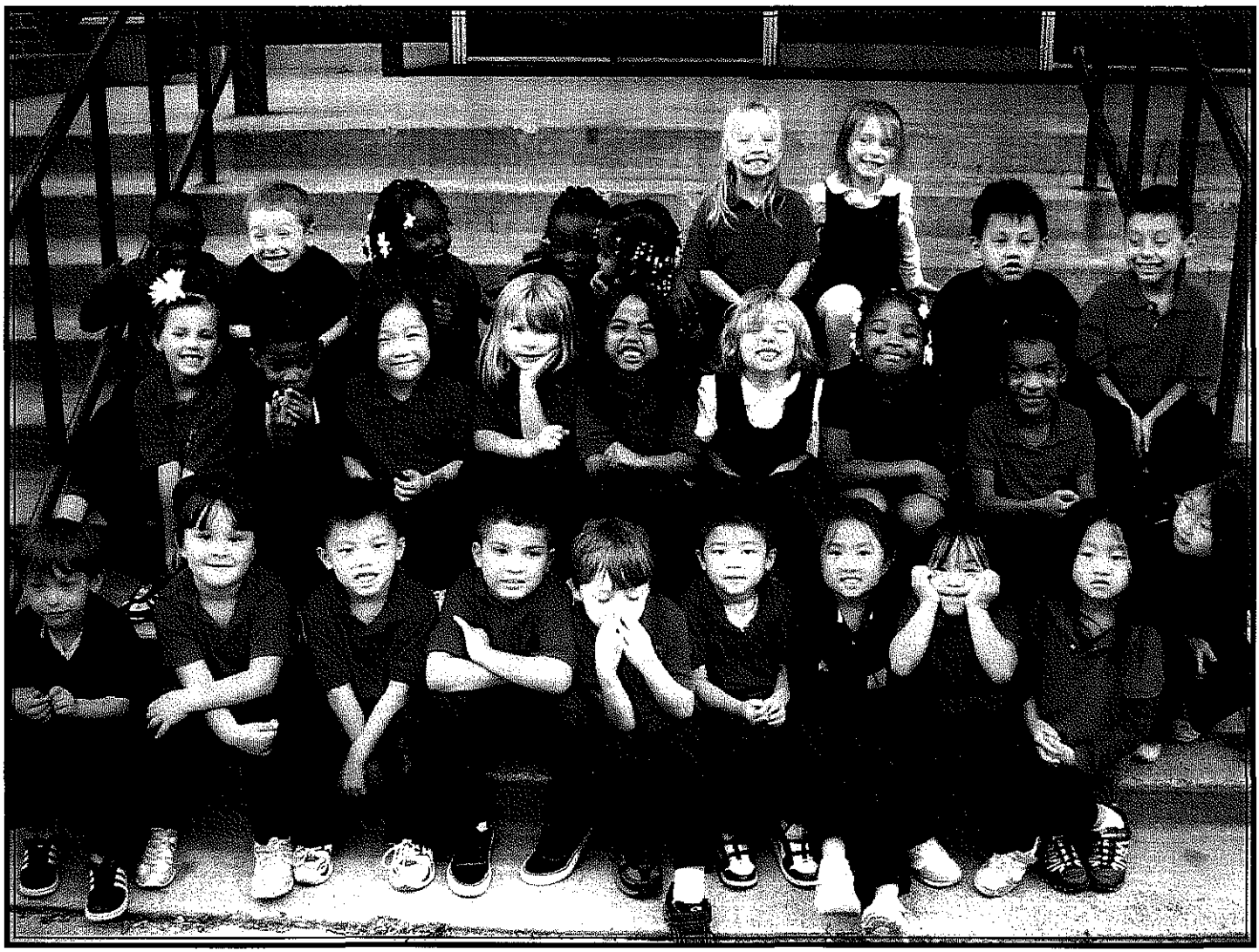
"RECOMMENDATIONS for REPURPOSING INTEGRATION REVENUE FUNDS"



Students - Concordia Creative Learning Academy

Prepared and Submitted by
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Task Force Member

Statutory Charge -

Integration Revenue Replacement

Advisory Task Force

84.1 (d) Task force members' terms and other task force matters are subject to Minnesota
84.2 Statutes, section 15.059. The commissioner may reimburse task force members from the
84.3 Department of Education's current operating budget but may not compensate task force
84.4 members for task force activities.
84.5 (e) The executive director of the Board of Teaching and the commissioner must
84.6 submit by February 15, 2012, a joint report to the education policy and finance committees
84.7 of the legislature recommending a differentiated statewide teacher licensing structure.
84.8 (f) The advisory task force expires on February 16, 2012.

