

CHAPTER 10

FINANCING FOUNDATIONAL AND DEMONSTRABLY NEEDED PROGRAMS AND SERVICES IN ABBOTT SCHOOL DISTRICTS

SUBCHAPTER 1. GENERAL PROVISIONS

6A:10-1.1 Purpose and applicability of rules

(a) These rules are adopted to implement the Abbott v. Burke decisions and are promulgated pursuant to the May 9, 2006 New Jersey Supreme Court Order (187 N.J. 191) to ensure that budgets are prepared and approved in a manner that ensures all students in poor urban school districts receive the educational opportunities and resources guaranteed them by the New Jersey Constitution. The rules apply to "Abbott districts" as defined in Abbott v. Burke, 119 N.J. 287 (1990, Abbott II) and N.J.A.C. 6A:10-1.2, and are adopted to ensure the provision of adequate funding to ensure a thorough and efficient system of education as guaranteed by the New Jersey Constitution (T&E), and defined by the Supreme Court in the Abbott decisions and by P.L. 1996, c. 136, as the Core Curriculum Content Standards. Subsequent to the New Jersey Supreme Court's May 19, 2006 Order, on June 6, 2006, New Jersey Senate President Richard J. Codey and Assembly Speaker Joseph J. Roberts, Jr. called a special legislative session to enact reforms aimed at reducing New Jersey's property tax burden. On July 28, 2006, the New Jersey Senate and Assembly passed Assembly Concurrent Resolution No. 3 creating special joint legislative committees to review and formulate proposals concerning school funding, government consolidation and shared services, public employee benefits and

constitutional reform. These special legislative committees met throughout the summer and fall of 2006, and, on November 15, 2006, released reports recommending numerous statutory changes. In particular, the Joint Legislative Committee on Public School Funding Reform recommended development of a new school funding formula. As a result of the recommendations of these special legislative committees, statutory changes in school funding may be enacted that will affect the rules in this chapter.

(b) These rules, promulgated by the Commissioner of Education under the authority of the May 9, 2006 New Jersey Supreme Court Order, shall be in effect for two years after their effective date. The rules shall supercede the rules in N.J.A.C. 6A:23 and 6A:10A where inconsistencies occur. In addition, Abbott school districts must comply with all other requirements of State law and rules as set forth in Title 18A of the laws of the State of New Jersey, the New Jersey Administrative Code and the non-fiscal requirements of the Comprehensive Educational Improvement and Financing Act (CEIFA) in N.J.S.A. 18A:7F-1 et seq., and rules otherwise promulgated to implement that act; except that where differences in these rules and the CEIFA rules or other rules occur, the rules in this chapter shall take precedence.

(c) Notwithstanding any other provisions in these rules to the contrary, for fiscal year 2007-2008 the Department is suspending the requirement that school districts submit a school district two-year report on instructional priorities. Information that was required to be included in the school district two-year report on instructional priorities to support a school district's proposed budget pursuant to N.J.A.C. 6A:10-2.4 (b), 2.5, 2.6 and 2.8 shall be submitted to the Department as part of the budget submissions.

(d) Notwithstanding any other provisions in these rules to the contrary, and as further set forth at N.J.A.C. 6A:10-2.10, for fiscal year 2007-2008, the Department is waiving provisions of these rules pertaining to the requirements for budget submissions for those school districts that submit budgets within the fiscal parameters set forth at N.J.A.C. 6A:10-2.10(a).

6A:10-1.2 Definitions

The following words and terms, as used in this chapter, shall have the following meaning, unless the context indicates otherwise.

“Abbott school district” means each of the following 28 urban school districts identified in the appendix to *Raymond Abbott, et al. v. Fred G. Burke, et al.* decided by the New Jersey Supreme Court on June 5, 1990 (119 N.J. 287, 394) as follows: Asbury Park City, Bridgeton City, Burlington City, Camden City, East Orange City, Elizabeth City, Garfield City, Gloucester City, Harrison Town, Hoboken City, Irvington Township, Jersey City, Keansburg Borough, Long Branch City, Millville City, New Brunswick City, Newark City, City of Orange Township, Passaic City, Paterson City, Pemberton Township, Perth Amboy City, Phillipsburg Town, Pleasantville City, Trenton City, Union City, Vineland City, and West New York Town, and the following school districts not included above but designated Abbott school districts pursuant to statute, Neptune Township and Plainfield, P.L. 1999, c. 110, and Salem City, P.L. 2004, c. 61, and such other school districts as may qualify in the future. An Abbott school district shall not include any charter school.

“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.

“Administrator” means as set forth in N.J.S.A. 18A:22-23.

“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 software pursuant to N.J.S.A. 18A:22-11.

“Annual audit” means the audit of the financial statements and schedules presented in the Comprehensive Annual Financial Report as required by N.J.S.A 18A:23-1 et seq. The annual audit is performed in accordance with standards promulgated by the applicable authoritative or regulatory agencies and established in the documents issued by such agencies. Annual audit also includes an audit of compliance of a district board of education with the types of requirements established by authoritative or regulatory agencies. An annual audit is performed by a public school accountant pursuant to N.J.S.A. 18A:23-8 et seq.

“Assignment position title” means a school district staff member title that accurately describes the staff member’s duties and functions.

“Audit year” means the school fiscal year for which the most recent annual audit was prepared.

“Budget year” means the school fiscal year for which the school budget is being prepared.

“Business entity” means as set forth in P.L. 2004, c. 19.

"Chart of Supplemental Programs" or “Chart” means the Supplemental Programs in Abbott Schools chart from Abbott X, incorporated herein by reference as the chapter Appendix.

"Chief school administrator" or “CSA” means the superintendent of an Abbott school district, or the State school district superintendent in the case of a State-operated school district.

"Commissioner" means the New Jersey Commissioner of Education or the Commissioner’s designee.

“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 Financial Report” or “CAFR” means the official annual report of a governmental unit containing the basic financial statements, management discussion and analysis (MD&A) and other required supplementary information and statistical data and prepared in accordance with standards established by the Government Accounting Standards Board.

“Continuously enrolled students-district” or “CES-district” means a statistical subgroup of those students who:

1. For the school year 2007-2008, were enrolled in the school district by July 1, 2003, and, for the school year 2008-2009 were enrolled by July 1, 2004 or earlier;
2. Took the 2006 New Jersey Assessment of Skills and Knowledge 3 (NJ ASK3), 4 (NJ ASK4), Grade Eight Performance Assessment (GEPA) or High School Proficiency Assessment (HSPA); and
3. Were enrolled in more than one school in the school district after July 1, 2003 for the school year 2007-2008 and by July 1, 2004 for the 2008-2009 school year. Any student enrolled in an Abbott school after July 1, 2003 who transferred directly from another school in the same school district will be categorized as one of “Continuously Enrolled Students—District.”

“Continuously enrolled students-school” or “CES-school” means a statistical subgroup of those students who:

1. For the school year 2007-2008, were enrolled in the same Abbott school by July 1, 2003 or earlier and, for the 2008-2009 school year were enrolled by July 1, 2004 and continued to be enrolled through the 2005-2006 school year; and
2. Took the 2006 NJ ASK3, NJ ASK4, GEPA or the HSPA.

“Contribution” means as set forth in N.J.S.A. 19:44A-3.

"Core Curriculum Content Standards" or "CCCS" means the standards of achievement established for the provision of a thorough and efficient education pursuant to N.J.S.A. 18A:7F-4.

"Demonstrably Effective Program Aid" or "DEPA" means State aid pursuant to N.J.S.A. 18A:7F-18.

"Demonstrably needed programs, services, positions" means programs, positions and services that are essential to achieving the CCCS and maintaining the foundational education program.

"Demonstrated need" means an obstacle to improved student performance that is documented by evidence.

"Department" means the New Jersey Department of Education.

"Distance Learning Network Aid" or "DLNA" means State aid pursuant to N.J.S.A. 18A:7F-22.

"District board of education" or "board" means the local district board of education, or the State school district superintendent in the case of a state-operated school district.

"Division of Abbott Implementation" or "Division" means the division within the Department responsible for implementing *Abbott v. Burke* and working with the Abbott school districts.

"Early Childhood Program Aid" or "ECPA" means State aid pursuant to N.J.S.A. 18A:7F-16.

"Educational Facilities Construction and Financing Act" or "EFCFA" means P.L. 2000, c. 72.

"Effective" means a conclusion that a practice, expenditure, program or service is achieving its intended result by contributing to improved student achievement as demonstrated through site-specific evaluation employing the standards of evidence-based research and/or comparative data analysis that takes into account the demographic and economic characteristics of the students to be compared.

"Efficient" means a conclusion that a reform, program, expenditure category or service or a component thereof, minimizes the use of time, effort, and resources, including funding, while not impairing the achievement of the objective of the reform, program, or service as demonstrated through site-specific evaluation and comparative data analyses against standards for efficiency and comparisons with the same expenditure category in other school districts.

"Enterprise fund" means a proprietary fund used to report activities for which a fee is charged to external users for goods and services. Activities are required to be reported if the pricing policies of the activity establish fees and charges designed to recover its costs, or if the activity meets other criteria established by the Governmental Accounting Standards Board Statement No. 34, paragraph 67.

"Evidence-based research" means research that applies rigorous, systematic and objective procedures to obtain reliable and valid findings. This includes research that:

1. Employs systematic, empirical methods that draw on observation and/or experiment;
2. Involves rigorous quantitative and/or qualitative data analyses that are adequate to test the stated hypotheses and justify the general conclusions drawn; and
3. Utilizes measurements and/or observational methods that yield reliable and valid information and that can be used systematically by multiple evaluators or observers.

“Face-to-face conversations” means the annual meeting between the Division and each Abbott school district to discuss the evidence of student achievement to agree in writing on the instructional priorities and practices that should be given priority by the school district and reflected in its two-year report on instructional priorities and annual budget.

“Foundational education” means the policies, standards and practices of a school district that include a coherent and clear curriculum aligned closely to the CCCS that guides the use of instructional materials and technology; the professional development and support for certified educators; the recruitment and retention of highly qualified educators; and the provision of continuous and effective support for all schools including supervision of instructional practice, a student database and support and assistance in using evidence of student work to guide instruction and specified assistance to schools in the timely delivery of goods, services, and support required for the maintenance of a safe, orderly, clean and educationally effective environment in each school.

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

“General fund appropriation account” means the line item accounts reported in a school district’s advertised appropriations in the original budget certified for taxes.

“Incremental costs of opening a new school facility” means the additional costs the school district incurs as a result of opening a new school facility.

“Interest” means as set forth in N.J.S.A 19:44A-20.7.

“Low-performing school” or “LPS” means an elementary school where 50.0 percent or more of the general education students were not proficient on the 2002 ESPA Language Arts Literacy subtest, adjusted by the Commissioner or a school identified as in need of improvement under the No Child Left Behind Act of 2001 P.L. 107-110.

“Mandated aides” means one aid for every 15 students in kindergarten classes, preschool aides and instructional and support aides that are required for special education in accordance with a student’s Individual Education Plan.

“Maximum participation” means the product of the formula produced by the Special Education Medicaid Initiative vendor, which shall be included as a projected revenue item in each Abbott school district budget.

"NCLB" means the Elementary and Secondary Education Act (ESEA) as amended by the Federal No Child Left Behind Act of 2001, P.L. 107-110.

“New Jersey Quality Single Accountability Continuum” or “NJQSAC” means a system designed to evaluate and monitor public school districts in New Jersey excluding Charter Schools and Education Services Commissions. This approach is intended to be a single, comprehensive accountability system that consolidates and incorporates the monitoring

requirements of applicable State laws and programs and complements Federal requirement implementation.

“New school facility” means any new school facility, or new addition to an existing school facility characterized by an increase in the gross square footage of the school facility, used wholly or in part for educational purposes by a district board of education for the purpose of class size reduction, but excludes stadiums, grandstands, garages, facilities used for non-instructional and non-educational purposes, and any facility used solely for school administration. It also excludes renovations to existing space that do not increase the gross square footage of the school facility.

