



March 13, 2024

TO: Members
House Education Finance Committee

FROM: Brad Lundell
Executive Director, Schools for Equity in Education

RE: Support for HF 4117

Schools for Equity strongly supports HF 4117 and thanks Representative Matt Norris for introducing the bill and to Chair Youakim for giving it a hearing. It is our hope that the Education Finance Committee will support Representative Norris' efforts to bring both greater adequacy and equity to Minnesota's education funding system with this bill.

The bill attacks two issues simultaneously by increasing the Local Option Revenue amount from \$724 per pupil unit to \$920 per pupil unit and allows districts to go beyond this amount to pay for unreimbursed costs related to unemployment compensation for between-term employees and paid family medical leave. The Local Option Revenue amount has been static since it was established for all districts in 2014 and raising the amount to the amount specified in the bill reflects an adjustment for value in the revenue stream that has been lost to inflation. Add to that the long-term costs from the unemployment compensation and paid family medical leave that will be very difficult to predict and one appreciates both the importance and the value of increasing the Local Option Revenue as outlined in HF 4117. This is a universal solution to funding problems that districts are facing now and, as importantly, will be facing in the future.

The bill also promotes greater property tax fairness by increasing the equalizing factor for both Local Option Revenue and the Operating Referendum. The equalization factors for both of these programs have largely been stagnant over the past decade and growth in property wealth statewide has greatly diminished the state aid amounts that low property wealth school districts access under these aid/levy programs. The estimated state average referendum market value per pupil unit now exceeds the highest equalization factor in both of these programs causing great disparities in the property tax burden between low property wealth school districts and high property wealth districts. Raising the equalization factors to at least partially reflect the growth in statewide property wealth is a tax fairness issue. This commitment to fairness was discussed last year in Chair Youakim's HF 1271 and has resurfaced again this year in HF 4117. It is well past time to revisit the equalization issue and either of these bills is a vehicle to accomplish that purpose.

I have highlighted the sections of SEE's 2024 Legislative Platform included in your packet that show support for the policies contained in HF 4117.

Thank you for your interest in this legislation. If you have questions, contact me at brad.lundell@schoolsforequity.org or 612-220-7459.