost-benefit, except as required by (b)1 and 2 below.

1. The functions of human resources and payroll shall be segregated and completed by different employees in all districts.

2. The functions of purchasing and accounts payable shall be segregated and completed by different employees in all districts.

(c) Districts shall include in the Comprehensive Annual Financial Report (CAFR) detailed organizational charts for the central office that tie to the districts' position control logs, including, but not limited to, the business, human resources and information management functions.

6A:23A-6.6 Standard operating procedures for business functions

(a) By July 1, 2009, each school district and county vocational school district shall establish SOPs for each task or function of the business operations of the district.

(b) An SOP manual shall include sections on each routine task or function of the following areas:

1. Accounting including general ledger, accounts payable, accounts receivable, payroll and fixed assets and year-end procedures for each;

2. Cash management;

3. Budget development and administration including tasks such as authorization of transfers and overtime;

4. Position control;

5. Purchasing including such tasks as preparation of requisitions, approval of purchase orders and encumbering of funds, bid and quote requirements; and verification of receipt of goods and services;

6. Facilities including administration of work and health and safety;

7. Security;

8. Emergency preparedness;

9. Risk management;

10. Transportation;

11. Food service;

12. Technology systems; and

13. Information management.

(c) An SOP shall be established that ensures office supplies are ordered in appropriate quantities, maintained in appropriate storage facilities and monitored to keep track of inventory.

6A:23A-6.7 Financial and human resource management systems; access controls

(a) School districts and county vocational school districts with budgets in excess of \$25,000,000 or with more than 300 employees shall maintain an enterprise resource planning (ERP) system which integrates all data and processes of an organization into a unified system. An ERP system uses multiple components of computer software and hardware and a unified database to store data for the various system modules to achieve the integration.

(b) Districts affected by (a) above that do not currently maintain an ERP system shall fully implement one by the 2010-2011 school year and maintain both the existing system(s) and run a beta test ERP system during the 2009-2010 school year.

(c) Whenever considering financial systems or the automation of other services or functions, the district shall notify the Executive County Superintendent in writing to see if opportunities for a shared service system exist.

(d) Access controls shall be established for key elements of financial systems to ensure that a single person does not have the ability to make system edits that would violate segregation of duties controls.

1. The process for creating, modifying, and deleting user accounts shall include the use of user access request forms.

2. All requests for financial applications shall be approved and specified by the SBA.

3. All requests for network access shall be granted by the head of the technology department, if one exists.

4. A review of user access shall be conducted yearly at a minimum by the relevant department managers and an audit trail should be maintained to verify the performance of this review.

5. Access to the network and key applications within a district shall be restricted to authorized users through the use of unique user names and passwords.

6. Proper protocols shall be implemented that appropriately address password expiration and complexity.

6A:23A-6.8 Personnel tracking and accounting

(a) A school district and county vocational school district shall maintain an accurate, complete, and up-to-date automated position control roster to track the actual number and category of employees and the detailed information for each. Districts that do not currently maintain a position control roster as defined, or were not previously required to maintain a position control roster, shall fully implement one by July 1, 2009. The position control roster shall:

1. Share a common database and be integrated with the district's payroll system;

2. Agree to the account codes in the budget software; and

3. Ensure that the data within the position control roster system includes, at a minimum, the following information:

i. The employee name;

ii. The date of hire;

iii. A permanent position tracking number for each employee including:

(1) The expenditure account codes for the general fund consistent with the State prescribed budget, special revenue fund and enterprise funds;

(2) The building(s) the position is assigned;

(3) The certification title and endorsement held, as applicable;

(4) The assignment position title as follows:

(A) Superintendent or Chief School Administrator;

(B) Assistant Superintendent;

(C) School Business Administrator;

(D) Board Secretary (when other than (a)3iii(4)(A), (B) or (C) above);

(E) Principal;

(F) Vice Principal;

(G) Director;

(H) Supervisor;

(I) Facilitator;

(J) Instructional Coach by Subject Area;

(K) Department Chairperson by Subject Area;

(L) Certificated Administrator – Other;

(M) Guidance;

(N) Media Specialist/Librarian;

(O) School Nurse;

(P) Social Worker;

(Q) Psychologist;

(R) Therapist – OT;

(S) Therapist – PT;

(T) Therapist – Speech;

(U) Certificated Support Staff – Other;

(V) Teacher by Subject Area;

(W) Instructional Assistants;

(X) Certificated Instructional – Other;

(Y) Aides supported by IEP;

(Z) Other Aides;

(AA) Maintenance Worker;

(BB) Custodian;

(CC) Bus Driver;

(DD) Vehicle Mechanic;

(EE) Food Service; and

(FF) Other Non-certificated;

iv. A control number for substitute teachers;

v. A control number for overtime;

vi. A control number for extra pay;

vii. The status of the position (filled, vacant, abolished, etc.);

viii. An indication, when available, of whether the employee is retiring in the budget year or not being renewed including associated costs such as contractual buyouts, severance pay, paid vacation or sick days, etc.;

ix. Each of the following: base salary, step, longevity, guide, stipends by type, overtime and other extra compensation;

x. The benefits paid by the district, net of employee reimbursements or co-pays, by type of benefit and for FICA and Medicare;

xi. The position's full-time equivalent value by location;

xii. The date the position was filled; and

xiii. The date the position was originally created by the board. If the date the position was originally created is not available, this item shall represent the date the person currently filling that position was approved by the board.

6A:23A-6.9 Facilities maintenance and repair scheduling and accounting

(a) Any school district or county vocational school district with three or more district buildings shall have an automated work order system by July 1, 2010 for prioritizing, performing and recording all maintenance and repair requests for all district buildings and grounds.

1. The Superintendent or designee shall establish standard operating procedures (SOPs) for the approval and prioritization of work order requests which take into account the health and safety of building occupants, priorities and objectives established annually to carryout the district Strategic Plan, the need for the work requested, and other factors the district deems appropriate.

2. The work order system shall include the following information for a request for work before work begins, except in an emergency where the work is necessary to correct a situation that poses an imminent threat to the health or safety of students and/or staff:

- i. The name of the person making the request;
- ii. The date of the request;
- iii. The appropriate approval(s) as established by SOP;
- iv. The date of approval(s);
- v. The location of work requested;
- vi. The priority level (for example, urgent, high, average, low);
- vii. The scheduled date(s) of service;
- viii. The trade(s) needed such as general maintenance worker; custodian; carpenter; plumber; electrician; heating, ventilation and air conditioning (HVAC); grounds; roofer; masonry; glazer; other;

ix. A description of the work requested;

x. A projection of the materials and supplies needed for the work;

xi. The estimated man hours needed to complete task;

xii. The name of the work order assigner; and

xiii. The name of the employee(s) working on the order.

3. The work order system shall include the following close-out information for each request for work:

i. The actual hours worked by date for each assigned staff member;

ii. The actual hourly rate paid, both regular and over-time, for each assigned staff member;

iii. The aggregate cost of labor by regular, over-time and total;

iv. The actual materials and supplies needed to complete the work order;

v. Actual cost of materials and supplies; and

vi. The name of the employee responsible for at-testing that the job was completed satisfactorily.

4. Except where prohibited by collective bargaining agreement, the SOP shall require for any work, which cannot be completed during regular working hours by the needed completion date, an assessment of the cost-benefit of outsourcing any such work in excess of the quote threshold as determined under N.J.S.A. 18A:18A-37.

5. Where, according to the assessment, the cost of outsourcing work is less than the in-house estimated cost of labor, at over-time rates, and materials for the same work, the work shall be outsourced provided the work can be contracted in accordance with N.J.S.A. 18A:18A-1 et seq., completed by the projected completion date contained in the prioritized work order system and does not violate the terms of the collective bargaining agreement for maintenance workers and/or custodians.

6. The SBA in consultation with the supervisor responsible for this work shall conduct an analysis of the information in the work order system no later than February 1 of the prebudget year for consideration during budget preparation. The analysis should include productivity of staff as a whole and individually, significant variations between estimated labor time and materials and actual labor time and materials, unusual trends for like projects and other factors that will improve productivity and efficiency.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).
In (a), substituted "2010" for "2009".

6A:23A-6.10 Approval of amounts paid in excess of approved purchase orders; board policy

(a) A school district and county vocational school district board shall adopt a policy establishing the approval process for any remittance of payment for invoice amounts greater than the approved purchase order. The policy shall require the SBA to identify, and investigate if necessary, the reason for any increase to a purchase order. If it is found that such an increase is warranted, the SBA shall either approve a revision to the original purchase order with the reason noted, approve the issuance of a supplemental purchase order for the difference, or cancel the original purchase order and issue a new purchase order. If it is found that such an increase is not warranted, the purchase order shall be canceled and the goods returned. In no instance shall an adjustment be made to a purchase order that changes the purpose or vendor of the original purchase order or a bid award price.

