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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2433

01/29/2016 Authored by Uglem, Newton and Zerwas  
The bill was referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to education finance; creating a supplemental compensatory revenue  
1.3 formula; appropriating money; amending Minnesota Statutes 2014, sections  
1.4 126C.05, subdivision 3; 126C.10, subdivision 3; Laws 2015, First Special  
1.5 Session chapter 3, article 1, section 27, subdivision 2; repealing Laws 2015, First  
1.6 Special Session chapter 3, article 2, section 70, subdivision 8.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2014, section 126C.05, subdivision 3, is amended to read:

1.9 Subd. 3. **Compensation revenue pupil units.** Compensation revenue pupil units  
1.10 ~~for fiscal year 1998 and thereafter~~ must be computed according to this subdivision.

1.11 (a) The compensation revenue concentration percentage for each building in a  
1.12 district equals the product of 100 times the ratio of:

1.13 (1) the sum of the number of pupils enrolled in the building eligible to receive free  
1.14 lunch plus one-half of the pupils eligible to receive reduced priced lunch on October  
1.15 1 of the previous fiscal year; to

1.16 (2) the number of pupils enrolled in the building on October 1 of the previous fiscal  
1.17 year.

1.18 (b) The compensation revenue pupil weighting factor for a building equals the  
1.19 lesser of one or the quotient obtained by dividing the building's compensation revenue  
1.20 concentration percentage by 80.0.

1.21 (c) The compensation revenue pupil units for a building equals the product of:

1.22 (1) the sum of the number of pupils enrolled in the building eligible to receive free  
1.23 lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1  
1.24 of the previous fiscal year; times

1.25 (2) the compensation revenue pupil weighting factor for the building; times

2.1 (3) .60.

2.2 (d) Notwithstanding paragraphs (a) to (c), for charter schools and contracted  
 2.3 alternative programs in the first year of operation, compensation revenue pupil units shall  
 2.4 be computed using data for the current fiscal year. If the charter school or contracted  
 2.5 alternative program begins operation after October 1, compensatory revenue pupil units  
 2.6 shall be computed based on pupils enrolled on an alternate date determined by the  
 2.7 commissioner, and the compensation revenue pupil units shall be prorated based on the  
 2.8 ratio of the number of days of student instruction to 170 days.

2.9 (e) The percentages in this subdivision must be based on the count of individual  
 2.10 pupils and not on a building average or minimum.

2.11 (f) The supplemental compensatory revenue pupil units for a school district equals  
 2.12 the greater of:

2.13 (1) zero; or

2.14 (2) the sum of the number of pupils enrolled in the building eligible to receive free  
 2.15 lunch and one-half of the pupils eligible to receive reduced priced lunch on October 1  
 2.16 of the previous fiscal year minus 1,500.

2.17 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
 2.18 and later.

2.19 Sec. 2. Minnesota Statutes 2014, section 126C.10, subdivision 3, is amended to read:

2.20 Subd. 3. **Compensatory education revenue.** (a) ~~For fiscal year 2014, the~~  
 2.21 ~~compensatory education revenue for each building in the district equals the formula~~  
 2.22 ~~allowance minus \$415 times the compensation revenue pupil units computed according~~  
 2.23 ~~to section 126C.05, subdivision 3.~~ For fiscal year 2015 2017 and later, the initial  
 2.24 compensatory education revenue for each building in the district equals the formula  
 2.25 allowance minus \$839 times the compensation revenue pupil units computed according to  
 2.26 section 126C.05, subdivision 3, paragraph (c).

