



# E-12 EDUCATION, BONDING AND TAX BILLS

2017 Legislative Session

June 20, 2017

# E-12 EDUCATION BILLS

## State General Fund Spending Targets

### State Aid Appropriations - \$ Millions

<b>FY 2018-19 Biennium</b>	<b>Gov</b>	<b>House</b>	<b>Senate</b>	<b>Conf</b>	<b>Final</b>
Increase over Base-initial	\$714	\$273	\$300	\$303	\$483
Percent Increase	3.9%	1.5%	1.7%	1.7%	2.6%

<b>FY 2020-21 Biennium</b>	<b>Gov</b>	<b>House</b>	<b>Senate</b>	<b>Conf</b>	<b>Final</b>
Increase over Base	\$956	\$287	\$435	\$424	\$596
Percent Increase	5.0%	1.5%	2.3%	2.2%	3.2%

# E-12 EDUCATION BILLS

## Major Spending Categories

### FY 18-19 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
General and Spec Ed Funding	415,288	256,589	286,444	290,244	<b>384,564</b>
TRA Pension Aid	68,554	-	10,000	-	-
Early Learning	177,857	23,187	3,100	14,049	<b>71,750</b>
Other Education Funding	31,291	11,057	10,582	16,168	<b>21,498</b>
Crosswinds Conveyance	-	(10,000)	(10,000)	(10,000)	<b>(10,000)</b>
State Agencies	20,513	(10,382)	1,323	(5,299)	<b>16,841</b>
Revenues	-	2,358	(1,189)	(1,680)	<b>(1,401)</b>
<b>Grand Total</b>	<b>713,503</b>	<b>272,809</b>	<b>300,260</b>	<b>303,482</b>	<b>483,252</b>

# E-12 EDUCATION BILLS

## Major Spending Categories

### FY 20-21 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
General and Spec Ed Funding	581,795	330,098	410,864	414,864	<b>553,521</b>
TRA Pension Aid	91,406	-	-	-	-
Early Learning	216,038	(18,626)	6,100	14,780	<b>25,660</b>
Other Education Funding	47,875	(6,335)	18,448	10,655	<b>12,516</b>
Crosswinds Conveyance	-	-	-	-	-
State Agencies	18,778	(17,639)	(336)	(20,070)	<b>370</b>
Revenues	-	-	(76)	4,150	<b>4,150</b>
<b>Grand Total</b>	<b>955,892</b>	<b>287,498</b>	<b>435,000</b>	<b>424,379</b>	<b>596,217</b>

# GENERAL AND SPECIAL EDUCATION FUNDING

## FY 18-19 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
General Ed Formula	371,496	231,884	277,176	277,176	<b>371,496</b>
Compensatory Pilot Projects	-	6,893	9,268	9,268	<b>9,268</b>
Pupil Transportation Adjustment	-	10,991	-	3,800	<b>3,800</b>
One-Time Pupil Aid (\$7.18/APU)	-	6,821	-	-	-
Special Education	43,792	-	-	-	-
<b>General and Special Ed Funding</b>	<b>415,288</b>	<b>256,589</b>	<b>286,444</b>	<b>290,244</b>	<b>384,564</b>

# GENERAL AND SPECIAL EDUCATION FUNDING

## FY 20-21 Biennium (“Tails”) State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
General Ed Formula	539,521	322,598	400,864	400,864	539,521
Compensatory Pilot Projects	-	7,500	10,000	10,000	10,000
Pupil Transportation Adjustment	-	-	-	4,000	4,000
Special Education	42,274	-	-	-	-
<b>General and Special Ed Funding</b>	<b>581,795</b>	<b>330,098</b>	<b>410,864</b>	<b>414,864</b>	<b>553,521</b>

# GENERAL AND SPECIAL EDUCATION FUNDING

## Formula Allowance Increases

- 2 percent and 2 percent (\$121 and \$124).
- From \$6,067 to \$6,188 and \$6,312.

(same as Governor's recommendation)

# GENERAL AND SPECIAL EDUCATION FUNDING

## Compensatory Pilot Grants

- Added permanently to regular compensatory revenue at the FY 17 level.
- Prevents \$5 million funding decrease that was scheduled to occur between FY 17 and FY 18.

(same as Senate/Conference bills)



# GENERAL AND SPECIAL EDUCATION FUNDING

## Uses of Compensatory Revenue

- A percentage of total compensatory revenue (regular + amount from pilot grant), roughly equal to the increase over the FY 17 base, must be used for extended time activities:
  - FY 18: 1.7 percent.
  - FY 19: 3.5 percent.
  - FY 20 and later: 3.5 percent + the percentage change in the formula from FY 19.

(same as Conference)

# GENERAL AND SPECIAL EDUCATION FUNDING

## Pupil Transportation

- Beginning in FY 18, increase transportation sparsity revenue by 18.2 percent of the difference between:
  - The lesser of the district's actual regular and excess transportation cost including bus depreciation for the previous fiscal year or 105 percent of the district's cost for the second previous year; and,
  - The sum of 4.66 percent of the district's basic revenue, transportation sparsity revenue and charter school transportation adjustment for the previous year.
- A charter school's adjustment equals the school district's per-pupil adjustment.