84.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

84.10 Sec. 49. **INTEGRATION REVENUE REPLACEMENT ADVISORY TASK**
84.11 **FORCE.**
84.12 (a) The commissioner of education must convene a 12-member advisory task force to
84.13 develop recommendations for repurposing integration revenue funds to create and sustain
84.14 opportunities for students to achieve improved educational outcomes. The advisory task
84.15 force, among other things, must consider how districts may effectively narrow and close
84.16 the academic achievement gap and foster academic success for students by:
84.17 (1) pursuing specific academic achievement goals premised on continuous adapting
84.18 of best teaching practices and efficient use of resources; and
84.19 (2) identifying variables to show annual progress toward achieving student, school,
84.20 and district goals for student's academic success.
84.21 (b) The funding allocation for the new program should ensure funding stability for
84.22 districts between the current integration program and the new program. The money shall
84.23 be used for the purposes recommended and forwarded by the task force and approved and
84.24 appropriated by the legislature.
84.25 (c) The advisory task force is composed of: six members appointed by the
84.26 commissioner of education, three members appointed by the speaker of the house, and
84.27 three members appointed by the Subcommittee on Committees of the Committee on Rules
84.28 and Administration. The commissioner must convene the first meeting of the task force
84.29 and offer assistance to the task force upon request. Task force members must seek input
84.30 from organizations and individuals whose expertise can help inform the work of the
84.31 task force and must develop recommendations to improve the academic achievement of
84.32 students.
84.33 (d) The commissioner, on behalf of the task force, must submit a report to the
84.34 legislature by February 15, 2012, recommending how best to allocate funds previously

allocated under Minnesota Statutes, section 124D.86, to achieve improved educational outcomes for students.

(e) The base appropriation for the new program in this section is $40,911,000 for 2014 and $68,488,000 for 2015.

(f) For taxes payable in 2013, districts may certify a levy in an amount equal to the district's certified levy for taxes payable in 2012, under Minnesota Statutes, section 124D.86.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 50. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

$	43,203,000	 2012
$	52,359,000	 2013

The 2012 appropriation includes $13,336,000 for 2011 and $29,867,000 for 2012.

The 2013 appropriation includes $19,910,000 for 2012 and $32,449,000 for 2013.

Subd. 3. **Charter school start-up aid.** For charter school start-up cost aid under Minnesota Statutes, section 124D.11, subdivision 8:

$	171,000	 2012
$	34,000	 2013

The 2012 appropriation includes $119,000 for 2011 and $52,000 for 2012.

The 2013 appropriation includes $34,000 for 2012 and $0 for 2013.

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86:

$	59,599,000	 2012
$	67,432,000	 2013

The 2012 appropriation includes $19,272,000 for 2011 and $40,327,000 for 2012.

The 2013 appropriation includes $26,884,000 for 2012 and $40,548,000 for 2013.

The base for the final payment in fiscal year 2014 for fiscal year 2013 is $34,828,000.

2011 Minnesota Statutes

124D.86 INTEGRATION REVENUE.

Subdivision 1. **Use of revenue.** Districts must use integration revenue under this section for programs established under a desegregation plan filed with the Department of Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order. The revenue must be used for students to have increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, through classroom experiences, staff initiatives, and other educationally related programs, consistent with subdivision 1b.

