

Policy for Making State Aid Adjustments

Final Reporting of Minnesota Automated Reporting Student System (MARSS) Data and Uniform Financial Accounting and Reporting Standards (UFARS) Data

Effective Beginning for Fiscal Year (FY) 1994

Revised July 1, 2019

- A. Background** – There are two statutes that govern state aid adjustments for school districts. A specific 1977 law, amended in 2015, (Minn. Stat. § 127A.49, subd. 1), sets a time limit and criteria for aid adjustments. A more general 1979 law (Minn. Stat. § 127A.41, subd. 2) authorizes the commissioner of education to make adjustments and sets the manner in which adjustments are to be implemented. An attorney general review and opinion was requested on two occasions in FY 1981 to assist the Minnesota Department of Education (MDE) in the interpretation and administration of the aid adjustment statutes.
- B. MDE** – Based on the relevant state laws and subsequent interpretations, the MDE policy for making aid adjustments, whether positive or negative, is summarized below (also see the following table):

1. Adjustments are approved for all affected districts in all cases, regardless of the source or origin of the incorrect district data, when the incorrect data are corrected by the statutory deadline of December 15 in the following fiscal year.

Note: In cases when MDE provides data confirmation reports or processes final aid payments and provides aid entitlement reports for district review after December 15, the timeline for correcting district data is extended a reasonable time. In these cases, MDE will notify districts of the due date.

2. In cases where timelines for correcting district data has expired, aid adjustments are:
 - a. Approved for all affected districts when the incorrect district data or aid entitlement is due to incorrect reporting of another district(s) or to MDE processing or computation errors.
 - b. Denied for all affected districts when the district has failed to correct its data after reviewing data confirmation or aid entitlement reports provided by MDE. In denying an aid adjustment, MDE is to provide the district with the rationale for the denial. The rationale may be that MDE has provided adequate reporting instructions and procedures for verifying and correcting the reported data.

Note: In cases where the source or origin of a district's incorrect data is unknown or is in dispute, an aid adjustment is approved when the facts indicate that another district(s) or MDE most likely contributed to the problem (for example, a confirmation report was not provided to the affected district), and is denied when the facts indicate that the district most likely contributed to the problem (for example, the affected districts failed to correct the data when a confirmation report was provided by MDE).

3. School districts may make corrections to the MARSS and UFARS data submissions within the regular reporting timelines and due dates specified for each data report or submission. If the need for correcting district data occurs after all reporting timelines have expired, including the December 15 statutory date, the procedure is to **submit a written request stating the specific facts and other circumstances relating to the data reporting problems to Denise Anderson, CFO** (Minnesota Department of Education, 1500 Highway 36 West, Roseville, MN 55113). Include a discussion of each of the following:
 - a. Describe the error.
 - b. Describe how the error occurred.
 - c. Describe why the error could not have been corrected within the reporting timeline.
 - d. Describe what steps the district or school has since taken to assure future data submissions are complete and accurate within the reporting timelines.
 - e. For an appeal of UFARS, provide a letter from the external CPA firm detailing and approving the adjustments and stating the effect the adjustments will have on the audited financial statements.

A project team of relevant MDE staff will review the information provided and approve or deny the request based on this aid adjustment policy. The district will be notified in writing of the final decision.

4. When changes in student data are approved, the programs for which aid entitlements are to be recomputed must include general education. The state aid for this program is directly related to student counts and the formula allowances are significant. Categorical aid programs with smaller formula allowances are also considered for adjustment when the district’s total program revenue amount (aid and levy) is affected and the adjustment amount is material in terms of generally accepted accounting principles. Approved changes in finance data will result in adjustments to state aid for the affected programs.
5. Appeals will be handled on a case-by-case basis. Exceptions to this policy may be approved by the commissioner based on unique circumstances, including, but not limited to, the timing of the appeal, extraordinary factors contributing to the need for a late data change, corrective actions implemented by the district to avoid future late reporting, and the materiality of the fiscal impact on the district.

MDE Policy for Making State Aid Adjustments

Related to Changes to Student Data (MARSS) and Finance Data (UFARS)

Effective Beginning FY 1994

	Original Error Made by Affected District	Original Error Made by Another District	Original Error Made by MDE	Original Error Made By Unknown or In Dispute
Affected district corrects data via confirmation report or other means by December 15	Approve for all affected districts	Approve for all affected districts	Approve for all affected districts	Approve for all affected districts
Affected district fails to correct data via confirmation report or other means by December 15	Deny for all affected districts	Approve for all affected districts	Approve for all affected districts	Approve or deny based on facts in each case

For more information, contact mde.funding@state.mn.