



New Jersey Department of Education



Chapter 23A Readoption with Amendments

Division of Finance and Business Services

January 17, 2024





Overview of N.J.A.C. 6A:23A



Fiscal accountability rules for school districts, charter schools, renaissance schools, and Approved Private Schools for Students with Disabilities (APSSDs) ensure that public funds for education are spent responsibly.

The chapter expires April 6, 2024, and is divided into two halves.

Subchapters 1–15

- Commissioner’s Regulations
- Not subject to State Board Approval
- Requires 3 public hearings after Proposal

Subchapters 16–22

- State Board Regulations
- Do not include definitions for 23A (1.2)
- Anticipate the two halves will be proposed simultaneously for concurrent readoption.

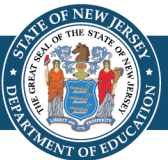




Overview: Subchapters 1 – 15 (Commissioner Rules)



- 1 — Definitions (including supt. salary cap)
- 2 — Executive County Superintendents (ECS)
- 3 — Administrator & board member accountability
- 4 — School district fiscal accountability
- 5 — Effective & efficient expenditures of district funds
- 6 — Conditions for the receipt of State aid
- 7 — School district travel policies & procedures
- 8 — Annual budget development & submission
- 9 — ECS budget review procedures
- 10–12 — Fiscal growth limits, waivers, & separate question(s)
- 13 — Budget Transfers, underestimated surplus and deficits
- 14 — Reserve accounts
- 15 — State aid calculations for charter schools



Overview: Goals of Proposed Amendments in 1–15 (Commissioner Rules)



1. Update terminology, titles, and gendered language;
2. Replace or remove outdated references to statute and code;
3. Implement enacted legislation

P. L.2010, c.39; P.L. 2010, c.44; P.L. 2010, c.121; P.L. 2011, c.202; P.L. 2011, c.176;
P.L 2012, c.78; P.L. 2013, c.173; P.L. 2013, c.280; P.L. 2017, c.83; P.L. 2019, c.169;
P.L. 2023, c.124

4. Clarify rules by adding statutory references, amending language, or recodifying rules to a more appropriate location.





Overview: Subchapters 16 – 22 (State Board Rules)



- 16 – Double Entry Bookkeeping & Generally Accepted Accounting Principles (GAAP Accounting)
- 17 – Tuition Public Schools (school districts, County Vocational Districts, County Special Services Districts (CSSDs))
- 18 – Tuition for Approved Private Schools for Students with Disabilities (APSSDs)
- 19 – Emergency Aid and Student Residency Determination
- 20 – Purchase and Loan of Textbooks
- 21 – Management of Public School Contracts
- 22 – Financial Operations of Charter Schools



Overview: Goals of Proposed Amendments in 16–22 (State Board Rules)



1. Update terminology, titles, and gendered language;
2. Replace or remove outdated references to statute and code;
3. Implement enacted legislation

P.L. 2007, c.260; P.L. 2010, c. 39; P.L. 2010, c.69; P.L. 2011, c.176; P.L. 2012, c.80; and P.L. 2017, c.83

4. Update policies for APSSDs to ensure public tuition dollars are being used effectively and efficiently in the provision of these essential services.





Proposed Changes for Fiscal Accountability (1)



1. Allow districts to expand their chart of accounts beyond the minimum and applies requirement for additional policy that must be adopted when the chart of accounts is expanded. (N.J.A.C. 6A:23A-16.2(f), rule text pages 3 and 4)
 1. Each district board of education and charter school **and renaissance school project** board of trustees shall use, for financial reporting to the Department [of Education], [a uniform minimum chart of accounts] **the most recent editions of the Uniform Minimum Chart of Accounts for New Jersey Public Schools** published and distributed by the Commissioner consistent with **the latest edition of the** Financial Accounting for Local and State School Systems[, 2014 Edition,] developed by [the National Center for Education Statistics (JNCES[]; K Street NW, Washington DC 20006)], incorporated herein by reference, as amended and supplemented, **in accordance with N.J.S.A. 18A:4-14.**
 2. A district board of education or charter school **or renaissance school project** board of trustees [wishing] **that formally adopts a resolution** to expand upon the minimum requirements for the budget system [established in] **at (f)1** above shall: [compile]
 - i. **Be subject to the budgetary and over expenditure controls pursuant to N.J.A.C. 6A:23A-16.10(a)3;**
 - ii. **Compile** budget data in the expanded and minimum format each month and at the end of the fiscal year[,]; and [shall use]
 - iii. **Use,** for such expanded systems, the Financial Accounting for Local and State School Systems, developed by NCES, as published and distributed by the Commissioner.
 3. A district board of education and charter school **and renaissance school project** board of trustees shall approve and adopt any modifications to the chart of accounts, and shall ensure [conformance of] the modifications [to] **conform with** the standards [established in] **at (f)1** and 2 above.





