

Senators Kiscaden, Stumpf, Frederickson and Kierlin introduced—

S. F. No. 889 Referred to the Committee on Finance

1 A bill for an act

2 relating to education finance; providing that
3 agricultural land is not subject to certain school
4 district debt service levies; amending Minnesota
5 Statutes 2004, sections 123B.53, subdivision 5;
6 126C.01, subdivision 2.

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

8 Section 1. Minnesota Statutes 2004, section 123B.53,
9 subdivision 5, is amended to read:

10 Subd. 5. [EQUALIZED DEBT SERVICE LEVY.] (a) The equalized
11 debt service levy of a district equals the sum of the first tier
12 equalized debt service levy and the second tier equalized debt
13 service levy.

14 (b) A district's first tier equalized debt service levy
15 equals the district's first tier debt service equalization
16 revenue times the lesser of one or the ratio of:

17 (1) the quotient derived by dividing the adjusted net tax
18 capacity of the district as defined in section 126C.01,
19 subdivision 2, paragraph (b), for the year before the year the
20 levy is certified by the adjusted pupil units in the district
21 for the school year ending in the year prior to the year the
22 levy is certified; to

23 (2) \$3,200.

24 (c) A district's second tier equalized debt service levy
25 equals the district's second tier debt service equalization
26 revenue times the lesser of one or the ratio of:

1 (1) the quotient derived by dividing the adjusted net tax
 2 capacity of the district for the year before the year the levy
 3 is certified by the adjusted pupil units in the district for the
 4 school year ending in the year prior to the year the levy is
 5 certified; to

6 (2) \$8,000.

7 Sec. 2. Minnesota Statutes 2004, section 126C.01,
 8 subdivision 2, is amended to read:

9 Subd. 2. [ADJUSTED NET TAX CAPACITY.] (a) Except as
 10 provided in paragraph (b), "adjusted net tax capacity" means the
 11 net tax capacity of the taxable property of the district as
 12 adjusted by the commissioner of revenue under section 127A.48.
 13 The adjusted net tax capacity for any given calendar year must
 14 be used to compute levy limitations for levies certified in the
 15 succeeding calendar year and aid for the school year beginning
 16 in the second succeeding calendar year.

17 (b) For purposes of the equalized debt service levy under
 18 section 123B.53, subdivision 5, "adjusted net tax capacity" is
 19 the value described in paragraph (a), reduced by the value of
 20 agricultural land determined under that paragraph.

21 Sec. 3. [EFFECTIVE DATE.]

22 Sections 1 and 2 are effective for taxes levied in 2005,
 23 payable in 2006, and thereafter, related to referenda conducted
 24 after June 30, 2005.

Fiscal Note – 2005-06 Session

Bill #: S0889-0 **Complete Date:** 03/09/05

Chief Author: KISCADEN, SHEILA

Title: AG LAND EXEMPT;DEBT SVC EQUAL LEVIES

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund				3,276	6,867
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund				3,276	6,867
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund				3,276	6,867
Total Cost <Savings> to the State				3,276	6,867

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 889 redefines the tax base to be used in the calculation of equalized debt service levies for bond referenda conducted and approved after June 30, 2005. The new tax base is adjusted net tax capacity (ANTC) excluding the portion of ANTC attributable to properties classified as agricultural. This includes farm, timber and seasonal recreational residential properties.

This bill changes the debt services equalization aid formula by eliminating the agricultural property in the local levy ratio for the new debt service levies (bond issues approved after June 30, 2005). With a lower levy ratio, the aid ratio and the aid would increase. The bill does not exempt agricultural property from taxation, but it does provide tax relief as the result of an increase in debt service aid especially for the high valuation agricultural property districts.

Assumptions

The bill excludes the value of agricultural land from the calculation of debt equalization levy and aid, but does not exclude the owners of agricultural properties from paying taxes attributable to the debt service levies.

Eliminating the agricultural tax capacity in determining the ratios for both tier 1 and tier 2 equalized debt service levies will result in a decrease in equalized debt service levies and a corresponding increase in debt service aid.

S.F. 889 will provide greater debt service aid for the new required debt service levies for bonds approved by the voters after June 30, 2005.

If a district were holding a bond election after June 30, 2005, the bonds would not be sold by July 1, 2005. Bonds must be sold by July 1st for the associated required debt service levy to be eligible for inclusion in the computation of debt service aid for the next following fiscal year. For this reason, Payable 07 debt service levy and FY 08 debt service aid would be the first year of any financial impact under this bill. Clarification is needed in this area.

Most districts have some agricultural valuation. There are only 8 districts with no agricultural tax capacity. Assume a district with some agricultural valuation passes a bond issue in FY 06 and has the bonds sold by July 1, 2006 and the required debt service levy for these bonds is eligible for debt service equalization aid. Let us further assume that the district also has eligible debt from a bond issue approved prior to July 1, 2005 or eligible debt that did not require voter approval.

The current debt service levy and aid formulas are as follows:

Tier 1 Debt Service Revenue * Tier 1 Debt Service Levy Ratio = Tier 1 Debt Service Levy
Tier 1 Debt Service Revenue – Tier 1 Debt Service Levy = Tier 1 Debt Service Aid
Tier 2 Debt Service Revenue * Tier 2 Debt Service Levy Ratio = Tier 2 Debt Service Levy
Tier 2 Debt Service Revenue – Tier 2 Debt Service Levy = Tier 2 Debt Service Aid

This bill would require decisions in the assignment of debt service revenue for local effort, Tier 1 and Tier 2. Clarification is needed as to whether the net eligible required debt service levy for bond issues approved by the voters after June 30, 2005 would be the last component which is added on top of other eligible debt service revenue components. The fiscal note is completed using this assumption.