(same as Conference Report; House had same language, but with 52 percent of difference which was one-time for FY 18 and FY 19 only)

# GENERAL AND SPECIAL EDUCATION FUNDING

## Special Education Funding

Adjustment for closed/restructured programs:

- Adjust the prior year data and FY 16 old formula revenue base used to calculate the hold harmless and growth cap for districts where programs are closed or moved to a cooperative (from Governor and Conference).

Transportation for students awaiting foster care:

- Maintains the authority include the cost of transportation for students awaiting foster care in special education funding calculations (FIN 728) despite a change in federal law removing these students from the definition of “homeless” (from Governor and Conference).

# GENERAL AND SPECIAL EDUCATION FUNDING

## Special Education Funding

### St. Francis Tuition Billing:

- Restores the statutory authority for MDE to approve the inclusion of unreimbursed general education costs in nonresident special education tuition bills for students residing at the Bar-None residential facility and served at the Crossroads site in St Francis (from Conference). Note - This authority was inadvertently deleted when an unrelated change was made in special education statutes; St. Francis has continued to annually appeal to MDE to bill these unreimbursed costs.

### Monticello Payment Adjustment:

- Increases FY 18 special education aid payments to ISD 882, Monticello, by \$800,000 to mitigate cash flow problems created by an unforeseeable reduction in the district's special education aid for FY 16 as a result of the combined effects of converting from a host district cooperative to a joint powers cooperative and implementation of a new special education aid formula in the same fiscal year. Reduces the district's FY 19 payments by the same amount.

# MISCELLANEOUS GENERAL EDUCATION FUNDING CHANGES

## Operating referendum notice:

- Can be delivered by any type of mail; no longer required to be first class.

## Operating Capital Levy:

- Equalizing factors increased for FY 18 and 19 only to neutralize state total levy impact of voluntary pre-K/school readiness changes in bill.

## Nonpublic pupil aid:

- Modifies the definition of “textbook” to include an online book with an annual subscription cost.
- Modifies the definition of “software or other educational technology” to include registration fees for online Advanced Placement courses.

# MISCELLANEOUS GENERAL EDUCATION FUNDING CHANGES

Postsecondary Enrollment Options (PSEO) payments to colleges:

- Increase the number of days for MDE to make PSEO payments to colleges after receiving enrollment information from 30 to 45 days.

Building Lease Aid:

- Allows a charter school to include students participating in PSEO in its pupil count for generating lease aid.

# MISCELLANEOUS GENERAL EDUCATION FUNDING CHANGES

## Early middle college:

- For FY 18 only, extends an FY 17 provision allowing an English learner with an interrupted formal education who was in an early middle college program during the previous year to continue participating in the graduation incentives program and in concurrent enrollment classes (\$25,000 one-time).

## MDE audits:

- Clarifies that MDE audit procedures are not subject to formal rulemaking under Minnesota Statutes, section 14.486, and may differ from procedures under Minnesota Statutes, section 127A.42 for reduction of aid due to violation of law.

# MISCELLANEOUS GENERAL EDUCATION FUNDING CHANGES

## Local Provisions

### Nevis referendum adjustment:

- Allows a referendum levy adjustment related to a pupil count error to be spread over three years.

### Q Comp:

- Makes the St. Croix River Education District eligible to receive Q Comp revenue.

### Willmar extended-time revenue:

- Authorizes extended-time revenue for students in a summer education program providing on-site services at care and treatment facilities located in the Willmar school district.



# MISCELLANEOUS GENERAL EDUCATION FUNDING CHANGES

## Local Provisions

### Eagle Valley reorganization:

- Requires Eagle Valley to estimate its reorganization operating debt.
- Requires the commissioner to review the district's calculations. The commissioner may adjust the amount and must apportion the amount between Bertha-Hewitt and Browerville.
- Browerville and Bertha-Hewitt are allowed to issue bonds to be repaid within six years to pay their shares of the debt.
- The levy is to be paid by the Eagle Valley taxpayers.
- The bonding replaces regular reorganization operating debt levy authority; that authority may only be used for any debt not covered by bonding.

# EARLY LEARNING

## FY 18-19 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
VPK/School Readiness Plus	174,857	(51,466)	-	(51,602)	<b>50,000</b>
School Readiness	-	49,053	-	45,551	-
Early Learning Scholarships	-	24,600	2,000	19,000	<b>20,650</b>
Parent Child Home	-	1,000	1,100	1,100	<b>1,100</b>
Help Me Grow	3,000	-	-	-	-
<b>Early Learning Total</b>	<b>177,857</b>	<b>23,187</b>	<b>3,100</b>	<b>14,049</b>	<b>71,750</b>

# EARLY LEARNING

## FY 20-21 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
VPK/School Readiness Plus	213,038	(54,026)	-	(54,268)	<b>2,910</b>
School Readiness	-	9,800	-	47,948	-
Early Learning Scholarships	-	24,600	5,000	20,000	<b>21,650</b>
Parent Child Home	-	1,000	1,100	1,100	<b>1,100</b>
Help Me Grow	3,000	-	-	-	-
<b>Early Learning Total</b>	<b>216,038</b>	<b>(18,626)</b>	<b>6,100</b>	<b>14,780</b>	<b>25,660</b>

# EARLY LEARNING

## Voluntary Pre-K/School Readiness Plus (SR+)

- Creates a new School Readiness Plus program for FY 18 and FY 19 only.
- Changes the VPK cap from a limit on the state total aid entitlement to a limit on number of participants.
  - For FY 18, creates a combined cap of 6,160 participants for VPK and SR+:
    - The cap of 6,160 covers the 3,160 FY 17 VPK participants that have renewed their application for FY 18, plus 3,000 new participants.
    - For FY 19, creates a combined cap of 7,160 participants for VPK and SR+.
- For FY 20 and later, SR+ sunsets and the cap for VPK is set at 3,160 participants.