Proposed Changes for Fiscal Accountability (2)



2. Requires a school district without a school Treasurer to maintain the same level of insurance coverage for the school district over the performance of the treasurer's functions if the treasurer position is delegated to another individual. (N.J.A.C. 6A:23A-16.4(d), rule text page 9)
 - d) **If a district board of education or charter school or renaissance school project board of trustees eliminates the position of treasurer, the person assuming the duties shall have a bond equal to the treasurer's bond or shall have their bond increased up to the amount of the treasurer's bond.**



Proposed Changes for Fiscal Accountability (3)



3. Provides Commissioner discretion in determining when districts must submit financial reports to the county office. (N.J.A.C. 6A:23A-16.4(c)4iii, rule text page 19)
 - iii. Within 60 days of the month's end, or later upon approval of the executive county superintendent, **district boards of education or charter school or renaissance school project boards of trustees selected at the Commissioner's discretion, and** district boards of education subject to N.J.S.A. 18A:7F-6.b[, district boards of education] that satisfy less than 80 percent of indicators in the fiscal management section of the district performance review located in the Appendix to N.J.A.C. 6A:30, [and other district boards of education] shall provide to the executive county superintendent a copy of the school business administrator/board secretary's and treasurer's monthly financial reports **as** submitted to the district board of education or charter school **or renaissance school project** board of trustees [under] **pursuant to** (c)1 above and [as required pursuant to] N.J.S.A. 18A:17-9 and 18A:17-36.

Proposed Changes for Fiscal Accountability (4)



4. Add rule to specify how a district may apply for an advance of State aid. (N.J.A.C. 6A:23A-16.10(g), rule text page 22)
 - g) If the procedures at (b) above result in corrective action that is not sufficient to avoid a deficit on a budgetary basis or to correct an actual fund deficit on a budgetary basis, the following shall apply:**
 - 1. A district board of education with an appointed State monitor may apply for an advance of State aid pursuant to N.J.S.A. 18A:7A-56 on a Commissioner-prescribed application; or**
 - 2. A district board of education that does not have an appointed State monitor may apply for Emergency Aid pursuant to the annual Appropriations Act on a Commissioner-prescribed application.**

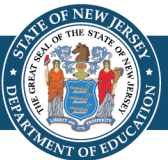




Proposed Changes for Fiscal Accountability (5)



5. Clarify the rules about Student Activity Funds, including the definition, required policies, and timelines for the expenditure of those funds. (N.J.A.C. 6A:23A-16.12(a), rule text page 24)
- a) Student activity funds, **as defined by GAAP**, are [used to account for funds derived from athletic events or other activities of pupil organizations and to account for the accumulation of money to pay for student group activities] **maintained and reported in the ACFR as agency funds. Revenue and expenditures generated by student groups for specific uses, such as academic clubs and senior class trips, are reported as student activity funds.** A district board of education or charter school or renaissance school project board of trustees shall establish student activity funds by resolution. Such funds shall be maintained under the jurisdiction of the board [of education or charter school board of trustees] and supervision of the school business administrator/board secretary, who may appoint a designee for purposes of administering the funds. **The district board of education or charter school or renaissance school project board of trustees shall establish a policy that includes the following:**
- 1. Purpose of the student activity fund and a timeline for the use of the funds generated; and**
 - 2. Methodology for distribution of funds remaining subsequent to completion of the purpose for which the funds were generated.**





Proposed Changes for Fiscal Accountability (6)



6. Requires a district to provide a written request to change certification method for tuition calculations and establishes offices that must be contacted and timelines. (N.J.A.C. 6A:23A-17.1(d), rule text pages 28 and 29)
- (d) [Once having determined to annually submit the] **A receiving district board of education that submits tuition reports to the Commissioner** pursuant to (c)1 above [to the Commissioner, a receiving district board of education] **and seeks to change the certification method to the method at (c)2 above** shall submit a written request to the Commissioner for review and approval [in order to change to the certification method in (c)2 above. The receiving district board of education shall indicate] **and shall indicate the reason(s) for the change. A district board of education that determines to change the certification method shall notify the executive county superintendent and the Office of School Finance prior to March 1 preceding the September of the school year for which the tentative tuition rate is being determined.**



