

# Instructions for Completion of 2010-2011 Application for TPAF Grant Based on Reduction of TPAF Social Security Due to a Voluntary Wage Freeze

## General Instructions for the TPAF Grant Application

A district that has implemented a freeze of a previously negotiated 2010-11 wage increment for TPAF member employees may apply for a grant equivalent in amount to the State FICA savings. FICA savings are realized only on the non-federal portion of a TPAF employee's wage. Applications may be submitted to the county office for approval any time prior to June 30, 2011. Applications received by January 15, 2011 and approved by January 31 will be processed for an initial payment of 50% of the total award during February. Applications approved no later than the 15<sup>th</sup> of any subsequent month will be processed for initial payment during the following month. Questions regarding grant remittances should be emailed to [staid@doe.state.nj.us](mailto:staid@doe.state.nj.us). Questions regarding the functioning of the electronic worksheets or questions related to the application process and accounting should be emailed to Michael Mindlin at [michael.mindlin@doe.state.nj.us](mailto:michael.mindlin@doe.state.nj.us). Direct other TPAF Wage Freeze Grant questions to your county office.

### District Application

The application process includes completion of a District Detail Worksheet (Detail) and an Actual District Application (Application). In order for payments to be processed in February, both the Detail and the Application must be sent to the Executive County Superintendent (ECS) no later than January 15, 2011. Initial payment will be made in February 2011 equal to one half of the district's total award amount. The remaining payment will be made in July 2011. For purposes of this grant, a wage freeze includes only the 2010-11 increment which would have been paid to TPAF employees according to a negotiated contract. A deferred increase or a partial year wage freeze is not eligible for the grant. Also for purposes of this grant, a "giveback" such as tuition reimbursement, dues reimbursements, furlough days, voluntary health insurance deduction or increase in co-pays is not considered a wage freeze.

A sample of the Detail Worksheet and the Actual Application are attached in a separate Excel file entitled "Sample TPAF Grant Application.xls" and is explained within these instructions. Districts may generate the Detail electronically through their payroll or other software, or use the attached sample as a spreadsheet template. In either method, the Detail must accompany the Application submission and be provided in the format shown in the attached sample, with only eligible employees listed. The submitted Application must be signed by the district's chief school administrator and school business administrator. Signatures may be electronic or by hand. Any unsigned forms will be rejected. A copy of both components of the application (the Detail and the Application) must be kept at the district and available for audit.

Due to the anticipated size of the Detail files, most districts will want to submit the Detail to the ECS in hard copy. However, electronic Detail submissions will be accepted. The Actual District Application (the completed Application tab) may be submitted to the ECS electronically with signatures affixed. Alternatively, where electronic signatures are not practical, a hand signed copy of the completed Application may be submitted to the ESC. Faxed signed Applications are acceptable. **A copy of the 2010-11 employment contract(s) covering TPAF employees must be submitted to the Executive County Superintendent in support of the district's grant application.**

***All supporting documentation must be retained by the district and available for audit.***

### Accounting

Districts should record the full amount of the TPAF Wage Freeze Grant as unrestricted revenue using an available revenue code 10-3XXX (Other State Aid) and as a receivable for 2010-11. For districts with a grant application approved by January 15, 2011, the initial grant payment will be received during February 2011, and will result in a reduction of the receivable equal to one-half of the total grant. Grant applications approved no later than the 15<sup>th</sup> of subsequent months will result in initial payments disbursed the following month. Prior to release of the final cash payment in July 2011, the DOE will determine whether the district has deductions from state aid that have not been offset against another state aid category or against the district's FICA reimbursement. Districts that have deductions that exceed combined state aid and FICA reimbursements will have their final TPAF Wage Freeze Grant payment to be made during July 2011 reduced by the amount of the remaining deductions. Those districts are instructed to record the associated deductions in the applicable expenditure account, and the resultant reduction to the July 2011 cash payment as a corresponding reduction of the TPAF grant receivable. Those districts will continue to record the full TPAF Wage Freeze Grant revenue as instructed above. Any funds of the TPAF Grant not appropriated in 2010-11 may be used as an adjustment in the excess surplus calculation at June 30, 2011 and may be appropriated without Commissioner approval during 2011-12.

