

## CHAPTER 124A

### GENERAL EDUCATION REVENUE

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#### 124A.03 REFERENDUM REVENUE.

*[For text of subd 1b, see M.S.1996]*

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 1994;
- (2) 25 percent of the formula allowance minus \$300 for fiscal year 1997 and later; or
- (3) for a newly reorganized district created after July 1, 1994, the sum of the referendum revenue authority for the reorganizing districts for the fiscal year preceding the reorganization, divided by the sum of the actual pupil units of the reorganizing districts for the fiscal year preceding the reorganization.

*[For text of subs 1d to 1f, see M.S.1996]*

Subd. 1g. **Referendum equalization levy.** (a) For fiscal year 1999 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per actual pupil unit to \$476,000.

(b) For fiscal year 1999 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property 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 \$10,000.

*[For text of subs 1h to 3c, see M.S.1996]*

**History:** 1Sp1997 c 4 art 1 s 33,34

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

*[For text of subs 1 to 4, see M.S.1996]*

Subd. 5. **Alternative attendance programs.** The general education aid for districts must be adjusted for each pupil 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 general education aid and 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 a service cooperative, 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.

*[For text of subd 6, see M.S.1996]*

**History:** 1997 c 7 art 1 s 65

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

**Subd. 2. 1999 and later.** The training and experience index for fiscal year 1999 and later 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 fiscal year 1997:

(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 during fiscal year 1997.

(d) The index for each district that employs teachers equals the sum of: (i) for teachers employed in that district during fiscal year 1997 and the current fiscal year, the ratios for each teacher computed using data for fiscal year 1997; and (ii) for teachers employed in that district during the current fiscal year but not during fiscal year 1997, the ratio for teachers who are in their first year of teaching and who have no additional credits or degrees above a bachelor's degree divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

**History:** 1Sp1997 c 4 art 1 s 35

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

**Subdivision 1. General education revenue.** (a) For fiscal years 1997 and 1998, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.

(b) For fiscal year 1999 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition 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 fiscal year

1997 is \$3,505. The formula allowance for fiscal year 1998 is \$3,581 and the formula allowance for fiscal year 1999 and subsequent fiscal years is \$3,530.

*[For text of subd 2a, see M.S.1996]*

**Subd. 3. Compensatory education revenue.** The compensatory education revenue for each building in the district equals the formula allowance times the compensation revenue pupil units computed according to section 124.17, subdivision 1d. Revenue shall be paid to the district and must be allocated according to section 124A.28, subdivision 1a.

**Subd. 3a. Basic skills revenue.** For fiscal year 1999 and thereafter, a school district's basic skills revenue equals the sum of:

- (1) compensatory revenue under subdivision 3; plus
- (2) limited English proficiency revenue according to section 124.273, subdivision 1g; plus
- (3) \$190 times the limited English proficiency pupil units according to section 124.17, subdivision 7; plus
- (4) the lesser of: (i) \$22.50 times the number of fund balance pupil units in kindergarten to grade 8; or (ii) the amount of district money provided to match basic skills revenue for the purposes described in section 124A.28.

*[For text of subd 4, see M.S.1996]*

Subd. 4a. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 4b. [Repealed, 1Sp1997 c 4 art 1 s 63]

*[For text of subd 5, see M.S.1996]*

**Subd. 6. Secondary sparsity revenue.** (a) 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 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

**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:

- (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.

*[For text of subd 8, see M.S.1996]*

**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 adjusted net tax capacity per actual pupil unit to \$10,000.

*[For text of subds 8b and 9, see M.S.1996]*

**Subd. 10. Total operating capital revenue.** (a) For fiscal year 1999 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus \$68 times the actual pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 11.

(b) For fiscal years 1999 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) For 1996 and later fiscal years, the previous formula revenue for a district equals \$128 times its actual pupil units for the school year.

(d) For fiscal years 1998 and later, the revenue for a district that operates a program under section 121.585, is increased by an amount equal to \$30 times the number of actual pupil units at the site where the program is implemented.

**Subd. 11. Uses of total operating capital revenue.** Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, up to \$400,000;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123.36, subdivision 10;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by school board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 124.44;
- (17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;
- (18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- (19) to purchase or lease assistive technology or equipment for instructional programs;
- (20) to purchase textbooks;
- (21) to purchase new and replacement library books;
- (22) to purchase vehicles;
- (23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

- (i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;
  - (ii) managing student assessment, services, and achievement information required for students with individual education plans; and
  - (iii) other classroom information management needs; and
- (24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

*[For text of subs 11a and 12, see M.S.1996]*

**Subd. 13. Transportation sparsity definitions.** The definitions in this subdivision apply to subdivisions 13a and 13b.

(a) "Sparsity index" for a school district means the greater of .2 or the ratio of the square mile area of the school district to the actual pupil units of the school district.

(b) "Density index" for a school district means the ratio of the square mile area of the school district to the actual pupil units of the school district. However, the density index for a school district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a school district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable to nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the school district according to section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the school district according to section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the school district according to section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

(2) divide the result in clause (1) by the school district's 1995-1996 fund balance pupil units.

