



League of Women Voters of Minnesota Records

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June 5, 1987

MEMO: Education Issues in Local League Communities

TO: Local League Education Chairs and/or Presidents

FROM: Jane McWilliams

In order to help me become familiar with education issues in your communities, please complete the following questionnaire and return it to me (stick a stamp on it if you need to take it home for completion, and drop it in mail).

Thank you.

-
1. Current local education positions:
 2. Current local education study:
 3. Local issues of interest to League members which might become targets for study/action:
 4. We do do not have a regular school board observer
(circle one).
 5. We do do not have an education study committee.
 6. Here are names of Leaguers who may be interested in being on state education committee, observing legislature, doing some lobbying:
 7. Here are some ideas of ways State Board Education Chair can assist local Leagues with education study and action:
 8. Here are some ways I/we think LWVMN can and should become involved in education issues:
 9. Other comments or suggestions:

Signed _____

Address _____

LWV Position _____

HIGHLIGHTS OF OMNIBUS SCHOOL AIDS BILL

Article 1 Foundation and General Revenue

- 1987-88 formula allowance \$1,720/pu, 22.5 mills, tiers intact.
- 1988-89 general education formula established - \$2,735/pu, 35.0 mills.
Tiers eliminated
Contains "folded in" retirement aid, levies and aid for summer school, interdistrict cooperation, gifted and talented, arts education, chemical dependency, liability insurance, advanced placement & bacca-laureate, and programs of excellence.
Categorical reserve (1.85% of general revenue) must be spent for one or more of above programs.
\$10/pu dedicated to professional development (from general revenue).
Secondary pupil weighting reduced from 1.4 to 1.35.
Administrative cost freeze in districts without pay equity plans.

Article 2 Pupil Transportation

- Allows schools to designate day care facilities as alternate sites for transportation purposes.
- Changes desegregation levy to grants for Minneapolis/St. Paul

Article 3 Special Programs

- Requires special education services from birth-age 21. State Board of Education to adopt rules.
- State interagency council for early childhood special education established.
- Student IEP must include transition services.
- Community transition interagency committee established.
- Reduces state reimbursement for special education salaries, supplies, residential aid.
- Requires special education study to be done by legislative commission on public education.

Article 4 Community and Adult Education

- Requires State Board of Education to appoint CE advisory task force.
- Increases CE formula slightly.
- Provides additional 50¢ per capita in formula for youth development plans (begins in 1989).
- Increases state funds for adult literacy and handicapped adult programs.

Article 5 State Agency Services - Monies appropriated for:

- Teacher assessment plans, PER assistance, CAPP technical assistance and many other programs.

Article 6 Other Aids and Levies

- FY 89 Capital expenditure allowance increased, mill rate reduced. (\$153/pu, 3 mills)

Article 6 Other aids and Levies, continued

- . Desegregation grants for Minneapolis, St. Paul, Duluth.
- . Delay school district aid payments if necessary to avoid state short-term borrowing.

Article 7 Miscellaneous

- . Site management agreements allowed.
- . Academic league authorized.

Article 8 Access to Excellence

- . Education districts authorized along with program improvement grant and levy to enhance cooperation and coordination.
- . Voluntary enrollment option for districts that choose to participate (K-12).
- . Provides grant and levy program for technology cooperation and program improvement.
- . Area learning centers authorized for secondary pupils and adults at risk.
- . PER rewritten:
 - State Board of Education to adopt state process and local district procedures, and model core curriculum.
 - Local board to adopt annual PER policy, establish advisory committee, report learner outcomes, assessment results, improvement plans & progress.
 - Local evaluation of testing programs required every 2 years.
 - Assessments required yearly in at least 3 grades, part of review cycle.
- . High school graduation incentives including open enrollment to serve dropouts and potential dropouts.
- . Redesign of teacher education programs. Teacher mentorship program est.

Article 9 Libraries

- . Requires all counties to belong to a regional library system.

Article 10 State Agencies

- . Appropriation for Faribault Academies.
- . School and Resource Center for the Arts.

OTHER EDUCATION-RELATED LEGISLATION

School District Election Law: Beginning in July, 1988, school districts must have trained election judges, follow general election law procedures for absentee ballots, use voter registration lists.

Fair Campaign Practices (H.F. 236, Linda Scheid, DFL-Brooklyn Park; S.F. 247, D. Peterson, DFL-Minneapolis) requiring school board candidates to comply did not pass. Watch for it during 1988 session.

Elimination of deduction for certain costs to parents of school children from taxable income was considered but not enacted as part of income tax reform legislation.



LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA • ST. PAUL, MINNESOTA 55102

PHONE: (612) 224-5445

MEMO

TO: Presidents!
Local League Education Chairs

FROM: Ruth Armstrong, LaNelle Olsen

SUBJECT: School Finance Consensus Report

DATE: October 20, 1982

When we sent you the School Finance consensus questions in August we neglected to ask you for the following information on the consensus form:

Name of League _____

Name of person preparing the report _____

Total Membership _____

Total number participating in the consensus _____

Please include actual numbers voting on each question.

Please fill out and attach this sheet to your consensus report.

Proposal for consensus report for School Finance:

FINANCING EQUAL OPPORTUNITY FOR EDUCATION

ALL MINNESOTA CHILDREN SHOULD HAVE EQUAL ACCESS TO A QUALITY EDUCATION. A CHILD'S EDUCATIONAL OPPORTUNITIES SHOULD NOT DEPEND ON THE PROPERTY WEALTH OF THE SCHOOL DISTRICT, THE WILLINGNESS OF VOTERS TO TAX THEMSELVES, OR HIS/HER RACE. (IA*, IB1* and 2*, previous position)

The League supports the concept of the foundation aid program, but also supports considering new methods of financing schools. Any revisions or changes of method of financing should account for the following: (IIF, IIIA)

---provision of adequate funding based on real costs of education. (IIA1, IVA3)

---encouragement for reduction of costs and cost efficiency. (IVA3)

---equitable distribution of funds measured by the quality and substance of the programs provided, not dollars per pupil. (IA*, B3)

---maintenance of a substantial amount of local choice for flexibility. (IVD1)

---protection of local discretion and accountability by some locally raised taxes with leeway given to both the local school board and the voters. (IVD3*, D4b and c, IIB2 and 3, C3*)

---protection of equal opportunity through state limitation or equalization of some local levies. (IVD2*, IID*)

Details:

Categorical aids. Categorical aids for special programs that are needed to improve equal access to a quality education should be supported by state funds. (IID*)

Reorganization. The state should promote reorganization to correct inequities due to extremely low enrollments. (IVE*)

Non public schools. Minnesota should not provide a non-public school tax deduction. There is little support for public help to private schools. (IVC1 and 3*)

Taxes. Income tax should be the main source of funding schools. (IIE2)

Social Services. Most social services delivered through the schools should be continued, but alternative financing should be found where possible. (IVB1 and 2)

Comments:

Old position and details should be listed under history of state action.

*Indicates strong support

The numbers and letters in parentheses refer to the actual consensus questions.

TO: Local League School Finance Study Chairs
FROM: Ruth Armstrong, Education Chair
LaNelle Olsen, School Finance Study Chair
DATE: August 20, 1982

DISCUSSION GUIDE TO SCHOOL FINANCE CONSENSUS

This Guide is intended to prepare you to present the School Finance Material to your unit meetings. Further information and assistance will be available at the Fall Workshops. Be sure to attend!

RESOURCES FROM LWVMN:

1. How Will We Pay For Our Schools? Financing Public Education in Minnesota (k-12), LWVMN, 59 pp., August, 1982. One per League - additional copies \$3.00.
2. Facts and Issues: How Will We Pay For Our Schools? LWVMN, 12 PP., August, 1982. Every member piece.
3. Consensus Questions on School Financing from LWVMN School Finance Study Committee.
4. Discussion Guide to School Finance Consensus, LWVMN School Finance Study Committee, August, 1982.

SUPPLEMENTAL RESOURCES:

5. Financing Education - Minnesota, 1981-82, from the House of Representatives Education Committee, State Office Building, St. Paul, MN 55155.
6. ABC's of Minnesota School Finance, from the State Department of Education, 737 Capitol Square Building, St. Paul, MN 55101.
7. School District Profiles, also from the State Department of Education, address above.
8. The Condition of Education, also from the State Department of Education, address above.

We are now moving into the consensus phase of our state study on School Financing and it may be an appropriate time to step back a moment to look at the process we are all involved with. In the Introduction to Program for Action, 1979-81, it says:

State Program is selected by LWVMN members in individual units through proposals to their local boards of directors, who send the proposals to the state Board. The state Board then formulates a recommended Program of old, new and/or amended items consisting of those most frequently mentioned. All items, whether recommended or not, may be discussed, amended and adopted or rejected at the biennial state Convention.

Following adoption of the Program, research committees are formed to prepare study information on new items. In small units and at large meetings, members weigh the pros and cons of issues to reach consensus on each study item. The state Board receives the consensus reports from the local Leagues, determines areas of agreement, and formulates position statements.

It is now time to "weigh the pros and cons" of these issues on School Financing so that we can arrive at consensus.

There are certain related positions at both the state and national level that must be kept in mind as we take consensus. The committee has tried to avoid infringing on any other positions as we studied school finance. Local units must likewise avoid that temptation. Some of those related positions include:

LWVUS Position: It is the responsibility of all levels of government to provide equality of opportunity for education. Historically the LWVUS has considered quality and equality to be inseparable. The 1974 adopted program contained the words "...equal access to... quality education...". (Page 15 in Impact on Issues, 1980-82, includes national discussion of education positions.) Leagues have never worked out together, however, what quality means.

LWVUS has left the specifics of how this position is interpreted in statements about education financing to state and local Leagues. It has, though, funded efforts to educate citizens about the inequities and inadequacies of state school funding systems that allow childrens' educational opportunities to depend unduly on the property wealth of the school district in which they live. It also opposes tuition tax credits because of their negative impact on the public schools and because they have been used to oppose desegregation in public schools.

Since 1966 the LWVMN has had a position supporting equal opportunity for education that matched the national LWVUS position. The current LWVMN position on education financing parallels our current Minnesota laws. It was used to lobby for the passage of the 1971 Omnibus Tax Act, and was revised in 1976, as the law was revised, to meet problems created by declining enrollment and inflation. With few exceptions it reflected support for the Minnesota law as it was before the revisions of the December, 1981, special session.

EQUAL OPPORTUNITY

LWVMN Position - Support of increased state responsibility in creating equal public educational opportunities for all Minnesota children through measures to correct racial imbalance and insure adequate financing of public schools.

