

## CHAPTER 124A

### SCHOOL FOUNDATION REVENUE

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#### 124A.01 FOUNDATION AID COMPONENTS.

Foundation aid shall equal the sum of the following:

- (a) basic aid;
- (b) cost differential tier aid;
- (c) second tier aid;
- (d) third tier aid;
- (e) fourth tier aid;
- (f) fifth tier aid;
- (g) minimum aid;
- (h) declining pupil unit aid; and
- (i) shared time pupil aid.

**History:** 1Sp1985 c 12 art 1 s 8

#### 124A.02 DEFINITIONS.

*[For text of subds 1 to 3a, see M.S.1984]*

Subd. 4a. [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]

*[For text of subds 5 and 6, see M.S.1984]*

Subd. 7. **Basic maintenance mill rate.** "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 124A.03, subdivision 1a.

Subd. 8. **Equalizing factor.** "Equalizing factor" means a number equal to the minimum EARC valuation per total pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year.

Subd. 9. **Formula allowance.** "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be \$1,475 for the

1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The formula allowance shall be \$1,690 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year.

*[For text of subd 10, see M.S.1984]*

**Subd. 11. Minimum aid.** A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) the amount of the district's state school agricultural tax credit aid for that school year;

(2) the amount by which property taxes of the district for use in that school year are reduced by the homestead credit provisions in section 273.13, subdivisions 22 and 23;

(3) the amount by which property taxes of the district for use in that school year are reduced by the taconite homestead credit provisions in section 273.135;

(4) the amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6;

(5) the amount by which property taxes of the district for use in that school year are reduced by the state paid wetlands credit provisions in section 273.115;

(6) the amount by which property taxes of the district for use in that school year are reduced by the state paid native prairie credit provisions in section 273.116;

(7) the amount by which property taxes of the district for use in that school year are reduced by the state reimbursed disaster or emergency reassessment provisions in section 273.123; and

(8) the amount by which property taxes of the district for use in that school year are reduced by the metropolitan agricultural preserve provisions in section 473H.10.

**Subd. 12. Minimum aid qualifying district.** A district where the assessed valuation of agricultural land identified in section 273.13, subdivision 23, comprises 60 percent or more of the assessed valuation of the district shall qualify for minimum aid.

*[For text of subds 13 to 15, see M.S.1984]*

**Subd. 16. Pupil units, AFDC.** For the 1984-1985 and 1985-1986 school years, "AFDC pupil units" means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) in the 1980-1981 school year.

For the 1986-1987 school year and each year thereafter, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1a.

**Subd. 17.** [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]

**Subd. 18.** [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]

*[For text of subds 19 to 23, see M.S.1984]*

**Subd. 24. Average salary for beginning teachers.** "Average salary for beginning teachers" means the average salary for all teachers in the state who are in their first year of teaching and who have no additional credits or degrees above a

bachelor's degree. At least biennially, the department shall recompute this average using complete new data.

**History:** *1Sp1985 c 12 art 1 s 9-13; 1Sp1985 c 14 art 4 s 23,24*

## 124A.03 FOUNDATION RELATED LEVIES.

*[For text of subd 1, see M.S.1984]*

**Subd. 1a. Establishment of basic maintenance mill rate.** (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

*[For text of subd 2, see M.S.1984]*

**Subd. 3. Basic maintenance levy; districts off the formula.** In any year when the amount of the maximum levy limitation under subdivision 1 for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of total pupil units for that district for that school year, the levy limitation for that district under subdivision 1 shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 1, for purposes of statutory cross-reference.

**Subd. 4. Summer program levy.** A district may levy for summer programs an amount equal to the following product:

(a) the district's estimated summer program revenue allowance as defined in section 124A.033, subdivision 2, for the summer program session to be held in the calendar year after the calendar year when the levy is certified, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to

(ii) the equalizing factor for the current regular school year.

