

Notice of Proposal Regarding the Readoption with Amendments at N.J.A.C. 6A:23A, Fiscal Accountability, Efficiency and Budgeting Procedures, Subchapters 1 through 15

The following is the accessible version of the notice of proposal for the readoption with amendments at N.J.A.C. 6A:23A-1 through 15. The document includes two sections – [summary](#) and [rules proposed for readoption and proposed amendments](#).

Education

Commissioner of Education

Fiscal Accountability, Efficiency, and Budgeting Procedures

Proposed Readoption with Amendments: N.J.A.C. 6A:23A-1 through 15

Proposed Repeals: N.J.A.C. 6A:23-2.5, 2.6, and 14.3

Authorized By: Kevin Dehmer, Acting Commissioner, Department of Education.

Authority: P.L. 2006, c. 15; P.L. 2007, c. 53; P.L. 2007, c. 62; P.L. 2007, c. 63; P.L. 2007, c. 260; P.L. 2008, c. 36; P.L. 2008, c. 37; P.L. 2009, c. 19; P.L. 2010, c. 39; P.L. 2010, c. 44; P.L. 2010, c. 49; P.L. 2010, c. 121; P.L. 2011, c. 202; P.L. 2012, c. 78; P.L. 2012, c. 80; P.L. 2013, c. 173; P.L. 2013, c. 280; P.L. 2015, c. 46; P.L. 2015, c. 47; P.L. 2015, c. 157; P.L. 2017, c. 83; P.L. 2019, c. 169; P.L. 2023, c. 124; and P.L. 2023, c. 289.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Proposal Number: PRN 2024-057.

Public hearings on the rules proposed for readoption with amendments will take place on the following dates and locations:

Monday, May 13, 2024, 10:00 A.M. to 12:00 P.M.

New Jersey Department of Education

100 River View Executive Plaza

Trenton, New Jersey 08625-0500

Wednesday, May 15, 2024, 6:00 P.M. to 8:00 P.M.

Camden County Regional Emergency Training Center

420 Woodbury-Turnersville Road

Blackwood, NJ 08012

Thursday, May 16, 2024, 6:00 P.M. to 8:00 P.M.

Morris County Public Safety Training Academy Auditorium
500 W. Hanover Avenue
Morristown, NJ 07960

Members of the public interested in testifying at a public hearing are encouraged to register at <https://homerom5.doe.state.nj.us/events/>.

Submit written comments by July 5, 2024, to:

Secil Onat

Assistant Commissioner, Division of Finance and Business Services

New Jersey Department of Education

100 River View Executive Plaza

PO Box 500

Trenton, New Jersey 08625-0500

Email: chapter23A1to15@doe.nj.gov

The agency proposal follows:

Summary

The Department of Education (Department) proposes to readopt with amendments N.J.A.C. 6A:23A, Fiscal Accountability, Efficiency, and Budgeting Procedures, Subchapters 1 through 15, as noted in this rulemaking. The chapter was scheduled to expire April 6, 2024, pursuant to N.J.S.A. 52:14B-5.1.c. As the Department filed this notice with the Office of Administrative Law prior to that date, the expiration of the Subchapters 1 through 15 are extended 180 days to October 3, 2024, pursuant to N.J.S.A. 52:14B-5.1.c(2).

Subchapters 1 through 15 provide for fiscal accountability, efficiency, and budgeting procedures, transfers and reserve accounts for public schools, and State aid calculations and aid adjustments for charter schools.

In July 2008, in accordance with the provisions and requirements at P.L. 2007, c. 63 and P.L. 2007, c. 260, the Department promulgated the first of two phases of emergency rules as N.J.A.C. 6A:23A pursuant to the Commissioner of the Department's (Commissioner) rulemaking authority and the procedures for special adoption. The second phase of accountability rules were adopted and effective December 18, 2008. Subchapters 1 through 15 were readopted through the Administrative Procedure Act (APA), effective November 25, 2009. Concurrently, the State Board reviewed N.J.A.C. 6A:23, Finance and Business Services, for amendment and recodification at N.J.A.C. 6A:23A as new Subchapters 16 through 22. N.J.A.C. 6A:23A was last readopted in 2017.

The proposed readoption with amendments at N.J.A.C. 6A:23A-1 through 15 will align the rules with new and amended statutes, including P.L. 2012, c. 80; P.L. 2012, c. 80; P.L. 2015, c. 47; P.L. 2017, c. 83; P.L. 2019, c. 169; P.L. 2023, c. 124; and P.L. 2023, c. 289.

Amendments proposed throughout the chapter include: replacing references to the "Division of Finance" with "Office of School Finance" or "Division of Finance and Business Services," as appropriate, to reflect current office and division names; replacing "Comprehensive Annual Financial Reports" with the new term "Annual Comprehensive Financial Reports" as required by new Governmental Accounting Standards Board (GASB) rules in 2021; replacing references to the thoroughness standards with references to the New Jersey Student Learning Standards (NJSLS); and adding relevant statutory references.

Unless otherwise noted in this summary, the proposed amendments are to update cross-references to the New Jersey Administrative Code, for clarity, for stylistic or grammatical improvement, or to replace gendered pronouns in this chapter.

The following summarizes the existing rules and proposed amendments.

Subchapter 1. Purpose, Scope, and Definitions

N.J.A.C. 6A:23A-1.1 Purpose and Scope

This section describes the purpose and scope of the fiscal accountability, efficiency, and budgeting procedures rules.

The Department proposes to amend N.J.A.C. 6A:23A-1.1(b)1 to add the statutes that were amended at P.L. 2012, c. 80, P.L. 2015, c. 47, P.L. 2017, c. 83, P.L. 2019, c. 169, P.L. 2023, c. 124, and P.L. 2023, c. 289, to the list of specific laws effectuated by the chapter.

N.J.A.C. 6A:23A-1.2 Definitions

This section defines the essential terms for the chapter.

Unless otherwise indicated below, the new definitions have been added to reflect updated terminology, clarify the terms' use throughout the rules, and/or align the terms with their statutory equivalents.

The proposed new definitions are as follows: “all-purpose regional district,” “Annual Comprehensive Financial Report’ or ‘ACFR,” “average daily enrollment’ or ‘ADE,” “GASB,” “legal reserve,” “limited-purpose regional district,” “mortgage,” “non-operating district,” “renaissance school project,” “School performance report,” “Special Education Medicaid Initiative’ or ‘SEMI,” “State monitor,” and “user-friendly budget.”

The definitions proposed for deletion are as follows:

- “Additional administrative position salary increment,” “additional school district salary increment,” “high school,” “high school salary increment,” and “maximum

salary amount" are used only for determining the maximum salary amount for superintendents, which was prohibited pursuant to P.L. 2019, c. 169 (N.J.S.A. 18A:17-19.2).

- "Comprehensive Annual Financial Report" or "CAFR" because the term will be replaced with the report's new title, "Annual Comprehensive Financial Report," throughout the chapter.
- "School report card" because the term will be replaced throughout the chapter with the report's new title, "school performance report."
- "Thoroughness standards" is defined as meaning NJSLS, which is already a defined term. The Department proposes throughout the chapter to replace "thoroughness standards" with "NJSLS."

The Department proposes an amendment to the definition of "GAAP" to clarify that the acronym stands for "generally accepted accounting principles," that the standards within the guidelines are promulgated and published by the Governmental Accounting and Financial Reporting Standards Original Pronouncements, and that GAAP is required for use by district boards of education and charter schools and renaissance school project boards of trustees.

Subchapter 2. Executive County Superintendents of Schools

N.J.A.C. 6A:23A-2.1 General Powers and Duties of Executive County Superintendent

This section sets forth the duties of the executive county superintendent.

N.J.A.C. 6A:23A-2.2 School District Regionalization and Consolidation of Services

Advisory Committee

This section requires the executive county superintendent to create a School District Regionalization and Consolidation of Services Advisory Committee to assist in developing a school district consolidation plan for the creation of regional school districts.

N.J.A.C. 6A:23A-2.3 Consolidation and Sharing of Services; Joint and Cooperative Purchasing

This section sets forth provisions requiring the executive county superintendent to study the consolidation of school districts' administrative services.

N.J.A.C. 6A:23A-2.4 Elimination of School Districts that are Not Operating Schools

This section establishes the authority of the executive county superintendent with respect to developing a plan to eliminate school districts that are not operating schools.

The Department proposes amendments to replace references to "school district not operating a school" with the proposed term "non-operating district." The Department also proposes to replace references to "regional school districts (preschool or kindergarten to grade 12)" with the proposed term "all-purpose regional districts." The same amendments are proposed throughout the chapter, where necessary.

N.J.A.C. 6A:23A-2.5 Plan for District Consolidation to Create Regional School Districts

This section sets forth the executive county superintendent's responsibility, in consultation with the advisory committee, to study the consolidation of school districts within the county, except county school districts and existing all-purpose regional school districts, into one or more all-purpose regional school districts.

The Department proposes to repeal this section because the authorizing statute required executive county superintendents to submit a plan by March 15, 2010, which has passed.

N.J.A.C. 6A:23A-2.6 Transportation Efficiency Study

This section requires the executive county superintendent to complete a study of pupil transportation services in the county no later than July 12, 2009, pursuant to N.J.S.A. 18A:7F-57.

The Department proposes to repeal this section because the requirement and deadline for the study has expired.

N.J.A.C. 6A:23A-2.7 Shared Special Education Services

This section sets forth the executive county superintendent's duties with respect to promoting and facilitating the sharing of special education services within the county.

The Department proposes amendments at N.J.A.C. 6A:23A-2.7(a)7 to clarify that county entities do not participate in the child study team but may provide professionals who may participate or supplement child study teams.

Subchapter 3. Administrator and District Board of Education Member Accountability

N.J.A.C. 6A:23A-3.1 Review of Employment Contracts for Superintendents, Assistant Superintendents, and School Business Administrators

This section sets forth the procedures that an executive county superintendent must follow when reviewing an employment contract or any other employment actions for key school district leaders.

The Department proposes to delete N.J.A.C. 6A:23A-3.1(e)2 and 3, which pertain to maximum salary caps for superintendents. The rules became obsolete when P.L. 2019, c. 44 prohibited the Department from limiting superintendent salaries.

The Department proposes an amendment at recodified N.J.A.C. 6A:23A-3.1(e)14 to delete "regionally" to reflect amendments adopted at N.J.A.C. 6A:9 and 6A:9B that aligned accreditation definitions with the U.S. Department of Education's terminology for accrediting agencies; "regional" and "national" are no longer used to distinguish or categorize accreditors.

N.J.A.C. 6A:23A-3.2 Required Actions Relative to Early Termination of Superintendent

This section sets forth the procedures for an early termination of employment agreement for a superintendent.

This Department proposes an amendment at N.J.A.C. 6A:23A-3.2(c)4 to clarify that “certification,” in this instance, refers to the administrative certificate with a school administrator endorsement

N.J.A.C. 6A:23A-3.3 Certification Review Under Certain Conditions

This section states that the State Board of Examiners will review the certification of the superintendent and school business administrator pursuant to N.J.S.A. 18A:6-38.2 when the appointment of a State monitor to the school district is authorized, pursuant to N.J.S.A. 18A:7A-55.

N.J.A.C. 6A:23A-3.4 Noncompliance with GAAP, Review of Certification of a SBA

The section states that the Commissioner, pursuant to N.J.S.A. 18A:6-38.3, will recommend to the State Board of Examiners that it review the certification of the school district's school business administrator (SBA) if a school district's accounting system and financial reports are not in compliance with GAAP.

Subchapter 4. School District Fiscal Accountability

N.J.A.C. 6A:23A-4.1 Additional Powers of Commissioner to Achieve Fiscal Accountability

This section enables the Commissioner to appoint an external entity to perform a compliance audit of a school district's general fund spending upon identification that the school district may be spending State education funds for purposes not in compliance with State education laws and rules. The section also sets forth the required components of the audit.

N.J.A.C. 6A:23A-4.2 Compliance with Requirements for Income Tax

This section requires the school business administrator, or other person designated by the district board of education, to certify to the New Jersey Department of the Treasury, on an annual basis, that the school district has complied with Federal and State laws and rules on reporting for personal income tax purposes.

N.J.A.C. 6A:23A-4.3 Annual Audit to Assure Income Tax Reporting Compliance

This section requires the annual audit to include test measures to ensure the documentation prepared for income tax related purposes complies fully with the requirements of Federal and State laws and rules regarding the compensation that is required to be reported.

N.J.A.C. 6A:23A-4.4 Repeat Annual Audit Recommendations; Action Required

This section requires a specific corrective action plan for addressing the repeat audit findings noted in the Auditor's Management Report.

Subchapter 5. Additional Measures to Ensure Effective and Efficient Expenditures of School District Funds

N.J.A.C. 6A:23A-5.1 Order to Show Cause to Withhold or Recover State Aid due to Excessive, Unreasonable, Ineffective or Inefficient Expenditures

This section outlines the procedures for a school district to file an order to show cause as to why State aid should not be withheld based on alleged ineffective or inefficient expenditures. Nothing in the rules preclude the Commissioner from immediately withholding State aid if the Commissioner determines the school district is in violation of a statute, regulation, or rule.

N.J.A.C. 6A:23A-5.2 Public Relations and Professional Services: Board Policies; Efficiency

This section requires a district board of education to establish a public relations and professional services policy that outlines the school district's strategies to minimize the cost of services. The policy must include items such as setting an annual maximum dollar limit and requiring professional services contracts to be issued in a deliberative manner.

N.J.A.C. 6A:23A-5.3 Failure to Maximize Special Education Medicaid Initiative (SEMI)

This section establishes a waiver process regarding the Special Education Medicaid Initiative (SEMI) beginning in the 2008-2009 school year. The section also authorizes the Commissioner to withhold State aid if a school district violates public bidding laws or does not

maximize SEMI or implement its approved SEMI action plan for any given budget year. The rules include the standards for maximizing SEMI, the required benchmarks and action plan, and the process to request a waiver to the SEMI requirement. The rules also define what should be recognized as revenue for purposes of SEMI beginning in the 2009-2010 school year. The rules establish guidance regarding acceptable participation rates for SEMI beginning in the 2008-2009 school year.

The Department proposes amendments at N.J.A.C. 6A:23A-5.3(e)2i through vi to clarify that “Department certification” refers to the educational services certificate issued by the State Board of Examiners.

The Department proposes new N.J.A.C. 6A:23A-5.3(i) to state that school districts that do not meet the requirement of SEMI’s cost-settlement components may be required to refund all or part of their SEMI reimbursements. The proposed regulation will align the rules with current practice and increase transparency.

N.J.A.C. 6A:23A-5.4 Violation of Public School Contracts Law

This section grants the Commissioner the authority to withhold State funds for a school district or county vocational school district that fails to obey the provisions of the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq.

N.J.A.C. 6A:23A-5.5 Expenditure and Internal Control Auditing

This section sets forth the criteria for an independent audit of a school district's expenditures and a review of the school district's internal controls.

N.J.A.C. 6A:23A-5.6 District Response to Office of Fiscal Accountability and Compliance (OFAC) Investigation Report

This section determines the procedures that a school district must follow in response to an audit or investigation by the Office of Fiscal Accountability and Compliance (OFAC).

N.J.A.C. 6A:23A-5.7 Verification of Payroll Check Distribution

This section requires school districts to conduct, at least once every three years, an in-person verification procedure for distribution of payroll checks or vouchers.

N.J.A.C. 6A:23A-5.8 Board of Education Expenditures for Non-Employee Activities, Meals, and Refreshments

This section delineates allowable and prohibited expenditures by a district board of education for non-employee activities, meals, and refreshments.

N.J.A.C. 6A:23A-5.9 Out-of-State and High Cost Travel Events

This section provides the approval process for certain travel events.

Subchapter 6. Conditions for the Receipt of State Aid

N.J.A.C. 6A:23A-6.1 Conditions Precedent to Disbursement of State Aid

This section sets forth the efficiency requirements that a school district must implement as a condition for receiving State aid.

N.J.A.C. 6A:23A-6.2 Nepotism Policy

This section conditions a school district's receipt of State aid on the district board of education implementing a nepotism policy that includes, among other things, a provision prohibiting the school district from employing any relative of a district board of education member or superintendent (existing employees are grandfathered) and prohibiting an employee from supervising or exercising authority over personnel actions of a relative.

The Department proposes to amend N.J.A.C. 6A:23A-6.2(a)2i to prohibit administrators from increasing a relative's pay by extending a contract to allow for an increase in annual pay directly related to an extension of the work year. The proposed amendment will address potential areas of abuse and increase the transparency of contracts related to relatives of district board of education members and chief school administrators.

N.J.A.C. 6A:23A-6.3 Contributions to Board Members and Contract Awards

This section requires school districts to maintain honest and ethical relations with vendors as a condition of receiving State aid and prohibits actions such as a district board of education voting on a contract worth more than \$17,500, if the contracting entity made a reportable contribution to a district board of education member during the preceding year.

The Department proposes to amend N.J.A.C. 6A:23A-6.3(a)3 to expand the scope of the rule to cover immediate family members and not only the natural person's wife and child who resides therewith. The proposed amendment will align the rule with the nepotism policy requirements for school districts at N.J.A.C. 6A:23A-6.2 and State ethics laws at N.J.S.A. 52:13D-21.2.

The Department proposes to delete N.J.A.C. 6A:23A-6.3(a)6, which exempts from the subsection's rules any contributions made prior to "the effective date of the rules" because the date is no longer relevant and could cause confusion once the rules are readopted.

N.J.A.C. 6A:23A-6.4 Internal Controls

This section requires district boards of education to establish specific policies and procedures on internal controls as a condition of receiving State aid.

N.J.A.C. 6A:23A-6.5 Segregation of Duties; Organization Structure

This section requires a strong internal control environment for business processes to be supported by proper segregation of duties and to be subject to ongoing evaluation.

N.J.A.C. 6A:23A-6.6 Standard Operating Procedures for Business Functions

This section requires school districts to implement certain standard operating procedures (SOPs) for business functions as a condition of receiving State aid. The section also delineates the areas governed by the SOPs.

N.J.A.C. 6A:23A-6.7 Financial and Human Resource Management Systems: Access Controls

This section requires school districts with budgets in excess of \$25 million, or with more than 300 employees, to maintain, as a condition of receiving State aid, a financial and human resource management system.

N.J.A.C. 6A:23A-6.8 Personnel Tracking and Accounting

This section requires school districts to maintain, as a condition of receiving State aid, an accurate, complete, and up-to-date automated position control roster to track the actual number and category of employees and detailed information for each employee.

