

Subject Governor's Education Finance Bill

Authors Davnie and others

Analyst Tim Strom
Cristina Parra

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Article 1: General Education

Increases the general education basic formula allowance by 3 percent in the first year and by another 2 percent in the second year of the biennium. Makes permanent the funding for the school readiness plus program at the fiscal year 2019 levels. Simplifies the local optional revenue calculations. Removes the need for board-approved referendum authority to be included in a district's referendum ballot question. Authorizes future operating referendums to be renewed by school board action, subject to a reverse referendum.

Section	Description
1	<p>Revenue calculation; charter school general education. Modifies the charter school definition of general education aid to conform to the proposed calculation for local optional revenue.</p>
2	<p>Pupil unit. Eliminates the separate hours of instruction required for disabled kindergarten pupils (while this provision has a small fiscal impact, the change conforms the hours to those of all non-disabled kindergarten pupils). Makes permanent the pupil count for school readiness plus pupils (school readiness plus was implemented in 2017 as a two-year program for fiscal years 2018 and 2019 only).</p>
3	<p>General education basic formula allowance. Increases the general education basic formula allowance from \$6,312 per pupil in fiscal year 2019 to \$6,501 per pupil in fiscal year 2020 (3 percent increase) and to \$6,631 per pupil for fiscal years 2021 and later (2 percent increase).</p>
4	<p>Declining enrollment revenue. Adjusts a cross-reference to conform to the consolidation of the kindergarten disabled pupils into the general kindergarten pupil count.</p>
5	<p>Local optional revenue. Modifies Local optional revenue so that the revenue no longer needs to be factored into a district's referendum revenue question asked of the voters. Keeps the revenue and equalization levels the same as under current law.</p>

Section	Description
6	Operating capital levy. Increases the operating capital equalizing factor to keep statewide property tax levies unchanged from the baseline estimate.
7	Equity revenue. Makes conforming changes and eliminates obsolete language.
8	Referendum allowance. Adjusts a district's referendum allowance to reflect the proposed treatment of local optional revenue.
9	Referendum allowance limit. Adjusts a district's referendum allowance limit to reflect the proposed treatment of local optional revenue.
10	Referendum equalization revenue. Adjusts a district's referendum equalization revenue to reflect the proposed treatment of local optional revenue.
11	Referendum equalization levy. Adjusts a district's referendum equalization levy to reflect the proposed treatment of local optional revenue.
12	Referendum equalization aid. Modifies and simplifies the calculation of referendum equalization aid.
13	Referendum tax base replacement aid. Adjusts a district's referendum tax base replacement aid to reflect the proposed treatment of local optional revenue.
14	Referendum revenue. Authorizes a school board, under certain circumstances, to renew a previously approved operating referendum.
15	Renewal by school board. Authorizes a school board to renew a previously approved referendum if: <ul style="list-style-type: none">the renewal is subject to a reverse referendum;

Section	Description
	<ul style="list-style-type: none">• the per pupil amount of referendum authority is unchanged from the amount last approved by the voters (although if an inflationary increase was initially authorized by the voters, the inflationary increase may continue);• the term of the referendum is the same as, or shorter than, the term last approved by the voters; and• public testimony on the referendum renewal occurs at a school board meeting.
16	Reverse referendum. Sets out the process for a reverse referendum to revoke board approved referendum authority. Requires a petition signed by at least 25 percent of the district's registered voters to be filed with the board by June 1 st in order for the revocation election to occur.
17	Appropriations. Appropriates money for general education aid and other programs. See fiscal tracking sheet for details.
18	Repealer. Repeals the board-approved \$300 per pupil referendum amount (this amount is separately made permanent).

Article 2: Education Excellence

Modifies statewide testing and school performance reports. Makes permanent the higher level of funding for American Indian Tribal contract schools. Modifies the language for full-service community schools. Provides a minimal level of equalization aid for the achievement and integration revenue program.

Section	Description
1	Statewide testing. Removes the requirement that the commissioner empirically derive benchmarks on adaptive assessments. Removes the requirement that the commissioner disseminate to the public computer adaptive tests.
2	State growth target; other state measures. States that Minnesota's growth measure compares a student's achievement scores over time.

