Topics for Discussion

- Legislative Update
- Education Bill
  - Proposed Changes in State E-12 Education Budget
  - Proposed Changes in Fiscal Policy with No Impact on State Budget
- Tax Bill
- Canceled School Days Relief Bill

<table>
<thead>
<tr>
<th>E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES</th>
<th>FY 2020-FY 2021 Biennium - State Appropriations</th>
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<tbody>
<tr>
<td>$ in Thousands</td>
<td>Governor</td>
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<tr>
<td>Less Revenues</td>
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<tr>
<td>Total Increase over Base</td>
<td>711,445 (in Tax Bill)</td>
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E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES
FY 2022 – 2023 Biennium - State Appropriations

<table>
<thead>
<tr>
<th>$ in Thousands</th>
<th>Governor</th>
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<th>Senate</th>
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<td>Early Learning Scholarships</td>
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<td>Safe Schools</td>
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<td>Referendum Equalization</td>
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<td>47,580</td>
<td>(28,280)*</td>
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<td>Other Aids and Grants</td>
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<td>State Agencies</td>
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<td>Total Increase over Base</td>
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* In Tax Bill

E-12 EDUCATION BILLS
Pay 2020 (FY 2021) School Property Tax Levies

Governor, House & Senate
- Operating Referendum / Local Optional Revenue Simplification shifts $169 million from referendum to LOR – no net change in total levy

Governor
- Safe Schools Revenue - $5.3 million of the increase comes from levy

House
- Operating Referendum - Increase in Tier 2 equalization reduces levy by $25 million
- Ag School Bond Credit (Tax Bill) – Increased from 40% to 70% of debt service levy on Ag Land – reduces levy by $33.9 million.

Senate
- Operating Referendum (Tax Bill) - Increase in equalization aid reduces levy by $15.5 million

E-12 EDUCATION BILLS
General Education Formula Allowance

- Governor and House:
  - 3% ($189) for FY 2020 from $6,312 to $6,501
  - Additional 2% ($130) for FY 2021 and later to $6,631

- Senate:
  - 0.5% ($31) for FY 2020 from $6,312 to $6,343
  - Additional 0.5% ($32) for FY 2021 and later to $6,375
E-12 EDUCATION BILLS
Operating Referendum Renewal – Governor and House

- For referendum elections after July 1, 2019, allows the ballot to state that the referendum may be renewed by school board resolution subject to a reverse referendum.
- The renewal may occur up to two years before the referendum expires.
- The renewal must be for the same amount per pupil as the authority being renewed (plus inflation if the authority being renewed included an inflation adjustment), and term of the referendum must be the same as, or shorter than, the term of the authority being renewed.
- The board must hold a meeting where public testimony is allowed on the proposed renewal before adopting the renewal resolution. The board must provide notice of the proposed renewal and the meeting by mail to each taxpayer 15 – 30 days before the meeting. The resolution must be adopted by June 15.
- A petition signed by 25% of the district’s registered voters must be filed with the board by June 1 to trigger a revocation election.

E-12 EDUCATION BILLS
Operating Referendum / Local Optional Revenue (LOR) Simplification
Governor, House, Senate

- Eliminates annual recalculation of referendum allowances approved before 2014 based on the amount of LOR a district opts to receive
- Transfers $300 /PU of referendum revenue to LOR; eliminates board-approved referendum
- For districts with inflation-adjusted referendum authority transferred to LOR, inflationary adjustments continue for the life of the referendum as if the transfer had not been made
- To ensure there is no change in revenue, aid or levy for any district, creates a two-tiered levy for LOR; Tier 1 of LOR replaces Tier 1 of the referendum
- Referendum cap reduced by $300 to neutralize the impact of the $300 transfer to LOR on room under the cap
- No change in revenue, aid or levy for any district

E-12 EDUCATION BILLS
Operating Referendum Equalization

House:
- Increases the equalizing factor for Tier 2 of the referendum from $510,000 to $650,000
- $25 M property tax relief FY 21; $1.7 M additional referendum aid for charter schools

Senate (Tax Bill):
- Increases the equalizing factor for Tier 1 from $880,000 to $900,000
- Increases the equalizing factor for Tier 2 from $510,000 to $550,000
- Increases the equalizing factor for Tier 3 from $290,000 to $440,000
- For Tier 2 and Tier 3, calculates the levy and aid shares with both RMV / Resident PU and RMV / Adjusted PU, using whichever generates the smaller levy / greater state aid for each district
- $15.5 M property tax relief FY 21; $1 M additional referendum aid for charter schools
E-12 EDUCATION BILLS
Other General Education Funding (FY 20 & Later)