# EARLY LEARNING Voluntary Pre-K (VPK)/School Readiness Plus

The number of participant slots for each group is determined as follows:

Subject	Mpls/St. Paul	Metro Suburbs	Non-Metro	Charter	Total
% of FY 17 K	9.56%	39.59%	42.97%	7.88%	100.00%
Total Slots – FY 18	589	2,439	2,646	486	6,160
FY 17 Renewals	240	1,208	1,464	248	3,160
New Slots – FY 18	349	1,231	1,182	238	3,000
Est Additional New Slots FY 19	95	396	430	79	1,000

# EARLY LEARNING

## Voluntary Pre-K (VPK)/School Readiness Plus

### Application Process:

- All applications submitted in January to renew a FY 17 VPK program will be funded first (3,160 slots).
- Applications received in January 2017 for new or expanded VPK programs are still valid; however; these districts and charter schools may opt to apply for SR+ instead.
- No new applications will be accepted for VPK for FY 18.
- New applications will be accepted for SR+ until July 1, 2017.
- All applications received in January for new or expanded VPK programs and received by July 1 for SR+ will be combined into a single priority list for each group (Minneapolis/St. Paul districts, suburban districts, non-metro districts, charter schools).

# EARLY LEARNING

## Voluntary Pre-K (VPK)/School Readiness Plus

### Application Process (continued):

- All applications meeting program requirements will be rank-ordered based on three criteria:
  1. Free and reduced-price lunch concentration of students in kindergarten at the site\* as of October 1 of the previous fiscal year;
  2. Proximity of a three- or four-star Parent Aware rated program; and,
  3. Whether the district has implemented a mixed-delivery program.

\*A school site may contract to partner with a community based provider or Head Start, or establish an early childhood center, and use the free and reduced-price lunch concentration of students in kindergarten at the school site as long as those eligible children are prioritized and guaranteed services at the mixed-delivery site or early education center.

# EARLY LEARNING

## Voluntary Pre-K (VPK)/School Readiness Plus

### Application Process (continued):

- The number of new participants in each program will depend entirely on how the applicants rank on these three criteria within their respective groups.
- There is no set portion of new slots for VPK or SR+.
- MDE must notify applicants by August 1, 2017, whether they have been selected for participation.
- For sites first qualifying in FY 18 or 19, under VPK or SR+, the new funding must be used to supplement, not supplant, existing spending for pre-kindergarten activities.



## SR+ Program Requirements:

1. Assess each child at program entry and exit.
2. Provide a program and instruction aligned with state guidelines and based in research.
3. Coordinate kindergarten transition.
4. Involve parents.
5. Coordinate with relevant community-based services.
6. Cooperate with ABE and adult literacy programs.
7. Ensure appropriate student-to-staff ratios and the presence of a licensed teacher.
8. Have teachers knowledgeable in early childhood.
9. Provide at least 350 hours of instruction per year.

## Mixed Delivery of Services:

- Authorizes a district or charter school to contract for the delivery of an SR+ program.

## SR+ Program Student Eligibility:

- A child who is four years of age as of September 1 and who demonstrates one or more risk factors is eligible to participate in the program free of charge.
- A child who is four years of age as of September 1 and who does not demonstrate any of those risk factors is eligible to participate on a fee-for-service basis.
- A district must adopt a sliding fee schedule for students not demonstrating risk factors, but must waive the fee for participants unable to pay.

- Early Childhood Family Education (ECFE) allowance remains linked to General Education formula allowance.
- ECFE allowance increases from \$139.54 to \$142.32 for FY 18 and \$145.18 for FY 19 and later due to formula allowance increase.

# OTHER EDUCATION FUNDING

## FY 18-19 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Debt Service Equalization	19,563	-	-	-	-
Am. Indian Tribal Contract	3,728	-	-	-	<b>3,728</b>
Other (Misc. Grants)	8,000	11,057	10,582	16,168	<b>17,770</b>
<b>Other Subtotal</b>	<b>31,291</b>	<b>11,057</b>	<b>10,582</b>	<b>16,168</b>	<b>21,498</b>

# OTHER EDUCATION FUNDING

## FY 20-21 Biennium State Appropriations - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Debt Service Equalization	39,273	-	-	-	-
Am. Indian Tribal Contract	4,602	-	-	-	<b>211</b>
Other (Misc. Grants)	4,000	(6,335)	18,448	10,655	<b>12,305</b>
<b>Other Subtotal</b>	<b>47,875</b>	<b>(6,335)</b>	<b>18,448</b>	<b>10,655</b>	<b>12,516</b>

# OTHER EDUCATION FUNDING

## American Indian Tribal Contract Aid:

- Continues the maximum aid per pupil unit at the FY 17 level of \$3,230 for FY 18 and FY 19 only, instead of allowing it to decrease to \$1,500 beginning in FY 18 as provided in current law.
- The decrease to \$1,500 will now occur beginning in FY 20 unless a change is enacted before that.

