

# HOUSE RESEARCH

## Bill Summary

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### Article 1: E-12 Education

- 1 Developmental screening aid.** Increases developmental screening amounts: the reimbursement rate for three year olds is raised from \$50 to \$75; the reimbursement rate for four year olds is increased from \$40 to \$50; and the reimbursement rate for five or six year olds screened prior to kindergarten is increased from \$30 to \$40.
- 2 Teachers' and administrators' licenses; fees; licensure via portfolio.** Allows a qualified candidate to use the licensure via portfolio to obtain an initial license or add a licensure field. Specifies portfolio content requirements for candidates seeking an initial license and for teachers seeking to add a licensure field.  
  
Requires a candidate to pay a \$300 fee for the first portfolio submitted and a \$200 fee for each subsequent portfolio submitted. Directs the Board of Teaching to deposit revenue from fees into a specified state account. Allows the Board of Teaching to waive or reduce fees based on candidates' need.
- 3 Basic alternative teacher compensation aid.** Creates a categorical aid for basic alternative teacher compensation aid for fiscal year 2010 and later to replace the current component of general education aid.
- 4 Alternative teacher compensation levy.** Creates an equalized levy for the categorical alternative teacher compensation program to replace the current levy which is part of general education revenue.
- 5 Alternative teacher compensation aid.** Creates a categorical aid for alternative teacher compensation aid equal to the basic aid plus the equalized aid to replace the current component of general education revenue.
- 6 Debt service equalization aid.** Modifies the fixed, standing appropriation for debt service equalization aid to match February 2008 forecast levels.

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- 7 Alternative facilities qualifications.** Authorizes a school district that qualified for alternative facilities revenue on July 1, 2007 , to remain qualified for revenue under the program regardless of the school district’s total square footage of building space.
- 8 Bonds for Certain Capital Facilities.** Includes “modifying buildings and equipment for security” in the list of uses for bonds. Increases the bond payoff time from 10 years to 15 years.
- 9 Pupils in adjoining states.** Creates an alternative method for transferring revenue between Minnesota school districts and non-Minnesota school districts for cross-border open enrolled students.
- 10 Tuition payments.** Amends the current K-12 tuition payment statute to include an option for negotiated K-12 reciprocity agreements between Minnesota and neighboring states. Requires all payments for cross-border students to be made under the reciprocity statute if the state has entered into a reciprocity agreement with a neighboring state.
- 11 Effective if reciprocal.** Eliminates the existing applicability language specific only to the state of South Dakota .
- 12 Appeal to the commissioner.** Modifies the authority for the commissioner to set a tuition rate for cross-border open enrolled students in cases where no K-12 tuition reciprocity has been established. Modifies the current process that authorizes a parent to appeal a tuition amount established by a school district to the commissioner of education by changing the commissioner’s role from agreeing to a tuition rate to setting the tuition rate.
- 13 Reciprocity with adjoining states.**

**Subd. 1. Agreements.** Authorizes the Minnesota commissioner of education to enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program. Requires the agreement to:

- apply only to students who are not residents of Minnesota who live in adjoining states;
- set negotiated and equal reciprocal tuition amounts;
- adjust revenue amounts between states based on the number of students from each state attending school in the other state;
- establish application procedures;
- list any reasons why an applicant student from another state may be denied enrollment in the serving state; and
- ensure that no Minnesota district is responsible for providing transportation to a resident student who attends school in another state.

**Subd. 2. Pupil accounting.** Requires Minnesota school districts to include a cross-border nonresident student in their pupil counts as if the student were a non-resident student from another Minnesota school district. Allows Minnesota school districts to count resident students who attend school in an adjoining state in the Minnesota district’s resident pupil count in the same manner as in-state open

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enrollment students.

**Subd. 3. Procedures.** Grants the Department of Education authority to collect data and transfer payments according to this section. Applies the K-12 reciprocity statute to all transfer of students between participating states. Allows aid payments to be made under section 127A.45. Creates an exemption from this process to a school district in another state that has fewer than 150 pupils if that state also grants the same exemption (this exemption is intended to avoid triggering a mandatory school consolidation statute in a neighboring state).

