

## CHAPTER 124A

## GENERAL EDUCATION REVENUE

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**124A.01** [Repealed, 1987 c 398 art 1 s 27 subd 3]

### 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. [Repealed, 1987 c 398 art 1 s 27 subd 1]

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

Subd. 3a. **Adjusted net tax capacity.** "Adjusted net tax capacity" means the net tax capacity of the taxable property of the school district as adjusted by the commissioner of revenue under section 124.2131. The adjusted net tax capacity 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 [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]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. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5a. [Repealed, 1988 c 486 s 102]

Subd. 6. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 7. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 8. **Equalizing factor.** "Equalizing factor" means the ratio, rounded to the nearest dollar, of the formula allowance to the general education tax rate for the corresponding year.

Subd. 9. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 12. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 13. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 14. [Repealed, 1987 c 398 art 1 s 27 subd 1]

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

Subd. 16. **Pupil units, AFDC.** "AFDC pupil units" for fiscal year 1992 means pupil units identified in section 124.17, subdivision 1b.

“AFDC pupil units” for fiscal year 1993 and thereafter means pupil units identified in section 124.17, subdivision 1d.

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 [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]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 [Repealed, 1Sp1985 c 12 art 1 s 37 subd 1]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. [Repealed, 1991 c 130 s 38; 1991 c 265 art 1 s 33]

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 aid.** Aid for shared time pupils shall equal the formula allowance times the full-time equivalent actual pupil units for shared time pupils. Aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled. 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 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 120.101 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.

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; 1987 c 268 art 6 s 5; art 7 s 12,13; 1987 c 398 art 1 s 4-7; 1988 c 486 s 46-48; 1988 c 719 art 5 s 4,5,84; 1989 c 209 art 2 s 1; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1991 c 265 art 1 s 8,9

NOTE: Subdivisions 16, 23, and 24 are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

## 124A.029 REFERENDUM AND DESEGREGATION REVENUE CONVERSION.

Subdivision 1. **Revenue conversion.** Except as provided under subdivision 4, the referendum authority under section 124A.03 and the levy authority under section 124.912, subdivisions 2 and 3, of a school district must be converted by the department according to this section.

Subd. 2. **Adjustment ratio.** For assessment years 1991, 1992, and 1993, the commissioner of revenue must determine for each school district a ratio equal to:

(1) the net tax capacity for taxable property in the district determined by applying the property tax class rates for assessment year 1990 to the market values of taxable property for each assessment year, divided by

(2) the net tax capacity of the district for the assessment year.

Subd. 3. **Rate adjustment.** The department shall adjust a school district’s referendum authority for a referendum approved before July 1, 1991, excluding authority based on a dollar amount, and the levy authority under section 124.912, subdivisions 2 and 3, by multiplying the sum of the rates authorized by a district under section 124A.03 and the rates in section 124.912, subdivisions 2 and 3, by the ratio determined under subdivision 2 for the assessment year for which the revenue is attributable. The

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adjusted rates for assessment year 1993 shall apply to later years for which the revenue is authorized.

**Subd. 4. Per pupil revenue option.** A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, 1991, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, 1992. The department shall convert a district's revenue for fiscal year 1994 and later years as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year 1993 by the district's 1992-1993 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, the authority expires July 1, 1997, unless it is scheduled to expire sooner.

**History:** 1991 c 130 s 37; 1992 c 499 art 1 s 10; art 12 s 29

## 124A.03 REFERENDUM REVENUE.

Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 1a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

**Subd. 1b. Referendum allowance.** A district's referendum revenue allowance equals the referendum revenue authority for that year divided by its actual pupil units for that school year.

**Subd. 1c. Referendum allowance limit.** Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

- (1) the district's referendum allowance for fiscal year 1992;
- (2) the district's referendum allowance for fiscal year 1993;
- (3) 30 percent of the formula allowance for the fiscal year for which it is attributable; or
- (4) for a district that held a successful referendum levy election in calendar year 1991, 35 percent of the formula allowance for the fiscal year to which it is attributable.

**Subd. 1d. Sparsity exception.** A district that qualifies for sparsity revenue under section 124A.22 is not subject to a referendum allowance limit.

**Subd. 1e. Total referendum revenue.** The total referendum revenue for each district equals the district's referendum allowance times the actual pupil units for the school year.

