

CHAPTER 126C

EDUCATION FUNDING

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126C.01 DEFINITIONS.

[For text of subs 1 to 8, see M.S.2006]

Subd. 9. **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 must be determined pursuant to Minnesota Statutes 1996, section 126C.11.

[For text of subd 11, see M.S.2006]

History: 2007 c 146 art 11 s 15

126C.05 DEFINITION OF PUPIL UNITS.

Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c), in average daily membership enrolled in the district of residence, in another district under sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under section 124D.10; or for whom the resident district pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled in a program approved by the commissioner and has an individual education plan is counted as the ratio of the number of hours of assessment and education service to 825 times 1.25 with a minimum average daily membership of 0.28, but not more than 1.25 pupil units.

(b) A prekindergarten pupil who is assessed but determined not to be disabled is counted as the ratio of the number of hours of assessment service to 825 times 1.25.

(c) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil’s individual education program plan to 875, but not more than one.

(d) A kindergarten pupil who is not included in paragraph (c) is counted as .612 pupil units.

(e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal year 2000 and thereafter.

(f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the postsecondary enrollment options program is counted as 1.3 pupil units.

[For text of subs 2 to 20, see M.S.2006]

History: 2007 c 146 art 1 s 5,25; art 11 s 16

126C.10 GENERAL EDUCATION REVENUE.

[For text of subd 1, see M.S.2006]

Subd. 2. Basic revenue. The basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 2007 is \$4,974. The formula allowance for fiscal year 2008 is \$5,074 and the formula allowance for fiscal year 2009 and subsequent years is \$5,124.

[For text of subd 2a, see M.S.2006]

Subd. 2b. Gifted and talented revenue. Gifted and talented revenue for each district equals the district's adjusted marginal cost pupil units for that school year times \$12 for fiscal year 2008 and later. A school district must reserve gifted and talented revenue and, consistent with section 120B.15, must spend the revenue only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to best meet the unique needs of gifted and talented students.

[For text of subs 3 to 18, see M.S.2006]

Subd. 24. Equity revenue. (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$13.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's resident marginal cost pupil units times the difference between ten percent of the statewide average amount of referendum revenue per resident marginal cost pupil unit for that year and the district's referendum revenue per resident marginal cost pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue for a school district located in the metro equity region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

(f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school district that has per pupil referendum revenue below the 95th percentile qualifies for additional equity revenue equal to \$46 times its adjusted marginal cost pupil units.

(g) A district that does not qualify for revenue under paragraph (f) qualifies for equity revenue equal to \$46 times its adjusted marginal cost pupil units.

[For text of subs 25 to 33, see M.S.2006]

Subd. 34. Basic alternative teacher compensation aid. (a) For fiscal years 2007 and later, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under section 122A.415, subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or charter school with a plan approved

under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under section 122A.415, subdivision 1.

(b) Notwithstanding paragraphs (a) and (b) and section 122A.415, subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2007 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under section 122A.415 so as not to exceed these limits.

[For text of subds 35 and 36, see M.S.2006]

History: 2007 c 146 art 1 s 6-9

126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.

(a) In order to provide additional revenue for an optional all-day kindergarten program, a district may reallocate general education revenue attributable to 12th grade students who have graduated early under section 120B.07.

(b) A school district may spend general education revenue on extended time kindergarten and prekindergarten programs.

History: 2007 c 146 art 1 s 10

126C.13 GENERAL EDUCATION LEVY AND AID.

Subd. 4. **General education aid.** For fiscal years 2007 and later, a district's general education aid is the sum of the following amounts:

- (1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;
- (2) operating capital aid under section 126C.10, subdivision 13b;
- (3) equity aid under section 126C.10, subdivision 30;
- (4) alternative teacher compensation aid under section 126C.10, subdivision 36;
- (5) transition aid under section 126C.10, subdivision 33;
- (6) shared time aid under section 126C.01, subdivision 7;
- (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and
- (8) online learning aid according to section 124D.096.

[For text of subd 5, see M.S.2006]

History: 2007 c 146 art 1 s 11

126C.15 BASIC SKILLS REVENUE; COMPENSATORY EDUCATION REVENUE.

[For text of subd 1, see M.S.2006]

Subd. 2. **Building allocation.** (a) A district must allocate its compensatory revenue to each school building in the district where the children who have generated the revenue are served unless the school district has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district may allocate up to five percent of the amount of compensatory revenue that the district receives to school sites according to a plan

adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, “building” means education site as defined in section 123B.04, subdivision 1.

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

(e) A district with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

[For text of subs 3 to 5, see M.S.2006]

History: 2007 c 146 art 5 s 6

126C.21 DEDUCTIONS FROM GENERAL EDUCATION AID.

[For text of subs 1 and 2, see M.S.2006]

Subd. 3. **County apportionment deduction.** Each year the amount of money apportioned to a district for that year pursuant to sections 127A.34, subdivision 2, and 272.029, subdivision 6, must be deducted from the general education aid earned by that district for the same year or from aid earned from other state sources.

