

2013 Legislative Update

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Session Overview

This year's Omnibus Education Finance and Policy bill included \$485 million in new spending over the next biennium (FY14-15), including annual increases in the basic general education formula, statewide all day, every day kindergarten, early learning scholarships, and special education funding reform.

Policy changes included changes to statewide assessments, teacher licensing, and increased district accountability and reporting.

There were other E-12 related changes made in the Omnibus Tax Bill, the Omnibus Higher Education Bill, and the Omnibus Housing Finance Bill.

Bills Signed by the Governor

- Chapter 116/HF 630 (E-12 Education Omnibus)
- Chapter 143/HF 677 (Taxes Omnibus)
- Chapter 99/SF 1236 (Higher Education Omnibus)
- Chapter 85/HF 729 (Housing Omnibus)

Biennial Budget Highlights

Omnibus E-12 Education Bill

State Appropriations @ 86.4-13.4 Pay Schedule

\$ in Thousands	FY 2014	FY 2015	Biennium
Base Budget	7,512,846	7,664,434	15,177,280
Basic Formula Increase @ 1.5% and 1.5%	73,104	165,116	238,220
All Day Kindergarten	0	133,875	133,875
Compensatory Pilot Grants	5,000	5,000	10,000
Career & Technical Aid	4,320	5,680	10,000
Special Education Aid	10,963	27,274	38,237
Early Childhood Scholarships	20,000	20,000	40,000
Student Assessments	805	5,851	6,656
Other	5,848	1,980	7,828
Total Increase	120,040	364,776	484,816
Grand Total	7,632,886	8,029,210	15,662,096

Chapter 116 - Omnibus E-12 Education Bill

Article 1 – General Education

Overview

- Pupil Accounting Changes (Sections 2-5, 15-18)
- Pension Adjustment (Sections 39, 59)
- General Education Revenue (Sections 19-35 and Article 3 Section 2 of Tax Bill, Chapter 143)
- Uniform General Education Levy (Sections 43-46)
- Operating Referendum Revenue (Section 49 and Article 3, Section 4 of Tax Bill, Chapter 143)
- Location Equity Revenue (Art.3, Sec. 3, 5 of Tax Bill Chapter 143)
- Other General Education Changes (Sections 36-38, 40-42, 50, 59)
- Career and Technical Education (CTE) Revenue (Section 14)
- Safe Schools Levy (Section 53)
- Pupil Transportation (Sections 8-10)

Chapter 116 - Article 1, General Education

Pupil Accounting Changes

Effective FY 2014

- Requires a school district to have at least 165 days of instruction for grades 1 through 11 in each school year unless the commissioner of education has approved a four-day week schedule under MS 124D.26
- Eliminates the ability of school districts and charter schools to generate extended time revenue for programs designed to accelerate grade level advancement so that students graduate before their peers.
- Requires that board-adopted policies for early admission to kindergarten be based on a comprehensive evaluation to determine the child's ability to meet kindergarten expectations and progress to first grade in the subsequent year.

Chapter 116 - Article 1, General Education

Pupil Accounting Changes

Effective FY 2015

- **Pupil unit weights simplified**
 - weights are 1.0 for pre-K through grade-6 and 1.2 for grades 7-12 for districts with free all day K (.55 for part-time K)
 - Formula rates increased to offset reduction in weighted student count
- **Marginal cost pupil units eliminated**
 - Replaced with new declining enrollment revenue @ 28% of basic revenue

Chapter 116 - Article 1, General Education

Pupil Accounting Changes

Effective FY 2015

All Day Kindergarten

- To qualify for the 1.0 kindergarten weight, a pupil must be enrolled in a free all-day program that is available free to all kindergarten students at the pupil's school, and the annual school calendar for the kindergarten program must have at least 850 hours of instruction.
- For purposes of calculating extended time revenue, an all-day kindergarten pupil must first receive at least 850 hours of instruction during the year before generating extended time pupil units.

Chapter 116 - Article 1, General Education

Pension Adjustment

Effective FY 2015

- Aid reduction for 1997 change in employer contribution rate for Teachers Retirement Association (TRA) and other pension rate changes eliminated
- Districts with below average reduction for pension adjustment provided pension adjustment revenue to guarantee state average gain from elimination of pension adjustment
- Basic formula adjusted to neutralize overall statewide impact

Chapter 116 - Article 1, General Education

General Education Formula Allowance

FY 2014:

- Formula allowance increases by \$78 to \$5,302 (1.5%)
- Old pupil units and formula structure remain in effect

FY 2015:

- Formula increases to \$5,806 (1.5% after adjusting for new pupil weights and other changes)
- The formula allowance was determined by:
 1. Calculating the state total general education revenue for FY 2015 with an \$80 (1.5%) increase in the formula allowance and no change in pupil weights or other formula changes, and
 2. Setting the formula allowance at the amount that generates the same state total general education revenue with the new pupil weights, pension adjustment change and other formula changes in place. Of the \$504 increase over FY 2014, \$80 is for inflation at 1.5%; the remaining \$424 is to adjust for the pupil weight change, pension adjustment change and other restructuring.