**Subd. 1f. Referendum equalization revenue.** A district's referendum equalization revenue equals ten percent of the formula allowance times the district's actual pupil units for that year.

Referendum equalization revenue must not exceed a district's referendum revenue allowance times the district's actual pupil units for that year.

**Subd. 1g. Referendum equalization levy.** A district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to 50 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

**Subd. 1h. Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).

(c) For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a).

(d) If a district's actual levy for referendum equalization revenue is less than its maximum levy limit, aid shall be proportionately reduced.

Subd. 1i. **Unequalized referendum levy.** Each year, a district may levy an amount equal to the difference between its total referendum revenue according to subdivision 1f and its equalized referendum aid and levy according to subdivisions 1g and 1h.

Subd. 2. **Referendum revenue.** (a) The revenue authorized by section 124A.22, subdivision 1, may be increased in the amount 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 conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall designate the specific number of years, not to exceed five, 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 revenue proposed by (petition to) the board of ....., School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified 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.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed revenue increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) 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 referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

**Subd. 2a. School referendum levy; market value.** Notwithstanding the provisions of subdivision 2, a school referendum levy approved after November 1, 1992, for taxes payable in 1993 and thereafter, shall be levied against the market value of all taxable property. Any referendum levy amount subject to the requirements of this subdivision shall be certified separately to the county auditor under section 275.07.

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision.

**Subd. 2b. Referendum date.** In addition to the referenda allowed in subdivision 2, clause (a), the commissioner may authorize a referendum for a different day.

(a) The commissioner may grant authority to a district to hold a referendum on a different day if the district is in statutory operating debt and has an approved plan or has received an extension from the department to file a plan to eliminate the statutory operating debt.

(b) The commissioner must approve, deny, or modify each district's request for a referendum levy on a different day within 60 days of receiving the request from a district.

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 3a. [Repealed, 1988 c 486 s 102]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 1]

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

Subd. 6. [Repealed, 1987 c 398 art 1 s 27 subd 1]

**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*

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*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; 1987 c 398 art 1 s 8; 1988 c 486 s 49; 1988 c 719 art 5 s 84; 1989 c 329 art 1 s 4; 1Sp1989 c 1 art 2 s 11; art 9 s 5; 1990 c 562 art 1 s 3; 1991 c 265 art 1 s 10; 1991 c 291 art 1 s 5,6; 1992 c 499 art 1 s 11-14; 1992 c 603 s 13*

NOTE: Subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i, are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

**124A.031** Subdivision 1. [Repealed, 1987 c 398 art 7 s 43]

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

Subd. 3. [Repealed, 1988 c 486 s 102]

Subd. 4. [Repealed, 1987 c 268 art 6 s 53]

## **124A.032 ANNUAL FOUNDATION OR GENERAL EDUCATION AID APPROPRIATION.**

There is annually appropriated from the general fund to the department of education the amount necessary for general education aid. This amount shall be reduced by the amount of any money 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; 1987 c 398 art 1 s 9; 1988 c 486 s 50*

**124A.033** [Repealed, 1987 c 398 art 1 s 27 subd 2]

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

Subdivision 1. **To resident district.** 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 aid.

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 children with a disability 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; 1988 c 486 s 51,52; 1991 c 265 art 3 s 38*

**124A.035 DEDUCTIONS FROM GENERAL EDUCATION AID.**

Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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 general education 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 general education 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 net tax capacity used in calculating general education aid shall include only that property which is currently taxable in the district.

(2) For districts that received payments under sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; and 298.405; any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; the general education aid shall be reduced in the final 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 final adjustment is attributable and the amount which was calculated, pursuant to section 124.918, subdivision 8, as a reduction of the levy attributable to the fiscal year to which the final adjustment is attributable. If the final adjustment of a district's general education aid for a fiscal year is a negative amount because of this clause, the next fiscal year's general education aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each scheduled general education 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 general education aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the final 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; 1987 c 268 art 9 s 5; 1988 c 486 s 53-55; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1991 c 130 s 37; 1992 c 499 art 12 s 29

**124A.036 PAYMENTS TO RESIDENT AND NONRESIDENT DISTRICTS.**

Subdivision 1. **Aid to district of residence.** General education aid shall be paid to the district of residence unless otherwise specifically provided by law.

Subd. 1a. **Reporting; revenue for homeless.** For all school purposes, unless otherwise specifically provided by law, a homeless pupil must be considered a resident of the school district that enrolls the pupil.