N.J.A.C. 6A:23A-6.9 Facilities Maintenance and Repair Scheduling and Accounting

This section requires school districts with three or more school district buildings to establish, as a condition of receiving State aid, an automated work order system for facilities maintenance and repair. The section also sets forth the required system components.

N.J.A.C. 6A:23A-6.10 Approval of Amounts Paid in Excess of Approved Purchase Orders; District Board of Education Policy

This section requires district boards of education to adopt a policy addressing the process required for approval of remittance in payment of an invoice in excess of the approved purchase order.

N.J.A.C. 6A:23A-6.11 Vehicle Tracking, Maintenance, and Accounting

This section requires a district board of education to adopt a policy for the management and control of school district vehicles.

N.J.A.C. 6A:23A-6.12 District Vehicle Assignment and Use Policy

This section requires a board policy for the assignment and tracking of school district vehicle usage.

The Department proposes an amendment at N.J.A.C. 6A:23A-6.12(h) to clarify that “luxury vehicle” is only defined for the purposes of this section as a vehicle that exceeds \$60,000 to align with updated IRS guidance.

N.J.A.C. 6A:23A-6.13 Board travel policy

This section requires district boards of education to adopt a travel policy.

Subchapter 7. School District Travel Policies and Procedures

The Department proposes amendments throughout the subchapter to delete references to the New Jersey Department of the Treasury’s Office of Management and Budget (OMB) Circulars because the references may have unintentionally conveyed that OMB Circulars are the ultimate authority in determining travel policy. A reference to the State travel payment guidelines established by the Department of the Treasury, pursuant to N.J.S.A. 18A:11-12, is sufficient to establish that OMB Circular guidelines must be incorporated into the required travel policies, except where the guidelines conflict with other provisions set forth at N.J.S.A. 18A:11-12. Where necessary, the Department proposes to update the reference to a specific OMB Circular rather than deleting it.

N.J.A.C. 6A:23A-7.1 School District Travel Expenditures

This section requires school districts to establish travel policies and procedures in accordance with N.J.S.A. 18A:11-12 and OMB circulars on travel and entertainment. The section also states what is included in school district travel expenditures.

The Department proposes to amend N.J.A.C. 6A:23A-7.1(a) to include charter schools to align the rule with N.J.A.C. 6A:23A-7.1(b), which applies the subchapter's provisions to charter schools.

The Department proposes to amend N.J.A.C. 6A:23A-7.1(d), to clarify that only costs incurred for school district employees, prospective employees, and members of the district board

of education may be classified as school district travel expenditures. The proposed amendment will align the regulation with current law and practice.

N.J.A.C. 6A:23A-7.2 Board Policy for Travel Expenditures

This section sets forth the required elements of district board of education policies for all travel by employees and district board of education members. The section also requires a district board of education to ensure all travel is educationally necessary and fiscally prudent.

The Department proposes to recodify existing N.J.A.C. 6A:23A-7.6(e) as 7.2(g) because the regulation is more closely related to the rules for travel policies rather than SBA responsibilities.

The Department proposes to recodify existing N.J.A.C. 6A:23A-7.9(b) as 7.2(h) because the regulation is more closely related to district travel policy than acceptable travel methods. The Department also proposes to amend the rule to add a reference to the statutes governing public school contracts to clarify the procurement and payment of travel must be in compliance with the Public School Contracts Law.

N.J.A.C. 6A:23A-7.3 Maximum Travel Budget

This section requires a district board of education to set the maximum travel budget for each budget year. The section also authorizes the district board of education to set an annual maximum per employee for which district board of education approval is not required: \$1,500 for regular business travel; and \$150.00 registration fee for in-State professional development activities. The section further requires a superintendent to approve travel prior to attendance or incurring costs for travel and gives a superintendent the authority to designate an alternate approval authority in the superintendent's absence.

The Department proposes to amend the heading at N.J.A.C. 6A:23A-7.3 to specify that the subsection applies to travel budgets of school districts, school district employees, and district board of education members.

The Department proposes to amend N.J.A.C. 6A:23A-7.3(b)2 to delete the components of “regular school district business travel” and, instead, to define it as the term “travel expenditures” at N.J.A.C. 6A:23A-1.2. The existing description does not align with the definition of “travel expenditures,” which allows for inflationary adjustments to be applied to the maximum amount of \$150.00. Therefore, the proposed amendments will ensure that the regulation and definition of “travel expenditures” are consistent.

N.J.A.C. 6A:23A-7.4 Travel Approval Procedures

This section requires a school district superintendent’s written approval of travel expenses prior to attendance or incurring travel costs. This section also requires approval by a majority of the district board of education’s full voting membership, except if the district board of education has excluded regular school district business travel from the prior approval requirements.

The Department proposes to amend N.J.A.C. 6A:23A-7.4(a) to add “or superintendent’s designee” throughout the subsection because existing N.J.A.C. 6A:23A-7.4(a)1 requires the superintendent to designate an alternate person to approve travel in the superintendent’s absence.

N.J.A.C. 6A:23A-7.5 Required Documentation for Travel

This section requires the district board of education to include, in its travel policy, what documentation is required to justify the attendance of employees and/or district board of education members for purposes of determining whether the travel will be approved. The section also specifies the minimum documentation that must be included to approve a request. The section further requires the district board of education to maintain on file the policies, approvals, reports, and receipts for all school district funded expenditures, as appropriate.

N.J.A.C. 6A:23A-7.6 SBA Responsibilities Regarding Accounting for Travel

This section sets forth the SBA’s requirements and responsibilities related to the budgeting, recording, and reporting of school district travel expenditures.

The Department proposes an amendment at N.J.A.C. 6A:23A-7.6(a) to clarify that the travel budgets may include funding from local, State, and Federal sources and to state that the aggregate amount of all travel budgets are subject to the maximum limit without regard to the source of funding. The same amendment is proposed at newly codified N.J.A.C. 6A:23A-7.6(c)1.

The Department proposes an amendment at N.J.A.C. 6A:23A-7.6(c) to codify the SBA's responsibility for maintaining the integrity of the total school district travel budget as N.J.A.C. 6A:23A-7.6(c)1 and to recodify the SBA's responsibility to maintain the integrity of the per-employee budget and expenditure amount for regular business travel as N.J.A.C. 6A:23A-7.6(c)2.

The Department proposes to recodify N.J.A.C. 6A:23A-7.6(e) as 7.2(g), as discussed above.

N.J.A.C. 6A:23A-7.7 Sanctions for Violations of Travel Requirements

This section sets forth sanctions for travel violations, pursuant to N.J.S.A. 18A:11-12.

N.J.A.C. 6A:23A-7.8 Prohibited Travel Reimbursements

This section requires a district board of education to state, in its travel policy, that specifically prohibited travel expenditures are not eligible for reimbursement.

N.J.A.C. 6A:23A-7.9 Travel Methods

This section establishes allowable transportation methods.

The Department proposes to recodify N.J.A.C. 6A:23A-7.9(b) as 7.2(h), as discussed above.

The Department proposes amendments at recodified N.J.A.C. 6A:23A-7.9(b)1 to state that the travel policy must require any purchase of airline tickets, rail tickets, and vehicle lease/rentals to comply with the Public School Contracts Law, N.J.S.A. 18A:18A-1. The proposed amendment is necessary to account for the removal of the reference to OMB Circulars.

The Department proposes to delete the last sentence from existing N.J.A.C. 6A:23A-7.9(c)2ix because it is redundant.

The Department proposes to amend existing N.J.A.C. 6A:23A-7.9(c)4i(1) to replace “the Circulars” with “this subchapter” to reflect the removal throughout the chapter of references to OMB Circulars.

N.J.A.C. 6A:23A-7.10 Routing of Travel

This section prescribes certain modes of transportation and requires the most economical route to be utilized for travel.

The Department proposes to delete N.J.A.C. 6A:23A-7.10(a) to eliminate the reference to OMB Circulars, as described above.

The Department also proposes to recodify existing N.J.A.C. 6A:23A-7.10(a)1, 2, and 3 as new 7.10(a), (b), and (c), respectively.

N.J.A.C. 6A:23A-7.11 Subsistence Allowance – Overnight Travel

This section establishes when school district employees and district board of education members can seek reimbursement for subsistence while traveling.

N.J.A.C. 6A:23A-7.12 Meal Allowance – Special Conditions - and Allowable Incidental Travel Expenditures

This section provides the conditions under which a school district may reimburse an employee or district board of education member for meals and incidental travel expenses.

The Department proposes an amendment at N.J.A.C. 6A:23A-7.12(g) to clarify that the list of allowable incidental travel expenditures is in addition to the allowable expenses listed in the Federal per diem definition of incidental expenses at N.J.A.C. 6A:23A-7.11(f). The proposed amendment will also clarify that the Federal rules apply.

N.J.A.C. 6A:23A-7.13 Records and Supporting Documents

This section prescribes recordkeeping and documents that a district board of education must maintain to support travel expenditures.

Subchapter 8. Annual Budget Development and Submission

This subchapter includes budget submission requirements, administrative cost limits, capital outlay budgets, designation of fund balances, and appropriation of debt service fund balance.

N.J.A.C. 6A:23A-8.1 Budget Submission; Supporting Documentation; Website Publication

This section sets forth the methods and requirements for budget submission by district boards of education, including the requirement for district boards of education to provide the budget and certain employee contract information for public inspection in a “user-friendly” format on the school district’s website following the public hearing. The section also requires the Department to make the user-friendly budget available on its website.

The Department proposes to delete N.J.A.C. 6A:23A-8.1(c)1iii because the rule was made obsolete pursuant to P.L. 2023, c. 289.

The Department proposes an amendment at N.J.A.C. 6A:23A-8.1(c)2 to add a reference to N.J.S.A. 18A:22-8.e, which requires user-friendly budgets.

The Department proposes amendments at N.J.A.C. 6A:23A-8.1(d) to clarify that the required contract information must be provided regardless of the salary level.

The Department proposes an amendment at N.J.A.C. 6A:23A-8.1(d)3 to state that the contract information included in the user-friendly budget must specifically state when post-employment benefits are not provided in a particular employee’s contract. The proposed requirement will ensure the public can distinguish between positions that do not have post-retirement benefits from the positions that receive post-employment benefits that are not specifically identified in the employee’s contract.

N.J.A.C. 6A:23A-8.2 Public Notice and Inspection

This section requires district boards of education to make all budget and supporting documentation available for public inspection after submission to the executive county superintendent for approval.

The Department proposes an amendment at N.J.A.C. 6A:23A-8.2(a) to delete “once the budget application has been submitted to the executive county superintendent for approval” because it repeats the language at the beginning of the subsection.

The Department proposes an amendment at N.J.A.C. 6A:23A-8.2(c) to delete the reference to the thoroughness standards to align the rule to the statute that requires the narrative statement on the proposed budget, N.J.S.A. 18A:7F-6. The same amendment is proposed at N.J.A.C. 6A:23A-9.1(c).

N.J.A.C. 6A:23A-8.3 Administrative Cost Limits

This section requires school districts to submit budgets that are within the administrative cost limits. The section also establishes the method for calculating the limits, pursuant to N.J.S.A. 18A:7F-5.c, and the process for review of school district budgets within the set parameters.

N.J.A.C. 6A:23A-8.4 Capital Outlay Budget

This section requires a district board of education to obtain approval for local funding included in a capital outlay budget.

N.J.A.C. 6A:23A-8.5 Designation of General Fund Balances

This section sets forth the requirements for how and when a district board of education must restrict or designate general fund balance.

N.J.A.C. 6A:23A-8.6 Appropriation of Unreserved Debt Service Fund Balance; Exception

This section requires the district board of education to appropriate unreserved debt service fund balances in the budget unless otherwise authorized by the voters. The section also

requires the district board of education to include, in the referendum, the specific purpose and time period for maintaining the unreserved debt service fund balance.

Subchapter 9. Executive County Superintendent Budget Review Procedures

N.J.A.C. 6A:23A-9.1 Executive County Superintendent Budget Review

This section requires the executive county superintendent to review the annual school district budget and approve it prior to the school district's advertisement.

The Department proposes an amendment at N.J.A.C. 6A:23A-9.1(b) to include a reference to N.J.S.A. 18A:7-8.1.

N.J.A.C. 6A:23A-9.2 Executive County Superintendent Budget Review and Approval: Administrative and Non-Instructional Expenses

This section requires the executive county superintendent to review the budgets and authorizes the executive county superintendent to disapprove a portion of the proposed budget when a school district demonstrates inefficiency in administrative or non-instructional expenditures. This section also provides the procedures subsequent to the executive county superintendent's disapproval of budget reallocations.

N.J.A.C. 6A:23A-9.3 Efficiency Standards for Review of Administrative and Non-Instructional Expenditures and Efficient Business Practices

This section sets forth criteria, including consideration of the Taxpayers' Guide to Education Spending, to be used during the budget review process to determine efficient administrative and non-instructional cost standards to ensure efficiencies in school district business practices.

N.J.A.C. 6A:23A-9.4 Commissioner's Authority to Direct Expenditures to Achieve T&E

This section authorizes the Commissioner to direct a district board of education that proposes a budget with a general fund tax levy and equalization aid set below the school district's adequacy budget to increase its expenditures up to the adequacy budget and beyond the

statutory levy limit, if necessary. The section also authorizes the Commissioner to direct budgetary reallocations and programmatic adjustments, as needed, to ensure the provision of a thorough and efficient education.

N.J.A.C. 6A:23A-9.5 Commissioner to Ensure Achievement of the New Jersey Student Learning Standards; Corrective Actions

This section sets forth the actions the Commissioner may take when a district board of education fails to achieve the NJSLS as evidenced by existing Statewide assessment methods or other statutory or regulatory methods of evaluation.

The Department proposes to amend N.J.A.C. 6A:23A-9.5(b)1 to state that the Commissioner’s restructuring of the curriculum or programs must be consistent with the efficiency standards to align the rule with the definition of “efficiency standards.”

N.J.A.C. 6A:23A-9.6 Appeal of Executive County Superintendent Budget Reductions

This section requires district boards of education to submit an appeal of an executive county superintendent decision to the Commissioner, with supporting documentation, within five days of the decision. The section also requires the Commissioner to respond within 15 days. The section further lists the documentation that must be provided.

The Department proposes an amendment at N.J.A.C. 6A:23A-9.6(a) to replace “filing” with “receipt” of an appeal, to clarify that the deadline is 15 days from the date the Department receives the appeal. The proposed amendment will eliminate confusion about how the official date of filing is determined since “filing” is not defined in this chapter. The proposed amendment also will ensure the Commissioner has the full 15 days to issue a decision.

N.J.A.C. 6A:23A-9.7 Procedures Following Voter Defeat of Proposed Budget; Municipal Governing Body or Board of School Estimate Action

This section sets forth the procedures a district board of education must follow when a budget has been rejected by voters at the annual school election. The procedures are listed separately for situations where the voters defeated a proposed budget with a general fund tax levy above the school district's required local share, where the proposed general fund levy is at the school district's local share, and where the budget is reviewed by a board of school estimate.

N.J.A.C. 6A:23A-9.8 Municipal Governing Body Failure to Certify or Agree;

Commissioner Sets Tax Levy

This section clarifies N.J.S.A. 18A:22-38, which authorizes the Commissioner to set the tax levy for school districts that have not certified a school levy to the county board of taxation by May 19. The section requires district boards of education to submit to the county board of taxation for certification the budget and any reduction(s) recommended by the governing body(ies) if a tax levy for an item rejected or certified in a different amount than the annual school election is not certified by May 19.

The Department proposes an amendment to delete "municipal" in the section heading to ensure that there is no implication that the Department's rules apply to the municipal governing bodies.

The Department proposes to codify N.J.A.C. 6A:23A-9.8, which requires governing bodies of school districts that fail to certify a budget by May 19 to submit to the Commissioner appropriate budget information for his determination, as subsection (a).

The Department proposes new N.J.A.C. 6A:23A-9.8(b) to require school districts that have November elections to submit their budget and to allow the Commissioner to certify the tax levy for school districts with November elections that fail to certify by May 19. The proposed new subsection will clarify that the requirement for school districts to certify the levy by the statutory deadline applies to all school districts, and their uncertified budgets will be subject to certification by the Commissioner.

N.J.A.C. 6A:23A-9.9 Application for Commissioner Restoration of Budget Reductions

This section sets forth eligibility and procedures for a school district to apply to the Commissioner for a restoration of budget reductions made by the municipal governing body or board of school estimate.

N.J.A.C. 6A:23A-9.10 Executive County Superintendent Ongoing Budget Review

This section lists the responsibilities of the executive county superintendent to re-examine a school district's fiscal position subsequent to voter or board of school estimate approval and prior to the submission of the subsequent school budget.

N.J.A.C. 6A:23A-9.11 Year-End Financial Procedures for Executive County Superintendent and Fiscal Monitor

This section sets forth the procedures that the executive county superintendent and State monitor will commence within 30 days of receipt of a school district's audited CAFR. The review includes assessing debt that may result in savings, if refinanced, auditing account payables that exceed \$5,000, and reviewing accounts payable and general fund balances at year's end.

The Department proposes to amend N.J.A.C. 6A:23A-9.11(e) to update terminology on the fund balances from "undesignated" and "designated" to "unassigned" and "assigned," respectively, to be consistent with changes in GAAP terminology.

Subchapter 10. Unused Tax Authority (Banked Cap)

This subchapter clarifies the tax levy growth limitation established pursuant to N.J.S.A. 18A:7F-37 through 40, and the limitations on unused spending authority (banked cap). The current statute limits the amount a district can levy without voter approval.

Subchapter 11. Tax Levy Growth Limitation

This subchapter provides clarification of adjustments to the tax levy growth limitation for increases in enrollment, reductions in State aid, and increases in health care costs.

N.J.A.C. 6A:23A-11.1 Adjusted Tax Levy Growth Limitation

This section details the authority and calculation of the tax levy cap.

The Department proposes to amend N.J.A.C. 6A:23A-11.1(a) to remove the calculation for adjusting the tax levy growth by deleting the second sentence and paragraphs (a)1 and 2 because the calculation is no longer accurate. A detailed calculation is included in the authorizing statute at N.J.S.A. 18A:7F-38, which is already referenced in the rule.

N.J.A.C. 6A:23A-11.2 Adjustment for Increases in Enrollments

This section details the purpose and calculation of the allowable tax levy cap adjustment for increases in enrollment.