Section	Description
3	School performance reports and public reporting. Modifies the school performance reports to report academic progress consistent with federal expectations.
4	Establishment; American Indian grants. Authorizes the American Indian grant recipients to enter into contracts with tribal partners and additional higher education partners.
5	Grant amount to prepare American Indian teachers. Removes student loans as an option under the American Indian grant program and directs all American Indian teacher preparation grant money to student grants.
6	Information to student applicants. Requires the contracted partner institutions to include information about teacher licensure fields in the information they provide to American Indian students.
7	Eligibility for student grants. Adds as the first listed student grant recipient for American Indian teacher grants, a student who has origins in any of the original peoples of North America and maintains a cultural identification through a tribal affiliation or community recognition. States that priority for American Indian teacher preparation grants must be given first to a student who is tribally enrolled and then to first- and second-generation descendants. Requires the grantees and contracted partners to agree to work to hire American Indian work-study students or other American Indian staff to conduct initial information queries and to serve as contacts for school staff to high school students who may be interested in the education profession.
8	Eligible programming. Adds a definition of eligible programming to the American Indian teacher preparation grant program.
9	Teacher mentoring, induction, and retention programs. Adds to the list of teachers eligible for the teacher mentorship program, teachers who are American Indian and teachers in license shortage areas. Requires teacher mentoring programs to be included in, or aligned with, a district's teacher evaluation and peer review process. Authorizes a school district to spend staff development revenue or other grants on stipends for qualified mentors. Broadens revenue uses under this program and the achievement and integration program to include: financial support for professional

Section	Description
	learning community affinity groups for teachers from underrepresented groups; programs for teacher induction; and grants to support licensed and nonlicensed educators in professional development designed to narrow students' opportunity and achievement gaps.
10	Full-service community schools. Defines the full-service community school's community-wide full-service community school leadership team as the group responsible for overseeing the community school programs. Specifies team members including teachers, school leaders, students, family members, community members, and system-level partners. Requires each full-service community school site coordinator to be a full-time staff member serving one school. Establishes grant amounts as \$100,000 for up to one year for planning purposes and \$150,000 annually each year thereafter for each eligible school site. Adds to the information compiled by a full service community school in its baseline assessment, the number of and percentage of students by race and ethnicity attending the school.
11	Revenue amount; tribal contract aid. Increases the tribal contract aid amount for fiscal years 2020 and later to the 2019 amount, adjusted for growth in the general education basic formula allowance. Under current law the allowance was set at \$3,230 per pupil for fiscal years 2015 to 2019, and is set to fall back to \$1,500 per pupil for fiscal year 2020 and later. Converts \$3,230 per pupil to 51.17 percent of the basic formula allowance (this links future amounts to increases in the basic formula allowance).
12	Initial achievement and integration revenue. Clarifies the manner in which the administrative expenses are removed from the achievement and integration program's funding (the program sets aside 0.3 percent of total funding for MDE administrative costs).
13	Achievement and integration aid. Redefines achievement and integration aid to include an equalization aid component.
14	Achievement and integration levy. Equalizes the achievement and integration levy. Sets the equalizing factor equal to 30 percent of the statewide adjusted net tax capacity per pupil unit.

Section	Description
15	Achievement and integration equalization aid. Defines the achievement and integration equalization aid as the difference between the equalized revenue and the levy.
16	Medium and high growth. Defines medium growth and high growth for purposes of the literacy incentive aid program.
17	Agricultural educator grants. Creates an agricultural educator grant program to support school districts in paying agricultural teachers for work over the summer with extended time pupils.
18	Innovation research zones pilot program. Subd. 1. Establishment. Establishes the innovation research zone pilot program to improve student and school outcomes. Subd. 2. Exemptions from laws and rule. Lists specific statutes and rules that an innovation research zone pilot program may exempt itself from, including: <ol style="list-style-type: none">1. any law or rule that a site-governed school is exempt;2. any law or rule that the commissioner has exempted another district from;3. online learning program requirements;4. extended time restrictions (for any student facing the risk factors listed in the graduation incentives program); and5. required hours of instruction for a student who is meeting competencies consistent with Minnesota's graduation standards. Subd. 3. Innovation research zone advisory panel. Requires the commissioner of education to establish an innovation research zone advisory panel of nine members, one chosen by the commissioner and eight chosen by school affinity groups. Subd. 4. Commissioner approval. Authorizes the commissioner, upon recommendation of the advisory panel, to approve six innovation plans—three in the metro area and three in Greater Minnesota. Subd. 5. Project evaluation; dissemination; report to legislature. Requires each innovation research zone partnership to submit requested information to the commissioner. Requires the commissioner to summarize innovation research zone activities and report the results to the legislature by February 1 st of each odd-numbered year.

Section	Description
19	Rural career and technical education consortium grants. Creates a program called the rural career teacher and technical education consortium grant program. Defines the consortium characteristics. Specifies grant recipients for portions of the \$3 million annual grant amounts. Requires grants to each of the following three consortia: <ol style="list-style-type: none">1. Southwest/West Central Service Cooperative, Southwest State University, Minnesota West Community and Technical Colleges and Ridgewater College;2. a consortium with the South Central Service Cooperative or Southeast Service Cooperative and other partners; and3. a consortium involving the Northwest Service Cooperative or Northeast Service Cooperative and other partners.
20	Appropriations. Appropriates money for education excellence aid programs. See fiscal tracking sheet for details.
21	Repealer. Repeals statutory definitions of growth, value added, adequate yearly progress, and other terms under Minnesota's former accountability system. Repeals statutory definitions concerning statewide and local assessments and results.

