

COMPARISON OF CURRENT LAW, PS MINNESOTA REPORT, AND HF 2

	Current Law	PS Minnesota Report	HF2
<b>Pupil Weighting</b>	K=0.612 Grades 1 - 3 = 1.115 Grades 4 - 6 = 1.06 Grades 7 – 12 = 1.30	1.0 weighting all students K-12. Increased kindergarten weighting does not have to be used for all-day kindergarten.	1.0 weighting all students K-12. Increased kindergarten weighting does not have to be used for all-day kindergarten.
<b>Declining Pupil Adjustment</b>	Adjusted marginal cost pupil units calculated on 77% current year and 23% previous year pupil unit count. Growing districts receive full count.	Recognizes need for formula to address problems caused by declining enrollment, but does not endorse specific approach.	Three-year rolling average for pupil count. Growing districts receive full count.
<b>General Education Amount</b>	\$5,124 per <u>weighted average daily membership</u> .	\$5,938 per <u>average daily membership</u> (in 2004-2005 dollars).	\$7,500 per <u>average daily membership</u> . Formula amount is increased by inflation (the implicit price deflator) each year
<b>Sparsity/Remoteness</b>	<u>Secondary Sparsity:</u> Isolation index equal to the square root of .55 times the attendance area plus the number of miles to the nearest high school. Secondary sparsity revenue equal to the formula allowance times the secondary average daily membership times the quotient of 400 minus the secondary average daily membership divided by 400 plus the secondary average daily membership times the lesser of 1.5 or the isolation index minus 23 divided by 10. <u>Elementary Sparsity:</u> Elementary weighted average daily membership times the formula allowance times the quotient of 140 minus elementary average daily membership divided by 140 plus the elementary average daily membership.	Need mentioned but no specific changes suggested.	No change from current law
<b>School Size/Economies of Scale</b>	No adjustment	U-shaped adjustment that provides increased revenue for small and large school outlined in the APA report is referenced with no specifics provided.	No adjustment

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<b>Compensatory Revenue</b>	Based on free or reduced price lunch student count for previous year. Compensation revenue pupil units = 0.6 times (the sum of students receiving free lunch and 0.5 times the students receiving reduced price lunch). Compensatory revenue equals pupil count times (the lesser of: 1 or the quotient of the number of free lunch plus half the number of reduced price lunch pupil divided by the total number of pupils times 100) times the formula allowance amount. Compensatory revenue is calculated and distributed on a per site basis.	Weight of 0.75 for each free or reduced price lunch student.	The <u>greater</u> of 33% (\$2,500) times a district's enrollment of students eligible for free or reduced price lunches <u>or</u> 40% (\$3,000) of the formula allowance times the compensation pupil units computed under current law methodology. Count is based on <u>district-wide</u> numbers, not <u>building</u> numbers.
<b>Limited English Proficiency</b>	\$700 times the greater of 20 or the number of eligible LEP students. There is a five-year limit for students to receive LEP revenue.	Weight of 0.90 for each eligible LEP student. No time limit for pupils. Pupils stop receiving aid after passing T-test.	Number of eligible LEP students times 20% of the formula allowance. The 5 year cap is removed and pupils will stop receiving aid after passing T-test.
<b>Location Adjustment</b>	None	Formula adjustment where each district is weighted for wages (80% of county wages and 20% of economic region wages) and in 13-county metropolitan area, housing costs are used as a second step in determining cost differences.	Formula adjustment where each district is weighted for wages (80% of county wages and 20% of economic region wages) and in 13-county metropolitan area, housing costs are used as a second step in determining cost differences. Formula amount set at the product of 0.50 times the basic formula allowance times the districts adjusted marginal cost pupil units times the district's location equity index minus one.
<b>Referendum Cap</b>	26% of the inflation-adjusted formula allowance (\$1,476 in 2008) or 1.177 times \$1,294 for FY 03 minus \$215.	Referendum and board discretionary authority allowed. Suggested total cap of 20% for combined categories.	No change from current law