The Department proposes an amendment at N.J.A.C. 6A:23A-11.2(a) to add a reference to the authorizing statute, N.J.S.A. 18A:7F-38.b(1).

The Department proposes to delete N.J.A.C. 6A:23A-11.2(b), which details how the enrollment adjustment is calculated, because it restates an excerpt from the authorizing statute at N.J.S.A. 18A:7F-38.b(1). Restating the rule is unnecessary and may be misleading since the existing rule does not include all of the statute's provisions.

N.J.A.C. 6A:23A-11.3 Adjustment for an Increase in Health Care Costs

This section provides the calculation for the allowable tax levy cap adjustment for an increase in health care costs.

The Department proposes to delete N.J.A.C. 6A:23A-11.3(b)2 to remove the specified adjustment specified because all adjustments are included in the authorizing statute.

Subchapter 12. Tax Levy Growth Limitation; Separate Voter Approval

This subchapter details the requirements and procedures for school districts to submit separate proposals to the voters to request authorization to exceed the allowable adjusted tax levy increase.

N.J.A.C. 6A:23A-12.1 Voter Authorization to Exceed Tax Levy Limitation; Separate Proposal(s)

This section established the methodology for submitting separate proposals to districts for authorization to exceed the allowable adjusted tax levy increase.

The Department proposes an amendment at N.J.A.C. 6A:23A-12.1(a) to add N.J.S.A. 18A:7-8.m to the list of authorizing statutes.

Subchapter 13. Budget Transfers, Underestimated Surplus and Deficits

This subchapter clarifies provisions at N.J.S.A. 18A:22-8.1 regarding transfers and reallocations during the budget year.

N.J.A.C. 6A:23A-13.1 Commissioner-Adjusted Tax Levies: Commissioner Budget Reallocations and Directives; and Transfers

This section clarifies restrictions and procedures for line item transfers to be directed by the Commissioner or requested by a school district.

N.J.A.C. 6A:23A-13.2 Executive County Superintendent Reduction of Administrative and Non-Instructional Expenses; Transfers Prohibited

This section prohibits transfers of funds into accounts during the year that the executive county superintendent disapproved the spending in a school district's proposed budget.

N.J.A.C. 6A:23A-13.3 Transfers During the Budget Year

This section sets forth the requirements and parameters for transfers of surplus and other unbudgeted and under-budgeted revenue to increase spending, and the transfers of revenue during the first nine months of the year for an emergent circumstance. This section also establishes the requirements for approvals of line item budget transfers in excess of 10 percent, and the requirements for approvals of transfers to administrative and capital outlay accounts. This section requires a report of current month and year-to-date transfers to be maintained.

Subchapter 14. Reserve Accounts

N.J.A.C. 6A:23A-14.1 Capital Reserve

This section sets forth procedures to establish a capital reserve account, and to increase the balance or withdraw funds for use in capital projects.

The Department proposes new N.J.A.C. 6A:23A-14.1(c)3. The new paragraph relocates and amends N.J.A.C. 6A:23A-14.3 to group together the rules for capital deposits and to improve clarity. The proposed new paragraph also amends the language on supplementing the capital reserve by district board of education resolution by transferring unanticipated revenue or unexpended line item appropriations at year end for withdrawal in subsequent school years.

N.J.A.C. 6A:23A-14.2 Maintenance Reserve

This section sets forth the procedures to establish and use maintenance reserve funds.

The Department proposes new N.J.A.C. 6A:23A-14.2(d), which is relocated from N.J.A.C. 6A:23A-14.3, to include the regulation regarding supplementing the maintenance reserve at year end with other directives on maintenance reserve. The proposed relocation will improve clarity by grouping together the rules about maintenance reserves.

N.J.A.C. 6A:23A-14.3 Supplementation of Capital Reserve and Maintenance Reserve Accounts

This section sets forth the procedures for a board of education to supplement a capital or maintenance reserve.

The Department proposes to repeal this section and relocate the regulation to its appropriate sections at N.J.A.C. 6A:23A-14.1 (capital reserve) or 14.2 (maintenance reserve) for the purpose of consolidating the regulations on increasing each of the respective reserve accounts for clarity.

N.J.A.C. 6A:23A-14.4 Establishment of Other Reserve Accounts

This section establishes the procedures to establish and use a current expense emergency reserve, debt service reserve, and tuition reserve accounts. This section also requires the

exclusion from the budgeted fund balance and appropriation of the tuition adjustment reserve in the third year following the contract year for such tuition adjustment.

The Department proposes an amendment at recodified N.J.A.C. 6A:23A-14.3(a)1i to include, in the uses of emergency reserve funds, the financing of school security improvements as defined at N.J.S.A. 18A:7F-41.c(1). The proposed amendment will align the rule with N.J.S.A. 18A:7F-41.c.

The Department proposes new N.J.A.C. 6A:23A-14.3(a)1v to require the withdrawal from reserves to be used in the current fiscal year. The proposed subparagraph also will require any unused amount to be reported as general fund balance designated for use in the second subsequent school year. The proposed amendment will improve transparency for school districts regarding the requirements at N.J.S.A. 18A:7F-41 for withdrawals from emergency reserves.

The Department proposes an amendment at recodified N.J.A.C. 6A:23A-14.3(a)3 to correct the year in which the tuition reserve must be used from “third” to “second” year to align the rule with existing N.J.A.C. 6A:23A-17.1(f).

N.J.A.C. 6A:23A-14.5 Reserve Accounts Recorded in Accordance with GAAP; Audit

This section establishes the method in which reserve accounts and the corresponding capital gains or interest earned must be recorded by the district and indicates that they are subject to annual audit.

Subchapter 15. State Aid Calculation and Aid Adjustments for Charter Schools

N.J.A.C. 6A:23A-15.1 Definitions

This section defines the language of the subchapter’s essential components.

The Department proposes to delete the definition of “average daily enrollment” as the Department has proposed defining the term at N.J.A.C. 6A:23A-1.2.

N.J.A.C. 6A:23A-15.2 Per Pupil Calculations, Notification and Caps

This section details the procedures used to calculate charter school aid and initiate school district payments for the subsequent year.

N.J.A.C. 6A:23A-15.3 Enrollment Counts, Payment Process and Aid Adjustments

This section sets forth the registration requirements for students who enroll in a charter school and the method a school district uses to pay to the charter school.

The Department proposes amendments at N.J.A.C. 6A:23A-15.3(d) to clarify that the rule applies to preschool education aid received or preschool students enrolled in the charter school pursuant to N.J.S.A. 18A:7F-54. The Department also proposes to replace the existing criteria at N.J.A.C. 6A:23A-15.3(d), (d)1, and (d)2 with a single criterion that the charter school is operating a full-day preschool program that has been approved by the Department's Office of Preschool Education.

N.J.A.C. 6A:23A-15.4 Procedures for Private School Placements by Charter Schools

This section describes the processes by which a charter school sends a student to an out-of-district placement in a private school and by which a school district can appeal the placement.

As the Department has provided a 60-day comment period on this notice of proposal, the notice is excepted from the rulemaking calendar requirement, pursuant to N.J.A.C. 1:30-3.3(a)5.

Social Impact

The rules proposed for readoption with amendments and repeals govern essential activities that support the educational process and enhance fiscal accountability. The proposed amendments are primarily to improve clarity, update terminology, and align the rules with the State statute. The proposed amendments will continue to protect the public interest by ensuring that educational support activities will be conducted both in accordance with law and in a manner that benefits students and the general public. More than \$20 billion in State funding is provided to district boards of education and charter school and renaissance school project boards of trustees Statewide to

implement educational programs. The rules proposed for readoption with amendments and repeals are essential to promote sound administrative practices and provide for the proper expenditure of funds. The rules proposed for readoption with amendments and repeals also will continue to ensure district boards of education, charter school and renaissance school project boards of trustees, and the public have access to necessary information to make informed policy decisions.

There should be no impact on consistent management of public monies since district boards of education and charter school and renaissance school project boards of trustees still must conduct certain essential educational support activities in a consistent manner with sound administrative procedures and practices. Experience has shown that the rules proposed for readoption with amendments and repeals resolve problems, have a positive impact on educational programs and students, and benefit taxpayers.

Economic Impact

The rules proposed for readoption with amendments and repeals will have a positive economic impact on public schools, charter schools, and renaissance school projects. The rules proposed for readoption with amendments and repeals promote the proper expenditure of public funds by providing an orderly and efficient method for accounting for the expense of providing essential education and support activities. The proposed amendments and repeals will improve clarity of the rules without introducing any new requirements.

The rules proposed for readoption with amendments and repeals will create an overall positive economic impact in terms of the degree of protection and accountability provided for the proper expenditure of public funds. The proposed amendments and repeals will not require the employment of additional personnel.

Federal Standards Analysis

The rules proposed for readoption with amendments and repeals will not be inconsistent with, or exceed, Federal requirements or standards. The State requires school districts and county vocational school districts (CVSD) to use the Federal SEMI program. The proposed amendments at N.J.A.C. 6A:23A-5.3 will ensure that the section conforms to Federal regulations and requirements. There are no other Federal standards or requirements applicable to the rules proposed for readoption with amendments and repeals.

Jobs Impact

The rules proposed for readoption with amendments and repeals do not impose requirements that necessitate the employment of additional personnel. Overall, jobs in the State will not be generated or lost based on the rules proposed for readoption with amendments and repeals.

Agriculture Industry Impact

The rules proposed for readoption with amendments and repeals will have no impact on the agriculture industry in New Jersey.

Regulatory Flexibility Statement

Approved private schools for students with disabilities (APSSDs) meet the definition of a small business, as that term is defined pursuant to the Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. With the exception of N.J.A.C. 6A:23A-1.2, which provides definitions for terms used throughout the chapter, N.J.A.C. 6A:23A-1 through 15 do not apply to APSSDs. As the rules proposed for readoption with amendments and repeals impact solely upon district boards of education and charter school and renaissance school boards of trustees, the rules do not impose reporting, recordkeeping, or other compliance requirements on APSSDs. The rules for APSSDs are primarily in Subchapter 18, which is outside the scope of this rulemaking.

Housing Affordability Impact Analysis

The rules proposed for readoption with amendments and repeals will not have an impact on the affordability of housing in New Jersey. There is an extreme unlikelihood the rules proposed for readoption with amendments and repeals will evoke a change in the average costs associated with housing because the rules proposed for readoption with amendments and repeals pertain to the fiscal operations of school districts, charter schools, renaissance school projects, and APSSDs.

Smart Growth Development Impact Analysis

There is an extreme unlikelihood the rules proposed for readoption with amendments and repeals would evoke a change in housing production in Planning Areas 1 or 2, or within designated centers, pursuant to the State Development and Redevelopment Plan in New Jersey because the rules proposed for readoption with amendments and repeals pertain to the fiscal operations of school districts, charter schools, renaissance school projects, and APSSDs.

Racial and Ethnic Community Criminal Justice and Public Safety Impact

There is an extreme unlikelihood the rules proposed for readoption with amendments and repeals would have an impact on pretrial detention, sentencing, probation, or parole policies concerning juveniles and adults in the State because the rules proposed for readoption with amendments and repeals pertain to the fiscal operations of school districts, charter schools, renaissance school projects, and APSSDs.

Full text of the rules proposed for readoption may be found in the New Jersey Administrative Code at N.J.A.C. 6A:23A-1 through 15.

Full text of the rules proposed for repeal may be found in the New Jersey Administrative Code at N.J.A.C. 6A:23A-2.5, 2.6, and 14.3.

Full text of the proposed amendments follows (additions indicated in boldface **thus**; deletions indicated in brackets [thus]):

Subchapter 1. Purpose, Scope, and Definitions

6A:23A-1.1 Purpose and scope

(a) (No change.)

(b) Pursuant to this chapter, the Commissioner delegates to the executive county superintendent powers, tasks, and duties that further support efficiency of school district operation, pursuant to N.J.S.A. 18A:7F-**6.a** and 43 et seq., and that complement the powers, tasks, and duties set forth [in] **at** N.J.S.A. 18A:7-1 et seq.

1. The rules effectuate the provisions [of] **at** P.L. 2006, c. 15; P.L. 2007, c. 53; P.L. 2007, c. 62; P.L. 2007, c. 260; P.L. 2007, c. 63; P.L. 2008, c. 36; P.L. 2008, c. 37; P.L. 2009, c. 19; P.L. 2010, c. 39; P.L. 2010, c. 44; P.L. 2010, c. 49; P.L. 2010, c. 121; P.L. 2011, c. 202; P.L. 2012, c. 78; **P.L. 2012, c. 80**; P.L. 2013, c. 173; P.L. 2013, c. 280; P.L. 2015, c. 46; **P.L. 2015, c. 47**; [and] P.L. 2015, c. 157; **P.L. 2017, c. 83**; **P.L. 2019, c. 169**; **P.L. 2023, c. 124**; and **P.L. 2023, c. 289**.

6A:23A-1.2 Definitions

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

[“Additional administrative position salary increment” means \$5,000 for an additional administrative position held by a superintendent, as set forth in N.J.A.C. 6A:23A-3.1(e)2.

“Additional school district salary increment” means \$15,000 for each additional school district served by a single superintendent pursuant to N.J.S.A. 18A:17-24.1.]

...

“All-purpose school district” means as defined at N.J.S.A. 18A:13-2.a.

“Annual audit” means the audit conducted pursuant to [the provisions of] N.J.S.A. 18A:23-1 et seq., and the Federal Single Audit Act of 1984, Public Law 98-502, amended by Public Law 104-156, of the district board of education’s [Comprehensive] Annual

Comprehensive Financial Report (ACFR).

“Annual audit program” means the uniform program published and distributed by the Commissioner for preparation of the [Comprehensive Annual Financial Report] **ACFR** by a district board of education pursuant to N.J.S.A. 18A:4-14 and N.J.A.C. 6A:23A-16.2(i).

“Annual Comprehensive Financial Report” or “ACFR” 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 prepared in accordance with standards established by the Governmental Accounting Standards Board.

...

“Average daily enrollment” or “ADE” means the sum of the days present and absent for all students enrolled during the year in the register(s) of program for which the rate is being determined, divided by the number of days school was actually in session, but in no event shall the divisor be less than 180 days.

“Base budget” means the district board of education’s school budget that contains an adjusted tax levy calculated [pursuant to the provisions of] **in accordance with** N.J.S.A. 18A:7F-38 and 39, State aid, other than preschool education aid, received pursuant to [the provisions of] N.J.S.A. 18A:7F-43 et seq., miscellaneous revenue estimated pursuant to **generally accepted accounting principles (GAAP)**, and designated general fund balance; but exclusive of additional spending proposals submitted to the voters or board of school estimate.

...

“Business” means any corporation, partnership, firm, enterprise, franchise, trust, association, sole proprietorship, union, political organization, or other legal entity, but shall not include a [local public] school district or any other public entity.

“Capital maintenance” means as defined [in] **at** N.J.A.C. 6A:26-1.2.

...

“Capital project” means as defined [in] **at** N.J.A.C. 6A:26-1.2.

“Capital projects fund” means the governmental fund that accounts for financial resources used to acquire or construct capital facilities (other than those of proprietary funds and fiduciary funds). The source of revenue in this fund includes the sale of bonds, grants received pursuant to N.J.S.A. 18A:7G-15, and other sources as defined [in] **at** N.J.A.C. 6A:26-4.1. In the case of a charter school, the source of revenue may be a mortgage. Separate accounting is required for each capital project.

...

[“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 prepared in accordance with standards established by the Governmental Accounting Standards Board.]

“Concentration of at-risk pupils” shall be based on prebudget year pupil data and means, for a school district or a county vocational school district, the number of at-risk pupils counted in resident enrollment[,] **and** divided by resident enrollment, pursuant to N.J.S.A. 18A:7F-45.

...

“CPI” means as defined at N.J.S.A. [18A:7F-45] **18A:7F-5** and [18A:7F-5] **45**.

...

“Efficiency standards” means the efficiency standards established, **pursuant to N.J.S.A. 18A:7F-46**, for the 2008-2009 school year in Appendix E of the publication, A Formula for Success: All Children, All Communities, dated December 18, 2007, and available on the Department's website at:

<http://www.state.nj.us/education/sff/reports/AllChildrenAllCommunities.pdf>. The standards shall be updated periodically through the Educational Adequacy Report [according to] **in accordance with** N.J.S.A. 18A:7F-46.

"Emergent circumstance" means a circumstance that must be addressed expeditiously to avoid peril to the health and safety of students and/or staff and/or to avert an operating deficit from the required implementation of the [thoroughness standards] **New Jersey Student Learning Standards (NJSLS)**.

...

"Excess costs" means as set forth [in] **at** N.J.S.A. 18A:7G-3.

...

"GASB" means the Governmental Accounting Standards Board (401 Merritt 7, PO Box 5116, Norwalk, CT).

"Generally accepted accounting principles" or "GAAP" means the generally accepted accounting principles that are uniform minimum standards of and guidelines to financial accounting and reporting that are generally recognized as essential to effective management control and financial reporting, [and] which are promulgated and published by the Governmental Accounting Standards Board [as] in the Governmental Accounting and Financial Reporting Standards Original Pronouncements and prescribed by the State Board [pursuant to] for use by district boards of education and charter schools and renaissance school projects boards of trustees in accordance with N.J.S.A. 18A:4-14.

...

["High school" means a public school that is not a charter school and that may grant a State-endorsed diploma to students, pursuant to N.J.S.A. 18A:7C-4.

"High school salary increment" means \$5,000 for a school district served that includes a

high school.]

“Household income” means income as defined [in] **at** 7 CFR 245.2 and 245.6 or any subsequent superseding Federal law or regulation, pursuant to N.J.S.A. 18A:7F-45.

“Immediate family member” means the person’s spouse, partner in a civil union as defined [in] **at** N.J.S.A. 37:1-[33]**28 et seq.**, domestic partner as defined [in] **at** N.J.S.A. 26:8A-3, or dependent child, residing in the same household.

“Individualized education program” or “IEP” means as defined [in] **at** N.J.A.C. 6A:14-1.3.

...

“Legal reserve” means the portion of the net position of a governmental fund that represents resources subject to externally enforceable constraints, including restrictions that are either: externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

“Limited-purpose regional district” means as defined at N.J.S.A. 18A:13-2.b.

...

