

A bill for an act

relating to education finance; extending aid shift; repealing short-term borrowing by modifying payment to districts; amending Minnesota Statutes 2010, section 127A.45, subdivision 2; repealing Minnesota Statutes 2010, section 127A.46.

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

Section 1. Minnesota Statutes 2010, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding

H.F. No. 576, 1st Engrossment - 87th Legislative Session (2011-2012) [H0576-1]

2.1 payment dates which could not be processed by the electronic funds transfer method due
2.2 to documented extenuating circumstances.

2.3 (d) The current year aid payment percentage equals 73 in fiscal year 2010, and 70 in
2.4 fiscal ~~year~~ years 2011, 2012, and 2013, ~~and~~ 90 in fiscal ~~years~~ year 2014 and later.

2.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.6 Sec. 2. **REPEALER.**

2.7 Minnesota Statutes 2010, section 127A.46, is repealed.

127A.46 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of management and budget determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner may modify payments to districts according to this section. The modifications must begin no sooner than September 1 of each fiscal year, and must remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a district pursuant to section 127A.45, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in each of the district's operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$700 times the number of resident pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$700 times the number of resident pupil units in the preceding fiscal year. The net cash balance must include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 127A.45, subdivision 4.