

MEMORANDUM

To: School District Superintendents
Charter School Directors
School Business Managers

From: Tom Melcher, Director
Division of School Finance

Date: February 28, 2013

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 82.5 percent to 86.4 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 86.4 percent current state aid payment percentage.

The February forecast, released today by Minnesota Management and Budget, shows a \$295 million improvement in the state's budget outlook for the FY 2012 – FY 2013 biennium; however, a correction made after the forecast document went to print adjusted the improvement in the state's budget outlook for the current biennium down to \$286 million. The entire improvement in the forecast balance is automatically allocated to reducing the school aid shifts enacted in recent legislative sessions. \$282 million was used to bring current year payments to 86.4 percent. Because the shift is calculated to the nearest tenth of a percent and the forecast balance was not enough to reach 86.5 percent, the remaining \$4 million is placed in the budget reserve. After this action, approximately \$808 million in school shifts remain to be bought back.

Current aid payments to school districts and charter schools are metered under Minnesota Statutes, section 127A.45, subdivision 3, and Minnesota Statutes, section 124D.11, subdivision 9, respectively. The March 15, 2013, payment will include an 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 86.4 percent throughout the year. The March 15, 2013, payment will also include an increase to catch charter schools up to the amount they would have received through February 28 if the current aid payment schedule had been at 86.4 percent throughout the year. The remainder of the increase will be metered out over the remaining payments during the current fiscal year to reach 86.4 percent of estimated entitlement by the June 20 payment for school districts and other education organizations receiving state aids and state-paid property tax credits. Additional information regarding payment projections for the balance of the fiscal year will be included in the March 15 IDEAS report.

For the FY 2014 – FY 2015 biennium, the projected shortfall has been reduced from \$1.090 billion to \$627 million. Questions concerning the change in payment schedules should be [directed to Ann Van Diest](#) at (651) 582-8745 or [directed to Audrey Bomstad](#) at 651-582-8793.