Details:

- . Correction of racial imbalance in the schools. The state should have the power to investigate, to set and enforce standards, and to give extra financial help to achieve these standards. (1967)
- . An equalization aid formula which would include a greater proportion of local operating expenses; consideration of per capita income in addition to assessed valuation; continued consideration of the proportion of children at different grade levels (1967); consideration of enrollment fluctuations when determining pupil units, and in the case of declining enrollments, extending beyond two years the time for reducing pupil unit counts (1976); recognition of the proportion of property taxes used for municipal services; and partial financing by property tax to maintain local control.(1967)
- . Categorical aid to school districts which have high salary costs per pupil unit. Such aid should not preclude careful planning and evaluation of local school district expenditures. (1976)
- . Transportation aid reflecting current costs. (1967)
- . Adequate financing of special aids for children with physical and mental problems, and children with other learning disabilities. Support of funding for special programs for gifted and high potential students.(1967)
- . Increasing state responsibility for aspects of education which may require financial aid, specifically assistance in capital improvements, upgrading local educational standards, and encouraging experimental programs.(1967)

There are also some related details in the LWVMN position on Financing State Government.

LWVMN Position - Support of state aids to local governments, especially to local school districts and to the local governmental unit that provides the major portion of local services (county and/or city).

Details:

- . Education is appropriately financed partly by the property tax and partly by revenue from other sources.(1967)
- . When cuts in state spending are necessary, LWVMN:
 - opposes cuts in state aid to local governments, especially local school districts.
- . When increases in state spending are proposed, LWVMN supports setting priorities for state spending rather than a percentage increase in all areas of state funding. LWVMN:
 - supports an increase in state aids to local school districts.

In taking this consensus the goals are to:

1. clarify LWVMN members perspective on basic LWVUS and LWVMN position on public education financing;
2. see if there is agreement among members on some specific issues currently controversial within the state; and
3. explore membership reaction to some quite different methods for collecting and distributing public school funds.

There are also some things we are not doing:

1. We are not addressing issues that are other than financial, i.e. racial balance, special ed, teachers' salaries or contract rights, curriculum, etc.
2. We are not addressing any specifically local issues. Although local interviews have been held and local control has been discussed, we are concentrating on the statewide perspective. For example, even if there are no non-public schools in your district, you must consider these questions because it involves statewide policy making.

The consensus consists of five sections that (roughly) parallel the order of the study. This should facilitate your group discussions and encourage you to refer back to the study frequently during those discussions.

Part I addresses basic LWVMN positions on equal opportunity.

Part II addresses the current Minnesota law and some possible revisions.

Part III addresses new methods of school financing.

Part IV addresses specific controversial issues.

Part V includes anything omitted in the other four parts.

These five parts are not obviously of equal weight, they merely represent a logical view of the consensus parameters. Please do not omit any part, budget your time, but do not expect to spend an equal period of time on each part. The discussion leader will have to decide when to move on to the next part, even if that means cutting short a heated debate on one of the issues. It may be necessary to leave a question that seems, at that moment, unresolvable and return to it later.

Discussion leaders will certainly wish to compare carefully the larger publication which they have with the smaller every-member piece. Some issues are dealt with very briefly in the Facts and Issues and discussion leaders may need to amplify from this longer study.

DISCUSSION GUIDE TO SCHOOL FINANCE CONSENSUS: (page 4)

PART I. REAFFIRMATION OR RECONSIDERATION OF BASIC LWVMN POSITION ON EQUAL OPPORTUNITY.

Discussion leaders may find that this section is full of philosophic issues that may either take too long or get off the track. You may decide to try question one briefly, but then set it aside to complete at the end. It's tempting to argue about equal access, quality education, equal opportunity. (Goodness knows our study committee did!) Background for this section can be drawn from the School Finance study itself (Chapter I) or from the State Department of Education's publication, ABC's of Minnesota School Finance.

It's especially important in discussing these questions to keep in mind the diversity in Minnesota's public schools. Our laws must apply to the smaller rural systems that may have under 200 students K-12, staffs of less than 20, as well as the larger metro districts with thousands of students and hundreds of staff personnel. The State Department of Education publication, School District Profiles, does an excellent job of laying out the wide range of school sizes in Minnesota.

PART II. REVISION IN CURRENT MINNESOTA LAW.

From the study, Chapter I. Part B, deals with these questions. Discussion leaders must be prepared to clarify terms and might want to prepare their own glossaries anticipating questions from members. State Department of Education publications will also be helpful background.

Question II. A.1. deals with how the formula amount is arrived at through the legislature. We've pointed out several places that money appropriated is more related to money available than real costs. Question II. A.2. addresses the pupil-unit distribution method in the current law. There are interesting questions to discuss here about whether equal dollars spent per pupil unit is really fair distribution. Question II. A.1. really means "how big a pie are we talking about?" Question II. A.2. really means "how are we going to slice the pie?"

Question II. B. deals with the chart in the study (p. 2-2) which is taken from the ABC's. Leaders must be familiar with this chart so that members can be helped to understand the reasons these components were added.

Question II. D. deals with all categorical aids. LWVMN has worked hard to lobby for some of these aids. Remind members of our past history here, in special education, transportation costs, gifted and talented programs, etc. We may, of course, be ready to think differently on these aids now.

Question II. E. concerns the mix of taxes which fund Minnesota's schools. In order to answer this question members will need to be familiar with Table II, (p.9-3 in How Will We Pay For Our Schools?) entitled "Attributes of Major Minnesota State and Local Taxes." The table is not included in the every member Facts and Issues. We suggest that leaders either make copies of the table or make a large visual aid for the purposes of unit discussion.

PART III. NEW METHODS OF SCHOOL FINANCING.

Chapter III in the study will be the most help here. Discussion leaders will need to add information here since the smaller publication does not give these new methods much space.

PART IV. SPECIFIC ISSUES AT CONTROVERSY.

Question A., all parts, should be fun to discuss. There is obviously no correct answer and politics will play a strong role.

Question B. is discussed in Chapter II, Part A, of the study. This can easily drift away into anecdotes about members' own experiences - which can be fun, but can't be allowed to take up too much time. This would be a good spot to bring some quieter members of the group into the discussion. It requires less expertise to debate this.

In discussing Question C, remember that not all non-public schools are church related. Even if your district does not have any non-public schools, please answer these questions. It's a statewide and even national issue. This should be a time to mention the LWVUS petition drive to oppose the current administrations's tuition tax credit proposals.

Do be sure the current Minnesota law allowing tax deductions and the national proposal for tax credits are not confused.

Question D may elicit some heated discussion, too. Ask your members whether or not "local control" is a contradiction...is there really any? Should there be? Does raising money locally really mean that there's an option to exercise power locally? If you have school board members who are League members, they'll enjoy debating this issue.

PART V.

This is important, but it may be a question that the discussion leader might want to answer (from the recorder's notes) after reflecting on the discussion the next day. When the committee starts to read these questions and tally the responses, this last question may be the most enlightening.

At its August 10th meeting the LWVMN State Board decided:

"Consensus requires at least two-thirds vote on both total members participating and two-thirds of total number of local Leagues participating. However, we must have an equitable combination of metro and greater Minnesota Leagues."

Since the state board wants numbers of members participating, we ask that you record these numbers. Local boards have the responsibility to review the consensus before completing the forms and shipping them off to the state office. January 15th is still the date we'd like to get these responses, but if this date is impossible, January 28th is the last possible date.

The state study committee has enjoyed these fifteen months of study, talk, meetings, reading, listening, worrying. Now local Leagues can have a few months to similarly enjoy the study. Have fun!



LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA • ST. PAUL, MINNESOTA 55102

PHONE: (612) 224-5445

MEMO

TO: Public School Financing Study Group

FROM: LaNelle and Ruth

SUBJECT: Tasting the Pudding

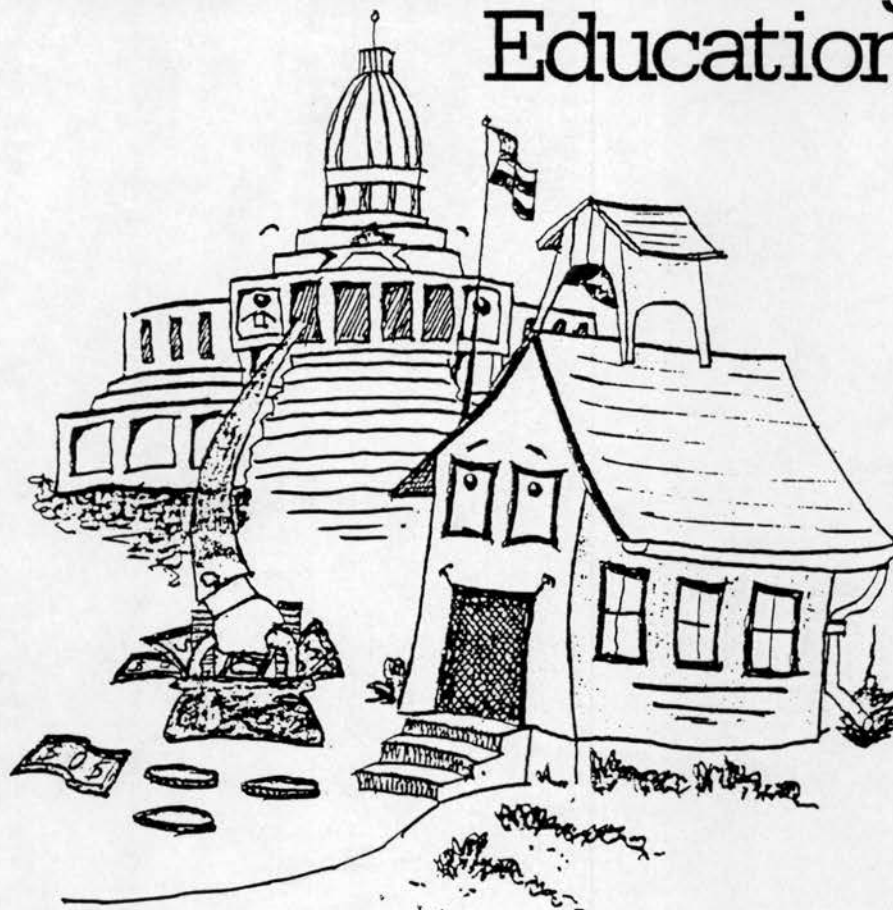
DATE: December 17, 1982

Saturday, February 5, 1982
1-3 p.m., at LWVMN office,
555 Wabasha

The last day to receive local consensus reports is January 28th. On Tuesday, February 1st, Ruth and LaNelle will meet to produce a first draft of a consensus. (At 1:15 p.m. at LWVMN office; anyone who can join us will be welcomed.) We want the study group to hear that draft, comment on it and improve it, and approve it before it is presented to the State Board on Tuesday, February 8th (9:30 a.m., also a meeting any of the committee might plan to join).

Some consensus reports have arrived already. You can stop by the state office and read through them anytime; and it will help to have as many of us as possible do some of that before the February 5th meeting.

