Minnesota Department of Education

M E M O R A N D U M

TO: School District Superintendents

FROM: Brenda Cassellius
Commissioner

DATE: October 1, 2012

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 October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth 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 ninety-fifth 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 January 15.*
>
> *For purposes of this section and section 126C.10, adjusted general revenue means:*
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> *(1) for Fiscal Year 2002, the sum of basic revenue under section 126C.10, subdivision 2, supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b; and*

> *(2) for Fiscal Year 2003 and later, the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; and equity revenue under section 126C.10, subdivisions 24a and 24b.*

This report is based on actual data for Fiscal Years 1992 through 2011, and estimates for Fiscal Years 2012 and 2013.

The report shows an increase in the ratio of the ninety-fifth percentile to the fifth percentile from 1.303 in FY 2012 to 1.309 in FY 2013. Factors contributing to this change include the inflationary increase in the operating referendum cap and referendum elections held during 2011 which take effect for FY 2013. Since the ratio of the ninety-fifth percentile to the fifth percentile has increased, a report will be made to the education committees of the legislature by January 15, 2013, outlining 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.

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 and the rate of the ninety-ninth to first percentile, both decrease between FY 2012 and FY 2013.

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 Years 2011 through 2013. View spreadsheet, under School Finance Spreadsheets, select General Education, subcategory is Revenue Disparities.

The data reported in the percentile analysis are not fully comparable for all years, due to the roll-in and roll-out of various funding components from year to year. For example, the basic formula was increased by $170 beginning in 1996-97 as part of the roll-in of transportation funding into the general education program.

Questions concerning this report should be directed to Bob Porter, Division of School Finance, at 651-582-8851 or bob.porter@state.mn.us, or to Tom Melcher, School Finance Director, at 651-582-8828 or tom.melcher@state.mn.us.

GENERAL EDUCATION REVENUE DISPARITY REPORT – M.S. 127A.51

October 2012

Estimated General Education Revenue Per Weighted ADM
BASIC + SUPPLEMENTAL + TRANSITION + REFERENDUM + EQUITY REVENUE
TRANSITION REVENUE IS EXCLUDED AFTER FY 2003

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
STATE																						
AVGS	3,390	3,398	3,416	3,476	3,541	3,891	4,003	3,980	4,247	4,511	4,688	4,942	5,088	5,185	5,411	5,719	5,873	6,012	6,082	6,107	6,170	6,246
PERCENTILES:																						
1ST	3,050	3,050	3,050	3,150	3,205	3,440	3,550	3,530	3,740	3,964	4,078	4,604	4,611	4,614	4,819	5,056	5,156	5,207	5,206	5,200	5,256	5,305
5TH	3,050	3,050	3,050	3,150	3,205	3,469	3,577	3,530	3,740	3,964	4,309	4,604	4,611	4,614	4,856	5,109	5,239	5,306	5,290	5,280	5,332	5,383
10TH	3,050	3,050	3,050	3,150	3,205	3,488	3,591	3,530	3,762	4,029	4,418	4,611	4,644	4,693	4,931	5,208	5,313	5,366	5,376	5,470	5,566	5,694
2OTH	3,050	3,050	3,054	3,150	3,222	3,570	3,717	3,744	4,029	4,302	4,465	4,643	4,715	4,863	5,130	5,396	5,587	5,664	5,682	5,726	5,788	5,848
3OTH	3,056	3,070	3,154	3,182	3,329	3,727	3,828	3,845	4,101	4,343	4,518	4,715	4,845	4,997	5,247	5,529	5,687	5,830	5,853	5,858	5,921	5,999
4OTH	3,177	3,174	3,189	3,349	3,453	3,814	3,913	3,879	4,140	4,404	4,569	4,792	4,968	5,103	5,339	5,642	5,802	5,895	5,907	5,917	5,982	6,049
5OTH	3,244	3,257	3,303	3,428	3,507	3,860	3,953	3,897	4,194	4,487	4,635	4,874	5,051	5,194	5,420	5,752	5,881	5,960	6,071	6,084	6,139	6,195
6OTH	3,373	3,383	3,377	3,471	3,526	3,893	4,001	3,972	4,271	4,525	4,688	4,971	5,137	5,304	5,545	5,818	5,963	6,084	6,223	6,218	6,260	6,319
7OTH	3,552	3,561	3,561	3,537	3,583	3,949	4,093	4,060	4,418	4,651	4,825	5,096	5,333	5,403	5,624	5,928	6,049	6,240	6,408	6,430	6,474	6,522
8OTH	3,611	3,626	3,637	3,628	3,645	4,074	4,217	4,203	4,473	4,719	4,873	5,209	5,434	5,484	5,690	5,963	6,155	6,393	6,490	6,531	6,618	6,717
9OTH	3,901	3,930	3,972	3,960	4,009	4,326	4,402	4,334	4,579	4,926	5,071	5,356	5,478	5,519	5,741	6,175	6,357	6,601	6,775	6,800	6,841	6,907
95TH	4,181	4,124	4,124	4,109	4,162	4,502	4,684	4,611	4,805	5,025	5,191	5,462	5,570	5,603	5,838	6,329	6,534	6,717	6,781	6,833	6,947	7,044
99TH	4,839	4,797	4,686	4,676	4,724	5,058	5,131	5,057	5,260	5,471	5,559	5,893	5,977	5,967	6,138	6,549	6,643	6,855	6,908	6,959	6,999	7,044
DOLLAR GAPS:																						
90TH-10TH	851	880	922	810	804	838	811	804	817	897	653	745	834	826	811	967	1,044	1,235	1,399	1,330	1,274	1,213
95TH-5TH	1,131	1,074	1,074	959	957	1,033	1,108	1,081	1,065	1,061	882	858	959	989	982	1,220	1,294	1,411	1,491	1,553	1,615	1,661
99TH-1ST	1,789	1,747	1,636	1,526	1,519	1,617	1,581	1,527	1,520	1,507	1,481	1,290	1,366	1,353	1,318	1,493	1,487	1,648	1,702	1,759	1,743	1,739
RATIOS:																						
90TH-10TH	1.279	1.289	1.302	1.257	1.251	1.240	1.226	1.228	1.217	1.223	1.148	1.162	1.179	1.176	1.164	1.186	1.197	1.230	1.260	1.243	1.229	1.213
95TH-5TH	1.371	1.352	1.352	1.304	1.299	1.298	1.310	1.306	1.285	1.268	1.205	1.186	1.208	1.214	1.202	1.239	1.247	1.266	1.282	1.294	1.303	1.309
99TH-1ST	1.587	1.573	1.536	1.484	1.474	1.470	1.445	1.433	1.406	1.380	1.363	1.280	1.296	1.293	1.274	1.295	1.288	1.317	1.327	1.338	1.332	1.328