“Local share” means, **for purposes of N.J.S.A. 18A:7F-43 et seq.**, as calculated pursuant to N.J.S.A. 18A:7F-52 [for purposes of N.J.S.A. 18A:7F-43 et seq.] and, for purposes of a school facilities project, **means** as defined at N.J.A.C. 6A:26-1.2 and pursuant to N.J.S.A. 18A:7G-3.

...

[“Maximum salary amount” for superintendents means \$147,794 for any school district(s) with a total enrollment of 749 or less based on the enrollment figures in the Application for State School Aid (ASSA) filed by the district(s) on the prior October 15; \$169,689 for any district(s) with a total enrollment of 750 to 2,999 based on the enrollment figures in the ASSA filed by the district(s) on the prior October 15; \$191,584 for any school

district(s) with a total enrollment greater than 3,000 based on the enrollment figures in the ASSA filed by the district(s) on the prior October 15. Upon the expiration of a contract in effect on July 1, 2016, a superintendent reappointed for a subsequent term with the same school district may receive an annual salary that exceeds the maximum salary amount by up to two percent in the first year of the renewal contract, followed by annual increases of up to two percent in each of the remaining years of the renewal contract and any contract thereafter. If the contract in effect on July 1, 2016, is not the superintendent's initial contract with that school district, the superintendent can renegotiate at any time after May 1, 2017 and may receive an annual salary moving forward that exceeds the maximum salary amount by up to two percent in the first year of the renewal contract, followed by annual increases of up to two percent in each of the remaining years of the renewal contract and any contract thereafter. However, the superintendent shall not receive any retroactive or back pay as part of that renegotiation. For any school district(s) with a total enrollment of 10,000 or more based on the enrollment figures in the ASSA filed by the school district(s) on the prior October 15, the Commissioner, upon written application by the district board(s) of education and on a case-by-case basis, may approve a waiver of the maximum salary amount. The eligible district board(s) of education may only submit one waiver request during the term of a contract; requests for a renegotiated waiver during the term of a contract are prohibited.]

“Mortgage” means, in the case of a charter school, a debt for a period greater than 12 months that is fully backed by the value of real property, so the total value of all such debt does not exceed the total assessed value of the property by which the debt is backed.

“National Center for Education Statistics” or “NCES” means the organization that publishes the Federal accounting manual, Financial Accounting for Local and State School Systems, that contains the financial accounting terminology and classifications required [by] **at**

N.J.S.A. 18A:4-14 for use in the chart of accounts prescribed by the Commissioner with the approval of the State Board of Education.

“New Jersey Quality Single Accountability Continuum” or “NJQSAC” means the New Jersey Quality Single Accountability Continuum for evaluating [local public] school district performance established pursuant to N.J.S.A. 18A:7A-3 et seq.

“New Jersey Student Learning Standards” or “NJSLs” means as defined [in] **at** N.J.A.C. 6A:8-1.3.

...

“Non-operating district” means as defined at N.J.S.A. 18A:8-43.

...

“Prebudget year,” as defined [by] **at** N.J.S.A. 18A:7F-45, means the school fiscal year preceding the year in which the school budget is implemented.

...

“Presumptive efficient spending level” means the State median cost per pupil of the prebudget year as reflected in the Taxpayers’ Guide to Education Spending by indicator for the applicable operating type and enrollment range adjusted by the increase in CPI, or the efficiency standards [established pursuant to N.J.S.A. 18A:7F-46 and] used in the calculation of the adequacy budget pursuant to [the provisions of] N.J.S.A. 18A:7F-51, whichever is more appropriate and comparable for the particular spending category [under] **pursuant to** review as determined by the Commissioner.

...

“Regional school district” means a limited- or all-purpose [public school] **regional** district established [on a regional basis] pursuant to N.J.S.A. 18A:13-1 et seq.

“Relative” means an individual’s spouse, civil union partner [pursuant to] **as defined at** N.J.S.A. 37:1-[33]**28 et seq.**, domestic partner as defined [in] **at** N.J.S.A. 26:8A-3, or the parent,

child, sibling, aunt, uncle, niece, nephew, grandparent, grandchild, son-in-law, daughter-in-law, stepparent, stepchild, stepbrother, stepsister, half-brother, or half-sister of the individual or of the individual's spouse, civil union partner, or domestic partner, whether the relative is related to the individual or the individual's spouse, civil union partner, or domestic partner by blood, marriage, or adoption.

“Renaissance school project” means as defined at N.J.S.A. 18A:36C-3.

“Required maintenance” means as defined [in] **at** N.J.A.C. 6A:26-1.2.

“School business administrator” or “SBA” means the school business administrator appointed pursuant to N.J.S.A. 18A:17-14.1 or any other title used for the chief financial officer of the school district, such as assistant superintendent for business or assistant superintendent for finance, and requiring the school business administrator endorsement pursuant to N.J.A.C.

6A:9B-[11.3(d)]**12.7.**

“School district” means any local or regional school district established pursuant to [chapter] **Chapter 8** or [chapter] **Chapter 13** of Title 18A of the New Jersey Statutes or a school district under full State intervention pursuant to N.J.S.A. 18A:7A-34[,] but **does not** [including] **include** a charter school established pursuant to N.J.S.A. 18A:36A-1 et seq., unless specified otherwise.

...

“School Employees’ Health Benefit Program” or “SEHBP” means the School Employees’ Health Benefit Program pursuant to N.J.S.A. 52:14-17.46.1 et seq., which shall be the successor plan to the SHBP for school employees.]

“School facilities project” means as defined [in] **at** N.J.A.C. 6A:26-1.2 and pursuant to N.J.S.A. 18A:7G-3.

[“School report card” means the school report card prepared and disseminated to parents and other interested taxpayers within each local school district pursuant to N.J.S.A. 18A:7E-2.]

“School performance report” means the report prepared pursuant to N.J.S.A. 18A:7E-2 and posted annually on the Department’s website.

“Sending-receiving relationship” means an agreement between two district boards of education, one of which does not have the facilities to educate in-district an entire grade(s) or provide an entire program(s)[,] and, as an alternative, sends [such] students to a district board of education having such accommodations and pays tuition, pursuant to N.J.S.A. 18A:38-8 et seq.

...

“Special Education Medicaid Initiative” or “SEMI” means the school-based Federal Medicaid Title XIX reimbursement program that provides health-related services to Medicaid-eligible students in participating school districts’ special education programs.

...

“State monitor” means an individual appointed by the Commissioner to oversee the operations of a school district in accordance with N.J.S.A. 18A:7A-55.

...

“T&E” means the thorough and efficient system of free public schools for the instruction of all children in the State between the ages of five and 18 years as required by the State Constitution and defined by the New Jersey Student Learning Standards and efficiency standards [established pursuant to N.J.S.A. 18A:7F-46].

[“Thoroughness standards” means the New Jersey Student Learning Standards as approved by the State Board pursuant to N.J.S.A. 18A:7F-46.a.]

“Travel expenditures” means [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 five types of travel events:

1. (No change.)

2. “Conventions and conferences” means general programs, sponsored by professional associations on a regular basis, [which] **that** 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] **conferences and conventions**;

3. (No change.)

4. “Regular school district business travel” means all regular official business travel, including attendance at meetings, conferences, and any other gatherings that are not covered by the definitions [included in] **at** paragraphs 1, 2, and 3 above. Regular school district business travel also includes attendance at regularly scheduled in-State county meetings and Department-sponsored or association-sponsored events provided free of charge and regularly scheduled in-State professional development activities with a registration fee that does not exceed \$150.00 per employee or district board of education member. Beginning in 2009-2010, the \$150.00 limit per employee or district board of education member may be adjusted by inflation; and

5. (No change.)

...

“User-friendly budget” means a prescribed format for summarizing and reporting a school district’s budget for purposes of informing the public in advance of elections, pursuant to N.J.S.A. 18A:22-8a.

“Weighted resident enrollment” means the differentials in costs based on the efficiency standards [established pursuant to N.J.S.A. 18A:7F-46.a of] **for** providing education at the

kindergarten, elementary (grades one through five), middle school (grades six through eight), and high school [levels] (grades nine through 12) **levels**, which are determined by dividing the elementary cost per pupil into each category. The weights are applied to resident enrollment in each category pursuant to N.J.S.A. 18A:7F-50.

Subchapter 2. Executive County Superintendent of Schools

6A:23A-2.1 General powers and duties of executive county superintendent

(a) Each executive county superintendent shall exercise and perform the general powers and duties vested in [him or her] **the position** pursuant to N.J.S.A. 18A:7-8.

(b) Nothing in this section shall be construed or interpreted to contravene or modify the provisions of the New Jersey Employer-Employee Relations Act, [P.L. 1941, c. 100, (N.J.S.A. 34:13A-1 et seq.)], [or] to limit or restrict the scope of negotiations as provided pursuant to law, or to require an employer to enter into a subcontracting agreement that affects the employment of any employee in a collective bargaining unit represented by a majority representative during the time that an existing collective bargaining agreement with the majority representative is in effect.

6A:23A-2.2 School district regionalization and consolidation of services advisory committee

(a) Each executive county superintendent shall create a School District Regionalization and Consolidation of Services Advisory Committee (advisory committee) for the purpose of providing advice and consultation to the executive county superintendent on the issue of regionalization of school districts or consolidation of school district services. The [Advisory Committee] **advisory committee** shall consist of representation from each school district in the county and shall meet on a monthly basis. At least quarterly, **the executive county superintendent will invite** county representatives from the New Jersey Leadership for Educational Excellence (LEE) Group [will be invited by the executive county superintendent] to

attend and participate in the advisory committee meetings. The LEE Group is composed of the New Jersey Education Association, the New Jersey Principals and Supervisors Association, the New Jersey School Boards Association, New Jersey Association of School Business Officials, the New Jersey Association of School Administrators, and the New Jersey [Congress of] Parent[s] Teachers **Association**. The executive county superintendent may designate the county superintendent roundtable as the advisory committee, if appropriate. If the roundtable is used, attendance by the above organizations shall include only the portion of the roundtable meeting dedicated to the issue of regionalization and consolidation of services.

(b) The executive county superintendent may create one or more advisory subcommittees that address issues by subject matter, by region, or by some other method. Subcommittee members may be local taxpayers or residents, district board of education members, **school district** employees, [school district] parents, local government officials, representatives of State or local education associations, or others, as deemed appropriate by the executive county superintendent. The membership shall reflect the diversity of the county to the extent possible.

(c) The executive county superintendent[, in his or her discretion,] shall determine the working structure of the advisory subcommittees as [he or she] **the executive county superintendent** deems most effective and efficient.

(d) (No change.)

(e) The executive county superintendent shall report on the progress of the advisory committee and advisory subcommittees' work at the regularly scheduled executive county superintendent roundtables, [where] **as** appropriate.

(f) The executive county superintendent may take, [where] **as** necessary, appropriate action to engage consultants to perform the work and studies required by this chapter, including assisting school districts in submission of applications for funds [under] **pursuant to the Sharing**

Available Resources Efficiently (SHARE) program, pursuant to N.J.S.A. 40A:65-30.

(g) (No change)

6A:23A-2.3 Consolidation and sharing of services; joint and cooperative purchasing

(a) The executive county superintendent, in consultation with the [Advisory Committee] **advisory committee**, shall study the consolidation of school districts' administrative services, to the extent practical. In particular, the executive county superintendent shall focus on identifying opportunities for consolidation of administrative services in the following types of school districts:

1. – 2. (No change.)

3. Two or more contiguous local [public] school districts of the same county with a combined enrollment of 2,500 students or less;

4. School districts that receive non-resident pupils pursuant to a formal [send-receive agreement] **sending-receiving relationship** and their sending **school** districts with a combined enrollment of 5,000 students or less;

5. – 6. (No change.)

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

1. (No change.)

2. Consortia such as ESCs, CSSSDs, jointure commissions, jointure agreements, and audio/visual [aides] **aid** commissions;

3. – 5. (No change.)

6. Other consolidated administrative services and non-instructional services arrangements, including, but not limited to, regional school districts or county offices of education pursuant to [the provisions of] N.J.S.A. 18A:7-12; or

7. (No change.)

(c) – (e) (No change.)

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

1. – 2. (No change.)

3. Where the establishment of a new administrative service provider(s) or shared service administrative arrangement(s) or expansion of administrative services delivered by a current provider within the county is in the best interests of the county’s school districts, the executive county superintendent shall recommend the establishment or expansion of provider(s) for administrative services such as:

i. – iii. (No change.)

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

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

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

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

(g) (No change.)

6A:23A-2.4 Elimination of **non-operating** school districts [that are not operating schools]

(a) The executive county superintendent shall submit to the Commissioner a plan to eliminate [public] **non-operating** school districts [that are not operating schools]. The plan shall address, but not be limited to, the following issues:

1. The executive county superintendent recommendation as to the most appropriate local [public] school district within the county for the [“**non-operating** school district [not operating a school”] with which to consolidate that results in the least disruption on educational delivery, school district operations, and local finances, including the allocation of tax levy and State aid.

The current receiving school district shall be considered the presumptive, most appropriate, local

[public] school district that results in the least disruption. Factors to rebut this presumption include the receiving school district's status [under] **pursuant to** the [No Child Left Behind Act] **Every Student Succeeds Act, P.L. 114-95**, whether the school district not operating a school is currently sending to multiple school districts, and the long-term goal of creating **all-purpose** regional [school] districts [(preschool or kindergarten to grade 12)];

2. – 3. (No change.)

4. Procedures, if needed, to transition current administrative duties of the [“]**non-operating** school district [not operating a school”] to the proposed new school district;

5. An estimate of additional costs, if any, [of] **for** the proposed new school district [assuming] **to assume** the current administrative duties of the [“]**non-operating** school district [not operating a school”];

6. – 8. (No change.)

9. District-specific issues and concerns, including, but not limited to, building ownership by the **non-operating** school district [that is currently not operating a school], potential loss of Federal Impact aid or other special revenue sources, and new transportation concerns. If the **non-operating** school district [that is currently not operating a school] owns a building(s), a description of the building(s) and plan for the building to be transferred to the municipality in which the **non-operating** school district [that is currently not operating a school] is located, unless a deed restriction on the building(s) indicates otherwise;

10. The process to liquidate all remaining assets and close the fiscal books of the **non-operating** school district [that is no longer operating a school], including arranging for the final audit. All remaining cash and fund balances after completion of the liquidation process shall be transferred to the municipal government of the **non-operating** school district [no longer operating a school]; and

11. (No change.)

6A:23A-[2.7]**2.5** Shared special education services

(a) The executive county superintendent shall promote and facilitate the sharing of special education services consistent with **the** Individuals with Disabilities Education Act[, P.L. 105-17,] (IDEA), **20 U.S.C. §§ 1400 et seq.**, requirements, as follows:

1. Coordinate with the Department to maintain a [real time] **real-time** Statewide and districtwide database that tracks the types and capacity of special education programs being implemented by each school district and the number of students enrolled in each program to identify program availability and needs;

2. (No change.)

3. Serve as a referral source by maintaining information on placement options available in other school districts and their tuition rates for school districts that do not have appropriate in-district programs for individual special education students[;].

i. – ii. (No change.)

iii. Prior to making a determination regarding the student’s placement, the school district shall convene a meeting of the IEP team to consider all placement options, including placements identified by the executive county superintendent, and shall identify the appropriate placement in the least restrictive environment [according to] **in accordance with** N.J.A.C.

6A:14.

iv. (No change.)

4. – 6. (No change.)

7. Maintain a list of appropriately licensed or certified professionals **to participate on or supplement school district child study teams** or **of** appropriate county entities, and their fees, able to [participate or] provide appropriately licensed and/or certified professionals to participate

on or supplement school district child study teams;

8. (No change.)

9. Prepare and circulate within the county an inventory by school district of surplus or idle equipment used by students with [special needs] **disabilities**; and

10. (No change.)

Subchapter 3. Administrator and District Board of Education Member Accountability

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

(a) (No change.)

(b) In counties where there is no executive county superintendent, an executive county superintendent from another county shall be designated by the Commissioner to review and approve all contracts [in] **at** (a) above.

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

1. The public notice and public hearing required pursuant to N.J.S.A. 18A:11-11 shall be applicable to a district board of education that renegotiates, extends, amends, or otherwise alters the terms of an existing contract with a superintendent, deputy superintendent, assistant superintendent, or SBA. It shall not apply to new contracts, including contracts that replace expired contracts for existing employees in one of the positions [in] **at** (a) above, whether tenured or not tenured. Nothing shall preclude a district board of education from issuing a public notice and/or holding a public hearing on new contracts, including new contracts that replace expired

contracts for existing tenured and non-tenured employees.

(d) (No change.)

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

1. (No change.)

[2. No contract for a superintendent, including a superintendent reappointed pursuant to N.J.S.A. 18A:17-20.1 and any contract for an interim superintendent, acting superintendent, or person otherwise serving as superintendent, with the exception of any contract for a superintendent at a CVSD, jointure commission, CSSSD, or an educational services commission, shall include an annual salary in excess of the maximum salary amount plus, if applicable, additional school district salary increment(s), a high school salary increment, and/or additional administrative position salary increment. All additional administrative position salary increments are subject to review and approval by the executive county superintendent upon consideration of written submissions from the district board of education, which shall include justification that serving in the additional position is cost efficient and operationally feasible for the school district, as well as job descriptions outlining both positions. This increment is limited to one additional administrative position.

3. No contract for a superintendent who is to be paid on a per diem basis shall include a per diem payment amount that exceeds 1/260th of the maximum salary amount plus, if applicable, an additional school district salary increment(s), a high school salary increment, and/or additional administrative position salary increment. This paragraph shall be construed consistent with any tenure rights acquired pursuant to N.J.S.A. 18A:6-10 et seq.]

Recodify existing 4.-8. as **2.-6.** (No change in text.)

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

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

Recodify existing 10.-14. as **8.-12.** (No change in text.)

[15.] **13.** All superintendent contracts shall include, **pursuant to N.J.S.A. 18A:17-15.1,** the required provision [pursuant to N.J.S.A. 18A:17-15.1, which] **that** states that **the contract is null and void** in the event the superintendent's certificate is revoked[, the contract is null and void].

[16.] **14.** No contract shall include a provision for additional compensation upon the acquisition of a graduate degree unless the graduate degree is conferred by [a regionally] **an** accredited college or university [as defined in N.J.A.C. 6A:9-2.1]. No contract shall include a provision for assistance, tuition reimbursement, or additional compensation for graduate school coursework unless the coursework culminates in the acquisition of a graduate degree conferred by [a regionally] **an** accredited institution college or university [as defined in N.J.A.C. 6A:9-2.1].

