



STATE OF NEW JERSEY DEPARTMENT OF EDUCATION

Guidance on 2018-19 Revised State Aid July 13, 2018

New Jersey school districts have been advised that revised 2018-19 state aid notices dated July 13, 2018 are available in each school district's "School Aid" folder in the New Jersey Department of Education's [Homeroom](#) web portal. Districts experiencing an increase or a decrease in their 2018-19 state aid as compared with the March 15, 2018 state aid notice must recognize the state aid presented on the revised state aid award notice as their 2018-19 budgetary basis state aid revenue and receivable. Districts experiencing no change in their state aid have no entry to be made to the revenue and receivable, and no budgetary action is required.

The original budget certified for taxes remains in place as the budget certified for taxes and that general fund tax levy will be used for all calculations that use the general fund tax levy from the original budget certified for taxes. As explained in detail below, only districts receiving state aid increases that elect to reduce their 2018-19 general fund tax levy (for at least some portion of the aid increase) will revise their data entry in the NJDOE 2018-19 Budget Application in Homeroom. This revision is performed only to produce a revised A4F form. Districts recognizing an increase in state aid will reflect the revised state aid as a mid-year budget adjustment. There is no requirement for a district with an increase in state aid to replace the 2018-19 User Friendly Budget. Since county vocational school districts' original certified tax levy has already been included in the adopted budget of the county, the option to reduce general fund tax levy is not available to these districts.

Districts recognizing a decrease in state aid will reflect the revised state aid as a mid-year budget adjustment. There is no requirement for a district with a decrease in state aid to replace the 2018-19 User Friendly Budget.

Additional State Aid Received

District boards of education/boards of school estimate that recognized an increase in total general fund state aid may choose by board resolution dated no later than August 1, 2018 to use the increased funding during 2018-19 to:

1. Provide tax relief (with approval from the municipality and/or county tax office) by reducing the certified tax levy presented in the originally approved 2018-19 budget; and/or
2. Increase the 2018-19 general fund appropriations during the budget year; and/or
3. Designate for use in 2019-20.

All districts that recognized an increase in total general fund state aid must immediately contact their municipality's CFO, municipal tax collector, and county tax administrator to communicate whether or not they intend to revise the levy.

Detailed Description of Options for Additional State Aid

1. Tax Relief (re-certification to the county board of taxation) in 2018-19

District boards of education/boards of school estimate that wish to use any portion of the increase in state aid for 2018-19 property tax relief must **act immediately** to contact their municipal and/or county tax office to determine whether it is possible to revise tax bills at this time. If the municipality and/or county is able to accommodate a request to revise tax bills, and the revision is fiscally prudent in consideration of the additional printing and mailing costs that may be involved, the district will need to revise the general fund tax certification (Form A4F) following the steps outlined below (*N.J.S.A. 18A:22-14, N.J.S.A. 18A:22-26, N.J.S.A. 18A:22-32, and N.J.S.A. 18A:22-33*).

Please be aware the increased state aid does not permit a district to set a general fund tax levy below the minimum tax levy presented in the originally certified budget. That is, the required minimum tax levy as determined in the previously certified budget **must** still be levied.

After having obtained the approval of the tax office to revise the 2018-19 local tax levy, the following steps are required:

- a. In accordance with *N.J.S.A. 10:4-6 et seq.*, the district must provide written advance notice of at least 48 hours prior to holding a public meeting of the board of education at which time the board must pass a resolution by a two-thirds majority vote of the membership stating the amount of additional state aid to be used for tax relief (*N.J.S.A. 18A:22-8.1*).
- b. Having obtained the approval of the tax office and a board resolution, the district must contact the County Office of Education to request access to the 2018-19 NJDOE Budget Application. Only lines 100 (general fund local tax levy) and state aid lines 420 (Categorical Transportation Aid); 440 (Categorical Special Education Aid); 460 (Equalization Aid); and 470 (Categorical Security Aid) will be open for data entry. Do not enter the full amount of the revised state aid on the open lines unless the full amount of the increase in state aid is used to reduce general fund tax levy. If only a portion of the state aid increase is used to reduce general fund local tax levy (line 100), then revise the original state aid revenues only to the extent the increase is utilized to reduce local tax levy (line 100). Where only a portion of the state aid increase is used to reduce local tax levy, the district may choose the aid category(s) to increase for purposes of recording the offset to the general fund tax levy reduction. Please refer to specific software instructions beginning on page 3 of this guidance.

