

CHAPTER 121

ADMINISTRATION AND SUPERVISION

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121.01 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.01 **DEFINITIONS.** For the purpose of this chapter, the terms defined in section 120.02 have the same meaning.
[Ex1959 c 71 art 2 s 1]

121.02 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.02 **STATE BOARD OF EDUCATION.** Subdivision 1. A state department of education is hereby created which shall be maintained under the direction of a state board of education composed of nine representative citizens of the state, at least one of whom shall reside in each congressional district in the state.

Of the nine representative citizens of the state who are appointed to the state board of education not less than three members thereof shall previously thereto have served as an elected member of a board of education of a school district however organized.

The members of the state board shall be appointed by the governor, with the advice and consent of the senate. One member shall be chosen annually as president, but no member shall serve as president more than three consecutive years. The state board shall hold its annual meeting in August. It shall hold meetings on dates and at places as it designates. No member shall hold any public office, or represent or be employed by any board of education or school district, public or private, and shall not voluntarily have any personal financial interest in any contract with a board of education or school district, or be engaged in any capacity where a conflict of interest may arise.

Subd. 2. [Repealed, 1976 c 134 s 79]

Subd. 2a. The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575.

Subd. 3. If a member ceases to be a resident of the congressional district from which he was appointed he shall cease to be a member of the board. The governor shall appoint his successor within six months thereafter.

[Ex1959 c 71 art 2 s 2; Ex1967 c 17 s 1; 1969 c 1131 s 1; 1974 c 496 s 1; 1975 c 162 s 41; 1976 c 2 s 56; 1976 c 134 s 33,34; 1977 c 347 s 18; 1977 c 444 s 6; 1978 c 706 s 4]

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121.03 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.03 OATH. Before entering upon the duties of his office each member of the state board shall take an oath of office which shall be filed with the secretary of state.
[Ex1959 c 71 art 2 s 3]

121.04 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.04 MEMBERSHIP IN CERTAIN ORGANIZATIONS. Subdivision 1. The state board may become a member of the council of chief state school officers, an association of state departments of education, and pay membership dues and contribute to the association for services rendered to the state department on the basis of actual and necessary expenses incurred by the council in preparing these services.

Subd. 2. The state board may become a member of associated state boards of education and permit its members to attend its meetings. The amount of annual membership dues in such association and actual and necessary expenses incurred in attending such meetings shall be paid as other expenses of the state board are paid.
[Ex1959 c 71 art 2 s 4; 1961 c 556 s 1; 1971 c 679 s 1]

121.05 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.05 CONTRACTS WITH FEDERAL GOVERNMENT. Subdivision 1. **Regulations governing.** The state board shall prescribe regulations under which contracts, agreements, or arrangements may be made with agencies of the federal government for funds, services, commodities, or equipment to be made available to the public tax-supported schools, school systems and educational institutions under the supervision or control of the state board.

Subd. 2. **Rules prescribed by state board.** All contracts, agreements or arrangements made by public tax-supported schools, school systems or educational institutions under the supervision or control of the state board involving funds, services, commodities, or equipment which may be provided by agencies of the federal government shall be entered into in accordance with regulations prescribed by the state board and in no other manner.

[Ex1959 c 71 art 2 s 5]

121.06 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.06 CONTRACTS TO BE IN WRITING. All contracts made by the state board shall be in writing and signed by its executive officer.
[Ex1959 c 71 art 2 s 6]

121.07 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.07 MS 1976 [Repealed, 1977 c 305 s 46]

121.08 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.08 MS 1976 [Repealed, 1977 c 305 s 46]

121.09 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.09 ADMINISTRATION; EXCEPTIONS. The commissioner shall administer all laws and rules promulgated by the board relating to libraries and other public educational institutions, except such laws as may relate to the University of Minnesota and to the state universities and community colleges.

[Ex1959 c 71 art 2 s 9; 1975 c 321 s 2; 1977 c 305 s 40]

121.10 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.10 MS 1976 [Repealed, 1977 c 305 s 46]

121.11 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.11 STATE BOARD. Subdivision 1. **Powers.** The state board of education shall serve for all purposes as the state board for vocational education.

Subd. 2. [Repealed, 1978 c 616 s 8]

Subd. 3. [Repealed, 1978 c 616 s 8]

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Subd. 4. [Repealed, 1978 c 616 s 8]

Subd. 5. **Uniform system of records and of accounting.** The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system adopted pursuant to section 121.902. With the cooperation of the state auditor, the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Subd. 6. **Visitorial powers and duties.** Authorized representatives of the state board shall visit the elementary and secondary schools and report their findings and recommendations.

Subd. 7. **General supervision over educational agencies.** The state board of education shall exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggestive courses of study. The board shall establish rules relating to examinations, reports, acceptances of schools, courses of study, and other proceedings in connection with elementary and secondary schools applying for special state aid.

Subd. 8. **Examinations in elementary schools.** In order to insure satisfactory completion of subject in the elementary field, the state board may require that examinations be given in any elementary school, such examinations to be designated or prepared under the direction of the state board.

Subd. 9. **Uniform forms for state examinations.** Upon the request of any superintendent of any public or private school teaching high school courses in the state, the state board shall designate or prepare uniform forms for state examinations in each high school subject during the month of May of each year; such request shall be in writing and delivered to the commissioner before January first of such year.

Subd. 10. [Repealed, 1975 c 162 s 42]

Subd. 11. **Evening schools under state board; investigations.** The state board shall exercise general supervision over the public evening schools, adult education programs and summer program.

Subd. 12. **Administrative regulations.** The state board shall have power from time to time to make and enforce such rules and regulations, consistent with this code, as may be appropriate for the administration and enforcement thereof.

Subd. 13. **Certification of school business officers.** The state board shall have power to adopt reasonable rules and regulations for the purpose of certifying persons who may bear the title of school business officers, and who may be designated by the school board to have general responsibility under the superintendent for the administration of the business affairs of the district. The state board shall issue certificates to such persons as the state board finds to be qualified therefor. Nothing in this subdivision shall prohibit a school board from hiring a non-certified business officer to have general responsibility under the superintendent for the administration of the business affairs of the district.

Subd. 14. **School lunch program, revolving fund.** The commissioner of finance shall establish for the state board a revolving fund for deposit of storage and handling charges paid by recipients of donated foods shipped by the school lunch section of the department of education. These funds are to be used only to pay storage and related charges as they are incurred for United States department of agriculture foods.

[Ex1959 c 71 art 2 s 11; 1965 c 718 s 1; 1969 c 9 s 23,24; 1969 c 288 s 1; 1973 c 492 s 14; 1975 c 162 s 6,7; 1976 c 271 s 21; 1977 c 347 s 19; 1977 c 447 art 7 s 4]

NOTE: School buses, regulations, see section 169.45.

121.12 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.12 FORMS AND BLANKS. The state board shall prepare or designate standard forms for school registers, state board examination questions and answers, uniform forms for all reports required by statute, uniform record books for district trea-

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urers and clerks, and any other blanks necessary for school business. These forms may be purchased through the department and the request therefor shall conform to the rules and regulations of the department. The purchase of these forms by the department shall be made through the department of administration, division of printing, and is subject to the rules provided by statute for the purchase of such forms and examinations for the state. The purchase of these uniform forms and examinations may be made by the school districts directly from vendors.

[Ex1959 c 71 art 2 s 12; 1978 c 706 s 5]

121.13 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.13 REPORTS BY THE STATE BOARD. On October 1 of each even numbered year, the state board shall transmit to the governor a report containing a copy of all rules of the board in force during the biennial period, the name and salary of each officer or employee in the department, a summary of the financial affairs of the department, including summaries of receipts and disbursements, and such other matters as it may seem advisable to include in such report or as shall be required by the governor.

[Ex1959 c 71 art 2 s 13]

121.14 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.14 RECOMMENDATIONS; BUDGET. The state board shall recommend to the governor and legislature such modification and unification of laws relating to the state system of education as shall make those laws more readily understood and more effective in execution. The state board shall prepare a biennial education budget which shall be submitted to the governor and legislature, such budget to contain a complete statement of finances pertaining to the maintenance of the state department and to the distribution of state aid to public schools.

[Ex1959 c 71 art 2 s 14]

121.15 MS 1957 [Repealed, Ex1959 c 71 art 8 s 26]

121.15 PLANS AND SPECIFICATIONS FOR SCHOOL BUILDINGS. The state board shall prescribe rules for school sites and for the mechanical equipment, erection, enlargement, and change of school buildings. All plans and specifications for the erection, enlargement, and change of school buildings shall first be submitted to the state department of education for approval before the contract is let and no new school buildings shall be erected or any building enlarged or changed until the plans and specifications have been submitted to, and approved by, the state department. The state board shall include in such rules those made, from time to time, by the state commissioner of health relative to sanitary standards for toilets, water supply, and disposal of sewage in public school buildings. In all other respects the authority to make rules for public school buildings shall be vested in the state board, which shall have the power to prepare and furnish to local school boards plans and specifications for temporary school buildings, containing two classrooms or less. The state board in approving construction plans may specifically qualify its approval as limited solely to physical plant, plans and specifications and it may specifically reserve its approval as to the advisability of construction from an educational program standpoint. Under such rules and procedure as the state board shall prescribe, the state department may condemn school buildings and sites which are unfit or unsafe for use as such.

