

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1571
Version: As introduced

DATE: March 18, 2015

Authors: Newton and others

Subject: Postsecondary Enrollment Options (PSEO) Funding Increase

Analyst: Tim Strom

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

The Postsecondary Enrollment Options (PSEO) program allows public and nonpublic pupils in grades 11 and 12 to enroll in college courses offered by an eligible postsecondary institution (PSI) at state expense. Certain 10th grade students may enroll in a career and technical education course through PSEO. For fiscal year 2014, 6,712 public school pupils, 762 traditional nonpublic pupils, and 1,702 homeschool pupils attended classes at a PSI, and the direct state aid payments to the PSIs through the PSEO funding formulas amounted to \$27.8 million.

For public school pupils who participate full-time in the PSEO program, school districts receive 12 percent of all revenue attributable to that pupil unit plus the compensatory revenue generated by that pupil. For nonpublic pupils there is no payment to the school district of residence. For each part-time PSEO pupil, the district receives a proportionate share of all of the other revenue generated by that pupil based on the amount of time that the PSEO pupil attends the high school plus the 12 percent of total revenue.

The state pays the PSI a standard rate per credit hour, which is set by formula in statute, and for fiscal year 2015 comes to \$126.86 for each quarter credit hour ($[88\% \times (\$5,831 - \$425) \times 1.2]/45$) and \$190.29 for each semester hour ($[88\% \times (\$5,831 - \$425) \times 1.2]/30$).

Section

This bill increases both the funding for the PSEO students at the PSI by 12 percent and increases the funding for school districts by raising the minimum share of funding that stays with the school district for a full time student from 12 to 35 percent of total revenue.

- 1** **Financial arrangements.** Increases the amount of Postsecondary Enrollment Options (PSEO) revenue paid to an eligible postsecondary institution (PSI) from 88 percent to 100 percent of the adjusted basic formula allowance which increases the semester credit hour reimbursement to the PSI from \$190 to \$216.
- 2** **Textbooks; materials.** Explicitly allows the postsecondary institution to use up to 12 percent of the PSEO aid for purposes of providing textbooks and equipment to PSEO pupils.
- 3** **PSEO pupils.** Increases the minimum funding a school district receives for PSEO pupils from 12 to 35 percent of the total revenue earned by that pupil.