- 14 Reciprocity exception.** Creates an exemption to the tuition payments statute in cases where students are transferring between adjoining states according to the new K-12 tuition reciprocity statute.
- 15 Reimbursement.** Increases the reimbursement rate for each half-pint of milk provided to kindergarten pupils from 14 to 20 cents.
- 16 State advisory council on early childhood education and care.** Adds six members to the state advisory council on early childhood education and care, including one member appointed by the speaker, one by the house minority leader, two members named by the senate subcommittee on committees of the committee on rules and administration, and two members who are parents of a child under the age of six. Charges the task force with fulfilling the duties under the federal Improving Head Start for School Readiness Act of 2007. Specifies the additional duties of the council. Allows the council to use up to \$12,500 from federal child care and development fund administrative funds aid up to \$12,500 from prekindergarten exploratory project funds to reimburse parents on the council, and to pay for technical assistance and administrative costs of the council.
- 17 State total adult basic education aid.** Modifies the growth factor by which the state total adult basic aid increases each year from the growth in program contact hours over the two most recent years to a ten-year average growth rate. Keeps the state total aid amount growth limited to not more than three percent in any one year.
- 18 General education development (GED) test fees.** Increases from \$20 to \$40 the maximum amount of the GED test fee that the commissioner may pay for an individual to take the GED test.
- 19 Third party billing; Minnesota State Academies.** Directs the Minnesota State Academies to seek reimbursement from third parties for the cost of those services the academies provide that are covered by a child's public or private health plan.
- Makes this section effective for revenue for fiscal year 2008.
- 20 Adjustments for tuition reciprocity with adjoining states.** Adjusts Minnesota's special education appropriations cap to reflect the transfers of special education tuition payments to and from adjoining states. Authorizes the receipt and disbursement of special education payments from and to adjoining states according to the K-12 reciprocity agreement with that state.
- 21 General education revenue.** Changes the general education revenue calculation for fiscal year 2010 and later to reflect that the alternative teacher compensation revenue program has been moved and recodified from the general education program to a categorical education program.
- 22 Transition revenue.** Adds a new component to transition revenue to factor in any changes in general education revenue due to the K-12 reciprocity agreement replacing a tuition

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- billing agreement.
- 23 **Transition for tuition reciprocity.** Sets the new tuition reciprocity transition revenue component equal to the loss in revenue for a Minnesota school district because of the K-12 reciprocity process agreement replacing the tuition billing between the Minnesota school district and the school district in the adjoining state.
- 24 **Basic alternative teacher compensation aid.** Limits the current basic aid formula to fiscal years 2008 and 2009. For subsequent years, basic alternative teacher compensation aid is recodified as a categorical aid.
- 25 **Alternative teacher compensation levy.** Limits the current alternative compensation levy formula to fiscal years 2008 and 2009. Replaces this formula with a categorical funding formula for subsequent years.
- 26 **Alternative teacher compensation aid.** Limits the current formula for alternative teacher compensation aid to fiscal year 2008 and 2009. Moves and recodifies this aid as a categorical program for fiscal year 2010 and later.
- 27 **Referendum revenue.** Modifies the notice requirement for language that must appear on a ballot to renew a school district operating referendum levy, replacing the words “you may be voting for a property tax increase” with “...you are voting to extend an existing property tax referendum that is scheduled to expire.” Makes the change effective for elections after June 30, 2008 .
- 28 **To lease building or land.** Increases the maximum allowable lease levy amount from \$100 to \$150 times the district’s resident pupil units. Increases the lease levy amount for members of an intermediate school district from \$25 to \$43 times the adjusted marginal cost pupil units of the district.
- 29 **Safe schools levy.** Requires the additional safe schools levy authority of \$3 per pupil unit that was added by the 2007 Legislature to be used only for expanding the availability of licensed school support staff.
- 30 **Ice Arena Levy.** Increases the amount a district may levy from 90 percent to 100 percent of the net actual costs of operation of the arena for the previous year.
- 31 **Application of limiting tax legislation.** Adds intermediate school districts to the authority to engage in tax and aid anticipation borrowing.
- 32 **Limitations.** Clarifies a reference to school district fiscal years.
- 33 **Intermediate school districts.** Specifically authorizes an intermediate school district to borrow against its expected receipt of state aids, federal aids, and membership fees and tuition payments from its member districts. Allows the intermediate school district, upon its member district approval, to amend its bylaws to allow it to pledge the full faith and credit of its member districts to repay the short-term borrowing of the intermediate school district.
- 34 **Enabling resolution; form of certificates of indebtedness.** Adds intermediate school districts to the authority to issue certificates of indebtedness for cash flow borrowing.
- 35 **State payment of debt obligation upon potential default.** Extends the state guarantee of school district debt to intermediate school districts. Restores language in subdivision 4a that was inadvertently repealed in 2003 that allows the state to recapture aid payments if a school district defaults on state-guaranteed bond payments.
- 36 **Payments to third parties.** Includes K-12 tuition reciprocity payments in the statute that requires the state to make current year aid payments to third parties.
- 37 **Abatements.** Makes a technical change by removing an erroneous cross-reference.
- 38 **Excess tax increment.** Makes a technical change by removing an erroneous cross-reference.

