

(SENATE AUTHORS: BROWN, DeKruif, Nienow, Miller and Benson)

DATE	D-PG	OFFICIAL STATUS
02/24/2011	285	Introduction and first reading Referred to Education

1.1A bill for an act

1.2relating to education finance; prioritizing basic revenue funding; modifying

1.3education finance formulas; amending Minnesota Statutes 2010, sections

1.4124D.86, subdivision 3; 126C.10, subdivisions 3, 7, 8, 18; proposing coding for

1.5new law in Minnesota Statutes, chapter 126C.

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

1.7Section 1. Minnesota Statutes 2010, section 124D.86, subdivision 3, is amended to

1.8read:

1.9Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

1.10~~(1) for Independent School District No. 709, Duluth, \$206 times the adjusted pupil~~

1.11~~units for the school year;~~

1.12~~(2) for Independent School District No. 625, St. Paul, \$445 times the adjusted~~

1.13~~pupil units for the school year;~~

1.14~~(3) for Special School District No. 1, Minneapolis, the sum of \$445 times the~~

1.15~~adjusted pupil units for the school year and an additional \$35 times the adjusted pupil units~~

1.16~~for the school year that is provided entirely through a local levy;~~

1.17~~(4)~~ (1) for Independent School District No. 709, Duluth, Independent School

1.18District No. 625, St. Paul, Special School District No. 1, Minneapolis, or a district not

1.19~~listed in clause (1), (2), or (3),~~ that must implement a plan under Minnesota Rules, parts

1.203535.0100 to 3535.0180, where the district's enrollment of protected students, as defined

1.21under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of:

1.22(i) the actual cost of implementing the plan during the fiscal year minus the aid

1.23received under subdivision 6; or

1.24(ii) \$129 times the adjusted pupil units for the school year;

~~(5) (2)~~ for a district not listed in clause (1), ~~(2)~~, ~~(3)~~, or ~~(4)~~, that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of:

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6~~2~~; or

(ii) \$92 times the adjusted pupil units for the school year; and

~~Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and~~

~~(6) (3)~~ for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause ~~(5) (2)~~.

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

Sec. 2. **[126C.09] EDUCATION FUNDING POLICY.**

Subdivision 1. **Policy.** It is the policy of the legislature to prioritize the basic revenue component of general education revenue and to minimize differences in total per student general education revenue funding statewide.

Subd. 2. **Additional state aid.** In any fiscal year that the formulas determining state appropriations for elementary and secondary education are being increased compared to the previous fiscal year, no less than 90 percent of the increase shall be used to raise the basic revenue formula allowance.

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

Sec. 3. Minnesota Statutes 2010, section 126C.10, subdivision 3, is amended to read:

Subd. 3. **Compensatory education revenue.** (a) The compensatory education revenue for each building in the district equals ~~the formula allowance~~ \$5,124 minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

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

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

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

Sec. 4. Minnesota Statutes 2010, section 126C.10, subdivision 7, is amended to read:

Subd. 7. **Secondary sparsity revenue.** (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) ~~the formula allowance for the school year, \$5,124~~ multiplied by

(2) the secondary average daily membership of pupils served in the high school, multiplied by

(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by

(4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

Sec. 5. Minnesota Statutes 2010, section 126C.10, subdivision 8, is amended to read:

Subd. 8. **Elementary sparsity revenue.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

(1) ~~the formula allowance for the year, \$5,124~~ multiplied by

(2) the elementary average daily membership of pupils served in the school, multiplied by

(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.

**S.F. No. 422, as introduced - 87th Legislative Session (2011-2012) [11-1852]**

Sec. 6. Minnesota Statutes 2010, section 126C.10, subdivision 18, is amended to read:

Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

- ~~(i)~~ (1) multiply ~~the formula allowance according to subdivision 2, \$5,124~~ by .1469;
  - ~~(ii)~~ (2) multiply the result in clause ~~(i)~~ (1) by the district's sparsity index raised to the 26/100 power;
  - ~~(iii)~~ (3) multiply the result in clause ~~(ii)~~ (2) by the district's density index raised to the 13/100 power;
  - ~~(iv)~~ (4) multiply ~~the formula allowance according to subdivision 2, \$5,124~~ by .0485; and
  - ~~(v)~~ (5) subtract the result in clause ~~(iv)~~ (4) from the result in clause ~~(iii)~~ (3).
- (b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the adjusted marginal cost pupil units.

**EFFECTIVE DATE.** This section is effective for fiscal year 2013 and later.