

CHAPTER 3545
STATE BOARD OF EDUCATION
SCHOOL FINANCING

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3545.0300 [Repealed, L 1983 c 314 art 6 s 33]

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3545.0500 [Repealed, L 1983 c 314 art 6 s 33]

FINANCIAL ACCOUNTING REPORTING REQUIREMENTS

3545.0600 APPLICABILITY OF RULES.

Parts 3545.0600 to 3545.1200 apply to all school districts; educational cooperative service units; technical institutes; elementary, secondary and vocational regional computer centers; cooperative centers for special education; cooperative centers for vocational education; and governmental units formed by joint powers agreements entered into by school districts. For purposes of parts 3545.0600 to 3545.1200, all entities are referred to as "districts."

The requirements of parts 3545.0600 to 3545.1200 are applicable to all unaudited financial reports for the fiscal year ending June 30, 1977, and each year thereafter. These requirements shall also provide the basis for amending the unaudited financial reports for the fiscal year ending June 30, 1976, and each year thereafter. These requirements apply to all budgets prepared for the fiscal year ending June 30, 1978, and each year thereafter.

Recommendations for reporting methods. Where methods for reporting to the department are specified, such methods shall be prescribed by the commissioner after recommendations have been made by the advisory council on uniform financial accounting and reporting standards.

Statutory Authority: *MS s 121.902*

History: *L 1987 c 258 s 12*

3545.0700 FINANCIAL REPORTING STANDARDS.

The requirements adopted in parts 3545.0600 to 3545.1200 shall be known as the uniform financial accounting and reporting standards for school districts. The state auditor shall have ultimate authority to decide questions relative to

accounting classifications and application to district accounting transactions of the standards contained herein. Postsecondary financial reporting shall be separated from elementary-secondary financial reporting.

Statutory Authority: *MS s 121.902*

3545.0800 MODIFIED ACCRUAL ACCOUNTING AND OTHER ACCOUNTING REQUIREMENTS.

Subpart 1. Recognition principles. Revenues and expenditures shall be recorded and recognized in accordance with generally accepted accounting principles. Generally accepted accounting principles provide for the accrual basis of accounting and the modified accrual basis of accounting as appropriate for the particular fund. The cash basis of accounting is not acceptable for district budgeting, accounting, and reporting. Specific standards for revenue recognition are contained in Minnesota Statutes, section 121.904. Specific standards for expenditure recognition are contained in Minnesota Statutes, section 121.906.

Subp. 2. Reporting categories. Budgeting, accounting, and reporting systems shall be designed to provide financial data, where applicable, according to the terms and categories used in Minnesota Statutes with particular attention to categorical programs funded by the state.

Subp. 3. Accounting structure. Development of programmatic data for district internal reporting and management purposes, and for reporting to the public and the department, requires the use of multidimensional systems of classification of transactions.

Subp. 4. School district accounting principles. The "Manual for the Uniform Financial Accounting and Reporting System for Minnesota Schools," issued by the state of Minnesota, Department of Education, shall contain the standards for budgeting, accounting, and reporting. Amendments to the principles contained in this manual shall be approved by the State Board of Education.

Subp. 5. Student activities accounting principles. The "Manual of Instructions for Uniform Student Activities Accounting for Minnesota School Districts," issued by the state of Minnesota, Department of Education, shall contain the accounting and reporting standards for extracurricular student activities. Amendments to the generally accepted accounting principles contained in this manual shall be approved by the State Board of Education.

Statutory Authority: *MS s 121.902*

3545.0900 FUND ACCOUNTING.

Subpart 1. Definition. A fund is an independent accounting entity having its own assets, liabilities, obligations, revenues, expenditures, reserves, and equity balances. Funds shall be established for the purpose of accounting for those specific resources provided for the attainment of particular public objectives, as designated by statute or rule.

Subp. 2. Funds maintained. The following funds shall be maintained:

- A. general fund;
- B. food service fund;
- C. pupil transportation fund;
- D. community services fund;
- E. capital expenditures fund;
- F. building construction fund;
- G. debt redemption fund;
- H. trust and agency fund; and
- I. enterprise fund.

