

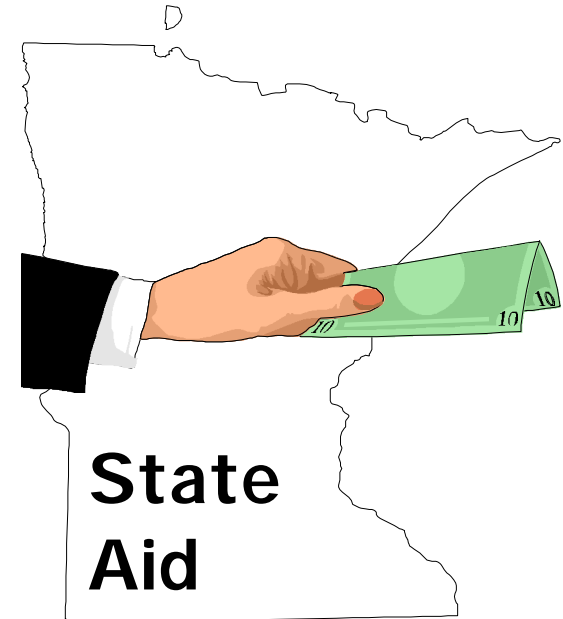
Financing Education in Minnesota 1999-2000

A Publication of the
Minnesota House of
Representatives
Fiscal Analysis
Department



August, 1999

Education Revenue



$$\text{Total Dollars} = \text{Local Levy} + \text{State Aid}$$

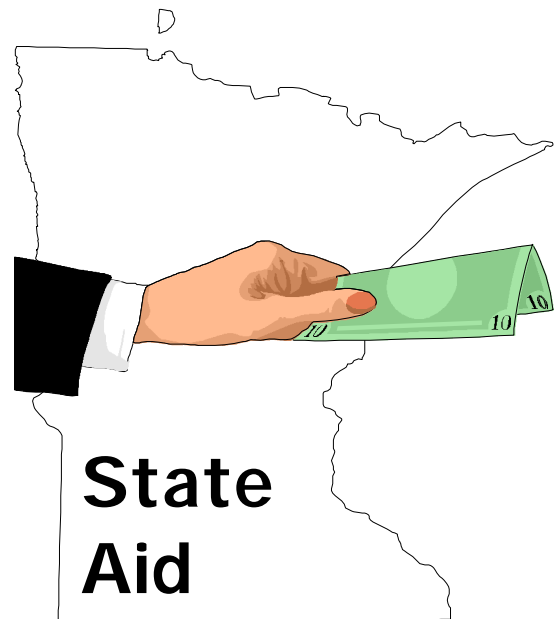
TOTAL DOLLARS
Pupil Units
X
Formula Allowance



LOCAL LEVY
Tax Capacity Rate
X
Tax Capacity



STATE AID
Total Dollars
minus
Local Levy



Financing Education in Minnesota

1999-2000

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For additional information, contact:

Greg Crowe
Fiscal Analyst
K-12 Finance Division
MN House of Representatives
378 State Office Building
St. Paul, Minnesota 55155

(651) 296-7165
greg.crowe@house.leg.state.mn.us

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or on the Internet at the Fiscal Analysis Department Home page:
<http://www.house.leg.state.mn.us/fiscal/fahome.htm>

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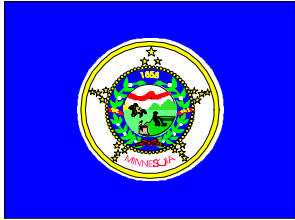
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Introduction



“The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.”
- Minnesota Constitution, Article XIII, Section 1

The financing of elementary and secondary education in Minnesota is through a combination of state-collected taxes (primarily income and sales) and locally collected property taxes. Revenue to school districts is received in three major categories, all of which are described in greater detail in this booklet. In summary, the three categories are:

1. State Education Finance Appropriations

- A. General Education Aid - The largest share of the education finance appropriation, general education aid, is intended to provide the basic financial support for the education program as well as equalize differences in property wealth between districts.
- B. Categorical Aids - Categorical revenue formulas are generally used to meet costs that vary significantly between districts (i.e., special education) or promote certain types of programs (i.e., secondary vocational aid).

2. State Paid Property Tax Credits

Property tax credits reduce the amount of property taxes paid. To make up for this reduction, the state pays the difference between what was levied in property taxes and what is actually received in property taxes to school districts and other taxing districts. Beginning in 1998-99, a new education homestead credit became effective, reducing overall school levies.

3. Property Tax Levies

Property tax levies are usually determined as part of a formula that includes state aid. The largest share of the levy is part of the general education formula. In addition, the property tax levy is the major source of revenue for school building programs.

Minnesota Education Finance Terms

General Education Program - The general education program is the method by which school districts receive the majority of their financial support.

- A. **Basic Revenue and General Education Levy:** The basic general education formula establishes the minimum level of funding for school districts. General education aid is determined by subtracting the amount raised by the general education levy from the formula allowance times pupil units. Both the basic formula allowance and the general education levy are set each year in legislation.

<u>School Year</u>	<u>Formula Allowance</u>	<u>Tax Rate</u>
1990-91	2,953	26.3%
1991-92	3,050	26.4%
1992-93	3,050	27.9%
1993-94	3,050	30.7%
1994-95	3,150	34.9%
1995-96	3,205 (a)	34.2%
1996-97	3,505 (b)	40.8% (b)
1997-98	3,581	37.4%
1998-99	3,530 (c)	36.9%
1999-2000	3,740 (d)	36.58%
2000-01	3,875 (e)	35.78%

- (a) The formula for 1995-96 was originally \$55 lower. The amount added to the formula in each of those years is all state aid and is not used to determine the equalizing factor.
- (b) The formula and tax rate for 1996-97 reflect the “roll-in” of a major portion of transportation funding and training experience funding into the general education formula. The formula increase of \$300 (\$3,205 to \$3,505) reflects that roll-in. The tax rate reflects the roll-in and also includes the property tax portion of the operating capital funding.
- (c) The formula allowance for 1998-99 reflects the “roll-out” of training and experience funding from the general education formula. The decrease of \$51 (\$3,581 to \$3,530) is the net result of the \$130 reduction for the roll-out of training and experience and a \$79 increase in the formula.
- (d) The formula allowance for 1999-2000 reflects the “roll-in” of graduation standards revenue into the general education formula. The increase of \$210 (\$3,530 to \$3,740) is the net result of the \$43 roll-in of graduation standards revenue and a \$167 increase in the formula.
- (e) The formula allowance for 2000-01 will be \$50 higher if the November 1999 forecast of State revenues indicates that there will be a projected surplus large enough to fund a higher formula amount.

The general education formula is an “equalized” formula - the state pays in aid the difference between what is raised by the local levy and the formula allowance. The portion that is local levy can be determined by comparing a district's basic revenue (formula allowance times pupil units) to the product of the general education tax rate times the district’s adjusted net tax capacity (ANTC).

The basic revenue allowance for each district for the 1999-2000 school year is \$3,740 per pupil unit. Of this amount, the revenue resulting from .115 times K-3 and .06 times 4th-6th grade pupil units must be reserved to reduce kindergarten and elementary classes to one teacher per 17 pupils. State aid of \$3.0 billion and property tax levy of \$1.3 billion provide the basic revenue for all districts.

B. Basic Skills Revenue: Basic skills revenue began in the 1998-99 school year, and includes the former Compensatory, Limited English Proficiency (LEP), LEP concentration, and Assurance of Mastery revenues. While these revenues are combined into a single category, the funding available for Basic Skills revenue is based on the prior formulas for the individual components. The components are:

Compensatory revenue. School sites where pupils eligible for free and reduced priced lunches attend receive compensatory revenue based on the number of eligible pupils at the site. Compensatory revenue increases as the percent of free and reduced price pupils at a particular school site increases (however, the percent is capped).

Limited English Proficiency. Districts receive LEP revenue based on the cost of providing services to students with limited proficiency in English. In addition, a per pupil amount is provided to districts with concentrations of LEP students. The per pupil funding increases as the concentration increases (though the concentration percentage is capped).

Assurance of Mastery Revenue. Districts that identify direct instructional services to assure that K-8 pupils master learner outcomes in communications and math are eligible for state aid up to \$22.50 per K-8 pupil unit.

All school districts will receive some portion of approximately \$253 million in basic skills revenue in the 1999-2000 school year. (\$205 million in Compensatory revenue, \$33 million in the LEP revenues, and \$14 million in Assurance of Mastery revenue.).

C. Operating Sparsity Revenue: Sparsity revenue provides additional funding for small and isolated schools. This revenue acknowledges the higher cost of necessarily small education programs. There are two parts to the sparsity formula, one for elementary schools and one for secondary schools. A district is eligible for elementary sparsity revenue for elementary schools that average 20 or fewer pupils per grade and are 19

miles or more from the nearest elementary schools. A district is eligible for secondary sparsity revenue for secondary schools with less than 400 pupils that serve a large geographic area and are a substantial distance from another secondary school. A total of \$11 million of sparsity revenue is allocated to about 73 districts in 1999-2000.

- D. **Transition Revenue:** Transition revenue is intended to minimize the negative impact of formula changes on individual school district revenue. There are two components of transition revenue for the 1999-2000 school year: transportation transition and compensatory transition. In the 1996-97 school year the basic formula increased by \$170 per pupil unit, representing the "roll-in" of transportation revenue. Transition revenue assures that districts which, in the 1995-96 school year, had received more than 4.89% of the basic formula amount (which represents the \$170 adjusted for the 1996-97 formula amount) in transportation revenue (excluding the amounts reflected in the transportation sparsity revenue and the targeted needs transportation revenue) will continue to receive that amount as transition revenue.

In the 1997-98 school year, AFDC revenue was replaced with compensatory revenue, and the basis for calculating the compensatory revenue formula was changed from pupils receiving AFDC to pupils eligible for free and reduced priced lunches. This change resulted in a reduction in revenue for some districts. Compensatory transition revenue is the difference between what a district would have received in the 1997-98 school year under the AFDC formula and its current year compensatory revenue, but the amount can not be negative.

Transition revenue is an aid and levy combination based on a fixed equalizing factor of \$8,404. 134 school districts receive transition revenue, amounting to \$14 million for the 1999-2000 school year.

- E. **Transportation Sparsity Revenue:** The transportation sparsity allowance provides districts with additional funding based on the number of pupil units per square mile in the school district. Approximately \$47 million in transportation sparsity revenue is divided among all school districts, with revenue amounts per district ranging from \$0 to \$486 per pupil unit.
- F. **Operating Capital Revenue:** The operating capital formula has a component representing the former equipment formula (\$68 per pupil unit) and a component representing the former facilities formula (\$100 times the district's maintenance cost index). Operating capital revenue ranges from \$168 to \$216 per pupil unit in 1999-2000 and totals \$191 million statewide.

