

Subject K12 Finance Bill; Governor's Recommendation

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Overview

H.F. 5237 is the Governor's K12 education finance bill for the 2024 legislative session. This bill contains a onetime funding increase for the Professional Educators Licensing and Standards Board (PELSB) for technology costs, transfers a onetime appropriation for expanded voluntary prekindergarten (VPK) programming in fiscal year 2025 to the actual appropriations affected by the expansion of the VPK program, makes technical and clarifying changes to last year's laws, and adds an administrative set aside on Head Start funding.

Article 1: General Education

Clarifies that a cooperative unit is eligible for reimbursement for pupil transportation to and from an Area Learning Center, allocates expanded VPK funding among the actual appropriations affected by the expansion of the program, removes an obsolete reference, and makes technical and clarifying changes.

Section Description - Article 1: General Education

- 1 Length of school year; hours of instruction.**
Removes an obsolete reference to certain kindergarten students.
- 2 Area learning center transportation aid.**
Clarifies that a school district or a cooperative unit may provide reimbursable pupil transportation services for students attending area learning center (ALC) programming.
- 3 School English learner revenue.**
Clarifies a cross reference. Defines "qualifying English learner services" for purposes of determining a district's cross subsidy aid.

Section Description - Article 1: General Education

- 4 **Money appropriated. [Unemployment aid]**
Makes school district unemployment aid for summer employment for hourly workers payable to school districts on a 90 percent/10 percent basis as are most other school district aid payments (90 percent of the aid entitlement is paid during the current year and 10 percent of the aid is paid in the cleanup payments in the following fiscal year).
- 5 **Learning year pupil units.**
Removes an obsolete reference.
- 6 **Local optional revenue.**
Adjusts the equalizing factor for local optional revenue (LOR) for fiscal year 2025. The higher LOR equalizing factor lowers the LOR levy and increases LOR aid in an amount sufficient to cover the referendum market value levy costs of expanding the number of students served by the VPK program.
- 7 **Compensatory education revenue.**
Clarifies a cross reference.
- 8 **Statewide compensatory allowance.**
Modifies the calculation of compensatory revenue for fiscal year 2026 and later.
- 9 **Total operating capital revenue.**
Clarifies the calculation of the equalized portion of operating capital revenue.
- 10 **Operating capital levy.**
Increases the operating capital revenue equalizing factor for fiscal year 2025. This lowers the statewide operating capital levy by an amount equal to the increase in net tax capacity levies due to the expansion of the number of seats in the VPK program for fiscal year 2025.
- 11 **General education aid.**
Modifies the general education aid appropriation by both the forecast adjustment and the amount necessary to cover the costs of the expansion of the VPK program seats.
- 12 **One-room schoolhouse.**
Clarifies that the payment to the Warroad school district for the Angle Inlet school is a state aid and not a grant.

Section Description - Article 1: General Education

13 Basic skills revenue account transfers.

Requires a school district to transfer any balance in the basic skills revenue account reserved for extended time programming to the restricted balance for all basic skills revenue amounts.

Article 2: Economic Excellence

Requires cooperative units, the Perpich Center for Arts Education, and the Minnesota State Academies to provide paraprofessional training in the same manner as applies to school districts. Allocates expanded VPK funding among the actual appropriations affected by the expansion of the program and makes technical and clarifying changes.

Section Description - Article 2: Economic Excellence

1 Paraprofessional training.

Requires intermediate school districts, other cooperative districts, the Perpich Center for Arts Education, and the Minnesota State Academies to provide paraprofessional training in the same manner as school districts and charter schools.

For purposes of this section, defines compensation as the sum of the employee's regular hourly wage, Social Security payments (FICA), and retirement payments for each qualifying employee.

2 Achievement and integration aid.

Modifies the appropriations for achievement and integration to accommodate the additional VPK seats in fiscal year 2025 and makes forecast adjustments.

3 Charter school building lease aid.

Modifies the appropriation for charter school building lease aid to accommodate the additional VPK seats in fiscal year 2025 and makes forecast adjustments.

4 Ethnic studies school grants.

Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.

5 Full-service community schools.

Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.

Section Description - Article 2: Economic Excellence

- 6 **Minnesota Council on Economic Education.**
Eliminates the early payment of the grant to the Minnesota Council on Economic Education.
- 7 **Nonexclusionary discipline. [Appropriation]**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.

Article 3: American Indian Education

Increases the length of time that a school district may carry forward American Indian education aid from six months to a full year.

Section Description - Article 3: American Indian Education

- 1 **Carry forward of funds. [American Indian program aid]**
Expands the carry-forward of American Indian program aid from six months to a full year.

Article 4: Teachers

Allocates expanded VPK funding among the actual appropriations affected by the expansion of the program, expands the number of eligible participants in the special education teacher pipeline program, and makes technical and clarifying changes.

Section Description - Article 4: Teachers

- 1 **Basic alternative teacher compensation aid. [QComp]**
Increases the basic QComp aid by the amount necessary to adjust for the additional VPK pupils.
- 2 **Revenue reserved. [QComp]**
Requires QComp revenue to be reserved and spent only for the purposes authorized in the QComp statute.
- 3 **Grow Your Own district programs.**
Authorizes the four Tribal contract schools to apply for a teacher preparation program grant.