Subd. 2. **District without schools.** Except as otherwise provided in law, 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 general education aid 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.

**Subd. 5. Alternative attendance programs.** The general education aid for districts must be adjusted for each pupil, excluding a pupil with a disability as defined in section 120.03 or a pupil without a disability as defined by section 120.181, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence shall pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 120.03, or a pupil, as defined in section 120.181, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by an educational cooperative service unit, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

**History:** 1981 c 358 art 1 s 28; 1982 c 548 art 1 s 11; 1983 c 314 art 1 s 22; 1987 c 398 art 8 s 10; 1988 c 486 s 56,57; 1988 c 718 art 7 s 32,33; 1989 c 329 art 7 s 5; 1990 c 562 art 3 s 7; 1991 c 130 s 21; 1991 c 199 art 2 s 12; 1991 c 265 art 3 s 38

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

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

**Subdivision 1. Fiscal year 1992.** The training and experience index for fiscal year 1992 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 districts take into account in determining teacher salaries.

(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.

Subd. 2. **1993 and later.** The training and experience index for fiscal year 1993 and later fiscal years must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be computed as follows using data from the second year of the previous biennium:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state. Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive the same ratio as the cells in the master's degree plus 30 credits lane.

(d) The index for each district that employs teachers equals the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

**History:** 1983 c 314 art 1 s 10; 1991 c 265 art 1 s 11

**NOTE:** This section is repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

**124A.06** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 1a. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 1b. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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

Subd. 3a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 1]

**124A.08** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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

Subd. 3a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.10** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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

Subd. 3a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.12** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

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

Subd. 3a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.14** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 4. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 5a. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 6. [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.16** [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.20** Subdivision 1. [Repealed, 1987 c 398 art 1 s 27 subd 3]

Subd. 2. [Repealed, 1987 c 398 art 1 s 27 subd 1]

Subd. 3. [Repealed, 1987 c 398 art 1 s 27 subd 3]

**124A.21** [Repealed, 1987 c 398 art 1 s 27 subd 3]

### **124A.22 GENERAL EDUCATION REVENUE.**

Subdivision 1. **General education revenue.** The general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, and supplemental revenue.

Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for 1992 and subsequent fiscal years is \$3,050.

Subd. 2a. **Contract deadline and penalty.** (a) The following definitions apply to this subdivision:

(1) "Public employer" means:

(i) a school district; and

(ii) a public employer, as defined by section 179A.03, subdivision 15, other than a school district that (i) negotiates a contract under chapter 179A with teachers, and (ii) is established by, receives state money, or levies under chapters 120 to 129, or 136D, or 268A, or section 136C.411.

(2) "Teacher" means a person, other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisor or confidential employee who occupies a position for which the person must be licensed by the board of teaching, state board of education, or state board of technical colleges.

(b) Notwithstanding any law to the contrary, a public employer and the exclusive representative of the teachers shall both sign a collective bargaining agreement on or before January 15 of an even-numbered calendar year. If a collective bargaining agreement is not signed by that date, state aid paid to the public employer for that fiscal year shall be reduced. However, state aid shall not be reduced if:

(1) a public employer and the exclusive representative of the teachers have submitted all unresolved contract items to interest arbitration according to section 179A.16 before December 31 of an odd-numbered year and filed required final positions on all unresolved items with the commissioner of mediation services before January 15 of an even-numbered year; and

(2) the arbitration panel has issued its decision within 60 days after the date the final positions were filed.

(c) For a district that reorganizes according to section 122.22 or 122.23, effective July 1 of an odd-numbered year, state aid shall not be reduced according to this subdivision if the school board and the exclusive representative of the teachers both sign a collective bargaining agreement on or before the March 15 following the effective date of reorganization. This extension is available only in the calendar year following the effective date of reorganization.

(d) The reduction shall equal \$25 times the number of actual pupil units:

(1) for a school district, that are in the district during that fiscal year; or

(2) for a public employer other than a school district, that are in programs provided by the employer during the preceding fiscal year.

The department of education shall determine the number of full-time equivalent actual pupil units in the programs. The department of education shall reduce general education aid; if general education aid is insufficient or not paid, the department shall reduce other state aids.

(e) Reductions from aid to school districts and public employers other than school districts shall be returned to the general fund.

**Subd. 3. Compensatory education revenue.** (a) For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b.

(b) For fiscal year 1993 and thereafter, the maximum compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1d.