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- 39 Statewide testing appropriation.** Reduces the appropriation to the Department of Education for statewide testing by \$2.15 million for fiscal year 2009 and reduces the budget base for the program from \$15.15 million to \$13 million for fiscal years 2010 and later.
- 40 AP/IB/concurrent enrollment appropriation.** Authorizes the FY 2008 appropriation for AP/IB and concurrent enrollment programs to carry forward into FY 2009.
- 41 Collaborative urban educator appropriation.** Corrects an erroneous cross reference.
- 42 Educational planning and assessment system appropriation.** Reduces the appropriation for the educational planning and assessment system program from \$829,000 to \$600,000 per year.
- 43 College level examination program appropriation.** Reduces the appropriation for the college level examination program from \$1,650,000 to \$850,000 per year.
- 44 Special education task force report.** (a) Extends the term of the special education task force to February 15, 2009 . Directs the task force to submit a report to the legislature recommending how state statutes and rules that exceed minimum federal requirements might be amended to conform to federal requirements or made more effective as determined by a majority of task force members. Directs the task force to recommend rules governing aversive and deprivation procedures by school district employees or persons under contract with a school district.
- (b) Replaces the education department member of the task force representing regulators with a parent advocate selected by a statewide organization that advocates on behalf of children with disabilities.
- (c) Directs the education department to provide technical assistance upon request.
- Makes this section effective immediately.
- 45 Special education task force appropriation.** Amends the special education task force appropriation to include an additional \$20,000 for task force activities in fiscal years 2008 and 2009.
- 46 Fiscal year 2007 replacement aid.** Allows the Plainview-Elgin-Millville school district to make a levy adjustment of \$6,600 included as part of the district's property taxes for taxes payable in 2009, to replace revenue lost to a community education fund balance penalty.
- 47 Traditional school breakfast; kindergarten milk appropriation.** Increases the school milk appropriation to pay for the higher formula amount and corrects the appropriation to match the February 2008 Forecast.
- 48 Appropriations; Department of Education.** Reduces the fiscal year 2009 appropriation to the Minnesota Department of Education by four percent (from \$22.653 million to \$21.761 million), adds \$50,000 for certain costs associated with examining educational achievement levels of low-income students and students of color and adds \$188,000 for the administration of the school performance report card.
- 49 Health and development screening aid.** Modifies the appropriation for health and development screening aid to match the higher formula amounts in section 1 and adjusts the appropriation to match the February 2008 forecast.
- 50 Flood total appropriation for schools.** Modifies the total appropriation made to the commissioner of education for payments to school districts adversely affected by the August 2007 floods to fit the actual amounts expended.
- 51 Flood appropriations; Rushford-Peterson.** Modifies the appropriations rider language

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that set aside \$250,000 for a disaster relief facilities grant to the Rushford-Peterson school district to reflect the amount actually spent on facilities repairs.

**52 Disaster relief facilities grants to other districts.** Reduces the appropriation available for disaster relief facilities grants to other school districts from \$90,000 to \$14,000 (this is the amount that was actually disbursed under this clause).

**53 Fund transfers.**

**Subd. 1. Capital account transfers.** Allows any school district on June 30, 2008, to transfer up to \$51 per pupil unit from its reserved for operating capital account to its undesignated general fund balance. Requires the school board to adopt a written resolution stating the amount of the transfer and declaring that the district's operating capital needs are being met prior to making the transfer.

**Subd. 2. Balaton.** Authorizes Independent School District No. 411, Balaton, to transfer up to \$70,000 from its reserved for operating capital account to its undesignated general fund balance.

**Subd. 3. East Central.** Authorized Independent School District No. 2580, East Central, to transfer up to \$300,000 from its reserved for operating capital account to its undesignated general fund balance.

