



## Memorandum

TO: School District Superintendents

FROM: Brenda Cassellius, Commissioner

DATE: November 30, 2017

SUBJECT: General Education Revenue Disparity Report

Enclosed is a copy of the general education revenue disparity report required by Minnesota Statutes, section 127A.51, which provides that:

*By December 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.*

*If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by February 1.*

*For purposes of this section and section [126C.10](#), adjusted general revenue means the sum of basic revenue under section [126C.10, subdivision 2](#); referendum revenue under section [126C.17](#); local optional revenue under section [126C.10, subdivision 2e](#); and equity revenue under section [126C.10](#), subdivisions 24a and 24b.*

This report is based on actual data for Fiscal Year (FY) 2003 through 2016, and estimates for Fiscal Year 2017 through 2019.

The report shows that the ratio of the ninety-fifth percentile to the fifth percentile increases from 1.178 in FY 2017 to 1.183 in FY 2018 and decreases to 1.181 in FY 2019. In addition to the required reporting of the statewide average adjusted general revenue per pupil unit and the range between the fifth and ninety-fifth percentiles, information on other percentiles is included to provide a more complete picture of the distribution of adjusted general revenue among pupils and districts. The ratio of the ninetieth to the tenth percentile decreased from 1.172 in FY 2017 to 1.169 in FY 2018 and remains at 1.169 in FY 2019. The ratio of the ninety-

ninth to first percentile decreases between FY 2017 and FY 2018 from 1.273 to 1.269 and decreases in FY 2019 to 1.267.

The decrease in general education revenue disparities between FY 2015 and FY 2016 when location equity/local optional revenue is included is the result of legislation enacted in 2014 which changed location equity revenue to local optional revenue and made \$424 per pupil unit available to all districts statewide, regardless of geographic location or district pupil unit size.

A spreadsheet is available on the Minnesota Department of Education website that shows the data for each district in computing the statewide summary statistics for Fiscal Year 2015 through 2019. From the [MDE Home page](#), select Data Center > Data and Analytics. Scroll down to School Finance Spreadsheets and select General Education. Choose Category General Education; Subcategory Revenue Disparities and Year 2017.

Questions concerning this report should be directed to [Michael Schwartz](mailto:michael.schwartz@state.mn.us) (michael.schwartz@state.mn.us), Division of School Finance, at 651-582-8399 or [Tom Melcher](mailto:tom.melcher@state.mn.us) (tom.melcher@state.mn.us), School Finance Director, at 651-582-8828.

Enclosure

