

2013 LEGISLATIVE SESSION SUMMARY

Updated May 20, 2013

Overall, the final agreement on the Education Finance bill appropriates \$485 million more over the FY14-15 biennium. This is \$65 million less than the House bill of \$550 million. It is close to the original Senate bill of \$486 million (of which \$150,000 million of that was property tax relief).

In addition, the Tax bill includes several significant education finance provisions. They are noted as such in the summary.

FUNDING PROVISIONS

Basic formula increase: Increases formula allowance by 1.5% per year – \$78 per pupil in FY14 and \$80 in FY15. (\$234 million for the biennium)

Aid payment shift: Creates a onetime mechanism to use any surplus that accumulates prior to June 30, 2013, to repay the school aid payment shifts – much like current law.

All-day kindergarten: Funds all-day kindergarten, beginning in FY15, by increasing the kindergarten pupil unit 1.0 for each full-time kindergarten pupil. To qualify for the higher all-day every day kindergarten weight, a pupil must be enrolled in a free all-day every day kindergarten program that is available to all kindergarten students at the pupil's school.

Allows school districts to use general education revenue to meet the needs of three- and four-year olds in the district as long as the district does not have a fee-based all-day kindergarten program.

Pupil weighting simplification: Changes pupil weighting for students in grades 1-6 to 1.0 and for pupils in grades 7-12 to 1.2.

Declining enrollment revenue: Establishes a new component of general education revenue called "declining enrollment revenue," which replaces funding marginal cost pupil units. Eliminates marginal cost pupil units.

Student achievement levy (known formally as the general education levy): Establishes a new general education levy imposed on adjusted net tax capacity. Proportionately reduces all districts' general education aid. If the district levies less than the maximum permitted rate, its general education aid is reduced proportionally.

Achievement and integration revenue: Establishes achievement and integration revenue. Revenue is equal to the sum of (1) \$350 x the district's pupil units for that year x the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year, and (2) the greater of zero or 66% of the difference between the district's integration revenue for FY13 and the district's integration revenue for FY14.

Directs the commissioner to review a district's plan results at the end of the third year of implementation and determine if the district met its plan goals. If not, allows the Commissioner to use up to 20% of a district's revenue to implement the improvement plan.

Reinstatement of the integration levy is included in the Tax bill.

Special education: Modifies the special education program annual growth factor. Defines "nonfederal special education expenditures" as all necessary and essential direct expenditures on special education programming excluding: (1) expenditures reimbursed with federal funds; (2) expenditures reimbursed with other state aid; (3) general education costs of serving the student; (4) facilities costs; (5) pupil transportation costs; and (6) postemployment benefit costs.

Defines "old formula special education expenditures" as the expenditures that were counted under the prior law.

Creates a new category of special education aid called cross-subsidy reduction aid.

Appropriates \$40 million in new aid.

Referendum program changes (included in Tax bill): Makes the first \$300 of referendum revenue approved by the school board, rather than by voters. Equalization is enhanced substantially for the first \$300 and is increased for the additional levels of referendum revenue.

Location equity index (included in Tax bill): Replace \$400 per pupil of referendum revenue with \$400 of board approved levy authority for metropolitan school districts and \$200 per pupil for regional centers.

Operating Referendum Freeze (included in Tax bill): Districts are prohibited from going out for a referendum in FY15 only. School districts are exempt from this provision if they had a failed referendum in 2012 or the board passes a resolution to renew their referendum before June 30.

Pension adjustment elimination: Eliminates the pension subtraction and establishes a new component of general education revenue for districts with a below average reduction for changes in employer pension contributions for FY14.

Compensatory revenue: Adjusts the compensatory revenue formula, for FY15 and later, to neutralize the impact of the change in pupil unit weights.

Safe schools: Increases the safe schools levy by \$4 per pupil unit for taxes payable in 2014 and later. Expands the uses of the levy to include facility security enhancements, efforts to improve the school climate, and costs associated with mental health services.

Career and technical funding: Creates an aid and levy formula and increases funding by \$10million.