Financing Education

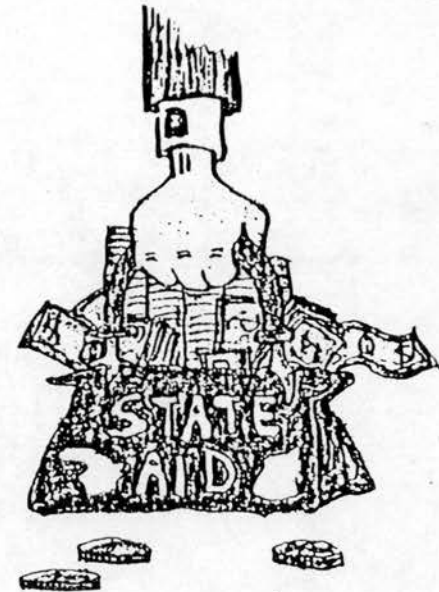
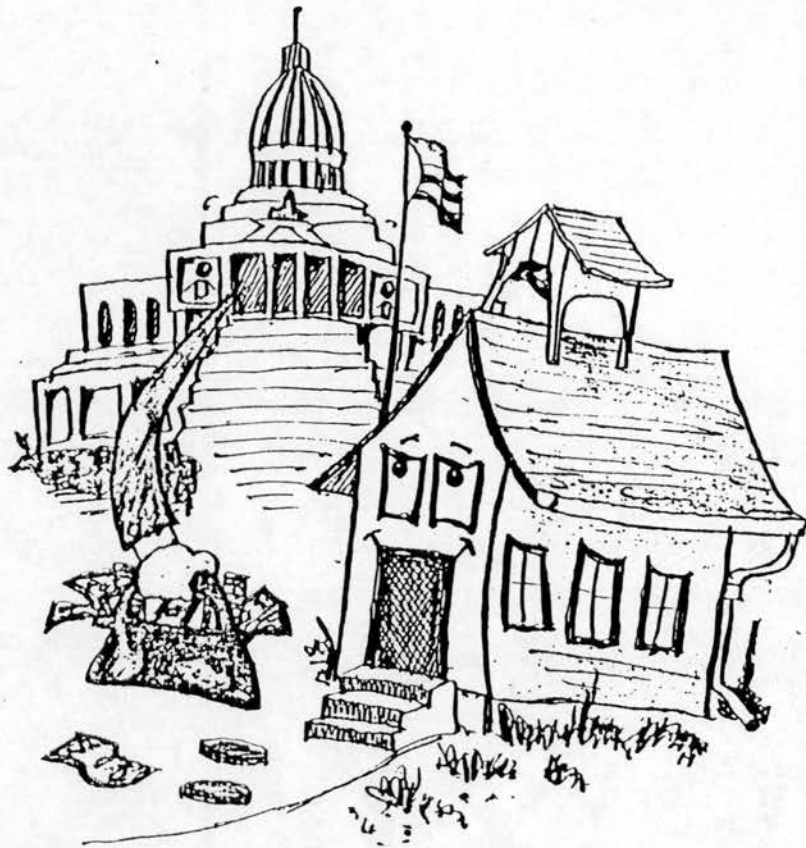


Minnesota 1982~83

BY: MINNESOTA HOUSE OF REPRESENTATIVES

EDUCATION COMMITTEE

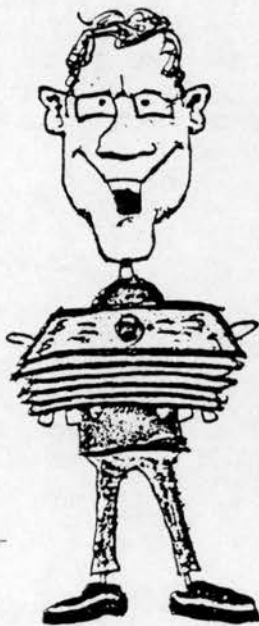
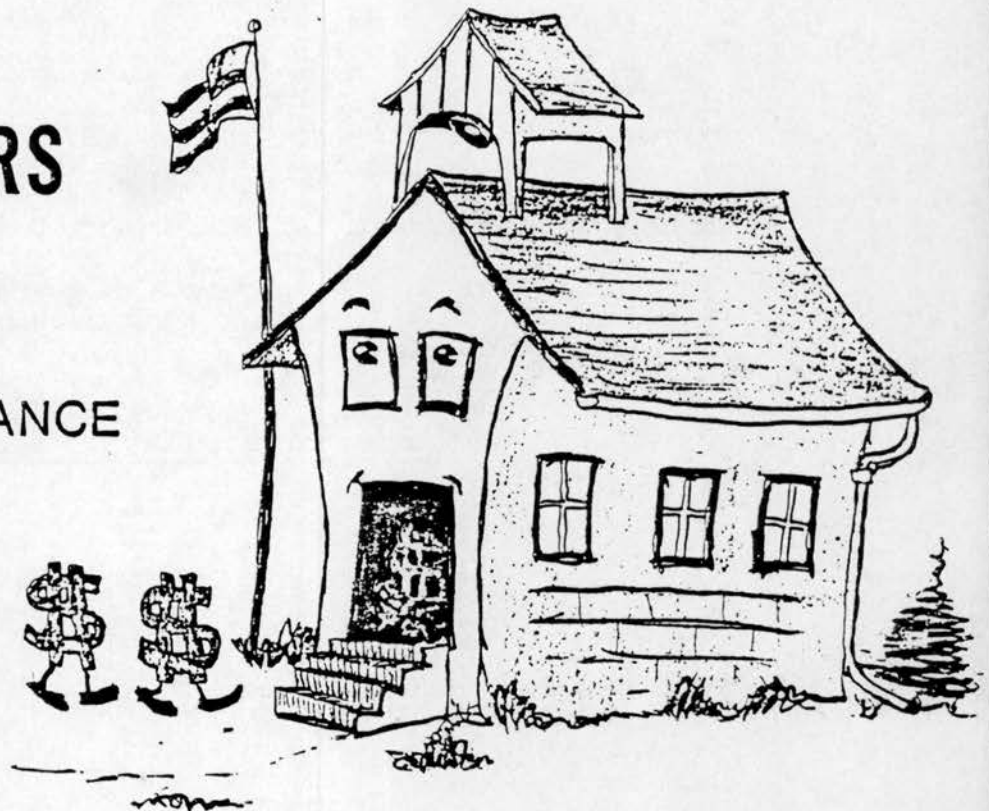
EDUCATION REVENUE



TOTAL DOLLARS = LOCAL LEVY + STATE AID

TOTAL DOLLARS

PUPIL UNITS
X
FORMULA ALLOWANCE



LOCAL LEVY

MILL RATE
X
TAXABLE VALUE



STATE AID

TOTAL DOLLARS - LOCAL LEVY

MINNESOTA

SCHOOL FINANCE TERMS - GENERAL OVERVIEW

1. Foundation Aid Program - the method by which school districts receive the majority of their financial support. The foundation aid program includes a number of components which are funded by a combination of state aids and local property taxes. The components include:

A. Basic Foundation Aid and Basic Maintenance Levy

This establishes the basic level of finance for school districts. The foundation aid is determined by subtracting the amount raised by the levy from the formula allowance.

<u>School Year</u>	<u>Foundation Aid Formula Allowance</u>	<u>Local Effort</u>
1979-80	\$1182	27 mills
1980-81	1265	23 mills
1981-82	1333	21 mills
1982-83	1346*	24 mills
1983-84	1475	24 mills

*The 1982-83 formula allowance is set at \$1346 although the appropriation is adequate to fund only \$1325.

B. Replacement Allowance

Beginning with revenue for the 1980-81 school year, the replacement aid and levy replace aid that districts would have received for decline or growth and sparsity. The replacement allowance is equalized on the same basis as the foundation aid formula. The amount of the replacement allowance is the revenue that the district would have earned from decline or growth and sparsity aid in 1980-81. It is increased each year by the same percentage that the foundation aid formula allowance is increased except that the 1982-83 amount shall be based on a formula allowance of \$1416.

C. Grandfather Allowance

Districts which were spending above the statewide average cost of \$663 per pupil unit in 1970-71 are allowed an additional levy in the amount that the district's 1970-71 cost per pupil unit exceeded \$663 per pupil unit. However, beginning with revenue for the 1981-82 school year, a district's grandfather revenue amount is the greater of dollars per 1970-71 pupil unit times present pupil units or total grandfather revenue authorized for the 1980-81 school year. This has the effect of freezing the grandfather revenue for declining enrollment districts. Districts with below average EARC values receive a portion of the grandfather revenue as state aid.

D. Discretionary Allowance

Beginning with revenue for the 1980-81 school year, districts may levy a specified amount above the foundation aid formula allowance. Districts must hold public hearings and be subject to a reverse referendum and not exceed certain fund balance limits in order to make this equalized levy. The state guarantees that a certain levy will raise a guaranteed amount per pupil unit. State aid makes up the difference between the amount raised by the levy and the guarantee.

<u>School Year</u>	<u>Discretionary Guarantee per Pupil Unit</u>	<u>Discretionary Levy</u>
1980-81	\$ 27.50	.50 mills
1981-82	64.48	1.00 mills
1982-83	138.52	2.25 mills
1983-84	153.65	2.50 mills

E. Referendum Levy

With approval from the voters in the school district, a district may increase its levy for general fund purposes.

F. Low Fund Balance Allowance

Beginning with revenue for the 1983-84 school year, a district with a 6/30/82 fund balance below \$316 per pupil unit receives an additional allowance. This low fund balance allowance is the lessor of \$60 per pupil unit or the difference between \$316 and the school district's fund balance. The low fund balance allowance will be readjusted every year by comparing the district's most recent fund balance to \$316.

G. Minimum Aid

A school district where more than 60% of the valuation is agricultural land is guaranteed \$800 per pupil unit in state aid. State aid is defined to include foundation aid, agricultural tax credit and homestead credit. The minimum aid provision assures that eligible districts will receive 59% of the foundation aid formula allowance in state aid.

2. Summer School - For summer school 1981, revenue to operate summer school programs was based on the foundation aid formula allowance and will come from an equalized aid and levy. Beginning with summer school, 1982, districts may levy \$20 per actual pupil unit in the previous school year for specific school programs.
3. Categorical Aids - additional resources for specific school programs. Categorical aids include:
 - A. Transportation Aid
 - B. Special Education Aid
 - C. Secondary Vocational Aid
 - D. Limited English Proficient Aid
 - E. Gifted and Talented Aid
 - F. Capital Expenditure Equalization Aid
 - G. Community Education Aid
 - H. Adult Vocational Aid
4. Assessor's Estimated Market Value - the value set upon real estate or other property as a basis for levying taxes. The value is determined by each local assessor.
5. Equalized Aid Review Committee (EARC) - a 4-member committee established to normalize property values based on assessment practices and market values.
 - Commissioner of Revenue
 - Commissioner of Education
 - Commissioner of Administration
 - Commissioner of Agriculture

6. EARC Value - the property value used for assessing most school taxes. It is determined by equalizing differences in assessed valuations in the different counties. This equalization process compares assessed values to sales values.
7. Assessed Value - the property value used for actual taxing purposes. Classification ratios are applied to the assessor's estimated market value to determine assessed value. For example, on agricultural land, the first \$50,000 of market value is valued at 14%, remaining amounts are valued at 19% of market value.
8. Pupil Weighting - a weighted count of pupils used to determine state aid.