**Subd. 4. Hills Beaver Creek.** Paragraph (a) authorizes Independent School District No. 671, Hills-Beaver Creek, to transfer up to \$260,000 from its disabled accessibility fund to its undesignated general fund balance without making a levy reduction.

Paragraph (b) authorizes Independent School District No. 671, Hills-Beaver Creek, to transfer up to \$100,000 from its reserved for operating capital account to its undesignated general fund balance without making a levy reduction.

**Subd. 5. Rocori.** Authorizes Independent School District No. 750, Rocori, to transfer up to \$82,000 from its disabled accessibility fund to its undesignated general fund balance without making a levy reduction.

**54 Onetime general education revenue increase.** Adds an amount to each district's general education revenue, for fiscal year 2009 only, equal to \$51 per pupil unit.

**55 Alternative teacher compensation aid.** Limits participation in the alternative teacher compensation program for FY 2009 and FY 2010 only to those districts that were previously participating or that had an application pending as of March 20, 2008.

**56 Virginia school district; emergency repairs.** Authorizes the Virginia school district to levy up to \$100,000 for emergency facility repairs. Authorizes the school district to recognize the full amount of the levy proceeds in fiscal year 2009.

**57 Equalizing factors.** Directs the commissioner to adjust the referendum market value equalizing factor to reflect any changes in class rates made by the 2008 Legislature.

**58 Appropriations.**

**Subd. 1. Department of Education .** Appropriates the sums indicated in the following subdivisions from the general fund to the commissioner of education for

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the years designated.

**Subd. 2. Additional general education aid.** Appropriates an additional \$16.6 million from the general fund for general education aid.

**Subd. 3. Rushford-Peterson.** Appropriates \$158,000 for a grant to Independent School District No. 239, Rushford-Peterson, for declining pupil aid and transportation costs associated with the August 2007 floods.

**Subd. 4. Lancaster .** Appropriates \$100,000 for a grant to Independent School District No. 356, Lancaster, to replace the district's lost sparsity aid.

**Subd. 5. Principal's Leadership Institute.** Appropriates \$275,000 for a grant to the Principal's Leadership Institute under section 122A.74.

**Subd. 6. Licensure by portfolio.** Appropriates \$17,000 to the Board of Teaching for costs associated with licensing teachers by portfolio.

**Subd. 7. Minnesota Humanities Commission.** Appropriates \$275,000 in fiscal year 2009 to the Minnesota Humanities Commission.

**59 Repealer.**

Repeals section 126C.21, subdivision 1 (Permanent School Fund) for fiscal year 2010 and later.

Repeals section 126C.10 subdivisions 35 (Alternative Teacher Compensation Levy), and 36 (Alternative Teacher Compensation Aid) for fiscal year 2010 and later.

Repeals section 127A.45 subdivision 7a (Advance Final Payment).

Repeals section 126C.10 subdivision 34 (Basic Alternative Teacher Compensation Aid) for fiscal year 2010 and later.

Repeals Laws 2007, First Special Session chapter 2, article 1, section 11, subdivisions 3 (Independent School District No. 238, Mabel-Canton) and 4 (Independent School District No. 294, Houston).

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### **Article 2: Education Forecast Adjustments**

An appropriations deficiency occurs when the appropriation in law is smaller than the amount necessary to fully fund the program. For the last several years, the legislature and the executive branch have operated under a series of budget principles that require the legislature to fully fund programs and for the forecast to reflect the full cost of these programs.

This bill makes corrections to appropriations for fiscal years 2008 and 2009 to reflect the February 2008 forecast of spending. These appropriations are already included in the February 2008 Forecast of base expenditures.

Appropriations that are modified in this bill to match the February 2008 Forecast aid estimates include:

- general education aid;
- referendum tax base replacement aid;
- enrollment options transportation;
- abatement aid;
- consolidation transition aid;
- nonpublic pupil aid;
- nonpublic pupil transportation aid;
- charter school building lease aid;
- integration aid;
- aid for tribal contract schools;
- aid for children with disabilities;
- travel for home-based services;
- health and safety aid;
- debt service equalization aid;
- deferred maintenance aid;
- school technology and operating capital grants;
- school lunch aid;
- school breakfast aid;
- Early Childhood Family Education aid;
- school readiness aid;
- health and developmental screening aid;
- community education aid;
- adults with disabilities program aid; and
- adult basic education aid.