

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H. F. 826

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Subject: 3 Year Average Declining Pupil Aid

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Overview

Nearly all of Minnesota's school funding formulas are based on a count of pupils called adjusted marginal cost pupil units. The count takes the number of students actually served by the school district, weights the pupils by grade level, and then "marginalizes" the count by taking the greater of the current year's enrollment or summing 77% of the current year's enrollment and 23% of the previous year's enrollment. Marginal pupil units is the state's response to school districts with declining enrollment-the formula essentially pays the district for one of every four students lost to declining enrollment for one additional year.

H. F. 826 changes the marginal pupil count to the greater of the current year's count or the three year average enrollment of the district. Statewide, this bill will cost approximately \$40 million per year.

Section

- 1 **Adjusted pupil units.** Changes the definition of adjusted marginal cost pupil units to the greater of: 1) the current year's adjusted pupil units; or 2) the three year average enrollment of the district.
- 2 **Resident pupil units.** Changes the definition of resident marginal cost pupil units to the greater of: 1) the current year's adjusted pupil units; or 2) the three year average enrollment of the district. (Residential marginal cost pupil units are used only to calculate referendum revenue.)