[Ex1959 c 71 art 2 s 15; 1969 c 532 s 1; 1977 c 305 s 45]

121.16 COMMISSIONER OF EDUCATION. Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. He shall be appointed by the state board with the approval of the governor under the provisions of section 15.06. For purposes of section 15.06, the board shall be the appointing authority.

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary for the organization of the department. He shall perform such duties as the law and the rules of the state board may provide and

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be held responsible for the efficient administration and discipline of the department. He shall make recommendations to the board, and he shall be charged with the execution of powers and duties which the state board may prescribe, from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Subd. 2. [Repealed, 1977 c 305 s 46]

[Ex1959 c 71 art 2 s 16; 1969 c 1129 art 8 s 16; 1977 c 305 s 41; 1978 c 764 s 8]

121.165 REPORTS BY THE COMMISSIONER. Prior to January 15 of each year, the commissioner of education shall gather and report to the committees on education of the senate and house of representatives from presently available reports or from new reports it may require of school districts, the following types of information: the number of classroom teachers in every district at each training, experience and salary level; the ratio of pupils to full time equivalent certified classroom teachers in every district; and any other district staffing characteristics of fiscal import. This information shall be gathered in such a manner as to render it capable of district by district, regional and statewide comparison and analysis.

[1975 c 432 s 3; 1976 c 271 s 22]

121.17 QUESTIONS SUBMITTED TO ATTORNEY GENERAL. If there be any doubt as to the proper construction of any part of the state school laws, the commissioner, at the request of any public officer, shall submit such question to the attorney general, who shall give his written opinion thereon and such opinion shall be binding until annulled or overruled by a court.

[Ex1959 c 71 art 2 s 17]

121.18 [Repealed, 1975 c 90 s 2]

121.19 MEETINGS WITH SCHOOL BOARDS, SUPERINTENDENTS, AND PRINCIPALS. For the purpose of considering matters affecting the interests of public education, the commissioner, or his representative, shall, upon notice, meet with the several school board members, superintendents, school principals, and teachers at such times and places in the state as he shall deem most convenient and beneficial.

[Ex1959 c 71 art 2 s 19; 1975 c 162 s 8]

121.20 TEACHERS' INSTITUTES. Subdivision 1. The commissioner may order and conduct teachers' institutes for the professional instruction and training of teachers according to such rules and regulations as he may prescribe.

Subd. 2. Teachers required to attend institutes shall be paid at the usual contract rate by their district for all time school is closed on account of the institute.

Subd. 3. The commissioner may use any public school buildings or facilities or equipment for purposes of teachers' institutes as he may designate in his order calling the institute.

Subd. 4. Any school board may appropriate money from district funds for the conduct of teachers' institutes to be held under the general supervision of the commissioner. The school board shall pay the expenses of the superintendent for attendance at institutes.

[Ex1959 c 71 art 2 s 20; 1975 c 162 s 9]

121.21 AREA VOCATIONAL-TECHNICAL SCHOOLS. Subdivision 1. The board of any independent or special district may petition the state board to classify one or more of its schools as an area vocational-technical school.

Subd. 2. Upon receipt of such petition, the state board shall examine the petition and any supporting evidence which it may require. The state board shall conduct hearings, and may investigate school records and such other facts relating to vocational-technical training as it may deem appropriate.

Subd. 3. It is the purpose of this section to more nearly equalize the educational opportunities in certain phases of vocational-technical education to persons of the state who are of the age and maturity to profitably pursue training for a specific occupation. If the state board finds, as a result of its inquiry, that the establishment of an area vocational-technical school, according to the petition, would further the educational interests of all the people of the state, and is in accordance with the plans and

program of the state department for the vocational and technical education of the people, it may approve the petition.

Subd. 4. If the petition is approved, the school shall be established by the district and classified by the state board as an area vocational-technical school and conducted under the general supervision of the state board in accordance with the rules and regulations of the state board. Notwithstanding the provisions of subdivision 3 and of this subdivision, after June 30, 1975 no area vocational-technical school shall be established unless specific legislation has authorized its establishment.

Subd. 4a. No district shall expend funds from any source for the acquisition or betterment of lands or buildings or for capital improvements needed for an area vocational-technical school without the approval of the state board and authorization by specific legislative act if that acquisition, betterment or capital improvement requires the expenditure of an amount equal to or greater than \$150,000, or adds more than 1,000 gross square feet to a post-secondary vocational facility, or requires the issuance of school district bonds. No acquisition or betterment of lands or buildings or capital improvement which requires the expenditure of an amount less than \$150,000 but equal to or greater than \$50,000 or which changes the perimeter walls of an existing facility shall be carried out without the approval of the state board. No acquisition or betterment of lands or buildings or capital improvement which requires the expenditure of less than \$50,000, which does not change a perimeter wall and which does not require the issuance of school district bonds, shall be carried out without the approval of the commissioner of education. As used in this subdivision, the terms "acquisition" and "betterment", as applied to lands and buildings, and "capital improvement" shall have the meanings ascribed to them in chapter 475, but shall not include the acquisition or betterment of machinery or equipment.

Subd. 5. [Repealed, 1975 c 432 s 98]

Subd. 6. The state board for vocational education shall promulgate, pursuant to chapter 15, such rules governing the operation and maintenance of schools so classified as will afford the people of the state an equal opportunity to acquire public vocational and technical education. Rules relating to post-secondary vocational-technical education shall not incorporate the provisions of the state plan for vocational education by reference.

The rules shall provide for, but are not limited to, the following:

- (a) The area to be served by each school, which may include one or more districts or parts thereof;
- (b) Curriculum and standards of instruction and scholarship;
- (c) Attendance requirements, age limits of trainees, Minnesota non-resident attendance, and the determination of the actual costs of providing individual programs, all to be determined in accordance with the provisions of sections 124.561 to 124.565;
- (d) The distribution and apportionment to the local districts of all funds, whether state or federal or other funds, which may be made available to the state board for vocational education for carrying out the purposes of post-secondary vocational-technical education in accordance with law;
- (e) Transportation requirements and payment of aid therefor; and
- (f) General administrative matters.

Subd. 7. [Repealed, 1975 c 432 s 97]

Subd. 8. Any property of the state administered by the state board for vocational education in connection with teaching vocational education may be apportioned and distributed by the state board for vocational education to local school districts desiring to avail themselves of the benefits of this section.

Subd. 9. [Repealed, 1975 c 432 s 97]

Subd. 10. [Repealed, 1975 c 432 s 97]

[*Ex1959 c 71 art 2 s 21; 1965 c 597 s 1; 1967 c 77 s 1; 1969 c 1121 s 1; 1971 c 800 s 1; 1974 c 521 s 11; 1975 c 162 s 41; 1975 c 432 s 13-15; 1976 c 271 s 24; 1978 c 764 s 9; 1978 c 792 s 24*]

121.211 [Repealed, 1975 c 432 s 97]

121.212 BOARD POWER TO REGULATE TRAFFIC. Subdivision 1. Any school board or joint school board operating an area vocational-technical school, pursuant to section 121.21; Laws 1967, Chapter 822, as amended; Laws 1969, Chapter 775, as

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amended; or Laws 1969, Chapter 1060, as amended, may make, adopt and enforce rules, regulations or ordinances for the regulation of traffic and parking in parking facilities and on private roads and roadways situated on property owned, leased, occupied or operated by the board.

Subd. 2. Any fee established by the board pursuant to the authority granted in subdivision 1 shall not exceed \$1 per day per vehicle. Parking fees collected shall be deposited in the general fund of the school district or joint school district.

Subd. 3. Before the adoption of any rule authorized by subdivision 1, the board shall hold a public hearing. Notice of the hearing shall be published at least once in a legal newspaper in the county in which the property affected by the rule, regulation or ordinance is located. Publication shall be no more than 45 days and no less than 15 days prior to the date of the hearing.

After a public hearing, a majority of the members of the board must approve a rule, regulation or ordinance before it is effective. A copy of the adopted rule, regulation or ordinance shall be signed by the superintendent of the district or joint district and filed with the secretary of state, together with proof of publication. Upon filing, the rule, regulation or ordinance shall be in full force and effect.

Subd. 4. Every sheriff, constable, police officer, or other peace officer shall have authority to enforce all rules, regulations and ordinances adopted pursuant to this section and shall have authority to arrest and prosecute offenders for violations of law.

