

Funding Options/Approval for Local/State Support For Capital Projects under EFCFA General Guidance

Key Points:

- Department approval of the Long Range Facilities Plan (LRFP) and the capital project is necessary before districts can award bids and initiate capital project construction. For school facilities projects, project approval includes calculation of final eligible costs and the district's election to receive a grant or debt service aid.
- Under EFCFA, all local funding for implementation of capital projects must receive voter or Board of School Estimate approval. Approval is achieved through inclusion in the district's budget certified for taxes detailed on supporting documentation 4, or through a bond referendum or special election question, or specific capital reserve deposit. Funding for the local share less excess costs of a school facilities project may also be withdrawn from capital reserve without voter approval, by board resolution.
- Spending on a capital project approved by referendum is limited to the amount approved by the voters in the referendum question.
- All bond referenda must include and list separately by source, all local revenue to be used on the capital project. This includes such revenue as capital reserve, surplus, and interest earnings. Spending on a referendum approved capital project cannot be increased above the voter approved amount through a transfer of local revenue to the capital projects fund if it was not identified in the original question.
- Board approval of change orders must certify funds are available to complete the capital project. No change order can be approved if it will increase the total cost above the referendum approved amount.
- Contracts for capital projects require a contingency of 5 percent at time of bid award.

School Facilities Projects

Revenue Source	Pre-Award of Construction Contract (incl. 5% required contingency)		Post-Award of Construction Contract for Change Orders	
	Non-Referendum	Referendum	Non-Referendum	Referendum
Bond Proceeds	NA	Up to Amt Approved in Referenda Q	NA	Up to Amt Approved in Referenda Q
EDA Grant	Grant Award - State Share of Final Eligible Costs	Grant Award - State Share of Final Eligible Costs as stated in Ref	Grant Award - State Share of Final Eligible Costs	Grant Award - State Share of Final Eligible Costs as stated in Ref
Budgeted Capital Outlay	As approved in budget & detailed by project on SD4. Cap outlay budget restricted; reallocation OK among projects.	NA	As approved in budget & detailed by project on SD4. Cap outlay budget restricted; reallocation OK among projects.	NA
Capital Reserve Withdrawal by Bd Resolution	Up to 110% of local share less excess costs.	Up to Amount of Cap Reserve in Approved Referendum Q.	Up to 110% of local share less excess costs.	Up to Amount of Cap Reserve in Approved Referenda Q.
Interest on Bond Proceeds	NA	Up to Amt of Interest in Approved Ref	NA	Up to Amt of Interest in Approved Ref

Revenue Source	Pre-Award of Construction Contract (incl. 5% required contingency)		Post-Award of Construction Contract for Change Orders	
	Non-Referendum	Referendum	Non-Referendum	Referendum
Surplus by Board Resolution	NA	Up to Amount of Surplus in Approved Referenda	Up to 20% of Contract Award for Allowable Change Orders	Up to Amount of Surplus in Approved Referenda
Surplus if Receive Formal Commissioner Approval	NA	Amount if approved by Commissioner per N.J.S.A. 18A:22-8.2	NA	Amount if approved by Commissioner per N.J.S.A. 18A:22-8.2
Special Voter Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question
Current Expense by Bd Resolution	NA	NA	NA	NA
Unexpended Bond Proceeds	Only for Pre-EFCFA proceeds and if receive voter approval for new use. Bond Proceeds under EFCFA must be used to reduce principal. See regulations for specific requirements.			

Other Capital Projects

Shaded Areas are different than School Facilities Projects

Revenue Source	Pre-Award (incl. 5% required contingency)		Post-Award for Change Orders	
	Non-Referendum	Referendum	Non-Referendum	Referendum
Bond Proceeds	NA	Up to Amt Approved in Referenda Q	NA	Up to Amt Approved in Referenda Q
EDA Grant	NA	NA	NA	NA
Budgeted Capital Outlay	As approved in budget & detailed by project on SD4. Cap outlay budget restricted; reallocation OK among projects.	NA	As approved in budget & detailed by project on SD4. Cap outlay budget restricted; reallocation OK among projects.	NA
Capital Reserve Withdrawal by Bd Resolution	After receiving voter approval in budget with separate Q.	Up to Amount of Cap Reserve in Approved Referendum Q.	After receiving voter approval in budget with separate Q.	Up to Amount of Cap Reserve in Approved Referenda Q.
Interest on Bond Proceeds	NA	Up to Amount of Interest in Approved Referenda	NA	Up to Amount of Interest in Approved Referenda

Revenue Source	Pre-Award (incl. 5% required contingency)		Post-Award for Change Orders	
	Non-Referendum	Referendum	Non-Referendum	Referendum
Surplus by Board Resolution	Total of 1% of budget or \$50,000, whichever is greater.	Up to Amount of Surplus in Approved Referenda	Up to 20% of Contract Award for Allowable Change Orders	Up to Amount of Surplus in Approved Referenda
Surplus if Receive Formal Commissioner Approval	NA	Amount if approved by Commissioner per N.J.S.A. 18A:22-8.2 Approval unlikely.	NA	Amount if approved by Commissioner per N.J.S.A. 18A:22-8.2 Approval unlikely.
Special Voter Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question	Up to Amount approved in Special Question
Current Expense by Bd Resolution	NA	NA	NA	NA
Unexpended Bond Proceeds	Only for Pre-EFCFA proceeds and if receive voter approval for new use. Bond Proceeds under EFCFA must be used to reduce principal. See regulations for specific requirements.			