

## MEMORANDUM

To: School District Superintendents  
Charter School Directors  
School Business Managers

From: Tom Melcher, Director  
Division of School Finance

Date: December 5, 2012

Subject: CHANGE IN STATE AID PAYMENT SCHEDULE DUE TO NOVEMBER FORECAST

This memorandum is to notify you that the percentage of state aids payable during the current school year has been increased from 64.3 percent to 82.5 percent as a result of an improvement in the state's budget outlook in the November forecast. Payments for school districts and charter schools will be adjusted beginning with the December 15 payment to reflect the new 82.5 percent current state aid payment percentage.

The November forecast, released today by Minnesota Management and Budget, shows a \$1.330 billion improvement in the state's budget outlook for the FY 2012 – FY 2013 biennium. The entire improvement in the forecast balance is automatically allocated to reducing the school aid shifts enacted in recent legislative sessions. \$1.324 billion was used to bring current year payments to 82.5 percent. Because the shift is calculated to the nearest tenth of a percent and the forecast balance was not quite enough to reach 82.6 percent, the remaining \$6 million is placed in the budget reserve. After this action, approximately \$1.101 billion 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 December 15, 2012, payment will include an increase of approximately \$505.9 million to catch school districts up to the amount they would have received through December 15 if the current payment percentage had been set at 82.5 percent throughout the year. The December 15, 2012 payment will also include an increase of approximately \$52.5 million to catch charter schools up to the amount they would have received if the current aid payment schedule had been at 82.5 percent throughout the year. The remainder of the increase will be metered out over the remaining payments during the current fiscal year to reach 82.5 percent of estimated entitlement by the February 28 payment for charter schools, and 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 December 15 IDEAS report.

The percentage of state aids payable during the current school year will be reviewed again when the February 2013 forecast is completed. If there is further improvement in the state's budget outlook for the FY 2012 – FY 2013 biennium, the current payment percentage will be increased again in March. If the state's budget outlook for the FY 2012 – FY 2013 biennium remains the same or declines in February, the current payment percentage will remain at 82.5 percent, assuming no legislative change is made.

For the FY 2014 – FY 2015 biennium, a \$1.095 billion shortfall is projected. This is similar to the \$1.079 billion shortfall projected at the end of August. If there is no further improvement in the state's budget outlook for the FY 2012 – FY 2013 biennium in the February 2013 forecast, the current state payment schedule will remain at 82.5 percent for FY 2014, assuming no legislative change is made.

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