

**HF9079 - 0 - Adjusted Pupil Counts; COVID-19**

Chief Author: **Jim Davnie**  
 Committee: **Education Finance Division**  
 Date Completed: **10/12/2020 1:36:42 PM**  
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
<b>Local Fiscal Impact</b>		
	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	25,583	2,843	-	-
<b>Total</b>	-	-	<b>25,583</b>	<b>2,843</b>	-	-
<b>Biennial Total</b>			<b>25,583</b>		<b>2,843</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	25,583	2,843	-
<b>Total</b>		-	-	<b>25,583</b>	<b>2,843</b>	-
<b>Biennial Total</b>				<b>25,583</b>		<b>2,843</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	25,583	2,843	-
<b>Total</b>		-	-	<b>25,583</b>	<b>2,843</b>	-
<b>Biennial Total</b>				<b>25,583</b>		<b>2,843</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

**Bill Description**

Section 1 defines a school district or charter school's adjusted pupil units, for the 2020-21 school year only, as the greater of amount calculated for fiscal year 2020 or the amount calculated for fiscal year 2021.

Section 2 adjusts the appropriation for fiscal year 2021 to reflect the one year change to calculation of adjusted pupil units (districts and charters allowed to use the greater of 2020 or 2021 amounts).

**Assumptions**

MDE will base all calculations on February 2020 forecast pupil data.

It is assumed that district and charter schools reported accurate pupil estimates for the February 2020 forecast. These estimates were reported prior to the pandemic. This analysis could be different with the use of updated November 2020 pupil estimates.

MDE will use the districts' actual resident ADM/pupil units for FY 2021 since resident ADM is not mentioned in the bill.

Taking the greater of FY20 APUs or FY21 APUs (lines 1 and 2 below) for all districts and charters results in a maximum APU of 965,846 (line 3). Comparing the maximum FY21 APU (line 3) to current law FY21 APU (line 2) results in an additional 5,414 APU. Run through the general education model, this results in \$36,711,998 in additional general education revenue, \$28,421,005 in state aid entitlement, \$8,291,000 in local property tax levy.

The levy changes are levy authority for FY 2021. However, the increases would be certified as adjustments for payable 2023 (FY 2024). This is outside of the fiscal note window so is not reflected in the expenditures section below.

It is assumed that adjusted pupil unit (APU) counts in this bill apply only to general education programs as there is an appropriation change shown only for this program. There are other funding formulas that are derived from APU counts (Long Term Facilities Maintenance (LTFM), Achievement and Integration, Career and Tech, etc) however they are not included in the scope of this fiscal note per direction of the requester. Clarifying language indicating the author's intent to only include general education is necessary.

It is estimated that 40 hours of MN.IT developer and project manager time will be required to make this one-time adjustment to the funding calculations. At a blended rate of \$110/hr, the total cost would be \$4,400 for FY21. No ongoing costs are anticipated.

**Expenditure and/or Revenue Formula**

1	FY20 APU	952,929			
2	FY21 APU	960,432			
3	Maximum APU (sum of greater of FY20 or FY21 for all districts and charters)	965,846			
4	Difference (Line 3 - Line 2)	5,414			
5					
6	<b>General Education</b>	<b><u>FY21</u></b>	<b><u>FY22</u></b>	<b><u>FY23</u></b>	<b><u>FY24</u></b>
7	General Ed Revenue Increase	36,711,998			
8	General Ed Aid Increase	28,421,005			
9	General Ed Levy Increase				\$8,291,000
10					
11	90% Current Year Gen Ed Aid	25,579,000			
12	10% Final Year Gen Ed Aid		2,843,000		
13					
14	MN.IT costs	4,400			
15					
16	<b>Total Costs:</b>				
17	<b>State Aid</b>	<b>25,583,400</b>	<b>2,843,000</b>		
18	<b>Property Tax Levy</b>				<b>\$8,291,000</b>

**Long-Term Fiscal Considerations**

The levy impact will not occur until FY24 as written, which is in the next biennium.

**Local Fiscal Impact**

There will be a one-time levy impact of \$8,291,000 in FY24. This is outside of the fiscal note window but reflected in the expenditures section.

**References/Sources**

N/A

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