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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2296

02/25/2014 Authored by Newton

The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; modifying the allocation of compensatory revenue;
1.3 amending Minnesota Statutes 2012, section 126C.15, subdivision 5, by adding a
1.4 subdivision; Minnesota Statutes 2013 Supplement, section 126C.15, subdivision
1.5 2.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 126C.15, subdivision 2, is
1.8 amended to read:

1.9 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate at least 50
1.10 percent of its compensatory revenue to each school building in the district or cooperative
1.11 where the children who have generated the revenue are served unless the school district or
1.12 cooperative has received permission under Laws 2005, First Special Session chapter 5,
1.13 article 1, section 50, to allocate compensatory revenue according to student performance
1.14 measures developed by the school board.

1.15 (b) ~~Notwithstanding paragraph (a),~~ A district or cooperative ~~may~~ shall allocate ~~up to~~
1.16 ~~five percent of the~~ remaining amount of compensatory revenue ~~that the district it~~ receives
1.17 to school sites according to a plan adopted by the ~~school~~ governing board, ~~and a~~ of the
1.18 district or cooperative ~~may allocate up to an additional five percent of its compensatory~~
1.19 ~~revenue for activities under subdivision 1, clause (10), according to a plan adopted by~~
1.20 ~~the school board. The plan must be submitted in the form and manner specified by the~~
1.21 commissioner and included with the district's annual expenditure report under subdivision
1.22 5. The money reallocated under this paragraph must be spent for the purposes listed in
1.23 subdivision 1, but may be spent on students in any grade, including students attending
1.24 school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2015 and later.

Sec. 2. Minnesota Statutes 2012, section 126C.15, subdivision 5, is amended to read:

Subd. 5. **Annual expenditure report.** Each year a district that receives basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose. Using valid and reliable data and measurement criteria, the report also must determine whether increased expenditures raised student achievement levels. If school site allocations are adjusted by the school board under subdivision 2, paragraph (b), the report must determine whether the board's increased flexibility raised student achievement levels.

EFFECTIVE DATE. This section is effective for reports submitted on or after July 1, 2015.

Sec. 3. Minnesota Statutes 2012, section 126C.15, is amended by adding a subdivision to read:

Subd. 6. **Commissioner's report.** The commissioner must report to the education committees of the legislature by February 15 of each odd-numbered year on the effects on student achievement of the reallocation of basic skills revenue under subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective July 1, 2015.