Chapter 116 - Article 1, General Education

General Education Revenue - Rate Adjustments to Neutralize Pupil Accounting Changes - (Examples) FY 2015

- Extended time allowance increased from \$4,601 to \$5,017
- Gifted & Talented allowance increased from \$12 to \$13
- Small Schools adjusted from \$522.40 to \$544 and threshold adjusted from 1,000 to 960 pupil units
- Operating Capital adjusted from $\$73 + \$100 \times \text{building age index}$ to $\$79 + \$109 \times \text{building age index}$
- Equity sliding scale increased from \$75 to \$80; equity flat rate increased from \$46 to \$50.
- EL (LEP) rate adjusted from \$700 to \$704

Chapter 116 - Article 1, General Education

Uses of General Education Revenue

- Clarifies that **operating capital revenue** may be used to purchase or lease computers and related hardware, software, and annual licensing fees. (Effective FY 14)
- Adds teacher evaluation to the allowable uses of **staff development revenue**. (Effective FY 14)
- Allows a district to use up to 5% of its **compensatory revenue** for programs designed to prepare children for entry into school. This is in addition to the 5 percent that districts currently have flexibility with. (Effective FY 14)
- Allows a district to use revenue generated for all-day K to meet the needs of 3 and 4 years olds in the district. (Effective FY 15)

Chapter 116 - Article 1, General Education **Uniform General Education Levy** **Effective FY 2015 (Pay 2014 Levy)**

- **Uniform general education levy** reinstated @ \$20 million (called “student achievement levy”)
 - Spread on Net Tax Capacity
- **Operating capital** equalizing factor increased to offset uniform general education levy
- No net change in state total levy; districts “off the formula” for operating capital levy see a small levy increase; other districts see a small levy decrease

Chapter 116 - Article 1, General Education **Operating Referendum Revenue** **Effective FY 2015 (Pay 2014 Levy)**

- Converted from \$/Resident Marginal Cost Pupil Unit to \$/Adjusted Pupil Unit (APU)
- Separate alternative attendance adjustment eliminated/rolled into allowance per APU
- Allowance/APU adjusted so that total revenue prior to caps is the same as under old law

Chapter 116 - Article 1, General Education Operating Referendum Revenue Effective FY 2015 (Pay 2014 Levy)

- School boards allowed to convert up to \$300 / APU from voter approved to board approved
 - Board action must be taken before September 30 of prior year so that levy is included in proposed property taxes (no authority to increase levy without election after September 30)
- Districts with < \$300/APU permitted to authorize additional referendum revenue up to a total of \$300/APU
- Equalization increased with new 3 tiered formula:
 - Tier 1 – 1st \$300, equalized at \$880,000
 - Tier 2 – next \$460, equalized at \$510,000
 - Tier 3 – Balance up to 25% of Formula Allowance (\$1,451 in FY 15), equalized at \$290,000

Chapter 116 - Article 1, General Education

Location Equity Revenue - Effective FY 2015

- School districts with any land area in 7 county metro area qualify for \$424/APU location equity levy, equalized at \$510,000
- School districts not eligible as metro districts and with > 2,000 Adjusted ADM in 3rd prior FY qualify for \$212 location equity levy, equalized at \$510,000
- Location equity revenue is board approved; it is deducted from operating referendum revenue
- A district may opt out of location equity revenue by a board vote taken by September 1 of the fiscal year before the fiscal year when the revenue takes effect (Sept 2013 for FY 2015 revenue)

Chapter 116 - Article 1, General Education

Location Equity Revenue - Effective FY 2015

MDE will implement the calculation of Operating Referendum and Location Equity revenue in the following order:

1. For districts that do not opt out of location equity revenue, MDE will first calculate a district's net voter approved referendum allowance by subtracting the location equity allowance from the initial voter approved referendum allowance.
2. Eligibility for a board-approved referendum increase (up to \$300/APU) is determined after the referendum allowance is reduced for location equity revenue.
3. Under this calculation order, the increases in board-approved revenue from the two provisions are additive (stackable), with the maximum board approved allowances being \$724 for metro districts and \$512 for nonmetro districts with more than 2,000 ADM.

Chapter 116 - Article 1, General Education

Other General Education Changes

- **Q Comp:**
 - Rolled out of general education revenue program to a new categorical beginning FY 2015
 - No change in program or funding formula
- **Early Graduation Scholarships and Military Service Awards**
 - Repealed beginning FY 2014
- **Learning and Development Revenue Set-aside:**
 - Current class size reduction set aside converted from an amount based on pupil unit weights to an equivalent amount per student in ADM -- \$299 per kindergarten student plus \$459 per student in grades 1-6, beginning FY 2015.
 - Deletes additional revenue use language to account for expansion of all-day kindergarten.

Chapter 116 - Article 1, General Education Career Technical Education (CTE) Revenue

- Beginning in FY 2014, converts the career and technical education (CTE) levy to an equalized aid and levy, with an equalizing factor of \$7,612.
- Increases the statewide revenue limit for career and technical revenue for fiscal year 2014 from \$15,393,000 to \$20,657,000.
 - Note: Revenue for FY 2014 continues to be based on the old CTE formula, with the proration factor adjusted to hit the statewide revenue target. Beginning in FY 2015, the statewide revenue limit expires, and revenue is computed using the new formula enacted in 2012 that bases funding on 35 percent of approved program expenditures.
- Clarifies the expenditure calculations for career and technical programs offered jointly by school districts –costs for reimbursing another district for CTE instructional salaries is included in the revenue calculations for the districts paying the reimbursement and deducted from the revenue calculation for the district receiving the reimbursement

Chapter 116 - Article 1, General Education

Safe Schools Levy

- Increases the safe schools levy for taxes payable in 2014 and later from \$30 to \$36 per pupil unit -- \$4 of the increase is new revenue and the other \$2 is to adjust for pupil unit weighting changes.
- Added safe schools levy for intermediate district members remains at \$10 / PU
- Clarifies that uses of the levy include facility security enhancements, efforts to improve the school climate, and costs associated with mental health services.

