

**Subject** School District Consolidation Aid

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## Overview

Minnesota's legislature has supported voluntary school consolidation efforts. Minnesota requires school districts to maintain a full range of grades (K-12) but has not specified a minimum size for a school district. Minnesota encourages academic pairing arrangements with neighboring school districts, allows cooperative services from joint powers organizations, and authorizes contracting for services so school districts may share administrative and other staff.

In 1989, in response to a significant decline in enrollment in many school districts, the legislature created the voluntary cooperation and combination program (commonly called the C&C program). C&C provided revenue in a mix of aid and levy totaling \$400 per pupil, spread over four years. This program was replaced by a simpler program consisting entirely of state aid, called consolidation transition revenue, which was enacted in 1994 and provides a total of \$300 per pupil spread over a two-year period, for consolidating districts. Consolidation transition aid is paid only for the first 1,500 pupils in the combined district. The formula allowances for consolidation transition aid have not been changed since the program was enacted.

Since 1989, more than 200 school districts have voluntarily consolidated and Minnesota's number of school districts has fallen from 435 school districts to 329 school districts. Minnesota still has many small school districts. Just about one-half of Minnesota's current school districts have fewer than 1,000 pupils and 13 school districts have fewer than 200 pupils in total in grades K-12.

H.F. 4424 increases the consolidation transition allowances from \$200 to \$400 per pupil for the first year of consolidation and from \$100 to \$300 per pupil in the second year of consolidation for a total increase of \$400 per pupil for consolidating school districts. To the Department of Education's knowledge, there are currently no formal school consolidation discussions underway among Minnesota's school districts. H.F. 4424 is retroactive and covers consolidations

occurring on or after July 1, 2020, which includes the Rock Ridge consolidation (Virginia and Eveleth-Gilbert), and the Ada-Borup-West consolidation (Ada-Borup and Norman County West). The increased cost for these two consolidations is \$600,000 for Rock Ridge and a little over \$300,000 for Ada-Borup-West.

## Summary

| Section | Description   |
|---------|---|
| 1       | <p><b>Aid. [Consolidation transition aid]</b></p> <p>Increases consolidation transition aid from \$200 to \$400 per pupil for the first year following consolidation and increases the second year's consolidation transition aid amount from \$100 to \$300 per pupil. Makes the change effective for consolidations occurring on or after July 1, 2020.</p> |
| 2       | <p><b>Consolidation transition aid appropriation.</b></p> <p>Increases the consolidation transition aid for fiscal year 2023 by the amounts necessary to make the adjusted aid payments to the Rock Ridge and Ada-Borup-West school districts.</p>  |



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