(f) (No change.)

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

(a) – (b) (No change.)

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

1. – 3. (No change.)

4. Revocation of [certification] **the administrative certificate with a school**

administrator endorsement; or

5. (No change.)

(d) - (e) (No change.)

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

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

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

(h) (No change.)

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

The State Board of Examiners shall review the [certification of] **certificate(s) held by** the school district's superintendent and SBA, pursuant to N.J.S.A. 18A:6-38.2, when the appointment of a State monitor **is authorized**, pursuant to N.J.S.A. 18A:7A-55[, is authorized].

6A:23A-3.4 Noncompliance with GAAP, review of certification of [a] **an** SBA

The Commissioner, pursuant to N.J.S.A. 18A:6-38.3, shall recommend to the State Board of Examiners that it review the [certification of] **certificate(s) held by** the school district's SBA when

any school district's accounting system and financial reports are not in compliance with GAAP.

Subchapter 4. School District Fiscal Accountability

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

(a) School districts that had repeat audit findings in the Auditor's Management Report, **issued pursuant to N.J.A.C. 6A:23A-4.1, that is** submitted with the [CAFR] **ACFR** in any year shall submit, within 30 days of the [CAFR] **ACFR** submission, to the executive county superintendent or State monitor, as applicable, a specific corrective action plan for addressing the repeat audit findings noted in the Auditor's Management Report. The corrective action plan shall include the following:

1. (No change.)
2. Corrective actions taken, or to be taken, and the dates, or projected dates, of the actions;
3. Internal controls put in place, or to be put in place, to prevent another repeat of the recommendation and the dates, or projected dates, of their implementation; and
4. The administrator directly responsible for implementing the actions and controls [in] **at**

(a)2 and 3 above.

Subchapter 5. Additional Measures to Ensure Effective and Efficient Expenditures of District Funds

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

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

(b) (No change.)

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

(d) – (e) (No change.)

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

(g) (No change.)

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

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

(a) Each district board of education of a school district and CVSD shall establish by policy(ies) a strategy(ies) to minimize the cost of public relations, as defined [in] **at N.J.A.C. 6A:23A-9.3(c)**, and professional services. The policy(ies) shall include, to the extent practical and cost effective, but need not be limited to, the following provisions:

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

2. – 6. (No change.)

(b) – (c) (No change.)

(d) School districts and CVSDs shall not distribute, [via] **through** mass mailings or other means to the school district community at large, publications that include the picture(s) of any district board of education member(s) within 90 days before any election in which any district board of education member is seeking any elective office or any election relating to school district operations held in the school district. Moreover, any publication(s) distributed by the district board of education [via] **through** mass mailings or other means, to the school district community at large within 60 days before any election in which any district board of education member is seeking any elective office or any election relating to school district operations held in the **school** district shall be submitted to the executive county superintendent for review prior to distribution to ensure public funds are being expended in a reasonable and cost-effective manner.

(e) – (f) (No change.)

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

(a) Every school district and CVSD, with the exception of any school district that obtains a waiver of [the] **this section's** requirements [of this section pursuant to] **at** (b) below, shall take appropriate steps to maximize its revenue from the Special Education Medicaid Initiative (SEMI) program by following the policies and procedures to maximize participation in the program [as set forth in] **at** (d) below and to comply with all program requirements [as set forth in] **at** (e) below.

(b) School districts and CVSDs may seek, in the prebudget year, a waiver of [the] **this section's** requirements [of this section] upon demonstration that for the subsequent school year: the school district projects, based on reliable evidence, that it will have 40 or fewer Medicaid-eligible classified students.

1. The application for a waiver of [the] **this section's** requirements [of this section] shall be made to the executive county superintendent no less than 45 days prior to the submission of

the school district’s proposed budget for the school year to which the waiver request applies. The executive county superintendent shall notify the school district of the decision on the waiver application within 20 days of receipt of the waiver request. If the waiver is not granted, the school district shall submit to the executive county superintendent a SEMI action plan [as] required [by] **at** (f) below as part of its annual school district budget submission, or shall demonstrate to the executive county superintendent that the school district has achieved maximum participation in the SEMI program in the prebudget year.

(c) (No change.)

(d) Each school district or CVSD shall strive to achieve maximum participation in the SEMI program. For purposes of this section, “maximum participation” means obtaining a 90 percent return rate of parental consent forms for all [SEMI eligible] **SEMI-eligible** students. School districts shall enter all students following their evaluations into the third-party system as determined by the New Jersey Department of the Treasury to identify the school district’s universe of eligible students. This may be done without parental consent.

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

1. (No change.)

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

i. Nurses – copy of license ([Department certification] **educational services certificate issued by the State Board of Examiners** is not required for SEMI);

ii. Occupational Therapist – copy of license and [Department certification] **educational services certificate issued by the State Board of Examiners**;

iii. Physical Therapist – copy of license and [Department certification]

educational services certificate issued by the State Board of Examiners;

iv. Psychologist – copy of [Department certification] **educational services**

certificate issued by the State Board of Examiners;

v. Social [Worker] **worker** – copy of [Department certification] **educational**

services certificate issued by the State Board of Examiners;

vi. Speech-language specialist:

(1) Qualification and documentation for provision of evaluation services

shall include:

(A) (No change.)

(B) Copy of New Jersey license as a speech-language pathologist and [Department certification as] **educational services certificate with** a speech-language specialist **endorsement** (N.J.A.C. 6A:9B-14.6) for the individual whose signature appears on the IEP; or

(C) (No change.)

(2) Qualification for provision of related services shall include:

(A) Copy of [Department certification] **educational services certificate** or endorsement issued **by the State Board of Examiners** and an American Speech-Language-Hearing Association (ASHA) Certificate of Clinical Competence; or

(B) Copy of [Department certification or] **educational services certificate with a speech-language specialist** endorsement and a valid license authorized by the State Audiology and Speech-Language Pathology Advisory Committee in accordance with N.J.S.A. 45:3B-1 et seq.

vii. (No change.)

3. Practitioners who are not Medicaid qualified can deliver services under the direction of

Medicaid qualified practitioners. [These] **Practitioners who are not Medicaid qualified** include only certified occupational therapist assistants (COTAs), physical therapist assistants (PTAs), speech-language specialists who do not meet the qualifications at (e)2vi(2)(A) or (B) above, and licensed practical nurses (LPNs).

4. (No change.)

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

i. – v. (No change.)

vi. [Special] **County special** services school districts.

6. – 7. (No change.)

8. All supporting documentation for a Medicaid claim shall be maintained on file and available for audit or State review for at least seven years from the date of service. Supporting documentation shall include provider certification (current and historical for each provider)[,]; provider service logs, licenses, [and certifications,] **and/or certificates issued by the Division of Consumer Affairs or the Department, as applicable;** physician authorizations for nursing services[,]; parental consent forms[,]; attendance records[,]; and copies of the student's IEP.

(f) Each school district that has less than 90 percent participation of SEMI eligible students in the prebudget year or that has failed to comply with all program requirements [set forth in] **at** (e) above shall submit a SEMI action plan to the executive county superintendent for review and

approval as part of the school district's proposed budget submission.

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

1. (No change.)

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

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

ii. (No change.)

3. (No change.)

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

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

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

(h) School districts that did not achieve 90 percent participation, or achieve their approved benchmarks in the SEMI program for a given budget year and cannot demonstrate they fully

implemented their Department-approved SEMI action plan required [under] **at** (f) and (g) above, shall be subject to review for the withholding of State aid by the Commissioner, pursuant to N.J.S.A. 18A:55-3, in an amount equal to the SEMI revenue projection based on their approved benchmark for the budget year, if applicable, less actual SEMI reimbursements for the budget year. The State aid deduction shall be made in the second subsequent year after the budget year.

(i) School districts that do not meet the requirement of the cost-settlement components of SEMI may be required to refund all or part of their SEMI reimbursements.

6A:23A-5.4 Violation of public school contracts law

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

(b) (No change.)

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

(a) Pursuant to a phase-in schedule to be determined by the Commissioner, a school district or CVSD board of education that receives 50 percent or more of its general fund budget in State aid during the 2008-2009 school year shall engage an independent certified public accountant or independent certified public accounting firm, other than the accountant or firm that performs the annual audit pursuant to N.J.S.A. 18A:23-1 et seq., to conduct a valid sampling of expenditures made during the most recently completed school year that the school district received 50 percent or more of its general fund budget in State aid. The purpose of the audit is to determine the educational value and/or reasonableness of expenditures and to conduct a sampling of internal controls sufficient to determine the adequacy of the school district's internal control structure. In

establishing the phase-in schedule for the audits, the Commissioner shall take into account the time period that has elapsed since any other expenditure and/or comprehensive internal control audit beyond the [CAFR] **ACFR** has been conducted in the school district, the school district's performance on the fiscal management section of the most recent NJQSAC evaluation, and any other factors the Commissioner determines are relevant.

(b) (No change.)

(c) For a school district receiving between 50 and 75 percent of its general fund budget in State aid in the seventh year following the audit required [by] **at** (a) above, an audit shall be conducted once every seven years[:].

(d) For a school district receiving greater than 75 percent of its general fund budget in State aid in the fourth year following the audit required [by] **at** (a) above, an audit shall be conducted once every four years.

(e) (No change.)

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

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

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

(c) (No change.)

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

(a) At least once every three years, between the months of September through May, school districts[,] and CVSDs shall require each school district employee to report to a central location(s), produce picture identification, and sign for release of [his or her] **the employee's** paycheck or direct deposit voucher. The school district may exclude per diem substitutes from the required verification.

(b) (No change.)

(c) The chief school administrator shall designate an appropriately qualified staff member to match the picture identification to the position control roster maintained by the office of personnel or human resources prior to release of the [pay check] **paycheck** or direct deposit voucher.

(d) – (e) (No change.)

6A:23A-5.8 District board of education expenditures for non-employee activities, meals, and refreshments

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

1. “Activities” means events or functions provided or held for the benefit of students, dignitaries, and other [“]non-school district[”] employees (for example, parents) that are paid from public funds.

2. (No change.)

(b) – (e) (No change.)

Subchapter 6. Conditions for the Receipt of State Aid

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

(a) (No change.)

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

1. – 3. (No change.)

4. Take appropriate steps to maximize the school district's participation in the [Special Education Medicaid Initiative (JSEMI)] program, pursuant to N.J.A.C. 6A:23A-5.3; and

5. (No change.)

6A:23A-6.2 Nepotism policy

(a) As a condition of receiving State aid, the district board of education or CVSD board of education shall implement a nepotism policy, which shall include the following:

1. (No change.)

2. A provision prohibiting any relative of a district board of education member or chief school administrator from being employed in an office or position in the school district except:

i. A person employed by the school district on the effective date of the policy or the date a relative becomes a district board of education member or chief school administrator shall not be prohibited from continuing to be employed or to be promoted in the school district.

However, the provision shall not pertain to extending an employment contract to allow for an increase in annual pay directly related to an extension of the work year; and

ii. (No change.)

3. A provision prohibiting the chief school administrator from recommending to the district board of education, pursuant to N.J.S.A. 18A:27-4.1, [his or her relative or] the relative of **the chief administrator or** a district board of education member, unless the [person] **relative** is subject to an exception [in] **at** (a)2 above;

4. A provision prohibiting a school district administrator from exercising direct or indirect authority, supervision, or control over [his or her] **the administrator's** relative. If it is not feasible to eliminate such a direct or indirect supervisory relationship, appropriate screens and/or alternative

supervision and reporting mechanisms shall be put in place;

5. – 6. (No change.)

(b) (No change.)

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

(a) As a condition of receiving State aid, each school district and CVSD shall have policies that comply with [the] **this section’s** provisions [of this section] to ensure the 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. The terms “business entity” and “interest” as used below are defined [as set forth in P.L. 2004, c. 19] **at N.J.S.A. 19:44A-20.7.**

1. No district board of education shall vote upon or award any contract in the amount of \$17,500 or greater to any business entity that has made a contribution reportable by the recipient [under P.L. 1973, c. 83 (~~]pursuant to 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 (~~]pursuant to N.J.S.A. 19:44A-1 et seq.[~~)], to any member of the district board of education from any business entity doing business with the school district shall be prohibited during the term of a contract.

3. When a business entity referred to [in] **at** (a)2 above is a natural person, a contribution by that person’s [spouse or child who resides therewith] **immediate family member** 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 (~~]at 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. (No change.)

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

6A:23A-6.4 Internal controls

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

(b) (No change.)

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

(a) (No change.)

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

1. – 2. (No change.)

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

6A:23A-6.8 Personnel tracking and accounting

(a) Each school district and CVSD shall maintain an accurate, complete, and up-to-date automated position control roster to track the actual number and category of employees and the detailed information for each. The position control roster shall:

1. – 2. (No change.)

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

i. – ii. (No change.)

iii. A permanent position tracking number for the employee, including:

(1) (No change.)

(2) The building(s) **to which** the position is assigned;

(3) The [certification title] **certificate(s)** and endorsement(s) held, as applicable;

(4) The assignment position title as follows:

(A) – (Q) (No change.)

(R) Therapist – **occupational** (OT);

(S) Therapist – **physical** (PT);

(T) – (FF) (No change.)

iv. – xiii. (No change.)

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

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

1. The superintendent or designee shall establish SOPs for the approval and prioritization

of work order requests that take into account the health and safety of building occupants; priorities and objectives established annually to [carryout] **carry out** the school district strategic plan; the need for the work requested; and other factors the school district deems appropriate.

2. – 3. (No change.)

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

5. – 6. (No change.)

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

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

(b) – (c) (No change.)

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

(a) Each district and CVSD board of education shall adopt a policy for the management, control,

and regulatory supervision of school district vehicles, including, but not limited to, the following:

1. A vehicle inventory control record, including:

i. (No change.)

ii. The vehicle identification number[s] (VIN);

iii. – ix. (No change.)

2. (No change.)

3. A record of maintenance, repair, and body work for each school district vehicle, including:

i. (No change.)

ii. The vehicle identification number[s] (VIN);

iii. – xiii. (No change.)

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

(a) – (g) (No change.)

(h) No luxury vehicle, [one] which **is defined for purposes of this section as one that** exceeds the greater of [\$30,000] **\$60,000** or any current dollar limit established in Internal Revenue Service (IRS) law or regulation, shall be purchased, lease-purchased, or leased by the school district. If a vehicle is assigned to the superintendent, it may be a full-size or intermediate, four-door sedan of the non-luxury class. All other vehicles shall be compact sedans unless special passenger, cargo, equipment, or use requirements make the standard vehicle unsuitable for documented school district needs.

(i) – (q) (No change.)

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

1. – 7. (No change.)

8. Use of a school district vehicle to transport any person or child, other than in the course of [their] **the driver's** assigned duties and responsibilities; or

9. (No change.)

(s) (No change.)

Subchapter 7. School District Travel Policies and Procedures

6A:23A-7.1 School district travel expenditures

(a) Each school district **and charter school** shall ensure the effective and efficient use of funds by adopting and implementing policies and procedures that are in accordance with N.J.S.A. 18A:11-12 and New Jersey Department of the Treasury, Office of Management and Budget (OMB) Circulars [16-11-OMB] **20-04-OMB** and 11-09-OMB and any superseding circulars pertaining to travel, meals, events, and entertainment, and the additional requirements set forth in this subchapter. If any superseding circulars of the [Office of Management and Budget] **OMB** conflict with the provisions of these rules, the provisions of the superseding circulars shall govern.

(b) (No change.)

(c) Any sections of State travel regulations as established by the OMB, presented as OMB Travel, Entertainment, Meals, and Refreshments Circulars, that conflict with New Jersey school law (N.J.S.A. 18A:1-1 et seq.) shall not be included in the district board of education policy nor authorized [under] **pursuant to** this section. This includes, but is not limited to, the authority to issue travel [charge] **cards and credit** cards as allowed [under] **pursuant to** the OMB Circulars, but which is not authorized for school districts [under] **pursuant to** New Jersey school law.

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

in the event **and shall apply to costs incurred only for employees, prospective employees, and members of the district board of education.**

(e) School district travel expenditures subject to this subchapter shall include costs for all required training and all travel authorized in school district employee contracts and district board of education policies. This includes, but is not limited to, required professional development, other employee training and required training for district board of education members, and attendance at specific conferences authorized in existing employee contracts, provided the travel meets the requirements of this subchapter. All such expenditures are subject to the rules in this subchapter, including, but not limited to, inclusion in the annual travel limit, prior district board of education approval, separate tracking as [described] **set forth** at N.J.S.A. 18A:11-12.q, and per diem reimbursements.

6A:23A-7.2 District board of education policy for travel expenditures

(a) (No change.)

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

(c) Through its policy and procedures, a district board of education shall ensure that all travel by its employees and district board of education members is educationally necessary and fiscally prudent. A district board of education's travel policy and procedures shall include the requirement that all school district travel expenditures are:

1. – 2. (No change.)

3. In compliance with State travel payment guidelines as established by the New Jersey Department of the Treasury, Office of Management and Budget, and with guidelines established by the Federal Office of Management and Budget; except any State or Federal regulations and

guidelines that conflict with the provisions of Title 18A of the New Jersey Statutes shall not be applicable, including, but not limited to, the authority to issue travel [charge] **credit** cards. The district board of education shall specify in its travel policy the applicable restrictions and requirements set forth in the State and Federal guidelines, including, but not limited to, types of travel, methods of transportation, mileage allowance, subsistence allowance, and submission of supporting documentation including receipts, checks, or vouchers.

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

(e) A district board of education shall require [a] district board of education members to recuse [himself or herself] **themselves, on an individual basis**, from voting on travel if [the district board of education member] **they**, a member of [his or her] **their** immediate family, or a business organization in which [he or she has] **they have** an interest has a direct or indirect financial involvement that may reasonably be expected to impair [his or her] **the district board of education member's** objectivity or independence of judgment.

(f) A district board of education's travel policies shall prohibit [a] district board of education members, **on an individual basis**, from acting in [his or her] **their** official capacity in any matter in which [he or she] **they** or a member of [his or her] **their** immediate family [has] **have** a personal involvement that is, or creates, [some] **a** benefit to [the] **individual** district board of education members or [member of his or her] **their** immediate family; or undertaking any employment or service, whether compensated or not, that may reasonably be expected to prejudice [his or her] **the individual board member's** independence of judgment in the

execution of [his or her] **the member's** official duties.