For Payable 05, 52 districts qualify for tier 1 debt service aid of \$2,366,105. Tier 1 revenue was \$89,187,302. For Payable 05, 66 districts qualify for tier 2 aid of \$22,544,356. Tier 2 revenue was \$38,569,818.

Using Payable 04 data, the agricultural tax capacity represents 11.7% of the total tax capacity statewide. 128 districts have 50% or more of their tax capacity having an agricultural classification.

Many of the districts that pass bond issues will be in the metro area where the impact of the bill will be minimal.

The fiscal impact is measured by the number of school districts that pass a bond referendum after June 30, 2005. The tier 1 equalizing factor is \$3,200 for FY 06. Discounting for an 11% ANTC growth for 2 years provides an equalization factor of \$2,597. This means a district with an ANTC per PU of \$2,597 for FY 06, will have an ANTC per PU near \$3,200 for FY 08. Only 34 districts have an ANTC per PU below \$2,597 for FY 06. It is assumed none of these districts will pass a bond issue in FY 06 or FY 07 that will result in qualifying for debt service aid in FY 08 or FY 09. Assuming this, no district will qualify for greater Tier 1 aid than under current law.

For Payable 05, 66 districts qualify for tier 2 aid of \$22,544,356. Tier 2 revenue was \$38,569,818 for FY 06. Under current law it is projected that 20 districts will pass a bonding referendum in FY 06 and qualify for tier 2 aid of \$8,000,000 for FY 08. If this bill is passed, it is projected that 24 districts will pass a bonding referendum in FY 07 and qualify for tier 2 aid of \$12,000,000 for FY 08. All 24 districts would benefit under this bill due to the change in the tier 2 levy ratio. The net cost (entitlement basis) of this bill for FY 08 would be \$4,000,000. The net cost (entitlement basis) of this bill for FY 09 would be approximately \$7,000,000.

Expenditure and/or Revenue Formula

This bill would increase the state Debt Service Aid Equalization Revenue program in FY 2008 and FY 2009.

FY 08 Current Law

20 districts pass referendum and issue bonds	
Tier 2 Aid	8,000,000
Tier 2 Levy	5,000,000

FY 08 with SF 889

24 districts pass referendum and issue bonds	
Tier 2 Aid	12,000,000
Tier 2 Levy	6,000,000
Change for FY 08	
Aid Increase	4,000,000
Levy Increase	1,000,000

FY 09 Current Law

Last year's 20 districts	
Tier 2 Aid	7,000,000
Tier 2 Levy	6,000,000
This year's 20 districts	
Tier 2 Aid	8,000,000
Tier 2 Levy	5,000,000

Total FY 09 Current Law

Tier 2 Aid	15,000,000
Tier 2 Levy	11,000,000

FY 09 with SF 889

Last year's 24 Districts	
Tier 2 Aid	10,500,000
Tier 2 Levy	7,500,000
This year's 24 Districts	
Tier 2 Aid	12,000,000
Tier 2 Levy	6,000,000

Total with SF 889

Tier 2 Aid	22,500,000
Tier 2 Levy	13,500,000

FY 09 Aid Increase	7,500,000
FY 09 Net Levy Increase	2,000,000

	FY 2008	FY 2009
Entitlement Change	4,000,000	7,500,000
	81.9%	3,276,000
	18.1%	6,142,500.0
		724,000
Total Change in Appropriation	3,276,000	6,866,500

Long-Term Fiscal Considerations

This is a continuing program.

Local Government Costs

Districts must pass a new bond issue that increases local tax burden. The resulting new local tax burden for individual districts will be less under this proposal than under current law.

Agency Contact Name: Bill Kiesow 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/08/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 03/09/05 Phone: 296-6661

Senators Saxhaug, Tomassoni and Bakk introduced--

S.F. No. 1851: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; providing that certain
3 school district refunding bonds are eligible for
4 payments from taconite production tax revenues;
5 amending Laws 1996, chapter 412, article 5, section 24.

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

7 Section 1. Laws 1996, chapter 412, article 5, section 24,
8 is amended to read:

9 Sec. 24. [BONDS PAID FROM TACONITE PRODUCTION TAX
10 REVENUES.]

11 Subdivision 1. [REFUNDING BONDS.] The appropriation of
12 funds from the distribution of taconite production tax revenues
13 to the taconite environmental protection tax fund and the
14 northeast Minnesota economic protection fund made by Laws 1988,
15 chapter 718, article 7, sections 62 and 63, Laws 1989, chapter
16 329, article 5, section 20, Laws 1990, chapter 604, article 8,
17 section 13, Laws 1992, chapter 499, article 5, section 29, and
18 ~~by-sections-18-to-20~~ Laws 1996, chapter 412, article 5, sections
19 20 to 22, and Laws 2000, chapter 489, article 5, sections 24 to
20 26, shall continue to apply to bonds issued under Minnesota
21 Statutes, chapter 475, to refund bonds originally issued
22 pursuant to those chapters.

23 Subd. 2. [LOCAL PAYMENTS.] School districts that are
24 required in Laws 1988, chapter 718, article 7, sections 62 and
25 63, Laws 1989, chapter 329, article 5, section 20, Laws 1990,

1 chapter 604, article 8, section 13, Laws 1992, chapter 499,
2 article 5, section 29, ~~and-by-sections-18-to-20~~ Laws 1996,
3 chapter 412, article 5, sections 20 to 22, and-Laws 2000,
4 chapter 489, article 5, sections 24 to 26, to impose levies to
5 pay debt service on the bonds issued under those provisions to
6 the extent the principal and interest on the bonds is not paid
7 by distributions from the taconite environmental protection fund
8 and the northeast Minnesota economic protection trust, may pay
9 their portion of the principal and interest from any funds
10 available to them. To the extent a school district uses funds
11 other than the proceeds of a property tax levy to pay its share
12 of the principal and interest on the bonds, the requirement to
13 impose a property tax to pay the local share does not apply to
14 the school district.