[For text of subd 4, see M.S.2006]

Subd. 5. **Adjustment for failure to meet federal maintenance of effort.** (a) The general education aid paid to a school district or charter school that failed to meet federal special education maintenance of effort for the previous fiscal year must be reduced by the amount that must be paid to the federal government due to the shortfall.

(b) The general education aid paid to school districts that were members of a cooperative that failed to meet federal special education maintenance of effort must be reduced by the amount that must be paid to the federal government due to the shortfall. The commissioner must apportion the aid reduction amount to the member school districts based on each district’s individual shortfall in maintaining effort, and on each member district’s proportionate share of any shortfall in expenditures made by the cooperative. Each district’s proportionate share of shortfall in expenditures made by the cooperative must be calculated using the adjusted marginal pupil units of each member school district.

(c) The amounts recovered under this subdivision shall be paid to the federal government to meet the state’s obligations resulting from the district’s, charter school’s, or cooperative’s failure to meet federal special education maintenance of effort.

History: 2007 c 146 art 1 s 12,13

NOTE: The amendment to subdivision 3 by Laws 2007, chapter 146, article 1, section 12, is effective for revenue for fiscal year 2009. Laws 2007, chapter 146, article 1, section 12, the effective date.

126C.41 BENEFITS LEVIES.

[For text of subs 1 to 3, see M.S.2006]

Subd. 4. **Minneapolis health insurance subsidy.** Each year Special School District No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax rate of .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

“Eligible teacher” means a retired teacher who is a retired member of the Teachers Retirement Association, who was a basic member of the former Minneapolis Teachers Retirement

ment Fund Association, who retired before May 1, 1974, or who had 20 or more years of basic member service in the former Minneapolis Teachers Retirement Fund Association and retired before June 30, 1983, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district must notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The district must disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

This subdivision does not extend benefits to teachers who retire after June 30, 1983, and does not create a contractual right or claim for altering the benefits in this subdivision. This subdivision does not restrict the district's right to modify or terminate coverage under this subdivision.

[For text of subd 5, see M.S.2006]

Subd. 6. Levy authority for unfunded severance and retirement costs. (a) A school district qualifies for eligibility under this section if the district:

- (1) participated in the cooperative secondary facilities program;
- (2) consolidated with at least two other school districts; and
- (3) has unfunded severance or retirement costs.

(b) An eligible school district may annually levy up to \$150,000 for unfunded severance or retirement costs. This levy authority expires after taxes payable in 2017.

(c) A school district that levies under this section must reserve the proceeds of the levy and spend those amounts only for unfunded severance or retirement costs.

History: 2007 c 134 art 1 s 3; 2007 c 146 art 5 s 7

126C.44 SAFE SCHOOLS LEVY.

(a) Each district may make a levy on all taxable property located within the district for the purposes specified in this section. The maximum amount which may be levied for all costs under this section shall be equal to \$30 multiplied by the district's adjusted marginal cost pupil units for the school year. The proceeds of the levy must be reserved and used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the district's schools; (4) to pay the costs for security in the district's schools and on school property; (5) to pay the costs for other crime prevention, drug abuse, student and staff safety, voluntary opt-in suicide prevention tools, and violence prevention measures taken by the school district; or (6) to pay costs for licensed school counselors, licensed school nurses, licensed school social workers, licensed school psychologists, and licensed alcohol and chemical dependency counselors to help provide early responses to problems. For expenditures under clause (1), the district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's depart-

ment does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries.

(b) A school district that is a member of an intermediate school district may include in its authority under this section the costs associated with safe schools activities authorized under paragraph (a) for intermediate school district programs. This authority must not exceed \$10 times the adjusted marginal cost pupil units of the member districts. This authority is in addition to any other authority authorized under this section. Revenue raised under this paragraph must be transferred to the intermediate school district.

(c) If a school district spends safe schools levy proceeds under paragraph (a), clause (6), the district must annually certify that its total spending on services provided by the employees listed in paragraph (a), clause (6), is not less than the sum of its expenditures for these purposes, excluding amounts spent under this section, in the previous year plus the amount spent under this section.

History: 2007 c 146 art 1 s 14

126C.48 LEVY PROCEDURE.

[For text of subd 1, see M.S.2006]

Subd. 2. Notice to commissioner; forms. By October 7 of each year each district must notify the commissioner of the proposed levies in compliance with the levy limitations of this chapter and chapters 120B, 122A, 123A, 123B, 124D, 125A, 127A, and 136D. A school district that has reached an agreement with its home county auditor to extend the date of certification of its proposed levy under section 275.065, subdivision 1, must submit its notice of proposed levies to the commissioner no later than October 10 of each year. By January 7 of each year each district must notify the commissioner of the final levies certified. The commissioner shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

[For text of subs 3 to 6, see M.S.2006]

Subd. 7. Reporting. For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph (a), on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

[For text of subd 8, see M.S.2006]

History: 2007 c 146 art 5 s 8; art 11 s 17