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

(h) The district board of education shall specify in its travel policy, the purchase or payment of related transportation expenses, including, but not limited to, airline or rail tickets and vehicle lease/rentals, shall be in compliance with the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq., and shall be made by purchase order or personally by a school district employee or district board of education member and reimbursed at the travel event's conclusion. The school district employee or district board of education member shall submit an actual invoice or receipt for each purchase or expense with a claim for reimbursement.

6A:23A-7.3 Maximum travel budget of a school district, school district employee, or district board of education member

(a) (No change.)

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

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

2. [Regular] **The district board of education travel policy shall address regular** school district business travel [in] **as that term is defined at** N.J.A.C. 6A:23A-1.2 [shall include attendance at regularly scheduled in-State county meetings and Department-sponsored or association-sponsored events provided free of charge. It also shall include regularly scheduled in-State professional development activities for which the registration fee does not exceed \$150.00 per employee or district board of education member] **under “travel expenditures.”**

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

i. The superintendent shall designate an alternate approval authority to approve travel requests in [his or her] **the superintendent’s** absence when necessary to obtain timely district board of education approval.

ii. The superintendent shall establish, in writing, [under] **pursuant to** the internal levels of approval required prior to [his or her] **the superintendent’s** approval of the travel event, as applicable.

6A:23A-7.4 Travel approval procedures

(a) All travel requests for **school district** employees [of the school district] shall be approved, in writing, by the superintendent **or the superintendent’s designee** and [approved] by a majority of the district board of education’s full voting membership **prior to obligating the school district to pay related expenses and prior to attendance at the travel event**, except if the district board of education has excluded regular **school district** business travel from prior

approval pursuant to N.J.A.C. 6A:23A-7.3(b)[, prior to obligating the school district to pay related expenses and prior to attendance at the travel event].

1. The superintendent shall designate a **designee as** an alternate approval authority to approve travel requests in [his or her] **the superintendent's** absence when necessary to obtain timely district board of education approval.

2. The superintendent **or the superintendent's designee** shall establish, in writing, the internal levels of approval required prior to [his or her approval of] **approving** the travel event, as applicable.

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

(c) (No change.)

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

1. (No change.)

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

(e) – (f) (No change.)

6A:23A-7.5 Required documentation for travel

(a) (No change.)

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

1. – 3. (No change.)

4. A justification and brief statement that includes the primary purpose for the travel, the key issues that will be addressed at the event, and their relevance to improving instruction or the operation of the school district. For training events, the statement must include whether the training is for a [certification] **certificate** required for continued employment, continuing education requirements, requirements of Federal or State law, or other purpose related to the programs and services currently being delivered or soon to be implemented in the school district; or related to school district operations;

5. – 6. (No change.)

(c) (No change.)

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

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

(b) The SBA, **or designee**, shall maintain separate accounting for school district travel

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

(c) The SBA, or designee, shall review and approve the cost and supporting documentation required by this subchapter and submitted by the person(s) having incurred travel expense.

1. The SBA, **or designee**, shall not approve or issue payment of travel expenditures or reimbursement requests until all required documentation and information to support the payment has been submitted, and shall not approve any travel expenditure that[, when added to already approved travel expenditures,] **is supported by local, State, or Federal funds**, would exceed the district board of education approved maximum travel expenditure amount for the budget year **when added to already approved travel expenditures**.

2. If the district board of education travel policy establishes an annual maximum amount per employee for regular school district business travel pursuant to N.J.A.C. 6A:23A-7.3(b), and that amount has been fully expended, the SBA, or designee, shall not approve or issue payment of any expenditure for regular business travel for that employee without pre-approval of the travel event by the district board of education.

(d) The SBA shall be responsible for the adequacy of documentation of transactions processed by [his or her] **the SBA's** staff and the retention of the documentation to permit audits of the records.

(e) An district board of education employee, a district board of education member, or an organization shall not receive partial or full payment for travel and travel-related expenses in advance of the travel, pursuant to N.J.S.A. 18A:19-1 et seq. The payment of travel and travel-

related expenses, including travel-related purchases for which a purchase order is not applicable, shall be made personally by a school district employee or district board of education member and reimbursed at the conclusion of the travel event. This section shall not preclude the school district from paying the vendor directly with the proper use of a purchase order (for example, for registration, airline tickets, hotel).]

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

(a) Any district board of education that violates its established maximum travel expenditure, as set forth [in] **at** N.J.A.C. 6A:23A-7.3, or that otherwise is not in compliance with [the] **this** subchapter's travel limitations, 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 N.J.S.A. 18A:11-12 and 18A:7F-60.

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

1. The travel policy shall designate the chief school administrator, [school business administrator] **SBA**, or both as the person(s) who is the final approval authority for travel and, therefore, subject to this penalty.

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

(d) (No change.)

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

this section and **at** N.J.S.A. 18A:11-12.

6A:23A-7.8 Prohibited travel reimbursements

(a) A district board of education's travel policy shall state the following types of expenditures are not eligible for reimbursement:

1. – 13. (No change.)

14. Reverse telephone charges or [third party] **third-party** calls;

15. – 16. (No change.)

17. Air fare without documentation of quotes from at least three airlines and/or [on-line] **online** services; and

18. (No change.)

6A:23A-7.9 Travel methods

(a) (No change.)

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

[(c)] **(b)** [Pursuant to OMB Travel Circulars, the] **The** following travel methods requirements shall apply:

1. Air and rail tickets shall be purchased [via] **on** the Internet, if possible, using airline or online travel services [such as Travelocity, Expedia, or Hotwire] **and compliance with the Public School Contracts Law, N.J.S.A. 18A:18A-1 et seq., shall be documented.**

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

i. – ii. (No change.)

iii. [No employee or district board of education member can earn benefits as a result of school district funded travel.] Employees and district board of education members shall be prohibited from receiving “frequent flyer” or other benefits accruing from school district funded travel.

iv. (No change.)

v. All airfare other than economy and not covered by the [above] exceptions **at (b)2iv above** purchased by an employee or district board of education member shall be reimbursed only at the economy rate for the approved destination.

vi. - viii. (No change.)

ix. Justification shall accompany requests for airline ticket reimbursement when purchased by employees or district board of education members contrary to [(e)2i] **(b)2i** through viii above. [Sufficient justification shall be considered only for factors outside the purchaser’s control. Noncompliant purchases without sufficient justification shall not be reimbursed.]

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

i. – ii. (No change.)

iii. All rail travel shall be processed in the same manner **and shall be subject to the same rules** as prescribed for air travel [in (c)2] **at (b)2** above.

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

i. Mileage allowance in lieu of actual expenses of transportation shall be allowed at the rate authorized by the annual State Appropriations Act, or a lesser rate at the district board

of education's discretion for [an] employees or district board of education members traveling by [his or her] **their** personally owned vehicles on official business.

(1) If any condition in an existing negotiated contract [is in conflict with the OMB Travel Circulars,] such as the mileage reimbursement rates **is in conflict with this subchapter**, the provisions of the existing contract shall prevail.

ii. – v. (No change.)

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

5. – 7. (No change.)

6A:23A-7.10 Routing of travel

[(a) Pursuant to State travel guidelines as established by the New Jersey Department of the Treasury, Office of Management and Budget, and presented in the OMB Travel Circulars:]
Recodify existing 1.-3. as **(a) - (c)** (No change in text.)

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

(a) [Pursuant to the State travel guidelines as established by the New Jersey Department of the Treasury, Office of Management and Budget, and presented in the OMB Travel Circulars, one-day] **One-day** trips that do not involve overnight lodging shall not be eligible for subsistence reimbursement, except for meals expressly authorized [by and in accordance with the provisions of] **at** N.J.A.C. 6A:23A-7.12.

(b) [Pursuant to the OMB Travel Circulars, generally,] **Generally**, overnight travel shall not be eligible for subsistence reimbursement if travel is within the State. Overnight travel is permitted if it is authorized pursuant to (c) below, or is a [required] component **required** by the entity

issuing a grant, donation, or other funding agreement with the school district. The specific required overnight in-State travel event shall be detailed in the final grant, donation, or other fund acceptance agreement along with the number of authorized travelers and total cost. All reimbursements shall be subject to this subchapter unless the funding acceptance agreement specifies otherwise.

(c) [Pursuant to the State travel regulations as established by the New Jersey Department of the Treasury, Office of Management and Budget, and presented in the OMB Travel Circulars, the] **The** Commissioner shall be authorized to grant waivers for overnight travel for district board of education members and school district employees to attend in-State conferences. Such waivers will be granted in only extremely limited circumstances when the sponsoring organization can demonstrate the conference is broad and multi-disciplinary in scope, incorporates content offerings from numerous specialty areas, and includes important professional development opportunities and/or required training. In addition, the sponsoring organization shall demonstrate the conference's content, structure, scheduling, and anticipated attendance necessitate that it be held on multiple consecutive days with overnight lodging. When such waivers are granted, individual school districts or individuals shall not be required to submit waiver requests for attendance at these conferences.

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

i. – ix. (No change.)

x. For training events, whether the training is needed for a [certification] **certificate** required for continued employment, continuing education requirements, or requirements of Federal or State law; and

xi. (No change.)

(d) – (e) (No change.)

(f) The United States General Services Administration publishes a schedule of Federal per diem rates in the Federal Register for approved overnight travel by the event location. The latest Federal per diem rates schedule for lodging, meals, and incidental expenses by location can be found at www.gsa.gov/travel/plan-book/per-diem-rates. The following restrictions apply to allowable per diem reimbursements:

1. Allowable per diem reimbursement for lodging, meals, and incidentals shall be actual reasonable costs, not to exceed the Federal per diem rates for the event location. Registration and conference fees are not subject to the Federal per diem rate caps. If the event location is not listed, the maximum per diem allowance shall be equal to the standard **continental United States (CONUS)** per diem rates published by the General Services Administration for meals, incidental expenses, and lodging.

2. (No change.)

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

4. – 7. (No change.)

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

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

(a) – (b) (No change.)

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

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

2. – 3. (No change.)

(d) (No change.)

(e) Reimbursement may be approved for the cost of an official luncheon or dinner, up to \$10.00 and \$15.00, respectively, that an employee or district board of education member is authorized to attend, if the meal is scheduled as an integral part of an official proceeding or program related to school district business and the employee's or **district** board of education member's responsibilities.

1. "School district business" **at (e)** above refers to the management operations of the school district and does not refer to activities that benefit students and are part of the instructional program. Pursuant to N.J.A.C. 6A:23A-5.8(b)4, all reasonable expenditures related to school district employees that are essential to the conduct of a student activity are permitted.

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

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

2. – 5. (No change.)

(g) [Reimbursement may be approved for allowable telephone and] **Allowable** incidental travel expenses [that are], **in addition to the Federal per diem definition of incidental expenses at N.J.A.C. 6A:23A-7.11(f), may be reimbursed and shall be limited to the following** essential [to transacting] **transactions for** official business.

1. – 3. (No change.)

Subchapter 8. Annual Budget Development and Submission

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

(a) Annually, on or before the due date established [in] **at** N.J.S.A. 18A:7F-5.c, each district board of education shall adopt and submit to the executive county superintendent for approval, together with Commissioner-prescribed supporting documentation, a budget that provides for a thorough and efficient (T&E) education. The Commissioner may adjust the date for the submission of budgets to conform with the State aid notification date pursuant to N.J.S.A. 18A:7F-5.c or if the Commissioner determines the availability of preliminary aid numbers for the subsequent school year warrants adjustment.

(b) (No change.)

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

1. The budget shall be maintained on the school district’s website, if one exists, with a visible link off the main page, for the entire budget year and revised, as applicable, when changed as follows:

i. (No change.)

ii. Upon voter approval of a separate proposal(s); **and**

[iii. Upon municipal action on a voter rejected base budget question; and]

[iv.] **iii.** For any subsequent determination on an application for restoration to the

Commissioner **pursuant to N.J.S.A. 18A:22-14.**

2. [The] **Pursuant to N.J.S.A. 18A:22-8.e, the** Commissioner shall develop and provide through the Department’s Internet site “user-friendly,” plain language budget summary forms for the use of school districts. Each school district shall submit the required budget summary form to the Department following the approval of the base budget question by [voters or] the board of school estimate, as applicable, [or following municipal action when the base budget question is rejected by voters;] or, pursuant to N.J.S.A. 18A:22-32, following approval by the district board of education for school districts with **April or** November elections. When [the base budget question and] any separate question(s) are approved by voters or the board of school estimate, as applicable, all approved amounts shall be consolidated and reflected in the “user-friendly,” plain language budget summary form.

3. – 4. (No change.)

(d) Pursuant to N.J.S.A. 18A:7F-5.3, the Commissioner shall require each school district, CVSD, and CSSSD to submit, as part of the annual budget submission, supporting documentation regarding employment contracts of the superintendent, any assistant superintendent(s), **and** the SBA[, and] **regardless of the employee’s salary level. The Commissioner also shall require each school district, CVSD, and CSSSD to submit, as part of its annual budget submission, supporting documentation regarding the employment contract of** any employee with an annual salary that exceeds \$75,000 who is not a member of a collective bargaining unit. The supporting documentation **submitted pursuant to this subsection** shall include the following employment contract information:

1. – 2. (No change.)

3. A detailed statement of any benefit(s) provided for in the employment contract with the school employees that are to be conferred after or upon the separation from the school district. This includes buyback of vacation days, sick days (if retiring), and any other post-employment benefits. **If no post-employment benefits are provided in the contract, such fact shall be disclosed in the detailed statement.**

4. (No change.)

(e) The employment contract information [in] **at** (d) above shall be provided for public inspection, along with the budget as prescribed [in] **at** (c) above, in an easily accessible location and in a “user-friendly,” plain-language format as prescribed by the Commissioner on the school district’s website, if one exists, no less than 48 hours after the public hearing on the budget.

1. (No change.)

2. The Department shall also post the items [in] **at** (e) above on its website for public inspection after submission by all school districts of the final approved school district budget.

(f) A district board of education shall submit, at the Commissioner’s request, supplemental information such as documents, contracts, reports, and financial records and statements required by law or regulation, or other information necessary to conduct a review of the school district’s annual spending plan. Additional information may include, but need not be limited to:

1. – 13. (No change.)

6A:23A-8.2 Public notice and inspection

(a) Each district board of education, upon submission of its budget application to the executive county superintendent or by the statutory submission date, whichever is earlier, shall make available upon request for public inspection all budget and supporting documentation contained in the budget application and all other documents listed [in] **at** N.J.A.C. 6A:23A-8.1 [once the

budget application has been submitted to the executive county superintendent for approval].

Nothing in this section shall restrict access by the citizens of this State to documents that otherwise qualify as public records pursuant to N.J.S.A. 47:1A-1 et seq., or [under] **pursuant to** the common law.

(b) (No change.)

(c) Additionally, the district board of education shall prepare a narrative statement, based on the [thoroughness and] efficiency standards, [established pursuant to N.J.S.A. 18A:7F-46] that describes in specific detail [the reasons why and to] the extent that the school district's proposed budget contains spending that exceeds the adequacy budget **and the reason(s) why**. That statement shall be included with the budget application and other materials for public inspection.

6A:23A-8.3 Administrative cost limits

(a) Each district board of education shall budget and report administrative costs using the minimum chart of accounts 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:23A-16, which includes, but is not limited to, recording the full salary of the SBA, chief school administrator, and principal/vice principal(s) as administrative costs, except as follows:

1. (No change.)

2. The salary of a chief school administrator, SBA, or principal/vice principal shall not be prorated between other functions, except as otherwise provided [in] **at** (a)1 above, or to instruction when providing direct classroom instruction as part of the school district's regular curriculum.

(b) (No change.)

(c) Each district board of education, pursuant to N.J.S.A. 18A:7F-5, may request approval of the executive county superintendent, as the Commissioner's designee, to exceed the school district's adjusted, as of February 1, prebudget year per pupil administrative costs up to 2.5 percent or the

CPI, whichever is greater, as follows:

1. (No change.)

2. The request shall not exceed the per pupil administrative cost limits for the school district's region [in] **at** (b)2 above; and

3. The district board of education shall include, with the request, documentation that supports the request for factors including, but not limited to:

i. – iv. (No change.)

(d) (No change.)

(e) Each district board of education subject to (b) above shall submit to the executive county superintendent a proposed budget in which the advertised per pupil administrative cost is within the per pupil administrative cost limits [in] **at** (b) above. A district board of education may include as a separate proposal for voter or board of school estimate approval any excess administrative spending above the cost limits only if the proposal is consistent with N.J.A.C. 6A:23A-12.1.

(f) Each district board of education subject to (b) above that submits to the executive county superintendent a proposed budget in which the advertised per pupil administrative cost exceeds the per pupil administrative cost limits [in] **at** (b) above, and has not received executive county superintendent approval to exceed this requirement as set forth [in] **at** (c) above, or has not presented documentation to the executive county superintendent as set forth [in] **at** (d) above, shall not receive budget approval.

1. – 2. (No change.)

(g) (No change.)

6A:23A-8.5 Designation of general fund balances

(a) Each district board of education shall designate, at a minimum, in the original budget certified for taxes an estimate of undesignated-unassigned general fund balance at June 30 of the

prebudget year in excess of the limitations [contained in] **at** N.J.S.A. 18A:7F-7, less any excess amount(s) approved by the Commissioner for deposit into a capital reserve account, pursuant to N.J.A.C. 6A:23A-14.1, less any Federal impact aid anticipated to be received in the prebudget year, less any restricted school bus advertising revenue, pursuant to N.J.S.A. 18A:39-31, and any general fund balance(s) restricted by law or regulation or designation.

(b) If a school district's audited undesignated general fund balance at June 30 of any school year exceeds the amounts permitted [in] **at** (a) above, the district board of education shall reserve and designate the excess amount in the subsequent year's budget.

(c) (No change.)

Subchapter 9. Executive County Superintendent Budget Review Procedures

6A:23A-9.1 Executive county superintendent budget review

(a) (No change.)

(b) [The] **Pursuant to N.J.S.A. 18A:7-8.1, the** executive county superintendent[, as designated by the Commissioner,] shall review and approve each district board of education's proposed budget prior to its advertisement, except when the Commissioner has granted **the district board** authority to advertise prior to budget approval. The executive county superintendent shall approve budgets only when:

1. – 3. (No change.)