“One-time expenses” means any expenditure that occurs in the current year that is not anticipated to be recurring or essential in the budget year.

“Other reimbursable expenditures” means the reimbursement of out-of-pocket expenses for all other types of expenditures not related to an employee who is in travel status on official business of the school district.

“Position control roster” means an inventory of all positions identified by a position control number pursuant to N.J.A.C. 6A:10-2.1(d)9.

“Pre-budget year,” as defined by N.J.S.A 18A:7F-3, means the school fiscal year preceding the year in which the school budget is implemented.

“Required maintenance” means as defined in N.J.A.C. 6A:26A-1.3.

“Routine maintenance” means as defined in N.J.A.C. 6A:26A-1.3.

"School district two-year report on instructional priorities" means the operational plan for the school year beginning July 1, of the budget year, that implements foundational education programs; addresses the special needs of English language learners and students classified as disabled; and is updated on an annual basis based on the most current state assessment results. The plan shall be approved by the district board of education and submitted to the Commissioner by February 1, of the pre-budget year for approval.

"School leadership council" or "SLC" means a collaborative school-based planning and advisory body established at N.J.A.C. 6A:10A-5.3.

"School two-year report on instructional priorities" means the operational plan for the school year, documented by student performance by NCLB subgroups, CES-district and CES-school on State assessments that specifies instructional improvements for literacy, math and science with special references to English language learners and students classified as disabled, to be submitted for approval by the school principal and SLC to the school district by January 15, of the pre-budget year. The report shall be updated annually thereafter.

"Supplemental programs and services" or "SES" means those programs and services not already required by State or Federal law, but that are supported by school and school district needs assessment of resources required to improve instructional performance, which may include programs and services on the Abbott X Chart of Supplemental Programs.

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

“Travel expenditures” means the expenditures for transportation, lodging, subsistence, and related items included by employees and board members who are in travel status on official business of the school district.

"Whole school reform model" or "WSR model" or "model" means a whole school reform model approved by the Commissioner.

SUBCHAPTER 2. COST EFFICIENCY, BUDGET DEVELOPMENT PROCESS, SUBMISSION, REVIEW AND APPLICATION FOR ADDITIONAL FUNDING

6A:10-2.1 Cost efficiency

(a) The Commissioner shall take affirmative action as is necessary to ensure the effective and efficient expenditure of funds for the implementation of all of the *Abbott v. Burke* programs, reforms and remedies. Such affirmative action includes, but is not limited to, withholding the disbursement of funds to any Abbott school district until the Commissioner is satisfied that all educational expenditures in the school district will be spent effectively and efficiently in order to enable students to achieve the CCCS.

(b) Each district board of education shall ensure that all spending is necessary and aligned with the objectives and strategies for efficiently achieving the CCCS and ensuring all students read at grade level by the end of third grade. Expenditures related to Department-approved preschool programs and helping all students achieve the CCCS and read at grade level by the end of third grade shall be given the highest priority.

(c) Each district board of education shall ensure economies and efficiencies are being attained in the delivery of programs and services through the use of, but not limited to, a review of administrative cost limits pursuant to N.J.A.C. 6A:23-8.2. The review of administrative costs limits is to ensure that advertised per pupil administrative costs do not exceed the administrative cost limits pursuant to N.J.A.C. 6A:23-8.2.

(d) Each Abbott school district shall document that it operates in an efficient and economical manner as demonstrated by its adherence to practices and standards that shall include at least the following:

1. The school district shall file a timely audit of their accounts and financial transactions pursuant to N.J.S.A. 18A:23-1 et seq. The school district's undesignated general fund balances in excess of two percent and DEPA, ECPA and DLNA carryovers shall be reserved for appropriation in the second subsequent budget year and shall not be appropriated in the subsequent budget year without prior Department approval;

2. The Department may review encumbrances as of June 30, included in the CAFR that are cancelled July 1 of the subsequent fiscal year or later or have not been liquidated by September 30 of the subsequent fiscal year. Such encumbrances, other than construction and other long term contracts, shall be cancelled and the funds that become available as a result of the cancellation of those encumbrances shall result in an adjustment to the school district's undesignated general fund balances in excess of two percent if those funds would have created excess surplus at June 30, had the open purchase order been cancelled at that time. Year-end encumbrances shall not include goods or service that have been received or rendered on or before June 30; general supplies for instructional and non-instructional activities; new purchases of additional equipment; services that do

not start prior to year end; or services that do not benefit the year ending June 30 of the CAFR period;

3. Funds identified through the Department's review of encumbrances pursuant to (d)2 above shall be reserved for appropriation in the second subsequent budget year;

4. The school district's CAFR to be submitted by the statutory due date pursuant to N.J.S.A. 18A:23-3 does not include any material qualifications, an adverse opinion or disclaimer of opinion by the auditor to the school district's adherence to generally accepted accounting principles and financial management. School districts that received a qualified, adverse or disclaimer of audit opinion shall within 30 days of the CAFR submission, submit the corrective action plan for addressing the deficiencies noted in the Auditor's Management Report and for correcting the items, which caused the school district to receive the qualified, adverse or disclaimer of audit opinion. The corrective action plan shall include the dates each corrective action will be implemented and confirmation from the auditor that the corrective action will address the deficiencies noted in the Auditor's Management Report, which caused the school district to receive the qualified, adverse or disclaimer of audit opinion;

5. The school district did not incur a deficit in the most recent fiscal year as documented by its CAFR. School districts that incurred a deficit in that year shall file a plan within 30 days of the CAFR submission that the conditions producing the deficit have been corrected and that sufficient financial controls are in place to prevent a recurrence as confirmed by the auditor for the fiscal year in which the deficit occurred and approved by the Department;

6. The school district's Auditor's Management Report submitted with the CAFR did not contain repeat audit findings. School districts that had repeat audit findings in the Auditor's Management Report submitted with the CAFR shall within 30 days of the CAFR submission, submit the corrective action plan for addressing the repeat audit findings noted in the Auditor's Management Report. The corrective action plan shall include the dates each corrective action will be implemented and confirmation from the auditor that the corrective action will address the repeat audit findings noted in the Auditor's Management Report;

7. The school district shall examine all available group options for every insurance policy held by the school district, including any self-insurance plan administered by the New Jersey School Boards Association Insurance Group on behalf of the school districts and shall participate in the most cost effective plans. The analysis supporting such examination shall be submitted to the Division by December 15;

8. The school district shall take steps to maximize the school district's participation in the Federal Universal Service Program (E-rate) and the Alliance for Competitive Telecommunications (ACT) telecommunications program offered through the New Jersey Association of School Business Administrators, and shall participate in the Alliance for Competitive Energy Services (ACES) energy program offered through the New Jersey School Boards Association unless a school district can demonstrate that it receives the goods and services at a cost less than, or equal to, the cost achieved by participants. The analysis supporting that the school district receives the goods and services at a cost less than, or equal to, the cost achieved by participants in the cost savings plans in this paragraph shall be submitted to the Division by December 15;

9. The school district shall maintain an accurate, complete, and timely position control roster to certify the actual number of employees who are being paid for work performed, and that the roster is integrated with the school district's payroll system and agrees to the account code in the budget software. The school district shall ensure the database within the position control roster system includes, but is not limited to, the following items:

- i. A permanent position tracking number;
- ii. A substitute control number for each location and amount for that location, which shall agree to the detail provided pursuant to N.J.A.C. 6A:10-2.5(f);
- iii. An overtime control number for each location and amount for that location, which shall agree to the detail provided pursuant to N.J.A.C. 6A:10-2.5(f);
- iv. An extra pay control number for each location and amount for that location, which shall agree to the detail provided in pursuant to N.J.A.C. 6A:10-2.5(f);
- v. The status of the position (filled, vacant, abolished, etc.);
- vi. An indication of whether the employee is retiring in the budget year including costs associated with the retirement such as contractual buyouts;
- vii. The certified position title;
- viii. The assignment position title;
- ix. Separately identified base salary, step, lane, longevity, guide, stipends by type, overtime and other extra compensation for the most recent audit year (actual), the pre-budget year (revised budget) and the budget year (projected);
- x. The benefits paid by the school district, net of employee reimbursement, by type of benefit and FICA;

- xi. The expenditure account codes including the special revenue fund and the enterprise funds;
 - xii. The position's full-time equivalent value;
 - xiii. The date the position was filled;
 - xiv. The date the position was originally created by the board. If the date the position was originally created by the board is not available, this item shall represent the date the person currently filling that position was approved by the board;
 - xv. The building the position is assigned to;
 - xvi. The employee name; and
 - xvii. The date of hire;
10. The school district produces timely and accurate monthly Board Secretary and School Treasurer reports within 45 days of the month's end, and, pursuant to N.J.S.A. 18A:17-10, the Annual Report by August 1;
11. The school district applies for, and implements, Federal grant programs in a timely and appropriate manner and does not return funds to the Federal government;
12. The school district does not incur penalties and interest payments for late payments and shall take full advantage of discounts for prompt payment;
13. The school district shall not incur a deficit in any of its enterprise funds. The school district shall account for all costs associated with the activities of the enterprise fund in the enterprise fund. If the school district has a deficit in any of its enterprise funds in the most recent CAFR and is projecting a deficit in the current budget year, a plan for eliminating the deficit shall be provided to the Division by February 1 of the current

budget year. The plan shall include all possible options for eliminating the deficit and the option the school district has chosen to implement;

14. The school district shall take appropriate steps to ensure maximum participation in the Special Education Medicaid Initiative (SEMI) program or any State-mandated program designed to maximize Medicaid enrollment of eligible students;

15. The school district shall submit in final form any of the data elements requested for NJ SMART, the Statewide data warehouse, and for assigning a unique student identifier within 60 days from the Department's initial request or its request for additional information, whichever is later;

16. The school district shall take appropriate steps to refinance all outstanding debt for which a three percent net present value savings threshold is achievable; and

17. The school district shall develop and have in place by June 30, 2009, a work order system for recording all maintenance and repair requests for all school district buildings and grounds. The work order system shall include the following:

- i. The name of the person making the request;
- ii. The date the person made the request;
- iii. The building administrator's/facilities director's approval;
- iv. The date of the building administrator's/facilities director's approval;
- v. The location;
- vi. The priority level (that is, immediate, high, average, low);
- vii. The scheduled date of service;

- viii. The trade(s) needed (that is, carpenter, plumber, electrician, heating ventilation and air conditioning (HVAC), grounds, roofer, masonry, other);
- ix. A description of the service needed;
- x. A projection of the parts needed for the work order;
- xi. The estimated man hours needed to complete task;
- xii. The name of the work order assigner;
- xiii. The name of the employee(s) working on the work order;
- xiv. The actual time worked on the work order;
- xv. The actual materials needed to complete the work order;
- xvi. The date(s) the work order performed;
- xvii. The name of the employee signing off that the job was completed satisfactory; and
- xviii. The account number.

(e) Each school district shall maintain honest and ethical relations with vendors and shall guard against favoritism, improvidence, extravagance and corruption in its contracting processes and practices.

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 school district are prohibited during the term of a contract.

3. When a business entity referred to in (e) 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 school district emergency requires the immediate delivery of goods or services.

6. This subsection shall not apply to contributions made prior to the effective date of these rules.

7. The Commissioner shall take appropriate action for any violations of this subsection.

(f) The district board of education shall implement the policy on gifts from vendors established by this subsection. No school district employee shall solicit, receive or agree to receive any compensation, reward, employment, gift, meal, honorarium, travel, reimbursement, or any other thing of value from any person, firm, corporation, association, partnership or business that is the recipient of, or a potential bidder for, or applicant for any contract, professional services contract, or purchase order from the school district. The policy shall be consistent with N.J.S.A. 18A:12-21 et. seq. The policy shall include at least the following:

1. No threshold for the amount of contract, professional services agreement, purchase order or other agreement to do business with the school district;

2. A certification by all signatories who are school district employees to any business transactions that the contract, agreement, or purchase order has been executed consistent with the terms of this subsection; and

3. A definition of consequence for any school district employee who violates the terms of this subsection to include suspension from, or termination of, employment, withholding of annual increments or demotion.