(b) Financial systems shall be programmed to:

1. Limit system access so that only appropriate business office staff may make purchase order adjustments;
2. Reject adjustments in excess of any established approval thresholds;
3. Prevent unauthorized changes to be processed;
4. Reject payments where the sum of the invoice amount plus any previous invoices charged to the purchase order exceeds the sum of the original purchase order amount plus any authorized adjustments;
5. Reject duplicate purchase order numbers;
6. Reject duplicate invoice numbers; and
7. Prepare an edit/change report listing all payments made in excess of the originally approved purchase order amount.

(c) The SBA shall review on a monthly basis edit/change reports listing all payments made in excess of the originally approved purchase order amount to ensure that all payments made are properly authorized.

Special amendment, R.2009 d.35, effective December 18, 2008.
See: 41 N.J.R. 642(a).
Rewrote (a).

6A:23A-6.11 Vehicle tracking, maintenance and accounting

(a) The school district and county vocational school district board shall adopt a policy for the management, control and regulatory supervision of school district vehicles including, but not limited to, the following:

1. A vehicle inventory control record including:
 - i. The vehicle make, model and year;
 - ii. The vehicle identification numbers (VIN);

- iii. The original purchase price;
 - iv. The date purchased;
 - v. The license plate number;
 - vi. The person assigned or the pool if not individually assigned;
 - vii. The driver license number of the person assigned and the expiration date;
 - viii. The insurer and policy number of the person assigned; and
 - ix. The usage category such as regular business, maintenance, security or pupil transportation;
2. A driving record of the operators of district vehicles including:
 - i. The name of the driver;
 - ii. The driver license number and expiration date;
 - iii. The insurer and policy number of person assigned;
 - iv. Motor vehicle code violations;
 - v. Incidents of improper or non-business usage;
 - vi. Accidents; and
 - vii. Other relevant information; and
 3. A record of maintenance, repair and body work for each district vehicle including:
 - i. The vehicle make, model and year;
 - ii. The vehicle identification numbers (VIN);
 - iii. The original purchase price;
 - iv. The date purchased;
 - v. The license plate number;
 - vi. The usage category such as regular business, maintenance, security or pupil transportation;
 - vii. The manufacturer's routine maintenance schedule;
 - viii. The category of work performed (routine maintenance, repair or body work);
 - ix. The purchase order number;
 - x. The date the work was performed;
 - xi. A detailed description of the work performed;
 - xii. The mileage on the date work was performed; and
 - xiii. The cost of the work performed.

6A:23A-6.12 District vehicle assignment and use policy

(a) Each school district and county vocational board shall adopt a policy or policies regarding district vehicle assignment that will ensure compliance with this section, in accordance with OMB Circular 08-16-ADM or any superseding circulars.

(b) The Board upon the recommendation of the Superintendent may authorize, at its discretion, by an affirmative vote of the board's full membership, the lease, lease-purchase or purchase and assignment of district vehicles for the conduct of official district business. The vehicles may be assigned either to individuals or to units within the organization for pool use according to the following classifications:

1. Vehicles may be assigned permanently and individually to the superintendent, SBA, head of facilities services, head of security services or other supervisory employees who based on their job duties may be called upon on a 24 hour, seven-day a week basis. No individual assignment shall be made for the primary purpose of commuting.

2. A unit may be permanently assigned one or more district pool vehicles only if employees of the unit will collectively use the vehicle or each vehicle for more than an average of 750 miles per month on official district business. Pool vehicles shall not be used for the purpose of commuting and shall remain at a district facility when not in official use.

(c) Board members or employees may be temporarily assigned a district vehicle for travel events.

(d) Each school district and county vocational school district board shall ensure that an employee, such as the SBA, insurance or risk management staff member, head of facilities or other appropriate employee is assigned the functions of district vehicle coordinator.

(e) Vehicle use logs shall be maintained for all individual and pool assignments in order to accurately record all usage of each vehicle, including the driver, mileage, and starting and destination points.

(f) All complaints of a potential misuse shall be investigated and appropriate disciplinary action taken.

(g) All changes to vehicle assignment, whether pool or individual, shall require prior written approval of the Superintendent and the authorization of an affirmative majority vote of the full board.

(h) No luxury vehicle, one which exceeds the greater of \$30,000 or any current dollar limit established in Internal Revenue Service (IRS) law or regulation, shall be purchased, lease-purchased or leased by the district. If a vehicle is assigned to the superintendent, it may be a full-size or intermediate, four-door sedan of the non-luxury class. All other vehicles shall be compact sedans, unless special passenger,

cargo, equipment, or use requirements make the standard vehicle unsuitable for documented district needs.

(i) The district vehicle shall be used primarily for business purposes; however, incidental and reasonable personal use is permitted.

(j) All damage to district vehicles, regardless of cause, shall be reported within 24 hours to the vehicle coordinator and the employee assigned to file insurance claims.

(k) No physical alterations shall be made to a vehicle without prior board approval.

(l) Drivers of district vehicles shall possess a valid driver's license to operate a vehicle in New Jersey.

(m) When a vehicle is due for routine maintenance in accordance with the manufacturer's schedule, the driver of an individually assigned vehicle or, in the case of a pool vehicle, the vehicle coordinator shall be responsible for ensuring that the vehicle receives the scheduled service.

(n) A driver assigned a district vehicle shall be responsible for the security of the vehicle and its contents.

(o) Drivers shall be personally responsible for all fines accrued as a result of traffic violations related to operation of district vehicles.

(p) The driver, or the driver's supervisor, if the driver is incapacitated, of a district vehicle involved in an accident resulting in damage to the district vehicle or other vehicle shall file, within 24 hours of the accident, a detailed written report with the vehicle coordinator and the district staff member responsible for making insurance claims.

(q) Police shall be immediately notified of an accident by the driver or vehicle coordinator, if the driver is incapacitated. A copy of the police report shall be submitted to the vehicle coordinator and the district staff member responsible for making insurance claims as soon as possible.

(r) If a district vehicle is misused in any of the following ways, the driver's driving privileges for district vehicles shall be suspended or revoked, and additional disciplinary action shall be taken as appropriate.

1. Frequent violation of traffic laws;
2. Flagrant violation of the traffic laws;
3. Operation of a vehicle which the police or insurance company determined was the cause of an accident;
4. Use of a vehicle for unauthorized use whether personal use, business use, or commuting;
5. Violation of these rules or district policy governing the assignment, use, operation, repair, and/or maintenance of vehicles. This includes the failure to submit a vehicle for

routine maintenance as called for in the manufacturer's routine maintenance schedule;

6. Operation of a vehicle while impaired to any degree, or under the influence of alcohol or narcotics as defined by State statutes;

7. Use of a district vehicle by an unauthorized individual while assigned to an employee;

8. Use of a district vehicle to transport any person or child, other than in the course of their assigned duties and responsibilities; or

9. Use of radar detectors in district vehicles.

(s) The board shall establish a policy for progressive, uniform, and mandatory disciplinary actions to be applied as necessary.

6A:23A-6.13 Board travel policy

As a condition of receiving State aid, each school district and county vocational school district shall establish specific policies and procedures on travel that comply with the requirements of N.J.S.A. 18A:11-12.

SUBCHAPTER 7. SCHOOL DISTRICT TRAVEL POLICIES AND PROCEDURES

6A:23A-7.1 School district travel expenditures

(a) Each school district shall ensure the effective and efficient use of funds by adopting and implementing policies and procedures that are in accordance with N.J.S.A. 18A:11-12 and State of New Jersey Department of the Treasury, Office of Management and Budget Circulars 08-19-OMB and 06-14-OMB (OMB Circulars) and any superceding circulars pertaining to travel, meals, events and entertainment, and the additional requirements set forth in this subchapter. If any superceding circulars of the Office of Management and Budget conflict with the provisions of these rules, the provisions of the superceding circulars shall govern.

(b) The provisions of this subchapter shall apply to charter schools. For purposes of this subchapter, the following shall apply:

1. References to "school districts" shall also mean charter schools;

2. References to "school board" or "board of education" shall also mean board of trustees of a charter school;

3. References to "Superintendent" shall also mean charter school lead person; and

4. References to "employee" shall also mean employee of a charter school.

(c) Any sections in the OMB Circulars that conflict with New Jersey school law (N.J.S.A. 18A:1-1 et seq.) shall not be included in the school board policy nor authorized under this section. This includes, but is not limited to, the authority to issue travel charge cards as allowed under the OMB Circulars, but not authorized for school districts under New Jersey school law.

(d) School district travel expenditures shall include, but are not limited to, all costs for transportation, meals, lodging, and registration or conference fees directly related to participation in the event.

(e) School district travel expenditures subject to this subchapter shall include costs for all required training and all travel authorized in school district employee contracts and school board policies. This includes, but is not limited to, required professional development, other staff training and required training for board members, and attendance at specific conferences authorized in existing employee contracts, provided that such travel meets the requirements of this subchapter. All such expenditures are subject to the rules in this subchapter including, but not limited to, inclusion in the annual travel limit, prior board approval, separate tracking, and per diem reimbursements.