# SMALLER GRANTS AND AID CHANGES

## FY 18-19 Biennium - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
ACT reimbursements	-	(3,000)	(3,000)	(3,000)	<b>(3,000)</b>
Adult Basic Education	-	(2,639)	-	-	-
African American registry	-	-	264	200	<b>200</b>
Ag Educator Grants	1,000	250	500	500	<b>500</b>
Alt teacher preparatory	-	1,000	-	750	<b>750</b>
AP/IB stem grants	-	-	1,500	500	<b>500</b>
Center for the book	-	100	-	100	<b>100</b>
Charter lease – PSEO pupils	-	-	367	367	<b>367</b>
Concurr enroll teacher training	-	-	-	750	<b>750</b>

# SMALLER GRANTS AND AID CHANGES

## FY 18-19 Biennium - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Crosswinds transition	-	-	640	640	<b>640</b>
CUE	-	440	500	440	<b>440</b>
Early Ed access study	-	-	75	-	-
Education Innovation Partners	-	310	-	-	-
Education Innovation Partners	-	-	410	410	<b>410</b>
Exp concur enroll grants	-	-	750	750	-
Ext time – Willmar	-	74	-	74	<b>74</b>
Foster kids Education stability	-	-	1,000	1,000	1,000
Full Service Comm School	2,000	-	-	-	-



# SMALLER GRANTS AND AID CHANGES

## FY 18-19 Biennium - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Grad incentive	-	25	25	25	<b>25</b>
Grow your own	-	1,000	750	1,000	<b>1,000</b>
HS transition grants	-	-	500	-	-
Interdist deseg transp	-	-	(1,722)	(1,722)	<b>(1,722)</b>
Intermediate mental health	-	4,900	-	4,900	<b>4,900</b>
Literacy incentive cap	-	-	(3,083)	-	-
Math corps	-	500	600	500	<b>500</b>
Max effort early repay	-	-	300	300	<b>300</b>
Museums	-	100	193	118	<b>118</b>

# SMALLER GRANTS AND AID CHANGES

## FY 18-19 Biennium - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Northside Achiev Zone	-	200	(1,200)	200	<b>200</b>
Principals Academy	-	100	100	100	<b>100</b>
Race to Reduce Water cons	-	(614)	-	(307)	<b>(307)</b>
Reading Corps	-	1,000	6,000	1,000	<b>2,650</b>
Recovery programs	-	-	500	500	<b>500</b>
Rock and Read	-	500	-	500	<b>500</b>
Rural CTE consortium	-	-	3,000	3,000	<b>3,000</b>
Sanneh Foundation	-	1,000	-	1,000	<b>1,000</b>
SMSU Spec Ed teacher preparatory	-	253	-	253	<b>253</b>

# SMALLER GRANTS AND AID CHANGES

## FY 18-19 Biennium - \$ in Thousands

Subject	Gov	House	Senate	Conf	Final
Spec Ed adj for closed prog	-	-	(738)	(738)	<b>(738)</b>
Spec Ed teacher ed	-	-	253	-	-
St. Paul Promise	-	200	(1,200)	200	<b>200</b>
Starbase	-	398	898	398	<b>350</b>
Statewide regional partner	-	-	-	-	<b>750</b>
Student orgs	-	-	-	-	-
Student support staff	4,000	-	-	-	-
Teacher shortage loan forgive	-	4,000	-	500	<b>500</b>
Transformation Zone Exp	1,000	960	2,400	960	<b>960</b>
<b>Total Other</b>	<b>8,000</b>	<b>11,057</b>	<b>10,582</b>	<b>16,168</b>	<b>17,770</b>

## Lead in school drinking water:

- Requires the commissioners of health and education to develop a model plan to test for lead in school drinking water.
- Requires school districts and charter schools to adopt the model plan or an alternate plan to test school water for lead at least every five years.
- A school district must begin testing by July 1, 2018, and complete testing of all schools within five years.
- Allows school districts to include lead testing and remediation in their 10-year facilities plans and to use long-term facilities maintenance revenue for lead testing and remediation.
- Requires school districts and charter schools to make lead test results available to the public and to notify parents that this information is available.

## Review and Comment:

- Directs the commissioner to include comments from district residents in the review and comment on capital project proposals.
- Requires a school board to hold a public meeting to review the commissioner's review and comment on a proposal before the bond election.

## Payments to Non-operating Funds:

- Changes the payment schedule for non-operating fund aids (e.g., debt service equalization) from 12 monthly installments to six monthly installments from July – December.

## Alternative Facilities Hold Harmless:

- Specifies that a district qualifying for alternative facilities revenue for FY 10 continues to be eligible for the hold harmless calculation in the Long-term Facilities Maintenance (LTFM) formula that applies to alternative facilities districts if the district's square footage subsequently falls below the threshold for alternative facilities revenue.

