A bill for an act

relating to education finance; creating a location equity index; modifying the general education revenue formula; increasing revenue for some school districts; amending Minnesota Statutes 2006, sections 126C.01, by adding a subdivision; 126C.10, subdivision 1, by adding a subdivision.

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

Section 1. Minnesota Statutes 2006, section 126C.01, is amended by adding a subdivision to read:

Subd. 12. **Location equity index.** (a) A school district's wage equity index equals each district's composite wage level divided by the statewide average wage for the same period. The composite wage level for a school district equals the sum of 80 percent of the district's county wage level and 20 percent of the district's economic development region composite wage level. The composite wage level is computed by using the most recent three-year weighted wage data with the coefficient weights set at 0.5 for the most recent year, 0.3 for the prior year, and 0.15 for the second prior year.

(b) a school district's housing equity index equals the ratio of each district's county median home value to the statewide median home value.

(c) a school district's location equity index equals the greater of one, or the sum of (i) 0.65 times the district's wage equity index, and (ii) 0.35 times the district's housing equity index.

(d) The commissioner of education annually must recalculate the indexes in this section. For purposes of this subdivision, the commissioner must locate a school district with boundaries that cross county borders in the county that generates the highest location equity index for that district.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 2. Minnesota Statutes 2006, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~For fiscal year 2006 and later,~~ The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, location equity revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.

Sec. 3. Minnesota Statutes 2006, section 126C.10, is amended by adding a subdivision to read:

Subd. 2c. **Location equity revenue.** A school district's location equity revenue equals the product of:

(1) the basic formula allowance for that year;

(2) the district's adjusted marginal cost pupil units for that year; and

(3) the district's location equity index minus one.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2009.