

## CHAPTER 124A

## SCHOOL FOUNDATION REVENUE

124A.01 Foundation aid components.	124A.08 Second tier with 100 percent equalizing factor.
124A.02 Definitions.	124A.10 Third tier with 75 percent equalizing factor.
124A.03 Foundation related levies.	124A.12 Fourth tier with 50 percent equalizing factor.
124A.031 Dates of aid payments.	124A.14 Fifth tier with 50 percent equalizing factor.
124A.032 Annual foundation aid appropriation.	124A.16 Commencement of tier revenue.
124A.033 Summer and interim flex year foundation aid.	124A.20 Declining pupil unit aid and levy.
124A.034 Shared time foundation aid.	124A.21 Isolated school aid for St. Louis county district.
124A.035 Deductions from foundation aid.	
124A.036 Foundation aid; resident and nonresident districts.	
124A.04 Training and experience index.	
124A.06 Cost differential tier.	

**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:** 1983 c 314 art 1 s 8; 1Sp1985 c 12 art 1 s 8

**124A.02 DEFINITIONS.**

Subdivision 1. **Applicability.** For the purpose of this chapter and chapter 124, the following terms have the meaning given them.

Subd. 2. **Actual levy.** "Actual levy" means the amount a district reports, according to section 275.125, subdivision 18, to the department of education that it has levied for each tier.

Subd. 3. [Renumbered 124A.02 subd 14]

Subd. 3a. **Adjusted assessed valuation.** "Adjusted assessed valuation" or "EARC valuation" means the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the equalization aid review committee. The adjusted assessed valuation for any given calendar year shall be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

Subd. 4. [Renumbered 124A.02 subd 23]

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 [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]

Subd. 5. **Basic foundation aid.** A district's basic foundation aid for each school year shall equal its basic foundation revenue for that school year, minus the basic maintenance mill rate times the applicable adjusted assessed valuation of the district.

Subd. 6. **Basic foundation revenue.** A district's basic foundation revenue for each school year shall equal the formula allowance times its total pupil units for that school year.

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 computa-

tion 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 \$1,585 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. The formula allowance is \$1,700 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.

Subd. 10. **Levy use.** A levy "for use in a particular school year," "attributable to a particular school year," or "recognized as revenue in a particular school year," means the levy certified in the calendar year ending in the school year preceding that particular school year, and payable in the calendar year in which that school year begins.

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.

Subd. 13. **Minimum guarantee.** A qualifying district's "minimum guarantee" for each school year shall equal \$800 times its total pupil units for that school year, minus its basic foundation aid for that school year.

Subd. 14. **Permitted levy.** "Permitted levy" means the amount a district is permitted to levy for each tier, as determined by the department of education according to law.

Subd. 15. **Pupil units, actual.** "Actual pupil units" means pupil units identified in section 124.17, subdivision 1.

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]

Subd. 19. **Pupil units, total.** "Total pupil units" means actual pupil units plus AFDC pupil units.

Subd. 20. **Shared time average daily membership.** The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

Subd. 21. **Shared time foundation aid.** Foundation aid for shared time pupils shall equal the formula allowance times the full-time equivalent actual pupil units for shared time pupils. Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time average daily membership shall not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time foundation aid pursuant to subdivisions 20 to 22 and section 124A.034, subdivisions 1 to 1b.

Subd. 22. **Shared time pupils.** Shared time pupils are defined as those pupils who attend public school programs for part of the regular school day and who otherwise fulfill the requirements of section 120.10 by attendance at a nonpublic school.

Subd. 23. **Training and experience index.** "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure shall be determined pursuant to section 124A.04 and according to a method published in the Minnesota Code of Administrative Rules. The published method shall include the data used and a reasonably detailed description of the steps in the method. The method shall not be subject to the provisions of chapter 14. At least biennially, the department shall recompute the index using complete new data.

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:** 1981 c 358 art 1 s 20,21,25,26; 1Sp1981 c 2 s 5; 3Sp1981 c 2 art 2 s 4,5,6; art 4 s 4; 1982 c 548 art 1 s 3,4,8; art 7 s 5; 1983 c 314 art 1 s 1,2,4,5,9,22; 1984 c 463 art 1 s 3,4,5; 1Sp1985 c 12 art 1 s 9-13; 1Sp1985 c 14 art 4 s 23,24; 1Sp1986 c 1 art 9 s 15,16; 1Sp1986 c 3 art 1 s 18

#### 124A.03 FOUNDATION RELATED LEVIES.

Subdivision 1. **Basic maintenance levy.** Each year, a school district may levy for all general and special school purposes, an amount not to exceed the amount raised by the basic maintenance mill rate times the adjusted assessed valuation of the district for the preceding year.