(c) In reaching a determination, the executive county superintendent's review shall include, but not be limited to, the following information and records:

1. The [thoroughness and] efficiency standards [established pursuant to N.J.S.A. 18A:7F-46 and defined in N.J.A.C. 6A:23A-1.2];

2. Any progress report or other annual report required by the Commissioner regarding compliance with the quality performance indicators pursuant to N.J.S.A. 18A:7A-3 et seq.[,] and N.J.A.C. 6A:30;

3. – 9. (No change.)

(d) – (f) (No change.)

6A:23A-9.2 Executive county superintendent budget review and approval; administrative and non-instructional expenses

(a) Prior to advertisement by the district board of education, the executive county superintendent shall:

1. Review all budgets of the school districts within the county, pursuant to N.J.S.A. 18A:7F-5, and may disapprove, pursuant to N.J.S.A. 18A:7-8.1 and 8.x, a portion of a school district's proposed budget if the school district has not implemented all potential efficiencies in its administrative operations or if the budget includes excessive non-instructional expenses. In making this determination, the executive county superintendent will consider, but need not be limited to, a school district's failure to meet efficiency standards or failure to implement efficient business practices established, pursuant to N.J.A.C. 6A:23A-9.3. The school district shall deduct the disapproved amounts from the budget prior to publication, and shall not transfer funds back into any general ledger appropriation account that has been reduced pursuant to the review.

i. Budget reallocations may be calculated using the presumptive efficient spending levels [as] defined [in] **at** N.J.A.C. 6A:23A-1.2; and

2. (No change.)

6A:23A-9.3 Efficiency standards for review of administrative and non-instructional expenditures and efficient business practices

(a) (No change.)

(b) In determining whether a school district has implemented all potential administrative efficiencies and/or eliminated all excessive non-instructional costs, the executive county superintendent shall consider the efficiency standards and Taxpayers' Guide to Education Spending indicators [in] **at** (c) below as guidelines and applied based on school district-specific circumstances, including, but not limited to, the school district's spending relative to its adequacy budget and the school district's results on NJQSAC and other measures of efficiency and effectiveness. The executive county superintendent shall also consider the impact on the stability of school district operations given the need for long-term planning and budgeting to meet the standards and indicators, school district-specific cost factors beyond the school district's control, and any phase-in period needed to implement any efficiency(ies) the executive county superintendent deems feasible based on the standards and indicators [in] **at** (c) below.

(c) Efficient administrative and non-instructional costs shall include, but not be limited to, the following:

1. Resources and costs that are equal to or less than the ["efficiency standards"] established pursuant to N.J.S.A. 18A:7F-46 and defined in N.J.A.C. 6A:23A-1.2);

2. – 13. (No change.)

14. Public relations services are incorporated into the duties of the superintendent, SBA, and/or other staff position(s) and are not provided by a dedicated public relations staff position or contracted service provider. Public relations functions as defined [in] **at** (c)14i and ii below should not comprise more than 50 percent of the duties of any one staff position.

i. – ii. (No change.)

(d) (No change.)

6A:23A-9.4 Commissioner's authority to direct expenditures to achieve T&E

(a) If a district board of education submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget, the Commissioner may direct, when deemed necessary, to ensure

implementation of the [thoroughness] **NJSLS** and **the** efficiency standards, additional expenditures, in specific accounts and for specific purposes, up to the school district's adequacy budget.

(b) If a district board of education submits a budget with a general fund tax levy and equalization aid set at less than its adequacy budget and the school district fails to meet the [New Jersey Student Learning Standards] **NJSLS** in that school year, the Commissioner shall direct the district board of education to increase expenditures to meet at least the adequacy budget within the next two budget years in a manner that addresses the cause(s) of the failure.

(c) In all cases, including instances in which a school district submits a budget with a general fund tax levy and equalization aid above its adequacy budget, the Commissioner may direct budgetary reallocations and programmatic adjustments, or take other measures, as deemed necessary to ensure implementation of the required [thoroughness] **NJSLS** and efficiency standards.

(d) The Commissioner may approve a budget with an increase in its adjusted tax levy by more than the allowable amount authorized pursuant to N.J.S.A. 18A:7F-38, up to the amount required to support the directed increases in expenditure accounts [in] **at** (a) and (b) above.

6A:23A-9.5 Commissioner to ensure achievement of the New Jersey Student Learning Standards; corrective actions

(a) (No change.)

(b) If the Commissioner deems progressive actions would not be sufficient due to the magnitude of the failure and/or other factors, the Commissioner shall take, pursuant to [the summary authority granted the Commissioner by] N.J.S.A. 18A:7F-6.b, immediate corrective actions as deemed appropriate, including, but not limited to:

1. Restructuring of curriculum or programs consistent with the [thoroughness] **efficiency** standards [established pursuant to N.J.S.A. 18A:7F-46] **and the NJSLS**;

2. Retraining or reassignment of staff and the development and implementation of a

formal plan for professional development at the amount provided for in the efficiency standards [established pursuant to N.J.S.A. 18A:7F-46];

3. (No change.)

4. Redirecting expenditures consistent with the [thoroughness] **NJSLS** and **the** efficiency standards [established pursuant to N.J.S.A. 18A:7F-46];

5. Enforcing spending at the full adequacy budget consistent with the [thoroughness] **NJSLS** and **the** efficiency standards [established pursuant to N.J.S.A. 18A:7F-46];

6. (No change.)

7. Requiring a district board of education to implement enhanced budget procedures, as deemed appropriate, as follows:

i. Consider revenue payable pursuant to [N.J.S.A. 18A:7F-43 et seq.,] **the** School Funding Reform Act of 2008, **N.J.S.A. 18A:7F-43 through 71**, and all other State, local, and Federal revenue as revenue of the general fund, unless expressly restricted by Federal law or written contract, for the purpose of implementing the Commissioner's directives;

ii. – iv. (No change.)

(c) The Commissioner will report any action taken [under] **pursuant to** N.J.S.A. 18A:7F-6.b to the State Board within 30 days.

(d) A district board of education may appeal any action(s) taken by the Commissioner [under] **pursuant to** N.J.S.A. 18A:7F-6.b to the Appellate Division of the Superior Court, pursuant to N.J.S.A. 18A:6-9.1.

(e) (No change.)

6A:23A-9.6 Appeal of executive county superintendent budget reductions

(a) Any formal budgetary action of the executive county superintendent may be appealed directly to the Commissioner, who shall render a decision within 15 days of the receipt of the appeal. If the Commissioner fails to issue a decision within 15 days of the [filing] **receipt** of an appeal, the

budgetary action of the executive county superintendent shall be deemed approved.

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

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

i. – ix. (No change.)

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

(a) Procedures following voter defeat of the proposed budget with a general fund tax levy above the school district's required local share, calculated pursuant to N.J.S.A. 18A:7F-5.b, are as follows:

1. (No change.)

2. The governing body(ies) shall transmit to the district board of education a letter acknowledging the receipt of the information [in] **at** (a)1 above.

3. (No change.)

4. If either the district board of education or municipal governing body, or both, will have a majority present at the meeting, the meeting shall be publicly announced and advertised according to the **Senator Byron M. Baer** Open Public Meetings Act, **N.J.S.A. 10:4-1 through 21**, by the body(ies) with the majority present.

5. On or before May 19, or the Commissioner-established date if the April school election date is changed pursuant to N.J.S.A. 19:60-1, the governing body(ies) shall certify to the county board of taxation an amount to be appropriated as school district tax levy, pursuant to N.J.S.A. 18A:22-37. Copies of the certification shall be forwarded to the district board of education and

executive county superintendent. The governing body(ies) shall not certify an amount less than the minimum tax levy required to meet the required local share established pursuant to N.J.S.A. 18A:7F-5. The governing body does not have the authority to recommend a reduction in the debt service fund tax levy, only the general fund tax levy.

i. (No change.)

ii. If the amount certified for the base budget is less than the amount proposed to voters by the district board of education, the governing body(ies) shall present, in the form of a resolution, to the district board of education and the executive county superintendent a statement of the specific line item expenditure reductions or increases in budgeted revenues or designated general fund balance recommended by the governing body(ies). The governing body(ies) shall also submit a certification attesting it has reviewed the budget proposed by the district board of education and it deems the revised budget sufficient for provision of [a thorough and efficient system of education] **T&E**.

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

(b) Procedures following voter defeat of the proposed budget with a general fund tax levy at the school district's required local share, calculated pursuant to N.J.S.A. 18A:7F-5.b, are as follows:

1. (No change.)

2. The governing body(ies) shall transmit to the district board of education a letter acknowledging the receipt of the information [in] **at** (a)1 above.

3. (No change.)

4. On or before May 19, or the Commissioner-established date [established] if the April school election date is changed pursuant to N.J.S.A. 19:60-1, the governing body(ies) shall certify to the county board of taxation an amount not less than the required local share established pursuant to N.J.S.A. 18A:7F-5.b for this purpose, pursuant to N.J.S.A. 18A:22-37. Copies of the certification shall be forwarded to the district board of education and executive county superintendent. The governing body(ies) does not have the authority to certify a reduction in the general fund tax levy or debt service fund tax levy.

i. – iii. (No change.)

(c) Procedures following review of the budget by the board of school estimate shall be as follows:

1. When submitting its proposed budget to the board of school estimate, a district board of education shall also submit to the board of school estimate, the governing body(ies), and the executive county superintendent the documents enumerated [in] **at** (a)1 above.

i. If the amount of money appropriated by the board of school estimate for general fund purposes for the ensuing year, which shall not be less than the required local share established pursuant to N.J.S.A. 18A:7F-5.b, is less than the amount proposed by the district board of education, the board of school estimate shall present to the district board of education, the governing body(ies), and the executive county superintendent a statement of the specific line-item reductions made. The board of school estimate shall submit with the statement a certification that the board of school estimate has reviewed the budget proposed by the district board of education and that the board of school estimate deems the revised budget sufficient for

provision of [a thorough and efficient system of education] **T&E**.

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

i. If the amount of money appropriated by the governing body(ies) for general fund purposes for the ensuing year, pursuant to N.J.S.A. 18A:22-17, which shall not be less than the required local share established pursuant to N.J.S.A. 18A:7F-5.b, is less than the amount certified by the board of school estimate, the governing body(ies) shall present to the board of school estimate, the district board of education, and the executive county superintendent a statement of the specific line-item reductions made by the governing body(ies). The board of school estimate shall submit with the statement a certification that the amount appropriated for school purposes is sufficient for provision of [a thorough and efficient system of education] **T&E**.

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

3. (No change.)

(d) If the governing body(ies) or the board of school estimate has certified an amount of tax levy less than the amount proposed by the district board of education as a result of reductions eligible for restoration through application to the Commissioner as set forth [in] **at** N.J.A.C. 6A:23A-9.9, the executive county superintendent shall schedule a conference between the district board of education, or a formally approved committee thereof, and the governing body(ies) or the board

of school estimate, or a formally approved committee thereof, for the purpose of assisting the respective bodies in reaching agreement on the amount of tax levy sufficient to ensure provision of a T&E education consistent with N.J.S.A. 18A:7F-5 through 63.

1. – 2. (No change.)

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

(a) Pursuant to N.J.S.A. 18A:22-38, if the **municipal** governing body(ies) fails to certify by May 19, or the Commissioner-established date established if the April school election date is changed pursuant to N.J.S.A. 19:60-1, an amount of tax levy for any item rejected at the April school election or certifies different amounts to the county board of taxation, a district board of education shall submit the budget and any reduction(s) recommended, pursuant to N.J.S.A. 18A:7F-5.e(1) or (2), by the **municipal** governing body(ies) following voter defeat for review and determination by the Commissioner of the tax levy amount to be certified to the county board of taxation.

(b) When a district board of education in a school district with elections held in November fails to certify the school district’s tax levy to the county board of taxation by May 19, pursuant to N.J.S.A. 18A:22-33.b, the Commissioner shall determine the levy amount to be certified to the county board of taxation.

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

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

1. A district board of education that has proposed to voters or the board of school estimate a general fund budget, pursuant to N.J.S.A. 18A:7F-5, with a sum of general fund tax levy and equalization aid in excess of the school district’s adequacy budget, as calculated pursuant to N.J.S.A. 18A:7F-51, may apply for restoration of reductions made, pursuant to

N.J.S.A. 18A:7F-5.e(1), by the governing body(ies) following voter defeat, or by the board of school estimate, only on grounds the reductions will negatively impact the stability of the school district given the need for long-term planning and budgeting ("stability grounds"). The district board of education shall document by clear and convincing evidence its need for restoration of each item reduced. In such cases, a district board of education shall not argue that any of the reductions will adversely affect its ability to meet the [thoroughness] **NJSLS** and **the** efficiency standards [established pursuant to N.J.S.A. 18A:7F-46].

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

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

i. “T&E grounds” means the reduction(s) would adversely affect the district board of education’s ability to implement programs and services at the level contained in the efficiency standards to ensure its students achieve the New Jersey Student Learning Standards.

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

i. (No change.)

ii. Provide a specific written explanation supported by attached documentation, or specific reference to information contained in materials submitted pursuant to N.J.A.C. 6A:23A-9.7(a)1, as to why each reduction will adversely affect the ability of the school district to provide a [thorough and efficient] **T&E** education or the stability of the school district given the need for long-term planning and budgeting, whichever criterion or criteria will apply [under] **at** (a)1 or 2 above.

4. – 5. (No change.)

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

1. Upon receipt of a district board of education’s application and the governing body’s or board of school estimate’s comments thereon, or upon expiration of the time for their submission **pursuant to (a)5 above**, the Commissioner will review the materials submitted and issue an order directing restorations or reallocations as [he or she deems] warranted pursuant to the appropriate standard [in] **at** N.J.S.A. 18A:7F-5 consistent with the overall intent of the **School Funding Reform Act of 2008**. For purposes of assessing budgets for certification of tax levy and assessing applications, the Commissioner may engage the assistance of [such] **any** Department staff as [he or she] **the Commissioner** deems appropriate.

2. In addition to application materials and responsive comments, and materials submitted to the executive county superintendent in accordance with (a)1 above, the Commissioner may consider additional information available [to him or her] through established reporting requirements and Department data collection processes. [If the] **The** Commissioner or a designee [determines during the course of review that] **may request** further information or explanation [is required] from a district board of education, governing body, or board of school estimate[, the information may be requested] at any time during the review process.

3. In the case of budgets subject to Commissioner tax levy certification pursuant to N.J.A.C. 6A:23A-9.8 or applications submitted pursuant to (a) above, the Commissioner may consider enrollment increases or decreases within the school district, the history of voter or board of estimate approval or rejection of school district budgets, the impact on the local tax levy, whether reductions made will impact the ability of the school district to fulfill its contractual obligations, and the other factors [listed in] **at** (b)4 below.

4. In determining the impact of reductions on the stability of a school district, the Commissioner may consider the following information:

i. – iii. (No change.)

iv. The ability of the school district to fulfill its existing contractual obligations [under] **pursuant to** N.J.S.A. 18A:7F-43 et seq., and the relationship of contractual obligations to Statewide trends in bargaining practices;

v. – xiii. (No change.)

5. In directing adjustments to budgets that are subject to Commissioner certification, application for restoration, or required review, the Commissioner may reallocate or sustain reductions to surplus [where such] **if the** reallocations or reductions do not decrease surplus below \$250,000 or the minimum amount necessary based on the

school district's specific circumstances and needs, whichever is greater, notwithstanding that budgeted amounts are within the level permitted [by] **pursuant to N.J.S.A. 18A:7F-7.**

6. (No change.)

6A:23A-9.10 Executive county superintendent ongoing budget review

(a) Subsequent to voter or board of school estimate approval, as applicable, but prior to submission of the subsequent school district budget, the executive county superintendent shall:

1. Reexamine and monitor all school district budgets of the school districts within the county to identify any potential efficiencies in administrative operations or any excessive non-instructional expense(s) that was not identified during the initial budget review or is the result of subsequent events or new information. During the reexamination, the executive county superintendent shall consider the following:

i. – ii. (No change.)

iii. The school district's independent annual audits and [CAFRs] **ACFRs**;

iv. – vii. (No change.)

2. (No change.)

6A:23A-9.11 Year-end financial procedures for executive county superintendent and State monitor

(a) Within 30 days of receipt of a school district's audited [CAFR] **ACFR**, the office of the executive county superintendent or State monitor, where one has been appointed in the school district pursuant to N.J.S.A. 18A:7A-55, shall review each school district's and CVSD's I-1, Schedule of Serial Bonds, for compliance with N.J.S.A. 18A:55-3.e.

1. (No change.)

2. The executive county superintendent or State monitor, as applicable, shall recommend

to the Commissioner [that he or she seek] the withholding of State aid in an amount equal to the projected savings to be achieved through refinancing if no action has been commenced to study refinancing or refinance such debt.

(b) – (d) (No change.)

(e) Except for construction projects and other long-term contracts, the reserve for encumbrances or [undesignated] **unassigned** general fund balance created by cancelled encumbrances, as applicable, shall be reclassified to “[designated] **assigned** general fund balance for appropriation in the subsequent school year” in the aggregate amount of the following:

1. – 2. (No change.)

(f) (No change.)

(g) Account payables that do not meet the criteria [in] **at** (f) above shall be treated as encumbrances in accordance with (e) above. Prior-year accounts payables that were actually encumbrances or unassigned general fund balance created by cancelled accounts payables/encumbrances, as applicable, shall be reclassified to “assigned general fund balance for tax relief in the subsequent school year” in the aggregate amount of accounts payable at June 30 of the audited fiscal year.

Subchapter 10. Unused Tax Authority (Banked Cap)

6A:23A-10.1 Unused tax authority (banked cap)

(a) (No change.)

(b) A district board of education shall comply with the following when including unused tax authority in any of the next three budget years:

1. Fully exhaust all tax authority authorized pursuant to N.J.S.A. 18A:7F-38 in the budget prior to including unused tax authority calculated [under] **pursuant to** (a) above in that budget year;

2. Adopt and submit with the budget application a true copy of a formal district board of education resolution that contains the need for, and the amount of, the unused tax authority to be included in the base budget, and a statement that said need must be completed by the end of the budget year and cannot be deferred or incrementally completed over a longer period of time; and

3. (No change.)

(c) – (d) (No change.)

(e) The executive county superintendent may disapprove use of banked cap, pursuant to N.J.S.A. 18A:7F-5, if [he or she] **the executive county superintendent** determines the district board of education has not implemented all potential efficiencies in the administrative operations of the school district.