6A:23A-7.2 Board policy for travel expenditures

(a) A school district board of education shall implement a policy, including procedures, pertaining to travel expenditures for its employees and board members that are in accordance with the provisions of N.J.S.A. 18A:11-12, this subchapter and other rules and procedures the board deems appropriate.

(b) The board policy pertaining to school district travel expenditures shall incorporate either expressly, in whole or in part, and/or by reference the laws and regulations contained in N.J.S.A. 18A:11-12 and this subchapter.

(c) A board shall ensure through its policy and procedures that all travel by its employees and board members is educationally necessary and fiscally prudent, and shall include the requirement that all school district travel expenditures are:

1. Directly related to and within the scope of the employee's or board member's current responsibilities and, for school district employees, the school district's professional development plan, the school building professional development plan, and employee's individual professional development plan;

2. For travel that is critical to the instructional needs of the school district or furthers the efficient operation of the school district; and

3. In compliance with State travel payment guidelines as established by the Department of the Treasury and with guidelines established by the Federal Office of Management and Budget; except that those guidelines that conflict with the provisions of Title 18A of the New Jersey Statutes

shall not be applicable, including, but not limited to, the authority to issue travel charge cards. The board of education shall specify in its travel policy the applicable restrictions and requirements set forth in the State and Federal guidelines including, but not limited to, types of travel, methods of transportation, mileage allowance, subsistence allowance, and submission of supporting documentation including receipts, checks or vouchers.

(d) A board shall state in its policy that travel reimbursements will be paid only upon compliance with all provisions of N.J.A.C. 6A:23A-7 and the board's procedures and approval requirements. The policy shall state that the school board will not ratify or approve payments or reimbursements for travel after completion of the travel event, except as provided at N.J.A.C. 6A:23A-7.4(d).

(e) A board shall require that a board member recuse himself or herself from voting on travel if the board member, a member of his or her immediate family, or a business organization in which he or she has an interest, has a direct or indirect financial involvement that may reasonably be expected to impair his or her objectivity or independence of judgment.

(f) A board shall require that a board member shall not act in his or her official capacity in any matter in which he or she or a member of his or her immediate family has a personal involvement that is or creates some benefit to the school official or member of his or her immediate family; or undertake any employment or service, whether compensated or not, which may reasonably be expected to prejudice his or her independence of judgment in the execution of his or her official duties.

6A:23A-7.3 Maximum travel budget

(a) Annually in the prebudget year, each board shall establish by board resolution, a maximum travel expenditure amount for the budget year, which the school district shall not exceed. The board resolution shall also include the maximum amount established for the prebudget year and the amount spent to date.

1. The maximum school district travel expenditure amount shall include all travel supported by local and State funds.

2. A board may elect to exclude travel expenditures supported by Federal funds from the maximum travel expenditure amount. If Federal funds are excluded from the established maximum amount, the board shall include in the resolution the total amount of travel supported by Federal funds from the prior year, prebudget year, and projected for the budget year.

3. Exclusion of Federal funds from the annual maximum travel budget does not exempt such travel from the requirements applicable to State and local funds.

(b) A board may authorize in its travel policy an annual maximum amount per employee for regular business travel only for which board approval is not required.

1. The annual maximum shall not exceed \$1,500 and shall be subject to the approval requirements in N.J.S.A. 18A:19-1.

2. Regular school district business travel as defined in N.J.A.C. 6A:23A-1.2 includes attendance at regularly scheduled in-State county meetings and Department sponsored or association sponsored events provided free of charge. It also includes regularly scheduled in-State professional development activities for which the registration fee does not exceed \$150.00 per employee or board member.

3. Regular school district business travel as authorized in the board's travel policy requires approval of the superintendent prior to obligating the district to pay related expenses and prior to attendance at the travel event.

i. The superintendent shall designate an alternate approval authority to approve travel requests in his or her absence when necessary to obtain timely board approval.

ii. The superintendent shall establish in writing the internal levels of approval required prior to his or her approval of the travel event, as applicable.

6A:23A-7.4 Travel approval procedures

(a) All travel requests for employees of the district shall be approved in writing by the superintendent and approved by a majority of the full voting membership of the board, except where the board has excluded regular business travel from prior approval pursuant to N.J.A.C. 6A:23A-7.3(b), prior to obligating the school district to pay related expenses and prior to attendance at the travel event.

1. The superintendent shall designate an alternate approval authority to approve travel requests in his or her absence when necessary to obtain timely board approval.

2. The superintendent shall establish in writing the internal levels of approval required prior to his or her approval of the travel event, as applicable.

(b) All travel requests for board members shall require prior approval by a majority of the full voting membership of the board, except where the board has excluded regular business travel from prior approval pursuant to N.J.A.C. 6A:23A-7.3(b), and the travel shall be in compliance with N.J.S.A. 18A:12-24 and 18A:12-24.1.

(c) A board may approve, at any time prior to the event, travel for multiple months as long as the board approval, as detailed in board minutes, itemizes the approval by event, total cost, and number of employees and board members attending the event. General or blanket pre-approval is not authorized.

(d) A board may, in its policy, exclude from the requirements of prior school board approval any travel caused by or subject to existing contractual provisions, including grants and donations, and other statutory requirements, or Federal regulatory requirements. For the exclusion of prior board approval to apply, the required travel event must be detailed, with number of employee(s), board member(s), and total cost in the applicable contract, grant, donation, statute or Federal regulation.

1. This does not include general grant guidelines or regulations that are permissive but do not require the travel event, unless the specific travel event, number of employee(s), board member(s) and total cost is detailed in the approved grant, donation, or other fund acceptance agreement.

2. This does not include general contractual provisions in employment contracts for continuing education or professional development, except where the board has included in its policy, a maximum amount per employee for regular business travel that does not require prior board approval pursuant to N.J.A.C. 6A:23A-7.3.

(e) Where occasional unforeseen situations arise wherein a travel request cannot obtain prior approval of the board, justification shall be included in the text of the travel request.

1. Such requests shall require prior written approval of the superintendent, or designee, and the Executive County Superintendent or designee.

2. The Board shall ratify the request at its next regularly scheduled meeting.

3. Travel to conferences, conventions and symposiums are not considered to be emergencies and shall not be approved after the fact.

6A:23A-7.5 Required documentation for travel

(a) The board in its policy shall specify the type of documentation required to justify the number of employees attending an event and the benefits to be derived from their attendance;

(b) Neither the superintendent, or designee, nor the board shall approve a travel request unless it includes the following information:

1. The name and dates of the event;
2. A list of board members and/or employees to attend either by name or title;
3. Justification of the importance of these individuals attending the event;
4. The estimated cost associated with travel (if lodging is shared with others, the fact must be stated);
5. A copy of the agenda or itinerary for travel and subsequent schedule of events.

6. A brief statement that includes the primary purpose for the travel and the key issues that will be addressed at the event and their relevance to improving instruction or the operation of the school district;

7. For training events, whether the training is needed for a certification required for continued employment, continuing education requirements, requirements of Federal or State law, or other purpose related to the programs and services currently being delivered or soon to be implemented in the school district; or related to school district operations;

8. The account number and funding source—Federal, State, private or local; and

9. In the case of annual events, the total attendance and cost for the previous year.

(c) Detailed documentation shall be maintained on file in the school district which demonstrates compliance with the board's travel policy, including travel approvals, reports and receipts for all school district funded expenditures, as appropriate.

6A:23A-7.6 SBA responsibilities regarding accounting for travel

(a) The SBA or designee shall prepare itemized travel budgets by function and object of expense for each cost center, department or location maintained in the school district's accounting system, as applicable, as part of the preparation of and documentation for the annual school district budget. The aggregate amount of all travel budgets shall not exceed the board approved maximum travel expenditure amount for the budget year as required by N.J.A.C. 6A:23A-7.3.

(b) The SBA shall maintain separate accounting for school district travel expenditures as necessary, to ensure compliance with the school district's maximum travel expenditure amount. This may include, but need not be limited to, a separate or offline accounting of such expenditures or expanding the school district's accounting system. The tracking system shall be sufficient to demonstrate compliance with the board's policy and this subchapter, and shall be in a detailed format suitable for audit.

(c) The SBA or designee shall review and approve all requests for travel expenditure reimbursement submitted for expenses incurred in the course of school district business as to cost and support documentation required by this subchapter. The SBA shall not approve or issue payment of travel expenditures or reimbursement requests until all required documentation and information has been submitted to support the payment and shall not approve any travel expenditure that when added to already approved travel expenditures would exceed the board approved maximum travel expenditure amount for the budget year.

(d) The SBA shall be responsible for the adequacy of documentation of transactions processed by their staff and the

retention of that documentation to permit audits of their records.

