Minnesota Department of Education

This document has been reformatted for accessibility purposes.

SCHOOL BUSINESS BULLETIN

Bulletin No. 22 July 2002

Inside This Bulletin:

General Financial Management Matters
UFARS Manual Update
Charter Schools
Program Finance
Facilities/Health & Safety
Food & Nutrition Service
Workshops/Training

TO: Superintendent of Schools, Chief School Business Officials, Other Interested Persons

General Financial Management Matters

1. Aid Confirmation Reports – The aid confirmation reports for FY 2002 will be available on our website the week of July 22nd. To access these reports, log on to the Department's website. Select *District Information*; *District Funding and Payment Reports*; click on the first letter of the district name and select district from list; select *View Reports by Report Category*; and *Aid Confirmation Pay Report, 01-02*. If you need to access the crosswalk between the state/federal and UFARS codes or need information on who to contact for questions on the various payments. If you need further assistance in finding these reports, please call Debrah Firkus at 651/582-8775 or Yvonne Wilkes at 651/582-8477.

2. Staff Development Set Aside Funds - If a district votes to set aside a percent of FY 03 basic revenue for staff development that is less than the required 2% as per Minnesota Statutes, section 122A.61, the following worksheet should be completed and sent to the CFL Financial Management Team. If a district is in statutory operating debt (SOD), a vote is not required but parts of the form should still be completed. Please provide the appropriate information below and send it to:

   Dr. Charles A. Speiker
   Department of Children, Families, & Learning
   Financial Management and Accountability
   1500 Hwy 36 West
   Roseville, MN 55113

STAFF DEVELOPMENT SET ASIDE VOTE
FY 03

1. District Name District Number: _____
2. Person Submitting Information: _____
3. Telephone Number: _____
4. E-mail:_____

5. Is the district in Statutory Operating Debt? Yes_____ No_____ (Check one)
   If yes is checked, skip items 6 & 7.

6. Result of teacher vote: _____ (for reduction) _____ (against reduction)
   Date of teacher vote:

7. Result of board vote: _____ (for reduction) _____ (against reduction)
   Date of board agreement:

8. Expected calculation of 2% of basic revenue was: $_____
   This is the amount of revenue that should have been budgeted at the 2% level.
   This is at cell U40, page 6 of 6, in the *General Education Revenue Report* (Whatif).

9. The new calculation of set aside money for the district:

   Percent of basic revenue allocated: _____%
   Actual dollars allocated for staff development: $_____

3. Structural Balance at the Close of FY 02

Improved Narrative and Electronic Reporting

The narrative on the structural balance legislation is updated to account for the full implementation that occurred this past year. The reporting format on the web also contains changes.

Shortcut on Reporting

Some district personnel have been going to the web to load their data AND THEN using a printout of that electronic report to address their community and board. That same print out was then sent to CFL to fulfill the hard copy reporting requirement. They sent the printout with a resolution that contained the date of the board action. This process simplified reporting requirements of the legislation.

The caution in this process is that if a correction is needed on a report that was loaded to the web, a totally new file on the web would have to be loaded UNDER A NEW NAME. For example, if a district reported a settlement for E-M Teachers and found a need to change the data, a new file would have to be loaded under a new name such as Teachers. A call must be made to Financial Management to remove the old file. Call Debrah Firkus at 651/582-8775 or Charles Speiker at 651/582-8737 for file removal.

Reported Data

There were four sources explored to compile the data below. The structural balance legislation called for a report for public access, which became an electronic report mechanism available on the web site at the Department of Children, Families & Learning (CFL). There was also a requirement to submit hard copy material on settlements to CFL. Additionally, materials from Minnesota School Boards Association (MSBA) and Education-Minnesota (E-M) were reviewed.

A. Electronic Reports by Unit to the Web

These are the reports loaded to the web site by local reporting units. As of June 28, 2002, the greatest number of reports per unit was ten (10). The 242 reporting units accounted for 423 settlement submissions. The breakdown by reporting units was:

K-12 schools	231
Cooperatives	11
Total	242

B. Hard Copy Submission to CFL

Almost every unit submitted an individual budget summary, a district summary and a resolution within the 30-day deadline as of July 1, 2002. On occasion, districts would send board minutes in lieu of a resolution. The breakdown of submissions was:

Teacher Settlements	173
Other Settlements	175
Total	348

C. Minnesota School Boards Association (MSBA)

MSBA reported that there were 197 teacher settlements as of May 31, 2002. The average settlement (total package) was:

4.77% for FY 2002
4.80% for FY 2003

D. Education-Minnesota (EM)

EM reported that there were 230 tentative settlements, with 112 districts unsettled as of April 18, 2002. By mid-May, the E-M President reported that there were still 69 unsettled units.