[1974 c 540 s 1-4; 1978 c 706 s 6]

121.213 AREA VOCATIONAL-TECHNICAL INSTITUTES AND COMMUNITY COLLEGES; LEGAL COUNSELING AND SERVICE PROGRAMS. Notwithstanding the provisions of sections 8.06 and 136.11 or any rules or regulations adopted pursuant thereto, an area vocational-technical institute or community college student association governing student activities on campus may expend money for the purpose of funding a program to provide legal counseling and services for students. The money to be expended shall be from that portion of the area vocational-technical institute student senate funds or community college activity fund account allocated to the student association and derived solely from fees received from students.

[1975 c 212 s 1]

121.214 VOCATIONAL-TECHNICAL BUILDING FUND. Subdivision 1. **Purpose.** A vocational-technical building fund is created as a separate bookkeeping account in the general books of the state for the purpose of providing money appropriated to the state board of education for the acquisition and betterment of public land, buildings, and capital improvements needed for the area vocational-technical education program of the state.

Subd. 2. **Receipts.** The commissioner of finance and treasurer shall deposit in the fund as received all proceeds of vocational-technical building bonds, except accrued interest and premiums received upon the sale thereof. All such receipts are annually appropriated for the permanent acquisition purposes of the fund, and shall be and remain available for expenditure in accordance with this section until the purposes of the appropriations have been accomplished or abandoned.

Subd. 3. **Disbursements.** Disbursements from the fund shall be made by the state treasurer upon the order of the commissioner of finance at the times and in the amounts requested by the state board of education in accordance with the applicable appropriation acts, for grants to school districts for the acquisition and betterment of land, buildings, and capital improvements for area vocational-technical institutes. These grants shall only be made upon the conditions and in accordance with all standards and criteria established in state board rules and in the legislative act authorizing the specific post-secondary vocational facilities project.

Subd. 4. The purpose of this section is to change the method of funding post-secondary vocational facilities from post-secondary vocational debt service aid pursuant to section 124.564 to direct state appropriations from the vocational-technical building fund. Eighty-five percent of the cost of post-secondary vocational facilities authorized by specific legislative act after January 1, 1979 shall be financed through appropriations from the vocational-technical building fund and 15 percent of the cost of these facilities shall be financed by the school district operating the post-secondary vocational-technical school. No local bonds shall be authorized, issued, or sold, nor shall any election be held to authorize the issuance of bonds, if the proceeds will be

used to finance a project for which specific legislative approval is required, until after that specific legislative approval has been given.

[1975 c 436 s 7; 1978 c 792 s 25-27]

121.215 VOCATIONAL-TECHNICAL BUILDING BONDS. Subdivision 1. **Purpose; appropriation.** For the purpose of providing money appropriated from the vocational-technical building fund for the acquisition of public land, buildings, and capital improvements needed for the state plan for the administration of vocational education in accordance with the provisions of section 121.214, when requested by the state board of education, the commissioner of finance shall sell and issue bonds of the state of Minnesota for the prompt and full payment of which, with interest thereon, the full faith and credit and taxing powers of the state are irrevocably pledged. Bonds shall be issued pursuant to this section only as authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended therefor, as set forth in section 121.214. Any such law, together with this section and the laws herein referred to, constitutes complete authority for the issue, and such bonds shall not be subject to restrictions or limitations contained in any other law.

Subd. 2. **Issuance.** The bonds shall be sold upon sealed bids and upon notice, at a price, in form and denominations, bearing interest at a rate or rates, maturing in amounts and on dates, subject to prepayment upon notice and at times and prices, payable at a bank or banks within or outside the state, with or without provisions for registration, conversion, exchange, and issuance of notes in anticipation of the sale or delivery of definitive bonds, and in accordance with further regulations, as the commissioner of finance shall determine subject to the approval of the attorney general, but not subject to the provisions of sections 15.0411 to 15.0422. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures on the bonds and on any interest coupons and the seals may be printed or otherwise reproduced, except that each bond shall be authenticated by the manual signature on its face of one of the officers or of a person authorized to sign on behalf of a bank designated by them as authenticating agent. The commissioner of finance shall ascertain and certify to the purchasers of the bonds the performance and existence of all acts, conditions, and things necessary to make them valid and binding general obligations of the state of Minnesota, subject to the approval of the attorney general.

Subd. 3. **Expenses.** All expenses incidental to the sale, printing, execution, and delivery of bonds pursuant to this section, including but not limited to actual and necessary travel and subsistence expenses of state officers and employees for such purposes, shall be paid from the vocational-technical building fund and the amounts necessary therefor are appropriated from that fund; provided that if any amount is specifically appropriated for this purpose in an act authorizing the issuance of bonds pursuant to this section, such expenses shall be limited to the amount so appropriated.

Subd. 4. **Vocational-technical building bond account in the state bond fund.** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account designated as the vocational-technical building bond account, to record receipts and disbursements of money transferred to the fund to pay vocational-technical building bonds and interest thereon, and of income from the investment of such money, which income shall be credited to the account in each fiscal year in an amount equal to the approximate average rate of return that year on all funds invested by the state treasurer, as determined by the treasurer, times the average balance in the account that year.

Subd. 5. **Appropriations to bond account.** There shall be credited to the vocational-technical building bond account the premium and accrued interest received on each issue of vocational-technical building bonds and, from the general fund in the state treasury, on November 1 in each year, a sum of money equal to the amount of the tax which the Constitution would otherwise require to be levied for collection in the following year, for the purpose of increasing the balance then on hand in the account to an amount sufficient to pay principal and interest due and to become due with respect to vocational-technical building bonds. All money so credited and all income from the investment thereof is annually appropriated to the bond account for the payment of such bonds and interest thereon, and shall be available in the bond account prior to the levy of the tax for the state bond fund in any year as required by the Constitution. The commissioner of finance and the state treasurer are directed to

make the appropriate entries in the accounts of the respective funds.

Subd. 6. **Tax levy.** On or before December 1 in each year, if the full amount appropriated to the bond account in subdivision 5 has not been credited thereto, the tax required by the Constitution shall be levied upon all taxable property within the state. This tax shall be levied upon all real property used for the purposes of a homestead, as well as other taxable property, notwithstanding the provisions of section 273.13, subdivisions 6 and 7, and shall be subject to no limitation of rate or amount until all vocational-technical building bonds and interest thereon are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal of and interest on the bonds are payable from such proceeds, and the whole thereof, or so much as may be necessary, is appropriated for such payments. If at any time there is not sufficient money from the proceeds of such taxes to pay the principal and interest when due on vocational-technical building bonds, such principal and interest shall be paid out of the general fund in the state treasury, and the amount necessary therefor is hereby appropriated.

[1975 c 436 s 8]

121.216 VOCATIONAL-TECHNICAL INSTITUTES; STUDENT ASSOCIATIONS. Every school board governing an area vocational technical institute shall give recognition as an authorized extracurricular activity to an area vocational-technical institute student association affiliated with the Minnesota vocational-technical student association. The student association is authorized to collect a reasonable fee from students to finance the activities of the association in an amount determined by the governing board of the area vocational-technical institute which has recognized it.

Every governing body which recognizes a student association shall deposit the fees in a student association fund. The moneys in this fund shall be available for expenditure for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings.

[1976 c 25 s 1; 1978 c 764 s 10]

121.22 [Repealed, 1978 c 546 s 8]

121.23 [Repealed, 1978 c 546 s 8]

121.24 [Repealed, 1978 c 546 s 8]

121.25 TEACHERS EMPLOYMENT BUREAU. There is hereby established a bureau for the purpose of securing employment for teachers in the public schools in this state, to be known as the state teachers employment bureau and to be maintained in connection with the department under the direction of the state board.

[Ex1959 c 71 art 2 s 25]

121.26 ENROLLMENT WITH BUREAU; FEE. Any person having a certificate to teach in this state, or who has completed a course of study as required for the issuance of a certificate, or who may be found entitled to receive such certificate, and who is deemed to be a fit and capable person for teaching, shall be entitled to enroll with the teachers employment bureau upon complying with the regulations of the state board and upon the payment of such fee as may be determined by the state board, which fee shall not be less than \$10 per year.

[Ex1959 c 71 art 2 s 26; 1969 c 1148 s 60; 1976 c 163 s 6]

121.27 PURPOSE OF BUREAU; INFORMATION. It shall be the purpose of the state teachers employment bureau to furnish to boards, superintendents, principals, or other proper authorities information regarding teachers and to furnish teachers enrolled with the bureau information relative to vacancies; but no person connected with the state teachers employment bureau shall be held responsible for nor be understood to vouch for the fitness or success of any teacher who may secure a position in a public school through the bureau nor shall the payment and acceptance of the enrollment fee be construed as a guarantee for securing through the bureau employment to teach.

