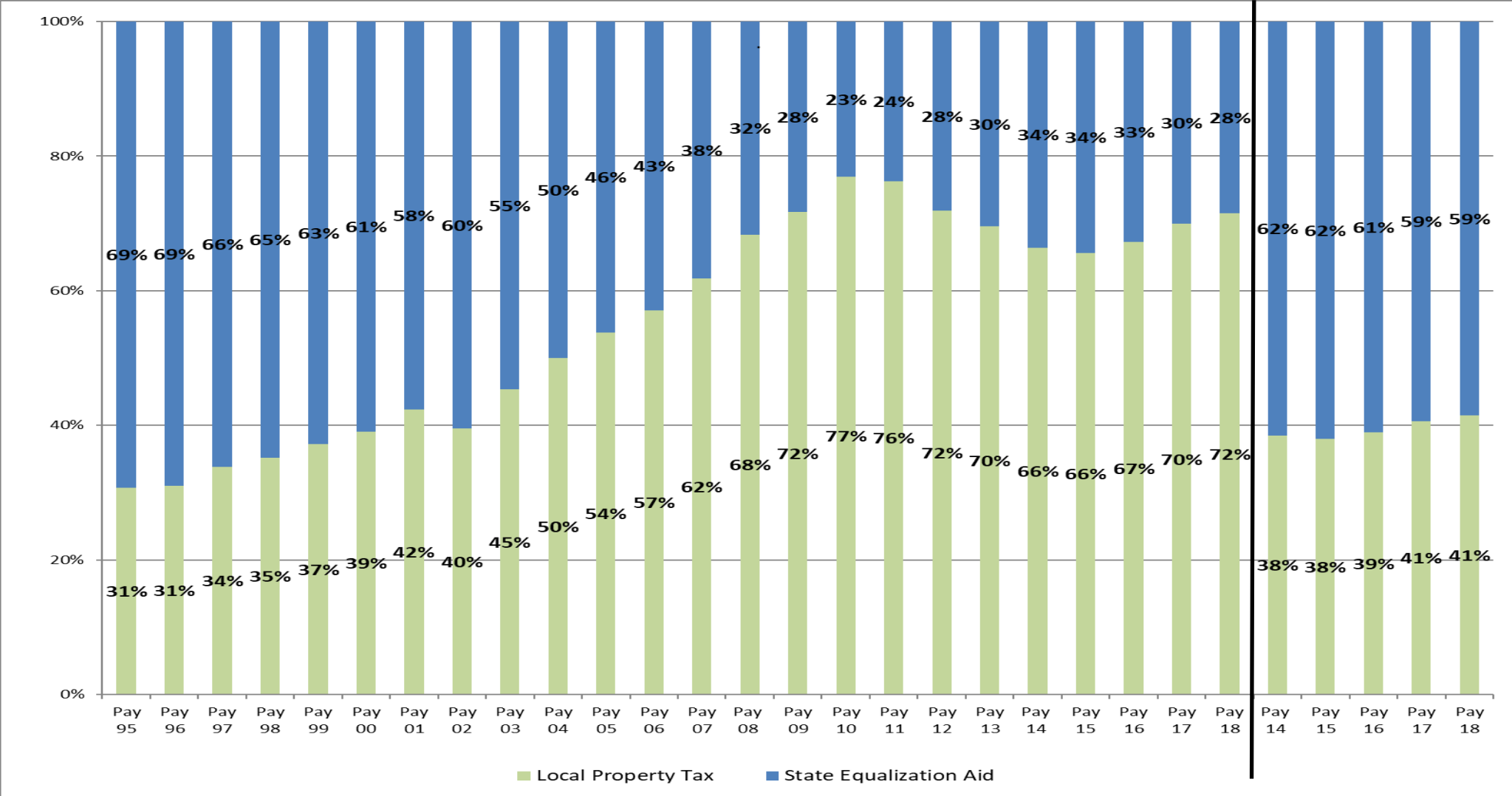




Owatonna School District—the Erosion of Referendum Equalization

Tier 2
Operating Referendum Equalization
on Revenue between \$300 to \$760 per Pupil

Tier 1
Operating Referendum Equalization
on Revenue up to \$300 per Pupil



In 1995, for every voter-approved school referendum dollar passed within the Tier 2 parameters, the state paid 69 cents and, the local property taxpayers were responsible for the other 31 cents. This equalization aid kept the local taxpayer cost to support a referendum uniform across the state. Since the referendum equalization is not indexed to inflation, today the state pays much less and the burden has shifted back to the local taxpayer. In 2014, the legislature increased equalization aid significantly for Tier 1, but its effectiveness is also eroding due to inflation. The erosion in equalization aid means local taxpayers in low-property wealth districts can pay over two or three times more than taxpayers in high-property wealth districts for an identical amount of referendum revenue for their schools. The high cost to local taxpayers limits the amount of referendum revenue many low-property wealth school districts can access, creating educational opportunity gaps for their students.