## Capital Loan Early Repayment Incentive:

- Adds Kelliher to the list of district's repaying capital loans in 2016 that qualify for this aid, at \$150,000 per year.

# NUTRITION CONTRACTS

- Provides exception to the statute limiting school district contracts to two years with an option on the part of the district to renew for an additional two years.
- The exception states that a contract between a school board and a food service management company that complies with Code of Federal Regulations, title 7, section 210.16, may be renewed annually after its initial term for not more than four years.

# NUTRITION CONTRACTS

The regulation provides the following:

- Prohibits districts from contracting with a food service management company to operate an a-la-carte food service unless the company agrees to offer free, reduced-price and paid reimbursable lunches to all eligible children.
- Regulates district operation of the food service, including requiring adherence to procurement standards, monitoring the food service, and establishing an advisory board to assist in menu planning.
- Regulates the districts' invitations to bid.
- Prohibits certain types of contracts, and requires certain provisions in the contracts.
- Limits duration of contracts to one year, and options for renewal to no more than four additional years. Requires contracts to include a clause allowing termination by either party with 60-days' notice.



# DISTRICT REORGANIZATION

## Operating referendum adjustment for dissolution:

- Specifies that, for voluntary and involuntary dissolutions, the referendum allowance previously applied to neighboring districts to which all or part of a dissolved district is attached is not affected by the dissolution, and applies to the entire area of the new reorganized district. (Existing law specified that for voluntary consolidations, the referendum authority was cancelled for neighboring districts adding territory from the dissolved district.)

## Crosswinds School:

- Directs the commissioner of administration to offer the Crosswinds school for sale, consistent with existing law on the commissioner's authority to manage surplus state property. Clarifies that, for FY 18 only, compensatory revenue, literacy incentive aid, and Q Comp revenue must be calculated using October 1, 2016, enrollments for a district that may operate a school at the Crosswinds site during the 2017-2018 school year.

# MDE AGENCY BUDGET

- Agency base and all existing riders funded.
- MDE received an increase of \$1 million per year.
- MDE received \$2 million for legal and litigation costs.
- \$3.25 million for an update to the agency mainframe.

### Eagle Valley School District:

- Appropriates \$1.5 million of state bond funds for a grant to Bertha-Hewitt, or whatever school district to which the territory of Eagle Bend is attached, for the demolition of the Eagle Bend school building; no non-state match required.

### Spring Lake Park:

- Allows the National Sports Center to lease a portion of its land to the Spring Lake Park school district for purposes of a new elementary school.

### Olmstead County – Dyslexia Institute of Minnesota:

- Appropriates \$1.5 million of state bond funds for a grant to Olmsted County to acquire land for, and to predesign, design, construct, furnish, and equip a facility in Olmsted County to support the local, regional, and national literacy work of the Dyslexia Institute of Minnesota. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project is committed to it from non-state sources.

### Grand Rapids - Myles Reif Center:

- Appropriates \$500,000 from the general fund for a grant to ISD 318, Grand Rapids, to cover cost overruns for the Myles Reif Center for the Performing Arts project in Grand Rapids. No non-state match required.

# E-12 TAX BILL – EDUCATION PROVISIONS

## State General Fund Spending Targets

### State Aid Appropriations - \$ Thousands

<b>FY 2018-19 Biennium</b>	<b>FY 18</b>	<b>FY 19</b>
School building bond ag credit	-	35,500
Maximum effort loan aid	2,960	3,290
MN high school league sales tax exemption	870	890
Credit, teachers earning masters degree	-	30

### School Building Bond Agricultural Credit:

- Property tax credit on all property classified as agricultural, excluding the house, garage, and one acre of an agricultural homestead, equal to 40 percent of the tax on the property attributable to school district bonded debt levies. Provides an open and standing appropriation to pay for the credit. Effective for taxes payable in 2018. (Note – Similar to Governor’s recommendation) \$34.8 million - FY 19; \$45.2 million - FY 20; \$52.5 million - FY 21.

### Maximum effort loan aid:

- Makes payments over a five-year period to school districts with a maximum effort loan outstanding as of June 30, 2016 equal to the interest paid on the loan between December 1, 1990 and June 30, 2016. For a district with a capital loan outstanding as of June 30, 2017, the aid is increased by the amount of interest paid on the loan between June 30, 2017 and June 30, 2021. Aid must be used to reduce current property tax levies or to finance a defeasance of future payments on outstanding bonded debt. Effective for FY 18 through FY 22, \$3.29 million per year.

### Minnesota State High School League (MSHSL) tickets and admissions:

- Tickets and admissions to games, events, and activities sponsored by the MSHSL are exempt from the sales tax. Effective for 10 years, beginning after June 30, 2017, and ending July 1, 2027.