Chapter 116 - Article 1, General Education **Lease Purchase Levy; Integration Programs**

- Authorizes Minneapolis, St. Paul, Duluth, and Rochester to continue to use the lease purchase levy under MS 126C.40, subdivision 6, if the acquisition of property is determined by the commissioner to contribute to the implementation of their approved desegregation plan.
- Allows other districts eligible for achievement and integration revenue to use the lease purchase levy for projects that are primarily used for interdistrict desegregation efforts

Chapter 116 - Article 1, General Education Pupil Transportation (FY 2014)

- **PSEO:** Allows school districts to transport PSEO pupils to and from the postsecondary institution if the pupil is participating in an articulated program.
- **Homeless:** Allows a district to include the cost of transporting a child who does not have a school of origin to the same school attended by that child's sibling if the siblings are homeless in finance 728 (eligible for special education aid)
- **Cost Allocation:** Allows a school district that contracts for transportation services to allocate certain transportation expenses based on contract rates if the rates are reasonably consistent on a cost per mile, cost per hour, cost per student or cost per route basis. Districts must maintain records to document rate consistency to auditors.

Chapter 116 - Omnibus K-12 Education Bill

Article 2 – Student Accountability

Overview

- Alignment and Clarification of Student Educational Expectations (Sections 1-5, 14, 21)
- “World’s Best Workforce” – Increased district accountability and reporting (Section 6)
- Regional Centers of Excellence (Section 7)
- Assessments changes (Sections 8-9, 12)
- Gifted and Talented Identification (Section 10)
- Mental Health Instruction (Section 11)
- Standard High School Diploma for Adults (Sections 17, 19)
- Career Pathways and Technical Education Advisory Task Force (Section 18)

Chapter 116 - Article 2, Student Accountability Alignment and Clarification of Student Educational Expectations

Creates definition for “academic standard” and moves the existing definitions into a new section.

Creates a 10-year standards and benchmarks review and revision cycle.

Allows a one-half credit of economics taught in an agriculture education or business department to fulfill a one-half credit in social studies if the credit satisfies all of the standards in economics.

Allows a career and technical education (CTE) or agriculture science credit that includes the standards in chemistry, physics, biology, or a combination of those standards to fulfill the credit requirement but clarifies that all students must complete all of either the chemistry or physics academic standards in addition to the rest of the science standards.

Exempts an agriculture education instructor from subject area licensure requirements when teaching an agriculture course for science credit other than the biology credit.

Chapter 116 – Article 2, Student Accountability **“The World’s Best Workforce”**

Requires districts to strive to create the “world’s best workforce” by meeting school readiness goals, achieving third grade literacy for all students, closing academic achievement gaps among racial, ethnic, and economic categories of students, having all students attain career and college readiness, and have all students graduate from high school.

Chapter 116 – Article 2, Student Accountability

“The World’s Best Workforce”

- Directs a school board to publicly adopt a comprehensive long-term plan that includes:
 - clearly defined goals and benchmarks for instruction and student achievement;
 - a process for assessing and evaluating student progress and growth toward college and career readiness;
 - a system to periodically review and evaluate the effectiveness of instruction and curriculum;
 - education effectiveness practices that integrate instruction, curriculum, technology, teacher quality, performance, and effectiveness; and
 - an annual budget for continuing to implement the district plan.
- Directs the district advisory committee to recommend state student performance measures. Allows school sites to expand upon district evaluations.

Chapter 116 – Article 2, Student Accountability “The World’s Best Workforce”

- Directs the school board to publish a school performance report and the transmit a summary of its report to the commissioner.
- Requires the board to hold an annual public meeting to review goals and strategies and success in realizing goals.
- Directs school districts to conduct and publish periodic public surveys about school satisfaction and connectedness.
- Directs the commissioner to identify effective strategies, practices, and use of resources by districts and school sites.
- Directs the commissioner to identify districts in any consecutive three-year period not making sufficient progress.
- Allows the commissioner, to require those districts to set aside up to 2% of its basic general education revenue per fiscal year for up to three years to implement commissioner-specified strategies.

Chapter 116 - Article 2, Student Accountability

Regional Centers of Excellence

- \$1 million/year appropriated to expand regional centers of excellence to support school districts and charter schools in implementing research-based interventions to increase student achievement, close achievement gaps, and increase graduation rates in the region.
- Directs the centers to develop partnerships with local or regional entities and assist districts in developing similar partnerships.
- Directs MDE to assist the centers with staff, facilities, technical needs, and programmatic support and to work with the centers to provide a statewide system of regional support.

Chapter 116 – Article 2, Student Accountability Assessments

- Requires school districts to assist all students by no later than grade 9 to explore college and career interests and develop a transition plan to postsecondary education or employment. Effective SY 2013-2014
- Allows students enrolled in grade 8 through the 2011-2012 school year (includes 2013 seniors) who have not demonstrated proficiency on the MCAs, the GRAD tests, or the basic skills tests to satisfy state high school graduation requirements by:
 - meeting the outgoing GRAD test requirements, OR taking
 - the WorkKeys job skills assessment,
 - the Compass computer-adaptive college placement test,
 - a nationally recognized armed services vocational aptitude test, or
 - the ACT assessment for college admission.
- Directs the state to pay the test costs for public school students to participate in these assessments.

Chapter 116 – Article 2, Student Accountability Assessments

Directs the education commissioner to make grade 3-7 Minnesota Comprehensive Assessments in reading and math computer-adaptive by the 2015-2016 school year.

For students in grade 8 in the 2012-2013 school year and later, students will be subject to the new suite of college and career readiness assessments.

Allows students with an individualized education program to satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments

Directs schools and school districts to actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students.