Subd. 1a. **Budget approval process.** Each year before a district receives any revenue under subdivision 3, the district by March 15 must submit to the Department of Education, for its review and approval by May 15 a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval, consistent with subdivision 1b. The department shall consult with the Desegregation Advisory Board in developing these criteria. The criteria developed by the department must address, at a minimum, the following:

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the Multidistrict Collaboration Council and participating individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased and sustained interracial contacts and improved educational opportunities and outcomes designed to close the academic achievement gap between white students and protected students as defined in Minnesota Rules, part 3535.0110, subpart 4, consistent with subdivision 1b;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

Subd. 1b. **Plan components.** Each year a district's board must approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, before integration revenue is awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall:

(1) identify the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) describe the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180;

(3) identify specific goals of the integration plan that is premised on valid and reliable measures, effective and efficient use of resources, and continuous adaptation of best practices;

(4) provide for implementing innovative and practical strategies and programs such as magnet schools, transportation, research-based programs to improve the performance of protected students with lower measured achievement on state or local assessments, staff development for teachers in cultural competency, formative assessments, and increased numbers of teachers of color that enable the district to achieve annual progress in realizing the goals in its plan; and

(5) establish valid and reliable longitudinal measures for the district to use in demonstrating to the commissioner the amount of progress it has achieved in realizing the goals in its plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

Subd. 2. **Separate account.** Integration revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

(1) for Independent School District No. 709, Duluth, $206 times the adjusted pupil units for the school year;

(2) for Independent School District No. 625, St. Paul, $445 times the adjusted pupil units for the school year;

(3) for Special School District No. 1, Minneapolis, the sum of $445 times the adjusted pupil units for the school year and an additional $35 times the adjusted pupil units for the school year that is provided entirely through a local levy;

(4) for a district not listed in clause (1), (2), or (3), that must implement a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent, the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or (ii) $129 times the adjusted pupil units for the school year;

(5) for a district not listed in clause (1), (2), (3), or (4), that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) $92 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a; and

(6) for a member district of a multidistrict integration collaborative that files a plan with the commissioner, but is not contiguous to a racially isolated district, integration revenue equals the amount defined in clause (5).

Subd. 4. **Integration levy.** A district may levy an amount equal to 37 percent for fiscal year 2003, 23 percent for fiscal year 2004, and 30 percent for fiscal year 2005 and thereafter of the district's integration revenue as defined in subdivision 3.

Subd. 5. **Integration aid.** A district's integration aid equals the difference between the district's integration revenue and its integration levy.

Subd. 6. **Alternative attendance programs.** (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

History: 1Sp1997 c 4 art 2 s 18*;* 1998 c 389 art 2 s 4*,5;* 1998 c 397 art 2 s 164*; art 11 s 3;* 1999 c 241 art 1 s 7*; art 9 s 26,27;* 2000 c 489 art 2 s 6-*10;* 1Sp2001 c 6 art 2 s 47*;* 2002 c 220 art 3 s 2*,3;* 2002 c 377 art 5 s 1*;* 1Sp2003 c 9 art 2 s 31-*35;* 2007 c 146 art 1 s 25*;* 2009 c 96 art 2 s 52-*54*

Other Categorical Revenue

1. Abatement Revenue - A replacement for anticipated property tax receipts because property valuation has been reduced after the levies were certified. The aid applies to equalized levies only; districts may make an adjustment levy the next year for the remaining revenue loss. Districts may also levy for the shortfall in abatement aid. [126C.46]

2. Advanced Placement and International Baccalaureate Programs - The state pays all Advanced Placement and International Baccalaureate exam fees for low income students, and a portion of those exam fees on a sliding scale based on income for all other students. The State also subsidizes a portion of the training costs for teachers in advanced placement or international baccalaureate courses. [120B.13]

3. Consolidation Transition Revenue - Districts that consolidate are eligible for state aid of $200 per pupil unit in the first year of the consolidation and $100 per pupil unit in the second year. The number of pupil units used to calculate this aid may not exceed 1,500. This funding is intended to cover early retirement costs of employees, operating debt of the districts, enhancing learning opportunities and for other costs of reorganization. If this aid is not adequate to cover the early retirement costs, the district may levy for the additional amount. [123A.485]