Credit for attaining master's degree in teacher's licensure field:

- Allows a non-refundable individual income tax credit of \$2,500 to licensed teachers who complete a master's degree program in a core content area directly related to their field of licensure.
- Core content areas include reading, English/language arts, science, foreign languages, civics/government, economics, arts, history and geography.
- Licensed elementary teachers qualify if they complete a master's degree in a core content area in which the teacher provides direct classroom instruction.
- Limits the credit to the amount a teacher pays for tuition, fees, and instructional materials, excluding amounts paid by the teacher's employer or through a scholarship.
- Limited to teachers who begin a program after June 30, 2017.
- Teachers would claim the credit in the year they complete the degree.



### Governance of Professional Educator Licensing and Standards Board (PELSB)

- 11 Governor-appointed members (six teachers, four administrators, and one public member) to start January 1, 2018:
  - All but two of the members must not have served on current Board before January 1, 2017.
  - First appointments by September 1, 2017.
- PELSB will be consolidation of Board of Teaching and MDE Licensing Division:
  - Licensing, Teacher Supply and Demand Report, STAR Reporting.
  - All positions and employees transferred to PELSB on January 1, 2018.
- PELSB must adopt licensing rules by September 1, 2018.

### Tiered Licensure: Tier 1

- Bachelor's degree for teaching in a content area; associates, professional certification, or five years relevant work for CTE courses.
- District/charter must post position and be unable to hire Tier 2, 3, or 4 teacher.
- One year term. Content licenses can be renewed three times or more only with good cause. Can be renewed unlimited for CTE licenses or in shortage areas. District must post for other tiers for renewals.
- Must take content exams and cultural competency training upon first renewal.
- Must participate in evaluation where possible and mentorship.
- Not part of collective bargaining unit.

### Tiered Licensure: Tier 2

- Bachelor's degree for teaching in a content area; associates, professional certification, or five years relevant work for CTE courses.
- Two year terms, renewable three times.
- Candidate must be enrolled in a preparatory program, have a master's degree in a specific content area, or meet two of the following:
  - At least eight upper-division/grad-level credits in relevant area.
  - Field-specific methods of training.
  - At least two years of teaching in similar area in any state.
  - Passing score on pedagogy and content exams, or
  - Completion of teacher preparatory program.

### Tiered Licensure: Tier 2 (continued)

- Tier 2 license limited to content matter on application.
- Before renewal, Tier 2 holder must participate in cultural competency training.
- Up to two years of teaching under Tier 2 may be credited toward probationary period.
- Must participate in evaluation where possible and mentorship.

### Tiered Licensure: Tier 3

- Bachelor's degree for teaching in a content area; associates, professional certification, or five years relevant work for CTE courses.
- Three year terms; unlimited renewals.
- Must pass content and pedagogy tests, and one of the following:
  - Completion of approved teacher preparatory program.
  - Completion of approved preparatory program that includes field-specific student teaching.
  - Submission of a content-specific licensure portfolio.
  - Professional teaching license from another state, in good standing, and two years of teaching experience.
  - Three years of teaching experience under Tier 2 license and summative evaluation with no improvement process.
- Must participate in evaluation and mentorship.

### Tiered Licensure: Tier 4

- Has completed the requirements for Tier 3.
- Has completed a teacher preparation program.
- Has at least three years of teaching experience in Minnesota.
- Has obtained a passing score on skills test, content, and pedagogy exams.
- Most recent summative evaluation did not result in improvement process.
- Five year terms, unlimited renewals.
- Must participate in evaluation and mentorship.
- Current holders of five-year licenses qualify for Tier 4. (Those with expired five-year licenses qualify for Tier 4 without summative evaluation.)

### Tiered Licensure

- Tier 3 and 4 require preparation on:
  - Cultural competency.
  - Behavior interventions.
  - Reading preparation.
  - Mental illness.
- Current licensures convert to Tiers.
  - One year to Tier 1; two year to Tier 2, five year to Tier 4.
- An English as a Second Language (ESL) teacher that provided content instruction as a highly qualified teacher under NCLB to English language learners to continue such instruction until end of 2018-2019 school year.

# E-12 POLICY PROVISIONS

## Teachers Preparation Programs

- Preparatory Program Reporting.
- Alternative Teacher Preparation Programs:
  - District, charter, or nonprofit may seek approval to run a program.
  - Grants for alternative teacher preparatory programs to fill teacher shortage areas. (Grants must be used to get program approval, expand programming, recruit teachers reflecting diversity, or establish professional development programs.)
- Statewide Concurrent Enrollment Teacher Training Program:
  - Expands Northwest Regional Partnership Program statewide.
  - Partnership may contract with a postsecondary institution to establish a continuing education credit program to allow concurrent enrollment teachers to earn graduate credits.



# E-12 POLICY PROVISIONS

## Teachers Unrequested Leave of Absence

- Eliminates statutory model of unrequested leaves of absence determined by seniority.
- New statute requiring all boards and bargaining units to negotiate unrequested leave of absence plans.
- Effective July 1, 2019.

# E-12 POLICY PROVISIONS

## Teachers Alternative Teacher Professional Pay

Changes in Q-Comp, now allow:

- Hiring bonuses/other compensation to provide students with equitable access to teachers who are effective at closing the achievement gap, work in high needs positions, or are hired in hard-to-staff schools.
- Incentives for teachers to obtain credits to teach concurrent enrollment.
- Fund Grow-Your-Own initiatives.