(c) For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1b.

(d) For fiscal year 1993, the compensatory education revenue for each district equals the district's previous formula compensatory revenue plus one-fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(e) For fiscal year 1994, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus one-half of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(f) For fiscal year 1995, the compensatory education revenue for each district equals the district's previous formula compensatory education revenue plus three-fourths of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.

(g) For fiscal year 1996 and thereafter, the compensatory education revenue for each district equals the district's maximum compensatory education revenue.

**Subd. 4. Training and experience revenue.** (a) For fiscal year 1992, the training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract 1.6 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$700 times the actual pupil units for the school year.

(b) For 1993 and later fiscal years, the maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$575 times the actual pupil units for the school year.

(c) For 1993 and later fiscal years, the previous formula training and experience revenue for each district equals the amount of training and experience revenue computed for that district according to the formula used to compute training and experience revenue for fiscal year 1992.

(d) For fiscal year 1993, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-fourth of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(e) For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(f) For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three-fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(g) For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.

**Subd. 4a. Training and experience levy.** A district's training and experience levy equals its training and experience revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

**Subd. 4b. Training and experience aid.** A district's training and experience aid equals its training and experience revenue minus its training and experience levy times the ratio of the actual amount levied to the permitted levy.

**Subd. 5. Definitions.** The definitions in this subdivision apply only to subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate one school in the district as a high school for the purposes of this section.

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district.

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

**Subd. 6. Secondary sparsity revenue.** A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of one or the quotient obtained by dividing the isolation index minus 23 by ten.

**Subd. 6a. Elementary sparsity revenue.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

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- (1) the formula allowance for the year, multiplied by
- (2) the elementary average daily membership of the school, multiplied by
- (3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Subd. 7. [Repealed, 1988 c 718 art 1 s 14]

Subd. 8. **Supplemental revenue.** (a) A district's supplemental revenue for fiscal year 1992 equals the product of the district's supplemental revenue for fiscal year 1991 times the ratio of:

- (1) the district's 1991-1992 actual pupil units; to
- (2) the district's 1990-1991 actual pupil units adjusted for the change in secondary pupil unit weighting from 1.35 to 1.3 made in section 124.17, subdivision 1.

(b) If a district's minimum allowance exceeds the sum of its basic revenue, previous formula compensatory education revenue, previous formula training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for a fiscal year, and the excess is less than \$250 per actual pupil unit, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year. If the amount of the excess is more than \$250 per actual pupil unit, the district shall receive the greater of (1) \$250 times the actual pupil units; or (2) the amount of the excess times the actual pupil units less the sum of (i) the difference between the district's training and experience revenue and its previous formula training and experience revenue; and (ii) the difference between the district's compensatory education revenue and its previous formula compensatory education revenue.

Subd. 8a. **Supplemental levy.** To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding training and experience revenue and supplemental revenue, for the same year.

Subd. 8b. **Supplemental aid.** A district's supplemental aid equals its supplemental revenue minus its supplemental levy times the ratio of the actual amount levied to the permitted levy.

Subd. 9. **Definition for supplemental revenue.** (a) The definition in this subdivision applies only to subdivision 8.

(b) "Minimum allowance" for a district means:

- (1) the district's general education revenue for fiscal year 1992, according to subdivision 1; divided by
- (2) the district's 1991-1992 actual pupil units.

**History:** 1987 c 398 art 1 s 11; 1988 c 486 s 58,60; 1988 c 718 art 1 s 1-3; 1989 c 329 art 1 s 5-12; 1990 c 375 s 3; 1990 c 562 art 8 s 28; 1991 c 130 s 37; 1991 c 265 art 1 s 12-19; 1992 c 499 art 6 s 20; art 12 s 13,14,29

NOTE: Subdivision 7 was also added by Laws 1988, chapter 486, section 59, to read as follows:

"Subd. 7. **Definitions for supplemental revenue.** (a) The definitions in this subdivision apply only to subdivision 8.

(b) "1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:

(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;

(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;

(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;

(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;

(5) interdistrict cooperation aid and levy, according to Minnesota Statutes 1986, sections 124.272 and 275.125, subdivision 8a;

(6) arts education aid, according to Minnesota Statutes 1986, section 124.275;

(7) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;

(8) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and

(9) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.

For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.

