MN HOUSE RESEARCH

Bill Summary

H.F. 827

As Introduced

Subject	School District Consolidation Aid
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Overview

School districts that reorganize (consolidate) are eligible for consolidation transition revenue. The consolidation transition formula allowance has not changed since 1994 and is equal to $200 per pupil in the first year of consolidation and $100 per pupil in the second year of consolidation. Aid is based on a maximum of 1,500 pupils. The aid must be used to offer early retirement incentives, reduce operating debt, enhance learning opportunities, or for other costs of reorganization. If the aid is insufficient to cover early retirement costs, the district may levy for the additional amount over a three-year period.

From 1990 until July 1, 2001, more than 150 school districts consolidated using this program or its predecessor, the Cooperation and Combination Program. Since July 1, 2001, 21 school districts have consolidated, including just two groups of two school district consolidations since July 1, 2020. At this point in time, no districts are scheduled to consolidate as of July 1, 2025, but a few districts are looking at consolidation in the next few years.

H.F. 827 proposes to roughly double the amount of consolidation transition aid for school districts by raising the allowance for the first year from $200 to $424 per pupil unit and from $100 to $212 per pupil unit for the second year of consolidation.

Summary

Section	Description
1	**Aid. [Consolidation aid]** Increases the amount of consolidation aid available to consolidating school districts from $200 per pupil in the first year of consolidation to $424 per pupil and increases the consolidation aid in the second year of consolidation from $100 per pupil to $212 per pupil.

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