Summary

No unit reported that structural imbalance was caused by a settlement. No district appeared to incorporate a pending referendum as part of their future revenue stream. Many districts reported making modest to large cuts to balance their budgets in FY 2002 and/or FY 2003. And, districts perceived the built-in redundancy in reporting hard copy to the state and electronic copy for the public until they used the shortcut described above.

4. Credit Enhancement Update - The credit enhancement program continues to be utilized by the majority of districts in the State of Minnesota. The short-term borrowing from FY 01 to FY 02 increased slightly when reviewing Aid Anticipation Certificates and Tax Anticipation Certificates together. However, issues from Tax Anticipation fell from 54 to 5, whereas issues from Aid Anticipation increased from 79 to 124. Overall dollars in the program for Aid and Tax Anticipation increased by approximately $55,000,000.

Long-term borrowing on General Obligation Bonds remained relatively constant from the previous year with a decline of almost $10,000,000 in accrued savings. The amount of savings for FY 02 will increase slightly as financial advisors send in final payment schedules and calculations from outstanding bond issues for FY 02. See *Table One* for data on the past seven (7) years.

Table One: Credit Enhancement – 7 Year Summary

	FY02[1]	FY01	FY00	FY99	FY98	FY97	FY96
G.O. Bonds	51	51	36	41	53	61	53
G.O. Refunding	37	28	2	63	55	13	23
Aid Anticipation	124	79	63	55	51	59	80
Tax Anticipation	5	54	65	57	44	48	60
Capital Equipment	3	3	3	5	2	13	7
Cert. Of Part.	2	3	4	2	0	0	0
Number of Issues	222	218	173	223	205	194	223
Total Amount	1,414,879,492	1,363,280,712	846,238,000	1,049,395,000	1,016,432,856	760,682,000	966,101,621
Estimated Savings	28,379,738	34,526,604	12,364,768	16,278,778	14,898,715	12,573,431	15,723,796

UFARS Manual Update/Information

1. FY 2003 UFARS Manual – The new Manual will be posted to the Department's website at by August 1, 2002. Please periodically check this website under "What's New" for the Manual and other information pertinent to financial management. If you have difficulty printing from this website, please call our information line at 651-582-8477.

2. New Object Code For Post-Retirement Benefits - There are numerous code changes in the *FY 2003 UFARS Manual*. One of those changes is the addition of the code to record payments to retirement accounts for post-retirement health insurance premiums. The new code is listed below.

   251 Voluntary Employees Beneficiary Associations

   Record expenditures made to third parties (example MSRS) for VEBA health benefit costs. These are district costs for teacher retirement severance payments, or payments funding teacher retiree health care, that are paid pre-tax into a retirement account for post- retirement health insurance premiums. Teachers in districts who have such a plan would no longer have the option of post retirement health insurance through the district.

Charter Schools

1. Lease Aid - Please watch for the lease aid memo for FY 2003 that is being mailed to charter schools only. The application process for lease aid is the same except for a new lease aid certification form that needs to be completed and sent with your request. Please send your lease aid requests to Nancy Schultz. You may contact Nancy at 651-582-8712 if you have additional questions concerning the new requirements.

Program Finance

1. Allocation of General Education Revenue Reporting – This article provides an outline of the allocation of general education revenue reporting requirements and the method by which school districts will report their FY 2002 actual allocation of general education revenue by site to the Department of Children, Families & Learning.

Allocation of General Education Revenue Reporting Requirements as required by Minn. Stat § 126C.23

- School districts are required to report to the Department of Children, Families & Learning by January 30, 2003 the actual amount of general education and referendum revenue for FY 2002 that was allocated to each building and the amount of any reallocations.

- In addition, school districts are also responsible for meeting the reporting requirements of Minn. Stat. § 123B.77, subd. 4. This law requires the board of each school district prior to appropriation of revenue for the next year in the initial budget to calculate general education revenue, basic skills revenue, and referendum revenue for that year it estimates will be generated by the pupils in attendance at each site. The board shall inform each site of that estimate by July 1.

- To assist school districts with this reporting requirement, FY 2003 initial allocations of general education revenue by site has been posted to the Program Finance website.

