

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 611

**DATE:** March 8, 2001

**Version:** As Introduced

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**Subject:** Education Price Index Added to School Aid Formula

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### Overview

H.F. 611 establishes an education price index that is applied against a district's general education basic formula allowance. Districts are grouped into regions, and each region's index number is determined by taking the annual average weekly wage for that region compared to the state annual average weekly wage.

Using data for the most recent year (1999), if geographic regions are set equal to the state economic development regions, the metro region is the only region with an average above the state average. The metro average is approximately 13% greater than the state average.

According to the fiscal note prepared by the department of finance, which assumes economic development regions, for the seven county metro area, which serves roughly one-half of the state's pupils, the annual cost of this bill would be approximately \$290 million per year.

### Section

- 1 Education price index.** Creates an education price index and defines it to mean a measure of the relative wage rate across Minnesota school districts. Requires the index to be calculated according to section 3.
- 2 Basic revenue.** Sets the general education formula allowance for fiscal years 2002 and later as the basic formula allowance times the education price index for that year.
- 3 Education price index.** Requires the department of children, families and learning, in consultation with the department of economic security, to determine regions and place each school district in a region for purposes of assigning the district an education price index number. Sets the regional index number equal to the greater of one or the index number for the region divided by the state annual average weekly wage as calculated by the department of economic security. Requires the education price index number to be recomputed each year based on the

most recent annual report of weekly wages.