Chapter 116 – Article 2, Student Accountability Assessments

Directs the education commissioner, after consulting with the Minnesota State Colleges and Universities chancellor and using a request for proposal process, to contract for a series of assessments that are aligned with state academic standards and include career and college benchmarks.

Requires math, reading, and writing assessments for students in grades 8 and 10 to be predictive of a nationally normed assessment for career and college readiness.

Requires students in grade 11 to be given a nationally recognized college entrance exam.

Requires the series of assessments to include a nationally normed college placement diagnostic exam and contain career exploration elements.

Chapter 116 – Article 2, Student Accountability Assessments

Requires students in grades 10 or 11 who are not yet ready for career or college to be given the college placement diagnostic exam before taking the college entrance exam.

Requires all students in grade 11, except those eligible for alternative assessments, to be given the college placement diagnostic exam. Declares students who demonstrate attainment of required academic standards to be academically ready for a career or college. Encourages such students to participate in courses awarding college credit.

Requires schools, districts, and the state to have a continuum of benchmarks that demonstrate whether a student will reasonably need post-secondary remediation.

Requires a district, or charter school to record a student's progress toward career and college readiness on the student's high school transcript.

Student first enrolled in grade 8 through 2009–10	Student first enrolled in grade 8 in 2010–11 or 2011–12	Student first enrolled in grade 8 in 2012–13 and later
<p>Meet or have met Graduation-Required Assessments for Diploma (GRAD) requirements in written composition, reading, and mathematics by: achieving proficiency on high school Title I assessments; passing GRAD retests; and/or meeting GRAD alternate routes</p> <p style="text-align: center;">OR</p> <p>Take or have taken ACT / WorkKeys / Compass / Armed Services test</p> <p style="text-align: center;">OR</p> <p>Have or receive score on equivalent assessment (district determined)</p>	<p>Meet or have met Graduation-Required Assessments for Diploma (GRAD) requirements in written composition, reading, and mathematics by: achieving proficiency on high school Title I assessments; passing GRAD retests⁶; and/or meeting GRAD alternate routes (except math alternate pathway)</p> <p style="text-align: center;">OR</p> <p>Take or have taken ACT / WorkKeys / Compass / Armed Services test</p> <p style="text-align: center;">OR</p> <p>Have or receive score on equivalent assessment (district determined)</p>	<p>Take Grade 8 Career and College Assessment (when available)</p> <p style="text-align: center;">AND</p> <p>Take Grade 10 Career and College Assessment</p> <p style="text-align: center;">POSSIBLY</p> <p>Take College Placement Diagnostic Assessment</p> <p style="text-align: center;">AND</p> <p>Take Grade 11 College Entrance Assessment</p> <p style="text-align: center;">OR</p> <p>MTAS (for grades above)</p>

¹ Minnesota Alternate Assessment: Writing can still be administered to students in grades 10–12 who need an alternate assessment to meet requirements for written composition.

² GRAD alternate routes refers to mathematics alternate pathway, individual passing score, ELL exemption, and pass other state (reciprocity).

³ Students not yet academically ready for a career or college based on their growth in academic achievement between grades 8 and 10 (as determined by performance on the grade 8 and 10 assessments) must take the college placement diagnostic exam before taking the college entrance exam in the spring.

Chapter 116 – Article 2, Student Accountability Assessments

Directs the commissioner to establish empirically derived benchmarks on computer adaptive assessments in grades 3 through 7 that reveal a trajectory toward career and college readiness. Requires all state assessments to be aligned with state standards.

Directs the commissioner to ensure that:

- (1) individual student performance data and achievement and summary reports are available within three school days;
- (2) individual student growth data are available from the student's first test to each proximate assessment using a constant measurement scale;
- (3) parents and educators are able to use elementary and middle school student performance data to project student secondary and postsecondary achievement; and
- (4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to improve student instruction.

Gifted and Talented Students Programs

- Permits schools to address the instructions and affective needs of gifted learners.
- Requires schools to adopt guidelines for assessing and identifying gifted and talented learners and expands guidance on identification to include traditionally underrepresented groups.
- Requires districts to adopt procedures for early admission to kindergarten or first grade for gifted and talented learners.

Chapter 116 – Article 2, Student Accountability

Mental Health Education

- Encourages school districts and charter schools to provide mental health instruction in grades 6 to 12 aligned with local health standards.
- Encourages the Education commissioner, in consultation with the Department of Human Services commissioner and mental health organizations, to provide school districts and charter schools with model programming and resources.

Chapter 116 – Article 2, Student Accountability Reporting

- Requires the commissioner to identify and report measures that demonstrate the success of learning year providers in improving the graduation outcomes of at-risk and off-track students and report this data annually beginning July 1, 2015
- Requires districts to include as part of school performance reports, the percentage of students making progress toward college and career readiness benchmarks and data on district and school progress in reducing academic disparities, and racial and economic integration.

Chapter 116 – Article 2, Student Accountability

Standard High School Diploma For Adults

- Directs the commissioner to appoint a nine-member advisory task force to recommend programmatic requirements for adult basic education programs leading to a standard adult high school diploma.
 - Directs the task force by February 1, 2014 to submit recommendations to the commissioner.
- Based on those recommendations, the commissioner must adopt rules for providing a standard adult high school diploma to adults who are no longer eligible for K-12 services, do not have a high school diploma, and successfully complete a commissioner- approved adult basic education program of instruction.
- Requires program participants to demonstrate proficiency sufficient to ensure that postsecondary programs and institutions and potential employers regard persons holding a standard high school diploma and persons holding a standard adult high school diploma to be equally well prepared and qualified graduates.