<table>
<thead>
<tr>
<th>$ in Thousands</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
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<tr>
<td>English Learner Revenue</td>
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<td>Kindergarten Disabled ADM</td>
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<td>-</td>
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<tr>
<td>Early Middle College Program</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Shared Time Aid</td>
<td>-</td>
<td>-</td>
<td>319</td>
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<tr>
<td>Sparsity Revenue - Karlstad Elem</td>
<td>-</td>
<td>-</td>
<td>147</td>
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<tr>
<td>PSEO for 10th Grade Nonpublic Pupils</td>
<td>-</td>
<td>-</td>
<td>20</td>
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- **Kindergarten-Disabled ADM - Governor and House:**
  - Make the calculation of pupil units for kindergarten students with a disability the same as for kindergarten students without a disability.
  - Currently, K students with a disability must have 875 hours to generate 1 ADM, vs 850 for other students, and K students with a disability do not qualify for extended time revenue.

- **House:**
  - Increases basic English Learner (EL) aid from $704 to $740 per English learner.
  - Eliminates a requirement that an increasing portion of each district’s compensatory revenue be used only for extended time programs.
  - Makes permanent the ability of an early middle college program to serve a student under the age of 22.

- **Senate:**
  - Allows a school district to provide core curriculum instruction to shared time pupils through digital learning at any location.
  - Authorizes nonpublic students in 10th grade to participate in PSEO CTE courses.
  - Karlstad Elementary is made eligible for elementary sparsity aid for FY 20 and FY 21 only.

E-12 EDUCATION BILLS
Other General Education Funding (FY 20 & Later)

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  - Karlstad Elementary is made eligible for elementary sparsity aid for FY 20 and FY 21 only.

E-12 EDUCATION BILLS
Special Education Formula - Governor and House

- **Reduce the special education cross subsidy:**
  - Governor’s bill would increase special education aid by the amount needed to hold the state average cross subsidy per pupil constant at the FY 19 level of $820 /ADM in FY 20 and FY 21.
  - House bill would reduce the state average cross subsidy to $808 / ADM in FY 20 and to $810 /ADM in FY 21.

- **Formula mechanics – beginning in FY 2020, both bills would:**
  - Eliminate the special education aid cap.
  - Establish cross subsidy reduction aid as a new component of the special education aid formula.
  - Reduce the tuition rate paid by the resident school district for open enrolled special education students served by another district or charter school, and
  - Adjust the hold harmless by reducing reliance on the FY 2016 base and factoring in current year costs.
E-12 EDUCATION BILLS
Cross Subsidy Reduction Aid - Governor and House

- The "initial cross subsidy" is defined as:
  - the nonfederal cost of special education including transportation, minus
  - the state special education aid received after tuition adjustments, minus
  - the general ed revenue attributable to students receiving sped services outside of the regular classroom for more than 60% of the school day (portion attributable to instruction outside of the regular classroom)

- The cross subsidy reduction aid is a percentage of each district's initial cross subsidy for the prior fiscal year:
  - Governor's Bill – 2.6 percent for FY 2020 and 6.43 percent for FY 2021 and later
  - House Bill - 4.3% for FY 20, 8.6% for FY 21 – FY 23 and 10% of later years
  - House also adds special education regional equity aid for FY 24 and later, equal to the lesser of 30% of remaining cross subsidy exceeding regional average or $120 per ADM

- Charter schools would not be eligible for cross subsidy reduction aid

E-12 EDUCATION BILLS
Special Education Tuition Billing - Governor and House

Governor
- Rate paid by the resident district for open enrolled students reduced from 90 percent to 85 percent of the unfunded costs for FY 2020 and to 80 percent for FY 2021 and later.
- Charter schools would receive additional special education aid from the state to fully offset the impact of the tuition billing change.

House
- Rate paid by the resident district for open enrolled students reduced from 90 percent to 80 percent of the unfunded costs for FY 2020 and to 70 percent for FY 2021 and later.
- Charter schools would receive additional special education aid from the state to offset half of the impact of the tuition billing change.
- The increase in safe schools aid for charter schools partially offsets the other half of the loss of tuition revenue

E-12 EDUCATION BILLS
Special Education Hold Harmless - Governor and House

1. Hold harmless (minimum aid) guarantee limited to the sum of 90 percent in FY 2020, 85 percent in FY 2021, 80 percent in FY 2022 and 75 percent in FY 2023 later of current year special education program costs plus 100 percent of special transportation costs, plus the tuition adjustment.

2. Annual inflation adjustment used in calculating the hold harmless reduced by 0.2 percent per year, from the current 4.6 percent in FY 2020 to 4.4 percent in FY 21 to 4.2 percent in FY 22 and so forth until the inflation adjustment reaches 2.0 percent.

