

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 2874

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**Version:** As introduced

**Authors:** Klinzing and others

**Subject:** Requiring 70 percent of school district operating funds to be expended in the classroom

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### Overview

Responding to arguments that a correlation exists between the percent of money spent statewide on education and standardized test scores, Texas, Kansas, and Louisiana have adopted a "65 percent solution" that requires 65 percent of education funds to be expended in the classroom. Other states have proposed similar legislation. According to the National Center for Educational Statistics (NCES), national average classroom spending currently is about 61.5 cents per dollar. Proponents of the "65 percent solution" use NCES data to show that the five states with the highest student standardized test scores (Massachusetts, New Hampshire, Vermont, Minnesota, and Connecticut) spent on average 64.1 percent of education funding in the classroom and the five worst-scoring states (Louisiana, Alabama, Mississippi, New Mexico, and the District of Columbia) spent on average 59.5 percent of education funding in the classroom.

This bill requires school districts to expend at least 70 percent of their total K-12 general operating expenditures on direct classroom expenditures. It allows school districts unable to meet the 70 percent required expenditure level to apply to the education commissioner for a three-year waiver. Finally, it exempts from the 70 percent required expenditure level those school districts in statutory operating debt.

## Section

### **1 Direct classroom expenditures.**

**Subdivision 1. Definitions.** (a) Defines "direct classroom expenditures" to mean instructional expenditures under UFARS, excluding tuition payments to other school districts, capital expenditures and expenditures for athletics and cocurricular and extracurricular activities.

(b) Defines "total K-12 general operating expenditures" to mean total K-12 general fund expenditures under UFARS, excluding tuition payments to other school districts, and pupil transportation and capital expenditures.

**Subd. 2. Expected expenditure level.** Requires school districts to spend at least 70 percent of their total K-12 general operating expenditures on direct classroom expenditures. Requires school districts that spend less than 70 percent of their total K-12 general operating expenditures on direct classroom expenditures in fiscal year 2006 or later to submit a plan to the education commissioner for achieving the 70 percent requirement within a three-year period.

**Subd. 3. Superintendent verification.** Requires a district superintendent to include with the audited financial statements s/he submits to the commissioner a signed statement certifying the percent of total K-12 general operating expenditures the district expended on direct classroom expenditures in that school year.

**Subd. 4. Waiver.** Allows school districts unable to meet the required expenditure level under this section to apply to the commissioner for a waiver, indicating why the district cannot meet the required expenditure level and the changes the district intends to make in the next three years to approach that level. Requires the commissioner to grant or deny the waiver within 60 days.

**Subd. 5. Exemption.** Exempts from the 70 percent expenditure requirement under subdivision 2 those school districts in statutory operating debt with an approved plan to eliminate the debt or with a department extension to file a plan to eliminate the debt.

Makes this section effective July 1, 2006, for the 2006-2007 school year and later.