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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2960**

03/22/2012 Authored by Barrett, Drazkowski and McDonald  
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 finance; requiring a reduction in general fund appropriations to  
1.3 provide an annual increase in the aid payment percentage for school districts;  
1.4 amending Minnesota Statutes 2011 Supplement, section 127A.45, subdivision 2;  
1.5 proposing coding for new law in Minnesota Statutes, chapter 16A.

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

1.7 Section 1. **[16A.1524] APPROPRIATION REDUCTION AND SCHOOL AID**  
1.8 **PAYMENT PERCENTAGE INCREASE.**

1.9 Subdivision 1. **General fund appropriation reduction.** By July 15 of each  
1.10 fiscal year, the commissioner of management and budget shall reduce all general fund  
1.11 appropriations by one percent and cancel these appropriations to the general fund.

1.12 Subd. 2. **Exemptions.** Appropriations made to the commissioner of education and  
1.13 the appropriation under section 16A.641 are exempt from subdivision 1.

1.14 Subd. 3. **Increase in school aid payment percentage.** If the current year aid  
1.15 payment percentage under section 127A.45 is less than 90 percent, by July 31 of each  
1.16 fiscal year, the commissioner of management and budget shall certify to the commissioner  
1.17 of education the total amount of the general fund appropriation reductions under  
1.18 subdivision 1. The commissioner of education shall increase the aid payment percentage  
1.19 to not more than 90 percent rounded to the nearest tenth of a percent by the certified  
1.20 amount for that fiscal year and thereafter. The amounts necessary to meet this requirement  
1.21 are appropriated from the general fund to the commissioner of education.

1.22 Sec. 2. Minnesota Statutes 2011 Supplement, section 127A.45, subdivision 2, is  
1.23 amended to read:

2.1 Subd. 2. **Definitions.** (a) "Other district receipts" means payments by county  
2.2 treasurers pursuant to section 276.10, apportionments from the school endowment fund  
2.3 pursuant to section 127A.33, apportionments by the county auditor pursuant to section  
2.4 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue  
2.5 pursuant to chapter 298.

2.6 (b) "Cumulative amount guaranteed" means the product of  
2.7 (1) the cumulative disbursement percentage shown in subdivision 3; times  
2.8 (2) the sum of  
2.9 (i) the current year aid payment percentage of the estimated aid and credit  
2.10 entitlements paid according to subdivision 13; plus  
2.11 (ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus  
2.12 (iii) the other district receipts.

2.13 (c) "Payment date" means the date on which state payments to districts are made  
2.14 by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday,  
2.15 or a weekday which is a legal holiday, the payment shall be made on the immediately  
2.16 preceding business day. The commissioner may make payments on dates other than  
2.17 those listed in subdivision 3, but only for portions of payments from any preceding  
2.18 payment dates which could not be processed by the electronic funds transfer method due  
2.19 to documented extenuating circumstances.

2.20 (d) The current year aid payment percentage equals 73 in fiscal year 2010 and 70 in  
2.21 fiscal year 2011, and ~~60~~ 64.3 in fiscal years 2012 and later.

2.22 (e) Notwithstanding paragraph (d), the current year aid payment percentage equals  
2.23 the amount in paragraph (d), as adjusted by section 16A.152, subdivision 2, or section  
2.24 16A.1524.