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State of Minnesota  
HOUSE OF REPRESENTATIVES  
NINETIETH SESSION

H. F. No. 2434

03/16/2017 Authored by Bennett and Poston  
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; establishing foundation and incentive revenue for school  
1.3 districts; appropriating money; proposing coding for new law in Minnesota Statutes,  
1.4 chapter 124D.

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

1.6 Section 1. [124D.99] FOUNDATION AND INCENTIVE REVENUE.

1.7 Subdivision 1. Foundation and incentive revenue. Foundation and incentive revenue  
1.8 for a school district, not including a charter school, is equal to the lesser of:

1.9 (1) the product of the district's total proficiency factor times the foundation and incentive  
1.10 revenue initial allowance; or

1.11 (2) the district's adjusted pupil units times \$1,000.

1.12 Subd. 2. Total proficiency factor. (a) A district's total proficiency factor is equal to the  
1.13 average of its reading proficiency factor and its math proficiency factor.

1.14 (b) A district's reading proficiency factor equals the percentage of students in the district  
1.15 that meet or exceed proficiency on the eighth-grade reading Minnesota Comprehensive  
1.16 Assessment averaged across the previous three test administrations, divided by the percentage  
1.17 of students in the state that meet or exceed proficiency on the eighth-grade reading Minnesota  
1.18 Comprehensive Assessment averaged across the previous three test administrations.

1.19 (c) A district's math proficiency factor equals the percentage of students in the district  
1.20 that meet or exceed proficiency on the eighth-grade math Minnesota Comprehensive  
1.21 Assessment averaged across the previous three test administrations, divided by the percentage

2.1 of students in the state that meet or exceed proficiency on the eighth-grade math Minnesota  
2.2 Comprehensive Assessment averaged across the previous three test administrations.

2.3 Subd. 3. **Foundation and incentive revenue initial allowance.** For fiscal year 2018  
2.4 and later, the foundation and incentive revenue initial allowance equals \$200,000.

2.5 Subd. 4. **Adjustments.** Notwithstanding the exemptions under section 123A.64,  
2.6 foundation and incentive revenue for a district that does not maintain a secondary school  
2.7 equals the amount calculated under subdivision 1 divided by two. Notwithstanding the  
2.8 exemptions under section 123A.64, foundation and incentive revenue for a district that does  
2.9 not maintain an elementary or a secondary school equals zero.

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

2.11 Sec. 2. **APPROPRIATIONS.**

2.12 Subdivision 1. **Department of Education.** The sums indicated in this section are  
2.13 appropriated from the general fund to the Department of Education for the fiscal years  
2.14 designated.

2.15 Subd. 2. **Foundation and incentive revenue.** For foundation and incentive revenue  
2.16 under Minnesota Statutes, section 124D.99:

2.17	<u>\$</u>	<u>.....</u>	<u>.....</u>	<u>2018</u>
2.18	<u>\$</u>	<u>.....</u>	<u>.....</u>	<u>2019</u>

2.19 The 2018 appropriation includes \$..... for 2017 and \$..... for 2018. The 2019  
2.20 appropriation includes \$..... for 2018 and \$..... for 2019.