G. **Supplemental Revenue:** Supplemental revenue was originally a grandfather revenue for some school districts. Beginning in the 1993-94 school year, supplemental revenue became a fixed amount, and has since been adjusted three times. First, a district's supplemental revenue was reduced by the increase in the formula allowance between the 1993-94 and 1994-95 school years (\$100) and by 25 percent of increases in training and experience revenue and compensatory revenue between the 1993-94 and 1994-95 school years. Second, supplemental revenue was increased for the 1997-98 school year by the amount of post-secondary replacement aid a district had received in the 1996-97 school year. Finally, for the 1999-2000 school year, some districts were exempted from the 1994-95 reductions, and two districts were added at a fixed amount. Supplemental revenue is an aid and levy combination based on a fixed equalizing factor of \$8,404. 32 districts receive approximately \$8 million in supplemental revenue.

H. **Equity Revenue:** Equity Revenue is intended to reduce the disparity between the highest and lowest revenue districts on a regional basis. For the purposes of equity revenue, there are two regions in the state: the seven-county metropolitan area and the balance of the state. In each region, districts are ranked according to their total basic, transition, supplemental and referendum revenue. Any district which is below the 90th percentile of revenue in those four components combined is eligible for equity revenue, except cities of the first class, which are automatically excluded.

A district without an excess levy referendum is eligible for \$22 per pupil. A district with an excess levy referendum is eligible for \$10 per pupil, plus an additional amount based on their percentile ranking. To determine how much extra revenue a district receives, the district's equity index is calculated by dividing the difference between the district's revenue in the four categories and the regional 90th percentile of revenue in those four categories by the difference between the regional 5th and 90th percentiles. The result is multiplied by \$30. The product of that calculation is added to the basic \$10 to generate the district's equity revenue.

For districts with an excess referendum, the revenue can range from \$10 to \$40, depending on the district's percentile ranking in the revenue in the four components. Statewide, 312 districts qualify for the revenue, sharing a total of \$21 million.

I. **Training and Experience Revenue:** Training and experience revenue is based on the experience and education of a school district's faculty. Beginning in the 1998-99 school year, only teachers hired prior to or during 1996-97 are counted for the purposes of computing a school district's training and experience revenue. Training and experience revenue ranges from \$0 to \$188 per pupil unit per district in 1999-2000 and totals \$80 million statewide.

- J. **Referendum Adjustment Revenue:** Districts whose referendum is still reduced by the \$100 reduction from 1993 are eligible for referendum adjustment aid of \$25 per pupil if their referendum revenue per pupil is below the cap. 150 school districts will receive referendum adjustment aid in 1999-2000, with a total of \$10 million statewide.

- K. **Shared-Time Aid:** If a nonpublic school student attends a public school for part of a day, the public school district receives a prorated share of general education aid for the student.

Referendum Revenue - Referendum revenue allows districts to increase the revenue available in their general fund with the approval of the voters in the district. A referendum to increase the general fund revenue may be held only on the first Tuesday following the first Monday in November (election day) except that elections may be held at a different time if (a) the district is in statutory operating debt and receives commissioner's approval, (b) the election is held by mail. A referendum election may be held in the calendar year before it is levied or one year earlier.

The first \$350 per pupil of a referendum levy is equalized at \$8,404. Beginning in the 2000-2001 school year, the equalized amount will be the first \$415 of excess referendum. For the 1999-2000 school year, 285 districts have referendum levies totaling \$295 million. In addition, most of those districts receive referendum equalization aid totaling \$152 million. Referendum revenue is capped at an amount equal to 25 percent of the basic general education formula allowance minus \$300 (\$860 in the 1999-2000 school year). District referendum revenue may not exceed this amount except that if a district's referendum revenue is already above the capped amount, the district can maintain the higher level, but the amount may not be increased. In addition, if a district is eligible for sparsity revenue, it may exceed the referendum limit.

Referendum revenue was reduced by the general education formula increase between the 1993-94 and 1994-95 school years (\$100). Also, revenue in excess of \$315 per pupil unit was reduced by 25 percent of increases in training and experience revenue and compensatory revenue between the 1993-94 and 1994-95 school years. (These reductions applied first to supplemental revenue, amounts remaining after the supplemental reduction applied to referenda.) However, in a district with a low fund balance, no supplemental revenue, low adjusted net capacity, and a high referendum amount, the reduction may have been less than the increase in the formula allowance.

Referendum levies approved after November 1, 1992 must be certified on market value rather than ANTC. (ANTC provides tax advantages for residential and agricultural property compared to commercial and industrial property, market value treats most property the same.) Districts with referendum levies on ANTC may convert those levies to market value over several years.

Unless set to expire sooner, most referendum revenue will expire July 1, 2000 (after the payable 2000 levy year) and will have to be approved by the voters again to be continued. Districts that convert referendum revenue from ANTC to market value may have several more years before the revenue amount expires.

Equalizing Factor - The dollar amount used to calculate the state and local shares in formulas which are equalized. The general education equalizing factor is a variable equalizing factor, calculated by dividing the basic formula amount by the general education tax rate. Other equalizing factors are fixed, such as supplemental, which is set at \$8,404. The percent of revenue in a given formula which will be raised through local levies is equal to the district's property value (in ANTC or market value for referendum) divided by the equalizing factor. In the case of supplemental, a district with \$4,202 in ANTC per pupil unit will raise 50% of its supplemental revenue locally ($\$4,202 / \$8,404 = .5$).

Pupil Weighting - A weighted count of pupils used to determine revenue in many formulas:

One Kindergarten Pupil	=	.557 pupil units
One Elementary Pupil (grade 1-3)	=	1.115 pupil units
One Elementary Pupil (grade 4-6)	=	1.06 pupil units
One Secondary Pupil (grade 7-12)	=	1.3 pupil units

A Preschool Pupil with Disabilities is counted as 1.25 pupil units for the ratio of hours of service to 825 with a minimum of .28 pupil unit and a maximum of one pupil unit.

Actual Pupil Units or Pupil Units in Weighted Average Daily Membership (WADM) is the total of the above weighted pupil unit categories for a school district, with the additional calculation of adjusted marginal cost pupil units, as well as a consideration of the pupils actually served in the school district, rather than resident pupils.

An Adjusted Marginal Cost Pupil Unit (AMCPU) is the total of weighted average daily membership for the current school year multiplied times .9 plus the total of the weighted average daily membership for the prior school year multiplied times .1.

Pupil units in Average Daily Membership (ADM) is the total headcount of students in a school district.

In the examples presented in this booklet, "pupil units" means adjusted marginal cost pupil units, unless otherwise noted.

Categorical Revenues - Additional resources for specific school programs. Examples of categorical revenues include:

- A. Special Education
- B. Secondary Vocational
- C. Debt Service Equalization Aid

Market Value - The value assigned to property by an assessor. Referendum market value allows for certain types of property that have classification rates below one to have a lower market value than the value assigned by the assessor.

Property Tax Classification Rates - Percentages applied to the market value of property to arrive at the adjusted net tax capacity. For example, residential homestead property under \$75,000 has a class rate of 1 percent, the amount over \$75,000 has a class rate of 1.7 percent.

Adjusted Net Tax Capacity (ANTC) - The property value used for assessing most school taxes. ANTC is determined by equalizing differences in tax capacities by property type in different counties. This equalization process compares market values to actual sales and is intended to neutralize the effect of differing assessment practices. Also, the ANTC reflects the application of the classification rates to the market value of property.

Tax Capacity Rate - The rate of taxation for a specific program. Tax capacity rates are expressed as a percent of the adjusted net tax capacity. Many tax capacity rates are set in law.

UFARS (Uniform Financial Accounting and Reporting System) - A statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the State Department of Children, Families and Learning.

School Funds - A set of financial accounts to manage school operations.

A. *Operating Funds*

- i. General Fund - General operations of the school district including salaries and benefits, instructional materials, supplies and custodial operations
- ii. Food Service Fund - school lunch and breakfast programs
- iii. Community Service Fund - community service, early childhood family education, adult and recreation programs

B. *Non-Operating Funds*

- i. Building Construction Fund - bond proceeds used to pay for building construction
- ii. Debt Service - to pay principal and interest on building project bonds
- iii. Trust and Agency Fund

Districts Off The Formula (Levy Equity) - In very high property value per pupil unit school districts, the amount raised by 36.58% x ANTC is greater than total revenue (calculated as pupil units times these components of general education revenue: basic, basic skills, transportation and operating sparsity, operating capital, referendum offset and equity). These districts are referred to as being “off the formula.” These districts receive no general education aid, and the amount raised by the general education levy that exceeds the general education formula allowance times pupil units replaces other categorical aids and credits. This provision is called levy equity. “Off the formula” districts must levy the required tax capacity rate unless that amount would exceed the general education revenue plus any categorical aids and credits.

Property Tax Timetable - Property taxes can be linked to various years. Read across the following columns to find the corresponding terms referring to property taxes and the percent of a calendar year's property taxes that are recognized as revenue in a particular school year (fiscal year):

ANTC - Property Value for Year of:	School Board Certifies Levy in Fall of	Property Taxes Payable in Calendar Year	School District Revenue for School Year
1992	1993	1994 --- 36.9%	1993-94
		--- 62.6%	1994-95
1993	1994	1995 --- 36.9%	1994-95
		--- 62.6%	1995-96
1994	1995	1996 --- 18.1%	1995-96
		--- 81.9%	1996-97
1995	1996	1997 --- 7.0%	1996-97
		--- 93.0%	1997-98
1996	1997	1998 --- 7.0%	1997-98
		--- 93.0%	1998-99
1997	1998	1999 --- 100.0%	1999-2000
1998	1999	2000 --- 100.0%	2000-2001

Beginning with property taxes payable in 1983, property taxes paid to school districts in a calendar year were recognized as revenue in two difference school years. During the 1982-83 school year, this change in revenue recognition resulted in school districts receiving approximately 132% of their anticipated property tax revenue. State aids were reduced by the additional 32% of property taxes so that the total school district revenue (state aid and property tax) received during the 1982-83 school year did not change. This recognition of approximately 132% of a year's anticipated property tax receipts occurred only during the 1982-83 school year and allowed the state to reduce education funding on a one-time basis. In 1983-84, a district received approximately 68% of its property tax revenue from the levy certified during the previous school year and approximately 32% of its property tax revenue from the levy certified in the current school year. In 1984-85, the amount of the levy certified in the current year that is also recognized as revenue in the same school year was reduced from 32% to 24%. In 1987-88, the amount was increased to 27%, in 1989-90 to 31%, in 1991-92 to 37%, and in 1992-93 to 50%. The amount was reduced to 36.9% for 1993-94. The amount was reduced to 18.1% for 1995-96 and further reduced to 7% for 1996-97. Beginning with taxes payable in 1999, the shift amount is 0%, and most property taxes paid in 1999 will be recognized as revenue for the 1999-2000 school year.

