

HF4 - 0 - K-12 COVID-19 Actions

Chief Author: **Hodan Hassan**
 Committee: **Education Finance**
 Date Completed: **1/27/2021 8:35:45 PM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	Dollars in Thousands	FY2021	FY2022	FY2023	FY2024
General Fund	118,721	16,295	1,202	3	-
Total	118,721	16,295	1,202	3	-
Biennial Total			17,497		3

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	.1	.2	-	-	-
Total	.1	.2	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 1/27/2021 8:35:45 PM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.leg.mn

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2021	FY2022	FY2023	FY2024	FY2025	
General Fund	118,721	16,295	1,202	3	-	
Total	118,721	16,295	1,202	3	-	
	Biennial Total		17,497		3	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	118,721	16,295	1,202	3	-	
Total	118,721	16,295	1,202	3	-	
	Biennial Total		17,497		3	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	
Total	-	-	-	-	-	
	Biennial Total		-		-	

Bill Description

Article 1

Section 1 defines a school district or charter school’s adjusted pupil units (APU), for the 2020-21 school year only. Adjusted pupil units are defined as the greater of amount calculated for fiscal year 2020 or the amount calculated for fiscal year 2021 for the purposes of calculating general education revenue only.

Section 2 adjusts the appropriation for fiscal year 2021 to reflect the one year change to calculation of adjusted pupil units (districts and charters allowed to use the greater of 2020 or 2021 amounts).

Section 3 allows school boards to adopt a written resolution to provide one-time extended school day and school year programming to address COVID educational services disruption, from the date of enactment to August 30, 2021. Allows hours of instruction for extended time programming to be eligible for extended time revenue.

Section 4 addresses the provision of services to students with disabilities during the pandemic.

- Directs a districts and charters to prioritize serving students with Individualized Education Plans (IEPs) in federal level three or four settings and students identified as English learners when planning for on-site instruction.

- Allows home visits for delivery of special education services and makes these services eligible for special education funding.

- Addresses how truancy is to be handled for students with IEPs during distance learning.

- Requires districts to allow a student participating in a special education secondary transition program during the 2020-2021 school year to participate in the program in the 2021-2022 regardless of the student’s age.

Section 5 provides appropriations for various grant programs and one-time extended time revenue for FY2021.

Article 2

Section 1 states that any federal funds received for COVID relief for local education agencies (LEAs) from the date of enactment to June 30, 2023 must be used to reduce state aid for programs and grants outlined in this bill for fiscal years 2021 and 2022.

Assumptions

Article 1, Sec. 1-2 ADM Hold Harmless

MDE based all calculations on November 2020 forecast pupil data. It is assumed that district and charter schools reported accurate pupil estimates for the November 2020 forecast.

Adjusted pupil unit (APU) counts in this bill apply *only* to general education programs. There are other funding formulas that are derived from APU counts (Long Term Facilities Maintenance (LTFM), Achievement and Integration, Career and Tech, etc); however they are not included in the scope of this fiscal note.

MDE will use the districts' actual resident ADM/pupil units for FY 2021 since resident ADM is not mentioned in the bill.

Taking the greater of the preliminary actual FY20 APUs or forecasted FY21 APUs (lines 1 and 2 below) for all districts and charters results in a maximum APU of 957,484 (line 3). Comparing the maximum FY21 APU (line 3) to current law FY21 APU (line 2) results in an additional 10,743 APU. Run through the general education model, this results in \$56,532,467 in additional general education revenue, \$42,863,869 in state aid entitlement, \$13,668,598 in local property tax levy.

The levy changes are levy authority for FY 2021. However, the increases would be certified as adjustments for payable 2023 (FY 2024).

It is estimated that 40 hours of MN.IT developer and project manager time will be required to make this one-time adjustment to the funding calculations. At a blended rate of \$110/hr, the total cost would be \$4,400 for FY21. No ongoing costs are anticipated.