- This will reduce the hold harmless guarantee for districts where special education expenditures have fallen or grown very slowly since FY 2016, so that the hold harmless does not result in the district receiving a very high percentage of its costs covered by the formula, before adjusting for tuition, compared with other districts.
Updates the pupil-driven portion of the initial special education aid formula to reflect FY 2018 data, beginning in FY 2021

- To date, the pupil-driven formula calculations have been based on FY 2011 data used when the new formula was enacted in 2013, adjusted for inflation.
- Under current law, MDE does an annual study of average special education cost per student by primary disability.
- Based on the latest cost study, there are no changes in the assignment of primary disabilities to cost categories, but the per pupil rates for each cost category are adjusted to reflect FY 18 data. This results in an increase in initial aid for most districts where the pupil-driven formula generates the least aid of the three initial aid formulas.

Increases the FY 2016 special education based used for hold harmless calculations by $500,000 for Duluth and by $250,000 for Monticello.

Provides additional aid of $1 million to Duluth and $200,000 to Monticello for FY 20 and FY 21.

- Allows a pupil with an IEP to participate in the program in a service area which the IEP team has determined is not an educational need that results from the pupil's disability.

- School Districts:
  - Governor: Increase of $5 / PU (from $36 to $41), with $17,083 minimum revenue per district
  - House: Increase of $9 / PU (from $36 to $45), with $18,750 minimum revenue per district
  - Senate: Increase of $38 / PU, with $32,000 minimum aid per district

- Charter Schools:
  - Governor: $5 / PU
  - House: $9 / PU
  - Senate: $38 / PU
E-12 EDUCATION BILLS
Safe Schools Revenue: FY 2020 (Continued)

- **Intermediate Districts:**
  - Governor: Increase of $2.08 / member district PU (from $15 to $17.08)
  - House: Increase of $3.75 / member district PU (from $15 to $18.75)
  - Senate: No Change

- **Other Coops:**
  - Governor: $2.08 / Member district PU (Allocated if in >1 coop)
  - House: $3.75 / Member district PU (Allocated if in >1 coop)
  - Senate: No Change

- The increases are all state aid for FY 20

E-12 EDUCATION BILLS
Safe Schools Revenue: FY 2021

- **School Districts:**
  - Governor: Increase of $14 / PU (from $36 to $50), with $20,834 minimum revenue per district
  - House: Increase of $18 / PU (from $36 to $54), with $22,500 minimum revenue per district
  - Senate: Increase of $38 / PU, with $32,000 minimum aid per district

- **Charter Schools:**
  - Governor: $14 / PU
  - House: $54 / PU (Partially offsets loss of special education tuition revenue)
  - Senate: $38 / PU

E-12 EDUCATION BILLS
Safe Schools Revenue: FY 2021 (Continued)

- **Intermediate Districts:**
  - Governor: Increase of $5.83 / member district PU (from $15 to $20.83)
  - House: Increase of $7.50 / member district PU (from $15 to $22.50)
  - Senate: No Change

- **Other Coops:**
  - Governor: $5.83 / Member district PU (Allocated if in >1 coop)
  - House: $7.50 / Member district PU (Allocated if in >1 coop)
  - Senate: No Change
**E-12 EDUCATION BILLS**
Safe Schools Aid and Levy: FY 2021 and later

- **Governor and House:**
  - All revenue (except for charter schools) is in the form of an equalized levy, with the equalizing factor set at a percentage of the state average ANTC / PU, excluding 50 percent of Class 2a agricultural property valuation (same tax base measure as LTFM)
    - Governor: equalizing factor set at 110% of the state average ANTC / PU
    - House: equalizing factor set at 151.3% of the state average ANTC / PU

- **Senate:**
  - The increase for FY 20 and FY 21 is all state aid
  - The increase sunsets after FY 21 – No increase for FY 22 and later

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**E-12 EDUCATION BILLS**
Safe Schools Revenue – Uses

- **Governor, House and Senate:**
  - Clarifies that equipment bonds may be used for public announcement systems, emergency communication devices and other equipment related to violence prevention and facility security;
  - Increases the maximum debt service levy for equipment and facilities bonds to include the amount of a district’s safe schools revenue;
  - Allows safe schools revenue to be transferred to the debt redemption fund to make principal and interest payments on facilities and equipment bonds under MS 123B.61 and MS 123B.62;
  - Requires charter schools to reserve the revenue for safe schools purposes including building lease expenses not funded by lease aid that are attributable to facility security enhancements made after March 1, 2019.