Report on FY 2002 Actual Allocation of General Education Revenue by Site

- The Allocation of General Education Revenue by Site report consists of two reports. The first report looks at the reallocations and expenditures of general education and referendum revenues. These would be lines 1-4 of the report. The other report is more broad based and looks at staffing and compensation from the general, food service and community service funds. These are lines 6-20 of the report.

- To assist school districts with this report, the Department of Children, Families & Learning will populate the Allocation of General Education Revenue Reporting (AGER) System with the data necessary to meet this reporting requirement. No data entry will be required. A comment field will be available to enter in comments on items such as district management, accounting policies or unusual events which may require a clarification in order to provide a better understanding of district data.

- School districts must allocate revenues to sites using Source 650 entries prior to the November 30 UFARS deadline. The Department of Children, Families & Learning will use these allocations to infer revenues allocated district-wide.

- To assist school districts with their Source 650 entries, preliminary FY 2002 allocation of general education revenue by site will be posted to the Program Finance website in late July. An announcement of its availability will be posted under What's New at the Program Finance website.

- It is anticipated that definitions of data items and methodology for populating the data will remain the same as last year. A revised manual for identifying sources of data used to populate the AGER System for FY 2002 will be available in December on the Program Finance website, click on the "Data Reporting Systems" button and then on instructions.

- The AGER System for FY 2002 actual data will be available for viewing and entering comments in mid to late December. A notice of its availability will be posted to the Program Finance website under What's New. A memo will be sent to school district superintendents and business managers in mid December containing the password to access this system.

- Questions concerning the allocation of revenue among buildings, revenue reallocations, or the January 30 report should be directed to: Carol Hokenson, Levies, Data & General Education Funding Supervisor at 651/582-8840.

2. Career and Technical Levy_- There is a change to this levy as per Minnesota Statutes, section 126C.457, sec. 5. Career and Technical Levy.

   > "For taxes payable in 2003 only, a school district may levy an amount equal to the greater of (1) $10,000, or (2) the district's fiscal year 2001 entitlement for career and technical aid under section 124D.453. The district must recognize the full amount of this levy as revenue for the fiscal year in which it is certified. Revenue received under this section must be reserved and used only for career and technical programs."

   District personnel are to use Finance Dimension Code 830. They are to use Balance Sheet Code 445 to reserve the unused funds.

3. Safe Schools – Crime Levy – Safe Schools (Crime) Levy (Section 4) of the 2002 Omnibus Tax Bill, Chapter 377, Article 5, K-12 Education Levies and Revenues raises the crime levy by $19 per adjusted marginal cost pupil unit, from $11 to $30 per pupil unit. The legislation renames the crime levy to the "safe schools" levy. This is effective for taxes payable in 2003 and revenue for FY 2004.

   Districts may wish to utilize this increase to fund prevention initiatives for the following purposes or for reimbursing the cities and counties which contract with the district for the following purposes:

   1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools;
   2) to pay the costs for a drug abuse prevention program in the elementary schools;
   3) to pay the costs for a gang resistance education training curriculum in the district's schools;
   4) to pay the costs for security in the district's schools and on school property; or
   5) to pay the costs for other crime prevention, drug abuse, student and staff safety, and violence prevention measures taken by the school district.

   Beginning in FY 2003, Finance code 342 will be used to track expenditures for this program.

4. Learning Year ADM Cap of 1.5 – Effective FY 03, students in grades one through twelve enrolled in learning year programs, including alternative programs, are limited to an annual total of 1.5 ADM. The cap of 1.2 will remain for nondisabled kindergarten students. Kindergarten students with an IEP are limited to 1.0 ADM. Keep these limits in mind as you update your ADM estimates.

   The local MARSS ADM report is unable to apply these limits to students who are dually or concurrently enrolled between two districts; however, the limits will be applied to the ADM included in the FY03 District/School ADM Reports that are posted to the web starting next summer.

5. FY 02 District/School ADM Report – The first FY02 District/School ADM Report has been posted to the web. Select View Reports by Report Category and then Student Data Reports. Updated documentation is posted to the web. Appendix B of the documentation includes the ADM formulas used in MARSS.

   These reports will be updated about a week after each of the MARSS year-end reporting deadlines: June 26, July 24, August 28, October 2, and November 20. The final report will be posted in early January 2003. MARSS files received by November 20 will be considered final. Corrections that need to be made after November 20 will be made manually. Refer to the October 2001 *School Business Bulletin* for more information.