Subchapter 11. Tax Levy Growth Limitation

6A:23A-11.1 Adjusted tax levy growth limitation

(a) A school district shall not adopt a budget with an increase that exceeds the adjusted tax levy growth limitation, calculated pursuant to N.J.S.A. 18A:7F-38. [The adjusted tax levy growth limitation shall be calculated as the sum of the:

1. Prebudget year adjusted tax levy, plus any adjustment for increases in enrollment calculated pursuant to N.J.S.A. 18A:7F-38.b, multiplied by two percent; and

2. Adjustments for an increase in health care costs calculated pursuant to N.J.S.A. 18A:7F-38.d(1) and N.J.A.C. 6A:23A-11.3, and an increase in normal and accrued liability pension contributions to Public Employees' Retirement System (PERS) (pension deferral) calculated pursuant to N.J.S.A. 18A:7F-38.d(2).]

(b) – (c) (No change.)

6A:23A-11.2 Adjustment for increases in enrollments

(a) For purposes of the calculation of the adjustment to the tax levy cap for increases in enrollment

pursuant to N.J.S.A. 18A:7F-38.b.1, the school district shall use the enrollment projection calculated by the Commissioner for the purpose of State aid calculations for the budget year.

[(b) The allowable adjustment for increases in enrollment shall equal the per pupil prebudget year adjusted tax levy multiplied by EP, where EP equals the sum of:

1. 0.50 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over one percent, but not more than 2.5 percent;

2. 0.75 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over 2.5 percent, but not more than four percent; and

3. 1.0 for each unit of weighted resident enrollment that constitutes an increase from the prebudget year over four percent.]

[(c)] **(b)** A school district may request approval for each unit of weighted resident enrollment to equal one if it can demonstrate:

1. The calculation [in] **at** N.J.S.A. 18A:7F-38.b would result in an average class size that exceeds by 10 percent the facilities efficiency standards established pursuant to N.J.S.A.

18A:7G-1 et seq.; and

2. (No change.)

6A:23A-11.3 Adjustment for an increase in health care costs

(a) (No change.)

(b) A district board of education may increase its adjusted tax levy pursuant to N.J.S.A. 18A:7F-38.d.

1. (No change.)

[2. The average percentage increase of the SEHBP shall be the amount determined annually by the New Jersey Department of the Treasury's Division of Pensions and Benefits.]

(c) [Supporting] **A district board of education shall submit to the executive county superintendent supporting** documentation for this adjustment [shall be submitted to the

executive county superintendent] as follows:

1. – 7. (No change.)

Subchapter 12. Tax Levy Growth Limitation; Separate Voter Approval

6A:23A-12.1 Voter authorization to exceed tax levy limitation; separate proposal(s)

(a) A district board of education may put to voters the matter of exceeding the tax levy limitation, pursuant to N.J.S.A. **18A:7-8.m**, 18A:7F-5.d(9), and 39.c.

1. – 6. (No change.)

7. The executive county superintendent may prohibit the submission of a separate proposal(s) to voters or board of school estimate if [he or she] **the executive county superintendent** determines the school district has not implemented all potential efficiencies in the administrative operations of the school district, when the efficiencies would eliminate the need for the raising of additional general fund tax levy.

8. (No change.)

9. A district board of education shall not modify the base budget to execute such purposes pursuant to (a)8 above, except as allowed [in] **pursuant to** (a)13 below.

10. – 13. (No change.)

(b) (No change.)

Subchapter 13. Budget Transfers and Deficits

6A:23A-13.3 Transfers during the budget year

(a) (No change.)

(b) A district board of education may transfer surplus or other unbudgeted or underbudgeted revenue between April 1 and June 30 only upon prior approval by the executive county superintendent, as the Commissioner's designee, pursuant to N.J.S.A. 18A:22-8.1. Requests shall

be received by June 30. All approved transfer requests shall be expended or encumbered for the approved use by June 30, or the district board of education shall reserve and designate the funds for appropriation in the subsequent budget year. To request approval of such transfers, a district board of education shall submit to the executive county superintendent the following:

1. (No change.)

2. Certification by the same membership that the transfer is necessary to achieve the [thoroughness standards] **NJSLS** for the current year. The certification shall include the purpose, need of transfer, and, at a minimum, a list of specific line items to be transferred into and corresponding amounts. Requests to appropriate surplus for textbooks, computers, equipment, or other needs for use and operation for the subsequent school year shall not be considered a need for the current year and shall not be approved; and

3. (No change.)

(c) Prior to April 1, a district board of education may petition the Commissioner, by a two-thirds affirmative vote of the authorized membership of the district board of education, for approval of a transfer of surplus or other unbudgeted or underbudgeted revenue only for an emergent circumstance. The district board of education shall be subject to an on-site inspection by the executive county superintendent for verification of the emergent circumstance and other supporting documentation. The district board of education shall submit the district board of education-approved petition to the executive county superintendent for recommendation to the Commissioner. At a minimum, the district board of education shall include the following in its submission:

1. (No change.)

2. Documentation the emergent circumstance, if not addressed through an appropriation of additional revenue, would render peril to the health and safety of students or staff, and/or force

the school district into an operating deficit as a result of the required implementation of the [thoroughness standards] **NJSLS**;

3. The latest board secretary’s report as documentation that no other line item balances are or will be available as set forth [in] **at (c)3i** below:

i. (No change.)

4. (No change.)

(d) (No change.)

(e) As used in this section, “general fund appropriation account” means the required advertised appropriation accounts pursuant to N.J.S.A. 18A:22-1 et seq., except where consolidated as follows:

1. – 5. (No change.)

(f) For all transfers from any general fund appropriation account as defined [in] **at (e)** above, and as amended to include prior year encumbrances carried forward to the current year and revenue appropriated pursuant to (d) above, the district board of education shall obtain approval for such transfers by two-thirds affirmative vote of the authorized membership of the district board of education, pursuant to N.J.S.A. 18A:22-8.1.

1. – 2. (No change.)

(g) For all transfers to the advertised appropriation accounts identified as general administration, school administration, central services, or administrative information technology that, on a cumulative basis, exceed 10 percent of the amount of the account included in the school district’s budget as certified for taxes, amended to include prior year encumbrances carried forward to the current year, a district board of education shall submit, prior to the transfer, to the executive county superintendent a request for approval in a Commissioner-prescribed format.

1. Approval will not be granted, except as provided [in] **at (g)2** below, if:

i. (No change.)

ii. The transfer would result in a budget in excess of the administrative cost limits in the applicable budget year, as prescribed [in] **at** N.J.S.A. 18A:7F-5.c.

2. Transfers may be approved to support a contractual obligation or one-time increase in spending as justified by district board of education documentation. Transfers may not be approved if the school district did not budget sufficient funds upon review of actual expenditures and historical trends in those accounts. A district board of education that is granted approval remains subject to the requirements [in] **at** N.J.S.A. 18A:7F-5.c.

(h) For all transfers to the advertised appropriation accounts identified as capital outlay for a capital outlay project not previously approved by voters or the board of school estimate, pursuant to N.J.A.C. 6A:23A-8.4, a district board of education shall submit, prior to the transfer, to the executive county superintendent a request for approval. Approvals are required for unbudgeted or underbudgeted revenue, including those listed and appropriated pursuant to (d) above, and shall be granted only for requests with written documentation that supports the existence of an emergent circumstance, as defined [in] **at** (c)2 above, and only after an on-site inspection by the executive county superintendent to verify the emergent circumstance. Transfers to equipment accounts or to supplement a capital outlay project previously approved by voters or the board of school estimate, pursuant to N.J.A.C. 6A:23A-8.4, do not require approval by the executive county superintendent.

(i) Each district board of education shall maintain a report of current month and year-to-date transfers between general fund appropriation accounts, as defined [in] **at** (e) above, in a Commissioner-prescribed format or in a format developed locally and approved by the executive county superintendent. The district board of education shall submit the report to the executive county superintendent with any transfer request(s) and in accordance with the submission requirements of the board secretary's and treasurer's financial reports [under] **pursuant to**

N.J.A.C. 6A:23A-16.10.

Subchapter 14. Reserve Accounts

6A:23A-14.1 Capital reserve

(a) – (b) (No change.)

(c) A district board of education may increase the balance in the capital reserve account by:

1. Appropriating funds in the annual general fund budget certified for taxes to meet the needs of the LRF that are not met by State support; [or]
2. Requesting approval from the executive county superintendent, as the Commissioner's designee, to appropriate any anticipated excess unreserved general fund balance, as calculated in the supporting documentation of the proposed budget, into a capital reserve in the proposed budget, pursuant to N.J.S.A. 18A:7F-7.b, only when the district board of education has:

- i. (No change.)
- ii. Obtained an approved LRF in accordance with N.J.A.C. 6A:26-2[.]; **or**

3. A transfer at year-end, by resolution only, of unbudgeted or under-budgeted revenue and/or unexpended line item appropriation amounts, or both, anticipated at year end, for withdrawal in subsequent school years in accordance with N.J.S.A. 18A:7F-41.a. The district board of education shall adopt the transfer resolution no earlier than June 1 and no later than June 30 of the respective school year.

i. A district board of education shall not deposit, into a capital reserve account, audited general fund excess surplus calculated as provided in the annual audit program. The district board of education shall reserve and designate such funds in the subsequent year's budget, pursuant to N.J.A.C. 6A:23A-8.5(b).

(d) A district board of education may satisfy the withdrawal approval requirements [in] **at** (h)

below when funds are deposited into the capital reserve account in the annual budget, pursuant to (c)1 and 2 above, using the designated line item, supporting documentation, and a statement of purpose in the advertised budget. The district board of education shall include in its statement of purpose:

1. – 3. (No change.)

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

(f) (No change.)

(g) The district board of education shall maintain an amount of funds in the capital reserve account that does not exceed the amount needed to implement the capital projects in a school district's LRFPP that are not met by State support.

1. If the amount in the capital reserve exceeds the amount authorized [in] **at** (g) above, the district board of education shall withdraw the excess and reserve and designate it in the subsequent year's budget.

2. (No change.)

(h) A district board of education may withdraw funds from the capital reserve account at any time as follows:

1. – 4. (No change.)

5. By district board of education resolution after receiving voter, board of school

estimate, or capital project review board approval, as applicable, or executive county superintendent approval for a school district that holds the annual school election in November, except as authorized [in] **at** N.J.A.C. 6A:26-3.12(c), for the transfer of funds to the line items in the capital outlay major account/fund to fund excess costs of a school facilities project and to fund the total costs for other capital projects that would not otherwise be eligible for State support, as determined in accordance with N.J.A.C. 6A:26, Educational Facilities;

i. – ii. (No change.)

iii. If requesting a withdrawal for multiple capital projects, the district board of education or board of school estimate shall include in the statement of purpose or special question the required information [in] **at** (h)4i and ii above separately for each individual capital project.

iv. The district board of education or board of school estimate shall ensure the amount(s) approved by voters, the board of school estimate, or the capital project review board, or the executive county superintendent approval for a school district that holds the annual school election in November, [are] **is/are** used exclusively for the purpose(s) contained in the associated statement or question.

v. (No change.)

6. For the transfer of funds to the line items in the capital outlay major account/fund for the purchase of land by district board of education resolution, and after receiving Commissioner approval in accordance with N.J.A.C. 6A:26-3.12; and board of school estimate approval pursuant to (b)2ii above or capital project review board approval in accordance with N.J.A.C. 6A:26-3.1; and voter approval for school districts with April elections, or executive county superintendent approval for a school district that holds the annual school election in November; [or]

7. By district board of education resolution for the transfer of funds to the debt service account for the purpose of offsetting locally funded principal and interest payments for bonded

projects included in the school district's LRFPP[.]; **or**

8. (No change.)

(i) Notwithstanding (h) above, a district board of education or board of school estimate may apply, at any time, to the Commissioner for approval to withdraw funds from its capital reserve account for uses authorized [in] **at** (b) above. A district board of education or board of school estimate may make a withdrawal pursuant to this subsection only upon receipt of the Commissioner's written approval. To obtain the Commissioner's approval, the district board of education shall establish, to the Commissioner's satisfaction, that an emergent condition exists necessitating an immediate withdrawal of capital reserve account funds.

(j) A district board of education shall administer and account for the capital reserve account as follows:

1. – 3. (No change.)

4. Pursuant to N.J.S.A. 18A:21-3, a district board of education shall increase the capital reserve account by the earnings attributable to the investment of the account's assets, and:

i. (No change.)

ii. Include any investment earnings in the maximum amount of capital reserve permitted [in] **at** (g) above; and

5. (No change.)

(k) Funds in capital reserve accounts in existence prior to July 18, 2000, shall be subject to the Educational Facilities Construction and Financing Act (EFCFA), P.L. 2000, c. 72, and this subchapter. The district board of education shall use the funds only for the original purpose for which the funds were deposited.

1. (No change.)

2. If the original purpose is within the scope of the school district's approved LRFPP, the

district board of education shall make withdrawals pursuant to (h) above. However, if voter, board of school estimate, or capital project review board approval, or executive county superintendent approval for a school district that holds the annual school election in November, of excess costs or an other capital project was obtained when the funds were deposited into the capital reserve account, the district board of education shall be deemed to have satisfied the requirement for approval of excess costs or other capital projects [in] at (h)2 above.

6A:23A-14.2 Maintenance reserve

(a) – (c) (No change.)

(d) A district board of education or board of school estimate, as appropriate, may supplement a maintenance reserve account through a transfer by board resolution of unanticipated revenue and/or unexpended line-item appropriation amounts anticipated at year end for withdrawal in subsequent school years pursuant to N.J.S.A. 18A:7F-41.a. The transfer resolution shall be adopted by the district board of education or board of school estimates no earlier than June 1 and no later than June 30 of the respective school year.

Recodify existing (d)-(g) as **(e)-(h)** (No change in text.)

6A:23A-[14.4]**14.3** Establishment of other reserve accounts

(a) A district board of education or a board of school estimate, as appropriate, may establish, by resolution, the following reserve accounts:

1. Current expense emergency reserve account.

i. The funds in the reserve shall be used to finance unanticipated general fund current expense costs required for T&E, **or to finance school security improvements as defined at N.J.S.A. 18A:7F-41.c.1.** For the purpose of the emergency reserve account, “unanticipated” shall mean reasonably unforeseeable and shall not include additional costs

caused by poor planning or error.

ii. – iv. (No change.)

v. Withdrawals from the reserve made pursuant to this subsection shall be used during the current fiscal year. At year end, any amount withdrawn from the reserve that has not been expended or encumbered shall be reported as restricted general fund balance designated for expenditure in the second subsequent school year budget.

2. (No change.)

3. Tuition adjustment reserve account in the general fund for up to 10 percent of the estimated tuition cost in the contract year for an anticipated tuition adjustment in the [third] **second** year following the contract year. In such case, the district board of education shall:

i. Establish, by district board of education resolution, the tuition adjustment reserve account at June 30;

ii. – iii. (No change.)

4. – 5. (No change.)

6A:23A-[14.5]**14.4** (No change in text.)

Subchapter 15. State Aid Calculations and Aid Adjustments for Charter Schools

6A:23A-15.1 Definitions

The following words and terms shall have the following meanings when used in this subchapter, unless the context clearly indicates otherwise.

["Average daily enrollment" for the purpose of determining the adjusted State, local, and Federal aid means the sum of the days (present and absent) of all students enrolled in the register(s) of the program for which the aid is being determined divided by the number of days school was actually in session.]

...

“Certification” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

...

“District of residence” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

“Initial recruitment period” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

...

“Non-resident student” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

...

“Region of residence” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

“Resident student” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

“School year” means as defined [in] **at** N.J.A.C. 6A:11-1.2.

...

6A:23A-15.2 Per pupil calculations, notification, and caps

(a) The resident and non-resident school districts shall use projected charter school aid as established by the Commissioner in a report to be distributed no later than February 15 of the prebudget year for budget purposes and to initiate school district payments to the charter school for the subsequent year. The report establishes for each resident and non-resident school district a per pupil amount for the local and State shares and categorical aids per [student] **pupil**. Once the per pupil amount is established, it is not adjusted. Projected charter school aid is based on projected enrollments at the charter school. The number of students enrolled in the charter school is adjusted based on average daily enrollment for aid purposes throughout the school year in accordance with the prescribed adjustments [listed in] **at** N.J.A.C. 6A:23A-15.3.

(b) The per pupil amount comprises local share as [defined in] **set forth at** (b)1 below and State

share as [defined in] **set forth at** (b)2 below.

1. – 2. (No change.)

(c) On or before March 30 of each year, a charter school board of trustees shall submit to the Commissioner [a budget] in the State-mandated format **a budget** for the following fiscal year[, all of which are] based on the most recent enrollment projections provided to the charter school by the Commissioner.

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

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

(b) (No change.)

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

(d) A district board of education that receives preschool education aid **for preschool students enrolled in the charter school**, pursuant to N.J.S.A. 18A:7F-54, shall pay to a charter school the amount of preschool education aid attributable to [a] **each** resident student attending the charter school if[:

1. The] **the** charter school [has a concentration of at-risk pupils, as defined in N.J.S.A.

18A:7F-45, that is equal to or greater than 40 percent; and] **is operating a full-day preschool program that has been approved by the Department's Office of Preschool Education.**

[2. The resident student is receiving appropriate services to be funded through preschool education aid.]

(e) (No change.)

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

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

1. – 4. (No change.)

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

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

(1) – (3) (No change.)

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

(A) (No change.)

(B) Such change in the payment provisions shall require the written approval, **through resolutions**, of both the charter school board of trustees and the

district board of education [through resolutions]. The charter school board of trustees and the district board of education shall submit to the Commissioner a copy of its resolution on or before July 1 of the school year in which the payment schedule is effective.

6. If a district board of education falls behind by 15 days in the payment schedule [in] **at** (g)2, 3, 4, and 5 above, a charter school board of trustees may petition the Commissioner to have the amounts owed to the charter school deducted from the district board of education's State aid and paid directly to the charter school.
7. (No change.)

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

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

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

(b) If the [school] district of residence determines to challenge the placement, the [school] district of residence may file, within 30 days of receiving notice of the placement, for a due process hearing against the charter school and the student's parent(s). The due process hearing shall be limited in scope to a determination by an administrative law judge as to whether there is

a less-restrictive placement that will meet the student’s educational needs and, if so, whether the charter school must place the student in the program.

1. (No change.)

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

3. All procedural issues that arise with respect to filings by a [school] district of residence for a due process hearing in accordance with N.J.A.C. 6A:14-2.7 shall be addressed by the administrative law judge assigned to hear the matter.

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