General Education Program Revenue

General education revenue is a combination of several revenue categories that provide the major share of funding for school districts. Most of the general education revenue is for the general operation of the school district and is not designated by the state for a specific purpose. General education revenue is a combination of levy and aid (unless the levy in a district raises the total revenue allowance).

The basic general education formula for 1999-2000 is \$3,740 per pupil unit and the basic general education levy is 36.58% times the adjusted net tax capacity (ANTC) of the district. Several additional components (basic skills, secondary sparsity, elementary sparsity, operating capital, transportation sparsity, transition, supplemental, equity revenue, referendum offset adjustment, training and experience and referendum) make up total general education revenue. In addition to the levy for the basic general education formula, to receive transition and supplemental a district must levy an amount equal to its transition revenue and its supplemental revenue times the percent of general education revenue (excluding transition revenue and supplemental revenue) received from levy. The first \$350 of referendum revenue is fully equalized, amounts in excess of \$350 are all local levy.

General education revenue for 1999-2000 reflects a number of changes in formula structure. The basic formula is increased by \$167. The basic formula is also increased by \$43, which represents the amount of the former graduation standards implementation revenue, which is eliminated. Equity revenue, which provides additional revenue for districts which receive, compared to other school districts in their region (metro or rural) a relatively lower amount of revenue. Referendum offset adjustment is a former component of graduation standards revenue, which provided additional graduation standards revenue to districts which have operating referendums that are still reduced from the 1994-95 reduction of \$100 (see p. 6). The requirement that the additional revenue be spent on graduation standards implementation was dropped.

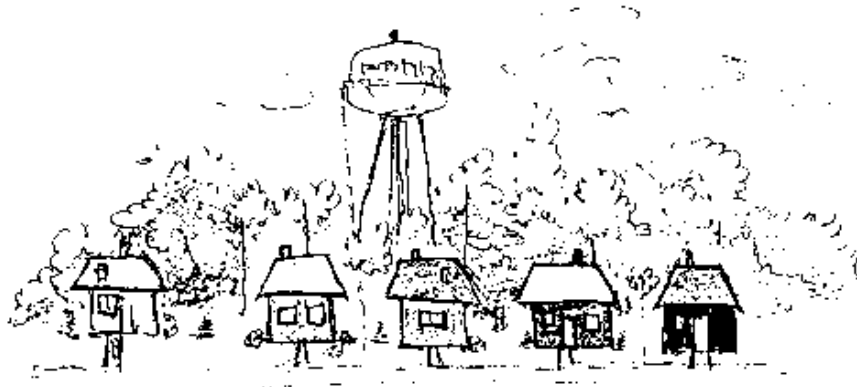
Example – General Education Program Revenue
Gopherville School District
(\$ per pupil unit)

Number of Pupil Units *	=	1,000
Basic Revenue	=	\$3,740
Basic Skills Revenue	=	\$50
Secondary Sparsity Revenue	=	\$10
Elementary Sparsity Revenue	=	\$0
Operating Capital Revenue	=	\$194
Transportation Sparsity Revenue	=	\$78
Transition Revenue	=	\$20
Supplemental Revenue	=	\$0
Equity Revenue	=	\$27
Referendum Offset Adjustment	=	\$0
Training & Experience Revenue	=	\$63
Referendum Revenue	=	\$350

General Education Revenue = (Basic Revenue + Basic Skills Revenue + Secondary Sparsity Revenue + Elementary Sparsity Revenue + Operating Capital Revenue + Transportation Sparsity Revenue + Transition Revenue + Supplemental Revenue + Equity Revenue + Referendum Offset Adjustment + Training & Experience Revenue + Referendum Revenue) x Pupil Units

$$\begin{aligned}
&= (\$3,740 + \$50 + \$10 + \$0 + \$194 + \$78 + \$20 + \$0 + \$27 + \$63 + \$350) \times 1,000 \\
&= (\$4,532) \times 1,000 \\
&= \$4,532,000
\end{aligned}$$

* as noted earlier, all references to “pupil units” are references to adjusted marginal cost pupil units



Basic General Education Revenue

Average Property Wealth District

Gopherville School District

Number of Pupil Units=	1,000
General Education Formula Allowance	= \$3,740 per pupil unit
Adjusted Net Tax Capacity (ANTC)	= \$3,500,000
Local Tax Capacity Rate for 1999-2000	= 36.58% (.3658)

Formula Calculation

Total Formula Allowance	-	Local Effort	= State Aid
(Formula Allowance x Pupil Units)	-	(ANTC x Tax Capacity Rate)	= State Aid
\$3,740 x 1,000	-	\$3,500,000 x .3658	= State Aid
\$3,740,000	-	\$1,280,300	= \$2,459,700
Average Valuation District:	State Aid Per Pupil Unit	= \$2,459.70	
	Local Revenue Per Pupil Unit	= \$1,280.30	
	Percent State Aid	= 65.8%	
	Percent Local Revenue	= 34.2%	



Basic General Education Revenue

Low Property Wealth District

Gopherville School District

Number of Pupil Units=	1,000
General Education Formula Allowance	= \$3,740 per pupil unit
Adjusted Net Tax Capacity (ANTC)	= \$1,500,000
Local Tax Capacity Rate for 1999-2000	= 36.58% (.3658)

Formula Calculation

Total Formula Allowance	-	Local Effort	= State Aid
(Formula Allowance x Pupil Units)	-	(ANTC x Tax Capacity Rate)	= State Aid
\$3,740 x 1,000	-	\$1,500,000 x .3658	= State Aid
\$3,740,000	-	\$548,700	= \$3,191,300
Low Valuation District: State Aid Per Pupil Unit			= \$3,191.30
Local Revenue Per Pupil Unit			= \$ 548.70
Percent State Aid			= 85.3%
Percent Local Revenue			= 14.7%



Basic General Education Revenue

High Property Wealth District

Gopherville School District

Number of Pupil Units=	1,000
General Education Formula Allowance	= \$3,740 per pupil unit
Adjusted Net Tax Capacity (ANTC)	= \$8,000,000
Local Tax Capacity Rate for 1999-2000	= 36.58% (.3658)

Formula Calculation

Total Formula Allowance	-	Local Effort	= State Aid
(Formula Allowance x Pupil Units)	-	(ANTC x Tax Capacity Rate)	= State Aid
\$3,740 x 1,000	-	\$8,000,000 x .3658	= State Aid
\$3,740,000	-	\$2,926,400	= \$813,600
High Valuation District: State Aid Per Pupil Unit			= \$ 813.60
Local Revenue Per Pupil Unit			= \$2,926.40
Percent State Aid			= 21.8%
Percent Local Revenue			= 78.2%



Comparison of State Aid and Local Revenue Contributions

BASIC GENERAL EDUCATION REVENUE

Gopherville School District - 1999-2000

Number of Pupil Units = 1,000
 General Education Formula Allowance = \$3,740 per pupil unit

Property Wealth Per Pupil Unit	Low	Average	High
Adjusted Net Tax Capacity	\$1,500,000	\$3,500,000	\$8,000,000
Local Tax Capacity Rate	36.58%	36.58%	36.58%
Local Revenue Contributions	\$548,700	\$1,280,300	\$2,926,400
State Aid Contributions	\$3,191,300	\$2,459,700	\$813,600
Percent State Aid	85.3%	65.8%	21.8%
Percent Local Revenue	14.7%	34.2%	78.2%

Total Basic General Education Revenue	\$3,740,000	\$3,740,000	\$3,740,000
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Basic Skills Revenue

Basic skills revenue includes the former Compensatory, Limited English Proficiency (LEP), LEP concentration, and Assurance of Mastery (AOM) revenues. While these revenues are combined into a single category, the total revenue is based on existing formulas for the individual components. [126C.15; 124D.65; 124D.67]

Compensatory revenue. Districts receive additional funding, called compensatory revenue, for students eligible to receive free and reduced price lunches, based on the count on October 1 of the previous year. Compensatory revenue must be allocated to the school site in which the pupil which generated the revenue receives instruction, and must be used to meet the educational needs of pupils whose educational progress related to state or local content or performance standards is below the level that is appropriate for pupils at that age level. Each school's site decision-making team, or instruction and curriculum advisory committee if there is no site decision-making team, must make recommendations on how the revenue is to be spent. Districts that receive compensatory revenue must maintain separate accounts for the revenue and report on its expenditure.

Compensatory revenue is calculated by multiplying compensation pupil units times the general education formula allowance. Compensation pupil units equal $.6 \times$ [the sum of the number of students receiving free lunch and $.5 \times$ students receiving reduced price lunches] \times the lesser of (a) 1, or (b) the quotient of the following calculation divided by 80: number of free lunch pupils plus half the number of reduced price lunch pupils divided by the total number of pupils times 100.

Limited English Proficiency Revenue. School districts with Limited English Proficient (LEP) students receive aid to recognize the additional cost of educating these students. A LEP student is defined as one whose primary language is not English and whose score on an English reading or language arts test is significantly below the average score for students of the same age.

LEP revenue in 1999-2000 is equal to 68% of the salaries of LEP teachers plus 47% of the cost of supplies and equipment up to \$47 per student in the base year. The base year for 1999-2000 is 1997-98. A district is allowed one full-time LEP teacher for each 40 LEP students or a proportionate amount for fewer students. However, a district with fewer than 20 LEP students is funded on the basis of one half-time teacher. For 2000-01, LEP revenue will equal \$584 times the greater of 20 or the marginal pupil count of LEP students. Districts also receive LEP concentration revenue, which provides additional revenue when a district has a higher concentrations of LEP pupils.

The base year funding is adjusted by the change in the number of LEP students in the current year compared to the base year. LEP concentration revenue is computed by taking the lesser of 1, or the result of dividing the concentration percentage (which is 100 times the ratio of current year LEP pupils to total average daily membership) by 11.5 and multiplying that number by the number of current year LEP students and the concentration revenue formula amount.

Assurance of Mastery Revenue. Districts that have identified direct instructional services to assure that K-8 pupils master learner outcomes in communications and math are eligible for state aid up to \$22.50 per K-8 pupil unit. The state aid must be matched by other district revenue.