2.27 (b) For fiscal year 2017 and later, the supplemental compensatory revenue for each  
 2.28 school district equals the greater of:

2.29 (1) the compensatory revenue pilot project grant for the district for fiscal year  
 2.30 2016 under Laws of Minnesota 2015, First Special Session chapter 3, article 2, section  
 2.31 70, subdivision 8; or

2.32 (2) the product of the supplemental compensatory revenue pupil units computed  
 2.33 according to section 126C.05, subdivision 3, paragraph (f), times the greater of:

2.34 (i) zero; or

3.1 (ii) the difference between 31 percent of the formula allowance and the quotient  
 3.2 obtained by dividing the district's initial compensatory revenue by the number of pupils  
 3.3 enrolled in the district eligible to receive free lunch and one-half of the pupils eligible to  
 3.4 receive reduced price lunch on October 1 of the previous fiscal year.

3.5 (c) For fiscal year 2017 and later, the compensatory revenue for each school district  
 3.6 equals the sum of the initial compensatory revenue and the supplemental compensatory  
 3.7 revenue.

3.8 (d) Revenue shall be paid to the district and must be allocated according to section  
 3.9 126C.15, subdivision 2.

3.10 ~~(b)~~ (e) When the district contracting with an alternative program under section  
 3.11 124D.69 changes prior to the start of a school year, the compensatory revenue generated  
 3.12 by pupils attending the program shall be paid to the district contracting with the alternative  
 3.13 program for the current school year, and shall not be paid to the district contracting with  
 3.14 the alternative program for the prior school year.

3.15 ~~(e)~~ (f) When the fiscal agent district for an area learning center changes prior to the  
 3.16 start of a school year, the compensatory revenue shall be paid to the fiscal agent district  
 3.17 for the current school year, and shall not be paid to the fiscal agent district for the prior  
 3.18 school year.

3.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017  
 3.20 and later.

3.21 Sec. 3. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 2,  
 3.22 is amended to read:

3.23 Subd. 2. **General education aid.** For general education aid under Minnesota  
 3.24 Statutes, section 126C.13, subdivision 4:

3.25	\$	6,624,310,000	.....	2016
3.26		6,761,574,000		
3.27	\$	.....	.....	2017

3.28 The 2016 appropriation includes \$622,908,000 for 2015 and \$6,001,405,000 for  
 3.29 2016.

3.30 The 2017 appropriation includes \$638,812,000 for 2016 and ~~\$6,122,762,000~~ \$.....  
 3.31 for 2017.

3.32 Sec. 4. **REPEALER.**

3.33 Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8, is  
 3.34 repealed effective for revenue for fiscal year 2017 and later.

APPENDIX  
Repealed Minnesota Session Laws: 16-5317

**Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 8**

Sec. 70. APPROPRIATIONS.

Subd. 8. **Compensatory revenue pilot project.** (a) For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50:

\$	7,325,000	.....	2016
\$	7,325,000	.....	2017

(b) Of this amount, \$4,730,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$240,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$660,000 in each year is for a grant to Independent School District No. 279, Osseo; \$500,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$520,000 in each year is for a grant to Independent School District No. 535, Rochester; \$205,000 in each year is for a grant to Independent School District No. 833, South Washington; and \$470,000 in each year is for a grant to Independent School District No. 241, Albert Lea. If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

(c) Notwithstanding any law to the contrary, districts participating under this subdivision must post to their district Web sites their plan and accountability measures and data, which may appear as part of the posting requirements of Minnesota Statutes, section 120B.11, subdivision 5.

(d) The base for this program in fiscal year 2018 and later is \$2,325,000. Grants shall be awarded in the same amount as under Laws 2011, First Special Session chapter 11, article 1, section 36: \$1,500,000 is for a grant to Independent School District No. 11, Anoka-Hennepin; \$75,000 is for a grant to Independent School District No. 286, Brooklyn Center; \$210,000 is for a grant to Independent School District No. 279, Osseo; \$160,000 is for a grant to Independent School District No. 281, Robbinsdale; \$165,000 is for a grant to Independent School District No. 535, Rochester; \$65,000 is for a grant to Independent School District No. 833, South Washington; and \$150,000 is for a grant to Independent School District No. 241, Albert Lea.