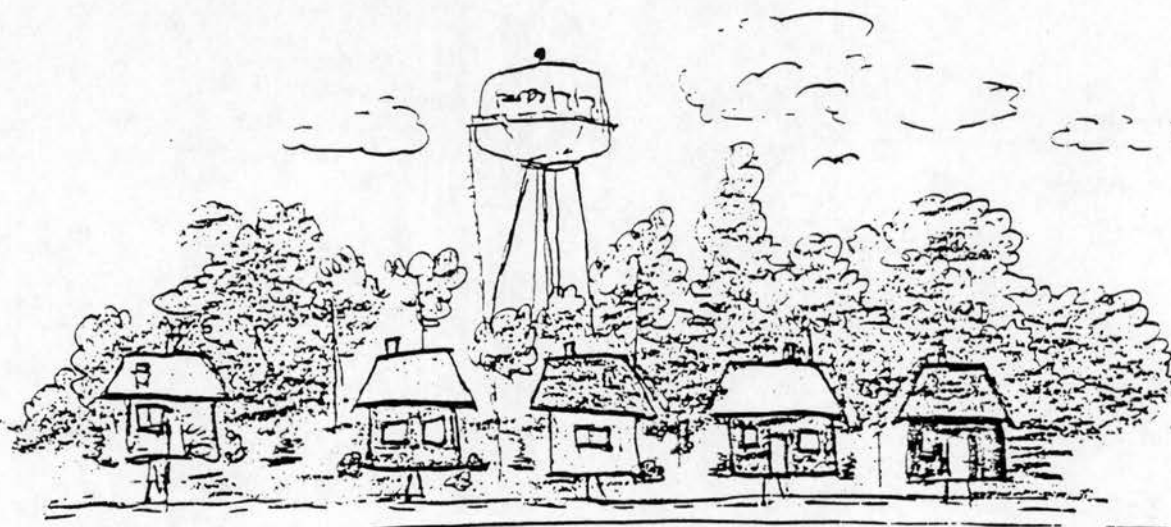
One Kindergartener	=	.5 pupil units
One Elementary	=	1.0 pupil units
One Secondary	=	1.4 pupil units

9. 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 education.
10. School Funds - a set of financial accounts to manage school operations.
 - A. Operating Funds
 1. General Fund - general operations of the school district
 - salaries and related expenses,
 - supplies,
 - custodial operations
 2. Food Service Fund - school lunch program
 3. Transportation Fund - pupil transportation
 4. Community Service Fund - community service and recreation programs
 - B. Non-Operating Funds
 1. Capital Outlay Fund - capital programs
 - acquisition of land
 - repair of buildings
 - equipment
 2. Building Construction Fund
 3. Debt Service - building project bonds
 4. Trust and Agency Fund
11. Districts Off The Formula - In some school districts the 24 mills x EARC value is a higher figure than pupil units x \$1346. These districts which have extremely high property values, are referred to as being off the formula. These districts do not receive any basic foundation aid but are still eligible for agricultural tax credit and homestead credit. The minimum aid provisions also apply to these districts.

12. Property Tax Timetable - Property taxes are often referred to in various ways. Read across the following columns to find the corresponding terms referring to property taxes.

<u>EARC (Property) Value for year of</u>	<u>School Board Certifies Levy in October of</u>	<u>Property Taxes Payable in Calendar Year</u>	<u>School District Revenue for School Year</u>
1979	1980	1981	1981-82
1980	1981	1982	1982-83
1981	1982	1983 —1/6— —5/6—	1982-83 1983-84
1982	1983	1984 —1/6— —5/6—	1983-84 1984-85

Beginning with property taxes payable in 1983, property taxes paid in a calendar year will be recognized as revenue in two different school years. During the 1982-83 school year, this change in revenue recognition results in school districts receiving approximately 7/6 of their anticipated property tax revenue. State aids are reduced by the additional 1/6 of property taxes so that the total school district revenue (state aid and property tax) received during the 1982-83 school year will not change. This recognition of approximately 7/6 of a year's anticipated property tax receipts will occur only during the 1982-83 school year. In subsequent school years, a district will receive approximately 5/6 of its property tax revenue from the levy certified during the previous school year and approximately 1/6 of its property tax revenue from the levy certified in the current school year.



Average Valuation in District

Gopherville School District

Number Pupil Units	=	1000
Foundation Aid Formula Allowance	=	\$1346 per pupil unit
EARC Value	=	\$30,000,000
Local Effort for 1982-83 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid (\$)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
\$1346	x	1000	-	.024	x	\$30,000,000	=	State Aid
\$1,346,000			-	\$720,000			=	<u>\$626,000</u>

AVERAGE VALUATION DISTRICT

State Aid Per Pupil Unit	=	\$626.00
Local Revenue Per Pupil Unit	=	\$720.00
Percent State Aid	=	46.5%
Percent Local Revenue	=	53.5%



Low Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	\$1346 per pupil unit
EARC Value	=	\$15,000,000
Local Effort for 1982-83 Revenue	=	24 EARC mills (.024)

Formula

Formula Allowance - Local Effort = State Aid (\$)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
\$1346	x	1000	-	.024	x	\$15,000,000	=	State Aid
\$1,346,000						\$360,000	=	<u>\$986,000</u>

LOW VALUATION DISTRICT	State Aid Per Pupil Unit	=	\$986.00
	Local Revenue Per Pupil Unit	=	\$360.00
	Percent State Aid	=	73.3%
	Percent Local Revenue	=	26.7%



High Valuation in District

Gopherville School District

Number of Pupil Units	=	1000
Foundation Aid Formula Allowance	=	\$1346 per pupil unit
EARC Value	=	\$56,000,000
Local Effort for 1982-83 Revenue	=	24 EARC mills (.024)

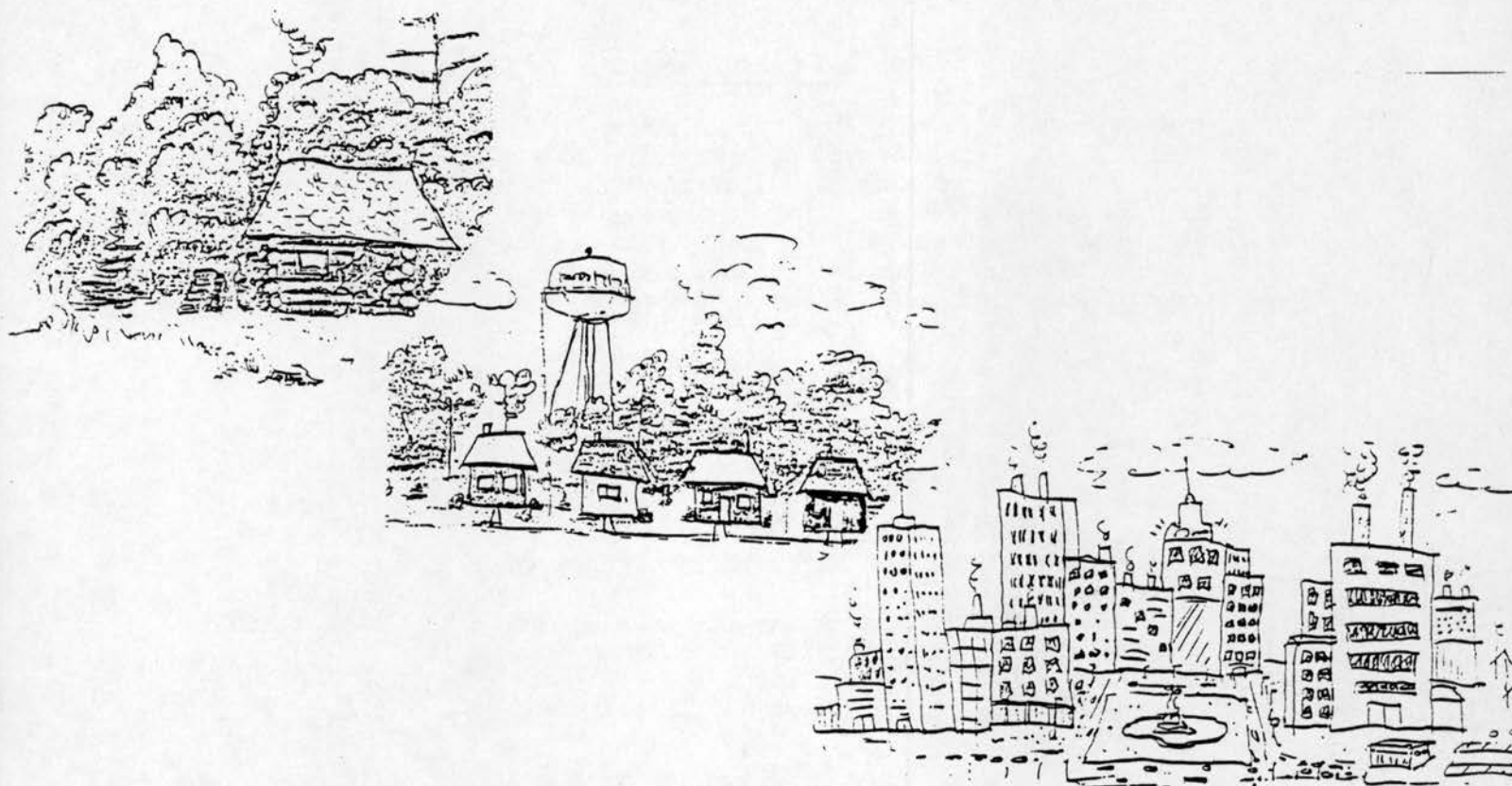
Formula

Formula Allowance - Local Effort = State Aid (\$)

Formula Allowance	x	# Pupil Units	-	(mill rate)	x	EARC Value	=	State Aid
\$1346	x	1000	-	.024	x	\$56,000,000	=	State Aid
\$1,346,000			-		\$1,344,000		=	<u>\$2,000</u>

HIGH VALUATION DISTRICT

State Aid Per Pupil Unit	=	\$ 2.00
Local Revenue Per Pupil Unit	=	\$1,344.00
Percent State Aid	=	0.1%
Percent Local Revenue	=	99.9%



Comparison
of
State Aid and Local Revenue Contribution

Gopherville School District

Number Pupil Units	=	1000
Foundation Aid Formula Allowance	=	\$1346 per pupil unit

	Valuation		
	Low	Average	High
EARC Value	\$15,000,000	\$30,000,000	\$56,000,000
Local Property Tax Effort	24 mills	24 mills	24 mills
Local Revenue Contributions	\$ 360,000	\$ 720,000	\$ 1,344,000
State Aid Contributions	\$ 986,000	\$ 626,000	\$ 2,000
Percent State Aid	73.3%	46.5%	0.1%
Percent Local Revenue	26.7%	53.5%	99.9%
TOTAL Revenue Available	\$ 1,346,000	\$ 1,346,000	\$ 1,346,000

Replacement Aid and Levy

The replacement allowance is based on the amount of additional aid a district would have been eligible for in 1980-81 under the growth or decline and sparsity formulas. Each year the replacement allowance will increase by the same percent that the foundation aid formula allowance increases except that the 1982-83 amount will be based on a foundation aid formula allowance of \$1416. The percentage of the replacement allowance that are state aid and local levy will be the same as on the foundation aid formula.