(g) The district board of education shall implement the nepotism policy established by this subsection that includes the following:

1. A definition of “relative” that is consistent with N.J.S.A. 52:13D-21.2;

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 school district except that a person employed by the school district on the effective date of the policy or the date a relative becomes a school board member or administrator shall not be prohibited from continuing to be employed in the person’s current position or, in the case of a reduction in force, in any position to which that person has a legal entitlement;

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 unless the person is subject to the exception in (g)2 above;

4. A provision prohibiting a school district administrator from supervising, or exercising authority with regard to personnel actions over a relative of the administrator;

5. A provision prohibiting a school district administrator who has an immediate family member 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 school district administrator be present with the school board in closed session when negotiation strategies are being discussed; and

6. A provision prohibiting a school district administrator who has an immediate family member who is a member of the same Statewide union in another school 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; once the tentative memorandum of agreement is established, a school district administrator with an immediate family member who is a member of the same Statewide union in another school district may fully participate in the process, absent other conflicts.

(h) In accordance with the N.J.S.A. 18A:55-2, the Commissioner may withhold State aid from school districts that have not demonstrated compliance with (c) through (g) above and section N.J.A.C. 6A:10-2.2 below.

6A:10-2.2 Travel and travel related expenditure payments

(a) Each district board of education shall implement a policy and procedures pertaining to travel expenditures for its employees and school board members that are in accordance with the provisions in this section.

1. School district travel expenditures are defined as those costs paid by the school district using local, State, or Federal funds, whether directly by the school district or by employee reimbursement, for travel by school district employees and district board of education members, to the following four types of travel events as defined in the OMB

Circular Letter 06-02 (www.state.nj.us/infobank/circular/cir0602b.htm), incorporated herein by reference, including any amendments or revisions thereto:

i. Training and Seminars. This includes all regularly scheduled, formal residential or non-residential training functions, conducted at a hotel, motel, convention center, residential facility, or at any educational institution or facility;

ii. Conventions and Conferences. These are general programs, sponsored by professional associations on a regular basis, which address subjects of particular interest to a school district or are convened to conduct association business. The primary purpose of employee attendance at conferences and conventions is the development of new skills and knowledge or the reinforcement of those skills and knowledge in a particular field related to school district operations. These are distinct from formal staff training and seminars, although some training may take place at such events;

iii. Regular School District Business. This includes all regular official business travel, including attendance at meetings, conferences and any other gatherings which are not covered by the definitions included above; and

iv. Retreats. These are meetings with school district employees and school board members, held away from the normal work environment at which organizational goals and objectives are discussed. If available, school district facilities shall be utilized.

2. School district travel expenditures include, but are not limited to, all costs for transportation, meals, lodging, and registration/conference fees to and for the travel event.

3. School district travel expenditures include costs for all required training and all travel authorized in existing school district employee contracts and school board policies. This includes, but is not limited to, required professional development and other staff training, required training for new school board members, and attendance at specific conferences authorized in existing employee contracts.

4. Each school district shall not bare costs for car rentals, limousine services, and chauffeuring costs to or during the event, as well as costs for employee(s) attendance for coordinating other attendees accommodations at the travel event.

(b) Each school district board of education shall update their policy and procedures pertaining to school district travel expenditures for its employees and school board members, as necessary to be accordance with the provisions of this section, with the updated policy effective upon adoption by the district board of education.

(c) Each district board of education shall ensure through its policy and procedures that all travel by its employees and school 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 school board member's current responsibilities and, for school district employees, the school district's professional development plan;

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

3. In compliance with State travel payment guidelines as established by the Department of Treasury in NJOMB circular letter 06-02 (www.state.nj.us/infobank/circular/cir0602b.htm) (State Circular) and Federal OMB circular A-87 (www.whitehouse.gov/omb/circulars/a087/a872004.html) (Federal Circular), incorporated herein by reference, including any amendments or revisions thereto. The district board of education shall, in its travel policy, specify the applicable restrictions and requirements set forth in the State and Federal circulars noted in this paragraph including, but not limited to:

- i. The types of travel pursuant to (a)1 above;
- ii. The methods of transportation as listed/defined in Section VII of the State Circular;
- iii. The mileage allowance as authorized in Section VII of the State Circular;
- iv. The subsistence allowance (meals and lodging) pursuant to (g) below; and
- vi. The submission of supporting documentation including receipts, checks or vouchers as required in Section XIII of the State Circular.

(d) Any sections in either the State or Federal Circulars that conflict with New Jersey school law (N.J.S.A. 18A-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 State Circular, but not authorized for school districts under New Jersey school law.

(e) Each district board of education shall include in its travel policy the following requirements:

1. The employee or school board member shall submit to an appropriate party as designated, and within a timeframe specified by the school board's policy, a brief report that includes the primary purpose for the travel, and the key issues that were addressed at the event and their relevance to improving instruction and/or operation of the school district;

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

3. Travel for employees shall occur only upon prior written approval of the chief school administrator, the Department in accordance with (k) below and prior approval by a majority of the full voting membership of the school board;

i. For regular business travel only, a school board may authorize in its travel policy an annual maximum amount per employee for regular business travel for which school board approval is not required;

ii. A school board may also approve, at any time prior to the event, travel for multiple months as long as the school board approval, as detailed in school board minutes, itemizes the approval by event, total cost (registration, transportation, meals, lodging, etc), and number of employees and/or school board members attending. General or blanket pre-approval for travel is not authorized. Approval shall be itemized by event, event total cost, and number of employees and/or school board members attending event;

4. Travel for school board members shall occur only upon prior approval by a majority of the full voting membership of the school board and the Department in accordance with (k) below, and shall be in compliance with N.J.S.A. 18A:12-24 and 24.1;

5. Travel payments shall be made only upon compliance with this section and the school board's policy provisions and approval requirements. The policy shall state that the school board cannot ratify or approve payment/reimbursement for travel after completion of the travel event;

6. No employee, school board member or organization shall receive an amount for travel and travel related expenses in advance of the travel pursuant to N.J.S.A. 18A:19-1 et seq;

7. School board members shall recuse themselves from voting on travel where the school 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 might reasonably be expected to impair his objectivity or independence of judgment; and

8. No school board member shall act in his or her official capacity in any matter where 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 might reasonably be expected to prejudice his or her independence of judgment in the execution of his or her official duties.

(f) Each district board of education may, in its policy, exclude from the requirements of prior school board approval pursuant to (e)3 above, any travel caused by or subject to contractual provisions, other statutory requirements or Federal regulatory requirements. The school board may not exclude such travel from the subsistence requirements pursuant to (g) and (h) below and the annual maximum travel expenditure amount pursuant to (i) below.

(g) One-day trips that do not involve overnight lodging are not eligible for subsistence payment/reimbursement except in the limited circumstances authorized in Section X of the State Circular.

(h) Overnight travel is eligible for subsistence payment/reimbursement as authorized in Section XI of the State Circular, except for where the following conflicts:

1. Per diem payment/reimbursement for lodging and meals will be actual reasonable costs, not to exceed the Federal per diem rates as established in the Federal Register for the current year;

2. Lodging expenses 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 the Federal per diem rates. If the hotel at the site of the convention, conference, seminar, or meeting is no longer available, lodging may be paid for similar accommodations at a rate not to exceed the hotel rate for the event;

3. Receipts are required for hotel expenses. Meal expenses under the Federal per diem allowance limits do not require receipts;

4. In any cases in which the total per diem reimbursement is greater than the Federal per diem rates (except as stated in (h)1 above), the costs will be considered to be excessive and shall not be paid by school district funds;

5. School districts must patronize hotels and motels that offer special rates to government employees unless alternative lodging offers greater cost benefits; and

6. Payment/reimbursement is approved for the full cost of an official convention meal that the employee or school board member attends, when such meal is scheduled as an integral part of the convention or conference proceedings. If a meal or meals are included in the registration fee, the allowance for said meal or meals is not eligible for reimbursement.

(i) Annually in the prebudget year, each district board of education shall establish by school board resolution, a maximum travel expenditure amount for the budget year for which the school district shall not exceed in the budget year. The school 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 in accordance with this subchapter supported by local and State funds.

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

(j) Each district board of education 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 not be limited to, a separate/offline accounting of such expenditures and/or expanding the school district's accounting system. The tracking system shall be sufficient to demonstrate compliance with the board's policy and this section, and must provide auditable information.

(k) Any district board of education that violates its established maximum travel expenditure as set forth in (i) above, or that otherwise is not in compliance with the travel limitations set forth in this section, may be subject to sanctions by the Commissioner as authorized pursuant to N.J.S.A. 18A:4-23 and 24, including reduction of State aid in an amount equal to any excess expenditure, pursuant to P.L. 2006, c. 45.

(l) Prior Department approval is required for all travel outside New Jersey for any event that has a total cost that exceeds \$2,500 or when more than two employees or school board members are attending the same event. Upon approval by the school board, the request for travel shall be submitted to the Department at least one month prior to the travel date in a format prescribed by the Commissioner. The Department shall review the school district's travel requests to ensure subsistence costs are consistent with subsections (g) and (h) above. For school district employees, documentation shall be provided explaining how such travel is critical to the instructional and operational needs of the school district and the travel request links to the school district's professional development plan. When, a travel request for more than two employees or board

members is made to attend the same event, the school board members are attending the same event the district shall provide:

1. A rationale to justify need, including relationship to the critical instructional and operational needs of the district;
2. An explanation why those approved to attend are unable to share what they have learned with other school district staff;
3. Documentation that knowledge and information to be gained at this conference cannot be obtained through more cost effective means; and
4. An explanation as to how the request is consistent with best practices in professional development.

(m) Employees and board members who attend events outside New Jersey in accordance with (l) above without prior Department approval shall reimburse the school district for all costs associated with attending the event.

(n) Pursuant to N.J.S.A. 18A:12-24(e), it is a violation of the School Ethics Act for a school district, employee or school board member to accept payment of any travel and travel related expenditure from a vendor or potential vendor for any travel event, including regular business travel. This includes, but is not limited to, payments of meals, lodging, transportation and registration costs. As such, no school district employee or board of education member may accept lunch, dinner or any other such offers of food and

entertainment paid by a vendor or potential vendor unless the event is open to all persons attending the travel event.

6A:10-2.3 Budget development process

(a) The Abbott school district shall immediately notify the Division of all committee and board budget meetings that will have discussions of the budget to allow the Department staff to be in attendance at those meetings.

(b) Department staff may be in attendance at all committee and board budget meetings. The Department staff's role in these meetings shall be only to observe and gain knowledge and understanding of the discussion and budget priorities.

(c) Each school district that is eligible and expects to open a new school facility during the budget year and before March 31 of that year shall submit to the Department, no later than December 30th of the pre-budget year, a request for incremental new school facility costs.

1. Costs for preschool contained in a school district's approved early childhood plan are not eligible and shall not be included in a request for incremental new school facilities costs.

2. Security equipment and technology are not eligible and shall not be included in a request for incremental new school facility costs except as provided in (d) below.

3. The request shall be submitted on a form provided by the Department which shall include, but not be limited, to the following:

i. The anticipated opening date supported by a letter from the School Construction Corporation identifying the projected date for receiving a temporary certificate of occupancy;

- ii. The square footage of the existing building;
- iii. The square footage of the addition or new building;
- iv. The number of classrooms and teachers in the existing building;
- v. The number of classrooms and teachers in the addition or new building;
- vi. The number of non-classroom instructional spaces in the existing building;
- vii. The number of non-classroom instructional spaces in the addition or new building;
- viii. Number of students enrolled in the existing building detailed by grade level and classification;
- ix. Number of students enrolled in the addition or new building detailed by grade level and classification.
- x. An explanation with detailed support for all requested costs for the New Facility requests.