### Executive County Superintendent Review

The Executive County Superintendent will review the Detail for completeness and reasonableness and to determine that the totals on the Detail are correctly brought over to the Application as explained in the Instructions. The amounts entered in the county summary are taken from the six columns in each district's Application. For example, column 1 "Anticipated Not Frozen" amount is entered in the "Anticipated Not Frozen" column of the county summary. The department has placed an excel file titled "TPAF County Summary.xls" in the "P:\counties\TPAF Grant" folder on the Public drive with a tab for each county. For applications received by January 15, 2011, the county summary information must be completed by each county office and placed in the Public drive by January 31, 2011. Approvals issued subsequent to January 31 must be emailed to Tom Sullivan at [tom.sullivan@doe.state.nj.us](mailto:tom.sullivan@doe.state.nj.us). The ECS should notify each district of the approved award amount.

**Instructions for Format of the District Detail and Completion of the Application, File name, "Sample TPAF Grant Application.xls"**

**District Detail – Sample Schedule (tab marked Detail)**

**Column A** District Entry. Employee. List the employees who are included in the 4<sup>th</sup> Quarter 2010 (12/31/10) Treasury/Pension "Quarterly Report of Contributions" (ROC). Note that the portion of a TPAF member's wage charged to federal grants or Education Jobs Program Fund is not eligible for state FICA reimbursement, does not result in State FICA savings, and should not be listed in column B (nor in column C).

**Column A1** District Entry. Enter "Y" to indicate that an employee's wage is split between federal and non-federal funding sources. Enter "N" to indicate that the employee's wage is not split and the wage presented is fully funded by non-federal funding sources.

**Column B** - District Entry. Anticipated Not Frozen 2010-11 TPAF Wages from Agreement/Base Salary. List the base salary each employee would have been paid per the contract if there had not been a wage freeze. For employees whose salaries are prorated between federal grants and non-federal programs, include only the portion allocated to the non-federal programs.

**Column C** - District Entry. Actual Frozen 2010-11 Contracted TPAF Base Salary. From the district's payroll records, enter (or import from other software) the actual salary for 2010-11 expected to be paid to each TPAF employee. This is the full year "frozen" base salary reported quarterly on the Treasury/Pension Report of Contributions (ROC). The amounts can be generated in an excel file drawn from the Position Control Roster (PCR) or other appropriate payroll records. Only base contractual salaries are included. Stipends or additional wages are not included. For employees whose salaries are prorated between federal grants and non-federal programs, include only the portion allocated to the non-federal programs.

***Districts must maintain supporting documentation for these three column entries and have the documentation available for audit. Documentation should include the 2010 4<sup>th</sup> quarter ROC***

**Column D** - Programmed calculation. Salary Freeze Amount. Calculated as column B less column C not less than zero.

**Column E** - Programmed calculation. Salary Freeze Percentage. This is a memo column for county review purposes and is calculated as the Salary Freeze Amount (column D) divided by the Anticipated not Frozen 2010-11 TPAF Wages from Agreement Base Salary (column B).

**Column F** - Programmed calculation. Difference (Wage Freeze). Amount of wage freeze that is below the social security taxable wage base (cap). This is the portion of the wage freeze that will generate a 7.65% savings.

**Column G** – Programmed calculation. Savings 7.65%. This is the estimated savings to the State for the social security reimbursement due to the voluntary wage freeze where the salary is below the social security cap. Calculation is column (F) multiplied by the social security tax rate of 7.65%.

**Column H** - Programmed calculation. Savings 1.45%. The estimated savings for the freeze of wages above the social security wage cap, i.e., the amount of wage freeze subject to Medicare tax at 1.45%.

**Column I** - Programmed calculation of the total savings (sum of column G and column H).

**District Application – Format required (tab marked Application)**

Amounts are entered from the totals in the District Detail columns noted below

**Column (1)** – "Anticipated Not Frozen 2010-11 TPAF Wages from Agreement Base Salary" - Enter the total from column B

**Column (2)** – "Actual Frozen 2010-11 Contracted TPAF Base Salary" - Enter the total from the column C

**Column (3)** - "Difference/Wage Freeze"- Enter the total from the District Detail column D

**Column (4)** – "Savings 7.65%" - Enter the total from the District Detail column G

**Column (5)** – "Savings 1.45%" - Enter the total from the District Detail column H

**Column (6)** – "Award Amount" – Enter the total from the District Detail column I