Example

1982-83 School Year Gopherville School District

Number of pupil units	1000
Foundation Aid Formula Allowance (for replacement purposes)	\$1416
EARC value per pupil unit	\$30,000
Local effort for 1982-83 revenue (for replacement purposes)	23 EARC mills
Amount of decline or growth and sparsity aid district would have received in 1980-81 per pupil unit	\$100
Replacement inflator (relationship between \$1265 and \$1416)	1.12

$$\begin{aligned}\text{Replacement Allowance} &= \text{Replacement Inflator} \times \text{1980-81 decline, growth and sparsity aid per pupil unit} \times \text{1982-83 pupil units} \\ &= 1.12 \times \$100 \times 1,000 \\ &= \$112,000\end{aligned}$$

$$\begin{aligned}\text{Replacement Levy} &= \text{Replacement Allowance} \times \left(\frac{\text{District EARC per pupil unit} \div \text{Foundation Aid Formula Allowance}}{\text{Local Effort}} \right) \\ &= \$112,000 \times \left(\$30,000 \div \frac{\$1416}{.023} \right) \\ &= \$112,000 \times (\$30,000 \div \$61,565) \\ &= \$112,000 \times .487* \\ &= \$ 54,544\end{aligned}$$

$$\begin{aligned}\text{Replacement Aid} &= \text{Replacement Allowance} - \text{Replacement Levy} \\ &= \$112,000 - \$54,544 \\ &= \$ 57,456\end{aligned}$$

*In this example, the district is levying for 48.7% of the replacement allowance, the remaining amount will be state aid.

Grandfather Levy and Aid

Districts which were spending above the statewide average cost of \$663 per pupil unit in 1970-71 are allowed an additional levy in the amount that the district's 1970-71 cost per pupil unit exceeded \$663 per pupil unit. Assuming the district was \$105 per pupil unit above average in 1970-71, it is permitted to levy an additional \$105 per pupil unit each year based on the current pupil units. However, beginning with revenue for the 1981-82 school year, a district's grandfather revenue allowance is the greater of dollars per 1970-71 pupil unit times present pupil units or total grandfather revenue authorized for the 1980-81 school year. This has the effect of freezing the grandfather revenue for declining enrollment districts. Districts with below average EARC values receive a portion of the grandfather revenue as state aid.

Gopherville School District

Number of pupil units	1000
EARC	\$20,000,000
District EARC per pupil unit	\$20,000
Statewide average EARC per pupil unit	\$30,300
1970-71 above average expenditure	\$105
1980-81 grandfather revenue amount	\$107,100

Grandfather Allowance = the greater of: a) 1980-81 grandfather amount; or
b) 1970-71 above average x pupil units expenditure
= the greater of: a) \$107,100; or b) \$105 x 1000
= the greater of: a) \$107,100; or b) \$105,000
= \$107,100

Grandfather Levy = Grandfather Allowance x $\frac{\text{District's EARC * per pupil unit}}{\text{Statewide average EARC per pupil unit}}$
= \$107,100 x $\frac{\$20,000}{\$30,300}$
= \$107,100 x .66**
= \$70,693

Grandfather Aid - Grandfather Allowance - Grandfather Levy
= \$107,100 -
= \$ 36,407

*This factor is used only for districts where the district's EARC per pupil unit is less than the statewide average EARC per pupil unit. In districts where the district's EARC is higher than the statewide average, assume this factor is 1; the district levies the full grandfather allowance and receives no grandfather aid.

**In this example, the district is levying for 66% of the grandfather allowance; the remaining amount will be state aid.

Discretionary Aid and Levy

For revenue in the 1982-83 school year a school district may levy a 2.25 mill discretionary levy. The state guarantees that this levy will raise \$138.52 per pupil unit. The difference between the levy proceeds and the guarantee is paid as state aid. Regardless of the 1982-83 foundation aid formula allowance, the 1982-83 discretionary revenue will be based on formula allowance of \$1416 and a mill rate of 23 mills.

Example

1982-83 School Year Gopherville School District

Number of Pupil Units	1000
Foundation Aid Formula Allowance (for discretionary purposes)	\$1416
EARC	\$30,000,000
Local Effort for 1982-83 Revenue (for discretionary purposes)	23 EARC mills

Levy Formula

Discretionary Levy	=	2.25 mills x EARC
	=	.00225 x \$30,000,000
	=	\$67,500

Aid Formula

Discretionary Aid	=	\$138.52* x pupil units - amount of discretionary levy
	=	\$138.52 x 1000 - \$67,500
	=	\$138,520 - \$67,500
	=	\$71,020

TOTAL discretionary revenue	=	\$64,480
-----------------------------	---	----------

*The \$138.52 equals 2.25 mills x the formula allowance ÷ by the mill rate:

$$.00225 \times \frac{\$1416}{.023} = \$138.52$$

Referendum Levy

A school district may increase its levy by a referendum approved by the voters of the district. The ballot question must state the amount of the proposed levy in mills and the dollars raised by that millage the first year it is to be in effect. The additional levy authority is permanent unless the ballot question limits it to a certain number of years. If the referendum on additional levy authority is approved by the voters, the school board may levy that total amount or any portion of that amount. This levy authority can be revoked by referendum.

(This example assumes voter approval of a 5 mill referendum and the school board levies the full authorization.)

Gopherville School District

Number of Pupil Units	1000
*Taxable value	\$21,000,000
EARC value	\$30,000,000
Referendum levy authorization	5 mills

<u>Calculation</u>			
Taxable value	x mill rate	=	Additional Revenue
\$21,000,000	x .005	=	Additional Revenue
	\$105,000	=	Additional Revenue

*For a referendum levy, the taxable value rather than EARC value is used.

LOW FUND BALANCE ALLOWANCE

1983-84 SCHOOL YEAR REVENUE*

To qualify for a low fund balance allowance for 1983-84, a district's 6/30/82 fund balance per pupil unit must be less than \$316. The low fund balance allowance is the lessor of \$60 per pupil unit or the difference between \$316 and the district's 6/30/82 fund balance. It is assumed that Gopherville's 6/30/82 fund balance will be below \$256 (\$316 minus \$60) per pupil so the 1983-84 low fund balance allowance for Gopherville will be \$60 per pupil unit.

Example

Gopherville School District

Number of pupil units	1000
Foundation aid formula allowance (1983-84)	\$1475
Local effort for 1983-84 revenue	24 mills (.024)
District EARC value per pupil unit	\$30,000
Low fund balance allowance per pupil unit	\$60

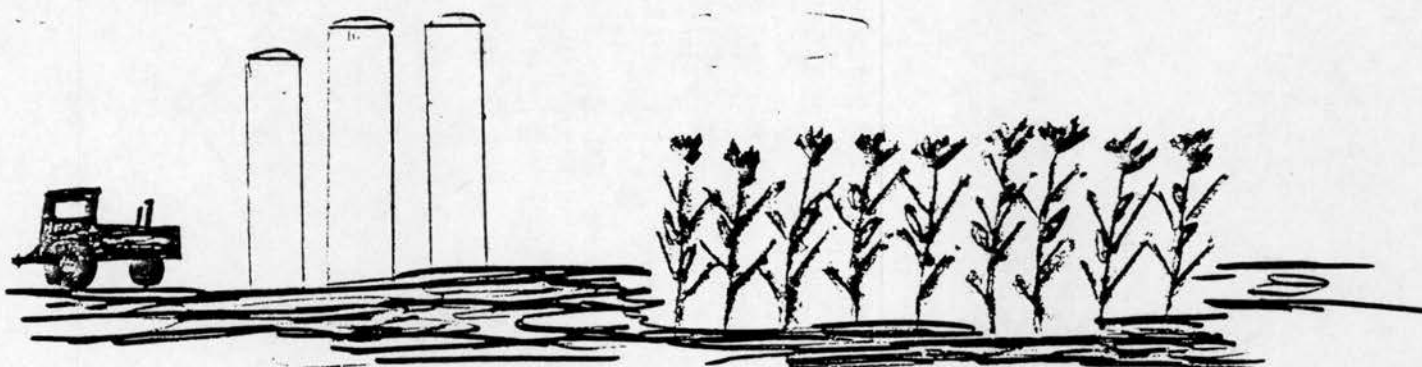
$$\begin{aligned}
 \text{Low Fund Balance Allowance} &= \text{LFB Allowance per pupil unit} \times \text{pupil units} \\
 &= \$60 \times 1000 \\
 &= \$60,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Low Fund Balance Levy} &= \text{LFB Allowance} \times \left[\text{District EARC per pupil unit} \div \left(75\% \times \frac{\text{formula allowance}}{\text{mill rate}} \right) \right] \\
 &= \$60,000 \times \left[\$30,000 \div \left(.75 \times \frac{\$1475}{.024} \right) \right] \\
 &= \$60,000 \times [\$30,000 \div (.75 \times \$61,458)] \\
 &= \$60,000 \times (\$30,000 \div \$46,093) \\
 &= \$60,000 \times .65^{**} \\
 &= \$39,051
 \end{aligned}$$

$$\begin{aligned}
 \text{Low fund balance aid} &= \text{LFB allowance} - \text{LFB levy} \\
 &= \$60,000 - \$39,051 \\
 &= \$20,949
 \end{aligned}$$

*The low fund balance allowance is not available for school district revenue until 1983-84. It is shown here for informational purposes.

**In this school district, 65% of the low fund balance allowance will be received from the levy.



Minimum Aid

Districts where agricultural land comprises 60% or more of the assessed valuation of the district are guaranteed \$800 per pupil unit in state aid. The \$800 of minimum aid includes any foundation aid the district may receive plus any tax relief aids such as homestead credit, agricultural credit, wetlands credit, etc. received by the district. For minimum aid purposes, the foundation aid is based on a formula allowance of \$1346 and 23 mills.

Gopherville School District

Number of Pupil Units	1000
Foundation Aid	\$ 73,000
Homestead Credit	\$240,000
Agricultural Tax Credit	\$300,000
Other Tax Credits	\$ 5,000

$$\begin{aligned}
 \text{Minimum Aid} &= (\text{Pupil Units} \times \text{Guarantee}) - (\text{Foundation Aid} + \text{Property Tax Relief Aid}) \\
 &= 1000 \times \$800 - (\$73,000 + \$240,000 + \$300,000 + \$5,000) \\
 &= \$800,000 - \$618,000 \\
 &= \$182,000
 \end{aligned}$$

The school district's local effort is then reduced by the amount of minimum aid the district receives. This means the district will not receive additional funding but the percentage of that funding from the state will increase.

AFDC Aid

Beginning in the 1981-82 school year, a district may count 98.5% of its 1980-81 AFDC pupil units in the foundation aid formula. (See page 18 for explanation of 1980-81 AFDC pupil units.)