[Ex1959 c 71 art 2 s 27]

121.28 TEACHERS EMPLOYMENT BUREAU, DIRECTOR. The commissioner shall nominate and the state board shall appoint a director of the state teachers employment bureau, who shall perform his duties under the general supervision of the commissioner and shall be furnished necessary office rooms. The state board may appoint such clerical and other assistants as may be required to carry out the purposes

of the state teachers employment bureau. The state board shall make the necessary rules and regulations for conducting this bureau. The commissioner shall designate one employee of this bureau who shall collect and receipt for all fees and report and pay the fees to the state treasurer.

[*Ex1959 c 71 art 2 s 28; 1978 c 706 s 7*]

121.29 [Repealed, 1976 c 332 s 10]

121.30 [Repealed, 1976 c 332 s 10]

121.301 [Repealed, 1976 c 332 s 10]

121.31 [Repealed, 1976 c 239 s 30; 1976 c 332 s 10]

121.32 [Repealed, 1976 c 332 s 10]

121.33 [Repealed, 1976 c 332 s 10]

121.331 [Repealed, 1976 c 332 s 10]

121.34 [Repealed, 1973 c 757 s 5]

121.35 COUNTY SUPERINTENDENTS, ABOLISHED RECORDS. Subdivision 1. [Repealed, 1975 c 162 s 42]

Subd. 2. [Repealed, 1975 c 162 s 42]

Subd. 3. [Repealed, 1975 c 162 s 42]

Subd. 4. [Repealed, 1975 c 162 s 42]

Subd. 5. In any county where the office of the county superintendent has been abolished, permanent records of the office shall be filed in accessible, fireproof storage as determined by the county board of commissioners.

[*Ex1959 c 71 art 2 s 35; 1963 c 12 s 1; 1969 c 46 s 1-3*]

121.355 [Repealed, 1975 c 162 s 42]

121.36 [Repealed, 1975 c 162 s 42]

121.37 [Repealed, 1975 c 162 s 42]

121.38 [Repealed, 1975 c 162 s 42]

121.39 [Repealed, 1975 c 162 s 42]

121.40 [Repealed, 1975 c 162 s 42]

121.41 [Repealed, 1975 c 162 s 42]

121.42 [Repealed, 1975 c 162 s 42]

121.43 [Repealed, 1975 c 162 s 42]

121.44 [Repealed, 1975 c 162 s 42]

121.45 [Repealed, 1975 c 162 s 42]

121.46 [Repealed, 1975 c 162 s 42]

121.47 [Repealed, 1975 c 162 s 42]

121.48 PURCHASE OF ANNUITY FOR EMPLOYEES. Subdivision 1. At the request of an employee, the state board of education may negotiate and purchase an individual annuity contract from a company licensed to do business in the state of Minnesota for an employee for retirement or other purposes and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire premium due or to become due under such contract. The allocation shall be made in a manner which will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current federal internal revenue code or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and his rights thereunder shall be nonforfeitable except for failure to pay premiums.

Subd. 2. All amounts so allocated shall be deposited in an annuity account which is hereby established in the state treasury. There is annually appropriated from the annuity account in the state treasury to the state board of education all moneys deposited therein for the payment of annuity premiums when due or for other application in accordance with the salary agreement entered into between the employee and the state board of education. The moneys in the annuity account in the state treasury are

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not subject to the budget, allotment, and incumbrance system provided for in chapter 16A and any act amendatory thereof.

[1969 c 751 s 1; 1977 c 410 s 12]

121.49 ITEMIZATION OF AMOUNT OF AID TO DISTRICTS. The department of education shall itemize for each school district in the state the total amount of money and the amount of money per pupil unit which accrues to the district for each fiscal year from each type of state and federal aid, refund, payment, credit, disbursement or monetary obligation of any kind, including but not limited to each special state aid, emergency aid, payments in lieu of taxes, and pension and retirement obligations for the benefit of personnel of the district. State agencies which have information necessary for the itemization required by this section shall provide the information to the department of education. The completed itemizations shall be made available to the appropriate standing committees of the legislature in convenient reference form not later than December 1 following the year for which they are made.

[Ex1971 c 31 art 20 s 17; 1978 c 706 s 8]

121.50 [Expired]

121.71 [Repealed, 1976 c 332 s 10]

NOTE: Sections 121.71 to 121.714 are repealed effective July 1, 1977.

121.711 [Repealed, 1976 c 332 s 10]

121.712 [Repealed, 1976 c 332 s 10]

121.713 [Repealed, 1976 c 332 s 10]

121.714 [Repealed, 1976 c 332 s 10]

121.715 [Repealed, 1969 c 430 s 2]

INTERSTATE COMPACT FOR EDUCATION

121.81 COMPACT. The compact for education is hereby entered into and enacted into law with all jurisdictions legally joining therein, in the form substantially as follows:

COMPACT FOR EDUCATION

ARTICLE I

Purpose and Policy

(A) It is the purpose of this compact to:

(1) Establish and maintain close cooperation and understanding among executive, legislative, professional educational and lay leadership on a nationwide basis at the state and local levels.

(2) Provide a forum for the discussion, development, crystalization and recommendation of public policy alternatives in the field of education.

(3) Provide a clearing house of information on matters relating to educational problems and how they are being met in different places throughout the nation, so that the executive and legislative branches of state government and of local communities may have ready access to the experience and record of the entire country, and so that both lay and professional groups in the field of education may have additional avenues for the sharing of experience and the interchange of ideas in the formation of public policy in education.

(4) Facilitate the improvement of state and local educational systems so that all of them will be able to meet adequate and desirable goals in a society which requires continuous qualitative and quantitative advance in educational opportunities, methods and facilities.

(B) It is the policy of this compact to encourage and promote local and state initiative in the development, maintenance, improvement and administration of educational systems and institutions in a manner which will accord with the needs and advantages of diversity among localities and states.

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(C) The party states recognize that each of them has an interest in the quality and quantity of education furnished in each of the other states, as well as in the excellence of its own educational systems and institutions, because of the highly mobile character of individuals within the nation, and because the products and services contributing to the health, welfare and economic advancement of each state are supplied in significant part by persons educated in other states.

ARTICLE II

State Defined

As used in this compact, "state" means a state, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

ARTICLE III

The Commission

(A) The education commission of the states, hereinafter called "the commission," is hereby established. The commission shall consist of seven members representing each party state. One of such members shall be the governor; two shall be members of the state legislature selected by its respective houses and serving in such manner as the legislature may determine; and four shall be appointed by and serve at the pleasure of the governor, unless the laws of the state otherwise provide. If the laws of a state prevent legislators from serving on the commission, six members shall be appointed and serve at the pleasure of the governor, unless the laws of the state otherwise provide. In addition to any other principles or requirements which a state may establish for the appointment and service of its members of the commission, the guiding principle for the composition of the membership on the commission from each party state shall be that the members representing such state shall, by virtue of their training, experience, knowledge or affiliations be in a position collectively to reflect broadly the interests of the state government, higher education, the state education system, local education, lay and professional, public and non-public educational leadership. Of those appointees, one shall be the head of a state agency or institution, designated by the governor, having responsibility for one or more programs of public education. In addition to the members of the commission representing the party states, there may be not to exceed ten nonvoting commissioners selected by the steering committee for terms of one year. Such commissioners shall represent leading national organizations of professional educators or persons concerned with educational administration.

(B) The members of the commission shall be entitled to one vote each on the commission. No action of the commission shall be binding unless taken at a meeting at which a majority of the total number of votes on the commission are cast in favor thereof. Action of the commission shall be only at a meeting at which a majority of the commissioners are present. The commission shall meet at least once a year. In its bylaws, and subject to such directions and limitations as may be contained therein, the commission may delegate the exercise of any of its powers to the steering committee or the executive director, except for the power to approve budgets or requests for appropriations, the power to make policy recommendations pursuant to article IV and adoption of the annual report pursuant to article III (J).

(C) The commission shall have a seal.

(D) The commission shall elect annually, from among its members, a chairman, who shall be a governor, a vice chairman and a treasurer. The commission shall provide for the appointment of an executive director. Such executive director shall serve at the pleasure of the commission, and together with the treasurer and such other personnel as the commission may deem appropriate shall be bonded in such amount as the commission shall determine. The executive director shall be secretary.

(E) Irrespective of the civil service, personnel or other merit system laws of any of the party states, the executive director subject to the approval of the steering committee shall appoint, remove or discharge such personnel as may be necessary for the performance of the functions of the commission, and shall fix the duties and compensation of such personnel. The commission in its bylaws shall provide for the personnel policies and programs of the commission.

(F) The commission may borrow, accept or contract for the services of personnel from any party jurisdiction, the United States, or any subdivision or agency of the aforementioned governments, or from any agency of two or more of the party jurisdictions or their subdivisions.

(G) The commission may accept for any of its purposes and functions under this compact any and all donations, and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any state, the United States, or any other governmental agency, or from any person, firm, association, foundation, or corporation, and may receive, utilize and dispose of the same. Any donation or grant accepted by the commission pursuant to this paragraph or services borrowed pursuant to paragraph (F) of this article shall be reported in the annual report of the commission. Such report shall include the nature, amount and conditions, if any, of the donation, grant, or services borrowed, and the identity of the donor or lender.