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**E-12 EDUCATION BILLS**
Safe Schools Revenue – Uses (Continued)

- **Governor and House:**
  - Adds language clarifying that safe schools revenue may be used for professional development such as restorative practices, social-emotional learning, and other evidence-based practices

- **House:**
  - Adds language authorizing safe schools revenue to be used for training for members of safety assessment teams and oversight committees

- **Senate:**
  - Adds language authorizing safe schools revenue to be used for enhancing cybersecurity in the district’s information systems, and for school-linked mental health services delivered by telemedicine
E-12 EDUCATION BILLS
Safe Schools Revenue – Reporting

- **House:**
  - Requires districts to annually report safe schools expenditures to MDE by functional area and any new staff positions hired.
  - Reporting must align with the statutory list of revenue uses
    - would require changes in UFARS and/or other new reporting

- **Senate:**
  - Would require MDE to report annually to the legislature on district-level expenditures of safe schools revenue for each of the purposes in the statutory list of revenue uses
    - would require changes in UFARS and/or other new reporting

E-12 EDUCATION BILLS
Voluntary PreKindergarten (VPK) / School Readiness Plus (SR+)

Governor and House:
- For FY 2020 and later, continue to fund the 4,000 seats currently expiring after FY 2019
- When allocating any new seats, use separate groups for the Minneapolis and St Paul districts to ensure an even distribution of seats between the two districts based on prior year K enrollment
- Funds for any new seats added in FY 20 or later must be used to supplement not supplant existing revenue for prekindergarten activities.
- Increases the operating capital equalizing factor to neutralize the statewide property tax levy impact of continuing the voluntary prekindergarten program at the FY 2019 participation level.

Senate:
- For FY 2020 and later, does not continue to fund the 4,000 seats currently expiring after FY 2019, but prioritizes children in school districts where the school district or a charter school lost seats after FY 2019 in the allocation of scholarship seats, up to the number of VPK / SR+ seats lost.

E-12 EDUCATION BILLS
Other Categorical Aids

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<th></th>
<th>Governor</th>
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<th>Senate</th>
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<tr>
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<td>CTE Revenue</td>
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<tr>
<td>Concurrent Enrollment</td>
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<td>-</td>
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<tr>
<td>Breakfast After the Bell</td>
<td>4,300</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Adult Basic Education</td>
<td>3,800</td>
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<td>-</td>
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<tr>
<td>Tribal Contract Schools</td>
<td>3,536</td>
<td>3,536</td>
<td>-</td>
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</table>
Paraprofessional Training Aid (House) – Begins FY 20

• Requires that a paraprofessional employed to work with a student with disabilities be given paid time to review a student’s IEP or be briefed on the student’s specific needs. Requires at least 8 hours of paid orientation or professional development annually to all paraprofessionals, Title I aides, and other instructional support staff before the first instructional day of the year or within 30 days of hire.
• Establishes annual paraprofessional training aid equal to $198 per paraprofessional, Title I aide, and instructional support staff.

Career Technical Education (CTE) Revenue (House) – Begins FY 21

• Increases CTE revenue from 35 percent to 50 percent of eligible CTE expenditures
• Increases the equalizing factor for the CTE levy from $7,612 to $13,575 to neutralize the state total levy impact of the revenue increase.

Concurrent Enrollment Aid (House) – Begins FY 20

• Increases appropriation from $4 M to $7 M per year to reduce proration (Prorated at 35% in FY 18)

Breakfast After the Bell (House) – Begins FY 20

• Voluntary program for sites with > 40% free and reduced lunch concentration in the previous year
• May include grab and go breakfasts, second chance breakfasts, or breakfast in the classroom
• Aid = (# of breakfasts served X federal reimbursement rate for free breakfast) – federal school breakfast program non-severe reimbursements of the school.

Adult Basic Education

House

• Increases the annual statewide adult basic aid amount to $51 million for fiscal year 2020 ($1.8 M increase).
• Adds a second calculation to the annual growth factor for state total ABE aid, allowing ABE revenue to grow by the greater of the annual growth in statewide contact hours or the growth in the general education basic formula allowance, but not more than 3 percent per year.

Governor and Senate

• Clarify that the growth factor for calculating state total ABE aid cannot be less than 1.00, consistent with current MDE administrative practice.
**E-12 EDUCATION BILLS**

**Other Categorical Aids – Details - 4**

**Tribal Contract Schools (Governor and House)**

- Increases tribal contract maximum aid per student for fiscal years 2020 and later to the 2019 amount of $3,230, adjusted for growth in the general education basic formula allowance, by converting the $3,230 per pupil maximum to 51.17% of formula allowance.

- Under current law (and Senate bill) the allowance was set at $3,230 per pupil for fiscal years 2015 to 2019, and will fall back to $1,500 per pupil for fiscal year 2020 and later.