(e) An employee of the board, a board member, or organization shall not receive payment, either partial or full, for travel and travel-related expenses in advance of the travel pursuant to N.J.S.A. 18A:19-1 et seq. The payment of travel and travel-related expenses shall be made personally by a school district employee, board of education member and reimbursed at the conclusion of the travel event. This applies to travel-related purchases for which a purchase order is not applicable. This section does not preclude the district from paying the vendor directly with the proper use of a purchase order (for example, for registration, airline tickets, hotel).

6A:23A-7.7 Sanctions for violations of travel requirements

(a) Any board that violates its established maximum travel expenditure as set forth in N.J.A.C. 6A:23A-7.3, or that otherwise is not in compliance with the travel limitations set forth in this subchapter may be subject to sanctions by the Commissioner as authorized pursuant to N.J.S.A. 18A:4-23 and 18A:4-24, including reduction of State aid in an amount equal to any excess expenditure pursuant to N.J.S.A. 18A:11-12 and 18A:7F-60.

(b) A person who approves any travel request or reimbursement in violation of the district's policy or this subchapter shall be required to reimburse the school district in an amount equal to three times the cost associated with attending the event pursuant to N.J.S.A. 18A:11-12.

1. The board policy shall include the designation of either the Chief School Administrator or School Business Administrator, or designate both, as the person(s) who are the final approval authority for travel and therefore, subject to this penalty.

(c) An employee or board member who violates the school district's travel policy or these rules shall be required to reimburse the school district in an amount equal to three times the cost associated with attending the event pursuant to N.J.S.A. 18A:11-12.

(d) The board policy shall include procedures to monitor compliance and application of the penalty upon determination a violation has occurred after board payment of the event. If a violation is determined prior to payment or reimbursement of the travel event, the board policy may exclude application of any additional penalties.

(e) The annual audit conducted pursuant to N.J.S.A. 18A:23-1 shall include test procedures to ensure compliance with the district's board policy and travel limitations set forth in this section and N.J.S.A. 18A:11-12.

6A:23A-7.8 Prohibited travel reimbursements

(a) A board shall state in its policy that the following types of expenditures are not eligible for reimbursement:

1. Subsistence reimbursement for one-day trips, except for meals expressly authorized by and in accordance with the provisions of N.J.A.C. 6A:23A-7.12;

2. Subsistence reimbursement for overnight travel within the State, except where authorized by the Commissioner in accordance with the procedures set forth in N.J.A.C. 6A:23A-7.11;

3. Travel by board members or employees whose duties are unrelated to the purpose of the travel event or who are not required to attend to meet continuing education requirements or to comply with law or regulation;

4. Travel by spouses, civil union partners, domestic partners, immediate family members and other relatives;

5. Costs for employee attendance for coordinating other attendees' accommodations at the travel event;

6. Lunch or refreshments for training sessions and retreats held within the school district including in-service days and for employee participants traveling from other locations within the school district;

7. Training to maintain a certification that is not required as a condition of employment (example: CPE credits to maintain a CPA license if the employee is not required to be a CPA for continued school district employment);

8. Charges for laundry, valet service, entertainment;

9. Limousine services, and chauffeuring costs to or during the event;

10. Car rentals, either utilized for airport transportation or transportation at a conference, convention, etc., unless absolutely necessary for the conduct of school district business. Justification must accompany any request for car rentals. If approved, the most economical scheduling of car rental is to be used, including the use of subcompacts, discounted and special rates. An example of the justified use of car rental is when an employee is out of state, making inspections at various locations, and the use of public transportation is impracticable. When car rental is authorized, the employee shall not be issued an advance payment for the anticipated expense associated with the rental;

11. Alcoholic beverages;

12. Entertainment costs including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities);

13. Gratuities or tips in excess of those permitted by Federal per diem rates;
14. Reverse telephone charges or third party calls;
15. Hospitality rooms;
16. Souvenirs, memorabilia, promotional items or gifts;
17. Air fare without documentation of quotes from at least three airlines and/or on-line services; and
18. Other travel expenditures that are unnecessary and/or excessive.

6A:23A-7.9 Travel methods

(a) For the purposes of this section, “transportation” means necessary official travel on railroads, airlines, shuttles, buses, taxicabs, school district-owned or leased vehicles and personal vehicles.

(b) The purchase or payment of related transportation expenses shall be made by purchase order or personally by a school district employee, board of education member and reimbursed at the conclusion of the travel event. An actual invoice or receipt for each purchase or expense shall be submitted with a claim for reimbursement.

(c) Pursuant to OMB Circulars, the following travel methods requirements apply:

1. Air and rail tickets shall be purchased via the Internet, if possible, using airline or online travel services such as Travelocity, Expedia or Hotwire.
2. Air travel shall only be authorized when determined that it is necessary and advantageous to conduct school district business.
 - i. The most economical air travel should be used, including the use of discounted and special rates.
 - ii. The following options should be considered when booking tickets:
 - (1) Connecting versus nonstop flights;
 - (2) Departing earlier or later compared to the preferred departure time;
 - (3) Utilizing alternative airports within a city, for example, Chicago, Illinois—Midway Airport versus O’Hare Airport;
 - (4) Utilizing alternative cities, for example, Newark versus Philadelphia;
 - (5) Utilizing “low cost” airlines; and
 - (6) Exploring alternate arrival and/or departure days.
 - iii. No employee or board member can earn benefits as a result of school district funded travel. Employees

and board members are prohibited from receiving “Frequent Flyer” benefits accruing from school district funded travel.

iv. Airfare other than economy (that is, Business or First Class) shall not be fully reimbursed by the school district except when travel in such classes:

- (1) Is less expensive than economy;
- (2) Avoids circuitous routings or excessive flight duration; or
- (3) Would result in overall transportation cost savings.

v. All airfare other than economy and not covered by the above exceptions purchased by an employee or board member shall only be reimbursed at the economy rate for the approved destination.

vi. Cost estimates on travel requests and associated authorizations shall be consistent with current airline tariffs, with consideration of available special fares or discounts, for the requested destination.

vii. Airline tickets shall not be booked until all necessary approvals have been obtained.

viii. Justification shall be required when actions by a traveler result in additional expenses over and above the authorized travel request. Sufficient justification shall be considered only for factors outside the control of the purchaser. Additional expenses without sufficient justification shall not be reimbursed.

ix. Justification shall accompany requests for airline ticket reimbursement when purchased by employees or board members contrary to (e)2i through viii above. Sufficient justification shall be considered only for factors outside the control of the purchaser. Noncompliant purchases without sufficient justification shall not be reimbursed. Reimbursement of purchases with sufficient justification shall be otherwise permitted and reimbursed in accordance with this subchapter.

3. Rail travel shall only be authorized when determined that it is necessary and advantageous to conduct school district business.

i. The most economical scheduling of rail travel shall be utilized, including excursion and government discounts, whenever applicable.

ii. When one employee or board member is traveling within the Northeast Corridor, NJ Transit shall be used as the rail option. Use of Amtrak will not be authorized unless it is the only means of travel available.

iii. The use of high speed rail services, such as Acela, shall not be authorized.

iv. When two or more employees and/or board members are traveling to the same event in the Northeast

Corridor (between Boston, MA and Washington, DC), rail travel shall not be authorized. In those cases, the travelers must use a school district vehicle or, if not available, a personally-owned vehicle must be used.

v. All rail travel, including rail travel in the Northeast Corridor, must be processed in the same manner as prescribed for air travel in (c)2 above.

4. Use of a school district-owned or leased vehicle shall be the first means of ground transportation. Use of a personally-owned vehicle on a mileage basis shall not be permitted for official business where a school district-owned or leased vehicle is available.

i. Mileage allowance in lieu of actual expenses of transportation shall be allowed at the rate authorized by the annual State Appropriations Act, or a lesser rate at the board's discretion for an employee or board member traveling by his personally-owned vehicle on official business.

(1) In accordance with the OMB Circulars, if any condition in an existing negotiated contract is in conflict with the Circulars, such as the mileage reimbursement rate, the provision of the contract will prevail.

ii. Parking and toll charges shall be allowed in addition to mileage allowance.

iii. Reimbursement for travel to points outside the State by automobile shall be permitted when such arrangements prove to be more efficient and economical than other means of public transportation.

iv. In determining the relative costs of private and public transportation, all associated costs (that is, tolls, taxicabs, airport or station transfers, etc.) shall be considered.

v. All employees and board members using privately-owned cars in the performance of their duties for the school district shall present a New Jersey Insurance Identification Card indicating that insurance coverage is in full force and effect with companies approved by the State Department of Banking and Insurance. The card shall be made available to the superintendent or designee before authorization to use privately-owned cars.

vi. Employees and board members who are out-of-State residents must provide appropriate insurance identification in lieu of the New Jersey Insurance Identification Card.

5. School district-owned or leased vehicles shall be utilized in accordance with N.J.A.C. 6A:23A-6.12.

6. Necessary taxicab charges are permitted. However, travel to and from airports, downtown areas and between hotel and event site shall be confined to regularly scheduled shuttle service, whenever such service is complimen-

tary or is less costly. If shuttle service is not available, taxicabs may be used.

