

Important Notice: This fiscal note is Classified as Nonpublic Data under Minn. Stat. 13.64 Subd. 3(b)

Important Notice: This fiscal note on unofficial draft legislation was requested by or on behalf of a member of the legislature who directed that it be classified under Minn. Stat. 13.64 Subd. 3 (b). Until the conditions outlined in this statute have been met, the existence and contents of this fiscal note remain classified as Nonpublic data.

Fiscal Note

2025-2026 Legislative Session

SF9047 - 0 - FY27 and FY28 Compensatory Revenue Formula Mod.

Chief Author: **Unknown Author**
 Committee: **Unknown Committee**
 Date Completed: **3/24/2026 1:49:50 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	33,105	3,678	-	-
Total	-	-	33,105	3,678	-	-
Biennial Total			33,105			3,678

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This is a classified unofficial fiscal note request. If identical language to that which the classified fiscal note was based upon is made available for consideration by the legislature, the fiscal note is considered public data. The LBO will process requests for copies of the classified fiscal note if the note is considered public data, and/or will process new requests for a regular fiscal note on the introduced language. If the language is offered for consideration by the legislature, it is recommended that a new request for a regular fiscal note be made so that the most updated and complete information on the fiscal effect can be made available.

LBO Signature: Alyssa Holterman Rosas **Date:** 3/24/2026 1:49:50 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	33,105	3,678	-
Total		-	-	33,105	3,678	-
Biennial Total				33,105		3,678
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	33,105	3,678	-
Total		-	-	33,105	3,678	-
Biennial Total				33,105		3,678
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill changes the compensatory revenue calculation for FY 2027 to be the greater of the compensatory revenue calculated under current law adjusted proportionately to the statutory minimum or a district minimum amount.

The district minimum amount is calculated as:

- the 2026 revenue
- times the lesser of 1 or the ratio of 10/2/2025 to 10/1/2024 district enrollment
- times 0.90.

Section 2 of the bill extends the .40 allowable discretionary allocation to 2028.

Assumptions

The FY 2027 compensatory revenue under paragraph (h)(1) is calculated by proportionately adjusting amounts from the February forecast to the statewide minimum.

Compensatory revenue for FY 2026 reflects actual data. The October 1, 2025 and October 1, 2024 student counts are also actual and are used in the compensatory revenue calculations.

If a building's October 1, 2025 enrollment is zero, or if the site was closed in MDE-ORG, the site's compensatory revenue for FY 2027 is assumed to be zero.

The ratio is rounded to four decimal places, consistent with the rounding methodology used in compensatory revenue calculations.

It is assumed that MNIT will require \$6,600 in FY 2027 to make modifications to the compensatory table and program.

Expenditure and/or Revenue Formula

MNIT	Hours	Cost
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Add 4 columns to COMPENSTRYRVN table and DAC modifications	15	1,800
Modify program to calculate hold harmless at a district level	30	3,600
DEV testing	10	1,200
Total MNIT Cost	55	6,600

#	SF9047	FY 2027	FY 2028
1	February 2026 Forecast (with Pilot)	864,695,695	864,649,698
2	SF9047 Compensatory Revenue Base	894,147,025	857,324,698
3	Compensatory Revenue Pilot	7,325,000	7,325,000
4	Compensatory Revenue Total (line 2 + line 3)	901,472,025	864,649,698
5	SF4368 Revenue Difference (line 4 - line 1)	36,776,329	-
6	Current Payment (line 5 * 90%)	33,098,697	-
7	Final Payment (line 5 * prior year 10%)		3,677,633
8	Total Cost of Compensatory Change	33,098,697	3,677,633
9	Rounded Appropriation in 1,000's (line 8 / 1,000)	33,099	3,678
10	MNIT Cost in 1,000's	6.6	
11	Total Bill Cost (line 9 + line 10)	33,105	3,678

Long-Term Fiscal Considerations

None

Local Fiscal Impact

This is a one-time change to FY 2027 compensatory revenue aid. Some local LEAs will see a change to their compensatory revenue compared to current law.

Formula Change Local Impact SF9047 versus Current Law	Number of Districts	Number of Charters
Revenue Decrease	0	0
Revenue Increase	158	59

References/Sources

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