Section Description - Article 4: Teachers

- 4 Grants for programs serving secondary school students. [Grow Your Own secondary student programs]**
Authorizes a Tribal contract school to apply for a grant under the Grow Your Own secondary student program. Allows grant funds to be used on scholarships to an institution that has an articulated transfer pathway with a board-approved teacher preparation program.
- 5 Grant procedure. [Grow Your Own programs]**
Authorizes existing grant recipients and MDE to modify existing grants to reflect expanded use of funds.
- 6 Grant program established. [Special education teacher pipeline program]**
Authorizes a Tribal contract school to participate in the special education teacher pipeline program.
- 7 Grant uses. [Special education teacher pipeline program]**
Expands the individuals who may participate in the special education teacher pipeline program to any school employee or community member affiliated with a grant recipient who demonstrates a willingness to be a special education teacher.
- 8 Grant procedure. [Special education teacher pipeline program]**
Authorizes existing grant recipients and MDE to modify existing grants to reflect the broader group of individuals who may participate in the programs.
- 9 Student support personnel aid.**
Requires student support personnel aid to be placed in a reserve account. Limits the account balance to not more than the prior year's allocation. Restates that student support personnel aid must not exceed actual program expenditures.
- 10 Alternative teacher compensation aid. [Appropriation]**
Increases the alternative teacher compensation aid to include the amounts necessary to cover the expansion of VPK students for fiscal year 2025 and adjusts the aid amount to match the February 2024 forecast.
- 11 Closing education opportunity gap grants. [Appropriation]**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.
- 12 Statewide teacher mentoring program. [Appropriation]**
Expands the individuals who may participate in the teacher mentoring program to include Tier 2 (as well as Tier 1) special education teachers.

Section Description - Article 4: Teachers

- 13 **Student support personnel workforce pipeline. [Appropriation]**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.
- 14 **Teacher residency program. [Appropriation]**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.
- 15 **Collaborative urban and greater Minnesota educators of color grants.**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.
- 16 **Mentoring, induction, and retention incentive program grants for teachers of color.**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.

Article 5: Charter Schools

Makes clarifying changes to the charter school building lease aid program.

Section Description - Article 5: Charter Schools

- 1 **Leased space. [Charter schools]**
Clarifies that the commissioner approves or disapproves a lease aid application, not the lease itself.
- 2 **Building lease aid. [Charter schools]**
Makes clear the commissioner may request additional information about a building lease before approving or disapproving a lease aid application.

Article 6: Special Education

Adjusts the special education aid appropriation for the February 2024 forecast and to accommodate the increased number of VPK students.

Section Description - Article 6: Special Education

- 1 Special education; regular. [Appropriation]**
Increases the regular special education aid appropriation to include the amounts necessary to cover the expansion of VPK students for fiscal year 2025 and adjusts the aid amounts to match the February 2024 forecast.

Article 7: School Facilities

Adjusts the long-term facilities maintenance (LTFM) aid appropriation for the February forecast and to accommodate the increased number of VPK students. Clarifies language.

Section Description - Article 7: School Facilities

- 1 Grants for gender-neutral single-user restrooms.**
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025.
- 2 Long-term facilities maintenance equalized aid. [Appropriation]**
Increases the LTFM aid appropriation to include the amounts necessary to cover the expansion of VPK students for fiscal year 2025 and adjusts the aid amounts to match the February 2024 forecast.

Article 8: School Nutrition and Libraries

Allocates expanded VPK funding among the actual appropriations affected by the expansion of the VPK program.

Section Description - Article 8: School Nutrition and Libraries

- 1 School lunch. [Appropriation]**
Increases the school lunch appropriation to include the amounts necessary to cover the expansion of VPK students for fiscal year 2025 and adjusts the aid amounts to match the February 2024 forecast.
- 2 School breakfast. [Appropriation]**
Increases the school breakfast appropriation to include the amounts necessary to cover the expansion of VPK students for fiscal year 2025 and adjusts the aid amounts to match the February 2024 forecast.

Article 9: Early Childhood Education

Applies the funding appropriated in the 2023 legislative session for additional fiscal year 2025 VPK program seats to the specific statutory appropriations in earlier articles, adds the added VPK pupil count to statute, and repeals the onetime fiscal year 2025 line item appropriation for added VPK seats. Sets aside two percent of the Head Start appropriation for administrative purposes.

Section	Description - Article 9: Early Childhood Education
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| 1 | Participation limits. [VPK]
Increases the statutory number of students that may participate in the VPK program in fiscal year 2025 (the 2024-2025 school year) from 7,160 participants to 12,360 participants (the level currently in statute for fiscal year 2026 and later). |
| 2 | Head Start program. [Appropriation]
Allows MDE to use up to two percent of the state's Head Start appropriation for program administration. |
| 3 | Early childhood curriculum grants. [Appropriation]
Clarifies that any balance in the fiscal year 2024 appropriation carries forward into fiscal year 2025. |
| 4 | Repealer. [Onetime VPK money]
Repeals the onetime line item appropriation for VPK as the amounts necessary to expand the program are added to each of the appropriations affected by enhanced VPK program participation. |

Article 10: State Agencies

Provides additional funding for the PELSB.

Section	Description - Article 10: State Agencies
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| 1 | Professional Educator Licensing and Standards Board (PELSB). [Appropriation]
Appropriates an additional \$2,767,000 for PELSB for information technology costs. Makes the appropriation onetime and allows the appropriation to be spent over three years. |
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Article 11: Forecast Adjustments

Makes adjustments to fiscal years 2024 and 2025 preK12 education appropriations enacted during the 2023 legislative session to match the February 2024 Forecast data. The forecast levels are the best estimates of the state aid required for each K12 program and appropriation. Generally, a change in the estimated pupil counts, or a change in program participation is the most likely cause of a forecast adjustment. The changes in the appropriations are real and the changes must be enacted in law, but forecast adjustments have no fiscal impact when measured against the K12 budget because the changes are built into the forecast estimate of the budget base.

Appropriations contained in the other articles of this bill are adjusted for the forecast in those articles and are not separately adjusted in this article.



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