

HOUSE RESEARCH

Bill Summary

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Authors: Fenton and others

Subject: Granting School Boards Authority to Reallocate General Education Revenue

Analyst: Tim Strom

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Overview

The legislature requires school districts to adopt and use a uniform system of records and accounting for public schools. The adopted system, a modified accrual accounting system, is known as Uniform Financial Accounting and Reporting Standards (UFARS). Under UFARS and state laws, every district must maintain a series of funds and accounts (including reserve accounts), and transfers among funds and reserve accounts are limited.

Some reserve accounts and restrictions on revenue use stem from UFARS and accounting principles, but many account restrictions result from legislation specifying how school districts should use their funds. A special law passed in 2013 and reauthorized in 2015 allows a school district to make transfers among accounts and funds if the transfer doesn't change the district's state aid or local levy authority. This authority prohibits transfers from the community service fund and the food service fund. Transfers are allowed among accounts in the community service fund.

This bill makes the fund and account transfer language permanent and authorizes a school board to reallocate any general education revenue according to a plan adopted by the board.

Section

- 1 General education revenue.** Allows a school board to adopt a resolution to reallocate any of its general education revenue according to the plan specified in the resolution.

Section

- 2** **Fund or account transfer.** Makes the current time-limited law that authorizes certain fund and account transfers ongoing and permanent (the current session law limits the transfers to fiscal years 2014 through 2017).

- 3** **Revisor's instruction.** Requires the Revisor of Statutes to codify section 2 in a place consistent with other statutory restrictions on school district funds and accounts.