Gopherville School District

Number Pupil Units	=	1000
Number of AFDC units 1980-81	=	90
1982-83 AFDC units = 90 x .985	=	88.65
EARC Value	=	\$30,000,000
Local Effort for 1981-82 Revenue	=	24 EARC mills (.024)
Foundation Aid Formula Allowance	=	\$1346

Formula

Formula Allowance	x	# Pupil Units	-	mill rate x EARC Value	=	State Aid
\$1346	x	1088.65	-	.024 x \$30,000,000	=	State Aid
\$1,465,323			-	\$720,000	=	\$745,323

Total revenue available per actual pupil unit (with AFDC)

$$\$1,465,323 \div 1000 = \$1465.32$$

Total revenue available per actual pupil unit (without AFDC)

$$\$1,346,000 \div 1000 = \$1346.00$$

Extra Revenue per Pupil Unit = \$119.32

Calculation of 1980-81 AFDC Pupil Units

Through the 1980-81 school year, school districts received additional pupil units for the number of students in the district in that year from families receiving Aid to Families with Dependent Children (AFDC). This additional aid is intended to meet the problems of educational overburden caused by broken homes, poverty and low income. There are two types of AFDC pupil unit weighting: regular and concentration. The regular weighting provides an additional .5 pupil unit for each student from a family receiving AFDC. If a district's percent of students from families receiving AFDC is above 5%, the district receives an additional .1 pupil unit per student from a family receiving AFDC for each percent of concentration above 5% up to a maximum of .6 additional pupil units. Thus each student from a family receiving AFDC could generate up to 1.1 AFDC pupil units (.5 regular + .6 concentration). These pupil units are in addition to the regular weighting (1 for elementary, 1.4 for secondary) generated by this student.

AFDC Pupil Weighting Schedule

<u>% of Students in District From AFDC Families</u>	<u>Regular AFDC Units</u>		<u>Concentration AFDC Units</u>		<u>Total AFDC Units</u>
up to 6% =	.5	+	0	=	.5
6% to 7% =	.5	+	.1	=	.6
7% to 8% =	.5	+	.2	=	.7
8% to 9% =	.5	+	.3	=	.8
9% to 10% =	.5	+	.4	=	.9
10% to 11% =	.5	+	.5	=	1.0
11% and above =	.5	+	.6	=	1.1

Example

Gopherville School District

Number of regular pupil units	=	1000	
Number of students from AFDC families	=	90 (9% AFDC)	
Regular AFDC units	=	90 x .5	= 45
Concentration AFDC units	=	90 x .4	= 36
Total additional units			= 81

1980-81 Calculation - Decline Aid

Option A, Four Year Averaging

Gopherville School District

Pupil Units 1977-78	=	1300
Pupil Units 1978-79	=	1200
Pupil Units 1980-81	=	1100
Pupil Units 1980-81	=	1000
Foundation Aid Formula Allowance	=	\$1265 per pupil unit

Declining districts may average the number of pupil units for the current year and the prior 3 years for aid purposes. Thus:

$$(1000 + 1100 + 1200 + 1300) \div 4 = 1150 \text{ P.U.}$$

Gopherville has 150 additional pupil units.

$$\begin{aligned} 150 \text{ pupil units} \times \$1265 &= \$189,750 \\ \text{Decline Aid} &= \$189,750 \end{aligned}$$

Option B, Two Year Difference

Gopherville School District

Pupil Units 1977-78	=	1000
Pupil Units 1978-79	=	1050
Pupil Units 1979-80	=	1100
Pupil Units 1980-81	=	1000
Foundation Aid Formula Allowance	=	\$1265 per pupil unit

Declining districts may include 60% of the loss of pupil units between the prior year and current year. Thus, a reduction of 100 pupil units would net a reduction of 40 pupil units in the calculation of state aid in the year following the loss. Districts that would gain more from this provision than from 4-year averaging are those where the enrollment has not been declining steadily.

Gopherville has 60 additional pupil units.

$$\begin{aligned} 60 \text{ pupil units} \times \$1265 &= \$75,900 \\ \text{Decline Aid} &= \$75,900 \end{aligned}$$

Beginning with the 1980-81 school year, the amount of decline aid became part of the replacement aid and levy. See the replacement aid and levy formula: Page 11

1980-81 Calculation - Growth Aid

Gopherville School District

Number Pupil Units 1979-80	=	965
Number Pupil Units 1980-81	=	1000*
Foundation Aid Formula Allowance	=	\$1265 per pupil unit

*Note an increase of 35 pupil units = 3.6% growth

Formula: If a district's enrollment increases, the district may add .1 unit x the number of units increased for each percent (rounded to the next whole percent) of increase up to a maximum of .5 additional units.

Thus: an increase of 35 units at 3.6% (rounded to 4) growth would add an extra 14 units.

35 Units x .4 = 14 extra units

Gopherville has 14 additional pupil units.

14 pupil units x \$1265 = \$17,710

Growth aid = \$17,710

Beginning with the 1980-81 school year, the amount of growth aid became part of the replacement aid and levy. See the replacement aid and levy:
Page 11

1980-81 Calculation - Sparsity Aid

Gopherville School District

Pupil Units	=	550
High School Average Daily Membership (ADM)	=	300
Foundation Aid Formula Allowance	=	\$1265 per pupil unit
High School Attendance Area	=	200 square miles
Distance from High School to Nearest High School	=	40 miles
Isolation Index	=	50

School districts with a sparsely populated high school attendance area may be eligible for sparsity aid. This aid is intended for the additional program needs of these districts. To be eligible a high school must have a secondary ADM of less than 500 and a isolation index (ii) greater than 18.

Formula

$$\text{Foundation Aid Formula Allowance} \times \text{Secondary Average Daily Membership} \times \left(\frac{500 - \text{Sec. ADM}}{500 + \text{Sec. ADM}} \right) \times \left(\frac{\text{ii} - 18}{\text{ii}} \right)$$

ii = the sum of the distance between a district's high school and the nearest other high school plus the square root of one-half of the area of the district's high school attendance area.

$$\$1265 \times 300 \times \left(\frac{500 - 300}{500 + 300} \right) \times \left(\frac{50 - 18}{50} \right)$$

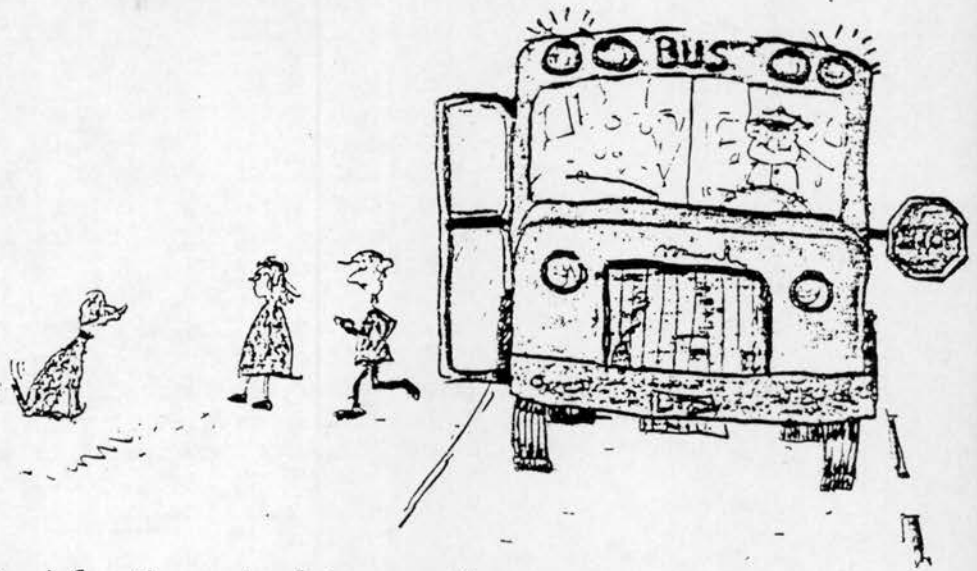
$$\$1265 \times 300 \times \left(\frac{200}{700} \right) \times \left(\frac{32}{50} \right)$$

$$\$1265 \times 300 \times .29 \times .64$$

$$\text{Sparsity Aid} = \$70,435$$

Beginning with the 1980-81 school year, the amount of sparsity aid became part of the replacement aid and levy formula. See replacement aid and levy formula: page 11

Transportation Aid



Transportation aid is authorized for the cost of transporting:

1. Elementary students living more than one mile from school and secondary students living more than two miles from school;
2. Secondary vocational students to vocational centers;
3. Handicapped students;
4. Board and lodging for non-resident handicapped students;
5. Shared-time students;
6. Non-public school students;
7. Students in summer school programs;
8. Students to jointly offered (between districts) classes;
9. Students between school buildings within the district.

The transportation aid formula uses the following terms in a multiple regression formula to predict a base-year transportation cost for each district:

1. District's average daily membership;
2. Reciprocal of the district's average daily membership;
3. Logarithm of the number of students transported per square mile;
4. Percentage of district area that is water covered, marshland or extractive;
5. District's administrative overhead for transportation per student transported;
6. Number of schools to which students are transported divided by total students transported;
7. If the district is non-rural;
8. If the district contracts for bus service or owns its buses;
9. Percent of buses used not owned by the district;
10. If the district operates an activities bus.

The formula determines a predicted cost per student transported for each district for the base year (1980-81). This predicted cost is compared to the district's actual cost for the base year. If the district's predicted cost exceeds the actual cost, the predicted cost is adjusted by subtracting the following:

50% of the first \$40,
70% of the next \$40, and
90% of any difference over \$80.

If the district's predicted cost is less than its actual cost, the predicted cost is adjusted by adding the following:

50% of the first \$40,
70% of the next \$40, and
90% of any difference over \$80.

The district's adjusted predicted cost per student transported for the base year (1980-81) is then increased by 22%. For 1982-83, the number of students for which a district receives aid will be the same percentage as the percentage of students transported in the base year (1980-81). In addition, districts which are transporting more students because of school closings will be eligible for limited additional aid for transporting those students.

A district's transportation aid is its adjusted predicted cost minus the proceeds of a two mill levy. In addition, a district may levy for the cost of transporting students who are ineligible for transportation aid if it would be hazardous for the students to walk. Districts may also levy for the costs of transporting secondary students who live between one and two miles from school.