Subd. 5. [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1; art 8 s 65]

*[For text of subd 6, see M.S.1984]*

**History:** 1985 c 248 s 33; 1Sp1985 c 12 art 1 s 14-16

## **124A.033 SUMMER AND INTERIM FLEX YEAR FOUNDATION AID.**

*[For text of subd 1, see M.S.1984]*

Subd. 2. **Definitions.** For the purposes of computing foundation aid for summer programs and intersession classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer program pupil units" means full-time equivalent pupil units, computed under section 124.17, for summer programs and intersession classes of flexible school year programs.

(2) "Summer program revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year.

(3) "Summer program aid" means aid for summer programs and intersession classes of flexible school year programs.

Subd. 3. **Summer program aid.** Each year a district offers a summer instructional program, it shall receive summer program aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision 4, certified in the calendar year before the summer program is offered; times

(b) the district's summer program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision 4, in the calendar year before the summer program is offered.

*[For text of subd 4, see M.S.1984]*

Subd. 5. **Authorized use of summer program aid and levy.** A school board may use the proceeds of the aid and levy received pursuant to this section and section 124A.03, subdivision 4, only for summer instructional programs that are offered for credit or required for graduation or that provide academic enrichment or remediation. The proceeds may not be used for recreational sports, leisure activities, entertainment, recreational activities, crafts, hobbies, or any other classes of a similar nature. Summer programs for a handicapped pupil shall relate to the pupil's individual education plan.

**History:** 1Sp1985 c 12 art 1 s 17-19

## **124A.035 DEDUCTIONS FROM FOUNDATION AID.**

*[For text of subds 1 to 5, see M.S.1984]*

Subd. 6. [Repealed, 1985 c 248 s 34; 1Sp1985 c 12 art 1 s 37 subd 1]

**124A.037 BASIC MAINTENANCE LEVY EQUITY.**

(1) If the amount of the maximum levy limitation under section 124A.03, subdivision 1, for fiscal year 1985 for any district, or for fiscal year 1986 for a nonagricultural district exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 124A.03, subdivision 1, plus the amount of any reductions to that levy limitation pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); and for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b).

**History:** *1Sp1985 c 12 art 1 s 20*

NOTE: This section is repealed by Laws 1985, First Special Session chapter 12, article 1, section 37, subdivision 2, effective June 30, 1986. See Laws 1985, First Special Session chapter 12, article 1, section 38, subdivision 1.

**124A.06 COST DIFFERENTIAL TIER.**

**Subdivision 1. Cost differential tier allowance.** "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the sum of the sparsity allowance and the training and experience allowance.

**Subd. 1a. Sparsity allowance.** A district's sparsity allowance shall be the result of the following computation:

(a) Multiply two times the district's sparsity replacement component for the 1980-1981 school year, assuming that Minnesota Statutes 1982, section 124.2124, subdivision 1, had been effective for the 1980-1981 school year.

(b) Divide the result in clause (a) by the actual pupil units in the district for the 1980-1981 school year.

(c) Divide the formula allowance for the school year by \$1,265.

(d) Multiply the result in clause (b) by the result in clause (c).

**Subd. 1b. Training and experience allowance.** A district's training and experience allowance shall be the greater of zero or the result of the following computation:

(a) Subtract 1.25 from the training and experience index.

(b) Multiply the result in clause (a) by \$300 for the 1984-1985 school year, and by \$400 for the 1985-1986 school year, and each school year thereafter.

*[For text of subd 2, see M.S.1984]*

**Subd. 3a. Cost differential tier levy.** A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or the result of the following computation:

- (i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.
- (ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.
- (iii) Multiply the result in clause (ii) by the district's cost differential tier revenue for the school year to which the levy is attributable.

*[For text of subd 4, see M.S.1984]*

**History:** *1Sp1985 c 12 art 1 s 21-24*

#### 124A.08 SECOND TIER WITH 100 PERCENT EQUALIZING FACTOR.

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3a. **Second tier levy.** A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or the result of the following computation:

- (i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.
- (ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.
- (iii) Multiply the result in clause (ii) by the district's second tier revenue for the school year to which the levy is attributable.

