

## Appendix P

# Policy for Making State Aid Adjustments

### Background

There are two statutes that govern state aid adjustments for school districts or charter schools. A specific 1977 law, Minnesota Statutes, section 127A.49, subdivision 1, sets a time limit and criteria for aid adjustments, and a more general 1979 law, Minnesota Statutes, section 127A.41, subdivision 2, authorized 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 fiscal year (FY) 1981 to assist the Minnesota Department of Education (MDE) in the interpretation and administration of the aid adjustment statutes.

### Minnesota Department of Education

Based on the relevant state laws and subsequent interpretations, MDE policy for making aid adjustments, whether positive or negative, is summarized below (also see the table at the end of the document).

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 the timeline for correcting district data has expired, aid adjustments are:
  - **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.
  - **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 will 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), an aid adjustment is denied when the facts indicate that the district most likely contributed to the problem (for example, the affected district failed to correct the data when a confirmation report was provided by MDE).

3. School districts may make corrections to their Minnesota Automated Reporting Student System (MARSS) 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, including why the error wasn't corrected prior to the final submission, and what steps are being taken to prevent this situation from happening in the future. The letter needs to be submitted to the director of school finance. A project team 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 include general education, capital facilities and capital equipment. The state aid for these programs is directly related to student counts and the formula allowances are significant. Other categorical aid programs with smaller formula allowance 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.

## MDE Policy for Making State Aid Adjustments

Related to changes to MARSS student data

	<b>Original Error Made By Affected District</b>	<b>Original Error Made By Another District</b>	<b>Original Error made By MDE</b>	<b>Original Error Made By Unknown or In Dispute</b>
<b>Affected District Corrects Data Via Confirmation Report or Other Means by December 15</b>	Approved for all affected districts	Approved for all affected districts	Approved for all affected districts	Approved for all affected districts
<b>Affected District Fails to correct Data Via Confirmation Report or Other Means by December 15</b>	Denied for all affected districts	Approved for all affected districts	Approved for all affected districts	Approved for all affected districts