Example -- Compensatory Component of Basic Skills
Gopherville School District, Central School

Number of pupils (ADM)	=	500
Number of pupils receiving free lunches	=	40
Number of pupils receiving reduced price lunches	=	100
General Education Formula Allowance for Compensatory	=	\$3,740

Compensation
pupil units = $(40 + (100/2)) \times .6 \times \text{the lesser of (a) 1 or (b):}$ $\frac{(40+(100/2))}{100 \times \frac{500}{80}}$

= $54.0 \times \text{the lesser of (a) 1 or (b)} \frac{18.0}{80}$

= $54.0 \times \text{the lesser of 1 or .225}$

= $54.0 \times .225 = 12.2$

Maximum Compensatory

Revenue	=	Compensatory pupil units x	General Ed Formula Allowance
	=	12.2	x \$3,740
	=	\$45,628	

Example - LEP Component of Basic Skills
Gopherville School District

Number of Pupils	=	1,000
Number of LEP Students in the Base Year (1997-98)	=	65
Number of LEP Students in the Current Year	=	68
Base Year LEP Revenue	=	\$37,000
Concentration Revenue Formula Amount	=	\$190

1999-2000 LEP Revenue = LEP Regular Revenue + LEP Concentration Revenue

LEP Regular Revenue

= 1997-98 Revenue x $\frac{1999-2000 \text{ LEP Students}}{1997-98 \text{ LEP Students}}$

= \$37,000 x $\frac{68}{65}$

= \$37,000 x 1.046

= \$38,708

LEP Concentration Revenue

= 1999-2000 LEP Students x Concentration Formula x Concentration Pupil Units

$$\begin{aligned}
&= 68 \times \$190 \times \text{the lesser of (a) 1 or (b):} \quad \frac{68}{100 \times \frac{1000}{11.5}} \\
&= 68 \times \$190 \times \text{the lesser of 1 or .59} \\
&= 68 \times \$190 \times .59 \\
&= \$7,689
\end{aligned}$$

$$\begin{aligned}
\underline{1999-2000 \text{ LEP Total Revenue}} &= \text{LEP Regular Revenue} + \text{LEP Concentration Revenue} \\
&= \$38,708 + \$7,689 \\
&= \$46,397
\end{aligned}$$

Example - AOM Component of Basic Skills
Gopherville School District

$$\text{Number of K-8 Pupils} = 750$$

$$\begin{aligned}
\underline{1999-2000 \text{ AOM Revenue}} &= \text{K-8 pupils} \times \$22.50 \\
&= 750 \times \$22.50 \\
&= \$16,785
\end{aligned}$$

Example - Total Basic Skills Revenue
Gopherville School District

Compensatory Revenue (Central School Site)	\$45,628
Compensatory Revenue (Country School Site)	\$0
LEP Revenue	\$46,397
AOM Revenue	\$16,785

$$\begin{aligned}
\text{Basic Skills Revenue} &= \text{Compensatory Revenue} + \text{LEP Revenue} + \text{AOM Revenue} \\
&= \$45,628 + \$46,397 + \$16,785 \\
&= \$108,810
\end{aligned}$$

Secondary Sparsity Revenue

Districts with one or more sparsely populated high school attendance area may be eligible for additional revenue to meet the higher cost of operating a secondary program with a small number of students. To be eligible, a high school must have an isolation index greater than 23 and less than 400 pupils in average daily membership. If a district has more than one high school, the district's sparsity revenue is the sum of the calculation for each high school. Districts with certain reforested lands have an additional factor in the formula that increases sparsity revenue. [126C.10, 7]

Example -- Secondary Sparsity Revenue Gopherville School District

Pupil Units (WADM)	=	530
Secondary Average Daily Membership (ADM)	=	250
General Education Formula Allowance for Sparsity	=	\$3,740
High School Attendance Area	=	356 square miles
Distance from High School to Nearest High School	=	22 miles

$$\begin{aligned}
 \text{Isolation Index (ii)} &= \sqrt{.55 \times \text{Attendance Area}} + \text{miles to nearest high school} \\
 &= \sqrt{.55 \times 356} + 22 \\
 &= \sqrt{196} + 22 \\
 &= 14 + 22 \\
 &= 36
 \end{aligned}$$

$$\begin{aligned}
 \text{Secondary Sparsity Revenue} &= \frac{(400 - \text{Sec ADM})}{\text{Formula Allowance} \times \text{Sec. ADM} \times (400 + \text{Sec ADM})} \times \text{the lesser of:} \begin{matrix} \text{a) } 1.5 \\ \text{b) } \frac{\text{ii} - 23}{10} \end{matrix} \\
 &= \frac{(400 - 250)}{\$3,740 \times 250 \times (400 + 250)} \times \text{the lesser of} \begin{matrix} \text{a) } 1.5 \\ \text{b) } \frac{36 - 23}{10} \end{matrix} \\
 &= \frac{150}{\$3,740 \times 250 \times 650} \times \text{the lesser of a) } 1.5 \text{ or b) } \frac{13}{10} \\
 &= \$3,740 \times 250 \times .23 \times \text{the lesser of a) } 1.5 \text{ or b) } 1.3 \\
 &= \$3,740 \times 250 \times .23 \times 1.3 \\
 &= \$3,740 \times 250 \times .299 \\
 &= \$3,740 \times 74.75 \\
 &= \$279,565
 \end{aligned}$$

$$\text{Secondary Sparsity Revenue per pupil unit} = \frac{\$279,565}{530} = \$527.48$$

Elementary Sparsity Revenue

Districts with a sparsely populated elementary school attendance area may be eligible for additional revenue to operate the elementary school. To be eligible, an elementary school must have an average of 20 or fewer pupils per grade level and be located 19 miles or more from the nearest elementary school. [126C.10, 8]

Example -- Elementary Sparsity Revenue

Gopherville School District ABC Elementary School

Grades K-6 Pupil (ADM)	=	100
General Education Formula Allowance for Sparsity	=	\$3,740
Distance to Nearest Elementary School	=	23 miles

Formula Calculation

$$\begin{aligned} \text{Elementary Sparsity Revenue} &= \text{Elementary WADM} \times \text{Formula Allowance} \times \frac{(140 - \text{Elem ADM})}{(140 + \text{Elem ADM})} \\ &= 100 \times \$3,740 \times \frac{(140 - 100)}{(140 + 100)} \\ &= 100 \times \$3,740 \times \frac{40}{240} \\ &= 100 \times \$3,740 \times .1667 \\ &= 100 \times \$623.46 \\ &= \$62,346 \end{aligned}$$

(The 140 used in the formula assumes 20 pupils in each of grades K-6. If this elementary school had fewer than seven grades, the formula would be adjusted for the actual number of grades).

Operating Capital Revenue

Operating capital revenue is available for repair and betterment of facilities, acquisition of land, purchase or lease of equipment, and purchase of books. Operating capital revenue is placed in the operating capital account in the general fund. Operating capital revenue is based on two former components of a capital expenditure funding formula--facilities revenue and equipment revenue. The facilities component of the formula generates revenue of \$100 per pupil unit plus a weighting for the average age of the district's buildings. The old formula was \$128 per pupil unit. The equipment revenue component is \$68 per pupil unit. In addition, a district with a learning year program receives an additional \$30 per pupil unit at the site a program is in place. [126C.10, 13]

Example - Operating Capital Revenue

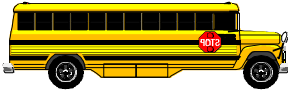
Gopherville School District

Number of Pupil Units	=	1,000
Operating Capital (facilities component)	=	\$100 per pupil unit
Average Age of District Buildings	=	25 years
Maintenance Cost Index	=	1.25 (1 + ratio of average age to 100)
Operating capital (equipment component)	=	\$68 per pupil unit

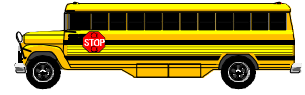
Regular Operating Capital Revenue

Operating Capital Per Pupil Revenue	=	equipment component + (facilities component x maintenance cost index)
	=	\$68 + (\$100 x 1.25)
	=	\$68 + \$125
	=	\$193
Regular Revenue	=	pupil units x operating capital per pupil revenue
	=	1,000 x \$193
	=	\$193,000

Transportation Sparsity Revenue



Beginning in 1996-97, a major portion of the funding of transporting students is rolled into the basic general education formula. To recognize the



additional costs of transporting students in those districts with fewer students per square mile, the transportation sparsity formula provides additional funding based on the number of students per square mile. The actual formula uses logarithms to calculate a revenue amount. The final part of the formula subtracts 4.89% of the basic formula amount, which is the \$170 by which the general education formula was increased due to the “roll-in” of transportation revenue, adjusted for the changes in the basic formula since 1996-97. [124C.10, 18]

For this formula, sparsity index means the greater of .2 or the number of square miles in the district divided by the number of adjusted marginal cost pupil units (AMCPU). Density index means the number of square miles divided by the number of AMCPU, however, the density index may not be greater than .2 or less than .005.

Example – Transportation Sparsity Revenue

Gopherville School District

Number of Pupil Units	=	1,000
Number of Square Miles	=	90
Basic General Education Formula	=	\$3,740
District Sparsity Index	=	.20
District Density Index	=	.09

Transportation Sparsity Revenue Per Pupil Unit = [(formula allowance x .1469) x (the logarithm of the district’s sparsity index and .26) x (the logarithm of the district’s density index and .13)] - (formula allowance x .0485)

$$= [(\$3,740 \times .1469) \times (\text{the log of } .2 \text{ and } .26) \times (\text{the log of } .09 \text{ and } .13)] - (\$3,740 \times .0485)$$

$$= [\$549 \times .658063 \times .731226] - \$181$$

$$= \$264 - \$181$$

$$= \$83$$

Total Transportation Sparsity Revenue	=	Revenue Per Pupil Unit x Pupil Units
	=	\$83 x 1,000
	=	\$83,000

Equity Revenue

A new component of general education revenue for 1999-2000, equity revenue is intended to reduce the disparity between the highest and lowest revenue districts on a regional basis, with the regions defined as the seven-county metropolitan area and the balance of the state. In each region, districts are ranked according to their total basic, transition, supplemental and referendum revenue. Districts below the 90th percentile of revenue in those four components combined are eligible for equity revenue, except cities of the first class, which are automatically excluded. [126C.10, 24-28]

Districts without excess levy referendums are eligible for \$22 per pupil. A district with an excess levy referendum is eligible for \$10 per pupil, plus an additional amount based on its percentile ranking compared to the rest of the region. To determine how much extra revenue a district receives, the district's equity index is calculated by dividing the difference between the district's revenue in the four categories by the 90th percentile of revenue in those four categories. The result is multiplied by \$30. The product of that calculation is added to the basic \$10 to generate the district's equity revenue.