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**E-12 EDUCATION BILLS**

**Other Categorical Aids (Continued)**

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<th>$ in Thousands</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
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<tbody>
<tr>
<td>Achievement &amp; Integration Equalization</td>
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<tr>
<td>LTFM Aid for Cooperatives</td>
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<td>Transportation for Pregnant Teens</td>
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<tr>
<td>Enrollment Options Transportation</td>
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<tr>
<td>Nonpublic Pupil Aid – BIE Counseling</td>
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<tr>
<td>Equity in Telecommunications Access</td>
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</tr>
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**E-12 EDUCATION BILLS**

**Other Categorical Aids – Details - 5**

- **Achievement & Integration Equalization (Governor, House)**
  - Equalizes the achievement and integration levy at 30 percent of the statewide adjusted net tax capacity per pupil unit.

- **Long-Term Facilities Maintenance (LTFM) (House)**
  - Authorizes a school district’s LTFM plan to include certain school safety improvements, including remodeling or new construction for school security enhancements, public announcement systems, emergency communications devices, or equipment and facility modifications related to violence prevention and facility security.
  - Modifies the LTFM building age index so that the index does not decrease when a school district constructs new facilities but continues to use at least 80 percent of the previous square footage.
  - Increases the LTFM equalizing factor from 123% to 125.04% of the state average adjusted net tax capacity to neutralize the statewide levy impact of the changes to LTFM revenue.
  - Grants joint powers districts the same authority as other school cooperative units to issue bonds to be repaid by member districts’ long-term facilities maintenance revenue.
**E-12 EDUCATION BILLS**
**Other Categorical Aids – Details - 6**

- **Transportation for Pregnant Teens (House)**
  - Expands the definition of regular transportation to include the transportation of pregnant teens and teen moms to and from a school program that provides academic instruction, at least four hours of parenting training a week, and high-quality child care on site with the capacity to serve all children of enrolled pupils. Requires the program to have been established prior to January 1, 2018. Provides aid to reimburse the cost of this transportation.

- **Abatement Aid (House)**
  - House: Updates abatement aid calculations by deleting health & safety and deferred maintenance revenue (repealed) and adding LOR and LTFM revenue (new).

- **PSEO Transportation (Senate)**
  - Increases income threshold to qualify for reimbursement of transportation expenses to PSEO programs from poverty level to eligible for free or reduced price lunch. Clarifies that transportation in private vehicles, shared vehicles, taxis and buses all qualify for reimbursement.

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**E-12 EDUCATION BILLS**
**Other Categorical Aids – Details - 7**

- **Nonpublic Pupil Aid – Tribal Contract School Counseling (Senate)**
  - Makes tribal contract schools eligible for nonpublic pupil aid for elementary and secondary school counseling.
  - Clarifies that the calculation of the maximum allotment includes guidance and counseling services provided to elementary pupils.

- **Equity in Telecommunications Access (Senate)**
  - Eliminates the $16 per PU deduct for schools not in a telecommunications access cluster.
  - Amends the calculation of a school district’s aid for providing services to a nonpublic school to be the lesser of the nonpublic school’s approved costs for the previous fiscal year or the product of the district’s aid per pupil times the number of weighted pupils enrolled at the nonpublic school the previous school year.

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### Larger Grants (> $3 Million)

<table>
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<th>House</th>
<th>Senate</th>
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<td>Full Service Community Schools</td>
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<tr>
<td>Support Our Students (Schools)</td>
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<tr>
<td>Para Pathway to Licensure (Grow Your Own)</td>
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<td>7,000</td>
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<tr>
<td>Trauma-Informed School Incentive Grants</td>
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<tr>
<td>Innovative Mental Health Grants</td>
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<td>Inclusive School Enhancement Grants</td>
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<td>-</td>
</tr>
<tr>
<td>School Linked Mental Health Grants</td>
<td>-</td>
<td>-</td>
<td>5,000</td>
</tr>
<tr>
<td>After School Community Learning</td>
<td>-</td>
<td>4,000</td>
<td>-</td>
</tr>
<tr>
<td>Recruit &amp; Retain Quality Teachers</td>
<td>4,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Teacher Candidate Grants</td>
<td>3,634</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
### Medium Sized Grants ($1 - 3 Million)

<table>
<thead>
<tr>
<th>Program</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education Partnership Program</td>
<td>1,000</td>
<td>1,540</td>
<td></td>
</tr>
<tr>
<td>P-TECH Schools</td>
<td>-</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Girl Scouts ConnectZ Program</td>
<td>2,800</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><em>Come Teach In Minnesota</em> hiring bonuses</td>
<td>2,100</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Support Students Experiencing Homelessness</td>
<td>1,000</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Sanneh Foundation</td>
<td>-</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Serve Minnesota - Reading and Math Corps at BIE</td>
<td>832</td>
<td>416</td>
<td></td>
</tr>
<tr>
<td>American Indian Teacher Preparation Grants</td>
<td>1,200</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>MathCorps</td>
<td>1,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Minnesota Council on Economic Education</td>
<td>1,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Northwest Regional Partnership</td>
<td>1,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Educational Stability for Students in Foster Care</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
<tr>
<td>Alternative Teacher Prep Grants</td>
<td>-</td>
<td>1,000</td>
<td>-</td>
</tr>
</tbody>
</table>