Two items have been added to the FY02 District/School ADM. They are:

a. On the last page of the report (District ADM Summary/Categorical or No Revenue page) at the bottom of the first column is the district's LEP (Limited English Proficient) count which will be used to calculate the district's LEP funding for FY02. This is a cumulative count of students identified throughout the year, not an ADM. It includes students who are reported with a Home Primary Language other than English or American Sign Language, and a LEP of Y, and are:

   - residents of the enrolling district or
   - nonresidents enrolled in the district via an enrollment options program, including students enrolled in contract alternative programs, or
   - nonresidents enrolled in the district via a tuition program or
   - shared time students enrolled in the district or
   - residents enrolled in a cooperative and for whom the resident district is paying tuition

b. On the last page of the report, columns 18-20 have been added to identify the ADM of residents of Minneapolis, St. Paul and Duluth who are eligible to generate Alternative Attendance Integration Aid. These data will be useful only to districts that receive open enrollment students from Minneapolis, St. Paul and/or Duluth and which have an Alternative Attendance Integration Plan on file at CFL.

6. WHATIF Spreadsheet for FY 2002 – An updated WHATIF spreadsheet for FY 2002 dated 07/11/02 has been posted to the Program Finance website under the General Education button. Be certain that this is the version used by the district and/or district independent auditor for year-end calculations of receivables or reserved revenues.

   This spreadsheet corrects an error in the calculation of learning and development revenue. Previously, the calculations in lines 171 through 173 were incorrectly based on the relative values of lines 15 and 16. Now, they are based on the relative values of lines 8 and 16.

7. New Web Information on Finance – Tom Melcher in Program Finance shared the following address on the Program Finance website that may be of interest:

   Summary of School Finance Changes Enacted by the 2002 Legislature is available.

   FY 2003 state aids cash flow information is available.

8. Distance Learning – The 2001 law that authorized districts to offer interactive, web-based instruction for FY02 was extended through FY03.

   For questions on reporting membership, contact Sharon Peck at 651/582-8811. For questions on the application process, contact Dave Glick at 651/582-8619.

Facilities/Health & Safety

1. Health and Safety Revenue Applications – Instructions for the 2002 payable 2003 health & safety revenue application have been loaded to the CFL web site.

2. Indoor Air Quality (IAQ) Coordinator Training, August 1, 2002

   The purpose of this note is to provide school districts with particulars for the IAQ Coordinator training, scheduled for presentation by the MN Department of Health (MDH) on August 1, 2002.

   The following note has been extracted from this year's Health and Safety letter, dated June 28, 2002:

   To qualify for any new H&S funding for 2002 Pay 2003 (requests for funding since October 1, 2001), the district must have a certified IAQ Coordinator; have submitted Attachment #99 in 2002; and, have an operational IAQ Management Plan. Certification occurs as a result of attendance at a Minnesota Department of Health (MDH) training session only. If a district does not have an IAQ Coordinator, the MDH and CFL are scheduling a make up training on August 1st in St. Paul.

Training Date:	August 1, 2002
Location:	MDH's Snelling Office Park, 1645 Energy Park Dr., St. Paul, MN 55108
Time:	8:45 (Registration), 9:00---12:00
Cost	Free. Travel and sundry costs are eligible for H&S funding.

   Please RSVP to Dan Tranter of the MDH, at 651/215-0888. If you need travel information, contact Mr. Tranter or call 651/917-4870.

Food & Nutrition Service

1. The "Express Lane Eligibility" Project – Food and Nutrition Service and the MN Department of Human Services (DHS) are beginning to evaluate results of the 2001-02 Express Lane Eligibility Project. This project provided school meal eligibility data from 13 school districts to DHS to conduct outreach for MinnesotaCare and other health insurance programs. Staff from DHS, CFL Food and Nutrition Service, the pilot school districts, and school meals software vendors coordinated throughout the school year on the project.

   DHS sent out almost 14,000 health care applications as a result of the project. DHS will be tracking the number of these applications that result in uninsured children obtaining health insurance.

   At the same time, the data sharing provided an opportunity for Food and Nutrition Service to assess expanding the use of DHS data for "direct certification" of school meal eligibility or for verifying eligibility based on self-reported information from families.

   Streamlining of free/reduced-price meal eligibility is important to provide meal benefits to qualified children. Also, the eligibility has been increasingly used as a poverty indicator for a variety of programs including compensatory revenue aid to schools.

