

HOUSE RESEARCH

Bill Summary

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Subject: Referendum Revenue under Open Enrollment

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Overview

In Minnesota, most school funding formulas are based on the number of pupils served by a school district, not the number of public school students resident to the school district. The main exception to this rule is voter-approved referendum revenue, which is calculated according to the number of resident pupils in a school district.

A student may open enroll into another school district under certain conditions. When a pupil open enrolls, the general education revenue for this student is calculated and paid directly to the serving school district based on the characteristics of the serving school district. However, because the referendum revenue is calculated based on the resident pupil count, the only amount of referendum revenue that moves is the aid portion of the referendum. Further, the aid that the receiving school district receives is based on the per pupil tax base of the receiving school district, not the per pupil tax base of the resident school district. This means that a school district with a high tax base will not receive any referendum revenue for open enrollment students.

This bill creates a second calculation of referendum aid for open enrollment pupils to allow a greater amount of referendum revenue to flow to the serving school district. This additional aid amount is provided by increasing the state general levy by \$2 million per year.

1 Alternative attendance programs. Modifies the calculation of general education aid paid

Section

to a serving school district under open enrollment to be the greater of the current amount of aid or a portion of the first tier of equalization revenue (\$500 per pupil for FY 06 and later) determined by calculating the percent of open-enrolled students attending the school district. A district with more than 50% of its served students being open-enrolled would receive the full \$500 per pupil for each student. This amount decreases proportionately as the percent of open-enrolled students declines. For example, a district with 10% open-enrolled students would receive \$100 per pupil, a district with 25% open-enrolled student would receive \$250 per pupil, and a district with 40% open-enrolled students would receive \$400 per pupil. This section is effective for revenue for fiscal year 2006.

- 2** **State general levy amount.** Increases the base amount of the state general levy (the statewide property tax levied against commercial-industrial and seasonal recreational property) by \$2 million per year beginning with taxes payable in 2006.