15 [EFFECTIVE DATE.] This section is effective the day
16 following final enactment.

Consolidated Fiscal Note – 2005-06 Session

Bill #: S1851-0 **Complete Date:** 04/11/05

Chief Author: SAXHAUG, TOM

Title: REFUNDING BONDS PAYMENT AUTHORITY

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Education Department (04/11/05)

Revenue Dept (04/06/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/11/05 Phone: 296-6661

Fiscal Note – 2005-06 Session

Bill #: S1851-0 **Complete Date:** 04/11/05

Chief Author: SAXHAUG, TOM

Title: REFUNDING BONDS PAYMENT AUTHORITY

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 1851 clarifies that districts issuing taconite bonds under 1996 Laws and 2000 Laws are eligible for taconite funding at the original percentage upon refunding of the original bonds.

The 1996 Laws apply to School Districts 316-Coleraine, 696- Ely, 701-Hibbing, 706-Virginia, 2142-St. Louis County, 2154-Eveleth-Gilbert, and 2711-Mesabi East.

The 2000 Laws apply to School Districts 695- Chisholm, 316- Coleraine and 381-Lake Superior.

Assumptions

Taconite funding is provided to school districts through the IRRRB. This bill is a technical change to clarify that the bond issues specified above can be refunded and receive taconite reimbursement on the same percent as was authorized for the initial issue. Many of districts have already refunded their taconite bonds and are currently receiving taconite reimbursement on the refunded amount, so this change will amend what may have been an omission in the original 1996 law.

This proposed change will not impact eligible school district revenue and has no state cost.

Expenditure and/or Revenue Formula

None .

Long-Term Fiscal Considerations

None

Local Government Costs

None

Agency Contact Name: Kiesow, Bill 651-582-8801
FN Coord Signature: AUDREY BOMSTAD
Date: 03/29/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/11/05 Phone: 296-6661

Fiscal Note – 2005-06 Session

Bill #: S1851-0 **Complete Date:** 04/06/05

Chief Author: SAXHAUG, TOM

Title: REFUNDING BONDS PAYMENT AUTHORITY

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

This bill version has no fiscal effect on our agency.

FN Coord Signature: JOHN POWERS
Date: 04/06/05 Phone: 556-4054

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NANCY HOMANS
Date: 04/06/05 Phone: 296-9370

Senator Fischbach introduced--

S.F. No. 283: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education; broadening the health and

3 safety program to include school safety costs

4 associated with student support services; amending

5 Minnesota Statutes 2004, section 123B.57, subdivisions

6 1, 2.

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

8 Section 1. Minnesota Statutes 2004, section 123B.57,

9 subdivision 1, is amended to read:

10 Subdivision 1. [HEALTH AND SAFETY PROGRAM.] (a) To receive

11 health and safety revenue for any fiscal year a district must

12 submit to the commissioner an application for aid and levy by

13 the date determined by the commissioner. The application may be

14 for hazardous substance removal~~;~~ fire and life safety code

15 repairs~~;~~ labor and industry regulated facility and equipment

16 violations~~;~~ and health, safety, and environmental management,

17 including indoor air quality management; and the costs

18 associated with services provided by school psychologists,

19 school counselors, school nurses, and school social workers.

20 The application must include a health and safety program adopted

21 by the school district board. The program must include the

22 estimated cost, per building, of the program by fiscal year.

23 Upon approval through the adoption of a resolution by each of an

24 intermediate district's member school district boards and the

25 approval of the Department of Education, a school district may

26 include its proportionate share of the costs of health and

1 safety projects for an intermediate district in its application.

2 (b) Health and safety projects with an estimated cost of
3 \$500,000 or more per site, approved after February 1, 2003, are
4 not eligible for health and safety revenue. Health and safety
5 projects with an estimated cost of \$500,000 or more per site,
6 approved after February 1, 2003, that meet all other
7 requirements for health and safety funding, are eligible for
8 alternative facilities bonding and levy revenue according to
9 section 123B.59. A school board shall not separate portions of
10 a single project into components to qualify for health and
11 safety revenue, and shall not combine unrelated projects into a
12 single project to qualify for alternative facilities bonding and
13 levy revenue.

14 [EFFECTIVE DATE.] This section is effective for revenue for
15 fiscal year 2006 and later.

16 Sec. 2. Minnesota Statutes 2004, section 123B.57,
17 subdivision 2, is amended to read:

18 Subd. 2. [CONTENTS OF PROGRAM.] A district must adopt a
19 health and safety program. The program must include plans,
20 where applicable, for hazardous substance removal~~;~~ fire and
21 life safety code repairs~~;~~ regulated facility and equipment
22 violations~~;~~ and health, safety, and environmental management,
23 including indoor air quality management; and student support
24 services provided by school psychologists, school counselors,
25 school nurses, and school social workers.

26 (a) A hazardous substance plan must contain provisions for
27 the removal or encapsulation of asbestos from school buildings
28 or property, asbestos-related repairs, cleanup and disposal of
29 polychlorinated biphenyls found in school buildings or property,
30 and cleanup, removal, disposal, and repairs related to storing
31 heating fuel or transportation fuels such as alcohol, gasoline,
32 fuel, oil, and special fuel, as defined in section 296A.01. If
33 a district has already developed a plan for the removal or
34 encapsulation of asbestos as required by the federal Asbestos
35 Hazard Emergency Response Act of 1986, the district may use a
36 summary of that plan, which includes a description and schedule

1 of response actions, for purposes of this section. The plan
2 must also contain provisions to make modifications to existing
3 facilities and equipment necessary to limit personal exposure to
4 hazardous substances, as regulated by the federal Occupational
5 Safety and Health Administration under Code of Federal
6 Regulations, title 29, part 1910, subpart Z; or is determined by
7 the commissioner to present a significant risk to district staff
8 or student health and safety as a result of foreseeable use,
9 handling, accidental spill, exposure, or contamination.