Art 1, Sec. 3 and Art. 1, Sec. 4, Subd. 6 - Extended Time

- This bill will pass by March 1, 2021. Districts will be able to adopt their resolution by March 1, 2021. Districts and charter schools may offer extended school day and school year programming as of March 1, 2021.
- If the bill passes after March 1, 2021, it is assumed that there will be fewer extended day membership hours generated by students and less extended time revenue generated for FY 2021. This would not impact the assumptions for extended time revenue for FY 2022.
- School boards would develop the form and manner on how the programming would be provided. The programming may be provided as in-person, hybrid or distance learning models.
- The extended day and school year programming would be provided by licensed teachers.
- This program is available to all districts and charter schools. Types 1, 2, 3 and 7.
- Students who participate are **not** limited to the at-risk criteria as described in M.S. 124D.68.
- The Average Daily Membership (ADM) computed from the Membership Hours of the students enrolled in the program will generate aid based on the Extended Time formula rate of \$5117.00 per extended time pupil unit.
- There will not be an adjustment to carry the extended time revenue to the general education revenue to fulfill the 1.00 ADM. Only extended time ADM will be generated in these programs.
- M.S. 126C.06, subd. 15 refers to extended time eligibility to grades kindergarten (without a disability) through secondary.
- Currently, voluntary pre-kindergarten (VPK) students are not eligible for extended time ADM. The VPK students would not be eligible for these programs.
- Instructional Hours, the denominator in calculating ADM is based on M.S. 120A.41.
 - o 850 kindergarten full day
 - o 935 grades 1 through 6

- o 1,020 grades 7 through 12
- Membership for students enrolled in the extended time program will be reported in terms of hours.
- Pupil weighting applies based on M.S. 126C.05, Subd. 1(e).
 - o 1.0 Full-day kindergarten through grade 6
 - o 1.2 Grade 7-12
- The extended time ADM generated by this program would not exceed the cap on extended time ADM of 0.2 ADM. M.S. 126C.05, subd 8.
- Students who have been absent 15 day consecutive school days during the regular school day or for five consecutive school days during the summer school shall be dropped from the roll. M.S. 126C.05 subd. 8.
- Early childhood special education students are not eligible for extended school day and school year programming. Extended day and year program services would be provided to this grade level via their IEP.
- Kindergarten students with disabilities are not eligible for extended school day and school year programming. Extended day and year program services would be provided to this grade level via their IEP.
- Districts and charters would offer extended day programming from March 1 until the end of the school year. The program would be offered for 28 school days, two hours each day. Average 56 Membership Hours.
- Summer programming is assumed to be provided as 80 Membership Hours over the summer months. The program would run five weeks over the summer, four days per week and four hours per day.
- Membership generated **before** the end of the 2020-21 school year would be included in revenue for FY 2021.
- Membership generated **after** the end of the 2020-21 school year would be included in revenue for FY 2022.
- 5% of students enrolled would enroll in this program during the school year. The October 1, 2020 enrollment is used as the basis.
- 3% of students enrolled would enroll in this program during the summer months. The October 1, 2020 enrollment is used as the basis.
- The assumed participation rates in this fiscal note are in addition to students who already qualify and participate in State Approved Alternative Programs (SAAPs).
- Nonpublic and home school (shared-time) students are not eligible for extended school day and school year programming.
- Existing State Approved Alternative Programs would continue to operate normally and generate extended time ADM.
- Transportation would be optional and be covered by the extended day and school year revenue.
- MNIT programming would be required to collect student participation data. One MSFS Application Developer will be needed for 160 hours. One MARSSWES Application Developer will be needed for 80 hours. At \$110/hr, the total cost for MNIT programming will be \$26,400. This estimate is based on current bill language, however, it is very unlikely that programming could be completed in time for the FY21 school year portion of this extended time provision. This is especially so given the unknown timing of enactment.

Art. 1, Sec. 4, Subd. 1-3 Students with Disabilities

It is assumed that there will be no state costs for requiring districts to prioritize in-person instruction (Subd. 1), allow special education services to be delivered in a student's home if deemed appropriate and necessary (Subd. 2) and take into account student learning needs of children with IEPs when addressing truancy (Subd. 3).

Art. 1, Sec. 4, Subd. 4 - Special Education Transition Services

Child count shows there are 323 students who were 21 as of 12/1/2020 along with 1,101 who were 20. Therefore, roughly

275 of the students whom were 20 on 12/1/2020 along with the 323 who were 21 would normally have aged out of SpEd and would not be eligible for services in SFY 22 but this proposal makes them eligible. During SFY 20 only 100 total students participated in an ACTE-SpEd job placement or evaluation program of which most were between 17 and 20 years of age. Of those 100 it is estimated that 15 are students who are at the age of 21 and so 15 students could stay on another year and continue to participate in this program (ACTE-SpEd). The average cost was \$2,586 to the LEA. We can estimate that no more than 15% would be students whom would qualify under this proposal to continue another year and therefore add 15 additional students. This comes to \$38,790 for schools in SFY 22, which since state aid is based on prior year costs means it would cost the state \$23,662 (61% reimbursement average) which would be spread \$20,738 in SFY 23 and \$2,920 in SFY 24.