4. The Commissioner shall provide instructions, as necessary, for completion of the form at the time of distribution.

5. The Department shall review the request and make a determination as to the amount necessary to meet the incremental new school facility costs as part of the budget review process for determination as to the school district's need for additional funding.

(d) Each school district that is eligible and expects to open a new school facility prior to March 31 of the budget year may request funds for incremental costs for documented preschool needs that are not properly part of an approved early childhood plan and incremental costs for documented needs that are not provided by the Schools Construction Corporation (SCC), such as appropriate pre-school special education expenditures, the increased cost for utilities and custodial services, and security and/or

technology equipment. Where the school district seeks funds for the incremental costs discussed herein, the school district shall include in its request a justification of need with appropriate supporting documentation.

(e) The district board of education shall submit revisions to the preschool section of the school district two-year report on instructional priorities based on the information collected from the Self Assessment Validation System (SAVS) for Abbott Preschool Programs by November 15 of the pre-budget year.

(f) The preschool plan for the budget year shall be directly connected with, and be the primary basis of, the proposed one-year school district preschool budget for the for the budget year.

(g) School districts shall complete the preschool plan and budget and submit them to the Department no later than November 15 of the pre-budget year.

(h) The Office of Early Childhood Education shall review and approve the preschool section of the school district two-year report on Instructional priorities and the annual preschool budget by January 15 of the pre-budget year.

6A:10-2.4 February budget submission requirements

(a) The school district shall submit all necessary budget and supporting documents in an Excel format (on a CD or diskette) along with a paper copy that cross-references the Excel worksheets, as applicable. The required documentation listed in this subsection shall be submitted on or before February 1, of the pre-budget year. Additional information and documentation may be requested by the Department after initial review

of the budget submission. Each Abbott school district shall submit the following documents in each budget category:

1. Contracted salaries: The school district shall provide the following:

i. Copies of all labor contracts for each bargaining unit that has renegotiated a contract since the pre-budget year budget was settled. For any contract that has not been settled or is due to expire at the end of the pre-budget year, the school district shall provide the anticipated range of settlement by unit. Vacant positions shall be budgeted at step one of the salary guide unless justification for the additional amount has been approved by the Department;

ii. The position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9; and

iii. The school district's certified payroll records for one pay period, which shall include first and last name of each employee, along with that employee's permanent position tracking number, account code, school location, percentage of contracted salary charged to the account code, contracted salary amount for the most recent audit year (actual), the pre-budget year (revised budget) and anticipated in the budget year. The school district's certified payroll records for one pay period shall be submitted electronically. Any salary appropriations line in the districtwide budget that is over the contracted salary amount included in the certified payroll records shall be supported by detailed information as to whether the costs are for substitutes, overtime or stipends. The stipend detail shall be listed by staff member name;

2. Staffing: The school district shall provide the following information:

i. A current Staff Utilization/Scheduling Report or comparable document for each location that outlines the number of teachers both regular and special education, aides, paraprofessionals, coaches, building administrators and other building staff in each classroom with the number of students served per classroom;

ii. An organization chart for each school; and

iii. An organization chart for the school district;

3. Health benefits: School districts that have elected not to participate in the State Health Benefits Plan (SHBP) shall provide:

i. A detailed analysis documenting the cost saving with the current provider;

ii. Documentation that the current rate is included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9, which may be the vendor's bill, and monthly costs; and

iii. The method of calculating the increase in the total health benefit cost from the pre-budget year to the budget year, including any documentation from provider(s) showing estimated rate increases;

4. Major medical, prescription, dental and all other benefit costs: The school district shall provide the following items:

i. Documentation that the current rate is included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9, which may be the vendor's bill, and monthly costs;

ii. An analysis and the method of calculating the increase in the total health benefit cost from the pre-budget year to the budget year, including any documentation from provider(s) showing estimated rate increase(s); and

iii. Reimbursement required by employee, if any;

5. State Health Insurance: The school districts shall provide the following items:

i. Documentation that the current rate is included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9, which may be the vendor's bill, and monthly costs; and

ii. An analysis and the method of calculating the increase in the total health benefit cost from the pre-budget year to the budget year, including any documentation from provider(s) showing estimated rate increase;

6. Buildings, grounds and maintenance: The school district shall provide a detailed list of equipment/supply purchases and approximate cost if in excess of \$500.00 for each item scheduled for the pre-budget year. The school district shall also provide the following items:

i. The square footage for each building including temporary classroom units and instructional grade levels in each school building or temporary classroom unit;

ii. A copy of Schedule M-1 for required maintenance; and

iii. A list of purchased services by account and by vendor.

7. Utilities: The school district shall provide the following items:

i. An analysis of savings by not using Alliance for Competitive Energy Services (ACES) or Alliance for Competitive Telecommunications (ACT), if applicable; and

ii. An analysis supporting the school district budget projection, including any letters from vendors, Board of Public Utility notices, ACES, ACT, etc;

8. Administration: The school district shall provide details regarding any payments made to administrators for fringe benefit compensation (such as paid in lieu of taking vacation days, sick days), bonuses, automobiles, private annuities, compensatory time payments, and any other quantifiable benefit for each of the two most recent audit years (actual), the pre-budget year and the budget year projected. The school district shall also provide the following items:

- i. Current contracts for all administrators (including CSA, BA, etc.);
- ii. Job descriptions for all department chairpersons, supervisors and directors, and their assistants;
- iii. Copies of all professional services contracts (that is. auditor, architect, insurance broker) for the pre-budget year recorded under either general administration or school administration accounts; and
- iv. A detailed analysis of projections of professional service contracts for the budget year by vendor;

9. Instructional supplies and textbooks: The school district shall submit the following:

- i. A list of any new curriculum being implemented that requires new textbooks, showing all costs with account numbers and the number of children they will serve, accompanied by a board resolution approving same and the associated curriculum guide;
- ii. A copy of each new curriculum identified in the list for (a) 9i. above;
- iii. A list of any new textbook adoptions that occurred in each of the three most recent school years or in the pre-budget year;

iv. A. list of upgrades tied to changes in the CCCS on a five-year cycle pursuant to N.J.A.C 6A:8-2 and associated costs with account numbers;

v. An analysis of replacement textbooks including titles, costs, reason for replacement, and policy for recouping cost for lost or damaged textbooks for each of the following three years: audit year, pre-budget year and proposed budget year; and

vi. An analysis by school of all payments received by the school for damaged and lost books for the past three years;

10. One-time expenses: A list by account number, description, and cost for all one-time costs (non-recurring) for each of the two most recent audit years (actual), the pre-budget year and the budget year (projected). This shall include, but is not limited to, software, supplies and equipment, and purchased professional services;

11. Other Programs: A comprehensive program and fiscal analysis including student enrollments of all programs and costs associated with other programs outside of the CCCS, including, but not limited to, co-curricular, summer programs, athletics, high school electives, adult education, and extended day/year programs as well as other programs included in N.J.A.C. 6A:10-2.6. The school district shall include account numbers, description, and amounts for each program separately, and include any income generated from these programs that could offset their costs;

12. Field trips: A list of all pre-budget year field trips by school, grade, event, cost to the school district per student, by account number, which shall include transportation, fees, student contribution and other outside contributions, and the link to the CCCS;

13. All school two-year reports on instructional priorities and projected cost for the budget year; and

14. Custodian assignments: The school district shall provide a floor plan for each building, which identifies the cleaning area for each custodian and the square footage assigned to each custodian in each building.

(b) On or before February 1 of the pre-budget year, the school district shall submit for Department review and approval the school district two-year report on instructional priorities. The report shall include remedies that may be effective in meeting the school districts' particular needs after the review of the Chart of Supplemental Programs and therefore shall include the programs, services or positions that exceed the baseline on the Chart, together with the documentation of need and effectiveness. Additionally, the report shall include a listing of all new or expanded programs, services, contracts or positions. No other new or expanded programs will be considered for approval in the budget process. For each new or expanded program, service, contract and position, each school district shall submit:

1. For expanded programs, the length of the implementation of the original program and the evidence that the program is effective including results from State tests;

2. Evidence of student instructional needs, including, but not limited to, three years or more of comparative statistical analysis of student achievement using the NCLB subgroups, CES-district and CES-school as measured by performance on State and local assessments and national performance indicators used by the school district;

3. Evidence that any proposed intervention to address documented student needs can be reasonably expected to be effective in improving instruction;

4. Evidence that current programs, services, practices, materials, or positions in the area for which funds for new programs, services, practices, materials, or positions are requested are essential to student achievement or that they will be eliminated and the funds thereby generated will be available to support the new or expanded programs, services, or positions;

5. How the new and expanded programs are linked to improving student performance and mastery of the CCCS, and have been documented to be effective by evidence-based research in school districts with similar demographics;

6. Whether the new and expanded programs address the instructional priorities agreed to in the face-to-face meeting between the school district and the Department and follow-up meetings and correspondence; and

7. How the proposed new and expanded programs will enable the school district to remain within the standards of efficiencies pursuant to sections N.J.A.C. 6A:10-2.1 and 2.6 established by the Department.

(c) The school district shall submit the school-based budget, in workpaper format, for each school prepared using the school-based budget software generated by the Department for the budget year on or before February 15 of the pre-budget year.

6A:10-2.5 - Budget submission requirements

(a) The district board of education shall submit to the Department pursuant to N.J.S.A. 18A:7F-5(c) and 6(c), a balanced budget for the budget year consistent with the provisions of N.J.S.A. 18A:4-14 and 18A:22-8 and this chapter. This budget shall include items in the school district's two-year report on instructional priorities and resources to ensure implementation of the foundational education program.

(b) Abbott school districts that received Discretionary Education Opportunity Aid (DEOA) in 2006-2007 or additional funds in 2007-2008 shall submit a program narrative and a fiscal report of the status of the implementation of the specific items the DEOA or additional funds, as applicable, were awarded to fund, as outlined in the attachment to the budget approval letter issued by the Department. The fiscal report shall be detailed by program, by account and by school and shall include budget and actual expenditure amounts.

(c) The budget submission shall include all necessary budget and supporting documents in an Excel format (on a CD or diskette) along with a paper copy cross-referenced to the excel worksheets, as applicable. These documents shall be submitted on or before the date the budget is due in accordance with the School Election and Budget Procedures Calendar pursuant to N.J.S.A. 18A:7F-5c. Additional information and documentation may be requested by the Department after initial review of the budget submission.

(d) Each Abbott school district shall submit updated information for any item included in N.J.A.C. 6A:10-2.4 to correspond with the proposed budget if the information has been revised since the February 1 submission.