Proposed Changes for APSSDs (1)



1. Allows an annual increase in maximum salaries for all positions of at least two percent and standardizes the calculation. (N.J.A.C. 6A:23A-18.3(o), p. 72)
 - (o) An APSSD shall reference as guidance the Commissioner-published list of maximum allowable salaries **and fees** by job title and county, according to the job titles [contained in] **set forth at N.J.A.C. 6A:9B that are** relevant to APSSDs. Except for administrative job titles referenced [in] **at (p)** below, maximum allowable salaries **and fees** are based on **the greater of** the highest contracted salaries (not including payment [of] **related to longevity pay, stipends, bonuses, dual position compensation, advanced degrees**, unused sick and vacation days, and severance pay) of certified staff by job title in a district board of education for any prior year[, indexed by the average increase in salary between the two preceding school years for each job title] **or an increase of two percent of the previous year's published salary**. The salaries **and fees** are based on a 12-month contract period from July 1 through June 30 and the maximum allowable salary **and fee** of an APSSD staff member **or consultant** shall be prorated for **purchased services rendered or** staff employed for less than 12 months. Under no circumstances shall the maximum allowable salary **or fee** calculated be less than the corresponding salary **or fee** in the prior year for the same job title and county. Unrecognized job titles shall be correlated to similar job titles in public schools based on their functional activities. The maximum allowable salary [of] **or fee for** a staff member **or consultant** holding a part-time or split-time position shall be prorated including the salary [of] **or fee for** staff **or consultants** employed in entities [defined in] **referenced at (e) and (f)** above.



Proposed Changes for APSSDs (1 cont.)



1. Allows an annual increase in maximum salaries for all positions of at least two percent and standardizes the calculation. (N.J.A.C. 6A:23A-18.3(p), p. 74)

(p) An APSSD shall reference as guidance the Commissioner-published list of maximum allowable salaries **and fees** by administrative and job titles and county according to the job titles [contained in] **set forth at N.J.A.C. 6A:9B and 6A:23A-18.2 that are** relevant to APSSDs. Maximum allowable salaries are based on the **greater of the highest contracted salary or fee** (not including payment [of] **related to longevity pay, stipends, bonuses, dual position compensation**, unused sick and vacation days, and severance pay,) by administrative job title [for the entire State] in a district board of education[, special services district board of education, and educational services commission] **Statewide** with comparable average daily enrollments for any prior year[, indexed by the average increase in salary between the two preceding school years] for each job title **or an increase of two percent of the previous year's published salary**. The salaries **and fees** are based on a 12-month contract period from July 1 through June 30 and the maximum allowable salary **or fee** of the APSSD staff member shall be prorated for staff employed **or consultant** for less than 12 months. Each district board of education[, special services district board of education, and educational services commission] with an ADE equal to or less than the highest APSSD ADE [will] **shall** be considered comparable. Under no circumstances shall the **calculated** maximum allowable salary [calculated] **or fee** be less than the corresponding salary **or fee** in the prior year for the same job title. The maximum allowable salary [of] **or fee for** a staff member **or consultant** holding a part-time or split-time position shall be prorated including the salary [of] **or fee for** staff **or consultants** employed in entities [defined in] **referenced at** (e) and (f) above.





Proposed Changes for APSSDs (2)



2. Add deadlines to improve the efficiency of the audit review process. Schools will need to respond within 35 days, but may request an extension. (N.J.A.C. 6A:23A-18.3(v), rule text page 78)
 - v) **The Commissioner's tuition rate determination shall be final after 35 business days if the APSSD does not submit all requested supporting documentation.**
 1. **If the Department's compliance review of an independent auditor's certified actual cost per student, as referenced at (k) above, discovers a non-compliance finding that may alter the tuition rate paid by sending school districts, the APSSD shall have no more than 35 business days from the date of the Department's letter requesting correction or supporting documentation to respond and provide corrections or to request a reasonable extension of time to become compliant.**



Proposed Changes for APSSDs (3)