10 (b) A fire and life safety plan must contain a description
11 of the current fire and life safety code violations, a plan for
12 the removal or repair of the fire and life safety hazard, and a
13 description of safety preparation and awareness procedures to be
14 followed until the hazard is fully corrected.

15 (c) A facilities and equipment violation plan must contain
16 provisions to correct health and safety hazards as provided in
17 Department of Labor and Industry standards pursuant to section
18 182.655.

19 (d) A health, safety, and environmental management plan
20 must contain a description of training, record keeping, hazard
21 assessment, and program management as defined in section 123B.56.

22 (e) A plan to test for and mitigate radon produced hazards.

23 (f) A plan to monitor and improve indoor air quality.

24 (g) For fiscal year 2006 and later, a student services plan
25 must describe the activities designed to ensure that students
26 have access to school psychologists, school counselors, school
27 nurses, and school social workers. Eligible plan costs include
28 salary and benefit costs associated with these services.

29 [EFFECTIVE DATE.] This section is effective for revenue for
30 fiscal year 2006 and later.

Fiscal Note – 2005-06 Session

Bill #: S0283-0 **Complete Date:** 02/28/05

Chief Author: FISCHBACH, MICHELLE

Title: HEALTH & SAFETY PROGRAM EXPANSION

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund		1,790	1,920	1,651	1,430
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		1,790	1,920	1,651	1,430
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		1,790	1,920	1,651	1,430
Total Cost <Savings> to the State		1,790	1,920	1,651	1,430

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 283 would expand the scope of the existing health and safety program (M.S. 123B.57) beyond its traditional facility-funding boundary to include the labor costs associated with the following district professionals: psychologists, counselors, nurses and social workers.

Assumptions

It is assumed that all districts currently funding eligible staff with non-special education reimbursed revenue would make use of the proposed program and begin funding their eligible labor costs entirely through the health and safety program.

If some districts choose to fund staff currently funded with state or federal special education aid, costs will increase above those in this fiscal note.

If districts are encouraged to hire additional staff in these categories, costs shown in this fiscal note will increase.

Salary and benefit estimates are based on data reported by school districts on the MDE STAR staff reporting system and the special education EDRS system. Eligible labor costs funded by special education reimbursements have been stripped out as it is assumed that those districts funding labor costs through special education will continue to do so.

Job Type	State Average Salary	State Average Benefits @ 26% of Salary	Total FTEs Statewide (excludes special ed reimbursed staff)	Estimated H&S Cost
Counselors	46,446	12,076	2,056	120,321,232
Psychologists	51,624	13,423	551	35,840,897
Nurses	41,392	10,762	770	40,158,580
Social Workers	42,070	10,939	1,146	60,748,314
			Total Estimated Cost	257,069,023

Labor costs will increase at a rate of 2% per year.

The effective date of the proposed legislation is revenue for FY 2006 and beyond. It is assumed that all districts are at the revenue limit for FY 2006. Since the FY 2006 revenue limit was already been established on the Payable 2005 levy, the Pay 2006 levy would supply the levy proceeds necessary for FY 2006 and FY 2007 revenues. In other words, districts would make a double levy on the Pay 2006 levy for revenues attributable to FY 2006 and FY 2007. Aid for FY 2006 costs would be paid beginning in FY 2006 based on salaries and benefits of staff reported by districts during the Pay 2006 levy cycle.

The amount of the levy certified in December 2005 for FY 2006 costs will be recognized 100% early in FY 2006 according to 126C.48, subd. 6.

Levy changes for Pay 2006 and beyond, revenue for FY 2007 and beyond, resulting from this bill will affect early levy recognition (tax shift) under M.S. 123B.75, Subd. 5. State aid adjustments related to the early recognition will change the required general education appropriation.

Expenditure and/or Revenue Formula

Estimated expenditures by fiscal year are shown in the table below.

Fiscal Year	FY 2006	FY 2007	FY 2008	FY 2009
Estimated Annual Cost	257,069,023	262,210,404	267,454,612	272,803,704
H&S Revenue	257,069,023	262,210,404	267,454,612	272,803,704
State Aid Ratio	0.0085	0.0071	0.006	0.0051
Health and Safety Aid	2,185,087	1,861,694	1,604,728	1,391,299
Appropriations				
81.9% Current	1,789,586	1,524,727	1,314,272	1,139,474
18.1% Final		395,501	336,967	290,456
Total Appropriation	1,789,586	1,920,228	1,651,239	1,429,930
Levy				
Levy Year	Pay 2006	Pay 2006	Pay 2007	Pay 2008
Local Levy		515,232,646	265,849,884	271,412,405

* Both FY 2006 and FY 2007 costs would be levied in the Pay 2006 levy cycle.

Tax shift costs or savings shown below are dependent upon the level of annual district participation in the proposed program.