(H) The commission may establish and maintain such facilities as may be necessary for the transacting of its business. The commission may acquire, hold, and convey real and personal property and any interest therein.

(I) The commission shall adopt bylaws for the conduct of its business and shall have the power to amend and rescind these bylaws. The commission shall publish its bylaws in convenient form and shall file a copy thereof and a copy of any amendment thereto, with the appropriate agency or officer in each of the party states.

(J) The commission annually shall make to the governor and legislature of each party state a report covering the activities of the commission for the preceding year. The commission may make such additional reports as it may deem desirable.

ARTICLE IV

Powers

In addition to authority conferred on the commission by other provisions of the compact, the commission shall have authority to:

- (1) Collect, correlate, analyze and interpret information and data concerning educational needs and resources.
- (2) Encourage and foster research in all aspects of education, but with special reference to the desirable scope of instruction, organization, administration, and instructional methods and standards employed or suitable for employment in public educational systems.
- (3) Develop proposals for adequate financing of education as a whole and at each of its many levels.
- (4) Conduct or participate in research of the types referred to in this article in any instance where the commission finds that such research is necessary for the advancement of the purposes and policies of this compact, utilizing fully the resources of national associations, regional compact organizations for higher education, and other agencies and institutions, both public and private.
- (5) Formulate suggested policies and plans for the improvement of public education as a whole, or for any segment thereof, and make recommendations with respect thereto available to the appropriate governmental units, agencies and public officials.
- (6) Do such other things as may be necessary or incidental to the administration of any of its authority or functions pursuant to this compact.

ARTICLE V

Cooperation with Federal Government

(A) If the laws of the United States specifically so provide, or if administrative provision is made therefor within the federal government, the United States may be represented on the commission by not to exceed ten representatives. Any such representative or representatives of the United States shall be appointed and serve in such manner as may be provided by or pursuant to federal law, and may be drawn from any one or more branches of the federal government, but no such representative shall have a vote on the commission.

(B) The commission may provide information and make recommendations to any executive or legislative agency or officer of the federal government concerning the

common educational policies of the states, and may advise with any such agencies or officers concerning any matter of mutual interest.

ARTICLE VI

Committees

(A) To assist in the expeditious conduct of its business when the full commission is not meeting, the commission shall elect a steering committee of 32 members which, subject to the provisions of this compact and consistent with the policies of the commission, shall be constituted and function as provided in the bylaws of the commission. One-fourth of the voting membership of the steering committee shall consist of governors, one-fourth shall consist of legislators, and the remainder shall consist of other members of the commission. A federal representative on the commission may serve with the steering committee, but without vote. The voting members of the steering committee shall serve for terms of two years, except that members elected to the first steering committee of the commission shall be elected as follows: 16 for one year and 16 for two years. The chairman, vice chairman, and treasurer of the commission shall be members of the steering committee and, anything in this paragraph to the contrary notwithstanding, shall serve during their continuance in these offices. Vacancies in the steering committee shall not affect its authority to act, but the commission at its next regularly ensuing meeting following the occurrence of any vacancy shall fill it for the unexpired term. No person shall serve more than two terms as a member of the steering committee; provided that service for a partial term of one year or less shall not be counted toward the two term limitation.

(B) The commission may establish advisory and technical committees composed of state, local, and federal officials, and private persons to advise it with respect to any one or more of its functions. Any advisory or technical committee may, on request of the states concerned, be established to consider any matter of special concern to two or more of the party states.

(C) The commission may establish such additional committees as its bylaws may provide.

ARTICLE VII

Finance

(A) The commission shall advise the governor or designated officer or officers of each party state of its budget and estimated expenditures for such period as may be required by the laws of that party state. Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amount or amounts to be appropriated by each of the party states.

(B) The total amount of appropriation requests under any budget shall be apportioned among the party states. In making such apportionment, the commission shall devise and employ a formula which takes equitable account of the populations and per capita income levels of the party states.

(C) The commission shall not pledge the credit of any party states. The commission may meet any of its obligations in whole or in part with funds available to it pursuant to article III (G) of this compact, provided that the commission takes specific action setting aside such funds prior to incurring an obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it pursuant to article III (G) thereof, the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(D) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established by its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a qualified public accountant, and the report of the audit shall be included in and become part of the annual reports of the commission.

(E) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(F) Nothing contained herein shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

ARTICLE VIII

Eligible Parties

Entry Into and Withdrawal

(A) This compact shall have as eligible parties all states, territories, and possessions of the United States, the District of Columbia, and the Commonwealth of Puerto Rico. In respect of any such jurisdiction not having a governor, the term "governor," as used in this compact, shall mean the closest equivalent official of such jurisdiction.

(B) Any state or other eligible jurisdiction may enter into this compact and it shall become binding thereon when it has adopted the same: Provided that in order to enter into initial effect, adoption by at least ten eligible party jurisdictions shall be required.

(C) Adoption of the compact may be either by enactment thereof or by adherence thereto by the governor; provided that in the absence of enactment, adherence by the governor shall be sufficient to make his state a party only until December 31, 1967. During any period when a state is participating in this compact through gubernatorial action, the governor shall appoint those persons who, in addition to himself, shall serve as the members of the commission from his state, and shall provide to the commission an equitable share of the financial support of the commission from any source available to him.

(D) Except for a withdrawal effect on December 31, 1967 in accordance with paragraph (C) of this article, any party state may withdraw from this compact by enacting a statute repealing the same, but no such withdrawal shall take effect until one year after the governor of the withdrawing state has given notice in writing of the withdrawal to the governors of all other party states. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

ARTICLE IX

Construction and Severability

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any state or of the United States, or the application thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this contract shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the state affected as to all severable matters.

[1967 c 394 s 1]

121.82 EDUCATION COMMISSION. Subdivision 1. Appointment of members.

Legislative members of the education commission established in article III (A) are appointed as follows: One member of the house of representatives appointed by the speaker of the house for a term coinciding with the term of office of the member; one member of the senate appointed by the committee on committees for a two year term. Members of the education commission appointed by the governor are appointed with the advice and consent of the senate for a term which coincides with the term of the appointing governor. Members appointed from the legislature and members appointed by the governor serve until their successors are appointed and qualified.

Subd. 2. **Vacancies.** Vacancies are filled by the appointing power. If the legislature is not in session, vacancies are filled as follows: A vacancy in the office held by a house member is filled by the last speaker of the house, or if he be not available, by the last chairman of the house rules committee; a vacancy in the office held by a senate member is filled by the last senate committee on committees or other appointing authority designated by the senate rules in case of a senate vacancy.

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Subd. 3. **Expenses.** Members of the education commission serve without compensation for such service but are entitled to be paid their necessary expenses in carrying out their duties.

[1967 c 394 s 2]

121.83 MINNESOTA EDUCATION COUNCIL. There is hereby established the Minnesota education council composed of the members of the education commission of the states representing this state, and 16 other persons, two from each congressional district of which one shall be a legislator, appointed by the governor for terms coinciding with the term of the appointing governor. Persons other than legislators shall be selected so as to be broadly representative of professional and lay interests within this state having the responsibilities for, knowledge with respect to, and interest in educational matters. The chairman shall be designated by the governor from among its members. The council shall meet on the call of the governor, but in any event the council shall meet not less than twice in each year. The council may consider any and all matters relating to recommendations of the education commission of the states and the activities of the members representing this state thereon, shall serve as a forum for major education policies, and shall serve to exchange information about important education activities of interest to all parties. Members of the council shall serve without salary, but shall be reimbursed for actual expenses incurred in attendance at meetings of the council.

[1967 c 394 s 3; 1971 c 179 s 1; 1974 c 83 s 1; 1976 c 149 s 26]

121.84 FILING OF BYLAWS. Pursuant to article III (I) of the compact, the commission shall file a copy of its bylaws and any amendment thereto with the secretary of state.

[1967 c 394 s 4]

MIDWESTERN EDUCATION COMPACT

121.843 COMPACT. The Midwestern Education Compact is hereby entered into and enacted into law with all jurisdictions legally joining therein, in the form substantially as follows:

MIDWESTERN EDUCATION COMPACT

ARTICLE I

Purpose

The purpose of the Midwestern Education Compact shall be to provide greater educational opportunities and services utilizing both public and private institutions through the establishment and efficient operation and maintenance of coordinated educational programs and services for the citizens residing in the several states which are parties to this compact, with the aim of furthering access to and choice of education.

ARTICLE II

Definitions

As used in this compact:

(A) "Compact area" means the geographic area encompassing the compacting states.

(B) "Education" shall include those programs and services relating to higher education, post-secondary education, and vocational education.

(C) "Supplemental agreement" means those agreements to the compact which add to or extend this compact and which do not change or modify the text of this compact and which are not inconsistent with the provisions of this compact.

(D) "Amendment" means a change in the text of the compact, including additions or deletions.