- c. After entry of the revised general fund tax levy, the district must enter and, where necessary, revise the A4F in the Budget Application to reflect the reduced general fund tax levy and any resultant change to the collection and deferral amounts.
- d. The district board secretary must certify the revised Form A of the A4F.

The revised A4F must be distributed to the following in a timely fashion, in accordance with the timeline established by the district's county tax office:

- County Board of Taxation
- Local Assessor
- NJ Division of Local Governmental Services
(Bureau of Financial Regulation and Assistance
PO Box 803
Trenton, NJ 08625)
- Municipal Clerk
- Executive County Superintendent (ECS)

Please note that this process does not authorize districts to lower the 2018-19 general fund tax levy below the minimum tax levy required by N.J.S.A. 18A:7F-5(b) and presented in the originally adopted budget.

Specific data-entry instructions for the 2018-19 Budget Application (refer to “Tax Relief (Re-certification to the County Board of Taxation) in 2018-19” Item b, previously discussed in this document):

Districts that do not revise the general fund tax levy in 2018-19 should not request the county office to permit re-entry into the budget program.

Districts that choose to revise the 2018-19 appropriations, but not the general fund tax levy, should not request the county office to permit re-entry into the budget program.

Applicable to November election districts, Type I districts, and state-operated districts:

On the County Review and Approval screen, page 2 under the Results of Public Hearing section:

- a. If *Statement A* is checked:
 - i. District must change the entry from *Statement A* to *Statement B*.
 - ii. County Office must check the box for *Budget Changes Needed*.
 - iii. District then makes entry on the *Revenue* screen to increase state aid and decrease general fund tax levy for the amount of the increase to state aid used for general fund tax relief in 2018-19. The district must also revise the A4F to reflect any resultant change to the collection and deferral amounts. The only entry in the software is made on the Revenue and A4F screens.

- iv. District runs the edits to clear any fatal edits, then checks the box for *Ready for Review* on the *County Review and Approval* screen.
 - v. County Office reviews entry and uses *County Review and Approval* screen to document the approval.
- b. If *Statement B* is checked:
- i. The Executive County Superintendent (ECS) must un-check the *Approved* box on the ECS Review line.
 - ii. The Executive County Business Official (ECBO) must un-check the *Approved* box on the *ECBO Preliminary Review* line.
 - iii. The district must un-check the *Ready for Review* box on the *District* line.
 - iv. District then makes entry on the *Revenue* screen to increase state aid and decrease general fund tax levy for the amount of the increase to state aid used for general fund tax relief in 2018-19. District must also revise the A4F to reflect any resultant change to the collection and deferral amounts. The only entry in the software is made on the *Revenue* and *A4F* screens.
 - v. District runs the edits to clear any fatal edits, then checks the box for *Ready for Review* on the *County Review and Approval* screen.
 - vi. County Office reviews entry and uses *County Review and Approval* screen to document the approval.

Applicable to April election districts:

Because the election has already been held, those districts must use the April Election results section on page 3 of the *County Review and Approval* screen of the software to make the entry:

- a. If the district has made no entry in the approval lines of the April Election section:
- i. District will answer the question, *Was Separate Question Passed at April Election* with Yes.
 - ii. County Office must check the box for *Budget Changes Needed*.
 - iii. District then makes entry on the *Revenue* screen to increase state aid and decrease general fund tax levy for the amount of the increase in state aid used for general fund tax relief in 2018-19. District must also revise the A4F to reflect any resultant change to the collection and deferral amounts. The only entry in the software is made on the *Revenue* and *A4F* screens.
 - iv. District runs the edits to clear any fatal edits, then checks the box for *Ready for Review* on the *County Review and Approval* screen.
 - v. County Office reviews entry and uses *County Review and Approval* screen to document the approval.
- b. If the district has made entry in the approval lines of the April Election section:
- i. The ECS must un-check the *Approved* box on the ECS Review line.