Tax Shift Rate 0.486
in thousands

	Pay 2006	Pay 2007	Pay 2008
Levy Amt	- 260,349	265,850	271,412
Early Levy Recognition	- 126,529.5	129,203.0	131,906.4
Aid Cost (Savings)			
General Education	- (126,529.5)	(2,673.6)	(2,703.4)

(\$=000s)	FY 2006	FY 2007	FY 2008	FY 2009
Aid Appropriation	\$ 1,789.6	\$ 1,920.2	\$ 1,651.2	\$ 1,429.9
Tax shift Savings	(126,529.5)	(2,673.6)	(2,703.4)	
Net Cost	\$ (124,739.9)	\$ (753.4)	\$ (1,052.2)	\$ 1,429.9

Long-Term Fiscal Considerations

Under current law, total health and safety revenues are expected to be in the \$80 - \$85 million range for FY 2007 – FY 2009. The addition of non-facility related salaries to the health and safety program would vastly increase the costs eligible for health and safety funding thru FY 2009 and beyond.

Local Government Costs

The proposed legislation would lead to a permanent increase in local levies. Local taxpayers would assume over 99% of the costs associated with the proposed program expansion.

Agency Contact Name: Kubesh, Chris 651-582-8319
FN Coord Signature: AUDREY BOMSTAD
Date: 02/22/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/28/05 Phone: 296-6661

Senators Fischbach, Wergin and Stumpf introduced--

S.F. No. 2161: Referred to the Committee on Finance.

1 A bill for an act

2 relating to education finance; allowing school
3 districts flexibility to transfer unused debt service
4 revenue for general purposes; amending Minnesota
5 Statutes 2004, section 475.61, subdivision 4.

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

7 Section 1. Minnesota Statutes 2004, section 475.61,
8 subdivision 4, is amended to read:

9 Subd. 4. [SURPLUS FUNDS.] (a) All such taxes shall be
10 collected and remitted to the municipality by the county
11 treasurer as other taxes are collected and remitted, and shall
12 be used only for payment of the obligations on account of which
13 levied or to repay advances from other funds used for such
14 payments, except that any surplus remaining in the debt service
15 fund when the obligations and interest thereon are paid may be
16 appropriated to any other general purpose by the municipality.
17 However, for obligations authorized before July 1, 2005, the
18 amount of any surplus remaining in the debt service fund of a
19 school district when the obligations and interest thereon are
20 paid shall be used to reduce the general fund ~~levy~~ levies
21 authorized pursuant to chapters 122A, 123A, 123B, 124D, and 126C
22 and the state aids authorized pursuant to chapters 122A, 123A,
23 123B, 124D, 125A, 126C, and 127A. For obligations authorized on
24 July 1, 2005, or thereafter, the amount of any surplus remaining
25 in the debt service fund of a school district when the

1 obligations and interest thereon are paid may be appropriated to
2 any other general purpose by the school district without any
3 reduction in state aid or levies or may be used to reduce the
4 general fund levies authorized under chapters 122A, 123A, 123B,
5 124D, and 126C, and the state aids authorized under chapters
6 122A, 123A, 123B, 124D, 125A, 126C, and 127A.

7 (b) If the district qualified for second tier debt service
8 equalization aid in the last year that it qualified for debt
9 service equalization aid, the reduction to state aids equals the
10 lesser of (1) the amount of the surplus times the ratio of the
11 district's second tier debt service equalization aid to the
12 district's second tier debt service equalization revenue for the
13 last year that the district qualified for debt service
14 equalization aid; or (2) the district's cumulative amount of
15 debt service equalization aid.

16 (c) If the district did not qualify for second tier debt
17 service equalization aid in the last year that it qualified for
18 debt service equalization aid, the reduction to state aids
19 equals the lesser of (1) the amount of the surplus times the
20 ratio of the district's debt service equalization aid to the
21 district's debt service equalization revenue for the last year
22 that the district qualified for debt service equalization aid;
23 or (2) the district's cumulative amount of debt service
24 equalization aid.

25 (d) The reduction to the general fund ~~levy~~ levies equals
26 the total amount of the surplus minus the reduction to state
27 aids.

Senators Skoglund and Skoe introduced--

S.F. No. 2082: Referred to the Committee on Finance.

A bill for an act

2 relating to education finance; limiting a resident
3 school district's obligation to charter schools for
4 unreimbursed special education costs; requiring the
5 state to pay 70 percent of a charter school's
6 remaining special education costs; amending Minnesota
7 Statutes 2004, sections 124D.11, subdivision 5;
8 125A.11, subdivision 1, by adding a subdivision;
9 125A.79, subdivision 6; proposing coding for new law
10 in Minnesota Statutes, chapter 125A.

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

12 Section 1. Minnesota Statutes 2004, section 124D.11,
13 subdivision 5, is amended to read:

14 Subd. 5. [SPECIAL EDUCATION AID.] (a) Except as provided
15 in subdivision 2, special education aid must be paid to a
16 charter school according to section 125A.76, as though it were a
17 school district. The charter school may charge tuition to the
18 district of residence equal to the lesser of the district's
19 initial unreimbursed special education cost per adjusted
20 marginal cost pupil unit or the charter school's initial
21 unreimbursed special education cost per adjusted marginal cost
22 pupil unit.

23 (b) The charter school may submit a tuition bill in an
24 amount equal to 70 percent of its remaining unreimbursed costs
25 to the commissioner of education as provided in section 125A.11.

26 (c) For purposes of this subdivision, "initial unreimbursed
27 special education cost" means the difference between the school
28 district or charter school's total special education costs for

1 that year and its regular special education revenue.

2 [EFFECTIVE DATE.] This section is effective July 1, 2005,
3 for revenue for fiscal year 2006.

4 Sec. 2. Minnesota Statutes 2004, section 125A.11,
5 subdivision 1, is amended to read:

6 Subdivision 1. [NONRESIDENT TUITION RATE; OTHER COSTS.]
7 When a school district provides instruction and services outside
8 the district of residence, board and lodging, and any tuition to
9 be paid, shall be paid by the district of residence, except as
10 provided in subdivision 4. The tuition rate to be charged for
11 any child with a disability must be the actual cost of providing
12 special instruction and services to the child including a
13 proportionate amount for capital outlay and debt service but not
14 including any amount for transportation, minus the amount of
15 special aid for children with a disability received on behalf of
16 that child. If the boards involved do not agree upon the
17 tuition rate, either board may apply to the commissioner to fix
18 the rate. The commissioner must then set a date for a hearing,
19 giving each board at least ten days' notice, and after the
20 hearing the commissioner must make an order fixing the tuition
21 rate, which is binding on both school districts.