7. Cruises shall not be permitted for travel events or transportation.

6A:23A-7.10 Routing of travel

(a) Pursuant to OMB Circulars:

1. All travel shall be by the most direct, economical and usually-traveled route. Travel by other routes as a result of official necessity shall only be eligible for payment or reimbursement if satisfactorily established in advance of such travel.

2. In any case where a person travels by indirect route for personal convenience, the extra expense shall be borne by the individual.

3. Reimbursement for expenses shall be based only on charges that do not exceed what would have been incurred by using the most direct, economical and usually-traveled route.

6A:23A-7.11 Subsistence allowance – overnight travel

(a) Pursuant to the OMB Circulars, one-day trips that do not involve overnight lodging shall not be eligible for subsistence reimbursement, except for meals expressly authorized by and in accordance with the provisions of N.J.A.C. 6A:23A-7.12.

(b) Pursuant to the OMB Circulars, generally, overnight travel shall not be eligible for subsistence reimbursement if travel is within the State. Overnight travel is permitted if such travel is authorized pursuant to (c) below, or is a required component by the entity issuing a grant, donation or other funding agreement with the district. The specific required overnight in-State travel event must be detailed in the final grant, donation, or other fund acceptance agreement along with number of employee(s), board member(s) and total cost. All reimbursements are subject to this subchapter unless the funding acceptance agreement specifies otherwise.

(c) The Commissioner shall be authorized to grant waivers for overnight travel for school board members and school district employees to attend in-State conferences. Such waivers will be granted in only extremely limited circumstances, where the sponsoring organization can demonstrate that the conference is broad and multi-disciplinary in scope, incorporates content offerings from numerous specialty areas, and includes important professional development opportunities and/or required training. In addition, the sponsoring organization must demonstrate that the conference's content, structure and anticipated attendance necessitate that it be held on multiple consecutive days with overnight lodging. When such waivers are granted, individual school districts or individuals will not be required to submit waiver requests for attendance at these conferences.

1. Sponsors of conferences may submit to the Commissioner a request for a waiver of this prohibition by providing information regarding the conference as follows:

- i. The name and dates of the event;
- ii. Justification for the length of the conference and the necessity to hold events for each day beyond the first day of the conference;
- iii. Identification of all other conferences sponsored or co-sponsored by the organization (whether single or multi-day) in the previous year;
- iv. A description of the target audience by position title and/or educational certificate and endorsement;
- v. Justification of the importance of the target audience attending the event;
- vi. The cost of registration;
- vii. A detailed list and description of any activities to be charged to the participants by the sponsor separate from the registration fee such as luncheons, work shops, entertainment, etc., including:
 - (1) The cost of the activity;
 - (2) Whether participation is mandatory or voluntary; and
 - (3) The purpose such as social, guest speaker, working session, etc.;
- viii. A copy of agenda or program for the event;
- ix. A brief statement that includes the primary purpose of the event and the key issues that will be addressed at the event and their relevance to improving instruction or the operation of a school or school district;
- x. For training events, whether the training is needed for a certification required for continued employment, continuing education requirements, or requirements of Federal or State law; and
- xi. In the case of annual events, total attendance and registration cost for previous year.

(d) If a waiver of the prohibition on overnight travel is granted pursuant to this section, it shall permit reimbursement for travel expenses for only those individuals whose home to convention commute exceeds 50 miles.

(e) Overnight travel within the State shall not be eligible for subsistence reimbursement if travel is on the day prior to the start of the conference. Reimbursement shall be prohibited for lodging prior to check-in time for the first day of the event or after check-out time on the last day of the event.

(f) The US General Services Administration publishes a schedule of Federal per diem rates in the Federal Register for approved overnight travel by the event location. The latest Federal per diem rates schedule for lodging, and meals and

incidental expenses by location can be found at www.gsa.gov. The following restrictions apply to allowable per diem reimbursements:

1. Allowable per diem reimbursement for lodging, meals and incidentals shall be actual reasonable costs, not to exceed the Federal per diem rates for the event location. Registration and conference fees are not subject to the federal per diem rate caps. If the event location is not listed, the maximum per diem allowance shall be \$31.00 for meal/incidental expenses and \$60.00 for lodging, or amounts listed in any superceding NJOMB circular.

2. Pursuant to N.J.S.A. 18A:11-12(o), reimbursement for lodging expenses for overnight travel, out-of-State or in-State as authorized by the Commissioner, may exceed the Federal per diem rates if the hotel is the site of the convention, conference, seminar or meeting and the going rate of the hotel is in excess of Federal per diem rates.

i. If the hotel at the site of the current travel event is not available, lodging may be paid for similar accommodations at a rate not to exceed the hotel rate at the site of the current event.

ii. If there is no hotel at the site of the current travel event (for example, Atlantic City Convention Center), then reimbursement for lodging shall not exceed the Federal per diem rate.

3. If the meal is not part of a one-sum fee for a travel event, reimbursement may be approved for the full cost of an official convention meal that the employee or board member attends, when such meal is scheduled as an integral part of the convention or conference proceedings. Receipts shall be submitted in order to obtain reimbursement in such situations. The amount of the Federal per diem rate for the corresponding meal shall be deducted from that day's subsistence allowance.

4. The allowance for a meal or meals, or incidentals shall not be eligible for reimbursement when included and paid in the registration fee, the cost of lodging or transportation charge.

5. Receipts shall be required for all hotel and incidental expenses. Meal expenses under the Federal per diem allowance limits do not require receipts pursuant to N.J.S.A. 18A:11-12o(3).

6. In any cases in which the total per diem reimbursement is greater than the Federal per diem rates, the costs shall be considered excessive in the absence of substantial justification accompanying the travel voucher submitted by the employee or board member. In such cases, receipts shall be submitted for all costs including meals.

7. Employees and board members shall patronize hotels and motels that offer special rates to government employees unless alternative lodging offers greater cost

benefits or is more advantageous to the conduct of school district business.

8. Actual subsistence expenses shall not be reimbursable if paid by the traveler to a member of his family, to another school district employee or to a member of the family of another school district employee.

6A:23A-7.12 Meal allowance—special conditions—and allowable incidental travel expenditures

(a) Meals for in-State travel shall not be eligible for reimbursement except as expressly authorized within this subchapter.

(b) Meals during one-day, out-of-State trips required for school business purposes may be authorized for breakfast, lunch and/or dinner in an amount permitted by NJOMB. The Commissioner shall post the most current rates on the Department website for reference.

(c) Lunch for training sessions may be authorized for an amount up to \$7.00 per person only when it is necessary that employees or board members remain at a site other than their school district and there are no viable options for lunch at the off-site location.

1. Per N.J.S.A. 18A:11-12a(1)(d), employee and board member retreats shall be held onsite unless there is no school district site available.

2. If lunch is included in a lump-sum registration fee for the training session, the full amount is eligible for reimbursement if reasonable.

3. Refreshments for breaks may also be provided at training sessions held at a site other than the school district. Therefore, providing lunch for staff meetings and in-service days or for staff that come from other parts of the school district shall not be permitted. (See N.J.A.C. 6A:23A-7.12(d).)

(d) Subsistence expenses for an employee or board member shall not be allowed at the school district or within a radius of 10 miles thereof, except for meals expressly authorized by and in accordance with the provisions of this section. Non-allowed expenses include, but are not limited to, meals and refreshments for staff meetings and in-service days.

(e) Reimbursement may be approved for the cost of an official luncheon or dinner, up to \$7.00 and \$10.00, respectively, that an employee or board member is authorized to attend, where such a meal is scheduled as an integral part of an official proceeding or program related to school district business and the employee's responsibilities.

1. School district business above refers to the management operations of the district and does not refer to activities that benefit students and are part of the instructional program. Pursuant to N.J.A.C. 6A:23A-5.8(b)4, all

reasonable expenditures related to district employees that are essential to the conduct of a student activity are permitted.

(f) Regular meetings, special meetings, and work sessions of the board of education shall be limited to light meals and refreshments for all board members.

1. The meals may be served to employees who are required to attend the event and where it is impractical for the employee to commute to and from his or her residence between the end of the work day and the beginning of the event, or where the employee is required to remain at the school district to prepare for the event.

2. The school district shall acquire the light meals and refreshments by the solicitation of at least three quotes. Quotes may be on a monthly, bi-monthly, quarterly or annual basis.

3. Where the school district's food service program can prepare comparable meals at a lower cost, the food service program shall be used.

4. The average cost per meal shall not exceed \$10.00.

5. The school district shall purchase or prepare food that are sufficient to provide each board member, dignitary, non-employee speaker or allowable staff member one meal. Meals should be carefully ordered to avoid left-overs. Unintended left-over food should be donated to a charitable shelter or similar facility, if at all possible.

