

HOUSE RESEARCH

Bill Summary

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Subject: Sparsity Revenue Adjustment; Lancaster School District

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Overview

School districts that are geographically isolated and that serve a relatively few number of students are eligible for sparsity revenue. Sparsity revenue is calculated at the school site level for both elementary and secondary schools using different formulas. The secondary sparsity revenue provides additional revenue to geographically large districts that have relatively few secondary pupils. The formula measures sparsity and isolation of the district and then provides additional revenue to the district using an assumption that 400 pupil units are necessary to run an acceptable secondary program. Therefore, a district with one high school, no matter how few pupils per square mile it has, will not receive any sparsity aid if the district has a secondary average daily membership (SADM) in excess of 400.

A school district qualifies for elementary sparsity revenue if it has an elementary school that is located 19 or more miles from the next nearest elementary school and has fewer than 20 pupils per elementary grade. As with secondary sparsity revenue, the more elementary pupils in average daily membership (EADM) attending the school, the lower the elementary sparsity revenue per pupil.

Because mileage to the next nearest school is a condition of both sparsity formulas, a change in location of a neighboring school district's building can affect the district's sparsity revenue. This is what happened in the Lancaster school district. In each of the last four years, the Lancaster school district has received a grant of \$100,000 per year (an amount about equal to the sparsity revenue lost by Lancaster) to replace this revenue.

In 2008, the sparsity revenue formulas were modified by the legislature to grandfather school districts in at their current sparsity levels if those districts closed a school facility. The idea behind this approach was to encourage efficient building decisions by local school boards. H.F. 533 broadens this grandfather to include any change in sparsity revenue caused by neighboring districts' building decisions for fiscal years 2012 and later. The bill also includes a second provision that specifically names the Lancaster school district and qualifies the district for the same amount of aid that the district would have received had the Kittson Central School District not reconfigured its school buildings.

1 Sparsity revenue for school districts that close facilities. Adjusts all school district's sparsity

revenue for actions caused by neighboring districts' building decisions for fiscal years 2012 and later.

- 2 **Kittson central school closing.** Qualifies the Lancaster school district for additional sparsity revenue under section 1 for fiscal years 2012 and later to reflect the Kittson Central school district's closure of the Kennedy elementary school.