4. Integration Revenue - This revenue is distributed on a per pupil formula, and is paid 70 percent from State aid and 30 percent from local levy. The per pupil amounts are $206 per pupil unit for Duluth, $445 per pupil unit for St. Paul, $480 per pupil for Minneapolis, and the lesser of $92 or a district's actual costs, for any other district that implements a desegregation program or is a member of a multidistrict integration collaborative and would not otherwise qualify. A district which qualifies for $92 per pupil but has a protected student (minority students as defined in Minnesota Rules) enrollment of more than 15 percent of its student population qualifies for $129 per pupil or the district's actual costs, instead of the $92 per pupil. Districts which qualify for revenue may receive additional aid for enrolling residents of Minneapolis, St. Paul or Duluth, if the enrollment contributes to desegregation or integration purposes. The maximum amount of additional aid per pupil is the per pupil amount for the resident district less the amount of revenue generated in the serving district, or the actual expenditure amount. **Integration revenue is repealed after the 2012-13 school year, with an unspecified replacement revenue to be implemented at that time.** [124D.86]

5. Library Basic Support Grants - For grants to public libraries for operations, interlibrary programs and services. Can be used for data and video access costs, improving or maintain electronic access, and connecting the library system with the state information infrastructure. [134.35]

6. Literacy Incentive Aid - **Beginning in the 2012-13 school year,** schools will be eligible for additional aid based on how well students in the third grade read (called "Proficiency Aid"), and how much progress is being made between the third and fourth grades in reading skills (called "Growth Aid"). Proficiency aid is calculated by multiplying $85 times the average percentage of students in a school that meet or exceed proficiency over the current year and previous two years on the third grade reading portion of the Minnesota Comprehensive Assessment, multiplied by the number of students enrolled at the school in the previous year. Similarly, Growth aid is calculated by multiplying $85 times the percentage of students that make medium or high growth

Fiscal Model

Provide MDE with a portion of the current I & E funding allocation to assist Priority Schools and provide financial incentives to Reward Schools under the provisions of the proposed MN ESEA Flexibility - NCLB Waiver Request.
This corresponds with the Equal Opportunity in Schools Statutory Provision 3535.0610 Subp. 4. Commissioner's duties.

Align the Duluth District I & E funding ($206 pupil) to conform with Districts with corresponding % of protected – class students ($129 pupil).
Transition beginning in FY 14.....

MDE to Incorporate a provision in I & E Component Funding Plans to allow for Technology scholarships to provide for student home access.

Enable the St. Paul District to receive the additional $35 PU Levy authority available to the Mpls.,Special School District No.1 in recognition of the nearly identical % of protected – class students.
Transition beginning in FY 14.....

Allow Charter Schools e.g. Harvest Prep, Concordia Academy, & Groves to be eligible for I & E Funding beginning in 2014!

Remove MDE provision which allows for no more than 10% of a Districts I & E budget for general administrative costs and placing that responsibility to be funded entirely from the Districts local 30% Levy funding.
Transition beginning in FY 14.....

Academic Achievement

Incorporate the Literacy Aid model of measured proficiency & growth as a requirement for rewarding academic achievement utilizing I & E funding.

Incorporate provisions of the MN Chamber of Commerce Business Plan for K – 12 Education Reform as guiding principles to aid in the closing of the achievement gap.

Requiring MDE to identify and promote effective (proven) practices implemented by School Districts e.g. Parenting (PASS - Worthington District), AVID (31 Districts) and disseminate this with all I & E funded Districts.

Seek public/private partnerships & collaborations.....

MDE should incorporate the improved goverance structure, expanded child and provider assessment and a data system for better aligned system of accountable and effective early childhood education into I & E Plans from the recently approved $45M Race to the Top Federal Grant focused on White Earth, Itasca County, St.Paul Promise Neighborhood & the Minneapolis' Northside Improvement Zone.

MDE – I & E Plan provision requirement for Cultural Liaisons to provide Connectedness with Students, Families & Staff.

MDE should be required to incorporate student achievement accountability measures in any I & E Plan, using both short term & longitudinal data. Metrics should include:
Individual student graduation rates, attendance, MCA growth, NWEA or Scranton data, discipline & parent surveys.

MDE should embrace the Groves Academy Reading Reform as an Intregal part of I & E Component Funding Plans for children at risk struggling to read to be indentified, assessed for individual needs, and provided with support at the earliest possible stage.

New Program Name?

TBD