Subp. 3. Operating and nonoperating funds. The general fund, food service fund, pupil transportation fund, community services fund, and enterprise fund

shall collectively be known as the operating funds. The other funds collectively shall be known as the nonoperating funds.

Subp. 4. Enterprise fund requirement. The enterprise fund shall be maintained by elementary, secondary, and vocational regional computer centers.

Subp. 5. Account groups. An account group is a self balancing group of accounts. Account groups represent a district's general fixed assets and long-term indebtedness that are not segregated for carrying on specific activities. A general fixed asset group of accounts and a general long-term debt group shall be maintained.

Subp. 6. Fund accounting. Revenues and expenditures shall be recorded in the appropriate funds.

Subp. 7. Fund transfers. General fund assets may be used for any general or special operating purpose of a district and may be transferred permanently by school board action to any other operating fund where the resources of that other fund are not adequate to finance approved expenditures from such fund or to eliminate a negative undesignated fund balance in a building construction fund being discontinued.

The portion of the general fund undesignated fund balance permanently transferred to eliminate a negative building construction fund undesignated fund balance must be reduced by the capital expenditure fund year-end undesignated fund balance.

Subp. 8. Special fund uses and transfer limitations. All funds other than the general fund are special purpose funds in which expenditures may only be made for the special purposes of the fund. Transfers of moneys from special purpose funds to other funds are not permitted unless authorized by law. Transfers may be made from any fund to another fund to pay for expenditures legitimately chargeable to one fund but expended from another. Such items are most appropriately accounted for on a current basis, as interfund transactions, increasing the expenditures of one fund and reducing those of another. Transfers may be made from the capital expenditure fund to pay for expenditures from other funds for capital expenditure purposes.

Statutory Authority: *MS s 121.902*

History: *L 1987 c 398 art 7 s 42*

3545.1000 REVENUE AND EXPENDITURE CLASSIFICATION PRINCIPLES.

Subpart 1. Definition of system. Revenue and expenditure budgeting, accounting, and reporting is based on individual accounts. An account, in the multidimensional system, requires the use of six dimensions each of which has a distinct meaning. The revenue dimensions are fund, organization, program, finance, source, and course. The expenditure dimensions are fund, organization, program, finance, object, and course. The mutually exclusive dimensions and account components are defined in the "Manual for the Uniform Financial Accounting and Reporting System for Minnesota Schools," issued by the state of Minnesota, Department of Education on July 1, 1981. All revenue and expenditure accounts shall specify classification detail to permit grouping in the respective revenue and expenditure categories and to permit required state and federal reporting.

Subp. 2. Netting principles. Netting revenues and expenditures is not permissible except as allowed under generally accepted accounting principles.

Subp. 3. Account distribution. District accounting practice must include requirements for appropriate expenditure account distribution, according to generally accepted accounting principles.

Subp. 4. Account structure for indirect costs. Appropriate account codes shall be used to identify indirect cost factors, as required for federal programs.

Subp. 5. **Capital expenditures classification.** Maintenance and capital improvements expenditures shall be distinguished, in accordance with generally accepted accounting principles. Capital expenditures are those which extend the life of an asset, increase its value, or change its use or character.

Subp. 6. **Supply classification.** Supplies and equipment shall be distinguished in accordance with generally accepted accounting principles and item definitions. Supplies are those items which have a nominal value and are expendable or are consumed in use. Equipment items are tangible units of nonexpendable character, are not consumed in use, have an extended useful life, and are of material value.

Statutory Authority: *MS s 121.902*

3545.1100 UNAUDITED AND AUDITED FINANCIAL REPORTS, STATEMENTS, BUDGETS.

Subpart 1. **Unaudited financial reporting.** The unaudited financial report is to be submitted to the commissioner by the district through an elementary, secondary, and vocational regional computer center. This report shall contain total fiscal year amounts by fund for assets, liabilities, fund balances, revenues, and expenditures as well as the general fixed asset and general long-term debt groups of accounts. The account structure and account definitions for these accounts are contained in the "Manual for the Uniform Financial Accounting and Reporting System for Minnesota Schools," issued by the state of Minnesota, Department of Education, September, 1977. Material audit adjustments of the unaudited financial reports shall be submitted to the commissioner by the district through an elementary, secondary, and vocational regional computer center.