Example

Gopherville School District

Number of students - 1982-83	1000
Percent of students transported - 1980-81	80%
EARC value	\$30,000,000
Adjusted predicted cost per student transported	\$250

Transportation Entitlement = (Percent of students transported - 1980-81 x number of student - 1982-83) x adjusted predicted cost per student transported

$$= (.80 \times 1000) \times \$250$$

$$= 800 \times \$250$$

$$= \$200,000$$

Transportation Levy = 2 mills x EARC value

$$= .002 \times \$30,000,000$$

$$= \$60,000$$

Transportation Aid = Transportation entitlement - Transportation levy

$$= \$200,000 - \$60,000$$

$$= \$140,000$$

Special Education

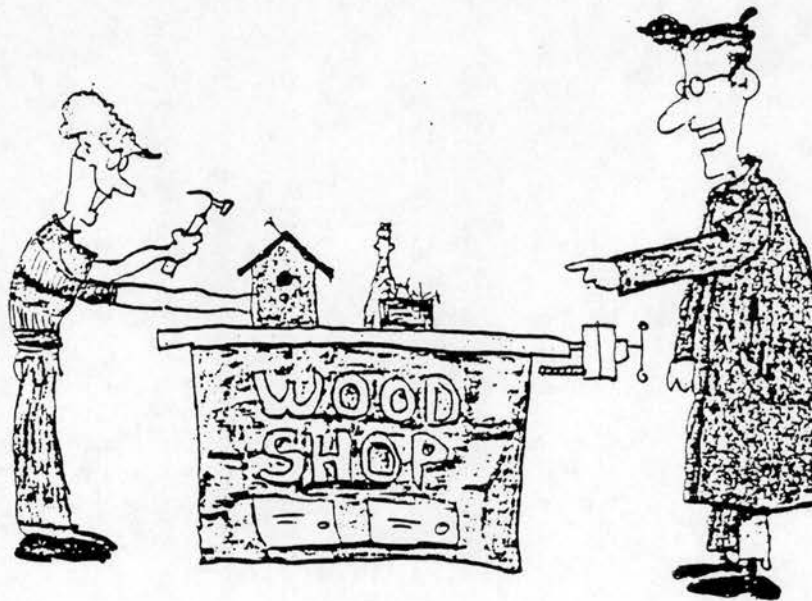
The State pays:

- 1) 61% of the salaries of teachers and essential personnel; plus
- 2) 44.4% of supplies and materials (to a limit of \$50 per student); plus
- 3) 53.3% of the difference between the foundation aid formula allowance and the amount of a contract or tuition charged a home district for special education services provided by contract or in a residential facility.

Example

Gopherville School District

Number Pupil Units	=	1000	
Number of students receiving special education instruction	=	110	
Number Special Education Staff	=	5	
1. 5 Staff @ \$20,000 each	=	\$100,000	
\$90,000 x .61	=		\$61,000.00
(Aid is \$12,200 per teacher)	=		
2. Equipment and material cost	=	\$ 2,150	
\$2150 x .444	=		\$ 954.60
(Maximum would be 110 x \$50 = \$5500)			
3. Contracts for special education services with another district:			
1 @ \$4,738 1 @ \$2,138			
(\$4738 - \$1346) \$3392 x .533	=	\$1,807.94	
(\$2138 - \$1346) \$ 792 x .533	=	422.14	
Total Aid	=		<u>\$ 2,230.08</u>
Total Special Education Aid	=		\$64,184.68



Secondary Vocational Education Aid

The State pays:

- 1) 41.6% of the salary of essential licensed personnel; plus
- 2) 41.6% of necessary equipment; plus
- 3) 41.6% of necessary teacher travel between instructional sites and to vocational student organization meetings within the state.

Example

Gopherville School District

Number Pupil Units	=	1000
Number Certified Vocational Teachers	=	5
1. <u>Salary Essential Personnel</u>		
5 teachers @ \$17,500 each	=	\$87,500
\$87,500 x .416	=	36,400 State Aid
2. <u>Equipment</u>		
\$2,000 x .416	=	\$ 832 State Aid
3. <u>Travel</u>		
\$3,000 x .416	=	\$ 1,248 State Aid
Total Aid	=	\$38,480

Limited English Proficient Aid

School districts with limited English proficient (LEP) students can 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 is significantly below the average score for students of the same age on an English reading or language arts test.

A district receives aid which is equal to up to 60 percent of the salary of a full-time teacher for each 45 LEP students or a proportionate amount for less than 45 LEP students. However, a district with less than 22 LEP students is guaranteed 60 percent of one half-time teacher's salary.

Example

Gopherville School District

Number of LEP students	=	65
LEP teachers	=	1 @ \$15,000 1 @ \$13,500
For the first 45 LEP students, the district receives 60% of \$15,000	=	\$ 9,000
For the remaining 20 LEP students, the district receives $20/45 \times 60\% \times \$13,500$	=	\$ 3,600
Total LEP Aid	=	\$12,600

Gifted and Talented Aid

A district which establishes a program for gifted and talented students is eligible for state aid. No more than 5% of the students in the district may be counted as gifted and talented for the purposes of determining aid. For 1982-83, the aid is \$16.18 per gifted and talented student.

Example

Gopherville School District

Number of students	1000
Maximum number - gifted and talented students for aid purposes	50
Maximum aid = 50 students x \$16.18	
= \$809	

Capital Expenditure Levy and Aid

For 1982-83 districts are allowed to levy up to \$90 per pupil unit (\$95 in growth districts) not to exceed 7 EARC mills for capital expenditure purposes. The amount that \$90 (or \$95) times pupil units exceeds 7 EARC mills is paid by the state as capital expenditure equalization aid.

Example in Average Valuation School District

Gopherville School District

Number of Pupil Units	1000
EARC Value	\$30,000,000

	<u>Formula</u>		
Formula Authorization	=	\$90	x Pupil Units
	=	\$90	x 1000
	=	\$90,000	

	<u>Limit</u>		
Limit	=	.007 (7 EARC mills)	x \$30,000,000
	=	\$210,000	

Gopherville School District could make a levy of \$90,000 since the 7 EARC mill limit is \$210,000. The \$90,000 does not exceed the \$210,000.

Capital Expenditure Levy and Aid

Example in Low Valuation School District

Gopherville School District

Number of Pupil Units	1000
EARC Value	\$10,000,000

	<u>Formula</u>		
Formula Authorization	=	\$90	x Pupil Units
	=	\$90	x 1000
	=	\$90,000	

	<u>Limit</u>		
Limit	=	.007 (7 EARC mills)	x \$10,000,000
	=	\$70,000	

Gopherville School District is limited to a levy of \$70,000. The difference between the limit and the formula authorization is paid as state aid.

Capital Expenditure Equalization Aid	=	Formula Authorization*	-	Levy Limit
	=	\$89,000	-	\$70,000
	=	\$19,000		

If Gopherville School District makes its maximum allowable levy of \$70,000, it is eligible for capital expenditure equalization aid of \$19,000.

*Because of budget cuts, the aid for 1982-83 does not completely make up the guarantee. The aid will pay up to \$89 (\$94 in growing districts).

Community Education

Community Education programs are designed to provide the school district residents with the opportunity to utilize educational facilities and programs during non-school hours. Community education programs may also be offered to K-12 students during the summer.

Community Education Funding - 1982-83

1. \$3.40 per capita (per resident) local levy authority
2. 60¢ per capita, or a minimum of \$5,642 of state aid per district allowed for approved programs in districts that levy at least \$1.00 per capita
3. District allowed to charge fees for each course.

Example

Gopherville School District

Number of district residents = 5,000

Community education levy = $\$3.40 \times \text{district residents}$
= $\$3.40 \times 5,000$
= \$17,000

Community education aid = the greater of: a) \$.60 x district resident; or
b) \$5,642
= the greater of: a) \$.60 x 5,000; or
b) \$5,642
= the greater of: a) \$3,000; or
b) \$5,642
= \$5,642

Adult Vocational Education Aid

The State pays:

- 1) 69% of the salaries of essential licensed personnel; plus
- 2) 46.25% of the cost of necessary travel between instructional sites.

Example

Gopherville School District

Number Adult Vocational Pupils	-	110
Number Certified Vocational Teachers	-	4
1. <u>Salary Essential Personnel</u>		
1 full-time teacher @ \$18,000	=	\$18,000
3 part-time teachers @ \$4,000 each	=	\$12,000
Total Salaries	=	\$30,000
\$30,000 x .69	=	\$20,700 State Aid
2. <u>Travel</u>		
\$2,200 x .4625	=	\$ 1,017 State Aid
Total Aid	=	<u>\$21,717</u>
Total Cost	=	\$32,200



Post-Secondary Vocational Instructional Aid
(Area Vocational-Technical Institutes - AVTI's)

The instructional aid formula uses four factors to determine aid:

1. Instructional Program Allowance - This is determined by cost figures from the second prior school year.

<u>A) Instructional FTE in Program at Gopherville AVTI</u>	<u>B) Programs at Gopherville AVTI</u>	<u>C) 1980-81 statewide average instructional program cost for this program</u>	<u>D) Allotment for Gopherville AVTI (A x C)</u>
2	Auto mechanics	\$15,000	\$30,000
1.5	Welding	\$16,000	\$24,000
3	LPN (Nursing)	\$14,000	\$42,000
Instructional Program Allowance			<u>\$96,000</u>

2. Staff compensation weighting - The staff compensation weighting is a comparison of the AVTI's average instructional salary and fringe benefits to the statewide average instructional salary and fringe benefits for the previous three years.

	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>	
Gopherville AVTI Average Salary	\$16,000	\$16,500	\$17,000	
Statewide Average Salary	\$14,500	\$15,000	\$15,500	
$\frac{\text{Gopherville AVTI Average Salary}}{\text{Statewide Average Salary}} = \frac{\$16,000 + \$16,500 + \$17,000}{\$14,500 + \$15,000 + \$15,500} = 1.10$				= staff compensation weighting

Then: multiply instructional program allowance x staff weighting factor

$$\$96,000 \times 1.10 = \underline{\$105,600}$$

3. Inflation Factor - This factor, stated in statute, updates the formula to the current school year. For 1982-83, it is 9.5 percent.

$$\$105,600 \times 1.095 = \underline{\$115,632}$$

AVTI's Continued

4. Student Growth or Decline Factor - The student growth or decline factor is the ratio of the current year's (1982-83) average daily membership at the AVTI to the second prior year's (1980-81) average daily membership at the AVTI. If this ratio is between .95 and 1.05, the student growth or decline factor shall be 1. If the ratio is .95 or less, it shall be adjusted by adding .05 to obtain the student decline factor. If the ratio is 1.05 or greater, it shall be adjusted by subtracting .05 to obtain the student growth factor. (The rationale for this is that the AVTI should be able to absorb a 5% change.)

Gopherville AVTI 1982-83 ADM = $\frac{250}{200} = 1.25$ (Since ratio is greater than 1.05, subtract .05) Student growth factor = 1.20

\$115,632 x 1.20 = \$138,758

Gopherville AVTI will receive \$138,758 in instructional program aid in 1981-82.

OTHER AVTI AIDS

AVTI's also receive the following aids. AVTI's apply to the Department of Education for these aids.

1. AVTI supply aid is for supplies and materials.
2. AVTI support services aid is for additional costs of the instructional program including special needs.
3. AVTI equipment aid is for acquisition, upkeep and leasing of equipment.
4. AVTI repair and betterment aid is for reconstruction, improvement, remodeling and repair of AVTI buildings.

Property Tax Relief Aids

Property Taxes Payable in 1982

The property tax relief aids replace property tax assessments with state payments. The effect is that the property taxpayer pays less than the taxes assessed on property and the state makes up that difference in a state payment to the taxing district. Tax relief aids include:

1. Homestead Credit

The state pays a portion of the homestead property owner's school tax through the homestead credit. Fifty-eight percent of all property taxes on homestead property up to \$650 per homestead are deducted from the homeowner's tax bill and that amount is then paid to the appropriate taxing districts by the state in a ratio of the taxing districts' mill rate to the total mill rate for the taxing area after an adjustment is made for the agricultural tax credit. On agricultural property, the homestead credit may be applied to the dwelling, buildings and up to 240 acres. In calculating homestead property taxes, the amount of the homestead credit is subtracted from the property taxes and then that amount is paid to the school district by the Department of Education.