### Smaller Grants ($250,000 - $1 Million)

<table>
<thead>
<tr>
<th>Program</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate Incentive Program</td>
<td>-</td>
<td>860</td>
<td></td>
</tr>
<tr>
<td>Collaborative Summer Intensive Program</td>
<td>-</td>
<td>802</td>
<td></td>
</tr>
<tr>
<td>Tribal Nations Education Committee</td>
<td>300</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>Minnesota Youth Council</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>College Savings Account Pilot Program</td>
<td>500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Curriculum Best Practices Sharing</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Literacy Professional Development for Teachers</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Suicide Prevention Training for Teachers Grant</td>
<td>-</td>
<td>480</td>
<td>-</td>
</tr>
<tr>
<td>Statewide Concurrent Enrollment</td>
<td>-</td>
<td>400</td>
<td>-</td>
</tr>
<tr>
<td>Expanded Concurrent Enrollment</td>
<td>366</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Museum and Education Centers</td>
<td>-</td>
<td>262</td>
<td>62</td>
</tr>
<tr>
<td>Title IX Training and Compliance</td>
<td>-</td>
<td>292</td>
<td>-</td>
</tr>
<tr>
<td>Civics Education Grants</td>
<td>-</td>
<td>250</td>
<td>-</td>
</tr>
<tr>
<td>Minnesota Center for the Book</td>
<td>-</td>
<td>250</td>
<td>-</td>
</tr>
</tbody>
</table>

### Small Grants (<$250,000)

<table>
<thead>
<tr>
<th>Program</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Equivalency</td>
<td>240</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reach Out and Read Minnesota</td>
<td>205</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vocational Enrichment Grant</td>
<td>200</td>
<td>87</td>
<td>-</td>
</tr>
<tr>
<td>Metro Deaf Charter School Grant</td>
<td>200</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Online Access to Music Education</td>
<td>-</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td>Constr &amp; Skilled Trades Counseling &amp; Report</td>
<td>-</td>
<td>150</td>
<td>-</td>
</tr>
<tr>
<td>Health Disparities &amp; Ed Achieve Workgroup</td>
<td>143</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Minnesota Principals Academy</td>
<td>100</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Race 2 Reduce</td>
<td>-</td>
<td>100</td>
<td>-</td>
</tr>
<tr>
<td>Agricultural Educator Grants</td>
<td>-</td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td>Early Childhood literacy</td>
<td>-</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Eliminate Off-Grade Testing</td>
<td>(15)</td>
<td>(15)</td>
<td>-</td>
</tr>
<tr>
<td>Starbase</td>
<td>-</td>
<td>(1,400)</td>
<td>-</td>
</tr>
</tbody>
</table>
E-12 EDUCATION BILLS
State Agency Budgets

<table>
<thead>
<tr>
<th>$ in Thousands</th>
<th>Governor</th>
<th>House</th>
<th>Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDE Operating Adjustment</td>
<td>2,934</td>
<td>2,934</td>
<td>(3,264)</td>
</tr>
<tr>
<td>MDE Other</td>
<td>13,020</td>
<td>12,293</td>
<td>638</td>
</tr>
<tr>
<td>PELSB</td>
<td>3,772</td>
<td>7,015</td>
<td>3,772</td>
</tr>
<tr>
<td>Minnesota State Academies</td>
<td>3,370</td>
<td>3,370</td>
<td>-</td>
</tr>
<tr>
<td>Perpich Center for Arts Education</td>
<td>1,825</td>
<td>1,825</td>
<td>(4,894)</td>
</tr>
</tbody>
</table>

E-12 EDUCATION BILLS
MDE Budget – Details

- Governor and House
  - Inflationary increase in operating costs ($2.9 M)
  - Legal costs associated with litigation ($4.7 M)
  - Regional Centers ($3 M)
  - IT program and data integration ($1.6 M)
  - Mainframe Update($880K)
  - Other smaller items

- Senate
  - None of the above; $3.3 M reduction in general operating budget

E-12 EDUCATION BILLS
Proposed Changes with No Impact on State Budget

House:

If a state budget forecast projects a surplus in the state general fund at the end of a biennium, adds the following to the list of priorities to be implemented:

1. Increasing the current payment percent for special education aid from 87.66% to 90% (one-time cost of approximately $37 million); and
2. Allocating $50,000,000 for payments to school districts to compensate for permanent school fund revenues foregone in previous years. The payment would equal $57.08 times each district’s FY 2019 adjusted ADM and may be spread over more than one year.
House and Senate

- Forecast article adjusts fiscal year 2019 appropriations (including final payments for FY 2018 and current payments for FY 2019) to match the February 2019 forecast amounts for each affected program.
- This eliminates proration of forecasted program aids for FY 2018 and FY 2019 that were being prorated due to the veto of the 2018 omnibus budget bill, including special education aid.