22 [EFFECTIVE DATE.] This section is effective July 1, 2005,
23 for revenue for fiscal year 2006.

24 Sec. 3. Minnesota Statutes 2004, section 125A.11, is
25 amended by adding a subdivision to read:

26 Subd. 4. [CHARTER SCHOOL TUITION RATE.] (a) When a charter
27 school provides instruction and services to a child with a
28 disability, the tuition rate to be charged to the resident
29 school district for that child must equal the amount determined
30 under section 124D.11, subdivision 5.

31 (b) The charter school may bill the commissioner of
32 education for 70 percent of the difference between the actual
33 cost of providing special instruction and services to the child
34 including a proportionate amount for capital outlay and debt
35 service but not including any amount for transportation, and the
36 sum of the amount of special aid for children with a disability

1 received on behalf of that child directly from the regular
 2 special education formula and the tuition paid by the resident
 3 school district to the charter school.

4 (c) The commissioner must pay the unfunded special
 5 education costs directly to the charter school from the charter
 6 school special education account according to section 125A.795.

7 [EFFECTIVE DATE.] This section is effective July 1, 2005,
 8 for revenue for fiscal year 2006.

9 Sec. 4. [125A.795] [CHARTER SCHOOL SPECIAL EDUCATION
 10 REIMBURSEMENT ACCOUNT.]

11 Subdivision 1. [ACCOUNT CREATED.] The charter school
 12 special education reimbursement account is created in the state
 13 general fund.

14 Subd. 2. [REVENUE.] The estimated amount necessary to pay
 15 for the state share of net unreimbursed special education costs
 16 of charter school pupils with a disability is transferred from
 17 the appropriation for special education excess cost aid to the
 18 charter school special education reimbursement account.

19 Subd. 3. [REVIEW.] The commissioner of education must
 20 examine the tuition bills from charter schools and may adjust
 21 the bills in the same manner as authorized under section 125A.80.

22 [EFFECTIVE DATE.] This section is effective July 1, 2005,
 23 for revenue for fiscal year 2006.

24 Sec. 5. Minnesota Statutes 2004, section 125A.79,
 25 subdivision 6, is amended to read:

26 Subd. 6. [STATE TOTAL SPECIAL EDUCATION EXCESS COST AID.]
 27 The state total special education excess cost aid for fiscal
 28 year 2004 equals \$92,067,000. The state total special education
 29 aid for fiscal year 2005 equals \$91,811,000. The state total
 30 special education excess cost aid for fiscal year 2006 and later
 31 fiscal years equals:

32 (1) the state total special education excess cost aid for
 33 the preceding fiscal year; times

34 (2) the program growth factor; times

35 (3) the ratio of the state total average daily membership
 36 for the current fiscal year to the state total average daily

1 membership for the preceding fiscal year;
2 (4) all less the amount transferred into the charter school
3 special education reimbursement account under section 125A.795.
4 [EFFECTIVE DATE.] This section is effective July 1, 2005,
5 for revenue for fiscal year 2006.

Fiscal Note – 2005-06 Session

Bill #: S2082-0 **Complete Date:** 04/11/05

Chief Author: SKOGLUND, WESLEY

Title: CHARTER SCHOOLS SPEC ED COSTS PYMT

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 2082

1. allows charter schools to charge tuition for special education services to the district of residence equal to the lesser of the district's initial unreimbursed special education cost per adjusted marginal cost pupil unit or the charter school's initial unreimbursed special education cost per adjusted marginal cost pupil unit,
2. allows charter schools to submit a tuition bill in the amount equal to 70 percent of its remaining unreimbursed special education costs to the commissioner of education, and
3. establishes a charter school special education account to meet the obligations of #2 above. This account is to be funded by transferring funds from the special education excess cost appropriation.

Assumptions

This bill would have no fiscal impact to state government because both the special education regular formula and the special education excess cost formula are capped formulas and appropriations. However, this bill can be expected to impact local school districts and charter schools in several ways.

1. The bill authorizes charter schools to bill school districts for the lesser of the district's initial unreimbursed special education cost per adjusted marginal cost pupil unit or the charter school's initial unreimbursed special education cost per adjusted marginal cost pupil unit. "Initial unreimbursed special education cost" is defined as the difference between the school district or charter school's total special education costs for that year and its regular special education revenue. This information is not finalized until December 30 following the close of the fiscal year for which services are provided and bills constructed. While charter schools might be able to estimate their own costs and revenues, this information will be difficult for them to obtain in a timely manner from all resident school districts.
2. The bill provides that "charter schools may bill the commissioner of education for 70 percent of the difference between the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for transportation, and the sum of the amount of special aid for children with a disability received on behalf of that child directly from the regular special education formula and the tuition paid by the resident school district to the charter school." Charter schools do not have any debt service obligations since they may not own buildings. Since capital outlay is not included in the tuition billing under subdivision 5, all costs associated with capital outlay will now be paid by the commissioner from the reimbursement account.
3. The estimated amount necessary to pay for the state share of net unreimbursed special education costs of charter schools pupils with a disability is transferred from the appropriation for special education excess cost aid to the charter school special education reimbursement account. This would have the effect of transferring the cost difference between the charter school unreimbursed cost per AMCPU and the resident school district cost per AMCPU and obligations for capital outlay for charter schools from the resident district to all school districts in proportion to the amount of excess cost aid each district receives. This will result in a redistribution of special education cross-subsidies, reducing the cross-subsidies in districts with high concentrations of resident charter school students, and increasing cross-subsidies in districts that receive significant amounts of excess cost aid, but have fewer resident charter school students.
4. As a part of the uniform special education tuition billing, districts bill for
 - a. a portion of administrative costs attributable to the student, and
 - b. for students placed in another program based on the Individual Education Plan, where the serving organization does not receive general education revenue attributable to the student, the portion of general education funds earned by the student for the time the student spends in general education classrooms.

