

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 694

**DATE:** February 21, 2007

**Version:** As introduced

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**Subject:** Declining Pupil Aid

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### Overview

Nearly all of Minnesota's school finance formulas are based on each district's pupil count. A district's total revenue increases as the district's pupil count increases and decreases as the district's pupil count shrinks. There are four steps involved in calculating the student count that is used in most of the K-12 funding formulas.

First, the district's Average Daily Membership (ADM) is determined by counting the resident students in the district for the full school year.

Second, the ADM student count is adjusted to reflect only the students actually served by the district. Each district's pupil count is reduced by the number of students leaving the district to attend a charter school or through open enrollment, and increased by the number of students entering the district from another district.

Third, each student is weighted by grade level according to the weights listed in statute. This count is called adjusted pupil units.

Fourth, to help lessen the impact of declining enrollment on school district budgets, a school district's program funding is based on the greater of its current year adjusted pupil units, or the sum of 77 percent of its current year's adjusted pupil units plus 23 percent of the previous year's adjusted pupil units. This count is called Adjusted Marginal Cost Pupil Units (AMCPU).

**Section**

This bill replaces the current adjustment with a four-year average of the district's adjusted pupil units. This bill has a revenue cost of roughly \$90 million per year.

- 1**      **Adjusted pupil units.** Changes the current declining pupil unit calculation for most formulas from 77% of the current year's adjusted pupil units plus 23% of the previous year's adjusted pupil units to a four-year average of the district's adjusted pupil units.
- 2**      **Resident pupil units.** Changes the current declining pupil unit calculation for referendum revenue from 77% of the current year's resident pupil units plus 23% of the previous year's resident pupil units to a four-year average of the district's resident pupil units.