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<b>Referendum Equalization</b>	Equalizing factor of \$476,000 per resident pupil unit of referendum market value for first \$700 per resident pupil unit in referendum revenue. Equalizing factor of \$270,000 per resident pupil unit for referendum revenue from \$700 to the cap.	Need mentioned but changes not specified.	No change from current law
<b>Referendum Replacement</b>	None	None	\$500 per resident pupil unit referendum reduction. Property tax relief for districts with per pupil referendum revenue > \$500 per resident pupil unit referendum revenue. Sliding scale between new revenue and property tax reduction of districts with < \$500 per pupil unit in referendum revenue.
<b>Gifted and Talented Revenue</b>	\$12 per adjusted marginal cost pupil unit	Not specified	Reserve of 1% of basic formula revenue set aside for gifted and talented programs.
<b>Career and Technical</b>	Lesser of \$80 times average daily membership or 25% of approved expenditures. All levy.	Not specified	Reserve of 0.5% of basic formula revenue for career and technical programs.
<b>Transportation</b>	Transportation part of basic formula (4.85% of basic formula) and not restricted to transportation services. Transportation sparsity revenue addition calculated by the equation of the basic formula allowance times the logarithm of the district's sparsity index and .26 times the logrightm of the district's density index and .13 minus the basic formula times 4.85%.	Formula rolled out of general fund, but amounts not specified. Suggested that transportation formula be based on explicit state-developed guidelines of what services should be provided. Bus purchase levy, hazardous transportation, accurate accounting of district transportation sparsity needs, funding for between-building transportation, and adjustment for short-term energy cost increases mentioned but not quantified.	Transportation sparsity increased by decreasing the qualifying minimum sparsity distance from 19 to 15 miles. Hazardous transportation aid of up to 20% of a district's total regular to and from school transportation costs for the school year. Bus purchase revenue of up to 5% of a district's transportation spending for the previous year.

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<b>Special Education</b>	<p>Regular Formula: 68% of salaries of teachers and special education staff, 47% of supplies and materials up to \$47 per identified student, 52% of the difference between the general education basic formula allowance and the cost to a resident district for special education services by contract with entities other than a school district, and funding for summer programs in each of those areas.</p> <p>Excess Cost Formula: The <u>greater</u> of 75% of the amount of unreimbursed cost minus 4.36% of the district's general revenue <u>or</u> 70% of the difference between the increase in unreimbursed costs between the base year and the current year and 1.6% of the district's general education revenue <u>or</u> zero. Appropriation Capped.</p>	<p>Regular Formula: 65% of salaries and benefits for teachers and special education staff, 50% of contract expenses, 50% of supplies and equipment.</p> <p>Excess Cost Formula: Need mentioned, but no formula provided. Development of a funding stream to reimburse districts for tuition costs incurred by students using state-sponsored education choice initiatives and court-ordered placement.</p> <p>Appropriation Un-capped.</p>	<p>No change from current law suggested except uncapping of appropriations cap.</p>
<b>Innovation Revenue</b>	None	None	Reserves 1.5% of the basic formula revenue to be used on innovative programs with accountability
<b>Facilities</b>	<p><u>Debt Service:</u> Threshold at 15% for first tier equalization and 25% for second tier equalization. Equalizing factor of \$3,200 per pupil unit of adjusted net tax capacity for first tier and \$8,000 per pupil unit of adjusted net tax capacity for second tier.</p> <p><u>Alternative Facilities:</u> Limited to larger districts.</p> <p><u>Deferred Maintenance:</u> Available to districts not eligible for alternative facilities program with benefit of \$65 per weighted average daily membership. Equalized at \$5,913 per pupil unit of adjusted net tax capacity</p> <p><u>Health and Safety:</u> Limited to state-approved health and safety projects with equalizing factor of \$2,845 per weighted average daily membership.</p>	<p>Talks about need for increased debt service equalization and other programs related to facilities, but does not offer any specific proposals.</p>	<p><u>Debt Service:</u> Eliminates second tier of debt service equalization and increases equalizing factor on the first tier to the state average adjusted net tax capacity per pupil. Also creates agricultural credit to alleviate the debt service burden on agricultural property.</p> <p><u>Alternative Facilities:</u> Makes all districts eligible for the alternative facilities program.</p> <p><u>Deferred Maintenance:</u> Available to districts not using alternative facilities program. Amount is raised to \$100 per pupil and equalized at state average adjusted net tax capacity per pupil.</p> <p><u>Health and Safety:</u> Current law guidelines with increase in the equalizing factor to the state average adjusted net tax capacity pupil.</p>