ARTICLE III

The Board

(A) The compacting states hereby create the Midwestern Education Board, hereinafter called the board. The board shall be a body corporate of each compacting state. The board shall have all the responsibilities, powers and duties set forth herein, including the power to sue and be sued, and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the compacting states in accordance with the terms of this compact.

(B) The board shall consist of five resident members of each state as follows: the governor or the governor's designee who shall serve during the tenure of office of the governor; two legislators, one from each house (except Nebraska, which may appoint two legislators from its Unicameral Legislature), who shall serve two-year terms and be appointed by the appropriate appointing authority in each house of the legislature; and two other citizens of each state, at least one of whom shall be selected from the field of education, to be chosen in a manner and for the term provided by law of the state.

(C) The board shall select annually, from among its members, a chairperson, a vice chairperson and a treasurer. A governor shall serve as chairperson during even-numbered years. A legislator shall serve as chairperson during odd-numbered years. Filling of vacancies in these offices shall be provided for in the bylaws.

(D) The board may appoint an executive director who shall serve at its pleasure and who also shall act as secretary, and who, together with the treasurer and such other personnel as the board may determine, shall be bonded in such amounts as the board may require.

(E) Irrespective of the civil service, personnel or other merit system laws of any of the compacting states, the board in its bylaws shall provide for the personnel policies and programs of the compact.

(F) The board may establish and maintain, independently of or in conjunction with any one or more of the compacting states, a suitable retirement system for its full-time employees. Employees of the board shall be eligible for social security coverage in respect of old age and survivors insurance provided that the board takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The board may establish and maintain or participate in such additional programs of employee benefits as may be appropriate.

(G) The board may borrow, accept, or contract for the services of personnel from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any institution, foundation, person, firm or corporation.

(H) The board may accept for any of its purposes and functions under this compact any and all donations, and grants of money, equipment, supplies, materials and services (conditional or otherwise) from any state or the United States or any subdivision or agency thereof, or interstate agency, or from any institution, foundation, person, firm, or corporation, and may receive, utilize and dispose of the same.

(I) The board shall adopt a seal and suitable bylaws for its management and control.

(J) The board may establish and maintain an office within one or more of the compacting states.

(K) The board shall meet at least once each calendar year. The chairperson may call additional meetings and, upon the request of a majority of the board members of three or more compacting states, shall call additional meetings. Public notice shall be given of all meetings and meetings shall be open to the public.

(L) Each compacting state represented at any meeting of the board is entitled to one vote. A majority of the compacting states shall constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the board.

(M) The board shall submit a budget to the governor and legislature of each compacting state at such time and for such period as may be required. The budget shall contain specific recommendations of the amount or amounts to be appropriated by each of the compacting states.

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(N) The board may establish such committees as it may deem necessary for the carrying out of its functions.

(O) The board may provide for actual and necessary expenses for attendance of its members at official meetings of the board or its designated committees.

ARTICLE IV

Powers of the Board

(A) The board may enter into contractual agreements with any educational institution in the compact area and with any of the compacting states to provide adequate programs and services in education for the citizens of the respective compacting states. The board shall, after negotiations with interested institutions and the compacting states, determine the cost of providing the programs and services in education for use in its contractual agreements. The contracting states shall contribute the funds not otherwise provided, as determined by the board, for carrying out the contractual agreements. The board may also serve as the administrative and fiscal agent in carrying out contractual agreements for educational programs and services.

(B) The board may enter into contractual agreements with any other interstate education organizations or agencies and with educational institutions not in the compact area and with any of the various states of these United States to provide adequate programs and services in education for the citizens of the respective compacting states. The board shall, after negotiations with interested institutions and interstate organizations or agencies, determine the cost of providing the programs and services in education for use in these contractual agreements.

(C) The board annually shall report to the member legislatures and governors, to the Midwestern Governors' Conference and the Midwestern Conference of the Council of State Governments covering the activities of the board for the preceding year, embodying such recommendations as may have been adopted by the board. The board shall also undertake studies of needs for educational programs and services in the compact area, the resources for meeting such needs, and the long-range effects of the compact on education, and from time to time to prepare reports on such research for presentation to the governors and legislatures of the compacting states and other interested parties. In conducting such studies, the board may confer with any national or regional planning body which may be established. The board may draft and recommend to the governors and legislatures of the various compacting states suggested legislation dealing with problems of education in the compact area as it deems advisable. By no later than the end of the fourth year from the effective date of the compact and every two years thereafter, the board shall review its accomplishments and make recommendations to the governors and legislatures of the compacting states on the continuance of the compact.

(D) Before any two or more states who are parties to this compact enter into an agreement between and among themselves providing for the establishment, financing and operation of educational services and programs, they shall submit such proposed agreements for the timely informational review and comment by the board or its designated committee. Agreements in force on the date this compact becomes initially effective are exempt from this section.

(E) The board shall inventory educational services and programs and shall serve as a clearinghouse on information regarding educational activities among institutions and agencies.

(F) The board shall prepare and adopt, after such research and study as may be necessary, a comprehensive education guide for the compacting states. It shall consist of a compilation of policy statements, goals and standards prescribing guides for an orderly educational development of the compact area. The comprehensive development guide shall recognize and encompass educational needs of the compact area and those future developments which are of compact area significance. Upon completion, a report on the comprehensive education guide shall be made to the governor and legislature of each compacting state. The board shall review and update the education guide at least every five years.

(G) Any compacting state may request that the board review and comment on any proposed educational service which may have compact area educational significance or a substantial effect on compact area educational services. Within 90 days of receipt of the request, the board shall conduct its review of the submitted proposal

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and shall comment thereon. All comments shall include a statement of the relationship of the proposal to the comprehensive compact area education guide and of its impact upon the educational development of the compact area. In addition, the board may, on its own initiative, review and comment on matters it determines to be of compact area significance. Copies of each proposal comment shall be sent to the appropriate legislative officials of each compacting state.

(H) The board may provide consultative services to states and institutions.

ARTICLE V

Finance

(A) The moneys necessary to finance the general operations of the board not otherwise provided for in carrying forth its duties, responsibilities and powers as stated herein shall be appropriated to the board by the compacting states, when authorized by the respective legislatures, in the following manner: one-half of the total amount shall be apportioned among the compacting states in equal shares; the other half of the total amount shall be apportioned among the compacting states in accordance with the ratio of their populations to the total population of the entire group of compacting states. Populations shall be determined by the most recent federal census.

(B) The board shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the board pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

(C) The board shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the board shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the board shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the board.

(D) The accounts of the board shall be open at any reasonable time for inspection by duly authorized representatives of the compacting states and persons authorized by the board.

ARTICLE VI

Eligible Parties and Entry Into Force

(A) The states of Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia and Wisconsin, shall be eligible to become party to this compact. Additional states will be eligible if approved by a majority of compacting states.

(B) As to any eligible party state, this compact shall become effective when its legislature shall have enacted the same into law; provided that it shall not become initially effective until enacted into law by six states prior to December 31, 1981.

(C) Amendments to the compact shall become effective upon their enactment by the legislatures of all compacting states. A supplemental agreement to this compact shall become effective upon its approval by the board and upon its enactment by two or more of the legislatures of the compacting states and shall be in force for only those states enacting such supplemental agreement.

ARTICLE VII

Withdrawal, Default and Termination

(A) Any compacting state may withdraw from this compact by enacting a statute repealing the compact, but such withdrawal shall not become effective until two years after the enactment of such statute. A withdrawing state shall be liable for any obligations which it may have incurred on account of its party status up to the effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.

(B) If any compacting state shall at any time default in the performance of any of its obligations, assumed or imposed, in accordance with the provisions of this compact, all rights, privileges and benefits conferred by this compact or agreements here-

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under, shall be suspended from the effective date of such default as fixed by the board, and the board shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless such default shall be remedied under the stipulations and within the time period set forth by the board, this compact may be terminated with respect to such defaulting state by affirmative vote of a majority of the other member states. Any such defaulting state may be reinstated by performing all acts and obligations as originally stipulated by the board.

ARTICLE VIII

Severability and Construction

The provisions of this compact and of any supplementary agreement entered into hereunder shall be severable and if any phrase, clause, sentence or provision of this compact or such supplementary agreement is declared to be contrary to the constitution of any compacting state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact or such supplementary agreement and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact or any supplementary agreement entered into hereunder shall be held contrary to the constitution of any compacting state, the compact or such supplementary agreement shall remain in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of this compact and of any supplementary agreement entered into pursuant hereto shall be liberally construed to effectuate the purposes thereof.

[1978 c 718 s 1]

121.844 MEMBERS OF THE BOARD. Subdivision 1. **Appointment.** Legislative members of the Midwestern Education Board established in article III of the Midwestern Education Compact are appointed as follows: one member of the house of representatives appointed by the speaker of the house for a term coinciding with the term of office of the member; one member of the senate appointed by the subcommittee on committees of the rules and administration committee for a two-year term. Two citizen members, one of whom shall be from the field of education, shall be appointed by the governor with the advice and consent of the senate for a term which coincides with the term of the appointing governor. Members appointed from the legislature and members appointed by the governor serve until their successors are appointed and qualified.