Chapter 116 – Article 2, Student Accountability Career Pathways and Technical Education Advisory Task Force

Directs task force members to seek how to:

- better inform students about career options and ensure a skilled Minnesota workforce;
- develop and revise an education and work plan for each student;
- improve monitoring of students' progress with targeted interventions and support and remove the need for remedial instruction;
- increase and accelerate high school students' opportunities to earn postsecondary credits leading to a certificate, license, or degree;
- better align secondary and postsecondary courses and expectations;
- better align high school standards and assessments, postsecondary readiness measures and entrance requirements, and the expectations of Minnesota employers;
- increase postsecondary completion rates; and
- provide postsecondary graduates with the skills needed for civic engagement, ongoing employment, and continuous learning.

Directs the task force to submit a written report with its recommendations to the legislature by February 15, 2014.

Chapter 116 - Omnibus E-12 Education Bill

Article 3 – Education Excellence

Overview

- Compulsory attendance age increase (Sections 1-5, 12, 31)
- Use of Epinephrine Auto-Injectors (Sections 6-8)
- Minnesota Teacher Licensure skills exams changes (Sections 10-12, 33)
- Nonrenewal of coaches' contracts (Section 14)
- Teacher evaluation value-added mandate change (Sections 15-16)
- Q-Comp roll-out (Sections 17-19)
- Staff development used for teacher evaluation (Section 20)
- Online and Digital Advisor Council expansion (Section 22)
- Flexible Learning Year application simplification (Section 23)
- Reading and Math Corps expansion (Section 24)
- MDE American Indian Programs (Sections 26-28)
- Achievement and Integration Program (Sections 29-30)

Chapter 116 - Article 3, Education Excellence

Compulsory Attendance Age Increase

- Increases age of compulsory attendance to age 17
 - Allows a 16 year or older student to be assigned to an area learning center
 - Updates process of withdrawing from school to age 17
 - Aligns assessment requirements to homeschooled children who are 17

Chapter 116 - Article 3, Education Excellence

Epinephrine Auto-Injectors

- Requires an annual plan for a student-prescribed epinephrine auto-injectors to allow the student to possess or have access
 - Encourages non-public schools to have similar plan or process
 - Allows districts and schools to maintain and administer epinephrine auto-injectors
 - Allows third parties to purchase a school supply
 - Requires district policies to be developed for administration of epinephrine auto-injectors
 - Provides immunity from liability to schools and its employees for use of auto-injectors

Chapter 116 - Article 3, Education Excellence

Minnesota Teacher Licensure Skills Exams

- Allows Board of Teaching to issue up to two temporary one year teaching licenses to a candidate who has not passed the college level basic skills exam.
 - Provision applies to candidates in the classroom and from out of state applicants
 - Allows districts to provide remedial assistance to those who did not pass exam
- Establishes a Teacher Licensure Advisory Task Force to be convened jointly between MDE and Board of Teaching to make recommendations on appropriate teacher licensure exams.

Chapter 116 - Article 3, Education Excellence
Nonrenewal of Coaching Contracts

- Prohibits a school board from declining to renew a coach's contract based solely on parent complaints.

Chapter 116 - Article 3, Education Excellence

Teacher Evaluation

- Amends the teacher evaluation statute by basing 35 percent of a teacher evaluation on data aligned to state and local standards
 - No longer mandates that 35 percent be from a value added model
- Districts may use the two percent of basic revenue set aside for staff development for teacher evaluation uses.

Chapter 116 - Article 3, Education Excellence **Online and Digital Advisory Council**

- Extends the council's expiration date until June 30, 2016
- Increases participation on the council by two members and must include two members from the technology business community
- Directs council to bring digital learning issues to the attention of the commissioner
- Directs council to make annual policy recommendations to the legislature

Chapter 116 - Article 3, Education Excellence

Other Provisions

- Flexible Learning Year Applications
 - Allows a consortium of districts to jointly apply for a flexible learning year program
- Reading and Math Corps Expansion
 - Changes the name of ServeMinnesota Innovation to ServeMinnesota Americorps
 - Establishes a math corps program to provide instructional support to elementary and middle schools
 - Directs Commissioner to submit a biennial evaluation on the program

Chapter 116 - Article 3, Education Excellence

American Indian Programs

- Requires Commissioner to hold an annual field hearing to gather input from the American Indian community on the state of American Indian Education and submit information to Minnesota's American Indian Tribes for review and comment.
 - Directs Commissioner to consult with the Tribal Nations Education Committee
 - Establishes an Indian Education Director in MDE
- Directs that a school district may receive a success for the future grant if the district postmarks an application before the deadline for submission.

Chapter 116 - Article 3, Education Excellence Achievement and Integration Program

- Establishes a program to promote diversity, racial and economic integration, and increase academic achievement
- Directs the school board of each eligible district to develop and implement a long term plan, which should be incorporated into its comprehensive plan under the World's Best Workforce.
- Requires a school board to hold at least one formal hearing to publicly report its progress on reaching its goals.
- Directs the district to submit a detailed budget to the Commissioner by March 15 in the year prior to implementation. Commissioner must review, approve and/or disapprove by June 1st of the same year
- For the 2013-14 school year, an eligible district may implement its current integration plan
- Directs the commissioner to evaluate the efficacy of district plans and report results to the legislature every odd numbered year.