(g) Allowable incidental travel expenses are defined as those that are essential to transacting official business.

1. Charges for telephone calls on official business may be allowed. The voucher must show the dates on which such calls were made, the points between which each call was made and the cost per call.

2. Employees and board members using their personally-owned telephone for business may request reimbursement, less Federal Communications Tax. Calls for business are tax exempt and the telephone company will make allowances for the tax if the employee or board member certifies to the telephone company when paying bills for personally-owned phones that said calls were business calls.

3. Incidental expenses, when necessarily incurred by the traveler in connection with the transaction of official business, may be submitted for reimbursement only when the necessity and nature of the expense are clearly and fully explained on the travel voucher and the voucher is approved. Travel vouchers shall be supported by receipts showing the quantity and unit price.

6A:23A-7.13 Records and supporting documents

(a) All persons authorized to travel on business shall keep a memorandum of expenditures chargeable to the school

district, noting each item at the time the expense is incurred, together with the date incurred.

(b) The travel voucher shall be completed by the employee or board member to document the details of the travel event. The travel voucher must be signed by the employee or board member to certify to the validity of the charges for which reimbursement is sought. The form must also bear the signatures of approval officials for processing.

(c) Sufficient documentation shall be maintained centrally by the school district to support payment and approval of the travel voucher.

(d) In addition to the documentation required for reimbursement, each person authorized to travel shall submit a brief report that includes the primary purpose for the travel, the key issues addressed at the event and their relevance to improving instruction or the operations of the school district. This report shall be submitted prior to receiving reimbursement.

(e) Documentation for requests for travel reimbursement shall show:

1. The dates and individual points of travel, number of miles traveled between such points and kind of conveyance used;
2. If the distance traveled between any given points is greater than the usual route between these points, the reason for the greater distance must be stated;
3. The hours of the normal work day and actual hours worked must be shown when requesting meal reimbursement for non-overnight travel;
4. Original receipts shall be required for all reimbursable expenses, except for meals that qualify for per diem allowances and for parking meters;
5. Actual vendor receipts for personal credit card charges shall be attached to reimbursement requests. Credit card statements shall not be accepted as documentation of expenses;
6. Personal charges on a hotel bill shall be deducted and shown on the bill;
7. When lodging is shared jointly, the fact must be stated on the travel voucher;
8. Where travel is not by the most economical, usually-traveled route, the employee or board member reimbursement request shall set forth the details of the route, the expenses actually incurred, the hour of departure, the hour of arrival and an explanation for the use of costlier travel arrangements;
9. When travel is authorized in the employee's or board member's own automobile on a mileage basis, the points between which travel was made and the distance traveled

between each place must be shown. A statement as to ownership of the auto or other conveyance used, as well as a certification that liability insurance is in effect, must be documented;

10. Reimbursement requests must be supported by other receipts as required;

11. The voucher shall be itemized; and

12. Reimbursement requests shall be rendered monthly when in excess of \$25.00. Travel for a single travel event must be reported as soon as possible after the trip.

(f) All outstanding travel vouchers for the school year ending June 30 shall be submitted as soon as possible after June 30 regardless of amount, notwithstanding (e)12 above.

(g) Travel mileage reimbursement requests of the just completed school year that are not submitted by July 30 or the date approved by the district for the closing of books, whichever is earlier, for the just completed school year shall not be approved or paid.

SUBCHAPTER 8. ANNUAL BUDGET DEVELOPMENT AND SUBMISSION

6A:23A-8.1 Budget submission; supporting documentation; website publication

(a) Annually, on or before March 4, each district board of education shall adopt, and submit to the Executive County Superintendent for approval, together with such supporting documentation as prescribed by the Commissioner, a budget that provides for a thorough and efficient (T&E) education. The Commissioner may adjust the date for the submission of budgets to confirm with the State aid notification date pursuant to N.J.S.A. 18A:7F-5c or if the Commissioner determines that the availability of preliminary aid numbers for the subsequent school year warrants such adjustment.

(b) A district board of education shall complete a budget application prepared and distributed by the Commissioner, which shall be referred to as the School District Budget Statement and Supporting Documentation. The district board of education shall include in the budget application a complete reporting of revenues and appropriations and other requirements pursuant to N.J.S.A. 18A:22-8 and N.J.S.A. 18A:7F-5 through 63.

(c) The budget as adopted for the school year pursuant to N.J.S.A. 18A:7F-5 shall be provided for public inspection on the district's Internet site, if one exists, and made available in print in a "user-friendly," plain language budget summary format within 48 hours after the public hearing on the budget.

1. The budget shall be maintained on the district's Internet site, if one exists, with a visible link off the main

(d) A district board of education may appeal any actions taken by the Commissioner under N.J.S.A. 18A:7F-6b to the Appellate Division of the Superior Court pursuant to P.L. 2008, c. 36.

(e) Nothing in this section shall be construed to limit such general or specific powers as are elsewhere conferred upon the Commissioner pursuant to law.

6A:23A-9.6 Appeal of Executive County Superintendent budget reductions

(a) Any formal budgetary action of the Executive County Superintendent may be appealed directly to the Commissioner, who shall render a decision within 15 days of the receipt of the appeal. If the Commissioner fails to issue a decision within 15 days of the filing of an appeal, the budgetary action of the Executive County Superintendent shall be deemed approved.

(b) The procedure for appealing a budget reduction(s) made by the Executive County Superintendent for administrative inefficiency or excess non-instructional costs shall be as follows:

1. A district board of education in which the general fund tax levy proposed in the base budget has been reduced or a separate proposal(s) has been reduced or rejected shall, within five business days of the written notice of said action, submit to the Commissioner the following information:

i. The complete line-item budget as originally submitted to the Executive County Superintendent and all supporting documentation and narrative explanations including any copies of additional spending proposals;

ii. A disk in Microsoft Excel with a list of the line-items reduced by the Executive County Superintendent showing in separate columns:

- (1) Budget line number;
- (2) Account description;
- (3) Account number;
- (4) Actual audited expenditure of prior year budget;
- (5) Expenditure as of February 1 of the prebudget year (current year);
- (6) Originally proposed expenditure for the budget year;
- (7) Amount of Executive County Superintendent reduction; and
- (8) Proposed expenditure after Executive County Superintendent reduction;

iii. A copy of the Executive County Superintendent's written explanation for each line-item reduction;

iv. The district's written itemized argument(s) for the restoration of all or part of each line-item reduction accompanied by any available supporting documentation;

v. The numbers of professional administrative and professional non-instructional staff by line-item account during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vi. The numbers of nonprofessional administrative and nonprofessional non-instructional staff by line-item account during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vii. Pupil enrollment by grade for the district as of the preceding June 30, the last school day prior to the preceding October 16 and as projected for October of the ensuing school year;

viii. Salaries or salary schedules for all administrative and non-instructional staff by job title; and

ix. The number of schools and classrooms in each school.

6A:23A-9.7 Procedures following voter defeat of proposed budget; municipal governing body or board of school estimate action

(a) Procedures following voter defeat of the proposed budget are as follows:

1. A district board of education in which the general fund tax levy proposed in the base budget has been rejected by the voters at the annual school election shall, within two days of the certification of election results, submit to the Executive County Superintendent and the governing body or bodies comprising the district, the following information:

i. A complete line-item budget listing each item by code and line description, including actual expenditures for the previous school year, actual budgeted amount for the current school year, proposed budgeted amount for the ensuing school year as proposed to the voters, the advertised budget for the ensuing school year, and all supporting documentation and narrative explanations including copies of approved spending proposals, indicating which were approved;

ii. A copy of the annual progress report, if any, submitted to the Commissioner pursuant to N.J.S.A. 18A:7A-11 and N.J.A.C. 6A:30;

iii. A copy of the district's most recent annual audit;

iv. An explanation of any action(s) to reallocate, direct additional expenditures, and so forth, taken by the Commissioner, or the Executive County Superintendent

on behalf of the Commissioner, pursuant to N.J.S.A. 18A:7F-5 through 7, 18A:7F-39, or 18A:7-8 or a statement to the effect that no such actions were taken;

v. The numbers of professional and nonprofessional staff during the current school year and projected staff for the ensuing school year, together with reasons for any increase or decrease;

vi. Pupil enrollment by grade for the district as of the preceding June 30, the last school day prior to the preceding October 16 and as projected for October of the ensuing school year;

vii. Salary schedules for all employees;

viii. The number of schools and classrooms in each school;

ix. Tuition received or paid during the previous school year, anticipated for the current school year and projected for the ensuing school year;

x. Substantiation of need for any proposed capital projects and/or deposits into the capital reserve, including documentation of the projects' inclusion in the long-range facilities plan (LRFP);

xi. Any information required for budget submission to the Executive County Superintendent and not specifically enumerated in (a)1 through x above;

xii. The applicable portions of the comparative spending guide;

xiii. The applicable portions of the school report card;

xiv. Pursuant to N.J.S.A. 18A:7F-5(d)9, beginning in 2012-2013, separate questions that were rejected by the voters; and

xv. Any other documentary materials or records the Commissioner deems appropriate for a specific district board of education.