Subd. 2. **Vacancies.** Vacancies are filled by the appointing power. If the legislature is not in session, vacancies in the office of legislative members are filled as follows: A vacancy in the office held by a house member is filled by the last speaker of the house, or if he be not available, by the last chairman of the house rules committee; a vacancy in the office held by a senate member is filled by the last senate subcommittee on committees of the rules and administration committee or other appointing authority designated by the senate rules in case of a senate vacancy.

[1978 c 718 s 2]

121.845 FILING OF BYLAWS AND AMENDMENTS. The Midwestern Education Board shall file a copy of its bylaws and any amendment thereto with the secretary of state.

[1978 c 718 s 3]

COMMUNITY SCHOOL PROGRAMS

121.85 PURPOSE. The purpose of sections 121.85 to 121.88 is to make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community, by establishing a community school program.

[1971 c 900 s 1; 1976 c 239 s 26]

121.86 ADMINISTRATION. There is hereby created within the department of education the position of state director of community school programs who shall administer sections 121.85 to 121.88 subject to the control of the state board of education. The director shall prepare and submit to the board recommended rules defining

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program areas, aid payment procedures, and any other requirements relevant to the promotion, implementation, and operation of community school programs throughout the state. The board shall adopt such recommended rules as it deems necessary and appropriate to forward the purposes of sections 121.85 to 121.88.

[1971 c 900 s 2; 1976 c 239 s 27; 1978 c 706 s 9]

121.87 STATE COMMUNITY SCHOOL ADVISORY COUNCIL. Subdivision 1. A 25 member state community school advisory council shall be established for the purpose of promoting the furtherance of sections 121.85 to 121.88, and the advancement of educational, recreational and social opportunity through the maximum utilization of public school facilities throughout the state of Minnesota. The council shall be appointed by the governor and shall consist of two lay members from each congressional district and nine members selected at large who shall represent government and professions most closely related to community school activities, functions and school administrative jurisdictions.

Subd. 2. Immediately after appointment, the council shall meet to organize, at a time and place designated by the state director of community school programs who shall serve as temporary chairman for said meeting. The council shall elect a chairman and such other officers as it deems necessary except that the state director of community school programs shall serve as the executive secretary of said council.

Subd. 3. Clerical, mailing, printing, and other justifiable expenses incurred by the council shall be paid from funds set aside for the administration of the office of the director of community school programs. The council shall expire and the terms, compensation and removal of members shall be as provided in section 15.059.

[1971 c 900 s 3; 1975 c 315 s 9,10; 1976 c 239 s 28]

121.88 DISTRICT PROGRAMS; CITIZENS ADVISORY COUNCIL. Subdivision 1. The board of education of each school district of the state is hereby authorized to initiate a community school program in its district and to provide for the general supervision of said program. Each board may, as it considers appropriate, employ community school directors and coordinators to further the purposes of the community school program. The salaries of the directors and coordinators shall be paid by the board.

Subd. 2. Each board shall provide for a citizens advisory council to consist of members who represent: the various service organizations; churches; private schools; local government; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community school program in the school district.

Subd. 3. The council shall function in cooperation with the community school director in an advisory capacity in the interest of promoting the goals and objectives of sections 121.85 to 121.88.

Subd. 4. Each council shall adopt a policy to reduce and eliminate program duplication within the district.

[1971 c 900 s 4; 1976 c 239 s 29; 1977 c 447 art 4 s 1]

121.89 [Repealed, 1975 c 432 s 97]

UNIFORM FINANCIAL ACCOUNTING AND REPORTING SYSTEM

121.90 DEFINITIONS. "Receivables", "liabilities", "fund balances", "revenues" and "expenditures" have the meanings specified in the uniform financial accounting and reporting system for Minnesota school districts unless otherwise provided by law.
[1976 c 271 s 25]

121.901 ADVISORY COUNCIL. Subdivision 1. There is created an advisory council on uniform financial accounting and reporting standards, composed of 13 members appointed as follows:

(1) Two employees of the state department of education appointed by the commissioner of education;

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- (2) An employee of the office of state auditor appointed by the state auditor;
- (3) One licensed certified public accountant appointed by the state board of education;
- (4) Nine persons who are representative of the various size school districts in the state and who are public school employees whose positions involve activities related to school financing and accounting, appointed by the state board.

Professional associations composed of persons eligible to be appointed under clauses (3) and (4) may recommend nominees from their associations to the state board.

Subd. 2. The council shall expire, and the terms, compensation and removal of members shall be as provided in section 15.059. The state board shall determine the length of terms of the initial members consistent with section 15.059.

Subd. 3. The council shall annually select a chairman and secretary from its membership. Meetings shall be held at the call of the chairman or any three members.
[1976 c 271 s 26]

121.902 COUNCIL RECOMMENDATIONS. Subdivision 1. The council shall recommend to the state board uniform financial accounting and reporting standards for school districts. The state board shall adopt and maintain uniform financial accounting and reporting standards which are consistent with sections 121.90 to 121.92 and with generally accepted accounting principles and practices. The standards so adopted shall be known as the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2. The state board shall meet the requirements of chapter 15 in the initial adoption and maintenance of these standards.
[1976 c 271 s 27; 1977 c 447 art 7 s 5]

121.904 REVENUE; REPORTING. Subdivision 1. School district revenues shall be recognized and reported on the district books of account in accordance with this section.

Subd. 2. Revenues shall be recorded in a manner which clearly indicates that they are applicable to a specific accounting period and fund.

Subd. 3. Receivables shall be recorded in a manner which clearly reflects the amounts of money due to a particular fund from public and private sources at the date of each accounting statement.

Subd. 4. All current levies of local taxes, including portions assumed by the state, shall be recognized as receivable at the beginning of the calendar year during which collection normally takes place. Such receivables shall be reserved for use in the subsequent fiscal year. Payments of current taxes including but not limited to March personal property tax settlements, received prior to July 1, shall be recorded as revenue to be earned as of July 1 with appropriate adjustments to the receivables and the reserves for such taxes. All current taxes received prior to July 1 plus the balance of the reserves shall be recognized as revenue on July 1.

Subd. 5. Foundation aid, endowment fund apportionment, and guarantee aid shall be recognized as revenue of the fiscal year for which the aids are designated by statute.

Subd. 6. Transportation aids, including depreciation aid, and any categorical aids not otherwise provided for in this section shall be recognized as revenue of the fiscal year for which these aids are designated by statute.

Subd. 7. Summer school aids shall be recognized as revenues and recorded as receivables in proportion to the total number of summer school days in each fiscal year in which a summer school session occurs; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in section 124.20.

Subd. 8. "Categorical reimbursement" aids are those aids for which the expenditures of the prior fiscal year are used only for determination of the amount. These aids shall be recognized as revenues and recorded as receivables in the fiscal year designated for payment.

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Subd. 9. Interest shall be recognized in the fiscal year during which earned, and shall be allocated proportionally to the funds from which the resources were invested.

Subd. 10. Federal aids or grants shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditures are recognized.

Subd. 11. State aids or grants, that are paid as a matching of an expenditure, shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditure is recognized.

Subd. 11a. Beginning with payments received in fiscal year 1978, revenues received pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax on severed mineral values or any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, shall be recognized as revenue in the school year received.

Subd. 11b. (1) Each district affected by the provisions of subdivision 11a shall account for and expend according to the provisions of this subdivision the total amount by which its 1976 payable 1977 and its 1977 payable 1978 permissible levies pursuant to section 275.125 were reduced on account of payments pursuant to sections 294.21 or 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties. Notwithstanding the provisions of section 124.212, subdivision 8a, clause (2) and the provisions of section 275.125, subdivision 9, clause (2) or any other law to the contrary, this total amount shall not be applied to reduce the foundation aid which the district is entitled to receive pursuant to section 124.212 or again be applied to reduce the permissible levies of the district.

(2) The lesser of the amount in (1) or an amount equal to \$200 times the pupil units in the district computed pursuant to section 124.17 for the 1977-1978 school year shall be reflected in an "appropriated fund balance reserve account for current use of taconite payments" which shall be established in the general fund. Each school year, beginning in 1978-1979, each affected district shall transfer an amount equal to \$20 times the number of pupil units in the district in 1977-1978 out of this account into other operating accounts in the general fund, until the amount transferred equals the amount originally reflected in the reserve account; provided that in the last year in which the district is required to make this transfer, it shall transfer the balance of the reserve account, not to exceed an amount equal to \$20 times the number of pupil units in the district in 1977-1978. Notwithstanding the provisions of section 121.917, each affected district may use the amount so transferred each year to increase its expenditures above the amount it would otherwise be authorized to expend in that school year.