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 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$692,000,000. 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).

**Subd. 2. Referendum levy.** (1) The levy authorized by subdivision 1 may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase which will commence in a specific school year. The ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of ....., School District No. ..., be approved?"

If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) of this subdivision may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) of this subdivision must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

**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]

**Subd. 6. Levy reduction; minimum aid.** Any district which it is estimated will receive an amount of minimum foundation aid pursuant to section 124A.02 or its successor provision in the year to which the levy is attributable, shall reduce its levy limitation pursuant to subdivision 1 by the amount of minimum foundation aid which it is estimated that the district will receive in the year to which the levy is attributable.

**History:** *Ex1971 c 31 art 20 s 8; 1973 c 683 s 18,19; 1974 c 521 s 29-31; 1975 c 432 s 74-81; 1976 c 2 s 97; 1976 c 134 s 78; 1976 c 271 s 80-90; 1977 c 307 s 29; 1977 c 423 art 3 s 12; 1977 c 447 art 1 s 19,20; art 2 s 8; art 4 s 5; art 5 s 12; art 6 s 8-10; art 7 s 26; 1978 c 764 s 103-111; 1979 c 303 art 2 s 22; 1979 c 334 art 1 s 14-24; art 2 s 13; art 4 s 4; art 6 s 23; 1980 c 509 s 112; 1980 c 607 art 7 s 9; 1980 c 609 art 1 s 9-13; art 2 s 3,4; art 4 s 15-18,22; art 5 s 19; 1981 c 224 s 38; 1981 c 356 s 248; 1981 c 358 art 1 s 31-42,48; art 4 s 10; art 6 s 32,33; 3Sp1981 c 2 art 2 s 10; art 4 s 7; 1982 c 548 art 1 s 12-14; art 2 s 4-6; art 3 s 26; art 6 s 19-22; art 7 s 6; 1983 c 216 art 1 s 45; 1983 c 314 art 1 s 18-21,22; art 2 s 3-6; art 3 s 13-15; art 4 s 6; art 6 s 24-29; art 7 s 34; 1983 c 323 s 2-4; 1984 c 463 art 1 s 11; art 2 s 6,7; art 4 s 5,6; art 5 s 36; art 6 s 6-11; art 7 s 20; 1984 c 502 art 7 s 7-9; 1984 c 583 s 32; 1985 c 248 s 33; 1Sp1985 c 12 art 1 s 14-16; 1Sp1986 c 1 art 9 s 17*

#### 124A.031 DATES OF AID PAYMENTS.

**Subdivision 1. Payment schedule.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, starting in fiscal year 1983, based upon information available, ten percent of the estimated elementary and secondary foundation aids shall be paid to districts in each month from August through April, except October, and five percent shall be paid in May. The final distribution shall be made in October of the following fiscal year.

**Subd. 2.** [Repealed, 1Sp1986 c 1 art 5 s 12]

**Subd. 3. Estimates, adjustments.** Estimated elementary and secondary foundation aids shall be paid out on the basis of the latest available information. An October enrollment count shall be obtained from all school districts. Adjustment for final

elementary and secondary pupil unit figures shall be made in the final foundation aid distribution in October of the following school year.

**Subd. 4. Lost revenue aid.** Each year, based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 124.2137. On or before July 15 of each year, the commissioner of revenue shall certify the amounts so determined to the department of education. The department of education shall pay each school district its distribution as part of the foundation aid payment to each district in accordance with the payment dates in subdivision 1, as applicable.

**History:** *Ex1959 c 71 art 5 s 11; Ex1971 c 31 art 20 s 4; 1973 c 492 s 14; 1974 c 326 s 11; 1975 c 432 s 19; 1977 c 447 art 1 s 2; 1979 c 334 art 1 s 3,4,25; art 5 s 3-5; 1980 c 609 art 5 s 1-3; 1981 c 358 art 1 s 8,10-12; art 5 s 11-13; 1Sp1981 c 4 art 4 s 28,29; 1983 c 314 art 1 s 22; 1983 c 342 art 7 s 1,2*

#### 124A.032 ANNUAL FOUNDATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department of education the amount necessary for foundation aid. This amount shall be reduced by the amount of any funds specifically appropriated for the same purpose in any year from any state fund.