- ii. The ECBO must un-check the *Approved* box on the ECBO Preliminary Review line.
- iii. The district must un-check the *Ready for Review* box on the District line.
- iv. District then makes entry on the *Revenue* screen to increase state aid and decrease general fund tax levy for the amount of the increase in state aid used for general fund tax relief in 2018-19. District must also revise the A4F to reflect any resultant change to the collection and deferral amounts. The only entry in the software is made on the *Revenue* and *A4F* screens.
- v. District runs the edits to clear any fatal edits, then checks the box for *Ready for Review* on the *County Review and Approval* screen.
- vi. County Office reviews entry and uses *County Review and Approval* screen to document the approval.

2. Increase 2018-19 General Fund Appropriations During the Budget Year

N.J.S.A. 18A:22-8.1 and *N.J.A.C. 6A:23A-13.3(d)* authorize district boards of education to appropriate unbudgeted or under-budgeted state aid for which budgetary approval was granted by the Commissioner in the written notification to the district board of education of the increase in state aid. In a special Broadcast dated July 13, 2018, the Commissioner granted approval for any district with an increase in state aid to transfer and appropriate this unbudgeted/under-budgeted revenue for 2018-19. Districts will not revise and replace their original budget certified for taxes. Rather, the appropriation of the unbudgeted/under-budgeted state aid is considered a mid-year budget revision.

Districts that choose to increase their original 2018-19 budget certified for taxes through an appropriation of any portion of the increased 2018-19 state aid must obtain a board of education/board of school estimate resolution approving the appropriation(s) and detailing the increased line item(s). The resolution must be affirmed by a two-thirds affirmative vote of the authorized membership of the board pursuant to *N.J.S.A. 18A:22-8.1*. Please have documentation of the appropriation details available for use by your district's independent auditor and also your County Office of Education during mid-year budget reviews. When considering all options, please note that pursuant to *N.J.A.C. 6A:23A-14.3* districts are authorized to supplement a capital reserve account or a maintenance reserve account, and pursuant to *N.J.A.C. 6A:23A-14.4 (a).1.iii* to supplement an emergency reserve account, by board resolution during the period **June 1 to June 30, 2019 only**.

Be aware that any funds attributable to the increase in state aid appropriated for use in 2018-19 that remain unexpended/unencumbered at June 30, 2019 will fall to general fund surplus and will be included in the audited excess surplus calculation (there will not be an allowable adjustment to the excess surplus calculation).

3. Designate for Use in 2019-20

Districts may, within their board resolution, designate any portion of the increase in state aid as “Assigned Fund Balance – Designated for Subsequent Year’s Expenditures” for use in 2019-20. Any district that elects to defer the appropriation of the additional state aid to 2019-20 must include the additional state aid revenue amount in the 2019-20 budget software as follows:

- On the “Recapitulation of Balances” screen of the 2019-20 budget, on line 6 in the 2018-19 column as “Additional Balance Anticipated 18-19” during FY 2019;
- On “Recapitulation of Balances” screen line 3 of the 2019-20 column as “Budgeted Withdrawal from Unassigned”; and detailed in the appropriations in the 2019-20 column of the *Appropriations* screen; and
- On the “Appropriation of Excess Surplus” screen, line A2 (Reserved Fund Balance – Purpose Beyond 2019-20), enter the amount of the 2018-19 additional state aid to be budgeted in 2019-20. In the description line below line A2 enter the text “2018-19 additional state aid budgeted in 2019-20 by board resolution.”

There will be no additional allowable adjustments to the audited excess surplus calculations beyond those detailed above.

Reductions in State Aid

Any district notified of a reduction in state aid must reduce its budgetary basis state aid revenue and receivable for 2018-19. Districts experiencing a reduction in state aid have the following options by board of education/trustees resolution (described in greater detail below):

1. Use unassigned general fund surplus to maintain budgeted appropriations; or
2. Request Commissioner approval to withdraw from emergency reserve; or
3. Pursuant to *N.J.A.C. 6A:23A-14.2(d)*, withdraw from maintenance reserve to cover budgeted required maintenance costs; or
4. Reduce appropriations for 2018-19; or
5. A combination of 1, 2, 3, and 4 above.

Each board of education or board of trustees must hold a public meeting to adopt a plan to address the state aid reduction no later than **August 1, 2018**. This is a tight timeframe, and districts need to act quickly with the impending beginning of the new school year.

