Overview

Most elements of Minnesota's school finance system are initially based on the number of resident pupil units in each school district. Under current law, after the initial pupil unit calculations are made, adjustments are made to the resident and serving school's funding in order to compensate for enrollment movements.

Under current law, the same process holds true for charter schools. The pupils who attend charter schools are initially counted as resident pupil units, and then transfers of state aid are made to the serving school district. Under current law, not all state aid programs flow through to the serving school. Currently integration revenue and referendum revenue remain with the resident school district under most circumstances.

HF 1428 changes most enrollment-based revenue calculations from amounts based on resident pupil units to amounts based on adjusted pupil units (adjusted pupil units are basically pupil units actually served by the school site).

HF 1428 also requires all general education revenue and referendum revenue to be allocated to each school site.

1  **Equalized debt service levy.** Changes the aid/levy mix of revenue under the debt service equalization aid program by using adjusted net tax capacity per pupil unit served, instead of adjusted net tax capacity per resident pupil unit as the measure of local property wealth per pupil unit.

2  **Health and safety levy.** Changes the aid/levy mix of revenue under the health and safety revenue program by using adjusted net tax capacity per pupil unit served, instead of adjusted net
tax capacity per resident pupil unit as the measure of local property wealth per pupil unit.

3 **Historic building levy.** Changes the aid/levy mix of revenue under the historic building revenue program by using adjusted net tax capacity per pupil unit served, instead of adjusted net tax capacity per resident pupil unit as the measure of local property wealth per pupil unit.

4 **Limited enrollment of nonresident pupils.** Requires a school district to admit a number of open enrollment pupils equal to the greater of one percent of the district's enrollment at each grade level or at least as many resident students who are attending a nonresident school district.

5 **General education revenue.** Defines general education revenue to include the referendum revenue allowance for the pupil's district of residence.

6 **Extended day levy.** Changes the aid/levy mix of revenue under the extended day program by using adjusted net tax capacity per pupil unit served, instead of adjusted net tax capacity per resident pupil unit as the measure of local property wealth per pupil unit.

7 **LEP aid.** Adds a new LEP aid amount for fiscal years 2001 and later equal to $402 times the greater of 20 or the number of LEP pupils enrolled in the district in the current fiscal year.

8 **Integration revenue.** Changes the calculation of integration revenue from a dollar amount per resident pupil unit to a dollar amount per pupil unit served.

9 **Alternative attendance programs.** Requires integration revenue to follow a resident pupil of a district receiving integration revenue to the serving school.

10 **Adjusted pupil units.** Extends the concept of adjusted pupil units (pupils served) to charter schools.

11 **Pupil units served.** Extends the concept of adjusted pupil units (pupils served) to charter schools.

12 **Basic revenue.** Changes the calculation for general education basic revenue from resident pupil units to pupils served.

13 **Basic skills revenue.** Adds a date to the definition of basic skills revenue.

14 **Training and experience revenue.** Changes the calculation of training and experience revenue from resident pupil units to pupils served.

15 **Sparsity definitions.** Changes the calculation of secondary sparsity revenue from resident pupil units to pupils served.

16 **Secondary sparsity revenue.** Changes the calculation of sparsity revenue from resident pupil units to pupils served.

17 **Elementary sparsity revenue.** Changes the calculation of elementary sparsity revenue from resident pupil units to pupils served.

18 **Supplemental revenue.** Changes the calculation of supplemental revenue from resident pupil units to pupils served.

19 **Supplemental levy.** Changes the calculation of supplemental revenue from resident pupil units to pupils served.

20 **Operating capital revenue.** Changes the calculation of operating capital revenue from resident pupil units to pupils served.

21 **Transportation sparsity revenue.** Changes the calculation of transportation sparsity revenue from resident pupil units to pupils served.

22 **Transition revenue adjustment.** Changes the calculation of transition revenue from resident pupil units to pupils served.

23 **Transition levy adjustment.** Changes the calculation of transition levy from resident pupil units to pupils served.
Class size reduction revenue reserve. Changes the reserve revenue for the class size reduction program from an amount per fund balance pupil unit (a count of pupils similar to adjusted pupil units) to an amount per adjusted pupil.

Per pupil revenue conversion. Pushes forward by one year the conversion of referendum revenue authority to an amount per resident pupil unit. Changes this amount in following years to the same amount per adjusted pupil unit.

Referendum allowance. Changes the referendum revenue allowance from an amount per resident pupil unit to an amount per adjusted pupil unit.

Referendum allowance limit. Changes the referendum allowance limit from an amount per resident pupil unit to an amount per adjusted pupil unit.

Total referendum revenue. Changes total referendum revenue from an amount per resident pupil unit to an amount per adjusted pupil unit.

Referendum equalization aid. Changes the amount of referendum revenue subject to equalization aid from $350 per resident pupil unit to $350 per adjusted pupil unit plus the product of the difference between the district's adjusted pupil units and its resident pupil units times the greater of $0 or the difference between the district's referendum allowance and $350.

Referendum equalization levy. Changes the measure of school district property tax wealth for equalizing referendum revenue from adjusted net tax capacity per resident pupil unit to adjusted net tax capacity per adjusted pupil unit.

Referendum revenue. Conforms the language of the referendum ballot from an amount per resident pupil unit to an amount per adjusted pupil unit.

Shared time aid. Makes payments of shared time aid directly to the district of attendance.

Exception. Removes limiting language from the statutory exception to shared time payments.

Allocation of general education revenue. Requires all general education revenue and referendum revenue to be allocated to school sites based on the children who have generated that revenue. Requires general education revenue and referendum revenue generated by students served at sites not owned and operated by the district to be reserved in a separate account and used only for services for those pupils. Allows a school board, by resolution, to assess each school site a proportionate share of the costs of district-wide services and the cost of increases in compensation approved by the school board for teachers and other employees. Requires all revenue, expenditures and fund balances to be kept in separate accounts for each school site.

Lease levy authority. Changes the maximum amount of lease levy authority from $100 per resident pupil unit to $100 per adjusted pupil unit.

Interactive television revenue. Changes the measure of local property tax wealth used to equalize the interactive television program levy from adjusted net tax capacity per resident pupil unit to adjusted net tax capacity per adjusted pupil unit.

Aid to serving school districts. Requires all general education revenue to be paid to the serving school district. Allows an exception to this general rule for certain interdistrict programs and cooperative programs.

Alternative attendance programs. Removes language regarding payment of general education revenue to alternative attendance programs since payments under this bill will now be initially computed using adjusted pupil units.

Charter schools. Removes language regarding payment adjustments for general education aid paid to charter schools since general education payments under this bill will now be initially computed using adjusted pupil units.