2. The governing body or bodies shall transmit to the district board of education a letter of receipt acknowledging the receipt of the information in (a)1 above.

3. The governing body or bodies comprising the district, or a formally approved committee thereof, shall, as soon as immediately practicable, consult with the district board of education, or a formally approved committee thereof, for purposes of determining the amount of general fund tax levy sufficient to ensure provision of a T&E education or to maintain the stability of a district's programs.

4. If either the board of education or municipal governing body, or both, will have a majority present at the meeting, then the meeting must be publicly announced and advertised according to the Open Public Meetings Act by the body(ies) with the majority present.

5. On or before May 19, the governing body or bodies shall certify to the county board of taxation an amount to be appropriated for this purpose pursuant to N.J.S.A. 18A:22-37. Copies of such certification shall be forwarded to the district board of education and Executive County Superintendent. The governing body or bodies shall not certify an amount less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5. The governing body does not have the authority to recommend a reduction in the debt service levy, only the general fund tax levy.

i. The general fund tax levy certification, in the form of a resolution, shall be for the sum of the base budget amount and additional amounts approved by the voters through separate questions.

ii. If the amount so certified for the base budget is less than proposed to the voters by the board of education, the governing body or bodies in the form of a resolution shall present to the district board of education and the Executive County Superintendent a statement of the specific line-item expenditure reductions or increases in budgeted revenues or designated general fund balance recommended by the governing body or bodies. The governing body or bodies shall also submit with the statement, a certification attesting that the governing body or bodies has reviewed the budget proposed by the district board of education and that it deems the revised budget sufficient for provision of a thorough and efficient system of education.

iii. If the sum of the equalization aid and general fund tax levy resulting from such review is at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51, the governing body or bodies shall concurrently present to the district board of education, and to the Executive County Superintendent, a specific written explanation and document by clear and convincing evidence for each line item reduced that it either will not adversely affect the ability of the district board of education to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46, or will not adversely affect the stability of a district board of education's overall operations given the need for long term planning and budgeting as required by N.J.S.A. 18A:7F-5e(2).

(b) Procedures following review of the budget by the board of school estimate are as follows:

1. A district board of education, when submitting its proposed budget to the board of school estimate, shall also submit to the board of school estimate, the governing body or bodies and the Executive County Superintendent, the documents enumerated in (a)1 above.

i. If the amount of money appropriated by the board of school estimate for general fund purposes for the ensuing year, which amount may not be less than the

minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5b, is less than the amount proposed by the district board of education, the board of school estimate shall present to the board of education, the governing body or bodies and the Executive County Superintendent, a statement of the specific line-item reductions made by the board of school estimate. The board of school estimate shall submit with the statement a certification that the board of school estimate has reviewed the budget proposed by the board of education and that it deems the revised budget sufficient for provision of a thorough and efficient system of education.

2. The governing body of each municipality comprising the district shall appropriate the amount certified by the board of school estimate.

i. If the amount of money appropriated by the governing body or bodies for general fund purposes for the ensuing year pursuant to N.J.S.A. 18A:22-17, which amount may not be less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5b, is less than the amount certified by the board of school estimate, the governing body or bodies shall present to the board of school estimate, the board of education and the Executive County Superintendent, a statement of the specific line-item reductions made by the governing body or bodies. The board of school estimate shall submit with the statement a certification that the amount appropriated for school purposes is sufficient for provision of a thorough and efficient system of education.

ii. If the sum of the equalization aid and general fund tax levy resulting from board of school estimate review or subsequent governing body certification is at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51, the board of school estimate and/or governing body or bodies, as the case may be, shall concurrently present a specific written demonstration as to why such reductions will not adversely affect the ability of the district to provide a thorough and efficient education or the stability of the district given the need for long term planning and budgeting as required by N.J.S.A. 18A:7F-5e(2).

(c) In those instances where the governing body or bodies or the board of school estimate has certified an amount of tax levy less than that proposed by the district board of education as a result of reductions eligible for restoration through application to the Commissioner as set forth in N.J.A.C. 6A:23A-9.9, the Executive County Superintendent shall schedule a conference between the district board of education, or a formally approved committee thereof, and the governing body or bodies or the board of school estimate, as the case may be, or a formally approved committee thereof, for the purpose of assisting the respective bodies in reaching agreement on the amount of tax levy sufficient to ensure

provision of a T&E education consistent with the requirements of N.J.S.A. 18A:7F-5 through 63.

1. If an agreement is reached, any resultant adjustment in tax levy shall be certified forthwith to the county board of taxation.

2. If an agreement is not reached, where tax levy has already been certified pursuant to N.J.S.A. 18A:22-37, the levy will stand as originally certified and application to the Commissioner for restoration of reductions may be made in accordance with the provisions of this section.

3. Paragraphs (c)1 and 2 above shall not apply to any instance where governing body or bodies or board of school estimate reductions are not eligible for restoration through application to the Commissioner as set forth in N.J.A.C. 6A:23A-9.9, in which case the amount certified by the governing body or bodies or the board of school estimate shall remain final without further review or consultation.

6A:23A-9.8 Municipal governing body failure to certify or agree; Commissioner sets tax levy

Pursuant to N.J.S.A. 18A:22-38, in those instances where the governing body or bodies fail to certify by May 19 an amount of tax levy for any item rejected at the annual school election, or certify different amounts, to the county board of taxation, a district board of education shall submit the budget and any reductions recommended pursuant to N.J.S.A. 18A:7F-5e(1) or (2) by the governing bodies following voter defeat for review and determination by the Commissioner of the tax levy amount to be certified to the county board of taxation.

6A:23A-9.9 Application for Commissioner restoration of budget reductions

(a) The requirements for application to the Commissioner for restoration of reductions are as follows:

1. A district board of education which has proposed to the voters or the board of school estimate, as the case may be, a general fund budget pursuant to N.J.S.A. 18A:7F-5 with a sum of general fund tax levy and equalization aid in excess of the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51 may apply for restoration of reductions made pursuant to N.J.S.A. 18A:7F-5e(1) by the governing body or bodies following voter defeat, or by the board of school estimate, only on grounds that such reductions will negatively impact on the stability of the district given the need for long term planning and budgeting ("stability grounds"), and shall document by clear and convincing evidence its need for restoration of each item reduced. In such cases, a district board of education shall not argue that any of the reductions will adversely affect the district board of education's ability to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46.

i. "Stability grounds" as used in the School Funding Reform Act of 2008, N.J.S.A. 18A:7F-43 et al., means reductions which would require long term planning or budgeting and cannot be accomplished within the budget year; which would adversely affect the district board of education's ability to operate a school system; and which are not a program, service or other expenditure contained within the efficiency standards established pursuant to N.J.S.A. 18A:7F-46 or that are expenditures for items which are in excess of those contained in the efficiency standards established pursuant to N.J.S.A. 18A:7F-46.

2. A district board of education which has proposed to the voters or the board of school estimate, as the case may be, a general fund budget pursuant to N.J.S.A. 18A:7F-5 with a sum of general fund tax levy and equalization aid at or below the district's adequacy budget as calculated pursuant to N.J.S.A. 18A:7F-51 may apply for restoration of reductions made pursuant to N.J.S.A. 18A:7F-5e(2) by the governing body or bodies following voter defeat, or by the board of school estimate, on grounds that such reductions either will adversely affect the district board of education's ability to meet the thoroughness and efficiency standards established pursuant to N.J.S.A. 18A:7F-46 ("T&E grounds"), or will adversely affect the stability of a district board of education's overall operations given the need for long term planning and budgeting ("stability grounds").

i. "T&E grounds" means that the reduction or reductions would adversely affect the district board of education's ability to implement programs and services at the level contained in the efficiency standards in order to ensure that its students achieve the Core Curriculum Content Standards. For the 2008-09 school year through the 2010-2011 school year, the efficiency standards are those contained in the report, A Formula for Success: All Children, All Communities dated December 18, 2007 and available on the DOE Website. Beginning in the 2011-2012 school year and thereafter, the efficiency standards shall be established every three years in the Educational Adequacy Report prepared pursuant to N.J.S.A. 18A:7F-46.

3. Within 10 business days after certification of the general fund tax levy by the governing body or bodies, or the board of school estimate, a district board of education eligible for restoration pursuant to (a)1 or 2 above may submit to the Commissioner an application for restoration on a form deemed appropriate by the district, but shall:

- i. Address each line-item reduction made by the governing body or bodies or the board of estimate; and
- ii. Provide a specific written explanation supported by attached documentation, or specific reference to information contained in materials submitted pursuant to N.J.A.C. 6A:23A-9.7(a)1, as to why each reduction will adversely affect the ability of the district to provide a

thorough and efficient education or the stability of the district given the need for long term planning and budgeting, whichever criterion or criteria will apply under (a)1 or 2 above.

