

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4313

(SENATE AUTHORS: GUSTAFSON)

DATE
02/26/2024

D-PG

Introduction and first reading
Referred to Education Finance

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to education finance; clarifying the distribution of compensatory revenue;
1.3 amending Minnesota Statutes 2023 Supplement, section 126C.10, subdivision 3.

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

1.5 Section 1. Minnesota Statutes 2023 Supplement, section 126C.10, subdivision 3, is amended
1.6 to read:

1.7 Subd. 3. **Compensatory education revenue.** (a) For fiscal year 2024, the compensatory
1.8 education revenue for each building in the district equals the formula allowance minus \$839
1.9 times the compensation revenue pupil units computed according to section 126C.05,
1.10 subdivision 3. A district's compensatory revenue equals the sum of its compensatory revenue
1.11 for each building in the district and the amounts designated under Laws 2015, First Special
1.12 Session chapter 3, article 2, section 70, subdivision 8, for fiscal year 2017. Revenue shall
1.13 be paid to the district and must be allocated according to section 126C.15, subdivision 2.

1.14 (b) For fiscal year 2025, compensatory revenue must be calculated under Laws 2023,
1.15 chapter 18, section 3.

1.16 (c) For fiscal year 2026 and later, the compensatory education revenue for each building
1.17 in the district equals its compensatory pupils multiplied by the building compensatory
1.18 allowance. Revenue shall be paid to the district and must be allocated according to section
1.19 126C.15, subdivision 2.

1.20 (d) When the district contracting with an alternative program under section 124D.69
1.21 changes prior to the start of a school year, the compensatory revenue generated by pupils
1.22 attending the program shall be paid to the district contracting with the alternative program

2.1 for the current school year, and shall not be paid to the district contracting with the alternative
2.2 program for the prior school year.

2.3 (e) When the fiscal agent district for an area learning center changes prior to the start of
2.4 a school year, the compensatory revenue shall be paid to the fiscal agent district for the
2.5 current school year, and shall not be paid to the fiscal agent district for the prior school year.

2.6 (f) Notwithstanding paragraph (c), for voluntary prekindergarten programs under section
2.7 124D.151, charter schools, and contracted alternative programs in the first year of operation,
2.8 compensatory education revenue must be computed using data for the current fiscal year.
2.9 If the voluntary prekindergarten program, charter school, or contracted alternative program
2.10 begins operation after October 1, compensatory education revenue must be computed based
2.11 on pupils enrolled on an alternate date determined by the commissioner, and the
2.12 compensatory education revenue must be prorated based on the ratio of the number of days
2.13 of student instruction to 170 days.

2.14 (g) Notwithstanding paragraph (c), for fiscal year 2026, if the calculation under paragraph
2.15 (d) results in statewide revenue of less than \$838,947,000, additional revenue must be
2.16 proportionately provided to each building ~~in a manner prescribed~~ by the commissioner of
2.17 education until total statewide revenue equals \$838,947,000.

2.18 (h) Notwithstanding paragraph (c), for fiscal year 2027 and later, if the calculation under
2.19 paragraph (d) results in statewide revenue of less than \$857,152,000, additional revenue
2.20 must be proportionately provided to each building ~~in a manner prescribed~~ by the
2.21 commissioner of education until total statewide revenue equals \$857,152,000.