# E-12 POLICY PROVISIONS

## Every Student Succeeds Act (ESSA)

- Districts required to include in school performance reports:
  - School performance reporting information.
  - Calculations of proficiency rates required by ESSA.
- Districts must develop, update, and post school performance reports that comply with World's Best Workforce (WBWF) requirements.
- Commissioner must submit to the state ESSA plan to the Legislature at least 30 days before submitting to the federal government:
  - State plan must be aligned with WBWF as much as possible.

- ACT/SAT testing:
  - Limits for whom schools pay the ACT/SAT costs to low-income students.
  - Schools may require others to pay the cost of taking the test.
  - School must waive the cost for a student unable to pay.
- Requires personal learning plans for students in grade 9 to inform parents of student achievement level on high school MCAs:
  - Requires schools to tell students who do not meet or exceed MCA standards that public school is free until age 21.
- Adds to state form on ramifications around state tests in context of opting out.

# E-12 POLICY PROVISIONS

## Reading Proficiency

- Identification and Notification:
  - Identify students in grade 3 or higher who demonstrate a reading difficulty to a classroom teacher.
  - Report on efforts to identify student with dyslexia, such as MDE identified screening tools.
  - Must annually notify parents of a student reading below grade level of student's progress.
- Intervention:
  - Encourages districts to develop personal learning plans for those unable to demonstrate proficiency on third-grade reading MCA.
  - Plan may include grade retention as a strategy.
  - Requires intervention to continue until student is reading at grade level.
- MDE must hire a dyslexia specialist.

# E-12 POLICY PROVISIONS

## E-Learning Days

- Allows districts up to five days of e-learning due to inclement weather.
- Must develop a plan after consulting union. Plan must include:
  - Accommodations for students without internet at home and devices for those without.
  - Accessible options for those with disabilities.
- Districts must notify parents at least two hours prior to normal school start time.
- Teacher must be accessible both online and by telephone.

# E-12 POLICY PROVISIONS

## Career and Technical Education Innovation Pilot Projects

- Allows groups of school districts to work with postsecondary institutions, community institutions, and other workplace partners.
- The goals include:
  - Provide education programs that integrate core academic and CTE subjects, leading to an industry certification.
  - Provide professional development.
  - Use performance assessments to measure students' technical skills and progress toward attaining an industry certification.
  - Efficiently share district, institution, and workplace resources.
- Two or more school districts collaborate and submit a plan to MDE for approval.
- Districts report to the Legislature biennially on results.
- MDE must convene an advisory panel and ensure an equitable geographical distribution.

# E-12 POLICY PROVISIONS

## Innovation Research Zones Pilot Program

- One or more schools may join to form an innovation zone partnership. This partnership can include postsecondary institutions, other units of local government, nonprofit, and for-profit organizations.
  - Example research models include personalized learning, collaborative leadership, and real-world models.
- Innovation plan must be submitted to MDE.
- Innovation zones can get exemptions from certain state law.
- MDE must convene an Innovation Research Zone Advisory Panel to review plans.
- Limited to three innovation zone plans in the seven-county metro and three in greater Minnesota.



# E-12 POLICY PROVISIONS

## Data Disaggregation

- Rollout Sites:
  - One year delay for rollout sites to allow for stakeholder engagement and a working group to make recommendations for statewide implementation.
  - Up to six sites that should represent urban, suburban, rural and charter schools.
  - The stakeholders will be able to discuss adding or removing ethnicities, and determine how frequently edits should happen into the future.
- Statewide Implementation: two-year delay.
- Data disaggregation limited to 23 ethnicities.

# E-12 POLICY PROVISIONS

## Postsecondary Options

- Creates a clear definition for concurrent enrollment:
  - A nonsectarian course in which an eligible pupil enrolls to earn both secondary and postsecondary credit, are taught by a secondary teacher or postsecondary faculty member, and are offered at a high school for which the district is eligible to receive concurrent enrollment aid.
- Districts and postsecondary institutions are encouraged to develop and offer “introduction to teaching” concurrent enrollment courses.
  - Intended to encourage students, especially students of color and American Indian students, to consider teaching.
- A school must allow students enrolled in a PSEO course to remain at the site during the regular school day and requires school to adopt a policy that provides reasonable access to computers and technology during the school day.
- School board must adopt a policy regarding weighted GPA for students in dual enrollment courses.

# E-12 POLICY PROVISIONS

## Charters

- Requires charters to align their pre-kindergarten or preschool admission requirements with those of their K-12 programs.
- If there is a withdrawal, authorizers are required to provide a letter to the charter to give to families that explains the reasons for withdrawal.
- Prohibits the placement of charter students in classrooms with teachers on an improvement plan if the student was with a teacher in the prior year who had been disciplined under the evaluation statute.

# E-12 POLICY PROVISIONS

## Positive Behavioral Interventions and Supports

Defines positive behavioral interventions and supports (PBIS):

- Evidence-based framework for preventing problem behavior.
- Providing instruction and support for positive behavior and supporting social, emotional, and behavioral needs of students.
- Key components:
  - Establishing positively stated and representative behavioral expectations.
  - Implementing a system that reinforces positive behavior and specialized supports for negative behavior.
  - Data-driven decision making.
  - Team-based approach.

