

CHAPTER 23A**ADMINISTRATIVE COST LIMITS, TRANSFERS,
AND BUDGET DEVELOPMENT****Authority**

P.L. 2004, c.73.

Source and Effective Date

R.2005 d.17, effective December 7, 2004.
See: 37 N.J.R. 136(a).

Chapter Expiration Date

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 23A, Administrative Cost Limits, Transfers, and Budget Development, expires on May 5, 2006. See: 37 N.J.R. 2278(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: Source and Effective Date.

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SUBCHAPTER 1. DEFINITIONS**6A:23A-1.1 Definitions**

The words and terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise:

“Administrative cost” means total administrative costs as defined by the Comparative Spending Guide and in accordance with the Uniform Minimum Chart of Accounts for New Jersey Public Schools and the National Center for Education Statistics classifications and other reporting directives published and distributed by the Commissioner pursuant to N.J.S.A. 18A:4.14 and N.J.A.C. 6A:23-2.

“Advertised per pupil administrative costs” means the per pupil administrative costs as defined by the Comparative

Spending Guide and advertised in the school district budget pursuant to N.J.S.A. 18A:22-11.

“Annual audit” means as defined in N.J.A.C. 6A:23-1.2.

“Annual audit program” means the uniform program published and distributed by the Commissioner for each district board of education for preparing the Comprehensive Annual Financial Report pursuant to N.J.A.C. 6A:23-2.2(i).

“Authorized membership of the school board” means the full membership of the district board of education as established pursuant to N.J.S.A. 18A:12.

“A4F” means the form every district board of education is required to use and file with the county board of taxation and other required entities for certification and reporting of school taxes.

“Comparative Spending Guide” means the annual report of comparative financial statistics of school districts compiled and published for general distribution by the Commissioner pursuant to N.J.S.A. 18A:4-30.

“Comprehensive Annual Financing Report” means as defined in N.J.A.C. 6A:23-1.2.

“Cost of Living” means the consumer price index or CPI as defined in N.J.S.A. 18A:7F-3.

“District board of education” means, for the purposes of this chapter, and unless otherwise set forth in N.J.S.A. 18A:7F-5, any local or regional school district established pursuant to Title 18A of the New Jersey Statutes, but shall not include county vocational school districts, county special services school districts, educational services commissions or jointure commissions.

“Efficiency Standards” means the standards contained in the most recently published Biennial Report on the Cost of Providing a Thorough and Efficient Education.

“Emergent circumstance” means a circumstance that must be addressed expeditiously to avoid peril to the health and safety of students and staff and/or to avert an operating deficit from the required implementation of the thoroughness standards.

“GAAP” means as defined in N.J.A.C. 6A:23-1.2.

“Legal reserve” means a reserve of fund balance as defined by the Governmental Accounting Standards Board or GASB for encumbrances, or other funds not available for appropriation due to State or other legally imposed purpose.

“Non-discretionary fixed costs” means costs incurred by a school district in its operation that are outside the control of the district board of education.

"Shared service" means as defined in N.J.A.C. 6A:23-1.2.

"Surplus" means the amount of undesignated, unreserved fund balance as of July 1 of each year.

"Thoroughness standards" means the Core Curriculum Content Standards as approved by the State Board of Education on May 1, 1996 and as thereafter revised by the State Board of Education.

"Unbudgeted revenue" means any general fund revenue realized during the budget year that was not included in the original school district budget certified for taxes.

"Underbudgeted revenue" means any general fund revenue realized during the budget year that exceeds the amount included in the original school district budget certified for taxes.

SUBCHAPTER 2. ADMINISTRATIVE COST LIMITS, TRANSFERS, AND BUDGET DEVELOPMENT

6A:23A-2.1 Transfer of surplus after April 2004 election and appropriation to three percent for 2004-05

(a) Pursuant to N.J.S.A. 18A:7F-7, any appropriation of surplus made by a district board of education, as defined in N.J.A.C. 6A:23A-1.1, following the April 2004 school budget election and prior to July 1, 2004 (the effective date of P.L. 2004, c.73) to the capital reserve or maintenance reserve account or to increase spending for the 2003-04 school year is null and void.

1. A district board of education shall reverse such transfers by board resolution and reclassify the funds as undesignated, unreserved fund balance as of June 30, 2004.