(e) Each Abbott school district shall submit the following documents in each budget category:

1. Interim financial statements as of February 28, including a balance sheet and a statement of revenues and expenditures, generated from the school district's accounting software;
2. Substitutes: The total amount spent on substitutes by location and account number along with rationale for the amount in each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected). The total of the pre-budget year amount by location shall agree to the applicable substitute control number included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9;
3. Overtime: The total amount spent on overtime by location and account number along with rationale for the amount in each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected). The total of the pre-budget year amount by location shall agree to the applicable overtime control number included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9;
4. Extra pay: The total amount spent on extra pay by location and account number along with rationale for the amount in each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected). The total of the pre-budget year amount by location shall agree to the applicable extra pay control number included in the position control roster pursuant to N.J.A.C. 6A:10-2.1(d)9;

5. Special education: Provide the method of calculating the increase in both the in-district and the out-of-district cost from the pre-budget year (revised budget) to the budget year (projected);

i. Out of district tuition: The school district shall provide the following items in the following placement categories: county special services school district, vocational school district, educational service commission, and private school placements:

(1) The special education out-of-district enrollments based on the Application for State School Aid (ASSA) for the previous four years, the pre-budget year and the estimate for the budget year;

(2) A summary in the following placement categories: county special services school district, vocational school district, educational service commission, and private school placements of actual expenses versus originally budgeted expenses for the most recent four audit years (actual), the pre-budget year and the estimate for the budget year;

(3) Supporting documentation for any increase in the number of students projected to be sent out of the school district in the budget year; and

(4) An explanation for the changes in the number of students sent out of the school district from the pre-budget year to the budget year;

6. Transportation: The school district shall provide the items listed in each of the transportation categories below.

i. A copy of the policy for assigning aides to buses, if any;

ii. Copies of incidents of student misconduct on buses;

iii. Regular education: Documentation of the number of regular education students transported in-house versus contracted for in the pre-budget year and anticipated for the budget year. The school district shall also provide:

- (1) If contracted, date of last re-bid of transportation services;
- (2) Expenditures for each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected); and
- (3) Detail of the calculation for the budget year;

iv. Special education busing: Documentation of the number of special education students transported in-house versus contracted for in the pre-budget year and anticipated for the budget year. The school district shall provide:

- (1) If contracted, date of last re-bid of transportation services;
- (2) Expenditures for each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected); and
- (3) Detail of the calculation for the budget year;

v. Aid-in-lieu: Documentation of the number of students for the most recent audit year (actual) and the pre-budget year; and the anticipated for the budget year;

vi. Purchase of buses: Total costs expended for each of the two most recent audit years (actual) and anticipated for the pre-budget year; projected costs for new buses for the budget year; and a replacement plan for the fleet, if applicable, and if the plan has changed since the plan was submitted with the 2006-2007 budget submission; and

vii. Maintenance of buses: Calculation of the projected costs for the budget year. The school district shall provide a schedule of all buses including make, model, license plate number, year, condition (that is, excellent, good, bad, unusable), age, original cost, leased cost, total cost to maintain since date of purchase, and if available, the maintenance cost of each bus for every year the bus has been owned by the school district. This schedule shall have a minimum history beginning with the year ended June 30, 2005;

7. Utilities: Cost by service for each utility (electric, gas, oil, water, sewer) for each of the two most recent audit years (actual), the pre-budget year (revised budget) and the budget year (projected);

8. Computer and related electronic technology: Schedules of all computer and related electronic technology purchases greater than \$500.00 and less than \$2,000 for the pre-budget year (revised budget) and anticipated for the budget year (projected). The schedule for the pre-budget year (revised budget) shall include for each item, the purchase order number, purchase order date, vendor, description of the items purchased, account number the items were charged to, the year the item was most recently replaced and the year the item is scheduled to be replaced after the pre-budget year purchase is made. The schedule for budget year (projected) shall include for each item, a description of the items to be purchased, account numbers the items will be charged to, the year the item was most recently replaced and the year the item is scheduled to be replaced after the budget year purchase is made, which shall agree to the technology plan to be submitted to the Department in June 2007. These schedules shall be sorted by account number;

9. Equipment: Schedules of all equipment purchases \$2,000 or greater for the pre-budget year (revised budget) and anticipated for the budget year (projected). The schedule for the pre-budget year (revised budget) shall include for each item, the purchase order number, purchase order date, vendor, description of the items purchased, account number the items were charged to, the year the item was most recently replaced and the year the item is scheduled to be replaced after the pre-budget year purchase is made. The schedule for budget year (projected) shall include for each item, a description of the items to be purchased, account numbers the items will be charged to, the year the item was most recently replaced and the year the item is scheduled to be replaced after the budget year purchase is made, which shall agree to the technology plan to be submitted to the Department in June 2007. These schedules shall be sorted by account number;

10. Purchased professional services: List, by vendor, of professional services (vendor, description of type of service and task performed, cost and account number) for each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected); and list of extraordinary unspecified services and associated costs for each of the two most recent audit years (actual), the pre-budget year and the budget year. The school district shall also provide the number of full-time equivalent police officers utilized in the school district and their assignments designated as school resource officer or other and a copy of the local cost sharing agreement. The Department shall review the list and request copies of the contracts as necessary. The school district shall provide the contract to the Department within seven days of the Department's request;

11. Educational services: A list by school of the Whole School Reform Models (vendor, description of type of service and task performed, cost and account number) including the number of years the schools have used the model and the contractual costs per provider for each of the two most recent audit years (actual), the pre-budget year and the budget year (projected). The Department shall review the list and request copies of the contracts as necessary. The school district shall provide the contract to the Department within seven days of the Department's request;

12. Purchased technical services: List by vendor of purchased technical services (vendor, description of type of service and task performed, cost and account number) for each of the two most recent audit years (actual), the pre-budget year (revised budget), and the budget year (projected); and a list of extraordinary unspecified services and associated costs for each of the two most recent audit years (actual), the pre-budget year and the budget year. The Department shall review the list and request copies of the contracts as necessary. The school district shall provide the contract to the Department within seven days of the Department's request;

13. Field trips: A proposed list of all budget year field trips by school, grade, event, cost to the district per student, by account number, which shall include transportation, fees, student contribution and other outside contributions, and the link to the CCCS;

14. The school district shall provide the following with the budget submission in March of the current year for each of the three years included in the budget (that is, audit year data, pre-budget year updated as of February 1 of the pre-budget year and anticipated for the proposed budget):

i. A summary of total maintenance employee hours by trade as defined in N.J.A.C. 6A:10-2.1(d)17vii, by employee, by regular employee hours and overtime employee hours with each employee's regular employee hour pay rate and overtime employee hour pay rate;

ii. A detailed list of tasks that were performed by maintenance employee by trade as defined in N.J.A.C. 6A:10-2.1(d)17vii, by location and total hours to perform each task; and

iii. A list of parts needed for the tasks performed by maintenance employee listed by task including the total cost of the materials for each task;

15. An analysis of leases held by the school district for classroom space, office space and other spaces. The analysis shall include, but not be limited, the use of the building, square footage, term of the lease, monthly cost, and the school district's long term plan for space after the termination of the lease.

(f) Consistent with the school district two-year report on instructional priorities for the budget year, each school district shall submit with the budget submission, costs by account for each instructional priority and programs, services or positions that exceed the baseline on the Chart of Supplemental Programs. Additionally, for each new or expanded programs, services, contracts, and positions that were set forth in the school district two-year report on instructional priorities, the school district shall submit the account numbers, name of the program, a detailed description of the program and its costs and the Board resolution certifying these "new" services or programs are agreed upon by the district board of education and will be implemented by the school district or school during the budget year. The costs described in this subsection shall include reallocations

as well as new costs, but does not necessarily means increases in costs. The school district shall identify existing costs that can be reallocated to fund these items.

(g) When preparing budgets for final submission, school districts shall identify all expenditures that can be reallocated to support foundational education programs and the programs and services in the Chart of Supplemental Programs including, but not limited to, the following:

1. Instructional staffing levels including, but not limited to, consolidation of classes that are below the Abbott maximums as well as electives or other classes that are significantly below those maximums;
2. Contracts for services, technical assistance, and program operation that have been in place for at least three years;
3. Literacy and math supplemental education programs and services that have not demonstrated an impact on student achievement and have not met the criteria pursuant to N.J.A.C. 6A:10-2.6(d)6;
4. Technology;
5. Facilities maintenance including but not limited to 20,000 square feet per custodian and overtime;
6. Central office staffing expenditures;
7. Potential school consolidation particularly for schools with less than 500 students, which can include a phasing in over two years approach; and

8. Any other program and service that fails to meet the standards and criteria pursuant to N.J.A.C. 6A:10-2.6.

(h) School districts shall include the following as areas of available resources, reallocations and efficiencies when preparing budgets for final submission:

1. All expenditure categories shall be reviewed for efficiency by comparing historical spending patterns to determine whether increases are reasonable to maintain existing services;

2. Undesignated general fund balances in excess of two percent;

3. Under-budgeted miscellaneous unrestricted revenues;

4. Early childhood program aid and demonstrably effective program aid projected carryover balances;

5. Tuition reserves, capital reserves and all other reserves that are not required by the Department;

6. Salary appropriations for positions vacant less than one year in excess of step one of the school district's salary scale for the position/title except for positions that are difficult to fill;

7. Salary appropriations for positions vacant greater than one year;

8. Salary breakage for replacement of retiring staff during the upcoming budget year;

9. Salary appropriation increases for unsettled contracts in excess of the cost of living;

10. Positions, programs and services or other appropriations that are not instructionally effective;

11. Appropriations in excess of the needs documented in the school district and school two-year reports on instructional priorities;
12. Proper allocation of all costs eligible for funding by the School Construction Corporation;
13. Aides that are not mandated for preschool, kindergarten and special education;
14. Non-recurring costs;
15. Appropriations to fund deficits in any of the school district's enterprise fund activities;
16. Equipment;
17. Facilities costs authorized to be completed under the EFCFA; and
18. Any item that does not meet the frameworks established pursuant to N.J.A.C. 6A:10-2.6(d).

(i) Every district shall ensure the budget fully integrates State, local, and Federal funds at the classroom level and school staffing levels that meet Department standards for the effective and efficient delivery of instructional and supplemental services.

(j) School districts shall also utilize the cost efficiency measures set forth in N.J.A.C. 6A:10-2.1 to prepare and submit a final, balanced budget.

(k) The CSA and business administrator, as well as school districts staff and school districts board members, shall give their full cooperation to Department staff and any

auditors and/or accountants to ensure full access to and thorough review of school districts records.

6A:10-2.6 Standards for reviewing foundational and supplemental programs and services

(a) The Department's review of school district programs and budgets should be guided and informed by the fiscal audits and the programmatic evaluations of the Abbott school districts directed by the Supreme Court on May 9, 2006, the New Jersey Quality Single Accountability Continuum (NJQSAC) and the school district two-year report on instructional priorities. The district shall provide requested student achievement data to determine whether the elements of the foundational education program are being implemented at the school and classroom levels and the district shall demonstrate that it uses such data to adjust the foundation education program to reflect the effectiveness or ineffectiveness of current practices. The Department shall notify school districts of the status of the school district's foundational education program prior to school district budget submission. The Department shall also reassess and notify school districts, as appropriate, following completion of the programmatic evaluations.

(b) School districts shall give the highest priorities in the allocation of funds for foundational education programs by reallocating funds for programs that are not mandated, effective, and efficient and that do not meet the standards established pursuant to this chapter.

(c) As part of the budget review process, the Department shall direct any or all reallocation of funds to address foundational education programs that are not being implemented.