Example – Equity Revenue

Gopherville School District

Number of pupil units	=	1,000
Basic, Supplemental, Transition and Referendum Revenue	=	\$4,098
7-County Metro area	=	no
Rural 90 th percentile *	=	\$4,449.37
Rural 5 th percentile *	=	\$3,740.00
Metro 90 th percentile *	=	\$5,087.13
Metro 5 th percentile *	=	\$3,988.04
Regional Equity Gap (rural)	=	90 th - 5 th percentiles, or; \$4,449.37 - \$3,740.00 = \$709.37
District Equity Gap	=	90 th percentile - District Revenue, or, \$4,449.37 - \$4,098.00 = \$351.37
Equity Index	=	[District Equity Gap ÷ Regional Equity Gap], or, \$351.37 ÷ \$709.37 = .495
Equity Revenue	=	Pupil units x [\$10 + (\$30 x Equity Index)]
	=	1,000 x [\$10 + (\$30 x .495)]
	=	1,000 x [\$10 + \$14.85]
	=	1,000 x \$24.85
	=	\$24,850

* Preliminary estimates, subject to change

Referendum Offset Adjustment

Districts whose referendum is still reduced by the \$100 reduction from 1993, and has referendum revenue which is lower than the referendum revenue cap, are eligible for referendum offset adjustment of \$25 per pupil in revenue. [126C.10, 23]

Example – Referendum Offset Adjustment Gopherville School District

Pupil Units		1,000
Referendum still reduced by \$100 (or a portion thereof) from 1993		Yes
Referendum Offset Adjustment	=	1,000 x \$25
	=	\$25,000

Training and Experience Revenue

Training and experience revenue is allocated to school districts based on the experience and education of its teaching faculty. Beginning in 1998-99, only faculty who were on the school's payroll in the 1996-97 school year are included in the determination of training and experience revenue. As teachers retire, training and experience revenue will be phased-out. Teachers hired after 1998-99 are not included in the training and experience calculation.

Training and experience revenue is determined using a method which sorts the number of teachers into a matrix, prepared by the Department of Children, Families and Learning as reported by school districts, based on the number of staff at each training level (BA, BA+15, MA, etc.) and years of teaching experience. The matrix below does not include all training and experience levels. The district's training and experience index is the average of the training and experience levels of all staff members hired before 1996-97. The matrix shows the relationship of the statewide average salary at each position on the matrix to the statewide average salary. To calculate training and experience revenue, take the district index minus 0.8 times \$660 times pupil units. [126C.11]

Example – Training and Experience Revenue Gopherville School District

Number of Pupil Units	1,000
District Training and Experience Index	1.120

Training and Experience Revenue	=	(District Index - 0.8) x 660 x pupil units
	=	(1.12 - 0.8) x \$660 x 1,000
	=	.32 x \$660 x 1,000
	=	\$211.10 x 1,000
	=	\$211,100

Transition Revenue

Beginning in 1996-97, the basic formula increased in part by \$170 per pupil unit to represent the “roll-in” of transportation revenue. Transition revenue provides that if a district in 1995-96 had received more than the \$170 in transportation revenue (excluding the amounts reflected in the transportation sparsity revenue and the targeted needs transportation revenue) the district will be guaranteed those amounts as transition revenue. In addition, a compensatory transition component guarantees that a districts will receive as much revenue under the new compensatory formula (based on free and reduced price lunch student counts) as they would have under the old compensatory formula (based on AFDC counts), but also that no district can receive more than \$300 per pupil under the new formula than they would have received under the old formula. Transition revenue is an aid and levy combination with an equalizing factory of \$8,404. [126C.10, 19-21]

Example – Transition Revenue Gopherville School District

Number of Pupil Units - 1998-99	1,000
Adjusted Net Tax Capacity per pupil unit	\$3,362
1995-96 Transportation Revenue (excluding other components)	\$190
1999-2000 Portion of General Ed Formula Reflecting Transportation	\$181
1997-98 Compensatory Revenue under the old AFDC formula	\$150
1999-2000 Compensatory Revenue	\$120

Transportation Transition Calculation: \$181 compared to district 1995-96 transportation revenue
1.) If \$181 is less than 1995-96 amount, district is guaranteed 1995-96 amount,
2.) If \$181 is more than 1995-96 amount, district receives \$181.

Gopherville Transportation Transition Revenue = \$10 [Difference: \$190 - \$181 = \$9]

Compensatory Transition Calculation: 1999-2000 Compensatory Revenue per pupil compared with what 1997-98 AFDC revenue would have been

- 1.) If the 1999-2000 amount is less than what the 1997-98 amount would have been using the old AFDC formula, the district receives the difference.
- 2.) If the 1999-2000 amount is more than what the 1997-98 amount would have been using the old AFDC formula, the district receives nothing.

Transition Revenue Per Pupil Unit =

$$\text{Transportation Transition Revenue } [\$10] + \text{Compensatory Transition Revenue } [\$30] = \$40$$

Total Transition Revenue Adjustment= Transition Revenue Per Pupil Unit x Pupil Units

$$= \$40 \times 1,000$$

$$= \$40,000$$

Transition Levy Adjustments Amount =

$$\text{Transition Revenue Per Pupil Unit} \times (\text{ANTC} / \$8,404)$$

$$= \$40,000 \times (\$3,362 / \$8,404)$$

$$= \$16,000$$

Supplemental Revenue

In 1999-2000, a district is guaranteed the same amount per pupil of supplemental revenue as it received in 1992-93 with reductions as described below.

The original basis for the supplemental revenue was the revenue level of the district in various categories in 1987-88. These categories were combined into the general education formula. The effect of the supplemental revenue is to guarantee a minimum increase over the formula factors in place in 1987-88.

The district's supplemental revenue amount from 1992-93 is reduced by \$100 (representing the increase in the formula allowance between 1993-94 and 1995-95) and by 25% of all increases in training and experience revenue and compensatory revenue between 1993-94 and 1995-96. The supplemental revenue reduction is not reduced by the full amount in lower property wealth school districts. For 1997-98 and later, the district's supplemental revenue is increased by an amount equal to the revenue lost by the district due to the elimination of the Post-Secondary Enrollment Options program. In addition, beginning in 1999-2000, two school districts were added to supplemental revenue at a fixed amount. Supplemental revenue is a combination of levy and aid with an equalizing factor of \$8,404. [126C.10, 9-12a]

Example – Supplemental Revenue Gopherville School District

Number of Pupil Units	=	1,000
ANTC per pupil unit	=	\$3,362
Supplemental Revenue Per Pupil Unit 1999-2000	=	\$20

$$\begin{aligned} \text{Supplemental Revenue} &= \text{Supplemental Revenue Per Pupil Unit} \times \text{Pupil Units} \\ &= \$20 \times 1,000 \\ &= \$20,000 \end{aligned}$$

$$\begin{aligned} \text{Supplemental Levy} &= \text{Supplemental Revenue} \times (\text{ANTC} / \$8,404) \\ &= \$20,000 \times 40\% \\ &= \$8,000 \end{aligned}$$

$$\begin{aligned} \text{Supplemental Aid} &= \text{Supplemental Revenue} - \text{Supplemental Levy} \\ &= \$20,000 - \$8,000 \\ &= \$12,000 \end{aligned}$$

General Education Revenue - Reserved Revenue and Reductions

Learning and Development Revenue

Of a district's basic general education revenue, an amount equal to .115 times kindergarten through third grade pupil units and .06 times fourth through sixth grade pupil units must be reserved for class size reduction. The reserved revenue must be used to reduce and maintain the instructor to student ratio in elementary grades to 1 to 17 beginning with kindergarten and first grade. [126C.12]

Revenue for Staff Development

An amount equal to one percent of the per pupil basic formula amount (\$37.40) must be spent for staff development. Each year, if a district's licensed teachers and school board agree via a vote, this reserve may be waived. In addition, a district in statutory operating debt is exempt from this reserve. [122A.61]

Contract Settlement Deadline Penalty

State aid is reduced by \$25 per pupil unit if a district and the exclusive representative of the teachers have not signed a collective bargaining agreement by January 15 of the year following the expiration of the teacher's contract (teacher contracts expire June 30 of each odd numbered year). The penalty does not apply if the unresolved issues have been submitted to binding arbitration by December 31. For districts that reorganized the previous year, the deadline date is March 15 instead of January 15. [123B.05, 4]

Referendum Revenue

Referendum revenue [126C.17] allows districts to increase the revenue available in their general fund with the approval of the voters in the district. A referendum to increase the general fund revenue may be held only on the first Tuesday following the first Monday in November (election day) except that elections may be held at a different time if (a) the district is in statutory operating debt and receives commissioner's approval or (b) the election is held by mail. A referendum election may be held in the calendar year before it is levied or one year earlier.

An amount of the referendum levy equal to \$350 per resident pupil unit is equalized. (Referendums are calculated based on the resident pupil count, and a portion of the revenue is transferred from the resident to the school district in which the pupil receives services.) Beginning in 2000-2001, the equalized amount will be \$415. For 1999-2000, 285 districts have referendum levies totaling \$295 million. In addition, most of those districts receive referendum equalization aid totaling \$152 million. The equalization level for a district with a referendum levied against ANTC is slightly lower than the general education equalizing factor at \$8,404. For districts with levies against market value, the equalizing factor is \$476,000.

Referendum revenue is capped at an amount equal to 25 percent of the basic general education formula allowance minus \$300 (\$860 in 1999-2000). District referendum revenue may not exceed this amount except that if a district's referendum revenue is already above this amount, it may not be increased, or if a district is eligible for sparsity aid, the cap does not apply to that district.

Referendum revenue was reduced by the general education formula increase between 1993-94 and 1994-95 (\$100). Also, revenue in excess of \$315 per pupil unit was reduced by 25% of increases in training and experience revenue and compensatory revenue between 1993-94 and 1995-96. (These reductions applied first to supplemental revenue, amounts remaining after the supplemental reduction applied to referenda.) However, in a district with a low fund balance, no supplemental revenue, low adjusted net capacity, and a high referendum amount, the reduction may have been less than the increase in the formula allowance.

Referendum levies approved after November 1, 1992 must be certified on market value rather than adjusted net tax capacity (ANTC). (ANTC provides tax advantages for residential and agricultural property compared to commercial and industrial property, market value treats most property the same.) Districts with referendum levies on ANTC may convert those levies to market value over several years.

Unless set to expire sooner, most referendum revenue will expire July 1, 2000 (after the payable 2000 levy year) and will have to be approved by the voters again to be continued. Districts that convert referendum revenue from ANTC to market value may have several more years before the revenue amount expires.

Referendum Revenue (example)

This example assumes voter approval of a referendum and a school board decision to levy the full authorized amount. It also assumes the referendum is levied on market value, rather than on ANTC. A referendum levied against ANTC would have the aid and levy calculated the same way, except where market value per pupil unit appears in the calculation, it would be replaced with ANTC, and the equalizing factor would change from \$476,000 to \$8,404.

Gopherville School District

Number of Pupil Units	=	1,000
Referendum Revenue Per resident pupil unit	=	\$300
Property Market Value	=	\$275,000,000
Equalizing Factor	=	\$476,000

Revenue Calculation

Referendum Revenue	=	Referendum Revenue Per Pupil Unit x Pupil Units
	=	\$300 x 1,000
	=	\$300,000

Levy Calculation

(This equalization example applies for amounts less than \$350 per pupil unit, amounts above \$350 are all local levy.)