3. Increase the minimum size for new schools from 24 to 35 total students in the school. (N.J.A.C. 6A:23A-18.4, rule text pages 79 and 80)
 - b) An applicant applying for approval as a new APSSD shall provide to the Department evidence of sufficient need for the new private school as follows:
 1. The applicant shall file with the [OSEP] **Office of Special Education** an application to establish an APSSD and shall document there is a need and the new APSSD would likely serve a minimum of [24] **35** public school placement students.
 - c) Applicants that meet the criteria [in] **at** (b) above shall be approved as follows:
 1. The applicant school shall receive preliminary approval to operate for a two-year period, after which the applicant school shall provide documentation that it has a minimum ADE of [24] **35** public school placement students by the end of the second school year;
 - i. An applicant school meeting the minimum ADE of [24] **35** public school placement students by the end of the second school year shall receive new APSSD approval if it meets all other Department requirements;
 - ii. An applicant school not meeting the minimum ADE of [24] **35** public school placement students by the end of the second school year shall have its preliminary approval status revoked and shall no longer be considered an APSSD;

Proposed Changes for APSSDs (3 cont.)



3. Increase the minimum school size for new APSSDs (continued)

- iii. Any APSSD approved prior to the 2004-2005 fiscal year that falls below [the previous minimum] **an** ADE of 16 public school placement students in a school year shall have its status as an APSSD rescinded and shall be considered preliminarily approved. The school shall attain a minimum ADE of 16 public school placement students by the end of the third school year after the year in question or its approval shall be rescinded and it shall no longer be considered an APSSD;
- iv. Any APSSD approved to operate during the 2004-2005 fiscal year[, or thereafter] **through the 2024-2025 fiscal year**, that falls below an ADE of 24 public school placement students in a subsequent school year shall be considered preliminarily approved. The school shall attain a minimum ADE of 24 public school placement students by the end of the third school year after the year in question or its approval shall be rescinded and it shall no longer be considered an APSSD;
- v. **Any APSSD approved to operate during the 2025-2026 fiscal year, or thereafter, that falls below an ADE of 35 public school placement students in a subsequent school year shall be considered preliminarily approved. The school shall attain a minimum ADE of 35 public school placement students by the end of the third school year after the year in question or its approval shall be rescinded and it shall no longer be considered an APSSD;**





Proposed Changes for APSSDs (4, 5)



4. Increase fixed asset expenditures to \$5,000 from \$2,000 to account for inflation since the chapter was last readopted. (N.J.A.C. 6A:23A-18.5(a)3, page 82)
3. An APSSD shall capitalize fixed asset expenditures of [\$2,000] **\$5,000** or more and depreciate such expenditures using the straight-line depreciation method and using a useful life consistent with current Federal tax law as defined in Internal Revenue Code Section 168 and class lives as defined in that section (also see IRS Publication 946), except for real property that may be depreciated using a useful life of 15 years or the term of the original mortgage, whichever is greater.
5. Extend the retention policy for audit documentation under review and/or litigation beyond seven years to substantiate costs for audit purposes. (N.J.A.C. 6A:23A-18.5(a)20, rule text page 88)
20. An APSSD shall maintain all pertinent financial record(s) for a period of seven years after the November 1 due date of the annual audited financial statement, **or until finalization of all appeals including litigation**, or until the Commissioner, or [his or her] **the Commissioner's** designee, issues approval or adjustment to an independent-auditor-certified tuition rate.





Proposed Changes for APSSDs (6, 7)



6. Allow the Department to request a corrective action plan for certain infractions.
(N.J.A.C. 6A:23A-18.10(k), rule text page 113)
- k) The Commissioner, or the Commissioner's designee, may request a corrective action plan for, but not limited to, deficit fund balances, habitual non-compliance determinations, or continual failure to respond to the Department's requests for responses to non-compliance letters.**
7. Add rule allowing the Division to revoke approval under certain circumstances.
(N.J.A.C. 6A:23A-18.15(f), rule text page 117)
- f) When an APSSD is determined to be in noncompliance, the Commissioner may:
1. Issue a conditional approval status when noncompliance with State regulations and requirements and/or implementation of the corrective action plan is demonstrated;
 2. **Revoke approval, effective at the end of a school year, when a APSSD has been chronically placed on conditional approval status and/or demonstrates systemic noncompliance; or**



Proposed Changes for APSSDs (8)



8. Require APSSDs to distribute profits from building sales to sending districts. (N.J.A.C. 6A:23A-18.18(e), rule text page 123)
 - e) **If an APSSD sells a building that operated programs funded by public placement school tuition and purchases another building to be used in the operation of the same or new APSSD, the gain on the sale that must be returned to sending districts pursuant to N.J.A.C. 6A:23A-18.5(a)21 shall be allocated at the same percentage provided by public school funds used as the basis for, depreciation of, and proceeds from the previous or sold building.**

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