(d) The foundational education programs that are included in the school district two-year report on instructional priorities shall be reviewed to ensure the programs include:

1. A comprehensive curriculum for students age three through grade 12 that reflects the knowledge and skills required to graduate from high school prepared for college and the 21st century workplace. The school district shall have a plan for revising and aligning the curriculum based upon changes in knowledge, technology, assessment results, and any modifications to the CCCS, according to N.J.A.C. 6A:8-2 and that involves a cross section of teachers, principals and supervisors. The curriculum shall include:

i. A preschool curriculum that is aligned to the preschool expectations and connected to the kindergarten curriculum;

ii. Project-based learning and cross-disciplinary work throughout;

iii. A pacing guide that includes instructional materials, student progress benchmarks and the skills and knowledge to be mastered and that enables teachers and parents to determine a student's progress in achieving the CCCS at any point during the school year;

iv. Instructional materials, including textbooks and instructional software that are part of the school district's ongoing curriculum revision and alignment efforts in accordance with N.J.A.C. 6A:8-2;

v. Diagnostic instruments for ongoing assessment of student progress to identify weaknesses, adjust classroom instruction, and guide professional development;

vi. Accommodations for special education students and English language learners, including assessment in the student's native language and alternative performance assessments;

vii. Evidence in the form of student achievement data on state and district assessments, reviews of lesson plans, and other documentation that the curriculum is the basis for classroom instruction; and

viii. Guidance for teachers on how to work with students failing to achieve the CCCS;

2. A plan for implementing a high quality professional development program that:

i. Gives priority to improving teacher mastery of all the CCCS, with emphasis on literacy, mathematics and science with documentation of those areas where student performance is weakest as measured by state and district assessments;

ii. Is supported by the school district through policies, funding, dedicated time, equipment, space, technical assistance, and leadership development of principals;

iii. Promotes teacher learning with adequate and consistent time for teachers, including English as a second language, bilingual and special education teachers, to work together in and across content areas and grade levels to review student work, analyze classroom assessments and other achievement data, critique lessons plans, and solve instructional problems;

iv. Employs evaluation procedures that trigger frequent—not limited to once yearly—analysis of professional development results by central office and schools and that include the following:

(1) Interim and summative assessment of student learning;

(2) Staff feedback and staff Professional Improvement Plans;

(3) Setting of professional development progress indicators for the school district and tracking progress toward goals based on the indicators;

(4) Analysis of expenditures including account numbers and amounts for, content of, designs of, and intensity (hours per person) of professional development activities;

(5) Ongoing reflection on the effectiveness of teachers' implementation of professional development;

(6) Ongoing adjustments, as appropriate, to professional development activities to address changing needs in the classrooms; and

(7) student and family feedback;

3. A student-level database that enables the school district to generate, collect, analyze and disaggregate student performance data by CES-district, CES-school, and NCLB subgroups and that is used by school district staff to evaluate student performance and adjust its instructional programs, practices and curriculum and make other educational decisions based on student performance. The school district shall produce longitudinal (i.e. from 2002 to present for NJ ASK4, GEPA and HSPA), comparative student achievement data districtwide and by schools, CES-district, CES-school and NCLB subgroups to assist in the analysis of the school district curriculum and instructional priorities and attach the analyses with its budget submission. The district shall document its use of student achievement data to adjust its instructional practices and demonstrate that the foundational education program is not just a series of documents;

4. A plan supported by policies for recruiting, supporting and retaining qualified teachers and principals and to train potential leaders, including how the school district will address the NCLB requirements related to highly qualified teachers with at least annual analyses

of teacher retention rates with specific documentation of the retention of first-time teachers over a five-year span;

5. The school district's policies and procedures for providing support for low-performing schools/schools in need of improvement in accordance with NCLB with student achievement evidence of the effectiveness of prior and continuing interventions;

6. The school district's status for fully implementing the elements of Intensive Early Literacy and middle grades literacy; and

7. The plan and budget for the conversion to small schools or small learning communities in grades six through 12 in accordance with N.J.A.C. 6A:10A. The 2007-2008 school year shall be a planning year for school districts. For school districts that have not gone through this step, the Department shall provide professional development services through the Department's secondary education network.

(e) The supplemental programs and services from the Chart of Supplemental Programs that are included in the school district two-year report on instructional priorities shall be reviewed based on documentation of need and effectiveness as measured by student achievement data.

(f) Programs and positions, including any new or expanded programs, services, contracts and positions, included in the two-year report on instructional priorities, shall be reviewed in accordance with the framework in (f)1 through 15 below. This framework does not establish a minimum or maximum level, but instead shall be used by the Department during the review of the school district budget to determine a need for greater or less than what is being requested by school district and for potential areas of reallocation to address the foundational education programs and supplemental programs

in (a) and (b) above. School districts that do not meet the criteria established in the framework and whose current budget shows an increase in funding over the prior year budget shall provide documentation to support the need for the increase and a detailed cost analysis by account number for implementing the program with costs that are consistently aligned with other costs in the budget.

1. Field trips to help students meet the CCCS that are paid with school district funds, in part or in whole, shall be limited to one field trip per student for grades K through 12 at an amount not to exceed the average per pupil amount in similar size districts in the region and State based on a five-year trend analysis. The per-pupil costs for calculating field trips shall include transportation and admission fees. Other field trips may be provided if the costs are paid by fundraising, outside contributions, or by an increase in the local tax levy.

2. For other than mandated aides, the school district shall:

- i. Provide documentation that demonstrates the use of aides is an effective and efficient way of addressing the needs of special student population, such as instructional aides who are fluent in the students' native language in English as a second language programs with large numbers of limited English proficient students; and
- ii. Ensure that instructional aides are highly qualified in accordance with the requirements established by NCLB.

3. For bus and playground aides, the school district shall:

- i. Provide evidence that safety has improved as demonstrated by a decrease in the number of reported incidents of student misconduct; and
- ii. Ensure that policies and procedures are consistent with N.J.S.A. 18A:25-2.

4. Co-curricular activities supported by the General Fund resources shall be directly linked to helping students achieve the CCCS.

5. Costs for athletic programs shall not exceed the average per pupil amount in similar size districts in the region and State based on a five-year trend analysis.

6. School districts with literacy and math supplemental programs shall provide documentation that the supplemental programs:

- i. Are based on evidence-based research;
- ii. Are aligned to the CCCS and are incorporated into the school district's curriculum as additional support for students who are below grade level;
- iii. Have demonstrated that participating students have met or shown progress in meeting the proficiency standards on State and school district assessments;
- iv. Include time for staff to meet and share student progress; and
- v. Are provided as part of in-class instruction.

7. Literacy and mathematics tutoring services other than those related to supplemental services in (c) above shall:

- i. Be consistent with the Department's intensive early literacy and middle grades literacy initiatives and efforts to improve mathematics;
- ii. Be targeted at students reading below grade level;
- iii. Include evidence that participating students have shown improvement or not on State and school district assessments;
- iv. Be provided to supplement small group instruction; and
- v. Be linked to the CCCS and improving student performance on State assessments.

8. Costs for adult education programs that serve individuals over the age of mandatory schooling, with the exception of GED programs for students who have dropped out of school, may be reallocated to fund requests for additional aid.

9. Based on documented need, security guards shall be reviewed in accordance with the following criteria:

- i. An increase in the number of violence and vandalism incidents over a three-year period; and
- ii. The school district is in early warning status or a school in the district has been designated as persistently dangerous, according to NCLB.

10. Extended day and extended year programs shall:

- i. Include a mechanism for identifying students who are performing below grade level and for tracking individual student performance on school district and State assessments;
- ii. Give priority to students that are not currently participating in other supplemental services such as tutoring and NCLB supplemental education services (SES);
- iii. Be linked to the CCCS and the school district's curriculum;
- iv. Include opportunities for teachers to meet and share student work and progress; and
- v. Include documentation that the program has contributed to improving student performance on district and State assessments.

11. Summer programs that support credit completion or limited remedial programs shall meet the standards in (f)10 above and demonstrate that:

- i. Successful completion will enable a student to advance to the next grade;
- ii. Successful completion will enable the student to graduate from high school; or
- iii. The program is restricted to students who are more than one year behind grade level and/or were not proficient on the NJASK3 or NJASK4 or GEPA tests.

12. Based on documented need, either a social worker or a school counselor shall be reviewed according to the following criteria:

- i. School counselors or social workers shall be provided at a ratio of one for every 500 students for elementary schools, grades K through five, and one for every 250 students for middle and secondary schools, grades six through 12;
- ii. The school counselor or social worker shall be part of a support program for students that includes clear goals, benchmarks, and procedures for providing services that are targeted to enabling students to achieve the CCCS and for referring students to local social service and health agencies; and
- iii. The ratios in (f)12i above do not include members of the child study team.

13. School districts shall document that literacy and math coaches:

- i. Are part of the school district's plan to improve teachers' mastery of the CCCS in literacy and math;
- ii. Receive professional development on topics aligned with evidence- or scientifically-based research and consistent with the State's professional development standards;
- iii. Have demonstrated success in facilitating effective instruction through application of best practices;

- iv. Provide support, mentoring and coaching to develop teachers' mastery of the knowledge and skills necessary to implement the CCCS in math and literacy;
- v. Provide in-class support for teachers by assisting with screening, diagnosing, and monitoring student progress and by assisting teachers with the implementation of intervention strategies identified to address student deficiencies. The district shall document the number of classes and teachers visited, the time spent, and the subjects involved;
- vi. Schedule and roles and responsibilities includes time to model evidence- or scientifically-based strategies for teachers in classrooms and the district; and
- vii. Are part of intensive early literacy and middle grades literacy.

14. The school district shall document the need for school facilitators according to the following criteria:

- i. The district maintains a contract with a whole school reform model provider that includes a schedule of on-going professional development require to implement the whole school reform (WSR) model;
- ii. School districts without a contract with a WSR provider shall provide documentation of need to retain a school facilitator, including a description of the functions and means to measure the impact of the facilitator's work and a plan as to how the instructional facilitator will be integrated with a comprehensive professional development program;
- iii. In school districts and schools with literacy and math coaches, the school district shall document why the positions of both coach and school facilitator are needed; and

iv. Schools that have been implementing a WSR for three or more years shall provide documentation to demonstrate why it should continue with implementation of the WSR model by documenting that student achievement has improved and that, in the case of elementary schools, that third graders are literate.

16. Police officers shall not be approved if they serve only as security guards. Police officers shall receive school resource officer training and provide such functions to receive approval.

6A:10-2.7 Requirements to apply for additional funds

(a) Abbott school districts that fail to meet minimal, customary and statutory standards of efficient financial management and business operations as detailed in N.J.A.C. 6A:10-2.1 and that do not follow customary, basic and required instructional standards, policies and practices detailed in N.J.A.C. 6A:10-2.6 shall not be eligible to apply for additional funds. This includes, but is not limited to, failure to meet the standards for a foundational education program set forth in N.J.A.C. 6A:10-2.6. In making the determination on a school district's eligibility to apply for additional funds, the Department shall also include the results of the fiscal audits and programmatic evaluations of the Abbott school districts directed by the Supreme Court on May 9, 2006. For the 2007-2008 fiscal year, because the results of the programmatic and fiscal audits will not be available in time to determine eligibility to apply for supplemental aid for that year, no school district will be ineligible to apply for supplemental aid. However, the results of the programmatic and fiscal audits and all factors regarding the extent of a school district's compliance with fiscal requirements and implementation of the foundational educational programs will be taken into consideration in determining whether supplemental funds will be awarded.

(b) Failure to submit the proposed budget and supporting documentation consistent with this subchapter and by the deadlines set forth in this subchapter shall cause the school district to be ineligible to apply for additional funds.

(c) The school district board of education shall consider all available resources, reallocations and potential efficiencies pursuant to section N.J.A.C. 6A:10-2.1 and 2.5 (h) and (i) before submitting a request for additional funds.

6A:10-2.8 Application for additional funds

(a) Abbott school districts that are eligible pursuant to in N.J.A.C. 6A:10-2.7 and have costs itemized in the school district two-year report on instructional priorities that can not be included in the budget may submit a written application for additional funds to maintain those programs, positions or services.