Levy	=	Referendum Revenue x	$\frac{\text{Property Market Value per Pupil Unit}}{\text{Equalizing Factor}}$
	=	\$300,000 x	$\frac{\$275,000}{\$476,000}$
	=	\$300,000 x .578	
	=	\$173,400	

Aid Calculation

Aid	=	Referendum Revenue - Referendum Levy
	=	\$300,000 - \$173,400
	=	\$126,600

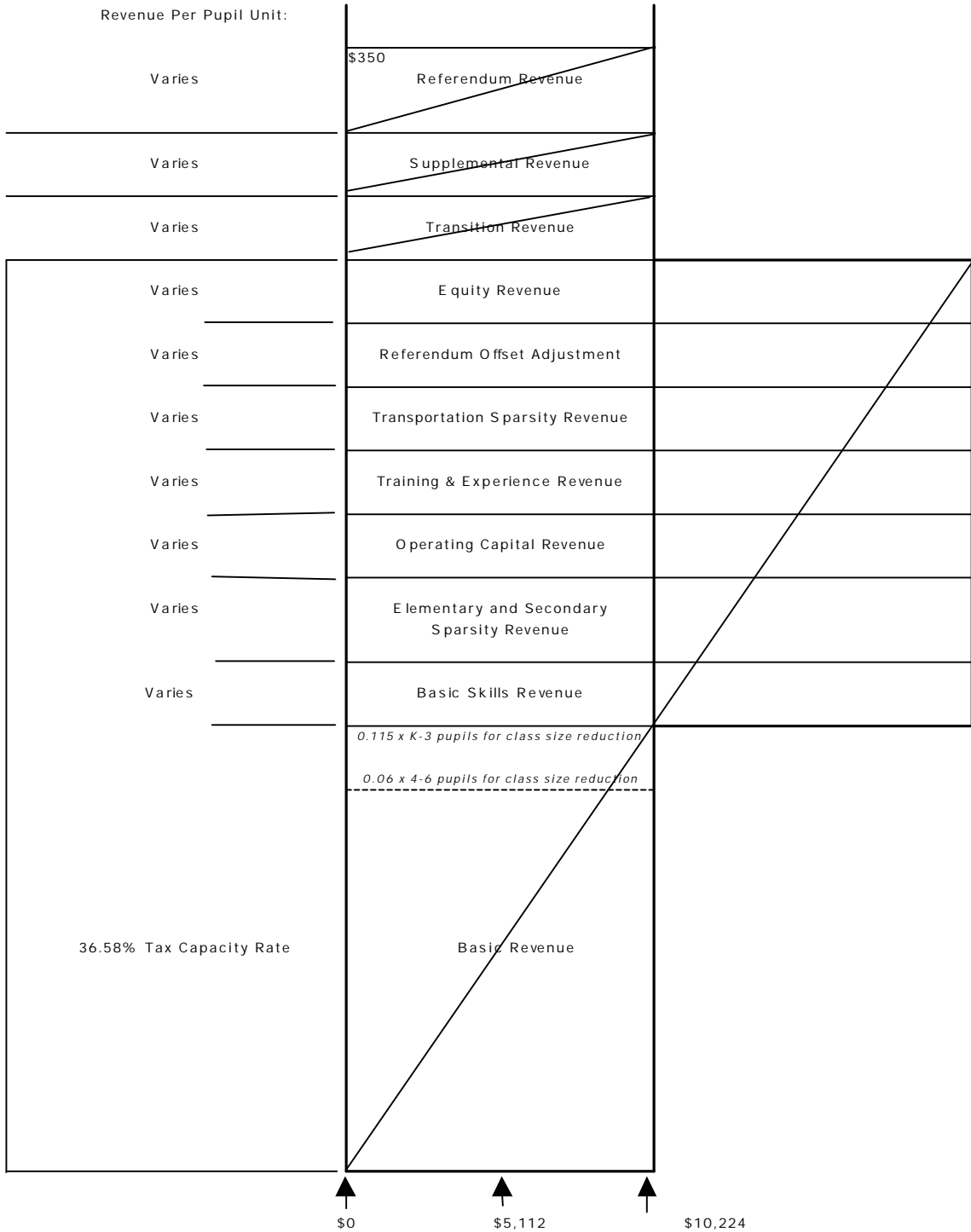
Determination of the Equalizing Factor - 1999-2000

General Education Formula Allowance Per Actual Pupil Unit	=	\$3,740
General Education Tax Capacity Rate	=	.3658
Equalizing Factor	=	$\frac{\text{General Education Formula Allowance}}{\text{General Education Tax Capacity Rate}}$
	=	$\frac{\$3,740}{.3658}$
	=	\$10,224

The equalizing factor defines the level at which the state equalizes the basic general education formula. For every 1% of tax capacity levied, the state guarantees the district will receive \$102.24 per actual pupil unit ($\$10,224 \times .01 = \102.24). When a school district's ANTC per actual pupil unit exceeds \$10,224, the district will be off the basic formula. If a school district's ANTC is \$4,000 per actual pupil unit (39% of \$10,224), it would receive 39% of its basic general education revenue from the general education levy and 61% from state general education aid.

Some formulas are equalized with a set equalizing factor, \$10,000 for example. In that case, for every 1% of tax capacity levied, the State guarantees the district will receive \$100 per pupil unit ($\$10,000 \times .01 = \100).

1999-2000 General Education Funding Program



Special Education

Districts receive funding to recognize a portion of the additional costs of providing required services to handicapped students. [125A.76]

Regular special education revenue provides districts with 68% of the salaries of special education teachers, related services and support services staff providing direct services to students in a base year adjusted for total enrollment change in the school district, a growth factor, and prorated so that combined district revenues do not exceed the state total special education revenue, \$463 million in 1999-2000. Special education revenue in 1999-2000 is calculated by taking the special education revenue for the base year (the base year for 1999-2000 is 1997-98) and adjusting it for enrollment growth in the district and by the growth in statewide special education revenue between the current and base years.

Base year revenue includes:

- a) 68% of the salaries of teachers, persons providing related services to students and support service staff providing direct services to students;
- b) 47% of supplies, materials and equipment up to \$47 per student;
- c) 52% of the difference between the general education basic allowance and the cost to a resident district for special education services provided by contract with agencies other than school districts;
- d) Funding for summer programs in categories (a), (b), and (c) listed above.

Example – Special Education Revenue Gopherville School District

Number of Pupils in Average Daily Membership in Base Year (1997-98)	=	961
Number of Pupils in Average Daily Membership in Current Year	=	1,000
Base Year Special Education Revenue	=	\$150,000
Statewide Base Year Special Education Revenue	=	\$440,000,000
Statewide Current Year Special Education Revenue	=	\$463,000,000

$$\begin{aligned} \text{Statewide Growth Factor} &= \text{Statewide Current Year} \div \text{Statewide Base Year Revenue} \\ &= \$463,000,000 \div \$440,000,000 \\ &= 1.05 \end{aligned}$$

$$\begin{aligned} \text{1999-2000 Special Education Revenue} &= \text{1997-98 Revenue} \times \frac{\text{1999-2000 ADM}}{\text{1997-98 ADM}} \times \text{Statewide Growth Factor} \\ &= \$150,000 \times \frac{1,000}{961} \times 1.05 \\ &= \$163,892 \end{aligned}$$

1. **Excess Cost Aid** - If a district's special education cost per pupil unit that is not reimbursed by the special education formula is greater than 4.4% of the district's general revenue (which for the purpose of excess cost aid includes general education revenue plus referendum revenue per pupil unit minus operating capital and transportation sparsity revenue), a district will receive special education excess cost aid equal to the greater of: a) 75% of the amount of the unreimbursed cost minus 4.4% of the district's general revenue, b) 70% of the difference between the increase in unreimbursed costs between the base and current year and 1.6% of general education revenue or c) zero. [125A.79, 2]

Example – Excess Cost Aid
Gopherville School District

General revenue			= \$5,000,000
Unreimbursed special education costs	=		\$ 375,000
Base year unreimbursed special education costs	=		\$ 325,000
4.4% of general revenue	=		\$ 220,000
Qualify for aid? (Unreimbursed costs are is greater than 4.4% of general revenue?)	=		Yes

Excess cost aid is the greater of:

- A. $75\% \times (\text{unreimbursed costs} - 4.4\% \text{ of general revenue})$
 $.75 \times (\$375,000 - \$220,000) = \$116,250$
- B. $70\% \times [(\text{current year} - \text{base year}) - 1.6\% \text{ of general revenue}]$
 $.70 \times [(\$375,000 - \$325,000) - .016 \times \$5,000,000]$
 $.70 \times [\$50,000 - \$80,000]$
 $.70 \times -\$30,000 = -\$21,000$
- C. \$0

Excess cost aid for Gopherville = \$116,250

2. **Home Based Travel Aid** - Aid is provided to reimburse 50% of the travel costs of personnel providing home-based travel services to children under age five with disabilities. [125A.75, 1]

3. **Special Pupil Aid** - Districts are reimbursed for the special education costs not covered by other special education funding or the general education formula for students with disabilities residing in public or private residential facilities in the district and for whom there is no school district of residence because parental rights have been terminated or the parents can not be located. [125A.75, 3]



Secondary Vocational Education

Districts with state approved secondary

part of the cost of those programs. Secondary vocational revenue is slated to be eliminated for

Secondary Vocational Education Aid - 1999-2000

Secondary Vocational Aid equals the lesser of:

- a) \$73 times the number of pupils in grades 10-12, or
- b) 25 percent of the vocational expenditures including salaries of essential, licensed vocational personnel providing direct services to students secondary vocational classes; necessary instructor travel, curriculum development; supplies; and non-school district contracted services.

However, districts are guaranteed an amount of secondary vocational aid equal to the lesser of:

- a) 95 percent of the secondary vocational aid received by the district in the previous year, or
- 40 percent of the expenditures listed under "b" above.

Up to ten percent of a district's secondary vocational aid may be spent on equipment purchases.

Gopherville School District

Number of Pupil Units	1,000
Number of Pupil (ADM) in Grades 10-12	190
	= \$65,000
Other Eligible Secondary Vocational Expenses	=
1998-99 Secondary Vocational Aid	\$15,065

Secondary Vocational Aid

the lesser of: (a) $\$73 \times 190$
 (b) $(\$65,000 + \$5,000) \times .25$ [\$17,500]

= the lesser of: [\$14,312], or
 (b) $(\$65,000 + \$5,000) \times .40$

The district will receive \$14,312 in 1999-2000.