Subp. 2. **Audited financial statements.** An audit is an examination of the various financial statements of the funds and account groups of a district by the state auditor or an independent certified public accountant. This examination shall be performed in accordance with generally accepted auditing standards as set forth in "AICPA Professional Standards," issued by the American Institute of Certified Public Accountants (New York, New York, 1974). It shall also meet the audit requirements contained in the Office of Management and Budget Circular A-102 Revised and published in the Federal Register, volume 42, pages 45828 to 45891 (1977).

Subp. 3. **Audited financial statement format.** Audited financial statements are those financial statements which have been examined pursuant to an audit. The format of these statements shall comply with the standards in "Governmental Accounting, Auditing, and Financial Reporting," issued by the Municipal Finance Officers Association of the United States and Canada (Chicago, Illinois, 1980). If a district levies to retire its statutory operating debt, the district shall footnote its audited financial statement. An historical analysis of the statutory operating debt shall be provided in the audited financial report.

Subp. 4. **Budget requirement.** By August 15 each year, a revenue and expenditure budget for that fiscal year shall be submitted to the commissioner through an elementary, secondary, and vocational regional computer center. Revenue and expenditure budget amounts are required by fund and in sufficient detail to permit comparison with actual revenue and expenditure amounts reported at the end of the fiscal period. Subsequent revisions to the budget which are of a material amount shall also be submitted to the commissioner through the elementary, secondary, and vocational regional computer center.

Statutory Authority: *MS s 121.902*

3545.1200 FIXED ASSETS.

For the fiscal year ending June 30, 1984 and each year thereafter, each technical institute shall report its fixed assets by item and categories as defined in accordance with the uniform property accounting and reporting standards in

parts 3545.0600 to 3545.1200 adopted by the State Board of Education. Fixed asset accounting principles and definitions shall be contained in the "Manual for the Uniform Financial Accounting and Reporting System for Minnesota Schools," issued by the state of Minnesota, Department of Education on June 7, 1982.

Statutory Authority: *MS s 121.902*

History: *L 1987 c 258 s 12*

CAPITAL LOAN PROGRAM

3545.2100 PREAPPLICATION REQUIREMENT.

A school board which intends to submit an application for a capital loan, regardless of the capital expenditure amount, shall submit the construction proposal to the commissioner of education for a review and comment statement pursuant to Minnesota Statutes, section 121.15.

Statutory Authority: *MS s 124.41*

3545.2200 REVIEW AND COMMENT BY COMMISSIONER.

The commissioner shall base the review and comment statement on information required to be provided pursuant to Minnesota Statutes, section 121.15. In determining the educational and economic advisability of the proposed facility, the commissioner shall:

A. determine if the size of the proposed facility is appropriate for the projected number of pupils;

B. determine whether the pupil enrollment will continue to be sufficient to support the need for the proposed facility for at least ten years;

C. determine if currently recommended energy conservation methods will be used;

D. determine whether the projected annual operating costs will be consistent with current construction projects of a similar size and nature;

E. determine whether the proposed facility can also be used for community education programs, as a meeting facility, or in ways other than direct delivery of educational services; and

F. determine the availability and cost-effectiveness of purchasing or leasing existing facilities from adjacent school districts or from other institutions. The commissioner shall take into consideration: the size, nature, and age of existing facilities; whether existing facilities meet current fire safety and other applicable codes and requirements established in state and federal law; and the cost of any remodeling required to make the facilities satisfy district needs.

Statutory Authority: *MS s 124.41*

3545.2300 RECOMMENDATION BY COMMISSIONER.

Based upon the determinations in part 3545.2200, the commissioner shall recommend to the State Board of Education whether the amount of the capital loan should be approved in the requested amount, denied, or reduced.

