

Subject Providing Inflation Adjustments for School Funding Formulas

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Overview

Most of Minnesota's school funding formulas are set in statute at a fixed per pupil allowance and must be adjusted from their current levels through legislation. Since its inception in 1987, the general education basic formula allowance has been set for either one or two years by each biennium's legislature, with the second year's allowance forming the base allowance for the following years.

H.F. 2949 proposes to link the general education basic formula allowance to the rate of inflation for fiscal year 2024 and later. The bill defines inflationary increase as the annual increase in the Consumer Price Index for urban consumers (CPI-U). The bill then links extended time revenue and Local Optional Revenue to the annual increases in the basic formula allowance.

Summary

Section	Description
1	<p>Basic revenue.</p> <p>Links the general education basic formula allowance to the rate of inflation for fiscal year 2024 and later. The basic formula allowance for the current biennium was set by the 2021 Legislature at \$6,728 per pupil for the 2021-2022 school year and at \$6,863 per pupil for the 2022-2023 school year and later.</p>
2	<p>Extended time revenue.</p> <p>Links the extended time revenue formula allowance to the growth in the general education basic formula allowance for fiscal year 2024 and later (which is linked to inflation in section 1). The current formula allowance for extended time revenue is \$5,117 per pupil.</p>
3	<p>Local optional revenue.</p> <p>Links both tiers of local optional revenue to increases in the general education basic formula allowance for fiscal year 2024 and later (the basic formula allowance is linked to the rate of inflation in section 1). The first tier of local optional revenue is</p>

Section	Description
	currently \$300 per pupil and the second tier of local optional revenue is set at \$424 per pupil.
4	Appropriation; additional general education aid. Appropriates an unspecified amount of general education aid for fiscal year 2023 to cover the increases in state aid.



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