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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1600

03/18/2013 Authored by Radinovich, Mariani, Newton, Moran and Melin
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; modifying and repealing certain education funding
1.3 provisions; establishing a general education levy; eliminating existing general
1.4 education levies; rolling the alternative compensation programs out of general
1.5 education; appropriating money; amending Minnesota Statutes 2012, sections
1.6 122A.415, by adding subdivisions; 126C.10, subdivisions 1, 13a, 13b, 29, 30,
1.7 32, 33, 34, 35, 36; 126C.13, subdivision 4, by adding subdivisions; repealing
1.8 Minnesota Statutes 2012, section 126C.10, subdivisions 13a, 13b, 29, 30, 32,
1.9 33, 34, 35, 36.

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

1.11 Section 1. Minnesota Statutes 2012, section 122A.415, is amended by adding a
1.12 subdivision to read:

1.13 Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2015
1.14 and later, the basic alternative teacher compensation aid for a school with a plan approved
1.15 under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher
1.16 compensation revenue under subdivision 1. The basic alternative teacher compensation
1.17 aid for an intermediate school district or charter school with a plan approved under section
1.18 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times
1.19 the number of pupils enrolled in the school on October 1 of the previous year, or on
1.20 October 1 of the current year for a charter school in the first year of operation, times
1.21 the ratio of the sum of the alternative teacher compensation aid and alternative teacher
1.22 compensation levy for all participating school districts to the maximum alternative teacher
1.23 compensation revenue for those districts under subdivision 1.

1.24 (b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative
1.25 teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015

2.1 and later. The commissioner must limit the amount of alternative teacher compensation
2.2 aid approved under this section so as not to exceed these limits.

2.3 Sec. 2. Minnesota Statutes 2012, section 122A.415, is amended by adding a
2.4 subdivision to read:

2.5 Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2015 and later,
2.6 the alternative teacher compensation levy for a district receiving basic alternative teacher
2.7 compensation aid equals the product of (1) the difference between the district's alternative
2.8 teacher compensation revenue and the district's basic alternative teacher compensation
2.9 aid times, (2) the lesser of one or the ratio of the district's adjusted net tax capacity per
2.10 adjusted pupil unit to \$5,634.

2.11 Sec. 3. Minnesota Statutes 2012, section 122A.415, is amended by adding a
2.12 subdivision to read:

2.13 Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year
2.14 2015 and later, a district's alternative teacher compensation equalization aid equals the
2.15 district's alternative teacher compensation revenue minus the district's basic alternative
2.16 teacher compensation aid minus the district's alternative teacher compensation levy. If a
2.17 district does not levy the entire amount permitted, the alternative teacher compensation
2.18 equalization aid must be reduced in proportion to the actual amount levied.

2.19 (b) A district's alternative teacher compensation aid equals the sum of the
2.20 district's basic alternative teacher compensation aid and the district's alternative teacher
2.21 compensation equalization aid.

2.22 Sec. 4. Minnesota Statutes 2012, section 126C.10, subdivision 1, is amended to read:

2.23 Subdivision 1. **General education revenue.** (a) For fiscal years 2013 and 2014
2.24 only, the general education revenue for each district equals the sum of the district's basic
2.25 revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic
2.26 skills revenue, training and experience revenue, secondary sparsity revenue, elementary
2.27 sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity
2.28 revenue, alternative teacher compensation revenue, and transition revenue.

2.29 (b) For fiscal year 2015 and later, the general education revenue for each district
2.30 equals the sum of the district's basic revenue, extended time revenue, gifted and talented
2.31 revenue, small schools revenue, basic skills revenue, training and experience revenue,
2.32 secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue,
2.33 total operating capital revenue, equity revenue, and transition revenue.

3.1 Sec. 5. Minnesota Statutes 2012, section 126C.10, subdivision 13a, is amended to read:

3.2 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal
3.3 ~~year 2007~~ years 2013 and later 2014 only, a district may levy an amount not more than the
3.4 product of its operating capital revenue for the fiscal year times the lesser of one or the
3.5 ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating
3.6 capital equalizing factor. The operating capital equalizing factor equals \$10,194.

3.7 Sec. 6. Minnesota Statutes 2012, section 126C.10, subdivision 13b, is amended to read:

3.8 Subd. 13b. **Operating capital aid.** For fiscal years 2013 and 2014 only, a district's
3.9 operating capital aid equals its operating capital revenue minus its operating capital levy
3.10 times the ratio of the actual amount levied to the permitted levy.

3.11 Sec. 7. Minnesota Statutes 2012, section 126C.10, subdivision 29, is amended to read:

3.12 Subd. 29. **Equity levy.** To obtain equity revenue for fiscal ~~year 2005~~ years 2013
3.13 ~~and later 2014 only~~, a district may levy an amount not more than the product of its equity
3.14 revenue for the fiscal year times the lesser of one or the ratio of its referendum market
3.15 value per resident marginal cost pupil unit to \$476,000.