Statutory Authority: *MS s 124.41*

3545.2400 APPROVAL RECOMMENDATION BY STATE BOARD.

The State Board of Education shall recommend approval of a loan if all of the criteria in items A to C are met, unless the loan is denied pursuant to the provisions of part 3545.2600.

A. The commissioner's review and comment statement must recommend approval.

B. The facilities must be comparable in size and quality to facilities constructed within the last decade and financed by a local bond issue in no less than three districts with similar pupil enrollment.

C. The facilities are needed either:

(1) to replace facilities that no longer comply with current fire safety codes and other applicable codes and requirements established in state and federal law; or

(2) to provide adequate and sufficient instructional areas to carry out the educational requirements for pupils for whom adequate facilities do not exist.

To satisfy requirement item C, subitem (2) the district shall provide documentation that one or more of the following situations exist: the programs are not provided due to lack of space or the programs are provided in inappropriate spaces, such as temporary buildings or rented buildings not intended for educational purposes.

Statutory Authority: *MS s 124.41*

3545.2500 INFORMATION REQUIRED BY STATE BOARD.

In making its application to the State Board of Education, the applying school district shall supply the following information about adjacent school districts: projected enrollment for each district; size, nature, and age of their present educational facilities; and whether the buildings meet current fire safety and other applicable codes and requirements established in state and federal law.

Statutory Authority: *MS s 124.41*

3545.2600 DENIAL RECOMMENDATION BY STATE BOARD.

Based upon the information submitted pursuant to parts 3545.2200 and 3545.2500, the State Board of Education shall recommend denial of a loan if the facility could be made available in at least one of the following ways:

A. through the purchase or lease of a facility from an existing institution within the district or adjacent districts;

B. through an interdistrict cooperation agreement with another district;

C. by dissolving the applicant district and attaching it to another district; or

D. through consolidation with another district.

Statutory Authority: *MS s 124.41*

3545.2700 REDUCTION RECOMMENDATION BY STATE BOARD.

Based upon the information submitted in parts 3545.2200, 3545.2300, and 3545.2500, the State Board of Education shall recommend loan approval in a reduced amount when the problems may be resolved through a less costly manner.

Statutory Authority: *MS s 124.41*

COOPERATIVE SECONDARY FACILITIES GRANTS

3545.3000 DEFINITIONS.

Subpart 1. **Scope.** The definitions in this part apply in parts 3545.3000 to 3545.3024.

Subp. 2. **CSFGA.** "CSFGA" means the Cooperative Secondary Facilities Grant Act, Minnesota Statutes, sections 124.491 to 124.496.

Subp. 3. **Pilot project.** "Pilot project" means a plan for a grant under parts 3545.3000 to 3545.3024 for acquiring, constructing, remodeling, or improving the building or site of cooperative secondary facilities to be financed in part by the grant. "Pilot project" may include equipment for the building, but not books, supplies, and materials.

Subp. 4. **Recipient.** "Recipient" means the applicant joint powers district that receives a grant for cooperative secondary facility construction from the commissioner of education under parts 3545.3000 to 3545.3024.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3002 APPLICATIONS FOR COOPERATIVE SECONDARY FACILITIES GRANTS.

Subpart 1. Who may apply. A group of three or more school districts, with kindergarten to grade 12 enrollments in each district of no more than 1,000 pupils and a combined current school year October 1 enrollment of at least 240 pupils in grades 10 to 12, or 320 pupils in grades 9 to 12, or 480 pupils in grades 7 to 12 may apply for a cooperative secondary facilities grant under parts 3545.3000 to 3545.3024 if they have entered into a joint powers agreement as provided by Minnesota Statutes, section 471.59 to govern the cooperative secondary facilities.

Subp. 2. Application forms. An application for a cooperative secondary facilities grant must be made on an application form available from the State Department of Education.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3004 APPLICATION CONTENTS.

