

HOUSE RESEARCH

Bill Summary

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Subject: Increasing equity among Minnesota's school districts

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Overview

This bill increases the general education basic formula allowance by 5% per year (each dollar of increase in the basic formula allowance costs roughly \$1 million per year). The bill draft also establishes a new component of general education revenue called equity revenue. Equity revenue equals the sum of \$25 per pupil unit plus an additional amount ranging from \$0 to \$75 per pupil unit depending on the district's general education revenue (the lower its revenue, the higher its equity aid).

- 1 General education revenue.** Includes equity revenue as a component of general education revenue for fiscal years 2000 and later.
- 2 Basic formula allowance.** Increases the basic formula allowance by \$176 in fiscal year 2000 and increases the allowance by another \$189 per pupil unit for fiscal years 2001 and later (under current law the formula increases by another \$67 per pupil unit in fiscal year due to the roll-in of cooperation revenue).
- 3 Equity revenue.** Qualifies a district for equity revenue if the district's basic revenue, supplemental revenue, transition revenue and referendum revenue is less than 95th percentile for the sum of those categories of revenue. Sets equity revenue equal to the sum of \$25 per pupil unit plus up to an additional \$75 per pupil unit depending on the district's equity index (the lower the district's revenue, the greater portion of the \$75 available to the district).
- 4 Statewide average revenue.** Requires the department of children families and learning to annually calculate the gap in revenue between the 5th and 95th percentile. Defines each district's equity gap as the difference between the district's revenue and the revenue at the 95th percentile. Sets the district's equity index number equal to the amount of this gap.
- 5 Effective date.** Makes sections 1 to 4 effective for revenue for fiscal year 2000 and later.