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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **1444**

02/20/2017 Authored by Uglem
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; creating a supplemental compensatory revenue
1.3 formula; appropriating money; amending Minnesota Statutes 2016, sections
1.4 126C.05, subdivision 3; 126C.10, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2016, section 126C.05, subdivision 3, is amended to read:

1.7 Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units ~~for~~
1.8 ~~fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

1.9 (a) The compensation revenue concentration percentage for each building in a district
1.10 equals the product of 100 times the ratio of:

1.11 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch
1.12 plus one-half of the pupils eligible to receive ~~reduced-priced~~ reduced-price lunch on October
1.13 1 of the previous fiscal year; to

1.14 (2) the number of pupils enrolled in the building on October 1 of the previous fiscal
1.15 year.

1.16 (b) The compensation revenue pupil weighting factor for a building equals the lesser of
1.17 one or the quotient obtained by dividing the building's compensation revenue concentration
1.18 percentage by 80.0.

1.19 (c) The compensation revenue pupil units for a building equals the product of:

1.20 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch
1.21 and one-half of the pupils eligible to receive ~~reduced-priced~~ reduced-price lunch on October
1.22 1 of the previous fiscal year; times

2.1 (2) the compensation revenue pupil weighting factor for the building; times

2.2 (3) .60.

2.3 (d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under
 2.4 section 124D.151, charter schools, and contracted alternative programs in the first year of
 2.5 operation, compensation revenue pupil units shall be computed using data for the current
 2.6 fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative
 2.7 program begins operation after October 1, compensatory revenue pupil units shall be
 2.8 computed based on pupils enrolled on an alternate date determined by the commissioner,
 2.9 and the compensation revenue pupil units shall be prorated based on the ratio of the number
 2.10 of days of student instruction to 170 days.

2.11 (e) The percentages in this subdivision must be based on the count of individual pupils
 2.12 and not on a building average or minimum.

2.13 (f) The supplemental compensatory revenue pupil units for a school district equals the
 2.14 greater of:

2.15 (1) zero; or

2.16 (2) the sum of the number of pupils enrolled in the district eligible to receive free lunch
 2.17 and one-half of the pupils eligible to receive reduced-price lunch on October 1 of the previous
 2.18 fiscal year minus 1,500.

2.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2018 and later.

2.20 Sec. 2. Minnesota Statutes 2016, section 126C.10, subdivision 3, is amended to read:

2.21 Subd. 3. **Compensatory education revenue.** (a) ~~For fiscal year 2014, the compensatory~~
 2.22 ~~education revenue for each building in the district equals the formula allowance minus \$415~~
 2.23 ~~times the compensation revenue pupil units computed according to section 126C.05,~~
 2.24 ~~subdivision 3. For fiscal year 2015 2018 and later, the initial compensatory education revenue~~
 2.25 for each building in the district equals the formula allowance minus \$839 times the
 2.26 compensation revenue pupil units computed according to section 126C.05, subdivision 3,
 2.27 paragraph (c).

2.28 (b) For fiscal year 2018 and later, the supplemental compensatory revenue for each
 2.29 school district equals the greater of:

2.30 (1) the compensatory revenue pilot project grant for the district for fiscal year 2016
 2.31 under Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8; or

3.1 (2) the product of the supplemental compensatory revenue pupil units computed according
3.2 to section 126C.05, subdivision 3, paragraph (f), times the greater of:

3.3 (i) zero; or

3.4 (ii) the difference between 31 percent of the formula allowance and the quotient obtained
3.5 by dividing the district's initial compensatory revenue by the number of pupils enrolled in
3.6 the district eligible to receive free lunch and one-half of the pupils eligible to receive
3.7 reduced-price lunch on October 1 of the previous fiscal year.

3.8 (c) For fiscal year 2018 and later, the compensatory revenue for each school district
3.9 equals the sum of the initial compensatory revenue and the supplemental compensatory
3.10 revenue.

3.11 (d) Revenue shall be paid to the district and must be allocated according to section
3.12 126C.15, subdivision 2.

3.13 ~~(b)~~ (e) When the district contracting with an alternative program under section 124D.69
3.14 changes prior to the start of a school year, the compensatory revenue generated by pupils
3.15 attending the program shall be paid to the district contracting with the alternative program
3.16 for the current school year, and shall not be paid to the district contracting with the alternative
3.17 program for the prior school year.

3.18 ~~(e)~~ (f) When the fiscal agent district for an area learning center changes prior to the start
3.19 of a school year, the compensatory revenue shall be paid to the fiscal agent district for the
3.20 current school year, and shall not be paid to the fiscal agent district for the prior school year.

3.21 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2018 and later.