Subpart 1. Information required. The application must include the information required in this part.

Subp. 2. Resolution by joint powers board. The applicant must provide a copy of the resolution stating the proposed costs of the project, the purpose for which debt is to be incurred, and an estimate of the dates when the facilities for which the grant is requested will be contracted for and completed.

Subp. 3. Certificate by clerk and treasurer of joint powers board. The applicant must provide a copy of the certificate by the clerk and treasurer of the joint powers board showing the current outstanding indebtedness of each member district.

Subp. 4. Certificate by county auditor. The applicant must provide a copy of a certificate by the county auditor of each county in which a portion of the joint powers district is located showing the information in the auditor's official records that is required to be used in computing the debt limit of the districts under Minnesota Statutes, section 475.53, subdivision 4. For each member district's outstanding bonds, the certificate shall show the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution required in subpart 2, and the interest rates and due dates and amounts of principal remaining.

Subp. 5. Review and comment. The applicant must submit a copy of the review and comment by the commissioner of education for the proposed facilities as provided by Minnesota Statutes, section 121.15 regardless of the amount of capital expenditure required.

Subp. 6. Pupil enrollment data. The applicant must provide for each member district a copy of current school year, October 1 enrollment data reported on the Fall Enrollment Report submitted to and audited by the Statistics Section, State Department of Education.

The applicant must also prepare and submit a report based on the current pupil enrollment data, broken down by grades kindergarten through grade 12 for all member districts combined.

Subp. 7. Educational plan. The applicant must provide a copy of the educational plan for the proposed project. The plan must contain the following information:

A. a description of how the planned secondary facilities will result in the joint powers district meeting the State Board of Education curriculum requirements in parts 3500.2010 and 3500.2110;

B. a description of how the education program to be developed will provide for more learning opportunities and course offerings for pupils than are currently available in any single member districts;

C. evidence that a plan to assess increased levels of student performance is provided;

D. provisions for instruction of any resident students in other districts when distance to the secondary education facilities makes attendance at the facilities unreasonably difficult or impractical;

E. a combined staff seniority list for all member districts as developed by the joint powers board; and

F. evidence that the development of the educational plan has included input from both community and professional staff, parents, and students.

Subp. 8. Building program. The applicant must provide a copy of the cooperative secondary facilities building program. The program must contain the following information:

A. the information required for review and comment under Minnesota Statutes, section 121.15, subdivision 7; and

B. a statement of need including reasons why the current secondary facilities are inadequate, unsafe, or inaccessible to the handicapped.

Subp. 9. Preliminary plans. The applicant must provide preliminary plans for the project, prepared by a Minnesota registered architect, including a site plan and vicinity maps, subsurface soil analysis, schematic design studies, and outlined specifications.

Subp. 10. Engineer's report. When the project is the remodeling of an existing building or expansion of an existing building, the applicant must provide a report by an engineer licensed in Minnesota that evaluates the structural soundness, fire, and safety hazards of the existing building.

Subp. 11. Architect's certification. The applicant must provide a certificate from a Minnesota registered architect that the project's facilities are designed to make them accessible to and usable by physically disabled persons as required by Minnesota Statutes, sections 471.465 to 471.469.

Subp. 12. Budget. The applicant must provide the project budget including estimated expenditures for site acquisition and preparation, consultant fees, planning costs, and administration costs; contracts for the construction for a new building and expansion or remodeling of an existing building; architectural, engineering, and inspection costs; initial equipment, furniture, utilities, and floor coverings; and moving expenses for existing books, equipment, supplies, and furniture.

Subp. 13. Evidence of title to land. The applicant must provide evidence that it holds fee title to the project site including right of access, or that the applicant can complete negotiations for fee title to the site within 30 days of approval of the application.

