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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1920

02/25/2014 Authored by Newton

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; transferring the funding for the alternative  
1.3 compensation program to the basic general education formula allowance  
1.4 beginning in fiscal year 2016; repealing the alternative compensation program;  
1.5 amending Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2;  
1.6 repealing Minnesota Statutes 2013 Supplement, section 122A.415, subdivisions  
1.7 4, 5, 6.

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

1.9 Section 1. Minnesota Statutes 2013 Supplement, section 126C.10, subdivision 2, is  
1.10 amended to read:

1.11 Subd. 2. **Basic revenue.** ~~For fiscal year 2014, the basic revenue for each district~~  
1.12 ~~equals the formula allowance times the adjusted marginal cost pupil units for the school~~  
1.13 ~~year.~~ For fiscal year 2015 and later, the basic revenue for each district equals the formula  
1.14 allowance times the adjusted pupil units for the school year. ~~The formula allowance for~~  
1.15 ~~fiscal year 2013 is \$5,224. The formula allowance for fiscal year 2014 is \$5,302. The~~  
1.16 ~~formula allowance for fiscal year 2015 is \$5,806. The formula allowance for fiscal year~~  
1.17 2016 and later is ~~\$5,806~~ \$5,906.

1.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016  
1.19 and later.

1.20 Sec. 2. **REPEALER.**

1.21 Minnesota Statutes 2013 Supplement, section 122A.415, subdivisions 4, 5, and  
1.22 6 are repealed.

- 2.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016
- 2.2 and later.

**122A.415 ALTERNATIVE COMPENSATION REVENUE.**

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2015 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 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 subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed \$75,636,000 for fiscal year 2015 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits.

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2015 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 \$6,100.

Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year 2015 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.

(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.