(c) "Minimum allowance" for a district means:

(1) the district's 1987-1988 revenue, according to subdivision 1; divided by

(2) the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus

(3) \$40."

**NOTE:** Subdivisions 2, 3, 4, 4a, 4b, 8, and 9, are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

### 124A.23 GENERAL EDUCATION LEVY AND AID.

**Subdivision 1. General education tax rate.** The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$916,000,000 for fiscal year 1993 and \$969,800,000 for fiscal year 1994 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

**Subd. 2. General education levy.** To obtain general education revenue, excluding supplemental revenue, a district may levy an amount not to exceed the general education tax rate times the adjusted net tax capacity of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding supplemental revenue, the general education levy shall be determined according to subdivision 3.

**Subd. 2a.** [Repealed, 1992 c 499 art 12 s 30]

**Subd. 3. General education levy; districts off the formula.** If the amount of the general education levy for a district exceeds the district's general education revenue, excluding training and experience revenue and supplemental revenue, the amount of the general education levy shall be limited to the following:

(1) the district's general education revenue, excluding training and experience revenue and supplemental revenue; plus

(2) the amount of the aid reduction for the same school year according to section 124A.24; minus.

(3) payments made for the same school year according to section 124A.035, subdivision 4.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 2.

**Subd. 4. General education aid.** A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding training and experience revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) training and experience aid according to section 124A.22, subdivision 4b;

(3) supplemental aid according to section 124.214, subdivision 2;

(4) shared time aid according to section 124A.02, subdivision 21; and

(5) referendum aid according to section 124A.03.

**Subd. 5. Uses of revenue.** General education revenue may be used during the regular school year and the summer for general and special school purposes.

**History:** 1987 c 398 art 1 s 12; 1988 c 486 s 61-64; 1988 c 718 art 1 s 4-6; 1988 c 719 art 5 s 84; 1989 c 329 art 1 s 13; art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 6 s 7; art

9 s 6; 1990 c 562 art 1 s 4; 1991 c 265 art 1 s 20-22; 1992 c 499 art 1 s 15; art 12 s 15, 16; 1992 c 511 art 4 s 1

NOTE: Subdivisions 1, 2, 3, 4, and 5, are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### 124A.24 GENERAL EDUCATION LEVY EQUITY.

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding training and experience revenue and supplemental revenue, for the same school year, according to section 124A.22.

However, for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five-sixths of the difference between clauses (1) and (2).

**History:** 1987 c 398 art 1 s 13; 1988 c 486 s 65; 1988 c 718 art 1 s 7; 1988 c 719 art 5 s 84; 1989 c 209 art 2 s 9; 1989 c 222 s 29; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1991 c 130 s 22; 1991 c 265 art 1 s 23; 1992 c 499 art 12 s 17

NOTE: This section is repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### 124A.25 [Repealed, 1988 c 486 s 102]

#### 124A.26 REDUCTION TO GENERAL EDUCATION REVENUE.

Subdivision 1. **Revenue reduction.** A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds \$600 times the fund balance pupil units in the prior year. For purposes of this subdivision and section 124.243, subdivision 2, fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

(1) the amount of the excess, or

(2) \$150 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

**Subd. 1a. Alternative reduction calculation.** For any district where the ratio of (1) the number of nonpublic students ages 5 to 18, according to the report required under section 120.102, to (2) the total number of residents in the district ages 5 to 18 as counted according to the annual fall school census is greater than 40 percent, the district's net unappropriated operating fund balance for that year for the purpose of calculating the fund balance reduction under this section is equal to the sum of the district's net unappropriated fund balance in the general, transportation, and food service funds.

**Subd. 2. Levy reduction.** If a district's general education revenue is reduced, the general education levy shall be reduced by the following amount:

- (1) the reduction specified in subdivision 1, times
- (2) the lesser of one or the ratio of the district's general education levy to its general education revenue, excluding training and experience revenue and supplemental revenue.

Subd. 3. **Aid reduction.** A district's general education aid shall be reduced by an amount equal to the difference between the revenue reduction and the levy reduction.

**History:** 1987 c 398 art 1 s 15; 1988 c 486 s 66; 1Sp1989 c 1 art 9 s 7; 1990 c 562 art 1 s 5; 1991 c 265 art 1 s 24; 1992 c 499 art 1 s 16,17; art 12 s 18

**NOTE:** Subdivisions 1, 2, and 3, are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### 124A.27 RESERVED REVENUE FOR CERTAIN PROGRAMS.