4. A district board of education shall submit an application for restoration to the appropriate Executive County Superintendent, and a copy of the complete application shall concurrently be submitted to the governing body or bodies, or the board of school estimate, as the case may be.

5. Within 10 business days of receipt of the district board of education's application, the governing body or bodies, or the board of school estimate, may submit to the Executive County Superintendent any comments it may wish to make on the district board of education's application. A copy of such comments shall concurrently be submitted to the district board of education.

6. For the purposes of determining the grounds on which a district board of education can submit an application to the Commissioner pursuant to (a)1 and 2 above, the calculation of the district's adequacy budget does not include a sending district's required tuition payment or number of students sent.

(b) Commissioner review and certification of tax levy, and determination of application for restoration shall be as follows:

1. Upon receipt of a district board of education's application and the governing body or board of school estimate's comments thereon or upon expiration of the time for their submission, the Commissioner will review the materials submitted and issue an order directing such restorations or reallocations as he or she deems warranted pursuant to the appropriate standard as set forth in N.J.S.A. 18A:7F-5 consistent with the overall intent of the Act. For purposes of assessing budgets for certification of tax levy, and assessing applications, the Commissioner may engage the assistance of such Department of Education staff as he or she deems appropriate.

2. In addition to application materials and responsive comments, and those materials submitted to the Executive County Superintendent in accordance with the requirements of (a)1 above, the Commissioner, assessing budgets for certification of tax levy, and assessing applications for restoration, may consider such additional information as may be available to him or her through established reporting requirements and Department of Education data collection processes, for example, the Fall Report. Additionally, should the Commissioner or a designee determine during the course of review that further information or explanation is required from a district board of education, or a governing body or board of school estimate, such information may be requested at any time during the review process.

3. In the case of budgets subject to Commissioner tax levy certification pursuant to N.J.A.C. 6A:23A-9.8 or ap-

1. The local share per pupil is that part of the per pupil amount that includes the general fund tax levy of the school district of residence's or nonresident district(s)' budget(s).

2. The State share per pupil is that part of the per pupil amount that includes the equalization aid portion of the school district of residence's or nonresident district(s)' budget(s) or amounts, if any, contained in the annual appropriations act in-lieu-of or to supplement equalization aid for the corresponding fiscal year.

(c) On or before March 30 of each year, a charter school board of trustees shall submit to the Commissioner a budget summary, budget narrative and cash flow statement for the following fiscal year, all of which are based on the most recent enrollment projections provided to the charter school by the Commissioner.

6A:23A-15.3 Enrollment counts, payment process and aid adjustments

(a) In order to enroll in a charter school, the student must first be registered in the school district in which the student resides. For any student who applies for enrollment in a charter school, a district board of education in which the charter school applicant resides shall process the registration of the student for the subsequent school year upon submission of the registration forms. A district board of education shall process in a timely manner all such registrations, including the assessment of residency and the subsequent transfer to the charter school, and shall identify the specific categorical aid for which each student qualifies.

(b) In the subsequent school year, actual average daily enrollment in a charter school shall not exceed the enrollment as specified in the school's charter and approved by the Commissioner.

(c) A district board of education shall pay to a charter school, aid the school district receives for categorical programs pursuant to N.J.S.A. 18A:36A-12b. Such aid shall be paid to a charter school in the amount that is attributable to each resident student enrolled in that charter school.

(d) A district board of education that receives preschool education aid pursuant to the provisions of N.J.S.A. 18A:7F-54 shall pay to a charter school the amount of that aid attributable to a resident student attending that charter school where:

1. The charter school has a concentration of at-risk pupils, as defined in N.J.S.A. 18A:7F-45, that is equal to or greater than 40 percent; and

2. The resident student is receiving appropriate services to be funded through that type of aid.

(e) All categorical aids paid to a charter school by a district board of education shall be accounted for in the general

fund of the charter school. Preschool aid is restricted and should be accounted for in fund 20.

(f) A charter school may apply directly to the Commissioner for aid for high cost placements for a special education student in accordance with N.J.S.A. 18A:7F-55b and c.

(g) A district board of education shall process payment(s) and payment adjustments to a charter school during any given school year as follows:

1. The district of residence and non-resident district(s) shall initiate payments to the charter school based on projected enrollment, as set forth in N.J.A.C. 6A:23-9.4(a).

2. The school district of residence and non-resident district(s) shall pay directly to a charter school the local share per pupil at the charter school rate pursuant to N.J.S.A. 18A:36A-12b in 12 equal installments starting July 15 and thereafter on the 15th of each month.

3. Pursuant to N.J.S.A. 18A:36A-12b, the district of residence and non-resident district(s) shall pay directly to the charter school for the following aids in 20 equal installments on the 9th and 23rd of every month starting with September 9 and ending with June 23, or as established by the Legislature:

i. The State share per pupil at the charter school rate; and

ii. Categorical aid attributable to the student.

4. The charter school shall submit to the resident school district a listing of all students on roll on October 15th in a format prescribed by the school district for purposes of determining State aid. Pursuant to the guidelines in the school register, the charter school shall also submit to the school district copies of all source documents related to the determination of State aid.

5. During the school year, a charter school board of trustees shall conduct an enrollment count on October 15 and the last day of the school year. A charter school board of trustees shall submit each count in a summary school register for the purposes of determining average daily enrollment.

i. The charter school board of trustees shall submit the summary school register to the Commissioner no later than one week after the two required enrollment counts required pursuant to (g)5 above.

(1) All aid paid to the charter school by the school district will be adjusted accordingly from projected enrollment to average daily enrollment on October 15 and the adjustment will be spread evenly over the remaining pay periods in the school year.

(2) A final adjustment will be calculated at year-end to account for changes in the average daily

enrollment from October 15 to the end of the school year.

(3) The Commissioner will issue a report for the end of year adjustment to both the charter school and the district of residence and non-resident district(s) after the final enrollment count. If there is a reduction in aid, the charter school shall pay the full amount to the school district no later than September 30 of the subsequent school year. If there is an increase in aid, the school district shall pay the full amount to the charter school no later than September 30 of the subsequent school year.

(4) A district board of education and a charter school board of trustees may change the payment provisions as outlined in (g)2, 3 and 4 above, if mutual agreement can be reached on an alternative payment schedule.

ii. Such change in the payment provisions are only effective for the stated school year.

iii. Such change in the payment provisions require the written approval through board resolutions of both the board of trustees of the charter school and the district board of education. The charter school board of trustees and district board of education shall submit copies of such board resolutions to the Commissioner on or before July 1 of the school year in which the payment schedule is effective.

6. In the event a district board of education falls behind by 15 days in the payment schedule in (g)2, 3, 4 and 5 above, a charter school board of trustees may petition the Commissioner to have the amounts owed to the charter school deducted from the district board of education's State aid and paid directly to the charter school.

7. The payment schedule may be adjusted by the Commissioner based on the effective date of the final granting of the charter or based on significant change in enrollment during the school year.

6A:23A-15.4 Procedures for private school placements by charter schools

(a) Within 15 days of the provision of written notice to the parent(s) by a charter school of a proposed individualized education program (IEP) or proposed amendment to a child's IEP that provides for placement of the child in a private day or residential program, the charter school shall also provide

written notice of such proposed placement to the school district of residence of the child's parent(s).

1. The district of residence may immediately request a copy of the student records to determine whether a less restrictive program that can appropriately meet the student's educational needs exists. The charter school shall forward a copy of the records without delay. In accordance with N.J.A.C. 6A:32-7.5(f)10, the charter school shall provide written notification to the parent that a copy of the records have been forwarded to the district of residence.

(b) When the school district of residence determines to challenge the placement, the school district of residence may, within 30 days of receiving notice of the placement, file for a due process hearing against the charter school and parent(s) of the student. The due process hearing shall be limited in scope to a determination by an administrative law judge as to whether there is a less restrictive placement that will meet the student's educational needs and, if so, whether the charter school must place the student in such program.

1. The request for a due process hearing shall be processed in accordance with the provisions of N.J.A.C. 6A:14-2.7 and, if the parties agree, mediation will be offered prior to transmittal of the matter to the Office of Administrative Law for a due process hearing.

2. For purposes of administering the request for a due process hearing, the school district of residence shall be considered the "school district" as that term is utilized in N.J.A.C. 6A:14-2.7 and the request shall be processed in accordance with the regulations applicable to requests for a due process hearing by a school district.

3. All procedural issues that arise with respect to filings by a district of residence for a due process hearing in accordance with these regulations shall be addressed by the administrative law judge assigned to hear the matter.

4. In the event that the due process petition is resolved with a determination that the student must be placed in the less restrictive program sought by the district of residence, the student shall still be considered a student enrolled in the charter school that has been placed in that program by the charter school. The charter school shall maintain the student's slot in its enrollment and provide all child study team services for the student, including the development of an IEP and the monitoring of the implementation of the student's IEPs.