3.16 Sec. 8. Minnesota Statutes 2012, section 126C.10, subdivision 30, is amended to read:

3.17 Subd. 30. **Equity aid.** For fiscal years 2013 and 2014 only, a district's equity aid
3.18 equals its equity revenue minus its equity levy times the ratio of the actual amount levied
3.19 to the permitted levy.

3.20 Sec. 9. Minnesota Statutes 2012, section 126C.10, subdivision 32, is amended to read:

3.21 Subd. 32. **Transition levy.** To obtain transition revenue for fiscal ~~year 2005~~ years
3.22 2013 and later 2014 only, a district may levy an amount not more than the product of its
3.23 transition revenue for the fiscal year times the lesser of one or the ratio of its referendum
3.24 market value per resident marginal cost pupil unit to \$476,000.

3.25 Sec. 10. Minnesota Statutes 2012, section 126C.10, subdivision 33, is amended to read:

3.26 Subd. 33. **Transition aid.** ~~(a) For fiscal year 2004, a district's transition aid equals~~
3.27 ~~its transition revenue.~~

3.28 ~~(b)~~ For fiscal year 2005 years 2013 and later 2014 only, a district's transition aid
3.29 equals its transition revenue minus its transition levy times the ratio of the actual amount
3.30 levied to the permitted levy.

4.1 Sec. 11. Minnesota Statutes 2012, section 126C.10, subdivision 34, is amended to read:

4.2 Subd. 34. **Basic alternative teacher compensation aid.** ~~(a) For fiscal years 2007,~~
 4.3 ~~2008, and 2009, the basic alternative teacher compensation aid for a school district~~
 4.4 ~~with a plan approved under section 122A.414, subdivision 2b, equals 73.1 percent of~~
 4.5 ~~the alternative teacher compensation revenue under section 122A.415, subdivision 1.~~
 4.6 ~~The basic alternative teacher compensation aid for an intermediate school district or~~
 4.7 ~~charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if~~
 4.8 ~~the recipient is a charter school, equals \$260 times the number of pupils enrolled in the~~
 4.9 ~~school on October 1 of the previous fiscal year, or on October 1 of the current fiscal~~
 4.10 ~~year for a charter school in the first year of operation, times the ratio of the sum of the~~
 4.11 ~~alternative teacher compensation aid and alternative teacher compensation levy for all~~
 4.12 ~~participating school districts to the maximum alternative teacher compensation revenue~~
 4.13 ~~for those districts under section 122A.415, subdivision 1.~~

4.14 ~~(b)~~ For fiscal years ~~2010 and later~~ 2013 and 2014 only, the basic alternative
 4.15 teacher compensation aid for a school with a plan approved under section 122A.414,
 4.16 subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under
 4.17 section 122A.415, subdivision 1. The basic alternative teacher compensation aid for
 4.18 an intermediate school district or charter school with a plan approved under section
 4.19 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times
 4.20 the number of pupils enrolled in the school on October 1 of the previous year, or on
 4.21 October 1 of the current year for a charter school in the first year of operation, times
 4.22 the ratio of the sum of the alternative teacher compensation aid and alternative teacher
 4.23 compensation levy for all participating school districts to the maximum alternative teacher
 4.24 compensation revenue for those districts under section 122A.415, subdivision 1.

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

4.30 Sec. 12. Minnesota Statutes 2012, section 126C.10, subdivision 35, is amended to read:

4.31 Subd. 35. **Alternative teacher compensation levy.** For fiscal year ~~2007~~ years 2013
 4.32 ~~and later~~ 2014 only, the alternative teacher compensation levy for a district receiving basic
 4.33 alternative teacher compensation aid equals the product of (1) the difference between the
 4.34 district's alternative teacher compensation revenue and the district's basic alternative

5.1 teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted
5.2 net tax capacity per adjusted pupil unit to \$5,634.

5.3 Sec. 13. Minnesota Statutes 2012, section 126C.10, subdivision 36, is amended to read:

5.4 Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year ~~2007~~ years
5.5 2013 and later 2014 only, a district's alternative teacher compensation equalization aid
5.6 equals the district's alternative teacher compensation revenue minus the district's basic
5.7 alternative teacher compensation aid minus the district's alternative teacher compensation
5.8 levy. If a district does not levy the entire amount permitted, the alternative teacher
5.9 compensation equalization aid must be reduced in proportion to the actual amount levied.

5.10 (b) A district's alternative teacher compensation aid equals the sum of the
5.11 district's basic alternative teacher compensation aid and the district's alternative teacher
5.12 compensation equalization aid.

5.13 Sec. 14. Minnesota Statutes 2012, section 126C.13, is amended by adding a
5.14 subdivision to read:

5.15 Subd. 3a. **General education rate.** The commissioner must establish the general
5.16 education rate by July 1 of each year for levies payable in the following year. The general
5.17 education rate must be a rate, rounded up to the nearest hundredth of a percent, that, when
5.18 applied to the adjusted net tax capacity for all districts, raises the amount specified in this
5.19 subdivision. The general education rate must be the rate that raises \$100,000,000 for fiscal
5.20 year 2015 and later years. The general education rate may not be changed due to changes or
5.21 corrections made to a district's adjusted net tax capacity after the rate has been established.