Subdivision 1. **Requirement.** An amount equal to 2.20 percent of the basic revenue under section 124A.22, subdivision 2, shall be reserved and may be used only to provide one or more of the programs enumerated in this section. The school board shall determine which programs to provide, the manner in which they will be provided, and the extent to which other money may be used for the programs. Except for the requirements of sections 124A.28 and 124A.29, the remaining general education revenue under section 124A.22 may be used to provide one or more of the programs enumerated in this section.

Subd. 2. **State assistance.** The state board of education and the commissioner of education shall provide assistance to school boards offering the programs enumerated in this section. The state board or commissioner may establish an advisory committee for any program area. Technical assistance shall be provided commensurate with school board and district needs. State board of education rules apply to all programs or portions of programs offered.

Subd. 3. **Separate records.** A district offering any program enumerated in this section shall maintain records of the expenditures for each program offered.

Subd. 4. **Arts education.** A school board may use the reserved revenue to provide a variety of arts education programs for its pupils and staff. The programs may involve staff development, curriculum offerings, and arts activities for all forms of creative and artistic endeavors.

Subd. 5. **Chemical abuse prevention.** A school board may use the reserved revenue to offer a program to prevent chemical abuse among pupils in public and nonpublic schools and technical colleges.

Subd. 6. **Gifted and talented.** A school board may use the reserved revenue to offer programs for gifted and talented pupils.

Subd. 7. [Repealed, 1989 c 329 art 9 s 34]

Subd. 8. **Programs of excellence.** A school board may use the reserved revenue for a secondary academic program designated by the commissioner of education as a program of excellence. The commissioner shall establish criteria for the programs of excellence and may approve applications of not more than 100 nonresident pupils to attend the programs full time. The district of attendance may count a pupil attending a program as a resident pupil for the purpose of determining aids and levies.

Subd. 9. **Summer programs.** A school board may use the reserved revenue to provide summer instructional programs that are offered for credit or required for graduation or that provide academic enrichment or remediation. The reserved revenue 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 pupil with a disability shall relate to the pupil's individual education plan.

Subd. 10. [Repealed, 1988 c 718 art 1 s 14]

Subd. 11. **Examination fees.** A school board may use the reserved revenue to pay \$30 of the examination fees for the international baccalaureate program and for the college board advanced placement program for public school pupils in the 11th and 12th grades.



**History:** 1987 c 258 s 12; 1987 c 384 art 3 s 33; 1987 c 398 art 1 s 16; 1988 c 486 s 67; 1988 c 718 art 1 s 8; 1989 c 209 art 2 s 10; 1989 c 246 s 2; 1991 c 265 art 3 s 38

**NOTE:** Subdivision 10 was also amended by Laws 1988, chapter 486, section 68, to read as follows:

"Subd. 10. **Liability insurance.** Except as provided in this subdivision, a school board may use the reserved revenue to procure liability insurance according to section 466.06. The school board may not use the reserved revenue for premiums for motor vehicle insurance protecting against injuries or damages arising from operating district owned, operated, leased, or controlled vehicles to transport pupils for which state aid is authorized under section 124.223. The board may not use the reserved revenue for any purpose for which the district may levy under section 275.125, subdivision 5e."

**NOTE:** This section is repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### 124A.28 COMPENSATORY EDUCATION REVENUE.

Subdivision 1. **Use of the revenue.** The compensatory education revenue under section 124A.22, subdivision 3, may be used to provide eligible services to eligible pupils according to section 124.311, subdivisions 3 and 4. It also may be used to meet the educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing at least some of the following:

- (1) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;
- (2) additional teachers and teacher aides to provide more individualized instruction to these pupils;
- (3) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;
- (4) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;
- (5) for instructional material for these pupils including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, pre-recorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;
- (6) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services; and
- (7) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency.

Subd. 2. **Separate accounts.** Each district that receives compensatory education revenue shall maintain separate accounts to identify expenditures for salaries and programs related to this revenue.

Subd. 3. **Annual expenditure report.** Each year a district that receives compensatory education revenue shall submit a report identifying the expenditures it incurred in providing compensatory education to the pupils described in subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

**History:** 1987 c 398 art 1 s 17; 1988 c 718 art 1 s 9,10; 1989 c 329 art 3 s 19

**NOTE:** This section is repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### 124A.29 RESERVED REVENUE FOR STAFF DEVELOPMENT.