Cooperation Program Funding

1. District Cooperation Revenue

Districts are eligible for district cooperation revenue of \$67 per pupil unit. This revenue replaces revenue for education districts, intermediate districts, secondary vocational cooperatives, interdistrict cooperation, special cooperation for large districts, educational cooperative service units, and regional management information centers. The equalization factor is \$2,942. District cooperation revenue goes directly to the school district which can then buy services from cooperatives (districts can also opt for payments to go directly to cooperatives). District cooperation revenue must be placed in a reserved account and used to purchase goods and services from cooperative entities. A district that was a member of an intermediate school district on July 1, 1996 must allocate an amount of its cooperation revenue equal to 5/11 of its prorated share of 1994-95 intermediate district revenue for special education programs and 6/11 of its prorated share of 1994-95 intermediate district revenue for secondary vocational programs. Districts that were not members of intermediate districts on July 1, 1994 must use at least \$9 per pupil unit of the cooperation revenue for secondary vocational programs. District cooperation revenue will be rolled into the general education formula in FY 2000-01. [126C.22]

2. Consolidation Transition Revenue

Districts that consolidate are eligible for state aid of \$200 per pupil unit in the first year of the consolidation and \$100 per pupil unit in the second year. The number of pupil units used to calculate this aid may not exceed 1,500. This funding is intended to cover early retirement costs of employees, operating debt of the districts, enhancing learning opportunities and for other costs of reorganization. If this aid is not adequate to cover the early retirement costs, the district may levy for the additional amount. [123A.485]

Capital Expenditure Related Programs

Health and Safety

Capital expenditure health and safety revenue is available for hazardous substance removal, fire and life safety code repairs and health, safety, environmental and air quality management. Health and safety revenue is equalized with an equalizing factor of \$3,956. [123B.57]

Example - Health and Safety Revenue

Gopherville School District

Number of Actual Pupil Units	=	1,000
Adjusted Net Tax Capacity (ANTC)	=	\$3,000,000
Equalizing Factor for Health & Safety Revenue	=	\$3,956
Approved Health & Safety Revenue	=	\$75,000

Revenue = Amount approved by the commissioner in accordance with district plan
= \$75,000

Levy = Revenue x Lesser of: (a) 1, or (b) District ANTC per P.U.
\$3,956

= Revenue x Lesser of: (a) 1, or (b) \$3,000
\$3,956

= \$75,000 x 75.8%

= \$56,850

Aid = Revenue - Levy
= \$75,000 - \$56,850
= \$18,150

Disabled Accessibility

A school district may levy up to \$300,000 over a period of eight years beginning with taxes payable in 1993 for the costs of making school buildings accessible for students or employees with disabilities. [123B.58]

Interactive Television (ITV) Revenue

School districts outside of the metropolitan area are eligible to receive ITV revenue. Revenue is the greater of .6 percent times district ANTC or \$25,000 per district. The revenue is equalized at \$8,404. Revenue amounts must be approved by the Commissioner of Children, Families and Learning. Beginning in 1999-2000, ITV revenue will be reduced by 25 percent per year, until 2002-03, when it will no longer exist. [126C.40, 4]

Debt Service Revenue

School districts may issue general obligation bonds to finance capital improvements. The issuance of the bonds must be approved by a majority of the voters in a referendum. The district must then levy each year an amount necessary to meet its debt obligation. Debt service levies are equalized at an equalizing factor of \$4,000 for the amount that the debt service levy in a school district exceeds 12% of adjusted net tax capacity. [123B.53]

Example -- Debt Service Revenue

Gopherville School District

Number of Pupil Units	=	1,000
Adjusted Net Tax Capacity	=	\$3,000,000
Debt service revenue needed in 1999-2000	=	\$630,000
Unequalized Debt Service Levy (first 10%)	=	12% x ANTC
	=	.12 x \$3,000,000
	=	\$360,000
Equalized Debt Service Levy =		
Debt Service Revenue Needed - Unequalized Levy	x	$\frac{\text{District ANTC/P.U.}}{\text{Debt Service Equalizing Factor}}$
	=	$(\$630,000 - \$360,000) \times \frac{\$3,000}{\$4,000}$
	=	\$270,000 x .75
	=	\$202,500
Total Debt Service Levy	=	Unequalized Debt Service Levy + Equalized Debt Service Levy
	=	\$360,000 + \$202,500
	=	\$562,500
Debt Service Aid	=	Debt Service Revenue Needed - Total Debt Service Levies
	=	\$630,000 - \$562,500
	=	\$67,500

Other Categorical Revenue - 1999-2000

1. Abatement Revenue - A replacement for anticipated property tax receipts because property valuation has been reduced after the levies were certified. The aid applies to equalized levies only; districts may make an adjustment levy the next year for the remaining revenue loss. Districts may also levy for the shortfall in abatement aid. [126C.46]
2. Advanced Placement and International Baccalaureate Programs - The fee for the first A.P. or I.B. exam for all students taking an exam, a portion of the fee for additional exams depending on income levels and a portion of the training costs for teachers in advanced placement or international baccalaureate courses will be reimbursed. [120B.13]
3. Charter School Building Lease Aid - Charter schools with building leases qualify for aid equal to the lesser of 90 percent of the approved cost of the lease or the product of the number of pupils times \$1,500. [124D.11, 4]
4. Charter School Startup Aid - Charter schools are eligible, for the first two years of their operation, for aid to pay for start-up costs and some operating costs. Start-up aid is the greater of \$50,000 per charter school or \$500 times the charter school's enrollment for that year. [124D.11, 8]
5. Crime Related Costs - A district may levy up to \$1.50 times the population of the district for the costs of peace officers used for school liaison services, drug prevention programs, and gang resistance education programs. [126C.44]
6. Fast Break for Learning - Provides grants to elementary schools, with priority to schools with greater than one-third of their students eligible for free and reduced priced lunches, to subsidize the cost of providing breakfast to students. Districts must match each \$3 of state grant funds with \$1 of local match. [124D.1155]
7. First Grade Preparedness Grants - Certain school sites are eligible for funding to operate full day kindergarten programs or half day programs for four year olds to develop reading and other skills necessary to succeed in school. School sites with the highest concentrations of pupils eligible for free and reduced price lunch are eligible for funding. School sites are ranked, and the funding is allocated and distributed, in four categories: Minneapolis, St. Paul, suburban school districts within the seven-county metropolitan area, and school districts in the balance of greater Minnesota. The funding is the amount equal to .53 times pupils enrolled in the program times the general education formula allowance. [124D.081]
8. Integration Revenue - This replaces the old operating and transportation integration aid, combining it into a single amount, distributed on a per pupil formula. The per pupil amounts are \$207 per pupil unit for Duluth, \$446 per pupil unit for St. Paul and \$536 per pupil unit for Minneapolis, and the lesser of \$93 or a district's actual costs, for any other district that implements a desegregation program (currently, only the school districts in the cities of the first class operate integration programs). Integration revenue must follow students to their district of attendance if the enrollment contributes to desegregation or integration purposes. [124D.86]

9. Learn and Earn - This program provides funding to ensure educational opportunities for at-risk students. In addition to basic education, students must perform community service, basic competency above regular classroom instruction, and cultural and life-skills enrichment. Upon completion of various aspects of the program, students receive stipends and scholarships. [124D.32]
10. Minority Teacher Incentives - Districts with integration/desegregation plans or a minority enrollment greater than 10% are eligible for grants of one-half but not to exceed \$20,000 of the salary of minority teachers who have not previously taught in Minnesota. [122A.65]
11. Nonpublic Pupil Transportation - Nonpublic pupil transportation revenue is equal to the cost per pupil of providing transportation services in the base year (the second prior year, for 1999-2000 the base year is 1997-98) and then adjusted for the change in the general education formula allowance between the current year and the base year. [123B.92]
12. School Breakfast Aid - Schools are eligible to receive 5.1 cents for each fully paid breakfast and each free and reduced price breakfast not eligible for the “severe need” rate. In addition, districts are eligible for an additional 10.5 cents for each free and reduced breakfast not eligible for the “severe need” rate if between 33 and 40 percent of the school lunches are served free or reduced. [124D.115, 124D.117]
13. School Lunch Aid - Schools are eligible to receive up to 6.5 cents of state funding for each lunch served. [124D.111]
14. Secondary Vocational Programs for Children With Disabilities - Vocational programs for students with disabilities are eligible for salary, equipment and materials, travel and contract reimbursements similar to special education. [125A.75, 1]
15. Telecommunications Access Grants - A district may apply for a grant to establish enhance telecommunications capacity within the district. [125B.20]

Property Tax Relief Aids

Property tax aids replace property tax levies with state payments for local taxing jurisdictions. Property tax credits replace property taxes with state payments for individual taxpayers. In both cases, the effect is that the property tax payer pays less than what the taxes would otherwise be on the property, and the state makes up the difference with state payments to the taxing district. The major tax relief programs are the education homestead credit, the education agriculture credit, local government aid, and homestead and agricultural credit aid. Others include disparity reduction aid, attached machinery aid and taconite aids. School districts are one of the taxing districts receiving property tax relief aids.

Education Homestead and Education Agriculture Credit

The Education Homestead Credit is a reduction in the tax on each homestead property and agriculture homestead property equal to 66.2 percent of the general education homestead property tax, with a maximum of \$320, (limited to tax on the house, garage and one acre for agriculture homestead properties). Beginning with taxes payable in 2000, the education homestead credit will increase to 83.0 percent, with a maximum of \$390. A new Education Agriculture Credit will be implemented for taxes payable in 2000, equal to 54% of the general education levy for homestead farmland and 50% of the general education levy for nonhomestead farmland. [273.1382]

Homestead and Agricultural Credit Aid

Homestead and agricultural credit aid (HACA) replaced the agricultural credit and homestead credit beginning with property taxes paid in 1990 (1990-91 school year revenue). While no longer based on actual property tax levies, HACA continues the goals of the homestead credit and agricultural credit - to provide property tax relief to homestead property and agricultural property. The amount of HACA is based on the amount of the credits for pay 1989 taxes plus adjustments made from time to time in subsequent years. A major adjustment is that HACA for the equalized levies (general education, supplemental, referendum, transportation, and transition) has been transferred directly into those formulas through reduced levies. These equalized levies, in effect, no longer earn any HACA. Beginning with taxes payable in 1996, HACA is being reduced and that state funding is used to eliminate the levy for special education. Each year, a district's HACA will be reduced by the lesser of one fourth of the total or an amount equal to one percent of the district's adjusted net tax capacity (ANTC). The special education levy is phased out over a four-year period. The 1999-2000 school year is the fourth year that HACA funding is reduced and transferred to special education aid.