Subp. 14. Assurances. The applicant must give written assurance of compliance with all provisions of the CSFGA and all applicable state laws and rules, including the following:

A. no more than one superintendent shall be employed by the joint powers board as a result of the cooperative secondary facilities agreement;

B. to the extent possible the joint powers board is encouraged to provide for severance pay for early retirement incentives under Minnesota Statutes, section 125.611, for any teacher or administrator who is placed on unrequested leave as a result of the cooperative secondary facilities agreement;

C. the applicant must comply with Minnesota Statutes, sections 177.41 to 177.43, relating to prevailing wage rates;

D. the applicant shall assure that the funds allotted to it will be used only

for cooperative secondary facility construction activities in this item. The activities are:

- (1) erection costs for new buildings for a cooperative secondary facility;
- (2) costs for expansion, remodeling, and alteration of existing buildings for a cooperative secondary facility;
- (3) site acquisition, grading, and improvement of land on which the secondary facility is to be located;
- (4) architectural, engineering, and inspection expenses incurred after site selection;
- (5) moving expenses for existing books, supplies, equipment, and furniture;
- (6) expenses related to acquisition and installation of initial equipment including all necessary building fixtures, utilities, and furniture;
- (7) services of consultants related to the pilot project; and
- (8) expenses other than interest and the carrying charges on bonds related to the acquisition of an existing building or of land on which there is to be construction of new buildings or expansion of existing buildings to be used for cooperative secondary facilities. The expenses must constitute an actual cost or transfer of public funds; and

E. the applicant shall assure that the funds allotted to it as a recipient for cooperative secondary facilities construction are not used for the purchase of books, materials, or other supplies.

Subp. 15. Additional information. The State Department of Education may request additional information from the applicant to clarify and evaluate the application. If the additional information requested has not been received at the State Department of Education within ten working days after the request for additional information, the grant application shall be evaluated and approved or disapproved solely on the basis of the information it contains.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3005 APPLICATION DATES.

For state fiscal year 1988 only, the cooperative secondary facilities grant application must be filed on or before November 16, 1987, for January 1, 1988, grant award consideration, and on or before April 15, 1988, for July 1, 1988, grant award consideration. In subsequent years, applications must be filed on or before November 1 and April 15 for January 1 and July 1 grant award consideration respectively, unless a different date is established by the commissioner of education and published in Education Update, official publication of the State Department of Education, not less than 60 days before the application due date.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3008 RECEIPT OF APPLICATION.

When an application is received, the State Department of Education shall obtain information from the commissioner of revenue, public utilities commission, or other official records that are required to be used in computing the debt limit of the joint powers district under Minnesota Statutes, section 475.53, subdivision 4. If any joint powers district is found not qualified according to the requirements of CSFGA, it shall be notified promptly by the commissioner of education.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3010 MAXIMUM GRANT.

Grant funds provided under this program may constitute up to 75 percent of the approved construction costs of the cooperative secondary education facilities. To the extent money is available, the commissioner of education may approve not more than two pilot projects from the applications submitted under this chapter.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3014 APPLICATION RATING.

To measure relative need, all applications must be rated in part by State Department of Education staff. The rating results and application materials must be forwarded under part 3545.3018 to the commissioner of education.

A. A numerical rating must be determined for each pilot project based on the number of school districts in the joint powers district and their combined current secondary grade enrollment. Pilot projects will be awarded points as follows:

(1) pilot projects where the joint powers district contains three member school districts, eight points, and three points for each additional member school district up to six districts; and

(2) pilot projects where the most recent October 1 student enrollment of the joint powers district in the secondary grades to be contained in the cooperative facilities averages 80 or more students per grade, eight points.

B. A numerical rating for the adequacy of each of the member district's secondary (grades seven through 12 inclusive) facilities must be determined based on the age of the secondary facilities currently used. Pilot projects will be awarded points as follows:

(1) where 50 percent or more of the total secondary square footage was occupied for school use during or before 1920, five points;

(2) where 50 percent or more of the total secondary square footage was occupied for school use during or before 1945, three points;

(3) where 50 percent or more of the total secondary square footage was occupied for school use during or before 1970, one point; and

(4) where a member district does not currently provide its own secondary facilities for 50 percent or more of its students on a full-time basis, three points.

