



Tuesday, April 2, 2019

Representative Jim Davnie
443 State Office Building
St. Paul, MN 55155

Dear Representative Davnie,

Thank you to you and your committee members for your leadership and vision in constructing a bill that makes a significant, equitable investment in Minnesota students. The governor, lieutenant governor and I share your priorities in stabilizing school funding, tackling increased costs that districts face like the growing needs in special education, and prioritizing teacher quality recruitment and mentoring. I am delighted that we are both advancing serious proposals to recruit and retain teachers of color and American Indian teachers, even if our approaches have differences.

I particularly want to thank you for recognizing the skills and expertise offered by the educators and professionals at the department to schools across the state. The investments in the governor's budget bill in the department's funding will ensure we can continue to providing service and technical assistance in critical areas like data analytics, maltreatment investigations, and supporting schools identified for support under the state's accountability plan.

The governor and lieutenant governor have proposed convening a school finance task force to discuss issues like equalizing, the cross-subsidy schools face in dual language learner education, and addressing special education funding, and so I appreciate that this bill brings these items forward for an in-depth conversation. Having a holistic conversation about the needs in school finance is a better approach versus having stand-alone conversations; for that reason, I would recommend incorporating the pupil transportation working group into the governor's task force as they are interconnected.

There are two sections of the governor's budget recommendations that are not included in this bill that I would like to bring to your attention. First, the governor recommends the creation of a grant administration account at Minnesota Department of Education (MDE), similar to accounts at agencies like Minnesota Department of Employment and Economic Development, where up to five percent of each grant would be transferred to a special revenue fund for administration of grants to provide sustained support for our state's ambitious education work. Consider for example the school safety grants; 125 grants were awarded, requiring the writing of 125 grant contracts (OGANs) and work plans and budgets to be reviewed and approved. An OGAN has more than a dozen steps to be executed as outlined in Chapter 13. Each of these grants is vitally important and making sure each is executed as quickly as possible while maintaining the state's obligation to fiscal management is critical. This grant is and will be administered within existing staff; MDE is proud of its work to expand resources for school safety across the state, but this trend is not sustainable. Grant programs assigned to MDE without funding for grant management costs have increased from \$13 million in 2012 to \$47.7 million in 2018. This bill

would add over \$8 million to that amount. While many grants in this bill do include grant administration, establishing a special revenue fund for this would allow the agency to be more efficient in the coding of time worked. Currently some of the grants staff code their time to up to 10 different funding strings. Establishing a special revenue account for grant administration would ensure more specialized staff working with grant recipients and more efficient fiscal monitoring at the department.

The second recommendation from the governor's bill that is not included in is the recommendation to move Board of School Administrators (BOSA) and Professional Educator Licensing and Standards Board (PELSB) from the special revenue fund to the general fund. Currently, BOSA is general fund appropriated and all licensing fees for school administrators are paid to the general fund. The 2017 legislature directs BOSA and PELSB to be paid from the special revenue fund starting in FY20. This poses many administrative challenges. Historically, BOSA has not consistently collected enough receipts in a fiscal year to fully fund their operating budget. The board does not receive the majority of their fee revenue until November of each year. This will result in the board relying on cash flow assistance at the start of every fiscal year so that they may continue to support their operations. While this bill addresses some of these challenges, like the mixing of receipts between BOSA and PELSB, it does not address others. Moving BOSA and PELSB to the general fund will ensure both boards are adequately funded through out the fiscal year and able to provide their critical oversight services to educators and administrators across the state.

I look forward to working with you to address these concerns and our shared priorities as this bill works through the House and is conferenced with the Senate.

Sincerely,



Mary Cathryn Ricker, NBCT
Commissioner