Article 3: Special Education

Modifies the special education funding formulas. Creates a new category of special education funding called cross subsidy aid.

Section	Description
1	Special education aid. Adjusts the general education revenue for a charter school student equal to 5 percent in fiscal year 2020 and 10 percent in fiscal year 2021 and later, of the unreimbursed cost of providing special education services to the student.
2	Definitions; special education aid. Defines the initial special education cross subsidy in statute. Defines "minimum aid adjustment multiplier" as 1.046 for fiscal year 2020 and as the greater of 1.02 or the multiplier for the previous year less .02.

Section	Description
3	Special education aid. Includes cross subsidy aid in the definition of special education aid. Limits a district's special education aid to the greater of: <ol style="list-style-type: none">1. the sum of: (i) 54.2 percent for fiscal year 2020 and fiscal year 2021, and 56.3 percent for fiscal year 2022 and later, of the districts nonfederal expenditures; (ii) 95 percent of the district's cost of providing transportation services for children with disabilities; and (iii) the enrollment options adjustments; or2. the district's fiscal year 2016 special education aid amount adjusted for changes in enrollment and by 4.6 percent per year. <p>Creates a new minimum aid amount.</p>
4	Cross subsidy reduction aid. Creates a new category of special education aid called cross subsidy reduction aid. Sets the aid amount equal to 2.16 percent of the unreimbursed cross subsidy for fiscal year 2020, 5.42 percent of the cross subsidy for fiscal year 2021, and 5.5 of the cross subsidy for fiscal year 2022 and later.
5	Alternative attendance programs. Reduces the portion of unreimbursed special education costs billed back to the district of residence from 90 percent to 85 percent in fiscal year 2020 and 80 percent for fiscal years 2021 and later.
6	Appropriations. Appropriates money for special education aid programs. See fiscal tracking sheet for details

Article 4: Facilities and Technology

Expands the revenue that may be pledged for 10 year equipment bonds to include safe schools revenue and expands the uses of the bond to include school security improvements including communications devices.

Section	Description
1	Purchase of certain equipment. Adds public announcement systems, emergency communications devices, and other equipment related to violence prevention and facility security to the eligible purposes for capital equipment bonds. Authorizes a district to counts its safe schools revenue, as well

Section	Description
	as its equipment revenue for purposes of computing the total amount of capital equipment bonds the district may issue.
2	<p>Safe schools revenue.</p> <p>Increases safe schools revenue. For fiscal year 2020 only, increases the safe schools revenue by \$9 per pupil unit and guarantees each district a minimum safe schools revenue of \$18,750. Provides safe schools revenue to charter schools equal to \$9 per pupil unit. Increases the safe schools revenue for intermediate school districts by \$3.75 per pupil. Creates safe schools revenue of \$3.75 for other cooperative units (special education coops, etc.). Provides all of the fiscal year 2020 increase in safe schools revenue in state aid.</p> <p>For fiscal year 2021 and later, establishes safe schools revenue of \$54 per pupil for school districts with a district minimum of \$22,500. Sets the safe school revenue at \$22.50 per pupil for intermediate school districts, \$7.50 per pupil for other cooperatives, and \$18 per pupil for charter schools. Equalizes safe schools revenue at 123 percent of the statewide average tax base per pupil, based on the adjusted net tax capacity tax base using one-half of the ag lands value (this is the same tax base used for long-term facilities maintenance revenue).</p> <p>Expands the uses of safe schools revenue to include additional actions to improve school climate including professional development such as restorative practices, social-emotional learning, and other evidence-based practices.</p> <p>Authorizes a school board to transfer safe schools revenue to the debt fund for repayment of certain capital and equipment bonds.</p>
3	<p>Appropriation.</p> <p>Appropriates money for debt service equalization aid, long-term facilities maintenance aid, and other facility and equipment aid programs. See fiscal tracking sheet for details.</p>

Article 5: Nutrition

Appropriates funds for state nutrition programs.

Section	Description
1	<p>Appropriations.</p> <p>Appropriates money for school lunch aid, school breakfast, kindergarten milk, and summer school food service replacement aid. See fiscal tracking sheet for details.</p>

Article 6: Libraries

Authorizes regional library telecommunications aid to be used for additional Internet access purposes.

Section	Description
1	Eligibility; regional library telecommunications aid. Modifies the regional library telecommunications aid to allow improvements for improved Internet access once connectivity funding needs have been met (for the last few years, a portion of this appropriation has canceled back to the state general fund).
2	Award of funds; regional library telecommunications aid. Authorizes the commissioner to consider Internet access or access to technology costs when allocating regional library telecommunications aid.
3	Appropriation. Appropriates money for regional library support, multicounty, multitype libraries aid, and other library system aids. See fiscal tracking sheet for details.