**History:** *1961 c 562 s 14; 1969 c 399 s 15,16; 1973 c 492 s 7; 1975 c 432 s 20; 1977 c 447 art 1 s 3; art 2 s 1; 1979 c 334 art 6 s 19; 1981 c 358 art 7 s 23-26; 1982 c 548 art 7 s 4; 1983 c 314 art 1 s 22; art 7 s 22*

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

**Subdivision 1. Programs.** Foundation aid for (1) summer programs which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) intersession classes of flexible school year programs, and (3) summer programs in elementary and secondary schools, shall be paid under the provisions of this section.

**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.

**Subd. 4. Aid adjustment.** The department of education shall adjust the summer program aid paid each year to reflect adjustments which were made or could have been made to the levy because of a difference between estimated and actual pupil membership. The department shall also adjust summer program levy limitations for districts where actual pupil membership differs from estimated pupil membership.

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:** *Ex1959 c 71 art 5 s 20; 1973 c 514 s 1; 1974 c 326 s 13; 1974 c 521 s 21; 1975 c 432 s 24; 1978 c 764 s 45; 1980 c 609 art 1 s 6; 1981 c 358 art 1 s 17; 1983 c 314 art 1 s 22; 1984 c 463 art 2 s 1; 1Sp1985 c 12 art 1 s 17-19*

#### 124A.034 SHARED TIME FOUNDATION AID.

Subdivision 1. **To resident district.** Foundation aid for shared time pupils shall be paid to the district of the pupil's residence. If a pupil attends shared time classes in another district, the resident district shall pay to the district of attendance an amount of tuition equal to the ratio in section 124A.02, subdivision 20 times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall not be obligated for tuition except by previous agreement.

Subd. 1a. **Exception.** Notwithstanding the provisions of subdivision 1, the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall be paid to the district of attendance and, upon agreement, the district of attendance may bill the resident district for any unreimbursed education costs, but not for unreimbursed transportation costs. The agreement may, however, provide for the resident district to pay the cost of any of the particular transportation categories specified in section 124.225, subdivision 1, and in this case, aid for those categories shall be paid to the district of residence rather than to the district of attendance.

Subd. 1b. **Section 123.935 services.** Minutes of enrollment in a public school during which a nonpublic school pupil receives services pursuant to section 123.935 shall not be used in the computation of shared time foundation aid pursuant to this subdivision.

Subd. 2. **Location of services.** Public school programs may be provided to shared time pupils only at a public school building; provided, however, that special instruction and services for handicapped children required pursuant to section 120.17 may also be provided at a neutral site as defined in section 123.932, and diagnostic and health services required pursuant to section 120.17 may also be provided at a nonpublic school building. As used in this subdivision, "diagnostic services" means speech, hearing, vision, psychological, medical and dental diagnostic services and "health services" means physician, nursing or optometric services provided to pupils in the field of physical and mental health.

**History:** *1981 c 358 art 1 s 26; 1983 c 314 art 1 s 5,22*

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

Subdivision 1. **Underlevies.** A district's basic foundation aid for any school year when the actual amount of the corresponding levy for use in that year is less than the permitted amount, shall be reduced by a percentage equal to the difference between the actual amount and the permitted amount, divided by the permitted amount. This provision shall apply to basic foundation aid only for a school year when the actual amount of the basic maintenance levy for use in that year is less than 95 percent of the permitted amount.

Subd. 2. **Permanent school fund.** The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the foundation aid earned by the district for the same year or from aid earned from other state sources.

Subd. 3. **Minimum.** In no event shall the amount payable to any district from state sources for any one year be reduced below the amount payable as apportionment of the school endowment fund pursuant to sections 124.08 to 124.10.

Subd. 4. **County apportionment deduction.** Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Subd. 5. **Taconite deductions.** (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district.

(2) For districts which received payments under sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties or recognized revenue pursuant to section 477A.15; the foundation aid shall be reduced in the October adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections, or revenue recognized pursuant to section 477A.15 in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

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

**History:** 1981 c 358 art 1 s 27; 1982 c 548 art 1 s 10; 1983 c 314 art 1 s 6,17,22

#### 124A.036 FOUNDATION AID; RESIDENT AND NONRESIDENT DISTRICTS.

Subdivision 1. **Aid to district of residence.** Foundation aids shall be paid to the district of residence unless otherwise specifically provided by law.

