

**MEMORANDUM**

To: School District Superintendents  
Charter School Directors  
School Business Managers

From: Tom Melcher, Director  
Division of School Finance

Date: February 29, 2012

**Subject: CHANGE IN STATE AID PAYMENT SCHEDULE DUE TO FEBRUARY FORECAST**

This memorandum is to notify you that the percentage of state aids payable during the current school year has been increased from 60 percent to 64.3 percent as a result of an improvement in the state's budget outlook in the February forecast. Payments for school districts and charter schools will be adjusted beginning with the March 15 payment to reflect the new 64.3 percent current state aid payment percentage.

The February forecast, released today by Minnesota Management and Budget, shows a \$323 million improvement in the state's budget outlook for the FY 2012 – FY 2013 biennium. The entire improvement in the forecast balance is automatically allocated under current law. The first \$5 million is added to the state's budget reserve, bringing it to \$653 million. The remaining \$318 million is directed to reducing the school aid shifts enacted in recent legislative sessions. After this action, \$2.4 billion in school shifts remain to be bought back.

Under Minnesota Statutes, section 127A.45, subdivision 3, current aid payments to school districts are metered out over the course of the school year. The March 15, 2012, payment will include a significant increase to catch school districts up to the amount they would have received through March 15 if the current payment percentage had been set at 64.3 percent throughout the year. The remainder of the increase will be metered out over the remaining payments during the current fiscal year to reach 64.3 percent of entitlement by the June 20 payment.

Under Minnesota Statutes, section 124D.11, subdivision 9, charter schools received the full 60% payable during the current year in 16 payments from July through February. To adjust for the increase to 64.3 percent of entitlement payable during the current fiscal year, charter schools will receive an additional payment on March 15, equal to 4.3 percent of their estimated aid entitlements for the fiscal year.

Additional information regarding payment projections for the balance of the fiscal year will be included in the March 15 IDEAS report.

Questions concerning the change in payment schedules should be directed to Audrey Bomstad at (651) 582-8793 or [audrey.bomstad@state.mn.us](mailto:audrey.bomstad@state.mn.us), or to Ann Van Diest at (651) 582-8745 or [ann.vandiest@state.mn.us](mailto:ann.vandiest@state.mn.us).