Subdivision 1. **Staff development, and violence prevention parental involvement programs.** (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 times the number of actual pupil units shall be reserved and may

be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to \$1 of the \$5 times the number of actual pupil units for promoting parental involvement in the PER process.

**Subd. 2. Career teacher staff development.** Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units shall be reserved by a district operating a career teacher program according to sections 125.701 to 125.705. The revenue may be used only to provide staff development for the career teacher program.

**History:** 1987 c 398 art 1 s 18; 1989 c 329 art 7 s 6; 1991 c 130 s 37; 1991 c 265 art 1 s 25; 1992 c 499 art 1 s 18; art 12 s 29; 1992 c 571 art 10 s 3

**NOTE:** Subdivisions 1 and 2 are repealed effective June 30, 1999. See Laws 1992, chapter 499, article 7, section 31.

#### **124A.291 RESERVED REVENUE FOR CAREER TEACHER PROGRAM.**

A district that has a career teacher program may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, according to section 124.276, of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

**History:** 1989 c 329 art 7 s 7

#### **124A.30 STATEWIDE AVERAGE REVENUE.**

By October 1 of each year the commissioner shall estimate the statewide average general education revenue per actual pupil unit and the range in general education revenue among pupils and districts by computing the difference between the fifth and ninety-fifth percentiles of general education revenue. The commissioner must provide that information to all school districts.

If the disparity in general education revenue as measured by the difference between the fifth and ninety-fifth percentiles increases in any year, the commissioner must propose a change in the general education formula that will limit the disparity in general education revenue to no more than the disparity for the previous school year. The commissioner must submit the proposal to the education committees of the legislature by January 15.

**History:** 1987 c 398 art 1 s 24; 1988 c 486 s 69; 1991 c 265 art 1 s 26

#### **124A.31 EQUITABLE COMPENSATION PENALTY.**

**Subdivision 1. Implementation.** A school district subject to sections 471.991 to 471.999 shall implement the plan to establish equitable compensation relationships set forth in its report to the commissioner of employee relations. The plan shall be implemented by December 31, 1991, unless a later date is approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner.

**Subd. 2. Aid reduction for administration costs.** By October 1, 1992, the commissioner of employee relations shall certify to the commissioner of education the school districts that have not complied with subdivision 1. For each of these school districts, the commissioner of education shall reduce general education aid for fiscal year 1993 by an amount equal to five percent of the district's administration costs for the 1990-1991 school year. If the reduction exceeds the district's general education aid, the reduction shall be made from other aids paid to the district.

Subd. 3. **Adjustment of years.** The commissioners of employee relations and education shall adjust the years designated in subdivision 2 for school districts with implementation dates after December 31, 1991.

Subd. 4. **Extensions.** The commissioner of employee relations must extend an implementation date upon a finding that failure to implement was attributable to severe hardship or to circumstances beyond the control of the district.

**History:** 1988 c 718 art 7 s 34

#### 124A.697 TITLE.

Sections 124A.697 to 124A.73 may be cited as the "Minnesota education finance act of 1992."

**History:** 1992 c 499 art 7 s 4

**NOTE:** This section, as added by Laws 1992, chapter 499, article 7, section 4, is effective for revenue for fiscal year 2000. See Laws 1992, chapter 499, article 7, section 32.

#### 124A.70 BASIC INSTRUCTIONAL AID.

Subdivision 1. **Basic outcomes.** Basic outcomes are defined as learner outcomes that must be achieved as a requirement for graduation, specified in rule by the state board of education. Basic outcomes are those outcomes that have standards of achievement determined by the state board.

Subd. 2. **Aid amount.** Basic instructional aid is equal to the aid allowance times the number of pupil units for the school year. The aid allowance for fiscal year 2000 and thereafter is zero.

Subd. 3. **Special need aid.** Each district shall receive special need aid equal to zero times the number of actual pupil units for the school year times the district's special need index.

Subd. 4. **Cost differential aid.** Each district shall receive aid equal to zero times the number of actual pupil units for the school year times its cost differential index. This aid is only available if the district has implemented a career teacher program.

Subd. 5. **Aid uses.** Aid received under this section may only be used to deliver instructional services needed to assure that all pupils in the district achieve basic outcomes through the following uses:

- (1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery or provide academic instructional support services;
- (2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;
- (3) tuition payments to other service providers for direct instruction or instructional materials; and
- (4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction.

