

HF934/SF1030 –OMNIBUS EDUCATION APPROPRIATIONS BILL

THE BIG PICTURE

The conference committee agreement is \$14.129 billion for the FY12-FY13. This is \$27 million lower than the original House and Senate Targets. The agreement also includes a zero levy target which means that property taxes cannot increase as measured on a statewide basis – individual levies may increase or decrease but the net, statewide impact has to be zero.

While some progress was made on the special education growth factor, the conference committee agreement still includes a reduction in the growth factor, elimination of integration aid, changes to collective bargaining and the A-F grading system.

The conference committee report and spreadsheets are not yet available, so this summary is subject to change. In addition, this is an agreement between the House and Senate – the Governor has not signed off on this agreement.

FUNDING CHANGES

Formula allowance: The basic formula allowance is increased by \$20 per pupil in FY12 and \$21 per pupil in FY13.

Aid payment shifts: The aid payment shift is set at 70/30 and is ongoing.

Special education: The regular special education growth factor is set at 2% for FY12 and FY13 and 4.6% in FY14. The excess growth factor is set at 3% in FY12 and FY13, and 2% in FY14.

Integration revenue: Effective FY12, integration revenue is repealed (statutes and rules) and replaced with a new Innovation revenue program in FY 12 and with **literacy revenue** in FY13.

The cities of the first class will receive transition revenue which offsets a portion of the integration aid reduction for FY 12 and later. This results in a \$60 per pupil reduction in FY 12 and about \$150 per pupil in FY13 for school districts in the cities of the first class.

Vouchers: Establishes a voucher program for students attending persistently low-performing schools in the cities of the first class whose family income is less than 175% of the federal poverty level. As a result, the general education appropriation is reduced \$15.8 million and approximately the same amount is appropriated for the voucher program. This loss of pupil counts will also impact district levies that are tied to pupil counts.

Compensatory revenue: Compensatory is delinked from the basic formula allowance for FY12 and later.

Operating and Transportation Sparsity revenue: De-links operation and transportation sparsity revenue from the basic formula for FY12 and later.

Maximum effort school loan: Authorizes a school district that received a capitol loan prior to January 1, 1997 to repay the outstanding principal on its loan prior to July 1, 2012 and discharge its maximum effort capitol loan obligation to the state of Minnesota.

Career and technical education: Provides for an increase in the career and tech levy contingent on levy savings from other reductions in the agreement.

Adult Basic Education: Growth factor limited at 1%.

MDE budget: The MDE budget is reduced by 5% .

POLICY PROPOSALS

Student instruction hours: Changes the required number of days of student instruction to 425 hours for a kindergarten student without a disability, 935 hours for a student in grades 1-6 and 1,020 hours for students in grades 7-12.

Early graduation: An early graduation achievement scholarship program is established. Students who graduate early will be eligible for a scholarship that can be used at an accredited higher education institution. Students entering into military service are also eligible for the scholarship

Principal and teacher evaluations: Establishes a principal and teacher evaluation framework.

QComp: No new districts allowed in program and recapture the forecast excess revenue for FY12.

Grading schools: Creates a new A – F school grading system which is based on the Florida model of education reforms.

MOE of safe schools levy: Repeals the maintenance of effort requirement associated with the safe schools levy.

Academic standards rulemaking. - Prohibits the commissioner from adopting revised and realigned academic standards, graduation requirements and common core standards without first receiving legislative authority.

Collective bargaining: Makes several changes to collective bargaining.

- Establishes a Qualified Economic Offer system that prohibits teachers from striking over economic issues if the school board offers a contract that includes a percentage increase in compensation at least equal to the district's biennial percentage increase in basic revenue.
- Implements binding arbitration.
- Repeals January 15th contract deadline penalty.
- Gives school boards the authority to determine the number and identity of vendors for 403(b) plans.

Teacher probationary and tenure status: Makes changes aligned with the proposed teacher assessment and evaluation system.

- Directs a school board to decide whether or not to renew a probationary teacher based on the teacher's professional growth plan, the teacher's appraisal results, performance effectiveness rating, and other locally selected criteria.
- Teachers who satisfactorily complete a probationary period have a renewable 5-year contract.
- Allows a superintendent to exempt from the unrequested leave of absence provisions those teachers who, in the superintendent's judgment, are able to provide instruction that similarly licensed teachers cannot provide or whose subject area license meets unmet district needs for student instruction.

Special education: Several policy changes are included.

- Requires the commissioner to adopt new rules related to special education after receiving specific legislative authority to do so.
- A school district is not required to provide educational services to non-resident students from another state who do not have an individual education plan and do not have a tuition agreement.
- Reforms the 3rd party reimbursement system.

State short-term borrowing: Repeals 127A.46 which allows the state to delay school aid payments in lieu of short-term borrowing.

Fund transfers: Fund transfers must be approved by the commissioner in FY 12 and FY 13 if the transfer does not increase state aid obligations to the district or result in additional property tax authority. This does not apply to transfers from the community education or food service fund.

Community education director: Allows a school district with fewer than 7500 students (current law is 2,000) to employ a person without a community education director license. This person must have a principal or superintendent's license.

Health and Safety revenue program: Streamlines the health and safety revenue program.