This bill makes no provision for procedures to replicate this portion of the billing. It is assumed the districts need to develop procedures to bill for general education services.

Clarification is needed regarding the calculations in section 1 of the bill. First, clarification is needed on whether the calculations are to be done separately for each disability or using district aggregate data. Second, clarification is needed on whether the pupil units used include all students or only students with disabilities. Under current law, tuition calculations are based on current year unweighted special education students, as opposed to AMCPU.

Many charter schools currently bill resident school districts on a quarterly or other basis rather than annually to maintain adequate cash to meet current obligations. Since determination of initial unreimbursed special education cost will not be possible until after the school year is over and districts have reported costs and pupil data, tuition bill amounts will not be known until late fall based on preliminary reported data, and after December 30 for audited data including both financial and student data. Billings submitted to the commissioner will likely not be paid until

January or February following the close of the school year. This may create cash flow issues for some charter schools serving proportionately high numbers of students with disabilities.

Expenditure and/or Revenue Formula

There is no state cost.

Long-Term Fiscal Considerations

This is a continuing program.

Local Government Costs

School districts may be billed for lower tuition costs for resident students enrolled in charter schools if the district unreimbursed special education cost per AMCPU is less than charter school unreimbursed cost per AMCPU. This may have some marginal effect on district qualification for excess cost aid and the amount of aid the district may receive.

The excess cost appropriation will be reduced by the amount of aid required to reimburse charter schools for unreimbursed costs. District revenue statewide will be reduced.

References/Sources

Agency Contact Name: Landers, Mike 651-582-8810
FN Coord Signature: AUDREY BOMSTAD
Date: 04/07/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/11/05 Phone: 296-6661

Senators Johnson, D. J. and Jungbauer introduced—

S. F. No. 465 Referred to the Committee on Education

A bill for an act

2 relating to education; modifying student
3 transportation fees; amending Minnesota Statutes 2004,
4 sections 123B.36, subdivision 1; 123B.37, subdivision
5 1; 123B.88, subdivision 1.

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

7 Section 1. Minnesota Statutes 2004, section 123B.36,
8 subdivision 1, is amended to read:

9 Subdivision 1. [SCHOOL BOARDS MAY REQUIRE FEES.] (a) For
10 purposes of this subdivision, "home school" means a home school
11 as defined in sections 120A.22 and 120A.24 with five or fewer
12 students receiving instruction.

13 (b) A school board is authorized to require payment of fees
14 in the following areas:

15 (1) in any program where the resultant product, in excess
16 of minimum requirements and at the pupil's option, becomes the
17 personal property of the pupil;

18 (2) admission fees or charges for extra curricular
19 activities, where attendance is optional and where the admission
20 fees or charges a student must pay to attend or participate in
21 an extracurricular activity is the same for all students,
22 regardless of whether the student is enrolled in a public or a
home school;

24 (3) a security deposit for the return of materials,
25 supplies, or equipment;

1 (4) personal physical education and athletic equipment and
2 apparel, although any pupil may personally provide it if it
3 meets reasonable requirements and standards relating to health
4 and safety established by the board;

5 (5) items of personal use or products that a student has an
6 option to purchase such as student publications, class rings,
7 annuals, and graduation announcements;

8 (6) fees specifically permitted by any other statute,
9 including but not limited to section 171.05, subdivision 2;
10 provided (i) driver education fees do not exceed the actual cost
11 to the school and school district of providing driver education,
12 and (ii) the driver education courses are open to enrollment to
13 persons between the ages of 15 and 18 who reside or attend
14 school in the school district;

15 (7) field trips considered supplementary to a district
16 educational program;

17 (8) any authorized voluntary student health and accident
18 benefit plan;

19 (9) for the use of musical instruments owned or rented by
20 the district, a reasonable rental fee not to exceed either the
21 rental cost to the district or the annual depreciation plus the
22 actual annual maintenance cost for each instrument;

23 (10) transportation of pupils to and from extra curricular
24 activities conducted at locations other than school, where
25 attendance is optional;

26 (11) transportation to and from school of secondary pupils
27 living within two miles from school, elementary pupils living
28 within one mile from school, and all other transportation
29 services not required by law. If a district charges fees for
30 transportation of pupils, it must establish guidelines for that
31 transportation to ensure that no pupil is denied transportation
32 solely because of inability to pay;

33 (12) motorcycle classroom education courses conducted
34 outside of regular school hours; provided the charge must not
35 exceed the actual cost of these courses to the school district;

36 (13) transportation to and from postsecondary institutions

1 for pupils enrolled under the postsecondary enrollment options
2 program under section 123B.88, subdivision 22. Fees collected
3 for this service must be reasonable and must be used to reduce
4 the cost of operating the route. Families who qualify for
5 mileage reimbursement under section 124D.09, subdivision 22, may
6 use their state mileage reimbursement to pay this fee. If no
7 fee is charged, districts must allocate costs based on the
8 number of pupils riding the route.