**History:** 1992 c 499 art 7 s 5

**NOTE:** This section, as added by Laws 1992, chapter 499, article 7, section 5, is effective for revenue for fiscal year 2000. See Laws 1992, chapter 499, article 7, section 32.

#### 124A.71 ELECTIVE INSTRUCTIONAL REVENUE.

Subdivision 1. **Elective outcomes.** Elective outcomes are defined as learner outcomes that may be offered to students that are not defined as basic outcomes. The standards of achievement of elective outcomes are determined by the local school board.

Subd. 2. **Revenue.** Elective instructional revenue is equal to the elective instructional revenue allowance times the number of pupil units for the school year. The revenue allowance for fiscal year 2000 and thereafter is zero.

Subd. 3. **Levy.** Elective instructional levy is equal to elective instructional revenue times the lesser of one or the ratio of:

(1) net tax capacity divided by the number of pupil units for the year the revenue is attributable, divided by

(2) the equalizing factor.

Subd. 4. **Aid.** Elective instructional aid is equal to elective instructional revenue minus elective instructional levy. If a district levies less than the authorized amount, the aid shall be reduced proportionately.

Subd. 5. **Revenue use.** Elective instructional revenue may only be used for the following purposes:

(1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery;

(2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;

(3) tuition payments to other service providers for direct instruction or instructional materials;

(4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction;

(5) instructional support services including staff development, curriculum development, and other instructional support services;

(6) pupil support services including health, counseling, and psychological services;

(7) administrative costs that are not to exceed five percent of the operating budget for the year; and

(8) school district facility operations and maintenance.

**History:** 1992 c 499 art 7 s 6

**NOTE:** This section, as added by Laws 1992, chapter 499, article 7, section 6, is effective for revenue for fiscal year 2000. See Laws 1992, chapter 499, article 7, section 32.

#### 124A.72 LOCAL DISCRETIONARY REVENUE.

Subdivision 1. **Local discretionary revenue.** Local discretionary revenue is available for districts to implement programs to offer outcomes or to cover other district operating expenditures not provided according to sections 124A.697 and 124A.70.

Subd. 2. **Revenue.** A district's local discretionary revenue is equal to the amount authorized according to section 124A.03. Revenue may not exceed zero times the actual pupil units for the year the revenue is attributable.

Subd. 3. **Levy.** Local discretionary levy is equal to local discretionary revenue times the lesser of one or the ratio of:

(1) net tax capacity divided by the number of pupil units for the year the revenue is attributable, divided by

(2) the equalizing factor.

Subd. 4. **Aid.** Local discretionary aid is equal to local discretionary revenue minus local discretionary levy. If a district levies less than the authorized amount, the aid shall be reduced proportionately.

**History:** 1992 c 499 art 7 s 7

**NOTE:** This section, as added by Laws 1992, chapter 499, article 7, section 7, is effective for revenue for fiscal year 2000. See Laws 1992, chapter 499, article 7, section 32.

#### 124A.73 EDUCATION TRUST FUND.

Subdivision 1. **Creation.** The commissioner shall deposit to the credit of the education trust fund all money available to the credit of the trust. The commissioner shall maintain the trust as a separate fund to be used only to pay money as provided by law to school districts or to repay advances made from the general fund, as provided under subdivision 4.

Subd. 2. **Appropriation.** The money to be paid by law from the education trust fund is appropriated annually.

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**Subd. 3. Estimates; reduction of payments.** (a) At the beginning of each fiscal year, the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:

- (1) the amount of revenues to be deposited in the trust fund and other law; and
- (2) the payments authorized by law to be made out of the trust.

(b) If the estimated payments exceed the estimated receipts of the trust fund, the appropriations from the trust to each program are proportionately reduced, unless otherwise provided by law.

**Subd. 4. General fund advance.** If the money in the trust fund is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the trust fund necessary to make the payments. On or before the close of the biennium, the trust shall repay the advances with interest, calculated at the rate of earnings on invested treasurer's cash, to the general fund.

**History:** 1992 c 499 art 7 s 8

**NOTE:** This section, as added by Laws 1992, chapter 499, article 7, section 8, is effective for revenue for fiscal year 2000. See Laws 1992, chapter 499, article 7, section 32.