Transportation of Homeless (House and Senate)

- Requires the initial serving school district to continue to provide transportation services to and from a cooperative program for a homeless student with an IEP who changes serving school districts during the school year. Allows the initial and current serving school district to mutually agree to an alternative transportation arrangement.

Pupil Transportation Working Group (House and Senate)

- Establishes a working group to review pupil transportation and transportation efficiencies, consult with stakeholders, and recommend policy and formula changes to the legislature.
- Requires the working group to consider a ten-year strategic plan to make pupil transportation funding more fair. Encourages the 2020 legislature to convene a legislative study group to review the working group's recommendations and ten-year strategic plan.

Legislative Working Group (House)

- Membership includes six house members and six senators
- Issues to be examined include:
  - how schools deliver special education services;
  - how state and federal special education laws compare;
  - trends in special education enrollment;
  - strategies to reduce the need for special education services;
  - funding for services in a nonresident district or charter school;
  - how the special education funding formula works; and
  - the use of medication to modify student mood or behavior.
- Report to the legislature due January 15, 2020
### E-12 EDUCATION BILLS
Proposed Changes with No Impact on State Budget

#### Board Control of Extracurricular Activities (House and Senate)
- Consistent with GASB 84, requires a school board to take charge of and control all extracurricular activities.
- Requires a school district to reserve revenue raised for extracurricular activities and spend the revenue only for extracurricular activities.

#### Prospective Employees (House)
- Requires a school district or charter school, before making an offer of employment, to request that person's personnel file from the previous employing school district or charter school.

#### Community Education Teacher Wages (House)
- Requires a school district to pay adult basic education and early childhood and family education teachers wages comparable to those of kindergarten through grade 12 teachers.

#### Facilities

#### Lead in Drinking Water (House and Senate)
- Adds charter schools to testing and reporting requirements.
- Requires a school district or charter school that finds lead in cooking or drinking water to formulate, make publicly available, and implement a plan consistent with established guidelines and recommendations to ensure student exposure to lead is minimized.
- Requires districts and charter schools to follow actions in guidance from commissioners of health and education.
- Requires districts and charter schools finding the presence of lead to directly notify parents of the result within 30 days of receiving the test result.
- Requires district or charter school to make water source unavailable until hazard has been minimized.

#### Radon (House)
- Adds charter schools to plan commissioners of health and education must adopt and to reporting requirement.
- Requires that test results be available to the public for review and that parents be notified that the information is available.
- Requires a school district or charter school to adopt a radon testing schedule that tests every building serving students at least every five years, and to begin testing by July 1, 2020. Specifies requirements for how tests must be conducted.

#### Energy Use Reduction and Reporting (House and Senate)
- Senate requires a public school or school district to enter and maintain monthly consumption data into the Minnesota B3 benchmarking program for each school building.
- House makes this reporting optional.
Disposing of Surplus School Computers (House and Senate)

- In addition to authority available under current law to transfer surplus school computers to another school district, the state Department of Corrections, the Minnesota State system, or a family in the school district whose income is at or below the federal poverty level, authorizes a school district to sell or give a surplus computer to currently-enrolled district students who intend to enroll the following year. Requires the district to give priority to those students eligible for free or reduced-price meals and distribute the remaining computers by lottery.
- Senate also allows a school district to transfer surplus school computers to a charitable organization under 501(c)3 that is registered with the AG’s office for educational use.
- Municipal Contracting Law (House)

  - Requires a charter school to comply with Minnesota’s municipal contracting law in the same manner as school districts.

Fund Transfers for Selected Districts (House and Senate)

- ISD 458, Truman is authorized to transfer up to $65,000 from its ECFE account in the community service fund and $45,000 from its school readiness account to its general fund.
- ISD 276, Minnetonka is authorized to transfer up to $3,300,000 from its community education reserve account to its operating capital account for building costs associated with its early childhood program.
- ISD 270, Hopkins is authorized to transfer up to $500,000 from its community education reserve account to its operating capital account for equipment and facilities needs for an early childhood classroom addition.

General Fund Transfer Authority (Senate)

- Authorizes a district to transfer funds from the community education reserve account to finance capital and facility needs that are primarily used by community education programs.

Breckenridge PSEO (House)

- Allows the Breckenridge school district to enter into an agreement with a postsecondary education institution in North Dakota. The agreement allows high school students in the school district to receive college credit for a course taught at the high school or at another location, including the North Dakota postsecondary institution.