(b) The application for additional funds shall be a separate application, shall include costs that are not included in the budget submitted pursuant to N.J.A.C. 6A:10-2.5(a) and shall include the following items for each demonstrably needed program, position or service that funds are being requested to maintain with the citation reference each item submitted satisfies:

1. The title and proposed cost of the program, position or service;
2. A detailed narrative explaining the program, position, or service and including the following:
 - i. How the program, position or service is connected to the delivery of the CCCS and the documentation for determining how and why students are not mastering those standards;
 - ii. How the program will effectively meet the needs of the students in the school district as documented in subparagraph (b)i above, including how such need was determined/identified;
 - iii. Evidence that current programs, services, practices, materials, or positions in the area for which funds for new programs, services, practices, materials, or positions are requested are essential to student achievement or that they will be eliminated and the

funds thereby generated will be available to support the new or expanded programs, services, or positions;

iv. Evidence that continued implementation of any or all current programs or services in the same area can be justified as efficient and effective. For any program, service, practice, materials, or positions that are to be expanded, the school district shall provide evidence that they have been effective and efficient in their current form;

v. Documentation of student instructional needs to be addressed by any proposed instructional practice, program, service, or contract, with evidence that the proposed activities can be reasonably expected to improve student performance; and

vi. The number of students participating in the program and the impact the program has on student achievement;

3. A demonstration that educationally effective practice and programs cannot be funded through further reductions or reallocations, and that without additional funds, the foundational education program or educationally effective supplemental programs for the budget year will be negatively affected;

4. A listing by program and associated cost of all ineffective or inefficient programs, services and contracts and positions that were included in the pre-budget year budget that are not part of the proposed budget to demonstrate the elimination of all ineffective and inefficient programs;

5. An itemized listing, by line-item account, of the proposed cost for each program, position or service including a line-item comparison to the most recent audit year and the pre-budget year expenditures for the program, position or service that will not be funded without additional funds;

6. A narrative of the remaining funds in each applicable line-item account included in (b)5 above to demonstrate such amounts are insufficient for and will substantially impair the implementation of the particular program, position or service; and

7. A fiscal analysis of the remaining funds in each applicable line-item account included in (b)5 above to demonstrate such amounts are insufficient for and will substantially impair the implementation of the particular program, position or service.

(c) The Department shall have fiscal oversight over pre-budget year and budget year spending for school districts that request additional funds including, but not limited to, the review and approval of all new personnel actions including, but not limited to, new hires, filling vacancies, replacing terminated employees, and the review and approval of all purchase orders consistent with the following:

1. Purchase orders shall be limited to only essential goods and services that are required for and will benefit the current school year;

2. In the case of purchase orders in the State-operated school districts, all purchase orders shall be submitted to the internal audit staff prior to issuance. Internal audit staff shall review the purchase orders to determine if the expenditures are necessary to support the current school year, and that the goods or services will be either provided or received by June 30. Purchase orders that do not fall within these criteria shall be referred to the

Commissioner for appropriate action. No action shall be taken on any purchase order referred to the Commissioner by the internal auditors unless the school district receives the Commissioner's approval to proceed. All purchase orders must be provided to the internal audit staff by June 30 of the year the purchase order is intended to benefit;

3. Year-end encumbrances shall not include:

- i. Goods or services that have been received or rendered on or before June 30;
- ii. General supplies for instructional and non-instructional activities;
- iii. New purchases of additional equipment;
- iv. Services that do not start prior to year-end; or
- v. Services that do not benefit the current year;

4. Purchase orders for which the goods have been received or the services have been rendered at June 30 should be expensed in the current period (encumbrance reversed) and a liability (accounts payable) established;

5. The school district shall not have open encumbrances for items related to the subsequent year, and the school district and public school accountants shall ensure that only valid encumbrances for the current year are captured, and expenditures for the subsequent year are recorded in the proper accounting period. The dollar value of the encumbrances identified by the auditor as being for the subsequent year and not valid encumbrances at June 30 of the current year shall reduce EOA in the next year; and

6. The Department may review June 30 encumbrances included in the CAFR. Encumbrances found to be inconsistent with the requirements of this subsection shall be

cancelled and the funds that become available as a result of the cancellation shall result in adjustments to the school district's pre-budget year state aid.

(d) If the school district is awarded additional funds beginning in Fiscal Year 2006-2007, the additional funds shall be restricted for the specific purposes outlined in the award letter and the accompanying attachments. Any funds spent in a manner not consistent with the intent of the award letter and accompanying attachments, or remaining funds at the end of the fiscal year shall be returned to the Department. The Commissioner may require a review of all purchase orders for which school districts receive additional funding.

6A:10-2.9 Fiscal review

(a) The Department review of the application for additional funds submitted pursuant to N.J.A.C. 6A:10-2.8 above shall include, but not be limited to, the following:

1. Ensuring that all available reallocations and efficiencies required in N.J.A.C. 6A:10-2.5(g) and (h) have been made and if they have not, the Department shall direct appropriate reallocations so that essential instruction and mandated expenses are appropriately supported;
2. Ensuring the proposed budget in comparison to all supporting and supplementary information submitted pursuant to N.J.A.C. 6A:10-2.4 and 2.5, including payroll and position control rosters, health benefit estimates, tuition costs, proposed curriculum and other instructional needs, to ensure the amounts in the proposed budget reflect actual documented need;

3. Reviewing the proposed budget in operational areas for potential efficiency reductions, such as administration, food service, transportation and maintenance and operations;
4. Reviewing the January Board Secretary Report and detailed support for all encumbrances to ensure that all available surplus in the pre-budget year budget is appropriated and to ensure that estimated revenues and proposed expenditures in the budget year reflect the most recent audit year and pre-budget year actual levels;
5. Reviewing the most recent CAFR of the school district to ensure that the prior year audit findings have been addressed and that the school district's financial health is such that available funds can be identified with certainty; and
6. Reviewing of the fiscal audits and programmatic evaluations of the Abbott districts directed by the Supreme Court on May 9, 2006.

(b) Where appropriate, the Department shall utilize professional consultants to ensure that school districts are not maintaining inefficient, ineffective or duplicative programs, positions and services and utilizing state funds to support such programs.

6A:10-2.10 Expedited review process

(a) Notwithstanding any other provisions of this chapter to the contrary, for fiscal year 2007-2008, school districts that satisfy the factors set forth below shall be eligible for an expedited budget review process.

(b) In order to be eligible for an expedited budget review process for fiscal year 2007-2008, the school district must submit a budget that, exclusive of the incremental new facility costs, includes an increase in the total of State aid and required general fund tax

levy over the fiscal year 2006-2007 State aid and general fund tax levy that is limited to the greater of parity or three percent of the 2006-2007 State aid. For purposes of this provision, State aid shall include all fiscal year 2006-2007 State categories except ECPA, Preschool Expansion Aid (PSEA), extraordinary special education aid and debt service.

(c) The Department shall waive all budget submission requirements, except those set forth below in this subsection, for those school districts that are eligible for an expedited budget review process. School districts that are not eligible for an expedited budget review process must comply with all budget submission requirements set forth in this chapter. School districts eligible for an expedited budget review process must comply only with the budget submission requirements of the following provisions:

1. N.J.A.C. 6A:10-2.4(a)1ii and iii (position control roster and certified payroll for one period);
2. N.J.A.C. 6A:10-2.4(a)2 (staff utilization/scheduling report and organizational charts for school district/schools);
3. N.J.A.C. 6A:10-2.4(a)4i and ii (health costs and analysis of method to estimate increase);
4. N.J.A.C. 6A:10-2.4(a)5 (State Health Benefits Plan, if applicable; analysis of method to estimate increase);
5. N.J.A.C. 6A:10-2.4(a)7 (analysis of savings if not in ACT or ACES);
6. N.J.A.C. 6A:10-2.4(a)8i to iii (administrative fringe benefits, bonus, etc; current contracts for all administrators; job descriptions for all department chairs, supervisors, directors and assistants);

7. N.J.A.C. 6A:10-2.4(a)9v and vi (replacement textbook analysis);
8. N.J.A.C. 6A:10-2.4(b) (documentation of need/effectiveness for remedies from chart of supplemental programs and listing of all new/expanded programs, services, contracts and positions);
9. N.J.A.C. 6A:10-2.4(c) (school based budgets);
10. N.J.A.C. 6A:10-2.5(b) (narrative and fiscal report of status of implementation of DEOA items from fiscal year 2006-2007); and
11. N.J.A.C. 6A:10-2.5(e)6vii (costs for maintenance of buses over several years).

(d) School districts eligible for the expedited budget review process will not be subject to a reduction of Educational Opportunity Aid (EOA) for revenues that become available due to an increase in the general fund tax levy above the required general fund tax levy, Special Education Medicaid Initiative (SEMI) reimbursement and Impact Aid. In addition, these school districts will not have EOA adjusted based on the school district's annual audit.

(e) School districts eligible for the expedited budget review process may appropriate funds in the annual budget and transfer at year end any unanticipated revenue or unexpended line-item appropriation amounts, or both, to a capital reserve account, maintenance reserve account or emergency reserve account. Withdrawals from those accounts shall be approved by the Commissioner upon written request and documentation as follows:

1. Capital reserve:

i. In the annual budget to fund other capital projects or to fund the local share of a school facility project included in the district's long-range facility plan. Other capital projects and school facilities projects are defined in N.J.A.C. 6A:26-1.2.

ii. During the year if an emergent condition exists, as defined in N.J.A.C. 6A:26-1.2, necessitating an immediate withdrawal of capital reserve account funds.

2. Maintenance reserve

i. In the annual budget to fund required maintenance as defined in N.J.A.C. 6A:26A-1.3.

ii. During the year to fund unanticipated required maintenance costs, as defined in N.J.A.C. 6A:26-1.2, necessitating an immediate withdrawal of maintenance reserve account funds to ensure the provision of a thorough and efficient education.

3. Emergency reserve:

i. During the year to fund unanticipated general fund current expense costs required for a thorough and efficient education.

4. Transfer between reserves:

i. A school district may request approval to transfer amounts between the capital, maintenance, or emergency reserve accounts in support of a specific withdrawal request if necessary.

SUBCHAPTER 3. APPEALS

6A:10-3.1 Applicability of subchapter

(a) An aggrieved applicant from any Department decision arising from this chapter with the exception of decisions on early childhood program and budget applications and

school district budgets may appeal to the Commissioner in accordance with the provisions of N.J.A.C. 6A:10-3.2 through 3.6.

(b) Appeals of Department decisions on Early Childhood program and budget applications shall proceed in accordance with the provisions of N.J.A.C. 6A:10-3.7.

(c) Appeals of Department decisions on school district budgets shall proceed in accordance with the provisions of N.J.A.C. 6A:10-3.8.

6A:10-3.2 Filing, service and documentation of petition

(a) Any appeal filed pursuant to this subchapter shall, except as noted in (a)1 below, meet the filing, service and format requirements for petitions of appeal as set forth in N.J.A.C. 6A:3, Controversies and Disputes, and shall generally proceed as a contested case except as noted in this subchapter. Service of the petition is required on the Attorney General of the State of New Jersey, and should be directed to the Department of Law and Public Safety, Division of Law, P.O. Box 112, Trenton, New Jersey 08625-0112; Attention: Education and Higher Education Section.

1. Except as provided in N.J.A.C. 6A:10-3.7 and 3.8, any appeal filed pursuant to this subchapter shall be filed within 30 days of the date of the decision which is the subject of the requested contested case hearing.

(b) Any appeal filed pursuant to this subchapter shall include, in addition to the petition required under (a) above, a copy of the complete application submitted to the Department and a copy of the determination from which the appeal is taken.

(c) Appeals may be filed by the entity that submitted the application under dispute, or by the district board of education in the case of applications filed by entities other than the district board of education. In any appeal in which the district board of education is not the petitioner, the district board of education shall be named as an indispensable party to the appeal.

6A:10-3.3 Filing, service and documentation of answer

(a) Answers to petitions of appeal filed pursuant to this subchapter shall meet the filing, service and format requirements for answers as set forth in N.J.A.C. 6A:3, Controversies and Disputes. Nothing in this subchapter shall preclude the filing of a motion to dismiss in lieu of an answer.

1. Except as provided N.J.A.C. 6A:10-3.7 and 3.8, any answer filed pursuant to this subchapter shall be filed within 20 days of the date of receipt of the petition.

6A:10-3.4 Review of pleadings

Upon review of the petition, answer and supporting documentation, the Commissioner may use the procedure set forth in N.J.A.C. 6A:10-3.5 to decide the matter. If so, he or she shall notify the parties and they shall be provided the opportunity to submit any additional documents submitted to the Department or considered by the Department in rendering the decision.

