

OFFICE OF THE BUSINESS MANAGER

Millburn Public Schools

INFORMATIONAL ITEM

May 16, 2011

To: Board of Education Members

From: Mary Taylor

Subject: Public hearing and Resolution to waive the 5% Administrative Cap Limitation

BACKGROUND INFORMATION

Each year a District's administrative costs can increase no more than 5% from the previous year. If it does, the district must hold a public hearing to approve the increase. This year we did increase over the 5% threshold, not because we increased administrative costs, but because we moved part of the superintendent's salary out of the Tort Fund back into the Education fund. This fund transfer put us over the legal limit.

The Tort Fund is usually reserved for paying liability insurance and any litigation of the District. At the suggestion of PMA and Milburn Cain, our auditors, we moved partial salaries out of that fund.

Because our administrative costs per pupil are in the 25<sup>th</sup> percentile or below we may waive the limitation. This waiver is good for only one year.

It is important to note that there are no increased administrative costs. This is simply a fund transfer and it allows us to be more transparent to the public.