



MEMORANDUM

TO: Superintendents
Business Managers

FROM: Tom Melcher, Director
Program Finance Division

DATE: August 4, 2011

RE: Final Referendum Cap Inflation Adjustment for FY 2011

This memo is to explain the final calculation of the operating referendum cap inflation adjustment which is attached.

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 2011 was calculated using a fiscal year average of the monthly indices from the last half of 2010 and the first half of 2011.

The data shown will be used to calculate final aid entitlements for FY 2011 beginning with the August 30, 2011, IDEAS payment. The data will also be used to calculate school district final referendum levy adjustments for the 2012 Payable 2013 levy next year.

Based on these numbers, the inflation adjustment ratio for FY 2011 is 1.1881 (18.81 percent increase over the FY 2004 base). This finalizes the standard cap for FY 2011 at \$1,537.40.

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 2011 is 1.1401 (14.01 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 2011 is 2.03 percent.

The impact on referendum aid and final referendum levy authority is shown on the FY 2011 General Education Revenue Report posted to the [Minnesota Funding Reports \(MFR\) System](#) of the department's website.

If you have further questions, please contact Terri Yetter at terri.yetter@state.mn.us or 651-582-8868, or Bob Porter at bob.porter@state.mn.us or 651-582-8851.