*[For text of subd 13a, see M.S.1996]*

**Subd. 13b. Transition allowance.** (a) A district's transportation transition allowance for fiscal year 1998 and later equals the result of the following:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii); or

(2) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1998 and later is greater than or equal to the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(b) For fiscal years 1997 and 1998, a district's training and experience transition allowance is equal to the training and experience revenue the district would have received under Minnesota Statutes 1994, section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus \$130. For fiscal year 1999 and later, a district's training and experience transition allowance equals zero.

If the training and experience transition allowance is less than zero, the reduction shall be determined according to the following schedule:

(1) for fiscal year 1997, the reduction is equal to .9 times the amount initially determined;

(2) for fiscal year 1998, the reduction is equal to .75 times the amount initially determined; and

(c) A district's transition compensatory allowance equals the greater of zero or the difference between:

(1) the amount of compensatory revenue the district would have received under subdivision 3 for fiscal year 1998 computed using a basic formula allowance of \$3,281; and

(2) the amount the district receives under subdivision 3; divided by

(3) the district's actual pupil units for fiscal year 1998.

(d) A district's transition allowance for fiscal year 1998 is equal to the sum of its transportation transition allowance, its training and experience transition allowance, and its transition compensatory allowance. A district's transition allowance for fiscal year 1999 and thereafter is equal to the sum of its transportation transition allowance and its transition compensatory allowance.

*[For text of subd 13c, see M.S.1996]*

**Subd. 13d. Transition levy adjustment.** A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of its adjusted net tax capacity per actual pupil unit to \$10,000.

*[For text of subs 13e and 13f, see M.S.1996]*

**History:** 1997 c 1 s 4; 1997 c 2 s 6; 1Sp1997 c 4 art 1 s 36-45; art 4 s 22,23

**NOTE:** The amendments to subdivisions 8a and 13d by Laws 1997, First Special Session chapter 4, article 1, sections 42 and 45, are effective for fiscal year 1999. Laws 1997, First Special Session chapter 4, article 1, section 64.

**NOTE:** The amendment to subdivision 10 by Laws 1997, First Special Session chapter 4, article 4, section 22, is effective for revenue for fiscal year 1999, except that the allowance increase is effective for revenue for fiscal year 1998, and the change in previous formula revenue under paragraph (c) is effective immediately. Laws 1997, First Special Session chapter 4, article 4, section 37.

## 124A.225 LEARNING AND DEVELOPMENT REVENUE AMOUNT AND USE.

**Subdivision 1. Revenue.** Of a district's general education revenue an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 124.17, subdivision 1f, and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 124.17, subdivision 1f, times .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section.

**Subd. 2. Instructor defined.** Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to sections 124.3201 and 124.321. Except as provided in section 125.230, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

*[For text of subs 3 to 6, see M.S.1996]*

**History:** 1997 c 7 art 1 s 66; 1Sp1997 c 4 art 11 s 3

## 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 hundredth 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 \$1,359,000,000 for fiscal year 1998 and \$1,385,500,000 for fiscal year 1999 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. If the levy target for fiscal year 1999 is changed by another law enacted during the 1997 session, the commissioner shall reduce the target in this bill by the amount of the reduction in the enacted law.

**Subd. 2. General education levy.** To obtain general education revenue, excluding transition revenue and 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. 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 transition 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 transition 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.

*[For text of subd 4, see M.S.1996]*

**Subd. 5. Uses of revenue.** Except as provided in sections 124A.22, subdivision 11; 124A.225; and 124A.28, general education revenue may be used during the regular school year and the summer for general and special school purposes.

**History:** *1Sp1997 c 4 art 1 s 46-49*

#### **124A.26 FUND BALANCE PUPIL UNITS.**

**Subdivision 1. Fund balance pupil unit definition.** 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.

Subd. 1a. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 2. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 3. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 4. [Repealed, 1Sp1997 c 4 art 1 s 63]

Subd. 5. [Repealed, 1Sp1997 c 4 art 1 s 63]

**History:** *1997 c 7 art 1 s 67; 1Sp1997 c 4 art 1 s 50*

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

**Subdivision 1. Use of the revenue.** The compensatory education revenue under section 124A.22, subdivision 3, must be used to meet the educational needs of pupils whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

- (1) direct instructional services under the assurance of mastery program according to section 124.3111;
- (2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials and technology appropriate for meeting the individual needs of these learners;

(7) 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;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs;

(11) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian; and

(12) other methods to increase achievement, as needed.

**Subd. 1a. Building allocation.** A district must allocate revenue to each school building in the district where the children who have generated the revenue are served.

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

**Subd. 1b. Recommendation.** A school site decision-making team, as defined in section 123.951, subdivision 3, paragraph (a), or the instruction and curriculum advisory committee under section 123.972, if the school has no school site decision team, shall recommend how the revenue will be used to carry out the purpose of this section.

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

**Subd. 3. Annual expenditure report.** Each year a district that receives compensatory education revenue shall submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.

**History:** *1Sp1997 c 4 art 1 s 51*

## 124A.711 SUPPORT SERVICES AID.

*[For text of subd 1, see M.S.1996]*

**Subd. 2. Determination of aid.** The total amount of support services aid shall be determined according to indices for each service recommended by the commissioner of children, families, and learning after consultations with appropriate state agencies, educators, and other interested persons. The indices shall reflect the need for each service based on the economic, geographic, demographic, and other appropriate characteristics of each district.

**History:** *1997 c 7 art 2 s 12*