2. State School Agricultural Credit

As part of foundation aid payments, the state pays school districts the amount of the state school agricultural credit. The agricultural credit is 18 mills on the first 320 acres of homestead agricultural property, 10 mills on the next 320 acres, and 8 mills on property over 640 acres. The agricultural credit on non-homestead agricultural property is 10 mills on the first 320 acres and 8 mills on property over 320 acres. The credit on timber land is 8 mills. The agricultural credit provides school tax relief to agricultural property owners. In calculating farm property taxes, the amount of the agricultural credit is subtracted from the property taxes and then that amount is paid directly by the Department of Education to the school district.

3. Reduced Assessment Credit

A credit, calculated in a similar manner as the homestead credit, is given to certain property used for elderly and low and moderate income housing.

4. Others

Other tax relief aids include wetlands credit (to owners of wetland, which could be drained but which is preserved in its natural condition), and native prairie credit (to owners of native prairie).

Tax Relief Aid
(For Property Taxes Payable in 1982)

<u>City</u>	
Urban Homestead	
Market Value	\$70,000
Assessor's Estimated Market Value	59,500
Assessed Value	11,800
Gross Taxes ⁺	
County (33 mills)	\$ 389.40
City (27 mills)	318.60
School (45 mills)	531.00
(105 mills)	\$ 1,239.00
Reduction	
Homestead Credit	-\$ 650.00
Net Property Tax	\$ 589.00

Effect on Homeowners' Property Taxes

Tax without this credit	= \$ 1,239.00
Property Tax Reduction	= 650.00 (a 52.5% reduction)
Tax After Homestead Credit Reductions	= 589.00

Of the homestead credit, the school district is paid an amount equal to the ratio of the school district's mill rate to the total mill rate times the amount of the homestead credit reduction.

$$\frac{45}{105} \times \$650 = \$278.57$$

Tax relief aid paid to the school district = \$ 278.57

The \$278.57 is paid to the school district by the state and replaces a portion of the levy certified by the district.

⁺These mill rates are in auditor's mills, not EARC mills.

TAX RELIEF AID
(For Property Taxes Payable in 1982)

Agricultural

Farm - 320 Acres	
Market value	\$450,000.00
Assessor's estimated market value	300,000.00
Assessed value	54,300.00
Gross Taxes ⁺	
County (30 mills)	\$ 1,629.00
Township (7 mills)	380.10
School (48 mills)	2,606.40
85 mills	<u>\$ 4,615.50</u>
Reductions	
Agricultural tax credit	\$ 977.40
(18 mills times the assessed value of the first 320 acres)	
Homestead credit	<u>650.00</u>
Net Property Tax	\$ 2,988.10

Effect on Farmer's Property Taxes

Tax without credits	=	\$ 4,615.50
Property tax reduction	=	\$ 1,627.40 (a 35.3% reduction)
Tax after credits	=	\$ 2,988.10

The total amount of the agricultural tax credit is paid to the school district by the state. The school district is paid an amount of the homestead credit equal to the ratio of the school district's adjusted mill rate* to the total adjusted mill rate times the amount of the homestead credit reduction.

$$\frac{45^*}{85} \times \$650 = \$344$$

Tax relief aid paid to the school district:

$$\$977.40 \text{ (ag)} + \$344 \text{ (homestead)} = \$1,321.40$$

The \$1,321.40 is paid to the school district by the state and replaces a portion of the levy certified by the district.

⁺These mill rates are in auditor's mills, not EARC mills.

*An adjustment is made for the agricultural tax credit; in the example, the adjustment is 3 mills.

EFFECT OF TAX RELIEF AIDS ON SCHOOL DISTRICT REVENUE

Gopherville School District

	<u>Levy Amount</u>	<u>% of Total Levy</u>	<u>State Aid</u>
Maintenance	\$1,200,000	71.8%	\$1,500,000
Transportation	60,000	3.6%	220,000
Community Services	20,000	1.2%	12,000
Capital Expenditure	140,000	8.4%	--
Debt Service	250,000	15.0%	--
TOTAL	<u>\$1,670,000</u>	<u>100.0%</u>	<u>\$1,732,000</u>
Homestead Credit applied to property in the school district			\$270,000
Agricultural Credit applied to property in the school district			<u>300,000</u>
TOTAL Tax Relief Aids			<u>\$570,000</u>

The school district levy amount is reduced by the amount of the homestead credit and agricultural credit that has been applied to property in the school district.

$$\$1,670,000 - \$570,000 = \$1,100,000$$

This is the amount of property taxes to be paid by property owners after reductions for homestead credit and agricultural credit.

The district receives the amount of homestead credit and agricultural credit as state aid.

$$\$1,732,000 + \$570,000 = \$2,302,000 \text{ (state aid)}$$

The amount of homestead credit and agricultural credit is applied to school district funds in the same proportion as that fund's levy is to the total levy.

The maintenance levy is 71.8% of the total levy; so 71.8% of the total homestead credit and agricultural credit is applied against the maintenance levy.

$$\$570,000 \times 71.8\% = \$409,260$$

In effect, the maintenance levy is \$790,740 (\$1,200,000 - \$409,260) and the corresponding state aid is \$1,909,260 (\$1,500,000 + \$409,260).

EDUCATION APPROPRIATIONS

	<u>1981-82</u>	<u>1982-83*</u>
Foundation Aid	\$ 740,466,900	\$550,493,366
Summer School	11,470,400	0
Transportation Aid	122,546,032	86,816,462
Special Education Aid	109,413,330	104,795,459
Community and Adult Education	4,658,200	4,043,727
Secondary Vocational Aid	24,282,340	20,673,238
Adult Vocational Aid	7,577,000	7,092,803
AVTI Aid	104,973,328	93,986,082
Teacher Mobility	3,286,500	3,143,043
Public Libraries	4,125,700	3,445,525
Council on Quality Education	2,350,000	1,757,068
Nonpublic Schools	5,199,800	3,493,992
Maximum Effort School Aid	5,104,000	4,396,200
Other Programs	12,018,711	10,733,045
TOTAL	<u>\$1,157,472,241</u>	<u>\$894,870,010</u>

*Figures for 1982-83 in most cases are either:

- (1) 85% current year and 10% prior year adjustment; or
- (2) 85% current year and no prior year adjustment.

This causes the 1982-83 figures to be somewhat lower than the aid entitlements.

The figures for 1981-82 represent either:

- (1) 90% current year and 10% prior year; or
- (2) 100% current year.

SCHOOL DISTRICT PROPERTY TAX LEVIES

	<u>1981-82</u>	<u>1982-83</u>
Maintenance	\$624,157,000	\$ 839,578,000
Transportation	32,045,000	61,773,000
Community Service	9,135,000	12,071,000
Capital Expenditure	75,480,000	90,984,000
General Debt Service	120,083,000	110,854,000
AVTI Debt Service	9,613,000	8,067,000
AVTI Other	8,299,000	10,915,000
TOTAL Levies	<u>\$878,812,000</u>	<u>\$1,134,242,000</u>
Operating Fund Levies	\$673,636,000	\$ 924,337,000
Non-operating Fund Levies	\$205,176,000	\$ 209,905,000

PROPERTY TAX RELIEF AID PAYMENTS TO SCHOOL DISTRICTS

	<u>1981-82</u>	<u>1982-83*</u>
State School Agricultural Credit	\$ 68,413,000	\$ 79,331,300
Homestead Credit	194,651,100	205,530,000
Reduced Assessment Credit	3,638,400	4,182,000
Other Credits	4,293,300	4,410,900
TOTAL Tax Relief Aids	<u>\$270,995,800</u>	<u>\$293,454,200</u>

*Estimates; figures for 1982-83 are 85% of the entitlements. Beginning with the 1982-83 school year, districts will receive 85% of the property tax relief aid entitlement in the current school year and 15% in the next school year.

The total entitlement for 1982-83 is \$345,240,200. This is the amount by which the certified payable 1982 levy was reduced.

STATE AND LOCAL OPERATING REVENUE AVAILABLE TO SCHOOL DISTRICTS

This chart includes only those portions of state aids and local levies that go for general operation of the school district. The state aids that are included are foundation aid, summer school, transportation, special education, secondary vocational, teacher mobility, CQE and other programs. Levies included are maintenance and transportation. Levies are a net figure with the amount of tax relief aids subtracted. The proportion of the tax relief aids reflecting the maintenance and transportation levies they replace are included here.

	<u>Operating Revenues</u>	
	<u>1981-82</u>	<u>1982-83</u>
State Aid ⁽¹⁾	\$1,025,835,200	\$ 778,411,700
Tax Relief Aid ⁽²⁾	202,162,900	233,002,600
Local Levy	454,039,100	627,230,300
	<u>\$1,682,037,200</u>	<u>\$1,638,644,600</u>
Aid Reduction - Property Tax Shift	-	(\$ 134,000,000)
Additional Levy Revenue Recognized - Property Tax Shift	-	\$ 134,000,000
TOTAL Available Operating Revenue	\$1,682,037,200 ⁽³⁾	\$1,638,644,600 ⁽⁴⁾
Percent change 1981-82 to 1982-83 -		- 2.6%
Percent Operating Revenue from State Sources	73.0%	53.5%
Percent Operating Revenue from Local Levies	27.0%	46.5%

- (1) The State Aid figure for 1981-82 for the most part is 90% of current year entitlement plus 10% of previous year's entitlement; the aid figure for 1982-83 for the most part is 85% current year entitlement and 10% of previous year's entitlement because of changes in payment dates.
- (2) The figure for 1981-82 is 100% of entitlement, the figure for 1982-83 is 85% of entitlement because of changes in payment dates.
- (3) This figure does not include the \$243,670,800 of 1980-81 school year revenue paid to districts in 1981-82 under Laws 1981, Chapter 1 - Restoration.
- (4) Footnotes 1 and 2 apply to this figure. Also in 1982-83, districts may transfer up to \$50 per pupil unit from the capital expenditure fund to the general fund. Districts making this transfer increase the operating revenue they have available.

TO: Local League Education Chairs
FROM: LWVMN Public School Financing Study Group
RE: Ordering extra copies of study
DATE: August 23, 1982

The fifty-nine page study on How Will We Pay For Our Schools? is now available. (We hope the noise we hear is sounds of cheer and eager anticipation, not the gnashing of teeth over its length.)

A twelve page Facts and Issues containing the essentials will be available by Fall Workshop time. No funding for the 20-minute videotape was found; on that we have failed you.

Each local League will receive one copy of the 59-page booklet free of cost: paid for by your earlier every-member-payment for the two-year study. You will also receive without further charge (to be distributed at workshops) a copy of the 12-page Facts and Issues for each of your members, as well as extra copies (up to 25 per League) to distribute to local community members (school boards, school staff, teacher organization representatives, AAUW, people you interviewed earlier, local media, etc.)

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1. (To be mailed immediately) 59-page How Will We Pay For Our Schools?

☒ One free copy for Education Chair

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3. (To be available after second printing, depending on receipt of enough orders to warrant a second printing.)

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