Because HACA is based on 1989 taxes, and is no longer dependant on the current year's levy, changes in school district levies from year to year no longer directly result in changes in the aid amounts. When property taxes are calculated by the county, the amount of HACA is subtracted from the levy before the property tax bill is sent to the taxpayer. The amount that school property taxes are reduced is paid directly to the school district by the Department of Children, Families and Learning. [273.1398]

Property Tax Calculation - Residential Property

Tax Calculation For Homestead Property In a City

(Note: The process illustrated on this page shows the concepts that are used in the determination of levies and)

Class Rate = 1% below \$75,000, 1.7% above \$75,000

=
 = +
 = + \$170
 =

Gross Tax Tax Rate x Tax Capacity
 Tax Rate x \$920

	Tax	
		x \$920
	38.4%	
City Rate		\$359.72
	45.5%	
Special Rate		<u>\$46.00</u>
		\$1,177.6
Education Homestead Credit	-	<u>\$206.88</u>
		\$970.72

*** Calculation of the Education Homestead Credit**

Total School Levy	\$418.60
General Education Levy **	\$312.50
Other School Levies	\$106.10
Credit (General Ed. Levy x .662)	<u>\$206.88</u>

** The education homestead credit is applied only to the general education levy

Property Tax Calculation - Agricultural Property

Tax Calculation for 300 Acre Agricultural Property and Homestead (For Property Taxes Payable in 1999)

(Note: The process illustrated on this page shows the concepts that are used in the determination of levies and tax credits but greatly oversimplifies the actual process used.)

Market Value	=	\$310,000
Home, Garage & 1 Acre market value	=	\$100,000
Farm Land (300 acres) market value	=	\$210,000
Class Rate = For Home, Garage and 1 acre: 1% below \$75,000, 1.7% above \$75,000		
For Agriculture land: .35% below \$115,000, 0.8% above \$115,000 (under 320 acres)		

Tax Capacity	=	Market Value x Class Rate
Tax Capacity, Home	=	(75,000 x .01) + ((100,000-75,000) x .017)
	=	\$750 + \$425 = \$1,175
Tax Capacity, Land	=	(115,000 x .0035) + ((210,000-115,000) x .008)
	=	\$402.50 + \$760 = \$1,162.50

Tax Capacity, Home and Farmland = \$1,175 + \$1,162.50 = \$2,337.50

Tax = Tax Rate x Tax Capacity = Tax Rate x \$2,337.50

Calculation of Tax	Tax
	Rate x \$2,337.50
County Rate	38.4% \$897.60
Township Rate	6.1% \$142.59
School Rate	45.5% \$1,063.56
Special Rate	<u>5.0% \$116.88</u>
Gross Tax	95.0% \$2,220.63
Education Homestead Credit *	- <u>\$243.64</u>
Net Tax	<u>\$1,976.99</u>

* Calculation of the Education Homestead Credit

Total School Levy	\$1,063.56
Homestead Portion	\$509.56
Farmland Portion	\$554.00
Homestead General Education Levy **	\$368.03
Homestead Other School Levies	\$185.97
<u>Credit (Homestead General Ed. Levy x .662)</u>	<u>\$243.64</u>

** The education homestead credit is applied only to the general education levy on the homestead portion

Effect of Tax Relief Aids on School District Revenue

Gopherville School District

Total Property Tax Levies Certified by the School Board = \$1,670,000
 Total Direct State Education Aid Payments = \$2,435,000

Sum of Education Homestead Credit amount, determined
 for all homesteads in the school district = \$425,000

Homestead and Agricultural Credit Aid (HACA) applied
 to reduce property tax levies in the school district = \$110,000

The school district levy amount is reduced by the amount of the HACA that has been applied to property in the school district.

		Education Homestead Credit	=	Net School Property Tax Levy
Levy	HACA			
\$1,670,000 -	\$110,000 -	\$425,000	=	\$1,135,000

This is the amount of school property tax to be levied upon property owners after reductions for HACA and the education homestead credit.

The district receives the amount of education homestead credit and HACA as state aid in addition to other state aid paid on education funding formulas.

Direct State Aid Payments	HACA	Education Homestead Credit	=	Total State Aid Payments
\$2,435,000 +	\$110,000 +	\$425,000	=	\$2,970,000

Education Finance Appropriations
 Fiscal Years 1999-2000 and 2000-01
 (\$ in thousands)

	<u>FY 2000</u>	<u>FY 2001</u>	<u>Biennium</u>
General Education, Transportation and Facilities Aid	\$3,068,507	\$3,206,183	\$6,274,690
Special Education Programs	582,205	624,858	1,207,063
Lifework Development Education	17,698	7,493	25,191
Facilities and Technology Programs	79,635	71,229	150,864
Education Excellence Programs	22,546	17,757	40,303
School Lunch and Breakfast Aid	11,306	11,306	22,612
Public Libraries	11,060	10,923	21,983
Department of Children, Families & Learning	32,295	29,764	62,059
Minnesota Center for Arts Education	7,239	7,400	14,639
Faribault Academies	10,039	10,258	20,297
Other Programs	40,901	42,147	83,048
Total	<u>\$3,883,432</u>	<u>\$4,039,317</u>	<u>\$7,922,749</u>

These are appropriation figures rather than entitlement figures. Most figures represent 10% of the prior year's entitlement and 90% of the current year's entitlement. These are state general fund appropriations only, based on the June 1999 end of legislative session appropriations.

Property Tax Relief Aid Payments to School Districts

	<u>1999-2000</u>	<u>2000-01</u>
Homestead and Agriculture Credit Aid (HACA)	\$39,306,900	\$30,138,300
Disparity Reduction Aid	11,482,000	11,470,000
Border City Disparity Aid	1,608,000	1,673,000
Attached Machinery Aid	836,000	808,700
<u>Education Homestead Credit</u>	<u>296,800,000</u>	<u>435,100,000</u>
Total — Tax Relief Aids	\$350,032,900	\$479,190,000

These are appropriations figures rather than entitlement figures. They represent 10% of the prior year's entitlement and 90% of the current year's entitlement.

School District Property Tax Levies
 Fiscal Years 1999-2000 and 1999-2000

	FY 1999-2000 Payable 1999	FY 2000-01 Payable 2000
General Fund	\$1,779,897,000	\$1,821,311,000
Debt Service Fund	381,428,000	411,319,000
Community Service Fund	41,218,000	44,057,000
Statutory Operating Debt	45,000	49,000
Total Operating Levies	\$2,202,588,000	\$2,276,736,000

These are the levies certified (before applying the tax relief aids) for a specific year. Levy figures for payable 1999 are estimates from February 1999, and for payable 2000 are estimates from May 1999.

Levies providing revenue for 1999-2000 were certified in the fall of 1998 and paid in May and October of 1999; levies providing revenue for 2000-01 are certified in the fall of 1999 and paid in May and October of 2000.

Education Revenue Sources

This chart shows the revenue available for education from state and local sources. All state education finance appropriations including the Department of Children, Families and Learning, Faribault Academies, the Minnesota Center for Arts Education, tax relief aid payments to districts, various dedicated revenues, and net education property tax levies are included. (Net levies are certified levies minus tax relief aids.) Federal revenues are not included. It is important to note that these are total revenue figures, not revenue per pupil unit.

School District Revenue Fiscal Years 1999-2000 and 2000-01 (\$ in thousands)

	1999-2000	2000-01
State Appropriation (1)	\$3,983,819,700	\$4,140,992,700
Dedicated Funds (2)	41,286,300	42,181,300
Tax Relief Aid (1)	350,032,900	479,190,000
Net Education Tax Levy(3)	1,852,510,200	1,797,497,400
Total Revenue	\$6,227,649,100	6,459,861,400
Percent Change in Revenue from Prior Year	4.8%	4.0%
Percent from State Sources	68.1%	70.3%
Percent from Property Taxes	31.9%	29.7%

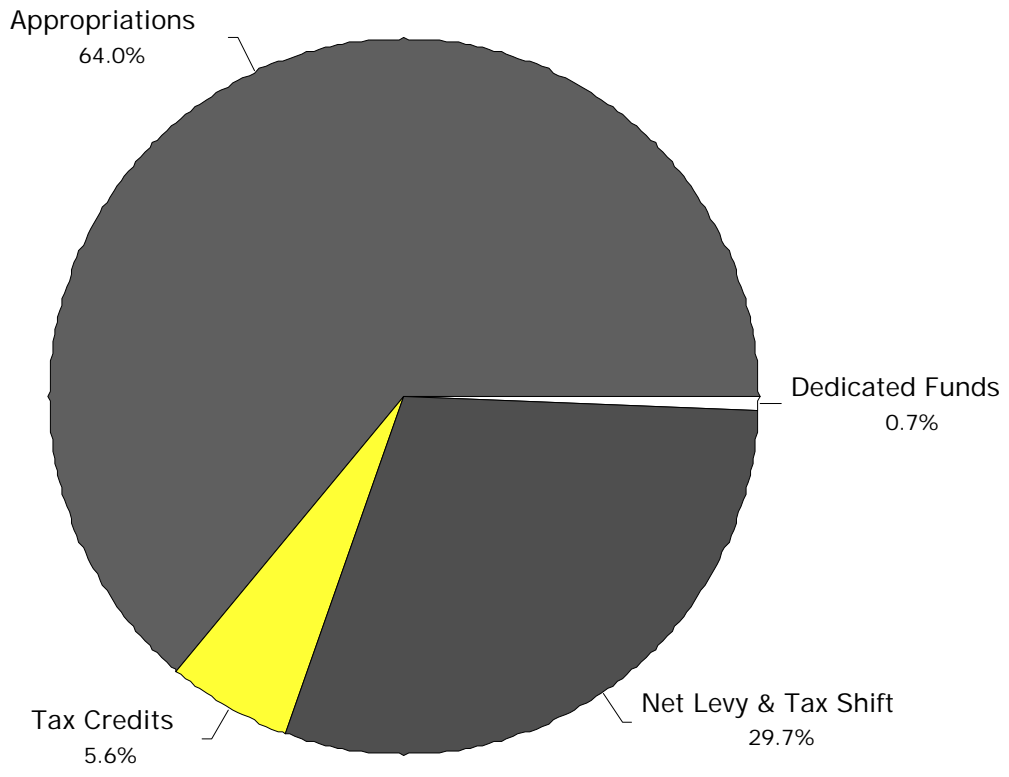
(1) The state appropriation and tax relief aids are appropriation rather than entitlement, generally 90% of the current year's entitlement plus 10% of the previous year's entitlement. The state appropriation includes K-12 Education Finance Appropriations (p. 44), early childhood and family education appropriations, special TRA contributions for first class cities and maximum effort debt service.

(2) Dedicated funds include permanent school fund, trunk highway fund, alcohol impaired driver account, county apportionment and taconite revenue.

(3) The property tax figure is the amount levied for the school year.

Elementary-Secondary Education Revenue Sources

Fiscal Year 2000 - Total Revenue = \$6,227,649,100



Greg Crowe, House Fiscal Analyst 7/99
Does not include federal funds