2002-03 BUDGET

Department of Education
Division of Finance
November 28, 2001
2002-03 BUDGET

Key Revisions/Enhancements

- Cap Banking
- New Buildings SGLA
- Tuition Calculation
- Required Maintenance Amount
- Budgeting for Capital Projects
Ability to Incorporate Unused Spending Authority from 2001-02 Budget in 2002-03 or 2003-04 Budget

(ability to increase tax levy above cap without a separate proposal)
1. Calculate Total Spending Authority (MPNB) from 2001-02 Budget =

\[
\text{MPNB Before SGLA}s \text{ (preloaded amount into 01-02 from state aid = 3\% or CPI over prior year net budget)} + \text{ Eligible Enrollment SGLA} + \text{ Eligible Transportation SGLA} + \text{ Eligible Special Ed SGLA} + \text{ Eligible Capital Outlay SGLA} + \text{ Eligible New Buildings SGLA}
\]
2. Calculate Net Budget from 2001-02 Budget Certified for Taxes

3. 2001-02 Banked Cap =

\[ MPNB - \text{Net Budget Certified for Taxes} \]
Cap Banking - Software

- **New Report** on Unused Spending Authority, or Banked Cap, from 2001-02 Budget
- **New Request Screen** for Banked Cap
- **New Line** in Report of MPNB plus SGLAs
- **No Change** to the Net Budget Cap Worksheet
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NEW BUILDINGS SGLA

Increase Cap for Opening a New School Facility for Educational Purposes (includes additions) in the Budget Year
New Buildings SGLA

Costs include:

- New Salaries/Benefits
- Materials, Supplies, and Equipment
- Other Costs: Insurance, Utilities, and Energy

- New SGLA Data Entry Screen similar to SD14 for transportation
TUITION CALCULATION

Automatic Calculation Included in 2001-02 and will be Enhanced in 2002-03 to Allow Optional Part II Allocation of Costs by Program.
REQUIRED MAINTENANCE

Budget in 02-03 in EITHER
Required Maintenance Appropriation Accounts (261) or the
Maintenance Reserve (10-606)
Required Maintenance

Definitions
Based on Division of Facilities & Transportation Guidance

- **Required Maintenance (261)** - Maintains Useful Life
- **Routine Maintenance (262)** - Janitorial and Custodial (cleaning and inspecting)
- **Capital Maintenance (Fund 12)** - Extends Useful Life (Eligible for EFCFA Funding)
2002-03 Budget Guidelines will be updated (minor) based on facilities guidelines.

For Additional Guidance on Whether Planned Maintenance Activities are Routine, Required (M2) or Capital, Ask Your DOE Facilities Contact.
Required Maintenance

Maintenance Accounts

- Establish 261-XXX Accounts by School Facility by 02-03
- Expenditures for Required Maintenance Activities are recorded in four accounts
  - 261-100: Salaries
  - 261-420: Cleaning, Repair and Maintenance Services
  - 261-610: Supplies
  - 261-800: Other Objects
Required Maintenance

Expenditures

- Auditor verification of annual expenditures beginning in 02-03
  - Review of classification of expenditures and documents to support the school level expenditures for 261
  - Random testing of POs/Vouchers
  - Salaries split between custodial and required maintenance need “task specific documentation”
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? BUDGETING FOR ?
CAPITAL PROJECTS

Overarching policy under EFCFA is the requirement for approval of local funding (local support) needed to implement the capital projects in the LRFP.
Budgeting for Capital Projects

N.J.A.C. 6A:26-3.7 requires local $ approval in the budget, referendum, or through capital reserve withdrawals according to the regulations.
Budgeting for Capital Projects

Planning Needed To Secure Local $ Approval for Non-Referenda Capital Projects

Excerpt from Final Approval Letters
“...no school facilities project shall be constructed unless the local support amount has received approval as set forth in N.J.A.C. 6A:26-3.7”
Budgeting For Capital Projects

What and Where Do I Budget in 02-03?

For non-referendum projects planned for implementation in 02-03.
Budgeting For Capital Projects

- **Capital Outlay** (Fund 12) via unrestricted general fund revenue or capital reserve withdrawal

  **OR** *(at district option)*

- Deposit into **Capital Reserve** for withdrawal during yr by board resolution upon project approval
Budgeting For Capital Projects

When Capital Outlay?

Option for all Capital Projects (school facilities eligible for EFCFA $ or “other capital projects” not eligible for EFCFA $) as detailed by project on SD 4

Necessary for “Other Capital Projects”

Pros
+ Receive Specific Project Approval
+ Can transfer $ among approved projects

Cons
– Receive Cap Adjustment only for increases over 01-02 capital outlay budget
Budgeting For Capital Projects

When Capital Outlay?

New Option for 02-03

If budgeting estimated local share of School Facilities Projects in Capital Outlay, have option to budget directly into new transfer line to capital projects fund (detailed by project on SD 4)

12-000-400-932 Current Capital Outlay Transfer to Capital Projects
Budgeting For Capital Projects

When Capital Reserve?

Option for School Facilities Projects

(eligible for EFCFA $) for withdrawal during yr by board resolution upon project approval.

Pros
+ Entire Deposit Outside of Cap
+ Deposits not project specific and can withdrawal by board reso local $ of Final Eligible Costs (FEC).
+ Remaining balances outside excess surplus calc

Cons
- Can only withdrawal during yr (unbudgeted) by board reso up to 110% of local $ of FEC.
Critical Questions to Guide Budgeting Options

1. *Is it a School Facilities Project or an “Other Capital Project”*?

2. *If a school facilities project, does it, or is it expected to, include excess costs?*
Q - What about transfer of Surplus during the year?

- With LRFP process, should be little if no unforeseen capital project needs.
- But, still if unforeseen projects are identified:
  - Capital reserve for unplanned *school facilities projects* (upon DOE project & EDA grant approval)
  - Surplus (up to 1%) for unplanned “other capital projects” (upon DOE project approval)
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SCHEDULE

Part I - Week of January 14 (no later than January 18)

Part II - Two Days After State Aid Release
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Capital Reserve Accounts and EDA Grants

October 19, 2001 Guidance