Subd. 2. **District without schools.** Any district not maintaining classified elementary or secondary schools shall pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and shall receive foundation aid pursuant to this section on the same basis as other districts. The aid shall be computed as if the pupils were enrolled in the district of residence.

Subd. 3. **Notification of resident district.** A district educating a pupil who is a resident of another district shall notify the district of residence within 60 days of the date the pupil is determined by the district to be a nonresident, but not later than August 1 following the end of the school year in which the pupil is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after August 1 of the next school year.

Subd. 4. **State agency and court placements.** If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of education of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of education of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall



notify the district of residence, the district of attendance and the commissioner of education of an emergency placement within 15 days of the placement.

**History:** 1981 c 358 art 1 s 28; 1982 c 548 art 1 s 11; 1983 c 314 art 1 s 22

**124A.037** [Repealed, 1Sp1985 c 12 s 37 subd 2]

**124A.04 TRAINING AND EXPERIENCE INDEX.**

The training and experience index shall be constructed in the following manner:

(a) The department shall construct a matrix which classifies teachers by the extent of training received in accredited institutions of higher education, and by the years of experience which the district takes into account in determining each teacher's salary.

(b) For all teachers in the state, the average salary per full-time-equivalent shall be computed for each cell of the matrix.

(c) For each cell of the matrix, the ratio of the average salary in that cell to the average salary in the cell for teachers with no prior years of experience and only a bachelor's degree shall be computed. The department shall use statistical methods to ensure continuously increasing ratios as cells are higher in training or experience.

(d) The index for each district shall be equal to the weighted average of the ratios assigned to the full-time-equivalent teachers in each district.

**History:** 1983 c 314 art 1 s 10

**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.

Subd. 2. **Cost differential tier revenue.** A district's cost differential tier revenue for each school year shall equal the cost differential tier allowance times the actual pupil units for that school year.

Subd. 3. [Renumbered 124A.06 subd 4]

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.

# MINNESOTA STATUTES 1986

Subd. 4. **Cost differential tier aid.** A district's cost differential tier aid shall be the result of the following computation:

(1) Subtract the amount of the cost differential tier levy from the amount of the cost differential tier revenue.

(2) Divide the actual cost differential tier levy by the permitted cost differential tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

**History:** 1983 c 314 art 1 s 11,22; 1984 c 463 art 1 s 7; 1Sp1985 c 12 art 1 s 21-24

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

Subdivision 1. **Second tier allowance.** "Second tier allowance" means the amount of revenue per actual pupil unit used to compute the second tier aid for a particular school year and the corresponding levy for that school year. The second tier allowance is \$150.

Subd. 2. **Second tier revenue.** A district's second tier revenue for each school year shall equal the second tier allowance times its actual pupil units for that school year.

Subd. 3. [Renumbered 124A.08 subd 4]

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.

Subd. 4. **Second tier aid.** A district's second tier aid shall be the result of the following computation:

(1) Subtract the amount of the second tier levy from the amount of the second tier revenue.

(2) Divide the actual second tier levy by the permitted second tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Subd. 5. **Second tier levy fund balance.** Beginning with the 1983 payable 1984 levy, for a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds \$500 per total pupil unit in the year when the levy is certified, the second tier levy shall be reduced by the amount of the excess times the lesser of (a) one, or (b) the ratio of the district's EARC valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor. Beginning with the 1984-1985 school year, the second tier aid for the year when that levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

**History:** 1983 c 314 art 1 s 12,22; 1Sp1985 c 12 art 1 s 25

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

Subdivision 1. **Third tier allowance.** "Third tier allowance" means the amount of revenue per actual pupil unit used to compute the third tier aid for a particular school year and the corresponding levy for that school year. The third tier allowance is \$100.

Subd. 2. **Third tier revenue.** A district's third tier revenue for each school year shall equal the third tier allowance times its actual pupil units for that school year.

Subd. 3. [Renumbered 124A.10 subd 4]

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.

**Subd. 4. Third tier aid.** A district's third tier aid shall be the result of the following computation:

(1) Subtract the amount of the third tier levy from the amount of the third tier revenue.