*[For text of subds 4 and 5, see M.S.1984]*

**History:** *1Sp1985 c 12 art 1 s 25*

#### 124A.10 THIRD TIER WITH 75 PERCENT EQUALIZING FACTOR.

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3a. **Third tier levy.** A district may levy for its third tier revenue an amount not to exceed the lesser of its third tier revenue or the result of the following computation:

- (i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.
- (ii) Divide the result in clause (i) by 75 percent of the equalizing factor for the school year to which the levy is attributable.
- (iii) Multiply the result in clause (ii) by the district's third tier revenue for the school year to which the levy is attributable.

*[For text of subd 4, see M.S.1984]*

**History:** *1Sp1985 c 12 art 1 s 26*

#### 124A.12 FOURTH TIER WITH 50 PERCENT EQUALIZING FACTOR.

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3a. **Fourth tier levy.** A district may levy for its fourth tier revenue an amount not to exceed the lesser of its fourth tier revenue or the result of the following computation:

- (i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fourth tier revenue for the school year to which the levy is attributable.

*[For text of subd 4, see M.S.1984]*

**History:** *1Sp1985 c 12 art 1 s 27*

## 124A.14 FIFTH TIER WITH 50 PERCENT EQUALIZING FACTOR.

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3. **Minimum increase.** For the 1984-1985 and 1985-1986 school years, "minimum increase" shall mean the amount equal to \$25 times the 1984-1985 total pupil units, divided by the 1984-1985 actual pupil units. For the 1986-1987 school year and each school year thereafter, "minimum increase" shall mean the amount equal to \$50 times the 1984-1985 total pupil units divided by the 1984-1985 actual pupil units.

*[For text of subds 4 and 5, see M.S.1984]*

Subd. 5a. **Fifth tier levy.** A district may levy for its fifth tier revenue an amount not to exceed the lesser of its fifth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fifth tier revenue for the school year to which the levy is attributable.

*[For text of subd 6, see M.S.1984]*

**History:** *1Sp1985 c 12 art 1 s 28,29*

## 124A.16 COMMENCEMENT OF TIER REVENUE.

*[For text of subds 1 to 3, see M.S.1984]*

Subd. 4. **Pupil unit revenue before reduction.** The permitted total revenue per actual pupil unit specified in subdivision 2 shall be determined prior to the reduction according to section 124A.08, subdivision 5.

**History:** *1Sp1985 c 12 art 1 s 30*

## 124A.20 DECLINING PUPIL UNIT AID AND LEVY.

Subdivision 1. **Declining pupil unit revenue.** "Declining pupil unit revenue" means the amount of revenue used to compute the declining pupil unit aid for a school year and levy for use in the same school year. A district's declining pupil unit revenue shall be the result of the following computation:

(a) Subtract the number of total pupil units in the district for the current year from the number of total pupil units in the district in the preceding year. If the result is less than zero, select zero.

(b) Divide the result in clause (a) by 30.

(c) Multiply the statewide average salary for beginning teachers, by the training and experience index of the district.

(d) Multiply the result in clause (b) by the result in clause (c).

**Subd. 2. Declining pupil unit levy.** A district may levy for its declining pupil unit revenue an amount not to exceed the lesser of its declining pupil unit revenue or the result of the following computation:

(a) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(b) Divide the result in clause (a) by 75 percent of the equalizing factor for the school year to which the levy is attributable.

(c) Multiply the result in clause (b) by the district's declining pupil unit revenue for the school year to which the levy is attributable.

**Subd. 3. Declining pupil unit aid.** A district's declining pupil unit aid shall be the result of the following computation:

(a) Subtract the amount of the declining pupil unit levy from the amount of the declining pupil revenue.

(b) Divide the actual declining pupil unit levy by the permitted declining pupil unit levy.

(c) Multiply the result in clause (a) by the result in clause (b).

**History:** *1Sp1985 c 12 art 1 s 31*

**NOTE:** This section is effective for the 1986-1987 school year and thereafter. See Laws 1985, First Special Session chapter 12, article 1, section 38, subdivision 3.