All districts that received a reduction in state aid are required to submit the following to the county office **by August 7, 2018**:

- A narrative detailing the budget adjustment plan to be implemented in response to the state aid reduction;
- A listing of reductions to appropriations detailing the line items and accounts impacted by the plan; and
- A copy of the board resolution adopting the plan.

Detailed Description of Options for Reductions in State Aid

1. Use surplus to maintain budgeted appropriations

State aid reductions may be addressed through transfers from unassigned general fund surplus at any time during the budget year as permitted by *N.J.S.A. 18A:22-8.1* and *N.J.A.C. 6A:23A-13.3(b)* and (c). Pursuant to *N.J.S.A. 18A:22-8.1* and *N.J.A.C. 6A:23A-13.3(b)* and (c), NJDOE approval to transfer/increase the amount of unassigned general fund surplus budgeted in the original budget certified for taxes by board resolution on or prior to August 1, 2018 to provide the resources necessary to offset the reduction to 2018-19 state aid has been granted by the Commissioner in his Broadcast dated July 13, 2018.

Requirements for districts choosing to use surplus:

- a) Obtain a board of education/board of school estimate resolution on or prior to August 1, 2018 to increase the use of surplus affirmed by a two-thirds affirmative vote of the authorized membership of the board pursuant to *N.J.S.A. 18A:22-8.1*.
- b) Any appropriated surplus funds that are unexpended/unencumbered and fall to surplus at June 30, 2019 will be included in the audited excess surplus calculation.
- c) Districts electing to transfer/increase the amount of unassigned general fund surplus for use during 2018-19 must include the withdrawal in the “Recapitulation of Balances” section of their 2019-20 budget on line 3 of the 2018-19 column as “Budgeted Withdrawal from Unassigned.” The district must also reduce the amount of state aid recorded in the middle column (2018-19) on the *Revenue* screen.

2. Request Commissioner approval to withdraw from emergency reserve

Pursuant to *N.J.A.C. 6A:23A-14.4(a).1.iv*, withdrawals from the emergency reserve require Commissioner approval. Please refer to the [withdrawal guidance for emergency reserve](#).

3. Withdraw from Maintenance Reserve

Pursuant to *N.J.A.C. 6A:23A-14.2(d)*, the district may, by board resolution, withdraw from maintenance reserve in an amount not to exceed the required maintenance costs budgeted on line 48580, and also in this instance, not to exceed the reduction in state aid.

4. Reduce Appropriations for 2018-19

A district board of education or board of school estimate that was notified of a reduction in state aid may elect to reduce appropriations from the level contained in the original budget certified for taxes. The NJDOE is not requiring these districts to re-enter their revised state aid revenue or appropriations into the 2018-19 Budget Application.

Requirements for districts choosing to reduce appropriations:

- a) Transfers from appropriation accounts must be in accordance with *N.J.A.C. 6A:23A-13.3* and executed only by board of education/board of school estimate resolution by **August 1, 2018**.
- b) A list of transfers must be submitted to the county office. Although early submission is encouraged, the list must be submitted electronically to the county office by **August 7, 2018**.
- c) For purposes of the district financial statements, the C-1 (General Fund Budgetary Comparison Schedule), will reflect the decrease to state aid and corresponding revisions to the budget originally certified for taxes as a budget adjustment made during FY 2019.
- d) In the 2019-20 Budget Application, districts must include the revised revenues and appropriations in the appropriate program screens to reflect the revised budget as of February 1, 2019.

5. Combination of alternative revenue sources and/or reduction to appropriations

The NJDOE must verify that school districts have managed the reduction in general fund state aid while maintaining a 2018-19 budget that is sufficient to provide a thorough and efficient (T&E) education for students. Accordingly, districts are required to submit to the County Office the board resolution(s), a detailed narrative explanation of the use of alternative revenue sources and/or reduction to appropriation lines, and list of transfers. Although early submission is encouraged, each item *must* be submitted electronically to the county office by **August 7, 2018**. Any possible next steps after submission to the county office will be communicated at a later date.

All districts that received a reduction in state aid are required to make the adjustments and submissions to the county office that are outlined above.

Emergency Aid

Pursuant to language included in the FY 2019 appropriations act, districts that received notification of a reduction in general fund state aid, and are able to demonstrate fiscal distress, may apply for additional state assistance. Districts that are interested in making an application can contact their county offices for information.