Chapter 116 - Article 3, Education Excellence Achievement and Integration Revenue

- Replaces the old Integration Revenue beginning in FY 2014.
- Initial revenue = $\$350 \times \text{APU} \times \text{prior year minority concentration percent} + 66\%$ of difference between FY 2013 integration revenue and amount computed using the rate above for FY 2014
- Incentive revenue = $\$10 \times \text{APU}$
- Total Revenue = Initial revenue + incentive revenue
- For FY 14, aid = Revenue – Pay 2013 levy limitation.
- For FY 15 and later, aid = 70% of revenue; levy = 30% of revenue
- Revenue cannot exceed expenditures under approved budget.
- 0.3% of each district's initial revenue is allocated to MDE for oversight

Chapter 116 - Article 3, Education Excellence

Achievement and Integration Revenue

Uses of Revenue:

- Requires at least 80% of a district's revenue to be used for innovative and integrated learning environments.
- Allows up to 20% of revenue to be used for professional and staff development.
- Restricts administration expenditures to no more than 10% of revenue.

Commissioner review and intervention:

- Directs Commissioner to determine after three years if a district has met its goals
- Allows districts who have met goals to submit another three year plan
- For districts not meeting goals, districts must work in consultation with Commissioner to develop a new plan and strategies; Commissioner may direct the use of up to 20% of district's revenue to implement plan

Chapter 116 - Omnibus K-12 Education Bill

Article 4, Charter Schools

Overview

- Primary Purpose of Student Achievement (Section 1, subdivisions 1, 6)
- Charter School Board of Directors (Subdivisions 4, 11)
- Conflicts of Interest (Subdivision 4a)
- Reporting (Subdivisions 6a, 14)
- Truancy and Compulsory Attendance (Subdivision 8, Sections 5, 8)
- Teacher evaluation and world's best workforce (Subdivision 8)
- Charter school admissions (Subdivision 9)
- Buildings and Leases (Subdivisions 17, 17a, Section 4)
- Termination of charter contracts (Subdivision 23)
- Recodification (Section 10)

Chapter 116 - Article 4, Charter Schools

- **Primary Purpose.** Requires that improving learning and student achievement the primary purpose of a charter school.
- **Conflict of Interest.** Prohibits immediate family member of a charter school employee from serving on the charter school board.
- **Application.** Requires charter schools to abide by the teacher evaluation and peer review statute and the “World’s Best Workforce” statute.
- **Personnel.** Directs a charter board to adopt a policy on nepotism and adopt personnel evaluation practices.
- **Lease aid.** Requires MDE to review and approve or disapprove leases to determine eligibility for lease aid. Requires all charter leases to have a sum certain annual cost and an escape clause if the charter contract is terminated or not renewed.

Chapter 116 - Article 4, Charter Schools

Charter School Funding

Audit report

- Requires independent audit report to include audited financial data of an affiliated building corporation or other component unit.
- Clarifies that supplemental information included with the audit report is to include a copy of agreements with parent company and for administrative, financial and staffing services.

Annual report

- Requires charter school to publish annual report on its official web site, including key indicators of academic, operational and financial performance.

Chapter 116 - Article 4, Charter Schools

Charter School Funding

Lease Aid

- Beginning in FY 2015, specifies that MDE must not approve lease aid unless the lease has a sum certain annual cost and an escape clause the charter school may exercise if its charter contract is terminated or not renewed.
- For FY 2015 and later, adjusts maximum lease aid per APU from \$1,200 to \$1,314 to adjust for pupil unit weight changes.

Affiliated Building Corporation (ABC)

- Clarifies that requirements for ABCs related to construction of new facilities also apply to expansion of existing facilities.

Chapter 116 – Omnibus E-12 Education Bill

Article 5, Special Education - Overview

- New Special Education Funding Formula (Sections 17-18, 21-26)
- Transition to New Formula (Sections 19-20)
- Special Education Tuition Billing (Art. 1, Section 54)
- IDEA Part C Alignment (Sections 1, 6-16, 29-30)
- Restrictive Procedures Use and Reporting (Sections 3-4)
- Special Education Case Loads Task Force (Section 28)
- Special Education Paperwork Reduction (Section 31)

Chapter 116 - Article 5, Special Education

New Special Education Funding Formula

Effective FY 2016

- **Special education – regular aid is least of:**
 - (1) 62 percent of the district’s old formula special expenditures for the prior fiscal year;
 - (2) 50 percent of the district’s nonfederal special education expenditures for the prior year; or
 - (3) 56 percent of the amount calculated using a new pupil-driven formula based on prior year data.

Chapter 116 - Article 5, Special Education

New Special Education Funding Formula

Effective FY 2016

Details of new pupil-driven formula component for FY 2016 and later:

Aid = 56% of the sum of:

– (i) ADM Served x the sum of:

- (A) \$450;
- (B) \$400 times the ratio of the sum of the number of enrolled pupils who are eligible for free lunch plus 50 percent of the number of pupils eligible for reduced-price meals; and
- (C) .008 times the district's average daily membership served;

Chapter 116 - Article 5, Special Education

New Special Education Funding Formula

Effective FY 2016

Plus:

- (ii) \$10,400 times the district's number of students who are autistic, developmentally delayed, or severely multiply impaired;
- (iii) \$18,000 times the district's number of students who are deaf, hard of hearing, or have emotional or behavioral disorders; and
- (iv) \$27,000 times the number of students in the disability area of developmentally cognitive mild-moderate, developmentally cognitive severe-profound, physically impaired, visually impaired, or deafblind.