School lunch: Increases state aid for each school lunch served from \$12 to \$.125 cents beginning July 1, 2013.

Early learning scholarships: Provides funding for early learning scholarships for families at or below 185% of the federal poverty level. Families can use scholarships in a school-based early learning program, Head Start program or licensed childcare setting. (Appropriates \$44 million in FY14-15; \$44 million in FY16-17)

Adult Basic Education: Increases the growth factor for adult basic education aid from 1.02 to 1.025 for FY2015.

POLICY PROVISIONS

Compulsory attendance: Extends the compulsory attendance law from age 16 to age 17. States that a pupil age 16 years or older, who is eligible for the graduation incentives program, may be assigned to an area learning center.

World's best workforce: Defines the "world's best workforce" as striving to meet school readiness goals, achieve third grade literacy for all students, close the academic achievement gap among racial, ethnic, and economic categories of students, attain career and college readiness, and have all students graduate from high school.

Directs a school board to adopt a comprehensive long-term plan to support teaching and learning that is aligned with the world's best workforce.

Directs the commissioner to assist districts and sites throughout Minnesota in implementing these effective strategies, practices, and use of resources.

Directs the Commissioner to identify those districts in any consecutive three-year period not making sufficient progress toward improving teaching and learning and striving for the world's best workforce.

Allows the commissioner, in consultation with the affected district, to require the district to use up to 2% of its basic general education revenue per fiscal year during the proximate three school years to implement commissioner-specified strategies and practices to improve and accelerate its progress in realizing its education goals.

Educational expectations and graduation requirements for Minnesota's students: Makes satisfactorily completing state credit requirements and demonstrating understanding of academic standards on a nationally normed college entrance exam among the state graduation requirements.

Planning for students' successful transition to postsecondary education and employment: Requires school districts, beginning in the 2013-2014 school year, to assist all students by no later than grade 9 to explore college and career interest and aspirations and develop a transition plan to postsecondary education or employment.

Basic skills test for teachers: Changes to the MTLE and teacher licensure system. Teachers who are otherwise qualified but have not passed the MTLE may be granted a one-year license no more than two times. A task force will be appointed to make comprehensive recommendations to the legislature about how to reform the licensure system and requirements

Teacher evaluation: Amends teacher evaluation requirements by basing 35% of teacher evaluation results on data from valid and reliable assessments aligned to state and local standards and on state and local measures of student growth that may include value-added models or student learning goals.

Basic skills revenue: Allows districts to use basic skills revenue for programs designed to prepare children for entry into school including early education programs, parent-training programs, school readiness programs, early kindergarten programs for four-year olds, and voluntary home visits and other outreach efforts.

Operating capital: Updates the allowable uses of operating capital revenue to include computer hardware, software, and annual licensing fees.

Fund transfers: Authorizes a school district, upon approval of the commissioner, to transfer money from any fund or account to any other fund or account unless that transfer would have an impact on state aids or local levies. Prohibits transfers from the community service fund, food service fund, or the reserved account for staff development revenue. Effective FY14 and FY15 only.

Adult diploma: Directs the education commissioner to adopt rules for providing a standard adult high school diploma to adults who are not eligible for K-12 services, do not have a high school diploma, and successfully complete a commissioner approved adult basic education program of instruction needed to earn an adult high school diploma. Establishes an adult diploma task to recommend programmatic requirements for adult basic education programs leading to a standard adult high school diploma.

Nonrenewal of coaches: Prohibits a school board from declining to renew a coach's contract based solely on the existence of parent complaints.

Restrictive procedures: Updates the law on the use of seclusion and restraints in the schools is moving forward in both the House and Senate. This legislation further clarifies the definition of emergency, expands the role of the local review committee, strengthens state oversight, clarifies when IEP teams meet and extends the use of prone restraints in emergencies for two more years.

Special education caseload task force: Establishes a task force to develop recommendations for the appropriate numbers of students with disabilities assigned to a classroom teacher with and without paraprofessional support and for cost effective and efficient strategies and structures for improving student outcomes.