5.22 Sec. 15. Minnesota Statutes 2012, section 126C.13, is amended by adding a
5.23 subdivision to read:

5.24 Subd. 3b. **General education levy.** To obtain general education revenue, a district
5.25 may levy an amount not to exceed the general education rate times the adjusted net tax
5.26 capacity of the district for the preceding year. If the amount of the general education
5.27 levy would exceed the general education revenue, the general education levy must be
5.28 determined according to subdivision 3c.

5.29 Sec. 16. Minnesota Statutes 2012, section 126C.13, is amended by adding a
5.30 subdivision to read:

6.1 Subd. 3c. **General education levy; districts off the formula.** (a) If the amount of
 6.2 the general education levy for a district exceeds the district's general education revenue,
 6.3 the amount of the general education levy must be limited to the following:

6.4 (1) the district's general education revenue; minus
 6.5 (2) payments made for the same school year according to section 126C.21,
 6.6 subdivision 3.

6.7 (b) A levy made according to this subdivision shall also be construed to be the levy
 6.8 made according to subdivision 3b.

6.9 Sec. 17. Minnesota Statutes 2012, section 126C.13, subdivision 4, is amended to read:

6.10 Subd. 4. **General education aid.** (a) For fiscal years ~~2007~~ 2013 and ~~later~~ 2014 only,
 6.11 a district's general education aid is the sum of the following amounts:

6.12 (1) general education revenue, excluding equity revenue, total operating capital
 6.13 revenue, alternative teacher compensation revenue, and transition revenue;

6.14 (2) operating capital aid under section 126C.10, subdivision 13b;

6.15 (3) equity aid under section 126C.10, subdivision 30;

6.16 (4) alternative teacher compensation aid under section 126C.10, subdivision 36;

6.17 (5) transition aid under section 126C.10, subdivision 33;

6.18 (6) shared time aid under section 126C.01, subdivision 7;

6.19 (7) referendum aid under section 126C.17, subdivisions 7 and 7a; and

6.20 (8) online learning aid according to section 124D.096.

6.21 (b) For fiscal year 2015 and later, a district's general education aid is the sum of
 6.22 the following amounts:

6.23 (1) the product of:

6.24 (i) the difference between the general education revenue and the general education
 6.25 levy; times

6.26 (ii) the ratio of the actual amount levied to the permitted levy;

6.27 (2) shared time aid according to section 126C.01, subdivision 7;

6.28 (3) referendum aid according to section 126C.17; and

6.29 (4) online learning aid according to section 124D.096.

6.30 Sec. 18. **APPROPRIATIONS.**

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

7.1 Subd. 2. **General education.** For general education aid under Minnesota Statutes,
 7.2 section 126C.13, subdivision 4:

7.3 \$ 2014

7.4 \$ 2015

7.5 Subd. 3. **Alternative compensation.** For alternative teacher compensation aid
 7.6 under Minnesota Statutes, section 122A.415, subdivision 4:

7.7 \$ 2015

7.8 The 2015 appropriation includes \$0 for 2014 and \$..... for 2015.

7.9 **Sec. 19. REPEALER.**

7.10 Minnesota Statutes 2012, section 126C.10, subdivisions 13a, 13b, 29, 30, 32, 33, 34,
 7.11 35, and 36, are repealed for revenue for fiscal year 2015.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue for fiscal year 2007 and later, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted marginal cost pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals \$10,194.

Subd. 13b. **Operating capital aid.** A district's operating capital aid equals its operating capital revenue minus its operating capital levy times the ratio of the actual amount levied to the permitted levy.

Subd. 29. **Equity levy.** To obtain equity revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its equity revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Subd. 30. **Equity aid.** A district's equity aid equals its equity revenue minus its equity levy times the ratio of the actual amount levied to the permitted levy.

Subd. 32. **Transition levy.** To obtain transition revenue for fiscal year 2005 and later, a district may levy an amount not more than the product of its transition revenue for the fiscal year times the lesser of one or the ratio of its referendum market value per resident marginal cost pupil unit to \$476,000.

Subd. 33. **Transition aid.** (a) For fiscal year 2004, a district's transition aid equals its transition revenue.

(b) For fiscal year 2005 and later, a district's transition aid equals its transition revenue minus its transition levy times the ratio of the actual amount levied to the permitted levy.

Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal years 2007, 2008, and 2009, the basic alternative teacher compensation aid for a school district with a plan approved under section 122A.414, subdivision 2b, equals 73.1 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) For fiscal years 2010 and later, the basic alternative teacher compensation aid for a school 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 year, or on October 1 of the current 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.

(c) 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.

Subd. 35. **Alternative teacher compensation levy.** For fiscal year 2007 and later, the alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$5,634.

Subd. 36. **Alternative teacher compensation aid.** (a) For fiscal year 2007 and later, a district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

APPENDIX

Repealed Minnesota Statutes: 13-2412

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.