Long-Term Facilities Maintenance Revenue

Information compiled from Minnesota School Finance; A Guide for Legislators
Presented by Tim Strom, Cristina Parra, and Emily Adriaens
House Research/Fiscal

The 2015 Legislature created a new program to support facilities maintenance needs for school districts, charter schools, and cooperatives, including intermediate school districts. The program, Long-Term Facilities Maintenance Revenue (LTFMR), is a per pupil, formula-driven revenue source that replaces health and safety revenue, alternative facilities revenue, and deferred maintenance revenue beginning with the 2016-17 school years. School districts that received a higher level of revenue prior to the creation of the per pupil allowance are authorized to continue levying at the higher level of spending.

LTFM Revenue

LTFMR is primarily provided through a per pupil allowance. For school districts, the per pupil allowance is $193 for fiscal year 2017, $292 for fiscal year 2018, and $380 for fiscal year 2019 and later. These allowances are then multiplied by the districts pupil units and building age index. For charter schools, the per pupil allowance is $34 for fiscal year 2017, $85 for fiscal year 2018, and $132 for fiscal year 2019 and later. A charter school’s LTFMR is provided entirely in state aid. A charter school is not required to submit a ten-year plan in order to receive LTFMR.

Equalized Long-Term Facilities Maintenance Revenue, Levy, and Aid

A school district’s equalized alternative facilities revenue equals the lesser of the per pupil formula amount for that year or the actual amount of the initial revenue.

\[
\text{Equalized Revenue for FY19} = \text{lesser of:} \\
(1) \text{ initial LTFMR, or} \\
(2) \text{ } 380 \text{x pupil units}
\]

\[
\text{Equalized Levy} = \text{Initial Revenue} - \text{greater of:} \\
(1) \text{ the lesser of:} \\
(a) \text{ initial revenue, or} \\
(b) \text{ district’s alternative facilities aid for FY15; or} \\
(2) \text{ equalized revenue x the greater of:} \\
(a) \text{ zero, or} \\
(b) \text{ district ANTC/pupil unit x 1.23 \times (statewide ANTC/pupil unit)}
\]
Equalized Aid = Equalized Revenue – Equalized Levy

Total LTFMR = Equalized Levy + Unequalized Levy

The calculation of the equalized levy is made in such a way that no district will receive less aid under the LTFMR program than it formerly received under the alternative facilities program.

Table 1: Long-Term Facilities Maintenance Revenue; Appropriation and Levy

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>LTFM General Fund Aid</th>
<th>LTFM General Fund Equity Levy</th>
<th>LTFM General Fund Unequalized Levy</th>
<th>LTFM Bond Fund Aid</th>
<th>Net LTFM Bond Fund Levy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019*</td>
<td>$105,776,000</td>
<td>$123,397,000</td>
<td>$133,130,000</td>
<td>$34,651,000</td>
<td>$129,549,000</td>
<td>$526,503,000</td>
</tr>
<tr>
<td>2018*</td>
<td>82,627,000</td>
<td>102,579,000</td>
<td>110,428,000</td>
<td>33,534,000</td>
<td>122,550,000</td>
<td>451,718,000</td>
</tr>
<tr>
<td>2017</td>
<td>58,150,000</td>
<td>65,548,000</td>
<td>98,282,000</td>
<td>29,167,000</td>
<td>106,315,000</td>
<td>357,462,000</td>
</tr>
</tbody>
</table>

* Estimated

LTTFM Expenditures

To qualify for Long-Term Facilities Maintenance Revenue (LTTFM), a school district or cooperative unit must develop a ten-year facilities plan and submit that plan to the Commissioner of Education. The plan must be updated annually, and every two years the updated plan must be forwarded to the Commissioner of Education.

LTTFM must be reserved and may only be used for:
- deferred maintenance projects;
- increasing facility accessibility, and
- health and safety purposes.

LTTFM may not be used for the construction of new facilities, for the purchase of portable classrooms, to finance lease purchase agreements, for energy-efficiency projects, or for violence prevention and facility security, ergonomics, or emergency communications devices.

A district may sell and issue general obligation bonds without voter approval to fund qualifying LTTFM projects and may use the annual revenue received under the program to repay the bonds.
Long Term Facilities Revenue
Comparing Alternative Facilities Eligible Districts to All Others
Per Pupil Revenue over Time