

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 2561**

(SENATE AUTHORS: SAXHAUG and Housley)

DATE	D-PG	OFFICIAL STATUS
03/10/2016	4961	Introduction and first reading Referred to Finance
03/17/2016	5125	Author added Housley

1.1 A bill for an act  
1.2 relating to education finance; providing additional funding for K-12 pupil  
1.3 transportation; amending Minnesota Statutes 2014, section 126C.10, subdivision  
1.4 18; Minnesota Statutes 2015 Supplement, sections 124E.20, subdivision 1;  
1.5 124E.23; 126C.10, subdivision 1.

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

1.7 Section 1. Minnesota Statutes 2015 Supplement, section 124E.20, subdivision 1, is  
1.8 amended to read:

1.9 Subdivision 1. **Revenue calculation.** (a) General education revenue must be paid  
1.10 to a charter school as though it were a district. The general education revenue for each  
1.11 adjusted pupil unit is the state average general education revenue per pupil unit, plus the  
1.12 referendum equalization aid allowance in the pupil's district of residence, minus an amount  
1.13 equal to the product of the formula allowance according to section 126C.10, subdivision  
1.14 2, times .0466, calculated without declining enrollment revenue, local optional revenue,  
1.15 basic skills revenue, extended time revenue, pension adjustment revenue, transition  
1.16 revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic  
1.17 skills revenue, pension adjustment revenue, and transition revenue as though the school  
1.18 were a school district.

1.19 (b) For a charter school operating an extended day, extended week, or summer  
1.20 program, the general education revenue in paragraph (a) is increased by an amount equal  
1.21 to 25 percent of the statewide average extended time revenue per adjusted pupil unit.

1.22 (c) Notwithstanding paragraph (a), the general education revenue for an eligible  
1.23 special education charter school as defined in section 124E.21, subdivision 2, equals the  
1.24 sum of the amount determined under paragraph (a) and the school's unreimbursed cost as

2.1 defined in section 124E.21, subdivision 2, for educating students not eligible for special  
2.2 education services.

2.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
2.4 and later.

2.5 Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.23, is amended to read:

2.6 **124E.23 TRANSPORTATION REVENUE.**

2.7 Transportation revenue must be paid to a charter school that provides transportation  
2.8 services according to section 124E.15, according to this section. Transportation aid shall  
2.9 equal transportation revenue.

2.10 In addition to the revenue under section 124E.20, a charter school providing  
2.11 transportation services must receive general education aid equal to the sum of the product  
2.12 of (1) an amount equal to the product of the formula allowance according to section  
2.13 126C.10, subdivision 2, times .0466, plus the transportation sparsity allowance for the  
2.14 school district in which the charter school is located times (2) the adjusted pupil units, plus  
2.15 (3) the statewide per pupil average total transportation cost revenue, plus (4) the product  
2.16 of \$223 times the extended time pupil units.

2.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
2.18 and later.

2.19 Sec. 3. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 1, is  
2.20 amended to read:

2.21 Subdivision 1. **General education revenue.** The general education revenue for  
2.22 each district equals the sum of the district's basic revenue, extended time revenue, gifted  
2.23 and talented revenue, declining enrollment revenue, local optional revenue, small schools  
2.24 revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue,  
2.25 transportation sparsity revenue, total operating capital revenue, equity revenue, pension  
2.26 adjustment revenue, and transition revenue.

2.27 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
2.28 and later.

2.29 Sec. 4. Minnesota Statutes 2014, section 126C.10, subdivision 18, is amended to read:

3.1 Subd. 18. **Transportation sparsity revenue allowance.** (a) A district's pupil  
 3.2 transportation revenue equals the sum of the district's transportation sparsity revenue and  
 3.3 its transportation cost revenue.

3.4 (b) A district's transportation sparsity allowance equals the greater of zero or the  
 3.5 result of the following computation:

3.6 (i) Multiply the formula allowance according to subdivision 2, by .141.

3.7 (ii) Multiply the result in clause (i) (1) by the district's sparsity index raised to  
 3.8 the 26/100 power.

3.9 (iii) Multiply the result in clause (ii) (2) by the district's density index raised to  
 3.10 the 13/100 power.

3.11 (iv) Multiply the formula allowance according to subdivision 2, by .0466.

3.12 (v) Subtract the result in clause (iv) (4) from the result in clause (iii) (3).

3.13 (b) (c) Transportation sparsity revenue is equal to the transportation sparsity  
 3.14 allowance times the adjusted pupil units.

3.15 (d) A district's initial total transportation cost revenue equals the greater of zero  
 3.16 or 35 percent of the difference between:

3.17 (1) the district's total cost for regular and excess pupil transportation under section  
 3.18 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous year; and

3.19 (2) the sum of:

3.20 (i) 4.66 percent of the district's basic revenue for the previous fiscal year;

3.21 (ii) transportation sparsity revenue under paragraph (c); and

3.22 (iii) the district's charter school transportation adjustment for the previous year.

3.23 (e) A district's total transportation cost revenue equals the lesser of the amount  
 3.24 calculated in paragraph (d) or the product of:

3.25 (1) .01;

3.26 (2) the basic formula allowance for the current year; and

3.27 (3) the district's adjusted average daily membership for the current year.

3.28 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
 3.29 and later.