

MEMORANDUM

TO: Superintendents
Business Managers

FROM: Tom Melcher, Director
Program Finance Division

DATE: August 22, 2013

RE: Final Referendum Cap Inflation Adjustment for FY 2013

This memo explains the final calculation of the operating referendum cap inflation adjustment, available on [the referendum page of the MDE website](#).

The final inflation adjustment ratio is based on the Consumer Price Index for All Urban Consumers for all items as published monthly by the Bureau of Labor Statistics (Series CUUR0000SA0). For referendum authority and cap calculations, annual inflation for FY 2013 was calculated using a fiscal year average of the monthly indices from the last half of 2012 and the first half of 2013.

The data shown will be used to calculate final aid entitlements for FY 2013 beginning with the August 30, 2013, IDEAS payment. The data will also be used to calculate school district final referendum levy adjustments for the 2014 Payable 2015 levy next year.

Based on these numbers, the inflation adjustment ratio for FY 2013 is 1.2434 (24.34 percent increase over the FY 2004 base). This finalizes the standard cap for FY 2013 at \$1,608.96.

The inflation ratio used to calculate the alternative cap is increased by one-fourth of the formula allowance increase between FY 2008 and FY 2011. The inflation adjustment ratio for the alternative cap for FY 2013 is 1.1450 (14.5 percent increase over the FY 2004 base).

For school districts that passed a referendum with an automatic inflation adjustment on the ballot, the referendum allowance is increased every year for the annual rate of inflation. The annual inflation adjustment for FY 2013 is 1.67 percent.

The impact on referendum aid and final referendum levy authority is shown on the FY 2013 General Education Revenue Report posted to the Minnesota Funding Reports (MFR) System of the department's website.

If you have further questions, please contact Jon VanOeveren at Jon.VanOeveren@state.mn.us or 651-582-8375, or Bob Porter at Bob.Porter@state.mn.us or 651-582-8851.