9 Sec. 2. Minnesota Statutes 2004, section 123B.37,
10 subdivision 1, is amended to read:

11 Subdivision 1. [BOARDS SHALL NOT CHARGE CERTAIN FEES.] (a)
12 A board is not authorized to charge fees in the following areas:

13 (1) textbooks, workbooks, art materials, laboratory
14 supplies, towels;

15 (2) supplies necessary for participation in any
16 instructional course except as authorized in sections 123B.36
17 and 123B.38;

18 (3) field trips that are required as a part of a basic
19 education program or course;

20 (4) graduation caps, gowns, any specific form of dress
21 necessary for any educational program, and diplomas;

22 (5) instructional costs for necessary school personnel
23 employed in any course or educational program required for
24 graduation;

25 (6) library books required to be utilized for any
26 educational course or program;

27 (7) admission fees, dues, or fees for any activity the
28 pupil is required to attend;

29 (8) any admission or examination cost for any required
30 educational course or program;

31 (9) locker rentals;

32 (10) transportation to and from school of secondary pupils
33 living two miles or more from school or of elementary pupils
34 living one mile or more from school.

35 (b) Notwithstanding paragraph (a), clauses (1) and (6), a
36 board may charge fees for textbooks, workbooks, and library

1 books, lost or destroyed by students. The board must annually
2 notify parents or guardians and students about its policy to
3 charge a fee under this paragraph.

4 Sec. 3. Minnesota Statutes 2004, section 123B.88,
5 subdivision 1, is amended to read:

6 Subdivision 1. [PROVIDING TRANSPORTATION.] The board may
7 provide for the transportation of pupils to and from school and
8 for any other purpose. The board may also provide for the
9 transportation of pupils to schools in other districts for
10 grades and departments not maintained in the district, including
11 high school, at the expense of the district, when funds are
12 available therefor and if agreeable to the district to which it
13 is proposed to transport the pupils, for the whole or a part of
14 the school year, as it may deem advisable, and subject to its
15 rules. In any district, the board must arrange for the
16 attendance of all secondary pupils living two miles or more from
17 the school and of all elementary pupils living one mile or more
18 from the school, except pupils whose transportation privileges
19 have been voluntarily surrendered under subdivision 2, or whose
20 privileges have been revoked under section 123B.91, subdivision
21 1, clause (6), or 123B.90, subdivision 2. The district may
22 provide for the transportation of or the boarding and rooming of
23 the pupils who may be more economically and conveniently
24 provided for by that means. Arrangements for attendance may
25 include a requirement that parents or guardians request
26 transportation before it is provided. The board must provide
27 transportation to and from the home of a child with a disability
28 not yet enrolled in kindergarten when special instruction and
29 services under sections 125A.03 to 125A.24, 125A.26 to 125A.48,
30 and 125A.65 are provided in a location other than in the child's
31 home. When transportation is provided, scheduling of routes,
32 establishment of the location of bus stops, manner and method of
33 transportation, control and discipline of school children, the
34 determination of fees, and any other matter relating thereto
35 must be within the sole discretion, control, and management of
36 the board. The district may provide for the transportation of

1 pupils or expend a reasonable amount for room and board of
2 pupils whose attendance at school can more economically and
conveniently be provided for by that means or who attend school
4 in a building rented or leased by a district within the confines
5 of an adjacent district.

Fiscal Note – 2005-06 Session

Bill #: S0465-0 **Complete Date:** 02/02/05

Chief Author: JOHNSON, DEBBIE

Title: STUDENT TRANSP FEES CHARGING AUTH

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 465 amends 123B.88 by changing the requirement for transporting elementary students from those living two miles or more from school to those living one mile or more from school. Secondary students are to be provided transportation if they live two miles or more from school.

Fee laws in M.S.123B.36 are amended to allow schools to charge fees for transportation of secondary students living less than two miles from school and for elementary students living less than one mile from school.

M.S. 123B.37 is amended to prohibit a transportation fee for secondary students living two miles or more from school and elementary students living one mile or more from school.

Assumptions

District transportation policies vary across the state. Some districts bus only students who live two miles or more from school. Some districts charge fees to anybody living under two miles from school and who do not qualify for the free lunch program. Others transport students living with two miles of school free.

School districts are currently required to provide transportation free of charge for all students living more than two miles from school.

Under this bill, districts would be required to provide free transportation for elementary students living more than one mile from school. Currently, school districts are allowed to charge a transportation fee for students living within two miles of school. This bill would change current law to allow elementary transportation fees for only students living within one mile of school.

Additional cost will be incurred by a district for transporting elementary students living between one mile and two miles from school. For some districts, additional buses and/or bus routes may be required. There is no additional state revenue provided to school districts for this service and districts may not charge families a fee for this service.

Districts currently charging a fee for transportation of elementary students living within one mile of school will lose fee revenue.

It is a local decision to charge fees for allowable transportation situations.

MDE does not collect data to calculate the amount of transportation fees districts may charge and collect under this bill. There is not an easy way to determine these fees and MDE does not collect this type of information from school districts. MDE does not know 1) which districts transport all elementary students, 2) which districts transport elementary students who live less than one mile and who would encounter a hazard, 3) which districts transport only elementary students who live one mile or more from school, 4) which districts transport only elementary students who live two miles or more from school, etc.

In FY 2003, the average cost of transporting a regular/excess category student was \$286.50.

Expenditure and/or Revenue Formula

No state impact.

Long-Term Fiscal Considerations

The change would be permanent.

Local Government Costs

Districts will incur additional costs equal to costs of transporting elementary students living from one to two miles from school.

Depending on local school district policies, revenues from fees may decrease to reflect prohibition of transportation fees for elementary students living one to two miles from school.

Agency Contact Name: Schroeder, Linda 651-582-8855
FN Coord Signature: AUDREY BOMSTAD
Date: 02/01/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 02/02/05 Phone: 296-6661