   Initial results after data matching indicated a great potential to "directly certify" more children for free school meals based on DHS data. Although direct certification has been in place since 1994, it has been able to use only MFIP and Food Stamp data from DHS. The project results indicate that if direct certification were able to expand to using all DHS medical/health assistance programs, the pilot districts could have had 63% of eligible students directly certified for free school meals, rather than the current 24% of eligible students.

   The other potential for the expanded use of DHS is in the verification of school meal eligibility that has been based on self-reported information from a family. Project results showed that 71% of students approved for free and reduced-price meals could be matched to DHS data. The school meal eligibility status of most of the matched students (77%) appeared to be verified as correct by the DHS data. Another 18% were verified for school meal benefits, although the DHS data potentially supported a different (either higher or lower) category of school meal benefits for this group. Only five percent of the students could not be potentially verified for free or reduced-price eligibility with the DHS data.

In the coming year, Food and Nutrition Service will be expanding the data matching process with DHS. For more information or question contact Mary Begalle, Department of Children, Families and Learning at 651/582-8529 by more DHS establishing a regular schedule for matching data throughout the year and identifying any additional DHS databases that could be utilized.

Workshops/Training

1. Training on the Manual for Activity Fund Accounting (MAFA)

   The *Manual for Activity Fund Accounting (MAFA)* has cleared its many screens and is ready for presentation and use beginning with FY 03. MAFA is the official manual of prescriptions and suggestions to be used for student activity accounting.

   MAFA contains current legal references, references to sales tax information and procedures for the establishment and maintenance of student activity accounts. *MAFA* also contains sample forms including those for the establishment of an individual activity account, a treasurer's report and a checklist for internal audits. A special *Resource Manual for MAFA* may be distributed which contains samples from other states as well as effective practices from Minnesota Districts.

   The cost of training is $25.00 per person. This includes the cost of registration, materials (including the Manual) and morning refreshments. Registration will open at 8:03 am. The training program will begin at 8:32 am and conclude by 11:46 am. The afternoon programs will begin at 1:03 and conclude by 4:17 pm. Training sites, dates, and the names of local hosts are listed below.

   Checks and registration forms are to be mailed to Ms. Yvonne Wilkes at Department of Children, Families & Learning, 1500 Hwy 36 West, Roseville, MN., 55113. Refunds will be issued if they are received 72-hours before the session date. Manuals will be mailed to all registrants who had to cancel within the 72-hour period.

MAFA TRAINING SITES – FY 03

DATE	LOCATION	ADDRESS	LOCAL CONTACT
July 26	**St. Cloud**	**570 1st. St. SE (CMERDC)**	**Special training for RAC's only**
August 20	Rochester	210 Wood Lake Dr. (SESC)	Kathy Pankowski (507/281-6679)
August 21*	**Marshall**	**1420 E. College Dr. (SWSC)**	**Denise Hoek (507/537-2264)**
August 27	**Moorhead**	**810 4th. Ave. S. (Townsite Center)**	**Wayne Miller (218/284-3104)**
August 28	St. Cloud	Kelly Inn 100 4th. Ave. So.	Nancy Ramler (320/202-0992)
August 29	Mtn Iron	8633 S. 8th St.	Suzie Maddern (218/748-7616)
September 10	**Mankato**	**Country Inn 1900 Premiere Dr.**	**Roger Heiden (507/386-4804)**
September 11	Roseville	1500 W. Hwy 36 (CFL)	Yvonne Wilkes (651/582-8477)
September 25	Roseville	1500 W. Hwy 36 (CFL)	Yvonne Wilkes (651/582-8477)
October 16*	Roseville	1500 W. Hwy 36 (CFL)	Special training for CPA's only
October 17	Roseville	1500 W Hwy 36 (CFL)	Special vendor training only

* = am AND pm SESSIONS SCHEDULED TO DATE
There is a special registration form for the RAC,CPA and vendor training sessions.

The special training for Regional Area Coordinators (RAC's) and special vendors will be a Train the Trainer Session. The training session for CPA's will concentrate on compliance and audit issues.

For workshop content information, please call Charles Speiker at 651/582-8737 or Debrah Firkus at 651/582-8775. Contact Ms. Yvonne Wilkes at 651/582-8477 for questions about registration. Check the financial management website for registration materials.

Notice: Workshop sessions will be cancelled if there are not at least 10 people in attendance.