

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 558**

(SENATE AUTHORS: WIKLUND, Pratt, Hoffman, Kent and Clausen)

DATE	D-PG	OFFICIAL STATUS
02/05/2015	211	Introduction and first reading Referred to Finance

1.1 A bill for an act  
 1.2 relating to education finance; increasing school board flexibility for allocating  
 1.3 compensatory revenue; amending Minnesota Statutes 2014, section 126C.15,  
 1.4 subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2014, section 126C.15, subdivision 2, is amended to read:

1.7 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its  
 1.8 compensatory revenue to each school building in the district or cooperative where  
 1.9 the children who have generated the revenue are served unless the school district or  
 1.10 cooperative has received permission under Laws 2005, First Special Session chapter 5,  
 1.11 article 1, section 50, to allocate compensatory revenue according to student performance  
 1.12 measures developed by the school board.

1.13 (b) Notwithstanding paragraph (a), a district or cooperative may allocate up to ~~five~~  
 1.14 50 percent of the amount of compensatory revenue that the district receives to school  
 1.15 sites according to a plan adopted by the school board, ~~and a district or cooperative may~~  
 1.16 ~~allocate up to an additional five percent of its compensatory revenue for activities under~~  
 1.17 ~~subdivision 1, clause (10), according to a plan adopted by the school board.~~ The money  
 1.18 reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but  
 1.19 may be spent on students in any grade, including students attending school readiness or  
 1.20 other prekindergarten programs.

1.21 (c) For the purposes of this section and section 126C.05, subdivision 3, "building"  
 1.22 means education site as defined in section 123B.04, subdivision 1.

1.23 (d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue  
 1.24 generated by students served at a cooperative unit shall be paid to the cooperative unit.

2.1 (e) A district or cooperative with school building openings, school building  
2.2 closings, changes in attendance area boundaries, or other changes in programs or student  
2.3 demographics between the prior year and the current year may reallocate compensatory  
2.4 revenue among sites to reflect these changes. A district or cooperative must report to the  
2.5 department any adjustments it makes according to this paragraph and the department must  
2.6 use the adjusted compensatory revenue allocations in preparing the report required under  
2.7 section 123B.76, subdivision 3, paragraph (c).

2.8 **EFFECTIVE DATE.** This section is effective July 1, 2015.