Chapter 116 - Article 5, Special Education
New Special Education Funding Formula
Effective FY 2016

- **Excess cost aid is the greater of:**
 1. 56 percent of the difference between the district's unreimbursed nonfederal special education cost and 7 percent of the district's general education revenue, or
 2. 62 percent of the difference between the district's unreimbursed old formula special education cost and 2.5 percent of the district's general education revenue.
- Calculated using prior year data

Chapter 116 - Article 5, Special Education

New Special Education Funding Formula

Effective FY 2016

- State total special education aid is increased by \$39 million for FY 2016 and by \$41 million for Fy 2017.
- Beginning in FY 2016, special education aid will be paid directly to cooperatives and intermediate districts, rather than having those aids flow through the resident district. Tuition bills will be reduced to offset the aid paid to the cooperatives and intermediates.

Chapter 116 - Article 5, Special Education

Special Education Funding

Transition to New Formula: FY 2014 – FY 2015

- Current special education – regular formula remains in place for FY 2014 and FY 2015 – no change from current law (4.6% growth continues)
- New **cross subsidy reduction aid** is added for FY 2014 and FY 2015 only:
 - Aid for FY 2014 equals the lesser of \$20 per ADM served or 1% of the amount generated for the district under the new pupil-based formula component.
 - Aid for FY 2015 equals the lesser of \$48 per ADM served or 2.27% of the amount generated for the district under the new pupil-based formula component.
 - State total aid entitlement is \$13 million for FY 2014 and \$30 million for FY 2015.

Chapter 116 - Article 5, Special Education
Special Education Funding
Transition to New Formula: FY 2014 – FY 2015

Excess cost aid changes for FY 2014 and FY 2015:

- Aid will be calculated using prior year data.
- Special education tuition receipts and expenditures will not be taken into account in excess cost aid calculations, to expedite the excess cost aid calculations and eliminate circularity between tuition billing and excess cost aid.
- Special education cross subsidy aid and the general education aid attributable students served outside the regular classroom more than 60% of the time are taken into account in excess cost aid calculations.

Special Education Tuition Billing

Effective FY 2015 (Article 1, Section 54)

- Beginning in FY 2015, **tuition billing** is changed so that resident district is responsible for 90% of unfunded costs (vs 100% currently) and serving district / charter is responsible for 10% of unfunded costs for open-enrolled students (3 – 4% of total costs).
- Does not apply to students placed by the resident district, (e.g. at an intermediate), or served at a charter school with very high special education concentration

Chapter 116 - Article 5, Special Education

IDEA Part C Alignment

- Makes technical changes to conform Minnesota Statutes with federal law governing IDEA, Part C.
- Requires a parent and the district to complete the Part C mediation process within 30 days of when the education department receives a parent's mediation request unless the district declines mediation. Makes written, signed mediation agreement binding on both parties and enforceable in court.
- Directs the education commissioner to amend special education rules using the expedited rule making process to conform the rules with federal law governing IDEA, Part C, to the extent needed to avoid loss of federal funds. Causes the rulemaking authority to expire on July 1, 2014.
- Directs the commissioner to collect statistics on the number of homeless children who have received Part C services, and report those results to the Legislature.

Chapter 116 - Article 5, Special Education

Restrictive Procedures Use and Reporting

- Provides examples of an “emergency” for purposes of using restrictive procedures.
- Prohibits use of restrictive procedures to punish or otherwise discipline a child.
- Requires schools intending to use restrictive procedures to make public a plan that: lists the procedures the school will use; describes the positive behavior strategies the school will use and provides links to mental health services; describes how the school will monitor and review use of these procedures, including post-use debriefings and oversight by a committee undertaking a quarterly review of the use of the procedures; and describes and documents staff training.
- Requires schools to annually identify the membership of the oversight committee, which must include a mental health professional, a positive behavior strategies expert, general education administrator, and a special education administrator.

Chapter 116 - Article 5, Special Education

Restrictive Procedures Use and Reporting

- Requires a district to hold an IEP team meeting: within 10 days after staff uses restrictive procedures on two separate school days within 30 calendar days or a pattern of use emerges and the IEP or behavior intervention plan does not provide for using restrictive procedures in an emergency; or at the request of a parent or the district after restrictive procedures are used.
- Requires the district to review use of restrictive procedures at a child's annual IEP meeting when the child's IEP provides for use of restrictive procedures in an emergency.
- Requires a child's IEP team to consult with professionals or other experts when existing interventions or supports are ineffective in reducing the use of restrictive procedures or the district uses restrictive procedures on a child on ten or more school days during the same school year.

Chapter 116 - Article 5, Special Education

Restrictive Procedures Use and Reporting

- Allows a district to use prone restraints until August 2015.
- Requires stakeholders by March 1, 2014, to recommend to the education commissioner specific, measurable goals for reducing the use of restrictive procedures and directs the commissioner to report to the legislature on districts' progress in reducing use of restrictive procedures and recommendations for further reducing and eliminating use of these procedures. Requires districts to annually report to the department summary data on district use of restrictive procedures.
- Directs the commissioner to develop and maintain a list of experts to help individualized education program teams reduce the use of restrictive procedures.

Chapter 116 - Article 5, Special Education

Special Education Case Loads Task Force

- Directs the commissioner to establish a task force with equal representation from school districts, including special education teachers, and advocacy organizations.
- Directs the task force to develop recommendations for the appropriate numbers of students with disabilities assigned to a classroom teacher and cost effective strategies for improving student outcomes. Also directs the task force to identify state rules that should be revised to align with state statute.
- Directs the task force report to the legislature by February 15, 2014, recommending appropriate caseloads for teachers in all federal settings including educational service alternatives, and proposed state rule revisions.