Hopkins School Program Combination (House)

- Authorizes any charter school located within the borders of the Hopkins school district to fold its programming into the school district’s operations. Directs how the charter school’s assets and liabilities are handled, reserves any positive fund balance transferred for the specific programs that the charter school formerly provided, adjusts the calculation of state aids to reflect the combined programming, and authorizes the Hopkins school district to levy $50,000 per year for up to five years to account for the program’s merger.
### E-12 EDUCATION BILLS
#### Proposed Changes with No Impact on State Budget

**Building Lease Levy**

**House**
- Allows member districts of cooperative units other than intermediate districts to access the $65 per member district pupil unit lease levy authority currently available only to intermediate district members.
- Allows a school district to include in its lease levy the amounts necessary for deferred maintenance projects at cooperative facilities.
- Adds Service Cooperatives to the definition of governmental unit for the purposes of joint powers.
- Increases the maximum lease levy for the St. Louis County school district from $212 per pupil unit to $500 per pupil unit beginning in fiscal year 2025.

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**School Meals Policies**

- **House and Senate** require each participant in the national school lunch program to adopt a school meals policy. The policy must be reasonable and well-defined and maintain the dignity of students by prohibiting lunch shaming.
- In addition, the **House** bill requires that:
  - the policy must address student meal charges and collections practices; prohibit withdrawals of meals served to students; ensure that a student eligible for free and reduced-price lunch is always served a reimbursable meal; and be provided to a third party meal services vendor.
  - Prohibits a participant from denying school lunch to a student who qualifies for free or reduced-price lunch, regardless of whether the student has an outstanding balance in the student’s meal account for any reason.
  - Requires a participant to provide meals to participating students in a respectful manner and conform to the school meals policy. Prohibits certain reminders of outstanding meal balances, and prohibits limiting student participation in school activities due to unpaid student meal balances. Requires the commissioner to send a letter of noncompliance to a participant that does not provide meals to participating students in a respectful manner, and the participant to respond and remedy the practice within 30 days.

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**TAX BILLS**

- **House and Senate** eliminate the public notice requirement for school districts prior to solicitation of bids; notice requirement remains for before the issuance of bonds or before the final certification of levies.

**House**
- Increases school bond agricultural credit from 40 percent to 70 percent of the tax on agricultural land attributable to school district bonded debt levies. Beginning taxes payable 2020. $30.5 million for FY21.
- Eliminates the July 1, 2027 sunset of the current sales tax exemption for admissions to events sponsored by the Minnesota State High School League (MSHSL). Makes it a permanent exemption.
- Requires commissioner of revenue to issue a report on the state’s assessment of pipeline and utility property by February 1, 2020.
TAX BILLS

Senate

- Referendum equalization – increases equalizing factors for tier 1, 2 and 3 referendum levies and alternative calculation of tier 2 and 3 levies (see slide 9 for details).
- Adds pre-kindergarten educational programs to the expenses eligible for the education expense credit – specifies public pre-k, Montessori programs, child care programs, etc.
- Increases the income threshold for education credit phase out from $33,500 to $38,000.

TAX BILLS

Equity and Opportunity in Education Tax Credit (Senate)

- Authorizes an income tax credit of 70 percent for donations to a qualified foundation up to a maximum of $21k for joint filers, $10.5k for individuals and $105k for corporations. Taxpayers must be issued a credit certificate from the commissioner of revenue in order to claim the credit.
- A qualified foundation may make qualified scholarship payments to or on behalf of a parent or guardian for the cost of an eligible student’s tuition for enrollment, not to exceed 70 percent of average state general fund revenue per pupil unit.
- Qualified foundations can also make grants to public schools including charter schools or school districts with > 30% free and reduced lunch concentration
- Income limit for student eligibility set at two times the maximum for reduced price lunch
- Application for credit certificates limited to $26.5 million (first-come, first served basis)

CANCELLED SCHOOL DAYS RELIEF BILL

Laws 2019, Chapter 5

- A school district or charter school that canceled school on one or more days during the 2018-2019 school year due to health and safety concerns may count those days as instructional days for purposes of calculating the number of hours and days in the school year and the calculation of ADM for students enrolled both before and after those school closure dates.
- If a school district or charter school counts a day that school was canceled as an instructional day it must compensate employees who did not work and were not compensated for that day, or allow them to work another day and compensate them at the employee’s normal rate of pay.
- It must also fully compensate contract employers who agree to compensate their eligible employees for the hours of work lost on the cancelled day at their employee’s normal rate of pay.
- MDE has published guidance and FAQs in the superintendents’ e-mail. Procedures for reporting are being finalized and will be published soon.
Thank you!

Tom Melcher
Tom.melcher@state.mn.us
651-582-8828