(2) Divide the actual third tier levy by the permitted third tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

**History:** 1983 c 314 art 1 s 13,22; 1Sp1985 c 12 art 1 s 26

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

**Subdivision 1. Fourth tier allowance.** "Fourth tier allowance" means the amount of revenue per actual pupil unit used to compute the fourth tier aid for a particular school year and the corresponding levy for that school year. The fourth tier allowance is \$100 for the 1984-1985 school year. For the 1985-1986 school year and thereafter, the fourth tier allowance is the result of the following computation:

(a) Subtract 1.25 from the training and experience index, and multiply the difference by \$150.

(b) Select the greater of the result in clause (a) or zero.

(c) Add \$100 to the result of clause (b).

**Subd. 2. Fourth tier revenue.** A district's fourth tier revenue for each school year shall equal the fourth tier allowance times its actual pupil units for that school year.

**Subd. 3. [Renumbered 124A.12 subd 4]**

**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.

**Subd. 4. Fourth tier aid.** A district's fourth tier aid shall be the result of the following computation:

(1) Subtract the amount of the fourth tier levy from the amount of the fourth tier revenue.

(2) Divide the actual fourth tier levy by the permitted fourth tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

**History:** 1983 c 314 art 1 s 14,22; 1984 c 463 art 1 s 8; 1Sp1985 c 12 art 1 s 27

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

**Subdivision 1. Total tier allowance.** "Total tier allowance" shall mean the sum of the cost differential tier allowance, second tier allowance, third tier allowance, and fourth tier allowance, as defined in this chapter.

**Subd. 2. Previous formula amount.** "Previous formula amount" shall mean:

(a) the sum of the grandfather revenue, replacement revenue, discretionary revenue, and low fund balance revenue the district would have received for the 1984-1985 school year if the provisions of Minnesota Statutes 1982, sections 124.2123, 124.2124, 124.2125, and 124.2128 had been effective for the 1984-1985 school year, divided by

(b) the 1984-1985 actual pupil units.

(c) The computations in this subdivision shall be made assuming that the district would have been entitled to and would have levied the maximum allowable under Minnesota Statutes 1982, section 275.125, subdivision 7a, and that no levy or aid reduction would have been made according to Minnesota Statutes 1982, section 275.125, subdivision 7c.

**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.

**Subd. 4. Fifth tier allowance.** "Fifth tier allowance" means the amount of revenue per actual pupil unit used to compute the fifth tier aid for a particular school year and the corresponding levy for that school year. The fifth tier allowance shall equal the previous formula amount plus the minimum increase minus the total tier allowance for the current year. If this result is less than zero, the fifth tier allowance shall equal zero.

**Subd. 5. Fifth tier revenue.** A district's fifth tier revenue for each school year shall equal the fifth tier allowance times its actual pupil units for that school year.

**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.

**Subd. 6. Fifth tier aid.** A district's fifth tier aid shall be the result of the following computation:

(1) Subtract the amount of the fifth tier levy from the amount of the fifth tier revenue.

(2) Divide the actual fifth tier levy by the permitted fifth tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

**History:** 1983 c 314 art 1 s 15,22; 1984 c 463 art 1 s 9; 1984 c 655 art 1 s 27; 1Sp1985 c 12 art 1 s 28,29

## 124A.16 COMMENCEMENT OF TIER REVENUE.

**Subdivision 1. Definitions.** "Total tier allowance," "previous formula amount," and "minimum increase" shall have the meanings given them in section 124A.14.

**Subd. 2. Total revenue per actual pupil unit.** The total revenue per actual pupil unit permitted from the tiers specified in sections 124A.06, 124A.08, 124A.10, 124A.12, and 124A.14 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school year, 50 percent of the difference in the 1985-1986 school year, 75 percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

**Subd. 3. Lowest tier first.** The revenue permitted by this section shall be accorded to the lowest numbered tiers, beginning with the cost differential tier.

**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:** 1983 c 314 art 1 s 16; 1984 c 463 art 1 s 10; 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*

**124A.21 ISOLATED SCHOOL AID FOR ST. LOUIS COUNTY DISTRICT.**

In the 1985-1986 and 1986-1987 school years, a district having more than 2,500 square miles in area and operating six or more secondary schools shall be entitled to additional foundation aid. The additional aid shall equal \$50 times the actual pupil units in each of these school years.

**History:** *1Sp1985 c 12 art 1 s 35*