C. A numerical rating based on the adequacy of the educational plan submitted by the joint powers district shall be assigned to each pilot project as follows:

(1) additional, specific learning outcomes provided through more learning opportunities and course offerings for students than currently available in any member district, and a plan to assess the learning outcomes and increased levels of student performance, up to 18 points;

(2) evidence of input in the development of the educational plan by professional staff, up to eight points;

(3) evidence of input in the development of the educational plan by community members, parents, and students, up to eight points;

(4) evidence of meeting the State Board of Education curriculum requirements, eight points; and

(5) a plan for more efficient use of staff than currently available in any member district, up to eight points.

D. A numerical rating based on the adequacy of the provisions for instruction of any resident students in other districts when distance to the

secondary education facilities makes attendance at the facilities unreasonably difficult or impractical, up to ten points.

E. A numerical rating must be determined for each pilot project based upon the school tax burden of the joint powers district. The weighted average auditor mill rate must be calculated for each joint powers district. Pilot projects must be awarded points as follows:

(1) if the weighted average auditor mill rate is in the 75th percentile or above among Minnesota school districts, ten points;

(2) if the weighted average auditor mill rate is at or above the 50th percentile but below the 75th percentile among Minnesota school districts, five points;

(3) if the weighted average auditor mill rate is below the 50th percentile among Minnesota school districts, zero points.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3018 APPROVAL OF PILOT PROJECTS.

State Department of Education staff shall advise the commissioner of education of applications meeting the requirements of parts 3545.3000 to 3545.3024 and the results of the application rating performed in part 3545.3014. An application must receive a minimum of 75 application rating points under part 3545.3014 in order to receive consideration for a grant award by the commissioner of education. The commissioner of education shall award grants based on the total points assigned in the application rating and total grant funds available. The commissioner shall use state geographic balance as a deciding factor if application ratings are within ten points of each other.

The commissioner of education must not approve an application for a grant unless the facility receives a favorable review and comment as provided in Minnesota Statutes, section 121.15 and the requirements under parts 3545.3000 to 3545.3024 are fully complied with. The commissioner shall promptly certify to each qualified joint powers district the amount, if any, of the grant awarded.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3020 REFERENDUM; BOND ISSUE.

Within 90 days after being awarded a grant under part 3545.3018, the joint powers board shall submit the question of authorizing the borrowing of funds for the cooperative secondary facilities to the voters of the member districts at a special election. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to issue the bonds on public sale in accordance with Minnesota Statutes, chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the State Department of Education. If the bonds are authorized by the voters, the State Department of Education shall notify the county auditor of each county in which a member district is located that the grant amount certified in part 3545.3018 is available and appropriated for payment of principal and interest on the bonds issued under this part, and the auditor shall reduce the joint power district's debt service levies accordingly. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3022 COOPERATIVE SECONDARY FACILITIES GRANT CONTRACT.

Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner of education. A contract must be entered into within 15 months after each grant is awarded. It obligates the joint powers board and the state acting through the commissioner of education. It obligates the state to pay to the joint powers board an amount computed under part 3545.3018, upon receipt by the State Department of Education of a certified resolution of the joint powers board estimating the costs, and verifying that contracts have been entered into for construction or remodeling of the facilities for which the grant is awarded and that bonds of the joint powers district have been issued and sold in the amount necessary to pay all pilot project costs in excess of the amount of the grant.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*

3545.3024 RETURN OF GRANT FUNDS.

If a project is completed for an amount lower than the amount in the project budget in the application, or if the recipient is unable to complete the pilot project, the recipient shall amend its grant contract and return any unexpended funds to the State Department of Education. The grant amount must be reduced by the same percentage as the total project budget has been reduced. The commissioner of education shall offer those returned funds to the other grant recipient under part 3545.3018, if that grant recipient's pilot project was funded at less than the requested amount. That recipient shall have 60 days to modify its project to the satisfaction of the State Department of Education to expend an increased grant amount up to the amount in its application.

Statutory Authority: *MS s 169.45*

History: *12 SR 1107*