6A:10-3.5 Submission of position statements and replies

If the Commissioner requires the submission of position statements and replies, within 20 days after receipt of the notice from the Commissioner pursuant to N.J.A.C. 6A:10-3.4, the petitioner shall file a letter memorandum setting forth the basis for its position, referencing the criteria established for the application process and the materials submitted in conjunction with it. Within 10 days of receipt of petitioner's memorandum, each respondent shall file such reply as it may wish to make. Within five days of receipt of any reply, petitioner may file a final response thereto. All submissions shall be filed in triplicate (original and two copies) and served upon all other parties to the appeal at the same time they are filed with the Commissioner.

6A:10-3.6 Commissioner review and decision

(a) If the Commissioner retains the matter pursuant to N.J.A.C. 6A:10-3.5, upon receipt of the filings set forth above, or expiration of the time for their submission, the Commissioner shall review the total record before him or her and render a written

decision. If the Commissioner transmits the matter to the Office of Administrative Law, such transmission shall be done on an expedited basis to resolve factual disputes.

(b) The Commissioner's decision shall include an appropriate order. Where the relief ordered includes additional funding, the Commissioner shall make the necessary request to the Governor and the Legislature.

(c) In rendering decisions pursuant to this subchapter, the Commissioner shall apply the same standards as are set forth for Department review in the operative rules for the type of application in dispute. The burden of proof shall be on the petitioning party to demonstrate that these standards were met by the applicant notwithstanding the Department's determination to the contrary. The record on appeal shall consist of those documents and information submitted to the Department in support of its application and any additional information relied upon by the Department in making the determination at issue.

6A:10-3.7 Early childhood program appeals

(a) In accordance with the June 23, 2003 order of the New Jersey Supreme Court set forth at 177 *N.J.* 578 (2003), appeals of Department decisions on Early Childhood Program and budget applications shall proceed as follows:

1. The Department shall issue program and budget decisions to school districts on or before the 15th of January, which decisions shall include, at a minimum, the approved amount of the early childhood budget, and a list of each proposed program and

expenditure not approved by the Department, with specific reasons for denying the program or expenditure;

2. A school district shall have 30 days from the date of the Department's determination to file an appeal otherwise meeting the requirements of N.J.A.C. 6A:10-3.2(a) and (b) with the Commissioner of Education, who shall forthwith transmit the matter to the Office of Administrative Law;

3. The Office of Administrative Law shall make its recommendation on the school district appeal within 40 days of the date of the filing of the appeal with the Commissioner, through an initial decision, which shall include an itemization of the record;

4. The Commissioner of Education shall issue a final decision within 25 days of the decision of the Office of Administrative Law;

5. Any appeal from the final decision of the Commissioner shall be filed with the appellate division within six days of the Commissioner's decision; and

6. The Appellate Division shall expedite any appeal from the Commissioner's final decision.

(b) Notwithstanding the provisions of any rule to the contrary, Department answers to Early Childhood Program appeal petitions shall be filed not later than three days from receipt of a petition, and shall be filed directly with the Office of Administrative Law.

(c) Notwithstanding the provisions of any rule to the contrary, exceptions to initial decisions of the Office of Administrative Law in Early Childhood Program appeal matters shall be filed within five days of the date of mailing of the initial decision, and reply exceptions shall be filed within two days of receipt of exceptions.

6A:10-3.8 Abbott school district budget appeals

(a) In accordance with the May 21, 2003 order of the New Jersey Supreme Court, appeals of Department decisions on Abbott school district budgets shall proceed as follows:

1. The Department shall issue budget decisions to school districts on or before the last business day of May 31 of the prebudget year or the date it receives a school district's budget that includes all requested information;
2. A school district shall have seven days from the date of the Department's determination to file an appeal otherwise meeting the requirements of N.J.A.C. 6A:10-3.2(a) and (b) with the Commissioner of Education, who shall forthwith transmit the matter to the Office of Administrative Law;
3. The Office of Administrative Law shall make its recommendation on the school district appeal within 50 days of the date of the filing of the appeal with the Commissioner, through an initial decision of the Administrative Law Judge, which shall include an itemization of the record;
4. The Commissioner of Education shall issue a final decision within 25 days of the decision of the Office of Administrative Law;

5. Any appeal from the final decision of the Commissioner shall be filed with the appellate division within five days of the Commissioner's decision: and

6. The Appellate Division shall expedite any appeal from the Commissioner's final decision.

(b) Notwithstanding the provisions of any rule to the contrary, Department answers to Abbott school district budget appeal petitions shall be filed not later than three days from receipt of a petition, and shall be filed directly with the Office of Administrative Law.

(c) Notwithstanding the provisions of any rule to the contrary, exceptions to initial decisions of the Office of Administrative Law in Abbott school district budget appeal matters shall be filed within five days of the date of mailing of the initial decision, and reply exceptions shall be filed within two days of receipt of exceptions.

APPENDIX

SUPPLEMENTAL PROGRAMS IN ABBOTT SCHOOLS

In *Abbott V*, the Supreme Court directed implementation of supplemental programs and services in Abbott schools. In some program areas, the Court established a “baseline” as the minimum requirement. In others, the programs are required without a baseline, but the design of the program must be based on need. In still others, the program is not required, but must be implemented and designed as needed.

In all program areas, the Court “stressed the importance of having the particularized needs of these children drive the determination of what programs should be developed,” concluding that the “provision of supplemental programs involving necessary services should not be detached from the actual needs of individual Abbott schools and districts.”

The determination of need must guide school and district plans and budgets in all program areas. Thus, where the Court established a baseline, schools must either provide the baseline or, depending on need, adjust it to provide none, less or more than the baseline, or an alternate design.

	Required Program Areas with Baseline	Objectives	Baseline	Options
1	Full-day kindergarten	(1)to help children at risk become effective learners in first grade (2) to increase the benefits deriving from the half day program (502)	provide full day kindergarten by September ‘99	none
2	Early reading literacy	(1) to assure that each student reads “at the appropriate level” (495) (2) to prevent children from falling behind and needing remediation. (3) to intervene early and intensively if a student is experiencing difficulty in achievement (554)	(1) 90 minute reading block each day (all schools) (2) regular progress assessment of each student (all schools) (3) instructional facilitator (all schools) (4) reduce 1-3 reading class size to 15 (SFA schools) (5) 20 minutes of daily one-to-one tutoring by a certified teacher for each student in grades 1-3 not reading on	yes

			grade level (SFA schools) (6) 20 minutes of daily small group tutoring by a certified teacher for students in higher elementary grades not reading on grade (SFA schools)	
3	Elementary Parent Involvement	(1) to recruit parents to join parent participation programs and become involved with the schools and their schoolchildren (II, 373) (2) to involve parents in school decision-making (S,14) (3) to foster parenting skills and career development (S, 14) (4) increased parental education to support students' learning at home (556)	(1) parent liaison (2) parent representation in school management	yes
4	Class size Limits	(1) to increase the frequency of student-teacher interactions (2) to reduce distractions (3) to provide more opportunity for assessment, feedback, and reinforcement (560)	(1) preschool: 15 (2) K-3: 21 (3) 4 and 5: 23 (4) 6 and above: 24	none, except if early class size of 15 is needed
5	Elementary Social and Health Referral and Coordination	(1) to use school and community resources to ensure that children come to school every day prepared to learn (2) to provide health, counseling, nutritional, tutorial and other needed services (496) (3) to focus on attendance, coordination of outside services, parent involvement and behavior (556)	family support team comprised of nurse, social worker, counselor, and includes the parent liaison and instructional facilitator	yes
6	Middle and High School Social and Health Referral and Coordination	(1) to provide for significant health and social service needs, including those stemming from poverty, substance abuse, teenage pregnancy and parenthood, inadequate housing, violence and crime (2) to improve student performance, attendance,	community services coordinator	Yes

		<p>and dropout rates</p> <p>(3) to reduce teacher time taken out to deal with such problems (509)</p> <p>(4) to ensure that services are actually available and provided quickly</p> <p>(5) to ensure that uninsured students receive needed services. (510)</p> <p>(6) to identify student needs</p> <p>(7) to arrange for community-based providers to furnish essential health and social services (512)</p>		
7	Access to technology	<p>(1) to help students master the basic and advanced skills necessary to reach the CCCS</p> <p>(2) to improve student motivation and learning (514)</p> <p>(3) to ensure that school and classroom libraries have appropriate materials to supplement the curriculum</p> <p>(4) to facilitate the implementation and use of educational technology throughout the school (515)</p> <p>(5) to increase effective use of technology in Abbott classrooms (564)</p>	<p>(1) media specialist</p> <p>(2) technology coordinator</p> <p>(3) a ratio of 1 computer for every 5 students, including peripherals and software</p>	yes
8.	Dropout prevention and alternative education	<p>(1) to prevent dropouts (2) to provide more individualized instruction</p> <p>(3) to provide additional supports, such as job counseling</p> <p>(4) to decrease disruption in the regular school</p> <p>(5) to increase achievement</p> <p>(6) to foster positive lifestyles</p> <p>(7) to reduce aggressive behavior (515)</p>	<p>(1) alternative middle and alternative high school program, both high quality</p> <p>(2) dropout prevention specialist</p>	yes

	Required Programs With No Baseline	Objectives	Baseline	Options
1	Early math literacy and mastery of other core subjects	(1) to develop student skills in higher-order thinking, problem solving, and discovery (2) to make the entire elementary curriculum relevant and useful (556, 557)	none	yes
2	Professional Development	(1) to provide ongoing, continuous opportunities for practitioners to improve practice (496) (2) to focus on all the core curriculum content standards (496) (3) to provide teachers and administrators with a variety of rich and meaningful learning experiences, based on student need (S,16) (4) to provide regular support and feedback for classroom teachers (S,16)	none	yes
3	Violence prevention and school security	(1) to assure adequate school security (2) to improve the education process (3) to remove a great barrier to learning (514) (4) to address problems of student disruptions and violence (5) to define acceptable student behavior and consequence for unacceptable behavior (564)	none	yes

4	School to work and college transition	1) to increase the basic skills of students to support themselves responsibly (2) to provide access to information about college and employment opportunities (3) to match students with prospective employers (4) to help students become aware of their interests and strengths (570)	none	yes
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	If Needed Program Areas	Objectives	Baseline	Options
1	On-site social and health services	(1) to provide an effective and realistic opportunity for these schools to provide on-site services that go beyond mere referral and coordination (2) to provide onsite services if it can be shown that they “either are not available within the surrounding community or cannot effectively and efficiently be provided off site.” 512-513	none	yes
2	Supplemental literacy supports for non-SFA schools	(1) to reduce 1-3 reading class size to 15 (2) to provide 20 minutes of daily one-to-one tutoring by a certified teacher for each student in grades 1 -3 not reading on grade level (3) to provide 20 minutes of daily small group tutoring by a certified teacher for students in higher elementary grades not reading on grade	none	yes

3	Instructionally-based after school programs	(1) to increase instructional time (2) to provide homework and tutorial assistance (3) to provide computer training (4) to provide recreation opportunities (516) (5) to provide a structured alternative to unsupervised after school hours (6) to provide after school social and health services (587)	none	yes
4	Instructionally-based summer programs	(1) to prevent the summer learning loss of disadvantaged students (2) to provide structure during unsupervised months (3) to provide a summer program of instruction (4) to provide summer recreation (5) to provide summer employment (516)	none	yes
5	Enriched nutrition programs	(1) to provide high quality breakfast and lunch (516-17) (2) to provide high quality snack (3) to fill any gap left by current programs	none	yes
6	“Exemplary” music, art, and special education	to provide exemplary music, art and special education programs beyond those recommended by the Commissioner (518)	none	yes
7	School-based management and budgeting	(1) to fundamentally alter the way decisions are made (2) to establish a team of parents, administrators, and teachers (494) (3) to develop a school based budget (605) (4) to actively involve all stakeholders in planning, budgeting, and governance (5) to increase effectiveness and tenure of school reform (S,14)	none	yes