(3) Of the amount in (1), any amount not reflected in the account established pursuant to clause (2) shall be reflected in the district's appropriated fund balance reserve account for purposes of reducing statutory operating debt, if the district has established this account pursuant to section 275.125, subdivision 9a. The June 30, 1977 statutory operating debt of the district shall be reduced by the amount so reflected and shall be recertified accordingly by the commissioner.

(4) Notwithstanding the provisions of section 121.912, any portion of the amount in (1) remaining after the application of clauses (2) and (3) shall be transferred to the district's capital expenditure fund.

Subd. 12. Other revenues not specified in this section shall be recognized as revenue and shall be recorded in the fiscal year earned.

Subd. 13. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Subd. 14. The state board shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

[1976 c 271 s 28; 1978 c 764 s 11-13]

121.906 EXPENDITURES; REPORTING. Subdivision 1. School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

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Subd. 2. There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 3. Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year designated at the time of the issuance of the order.

Subd. 4. Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.

Subd. 5. Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.

Subd. 6. Other payable items shall be recorded in the fiscal year in which the liability is incurred.

Subd. 7. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

[1976 c 271 s 29]

121.908 REQUIREMENT FOR ACCOUNTING, BUDGETING AND REPORTING. Subdivision 1. On or before June 30, 1977, each Minnesota school district shall adopt the uniform financial accounting and reporting system for Minnesota school districts provided for in section 121.902.

Subd. 2. Each Minnesota school district shall submit to the commissioner by August 15, 1977 and August 15 of each year thereafter, an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner after consultation with the advisory council on uniform financial accounting and reporting standards.

Subd. 3. Prior to June 30 of the calendar year following the submission of the unaudited financial statement, the school district shall provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of the unaudited statement.

Subd. 3a. Prior to July 1, 1978 and July 1 of each year thereafter, the school board of each district shall approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted shall be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures.

Subd. 4. Each Minnesota school district shall submit to the department by August 15, 1977, and by August 15 of each year thereafter, on forms prescribed by the commissioner, the revenue and expenditure budgets adopted for that fiscal year.

Subd. 5. All governmental units formed by joint powers agreements entered into by school districts pursuant to sections 120.17, 123.351, 471.59, or any other law and all educational cooperative service units shall be subject to the provisions of this section.

[1976 c 271 s 30; 1977 c 447 art 7 s 7]

121.911 CASH FLOW; SCHOOL DISTRICT REVENUES; BORROWING FOR CURRENT OPERATING COSTS. Subdivision 1. The commissioner of finance shall remit all payments of state aids to school districts in conformance with the dates provided by law or, when not so provided, with a schedule of aid payments to be established by the commissioner of education in consultation with other affected state agencies.

Subd. 2. The auditors or finance officers of Minnesota counties shall remit all payments of taxes to the school districts in conformance with the provisions of section 276.11. School districts which have need for tax remittance advances may secure them from the counties by making formal requests in conformance with section 276.11.

Subd. 3. Minnesota school districts may issue tax and aid anticipation certificates in conformance with the provisions of sections 124.71 to 124.781, with the addi-

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tional provision that the proceeds of such borrowing or any other method of borrowing shall be recorded as liabilities of funds for which the taxes were levied, or for which the aids are receivable. Nothing in this subdivision shall provide authority for borrowing against the tax levies and aids of one school district fund for the purpose of increasing the available cash balance of another fund.

Subd. 4. Unless otherwise provided by law, no district shall, for the purpose of increasing the available cash balance of another fund, borrow or transfer funds from the building construction fund, debt redemption fund, trust and agency fund, or from any sinking fund for outstanding bonds issued for any purpose. However, if the contemplated use for which funds were originally placed in the building construction fund or a sinking fund is afterwards abandoned or if a balance remains after the use is accomplished, a district may devote these funds as provided in section 475.65. For the purpose of insuring fund integrity, if the commissioner determines that a district is in violation of this subdivision or section 121.904, he shall require that such district maintain separate bank accounts for building construction funds, debt redemption funds, trust and agency funds, and sinking funds for outstanding bonds. Nothing in this subdivision shall be construed to prohibit the use of common bank accounts for other funds unless prohibited by law.

[1976 c 271 s 31]

121.912 PERMANENT FUND TRANSFERS. Subdivision 1. After July 1, 1977, no school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; provided, the state board shall not approve any permanent transfer for the purpose of the acquisition or betterment of lands or buildings or capital improvements needed for a post-secondary vocational-technical school, for which the district is required to obtain the approval of the state board or authorization by specific legislative act pursuant to section 121.21, subdivision 4.

Subd. 2. As used in this section, "operating fund" and "nonoperating fund" shall have the meanings specified in the uniform financial accounting and reporting system for Minnesota school districts. Any transfer for a period in excess of one year shall be deemed to be a permanent transfer.

[1977 c 447 art 7 s 8; 1978 c 764 s 14]

121.914 STATUTORY OPERATING DEBT. Subdivision 1. The "operating debt" of a school district means the net negative unappropriated fund balance in all school district funds, other than capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30 of each year in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2. If the amount of the operating debt is more than two and one-half percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative unappropriated fund balance shall be defined as "statutory operating debt" for the purposes of this section and sections 121.917 and 275.125, subdivision 9a.

Subd. 3. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. This procedure shall also identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt. The standards for this uniform auditing or verification procedure shall be promulgated by the state board pursuant to chapter 15. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

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Subd. 4. If an audit or other verification procedure conducted pursuant to subdivision 3 determines that a statutory operating debt exists, a district shall follow the procedures set forth in section 275.125, subdivision 9a to eliminate this statutory operating debt.

Subd. 5. The commissioner of education shall certify the amount of statutory operating debt for each school district. Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.

Subd. 6. On January 15, 1998, the commissioner of education shall report to the legislature on the districts for which the levy allowable under section 275.125, subdivision 9a has been insufficient to eliminate the statutory operating debt of the district, determined as of June 30, 1977.

Subd. 7. This section and the provisions of section 275.125, subdivision 9a shall be applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060, as amended. This section and the provisions of section 275.125, subdivision 9a shall not apply to Independent School District No. 625.

Subd. 8. Any district eligible to receive any amounts pursuant to section 275.125, subdivision 9a shall disclose its statutory operating debt retirement plan by footnote to the audited financial statement.

Subd. 9. The commissioner shall establish a uniform reporting procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1976, and to estimate the amount of such statutory operating debt. This procedure shall also identify all interfund transfers made during fiscal year 1976 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt.

Subd. 10. (a) On or before January 1, 1977, the commissioner shall report to the legislature his findings concerning the amount of statutory operating debt for districts as of June 30, 1976, and interfund transfers during fiscal year 1976 which are identified pursuant to subdivision 9. This report shall include any information available to the commissioner regarding possible increases in statutory operating debt for districts between June 30, 1976, and June 30, 1977, and justifications for these increases.

(b) On or before January 1, 1978, the commissioner shall report to the legislature his findings concerning the amount of statutory operating debt for districts as of June 30, 1977, interfund transfers during fiscal year 1977 which are identified pursuant to subdivision 2, and actual increases in statutory operating debt for districts between June 30, 1976, and June 30, 1977.

[1976 c 271 s 32; 1977 c 447 art 7 s 9-12]

121.917 EXPENDITURE LIMITATIONS. Subdivision 1. (a) Beginning in fiscal year 1978 and in each year thereafter, a district which had statutory operating debt on June 30, 1977 pursuant to section 121.914 shall limit its expenditures in each fiscal year so that the amount of its statutory operating debt calculated at the end of that fiscal year is not greater than the amount of the district's statutory operating debt as of June 30, 1977, as certified and adjusted by the commissioner, increased by an amount equal to two and one-half percent of that district's operating expenditures for the fiscal year for which the statutory operating debt calculation is being made.

(b) When a district is no longer required to levy pursuant to section 275.125, subdivision 9a, subdivision 2 of this section shall be applicable.

Subd. 2. Beginning in fiscal year 1978 and each year thereafter, any district not subject to the provisions of subdivision 1 shall limit its expenditures so that its unappropriated fund balances shall not constitute statutory operating debt as defined in section 121.914.

Subd. 3. If a school district does not limit its expenditures in accordance with this section, the commissioner shall so notify the appropriate committees of the legislature by no later than January 1 of the year following the end of that fiscal year.

[1976 c 271 s 33; 1977 c 447 art 7 s 13,14]

121.92 MANDATORY UTILIZATION OF COMPUTER SYSTEMS; APPEAL. Subdivision 1. On or before July 1, 1980, all Minnesota school districts shall convert financial accounting and reporting operations to a computer based financial manage-

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ment accounting and reporting system utilizing regional or other computing facilities and utilizing multi-dimensional accounts and records defined in accordance with the uniform financial accounting and reporting system for Minnesota school districts.

Subd. 2. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner.

[1976 c 271 s 34]