Article 7: Early Childhood and Family Support

Modifies early education programs and appropriates money for these programs.

Section	Description
1	Eligibility; voluntary prekindergarten. Clarifies that an eligible four-year-old child served in a mixed-delivery system by a child care center, family child care program, or community-based organization may be charged a fee as long as the mixed delivery partner was not awarded a mixed-delivery funded seat for that child.
2	Applications process; priority for high poverty schools; voluntary prekindergarten. Split the Minneapolis and St. Paul school districts into separate voluntary prekindergarten (VPK) regions. Removes obsolete language. Clarifies the way the existing allocations of seats for eligible participants are calculated.
3	Participation limits; voluntary prekindergarten. Makes the current number of VPK seats (7,160) permanent for fiscal years 2020 and later. Under current law, the number of statewide total number of seats is scheduled to drop back to 3,160 seats.

Section	Description
4	Early learning scholarship account. Creates an account in the special revenue fund called the early learning scholarship account. Places all appropriations for early learning scholarships in this account and annually appropriates this money to the commissioner for early learning scholarships. This funding mechanism is being proposed because the early learning scholarship program has had a relatively large cancellation in each of the last few years due to uncertainty about total enrollment in the program. Makes permanent an appropriation out of the account of \$950,000 per year for MDE's administrative needs.
5	Background study; tribal organizations. Authorizes tribal organizations to contract with the commissioner of human services to conduct background studies of individuals affiliated with a child care program sponsored, managed, or licensed by a tribal organization.
6	Background study; Head Start programs. Authorizes Head Start programs to contract with the commissioner of human services for background studies. Exempts a Head Start program that does not contract with the commissioner, is not licensed, and is not registered for funding under chapter 119B from chapter 245C.
7	Appropriations. Appropriates money for early education programs. See fiscal tracking sheet for details.

Article 8: Community Education

Appropriates money for community education programs.

Section	Description
1	Appropriation. Appropriates money for early education programs. See fiscal tracking sheet for details.

Article 9: Self-sufficiency and Lifelong Learning

Ensures that Adult Basic Education aid does not decline if statewide contract hours fall over time. Appropriates money for self-sufficiency and lifelong learning program.

Section	Description
1	State total adult basic education aid. Modifies the statewide adjustment factor for adult basic education (ABE) programs. Under current law, ABE aid changes by the annualized ten-year rate of growth in the number of contact hours, but the growth is limited to not more than 3 percent per year. In the last few years, ABE's statewide contact hours have declined. Limiting the ABE growth factor to 1.0 ensures that ABE funding will not fall from one year to the next.
2	Appropriations. Appropriates money for adult basic education and other self-sufficiency and lifelong learning programs. See fiscal tracking sheet for details.

Article 10: State Agencies

Modifies provisions affecting state agencies including the Minnesota Department of Education. Increases the license fee for school administrators, and eliminates the teacher licensure account in the special revenue fund redirecting teacher licensure fees to the general fund. Appropriates money for the state agencies and boards funded in the K12 finance bill.

Section	Description
1	Grant administration. Creates a grant management account in the special revenue fund. Authorizes the commissioner of education to place all grant management money in this account. Annually appropriates money from this account to the commissioner for administering grants.
2	Grant administration account. Authorizes the commissioner of education to retain five percent of each pass-through grant administered by the Minnesota Department of Education (MDE).
3	Fees; Board of School Administrators. Increases the annual fee paid by a school administrator (principals, superintendents, etc.) from \$75 to \$100.

Section	Description
4	Background checks. Requires the Professional Educator Licensing Board (PELSB) to deposit fees from teacher applicants for background checks in the state general fund.
5	Licensure applications. Requires PELSB to deposit teacher licensure fees in the state general fund.
6	Transfers. Transfers any amounts from the educator licensure account background check account to the general fund.
7	Appropriations; MDE 2018-2019 biennium. Eliminates a rider transferring \$2 million in fiscal year 2019 from the MDE budget to the Attorney General for litigation costs.
8	Appropriations; MDE. Appropriates money for MDE. See fiscal tracking sheet for details.
9	Appropriations; PELSB. Appropriates money for PELSB. See fiscal tracking sheet for details.
10	Appropriations; Minnesota State Academies. Appropriates money for the Minnesota State Academies for the Deaf and Blind. See fiscal tracking sheet for details.
11	Appropriations; Perpich Center for Arts Education. Appropriates money for the Perpich Center for Arts Education. See fiscal tracking sheet for details.
12	Repealer. Repeals the teacher licensure account in the special revenue fund that was established by the 2017 legislature (returning PELSB and the Board of School Administrators to funding from the state general fund). Repeals the law that requires the background check fees to be deposited into the teacher licensure account in the special revenue fund.



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