2. In accordance with GAAP, if such transfer cannot be reversed and reclassified, the district board of education shall include the amount as surplus when calculating audited excess surplus in 2004-05 pursuant to N.J.S.A. 18A:7F-7c.

3. A district board of education shall be required to reverse such transfers if the appropriation was necessary for use in the 2003-04 school year to meet the thoroughness standards and no other line-item account balances were available.

4. Each district board of education shall, as part of the annual audit, submit all post-April board resolutions for appropriation of surplus for review by the public school auditor for compliance with (a)1 through 3 above, in accordance with the procedures outlined in the annual audit program.

(b) Each district board of education shall revise the 2004-05 budget and A4F to appropriate surplus over three percent as estimated on line 1670 in the recapitulation of balances in the 2004-05 budget presented to the voters or board of school estimate.

1. District boards of education that are required to submit a revised 2004-05 A4F will be notified by the county superintendent of the amount of the additional surplus over three percent to be appropriated based on the surplus estimate included in the budget submitted to and approved by the county superintendent pursuant to N.J.S.A. 18A:22-1 et seq.

i. The district board of education shall reduce the amount of additional surplus over three percent required to be appropriated to reduce 2004-05 tax levy by any reduction made by a municipal governing body(ies) in review and certification of a 2004-05 defeated budget.

ii. The district board of education secretary shall submit the revised A4F to the county superintendent for verification of the required amount.

iii. The district board of education shall, at the next scheduled school board meeting, adopt the revised 2004-05 budget with the revisions in budgeted surplus and tax levy as verified by the county superintendent.

2. A district board of education may submit to the county superintendent a revised 2004-05 A4F in a different amount than as notified by the county superintendent only upon certification that the district board of education made a post-April 2004 election appropriation of surplus in order to meet the thoroughness standards for the 2003-04 school year and no other line-item balances were available. Such certifications shall:

i. Indicate the specific purpose for the appropriation;

ii. Specify why it was necessary to meet the thoroughness standards for the 2003-04 school year;

iii. State that no other line-item balances were available; and

iv. Be signed by the chief school administrator, business administrator, and school board president.

3. Each district board of education required to revise the 2004-05 budget and tax levy under this subsection shall, as part of the annual audit, submit the revised 2004-05 A4F and any certifications to its public school auditor for review in accordance with the procedures outlined in the annual audit program.

i. A district board of education shall reserve and designate in the 2005-06 budget any amounts not in accordance with (b)2 above.

6A:23A-2.6 Capital reserve and maintenance reserves

(a) A district board of education or board of school estimate, as appropriate, may utilize a capital reserve or maintenance reserve in accordance with N.J.A.C. 6A:26-9.1 and 6A:26A-4.2, and pursuant to P.L. 2004, c.73 and N.J.S.A. 18A:21-1 et seq. as set forth herein.

(b) A district board of education or board of school estimate may, at any time, establish by board resolution a capital reserve account.

(c) A district board of education or board of school estimate, as appropriate, may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes to supplement funds in the account as required to meet the needs of the long-range facilities plan.

(d) A district board of education may request approval from the county superintendent as the Commissioner's designee, to appropriate any excess unreserved general fund balance as calculated in the supporting documentation of the proposed budget into a capital reserve in the proposed budget pursuant to N.J.S.A. 18A:7F-7b only when all of the following conditions are met:

1. The district board of education has formally established a capital reserve account;
2. The district board of education has an approved long-range facilities plan (LRFP) in accordance with N.J.A.C. 6A:26-2; and

3. The district board of education has appropriated at least fifty percent of the excess surplus in the proposed budget for property tax relief.

(e) A district board of education may request express approval of the voters for appropriation of additional amounts into the capital reserve by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. A district board of education may request approval of a board of school estimate for appropriation of additional amounts into a capital reserve by a separate proposal at budget time or by special resolution. The amount expressly approved by the voters or board of school estimate for deposit into a capital reserve may be from surplus or unrestricted local miscellaneous revenue only if such source is delineated in the question and/or special resolution.

(f) A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

6A:23A-2.7 Appeals

(a) Orders of the Commissioner issued pursuant to this subchapter may be appealed to the State Board of Education pursuant to N.J.A.C. 6A:4.

(b) Orders of the Assistant Commissioner and county superintendent issued pursuant to this subchapter may be appealed to the Office of Controversies and Disputes pursuant to N.J.A.C. 6A:3.