

MEMORANDUM

TO: School District Superintendents

Business Managers

FROM: Tom Melcher, Director

Division of School Finance

DATE: May 31, 2012

SUBJECT: Levy for Leasing Administrative Space

The 2012 Omnibus E-12 Education Act (*Laws of Minnesota for 2012*, *Chapter 239*), Article 2, Section 18, amends Minnesota Statutes, section 126C.40, subdivision 1, by adding a paragraph (j), which reads as follows:

(j) Notwithstanding paragraph (a), a district may levy under this subdivision for the purpose of leasing administrative space if the district can demonstrate to the satisfaction of the commissioner that the lease cost for the administrative space is no greater than the lease cost for instructional space that the district would otherwise lease. The commissioner must deny this levy authority unless the district passes a resolution stating its intent to lease instructional space under this section if the commissioner does not grant authority under this paragraph. The resolution must also certify that the lease cost for administrative space under this paragraph is no greater than the lease cost for the district's proposed instructional lease.

This memorandum is to outline the criteria that the Minnesota Department of Education (MDE) will use in approving levies for leasing administrative space under this new paragraph, and to provide instructions regarding the information that must be submitted by districts requesting this levy authority.

Approval Criteria

Levy authority under this paragraph is limited to school districts where:

- 1) a lease of administrative space will reduce the district's need to lease instructional space;
- the cost of leasing the administrative space is no greater than the savings that will
 result from not leasing instructional space that the district would otherwise lease;
 and

3) the district school board has passed a resolution stating its intent to lease instructional space if the commissioner does not grant authority to levy for the lease of administrative space, and that the lease cost for administrative space is no greater than the lease cost for the district's proposed instructional lease.

Information Required

School districts requesting this levy authority, must submit to the department:

- 1) A copy of the board resolution,
- 2) A description of the instructional space that the district will lease if levy authority is not approved for administrative space, that the district will not lease if the administrative space lease is approved, and the rationale for this instructional lease, including:
 - a. What creates the need for leasing instructional space (e.g., growing enrollment)? What other options were considered? Does the district have space in district-owned facilities that could be used for this instruction?
 - b. Is this an existing lease or a new lease?
 - c. What instructional program/class would be housed in the leased space? How many students would be served there?
 - d. How many square feet would be leased and what is the estimated lease cost?
 - e. How will the lease of administrative space reduce the need for leasing instructional space? Will space currently used for administration be converted to instructional use?
 - f. Will the lease of administrative space eliminate the entire instructional lease, or just a portion of it? If just a portion, describe how this would affect (c) and (d) above.
- 3) A description of the administrative space that the district proposes to lease and the rationale for this administrative lease, including:
 - a. What creates the need for leasing administrative space (e.g., administrators must be moved out of a school facility to make room for growing enrollment)? What other options were considered? Does the district have space in district-owned facilities that could be used for this purpose?
 - b. Is this an existing lease or a new lease?
 - c. Who would be housed in the leased space? How many administrators and support staff would be housed there? Where are these administrators and support staff currently housed?
 - d. How many square feet would be leased and what is the estimated lease cost?

This information should be submitted to Bill Kiesow, Division of School Finance. Questions should be directed to Bill Kiesow at bill.kiesow@state.mn.us or 651 582 8801.