Chapter 116 - Article 5, Special Education

Special Education Model IDEA Paperwork

- Appropriates \$1.7 million to MDE and MN.IT to create an online system with user-friendly model paperwork for federal IDEA compliance.
- Model forms will include drop down lists and the ability to prepopulate answers into the document.
- The forms will contain the minimum amount of information needed to achieve compliance under federal IDEA.
- Districts may choose to access and use these forms free of charge.
- Districts may continue using their current system or contracting with a vendor.

Chapter 116 – Omnibus E-12 Education Bill

Article 6, Facilities - Overview

- Converts the fixed, standing appropriation for debt service equalization aid to an open and standing appropriation.
- Adjusts rates for debt service equalization and deferred maintenance revenue to conform to pupil unit weight changes.
- Makes permanent the authority for the Minneapolis and St Paul school districts to annually issue and sell \$15 million in facility bonds without voter approval.
- Directs the Commissioner to convene a working group to develop recommendations for reforming PK-12 facilities funding to create adequate, equitable, and sustainable financing of public school facilities.
- Allows Cyrus to issue bonds for demolition of its school building as part of consolidation plan with Morris;
- Allows Norman County West to levy for an elevator repair.

Chapter 116 – Article 7, Nutrition; Libraries; Accounting

School Lunch Aid

- Increases the rate for each school lunch served from 12 to 12.5 cents, effective July 1, 2013.

Chapter 116 – Article 7, Nutrition; Libraries; Accounting **Fund Transfers - FY 2014 and FY 2015 Only**

- Modifies authorization provided in 2012 legislation for a school district, upon approval of the commissioner, to transfer money in FY 2014 and FY 2015 from any fund or account to any other fund or account unless that transfer would have an impact on state aids or local levies.
- Transfers from the community service fund, food service fund, or the reserved account for staff development revenue are prohibited.
 - School districts planning to transfer funds from the reserve for staff development should do so at FY 2013 close to avoid this limitation in FY 2014 and FY 2015.

Chapter 116 – Article 7, Nutrition; Libraries; Accounting

Other Accounting Issues

Integration Revenue

- Continues to forward shift the integration levy for Minneapolis, St Paul and Duluth
- Eliminates the forward-shifting of the integration aid program.

Special Education Aid

- Combines the regular, cross subsidy and excess cost aids into one appropriation and uses 97.4% of entitlement in computing current payments

Accelerated Repayment of Education Aids

- Creates mechanism for one-time repayment of education shifts based on September 30, 2013 Minnesota Management and Budget estimate of any positive unrestricted budgetary state general fund balance as of June 30, 2013.
- Repayment of aid shift, if any, would occur in October 2013; repayment of tax shift, if any, would occur in June 2014.

Chapter 116 – Omnibus E-12 Education Bill

Article 8, Early Childhood and Lifelong Learning

Adult Basic Education (ABE)

- Increases growth factor from 1.02 to 1.025 for FY15 and later

Early Learning Scholarships

- For a family to receive a scholarship it must have a child age 3 or 4 on September 1st of the current year and has income equal to or less than 185% of federal poverty level
- Allows for a parent under the age of 21 who is pursuing a high school degree to be eligible for a scholarship for a child age zero to 5
- Any sibling between zero and 5 has access to a scholarship to attend same program
- Scholarships may be awarded up to \$5,000 per child per year

CASH FLOW
School Shift Summary
End of FY 2013

Aid Payment Shift @ 86.4 – 13.6 (vs 90-10)	\$262 Million
Property Tax Shift @ 48.6% of Gross Levy	\$551 Million
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Total School Shift (as of 6/30/2013)	\$ 813 Million

Misc. Student Safety Provisions

- HF 826 – Safe and Supportive Schools Act
 - Passed House, expected to pass Senate next session.
 - Student on student bullying only.
 - Private schools not covered.
- Ch 116, Art 3, Sec 37, Subd. 18 School Climate Center
 - Established in HF 826 to support districts in developing and implementing student bullying policies.
- Ch 86, Omnibus Public Safety Bill Art 1, Sec 12, Subd. 2
 - Reestablished the School Safety Center at Department of Public Safety to assist districts and schools in increasing building safety.

Chapter 108 – Omnibus Health and Human Services Bill

- Text Message Suicide Prevention Program
 - Establishes statewide text message suicide prevention counseling.
 - The program will train within schools on use of the program.
- Expansion of school-linked children's mental health grants by \$7.5m in FY14-15
- \$655,000 increase in child care assistance grants.

Chapter 99 – Omnibus Higher Education Bill

Statewide Longitudinal Education Data System (SLEDS) expansion (Article 2, Section 2)

- OHE, MDE, and DEED shall expand the SLEDS to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to: (1) expand reporting on students' educational outcomes; (2) evaluate the effectiveness of educational and workforce programs; and (3) evaluate the relationship between education and workforce outcomes.
- To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

Chapter 99 – Omnibus Higher Education Bill

Statewide Electronic Infrastructure and Portfolio

- Requires DEED, MDE, OHE, the University of Minnesota, and MNSCU to collaborate to implement an electronic infrastructure to support academic and workforce success. The infrastructure would use existing tools, including efolioMinnesota and GPS LifePlan.
- At a minimum, the efolioMinnesota platform must be enhanced to allow portfolio based solutions.
- The OHE is required to submit a report to the governor and legislature by January 15 of each year detailing progress related to implementing the electronic infrastructure.

Chapter 85 – Omnibus Housing Finance Bill

Rental Assistance for Highly Mobile Students

- \$2 million annual appropriation for Governor Dayton’s initiative to provide rental assistance to highly mobile families with school-aged children in order to improve school performance.

Questions?

More detailed summaries and spreadsheets are available on the MDE web site.

For general questions,
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