### Third Party Reimbursement

- Districts must provide notice to a parent of a child enrolled in medical assistance or MinnesotaCare of its intent to seek reimbursement from the public health coverage plan for evaluations required as part of the individualized education program (IEP) or individualized family service plan (IFSP) process, and for health-related services provided by the district in accordance with the IEP or IFSP.
- A district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered evaluations and special education services provided to persons eligible for medical assistance.

- Repeal of the Special Education online IEP system.
- Southwest Minnesota State University special education teacher program.
  - Expands participants to include those teaching special education under a variance or as a community expert.
- Special education assistive technology study.
  - Commissioner must examine use of assistive technology in districts and report to Legislature.

# E-12 POLICY PROVISIONS

## Early Learning Scholarships

- Freezes Pathway II funding at 2017 levels.
- Quality requirement pushed back to 2020.
- Establishes priority for children who:
  - Have a parent under 21 who is pursuing a high school diploma or equivalent.
  - Are in foster care or in need of protective services.
  - Have experienced homelessness.

# E-12 POLICY PROVISIONS

## Perpich Center for Arts Education

- Commissioner or designee becomes an ex-officio, non-voting member of the Perpich board.
- Licensure:
  - Director of Perpich must hold a Minnesota superintendent license.
  - All Perpich teachers must hold Minnesota teaching licenses.
- Director must report annually to Legislature on:
  - Outreach activities.
  - Enrollment trends.
  - Academic achievement.



# E-12 POLICY PROVISIONS

## Other Items

- Maintains students awaiting foster care placement as eligible for transportation funding after the federal definition of homeless student removed students awaiting foster care placement.
- Adds to open enrollment a priority for students who do not reside in a school district if they reside in a municipality where:
  - The nonresident district operates a building.
  - The municipality is at least partially within the boundaries of at least five districts.
  - The nonresident districts at least one building in the municipality.
  - No other districts operate a school building in the municipality.
- Educational stability for students in foster care:
  - Pilot project to incentivize districts and counties to partner to help keep foster care students enrolled in school of origin.

- Repeals an outdated definition of American Indian child.
- Adds instruction in citizenship and economics to list of subjects for compulsory instruction.
- Corrects physical education standards name.
- Erin's law:
  - Allows districts to include child sexual abuse prevention instruction in a health curriculum and train staff.
  - Districts can accept funds from other sources for child sexual abuse prevention programs.
- Clarifies that MDE may provide advice and instruction to district and charter libraries.

### Advanced Placement and International Baccalaureate (AP/IB) Grants:

- Allows MDE to award AP/IB grants to districts that increase AP/IB science, technology, engineering, and math (STEM) offerings to low-income and disadvantaged students.

### Recovery School Grants:

- Funding under existing recovery school grants now allowed for approved unreimbursed pupil transportation.

### Mental Health Grants:

- Appropriates \$2,450,000 for FY 18 and FY 19 only for grants to intermediate school districts and the Southwest West Central Service Cooperative for school-based mental health grants. Allocations are based on FY 16 ADM at federal setting 4 or higher.

### Rural CTE Consortium:

- Defines “rural career and technical education (CTE) consortium” as a voluntary collaboration of a service cooperative and other regional public and private partners that work together to provide career and technical education opportunities within the service cooperative’s multicounty service area.
- Identifies recipients of two-year grants:
  - For FY 18 - 19, a consortium including SWWC Service Coop, SW Minnesota State University and other regional public and private partners.
  - For FY 20 - 21, a consortium including SC or SE Service Coop, and a consortium including the NW or NE Service Coop.

### Rural CTE Consortium (continued)

- Requires a rural CTE consortium to:

1. Focus on development of courses and programs that encourage collaboration.
2. Develop new CTE programs that focus on the industry sectors that fuel the regional economy.
3. Facilitate the development of highly trained and knowledgeable students equipped with technical and workplace skills.
4. Improve access to CTE programs for students who attend sparsely populated rural school districts.
5. Increase family and student awareness of the availability and benefit of CTE courses.
6. Provide capital start-up costs.

### Special Elections or Election to Approve Bond Issuance:

- Must be held on second Tuesday in February, April, May, or August or the first Tuesday after the first Monday in November.
- May be held on another day if there is a disaster or emergency.

### Combined Polling Places:

- When no other election is being held in a school district, the board may designate combined polling places.
- By December 31 of any year, board must designate the polling places, which can only be changed via:
  - Procedure for changes in case of an emergency (Minn. Stat. § 204B.175).
  - Because a polling place became unavailable.
- If combined polling places designated, must:
  - Take account of geographic and population distribution.
  - Must be at a polling place used by the county or municipality.



# Thank you!

## **Tom Melcher**

Director, School of Finance

*Tom.Melcher@state.mn.us*

651-582-8828

## **Andre Prah**

Director, Agency Finance

*Andre.Prah@state.mn.us*

651-582-8588

## **Adosh Unni**

Director, Government Relations

*Adosh.Unni@state.mn.us*

651-582-8292

## **Kate Lynne Snyder**

Deputy Director, Government Relations

*Kate.Lynne.Snyder@state.mn.us*

651-582-8856