Art. 1, Sec. 5, Subds. 2, 3, 4, 5 and 7 Grants

It is assumed that MDE will have adequate resources to administer the Full-Service Community Schools and Trauma Informed School Incentive Grants with the appropriations set aside for grants administration in the bill (\$50,000 each).

Implementing Subd. 2, full-service community schools, the timing for implementation is problematic with an appropriation end date of 8/31/2021.

It is assumed that MDE will need additional staff time in order to complete work related to administering the specifically named Reading Corp, Math Corps and Ignite grants. (Legislatively named grants have the same level of oversight as competitive grants). The staffing needs for these three grants are estimated as follows:

A Grant Specialist at 0.05 in FY21 and 0.10 FTE in FY22 will be needed to provide assistance with grant administration including grant agreement drafting and execution, grant management of the award in regards to payments, monitoring and closeout.

An Education Specialist II at 0.05 in FY21 and 0.10 FTE in FY22 to assist with grant opportunity development, application review, approving grant payments, program reporting and closeout activities.

Article 1, Section 5, Subd. 8 Special Education Summer Program Grants

It is assumed that approximately 35 percent of students with an IEP that do not currently receive extended school year (ESY) services will participate in summer 2021 educational programming under this bill. This is based on MDE professional assessment of the demand for summer services. This equates to 48,949 students.

It is assumed that summer programming will be delivered in-person.

It is assumed that summer programming will be staffed by licensed teachers.

The average cost to serve an ESY student is estimated to be \$1,020 for FY21. This is the amount assumed per student served with the summer program grants.

It is assumed that districts and charters will receive funding based on actual students served.

Article 2 Federal Funds

Should federal funds become available to the state of Minnesota for which expenditures in Article 1 are eligible expenditures between the effective date of this act and June 30, 2023, federal funds would be substituted for a portion of the district's state aid entitlement, or for grants received, reducing the state's obligation for FY21 and/or FY22. As we do not know if federal funds eligible to cover the costs under this bill will become available within the timeframe specified, the costs of this fiscal note are currently carried in the general fund.

Expenditure and/or Revenue Formula

Article 1, Sec. 1-2 Costs:

1	FY20 preliminary actual APU	951,237			
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2	FY21 forecasted APU	946,741			
3	Maximum APU (sum of greater of FY20 or FY21 for all districts and charters)	957,484			
4	Difference (Line 3 - Line 2)	10,743			
5					
6	General Education	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
7	General Ed Revenue Increase	56,532,467			
8	General Ed Aid Increase	42,863,869			
9	General Ed Levy Increase				13,668,598
10					-
11	90% Current Year Gen Ed Aid	38,577,482			
12	10% Final Year Gen Ed Aid		4,286,387		
13					
14	MN.IT costs	4,400			
15					
16	Total Costs:				
17	State Aid	38,581,882	4,286,387		
18	Property Tax Levy				\$13,668,598

Article 1, Sec. 3 (Extended Time) Costs:

1	Extended School Day (Regular School Year) FY21 Revenue	K	Grades 1 - 6	Grade 7 - 12	Total
2	Oct 1 Enrolled by Grade Cohort (FY21 student data)	51,397	377,171	407,916	836,484
3	5% of students participating	2,570	18,859	20,396	41,824
4	Membership hours per student 56 extended time ADM per student	0.06	0.06	0.05	
5	Membership Hours (Enrollment* Student participating)	143,912	1,056,079	1,142,165	2,342,155
6	ADM-Of the 5%, each participating student would generate 56 Membership Hours/statute defined Instructional Hours. Round to hundreths	169.31	1129.50	1119.77	2418.58

7	Pupil Units	1.00	1.00	1.20	
8	Cost extended day program FY21 \$5117	\$ 866,359	\$ 5,779,652	\$ 6,875,836	\$13,521,846
9					
10		FY21	FY22	FY23	FY24
11	Extended Time School Year Entitlement:	\$13,522,000			
12					
13	Appropriations Basis:				
14	90% current year	12,170,000			
15	10% final year		1,352,000		
16					
17	School Year Program (summer) FY22 Revenue				
18					
19	School Year	K	Grades 1 - 6	Grade 7 - 12	Total
20	Oct 1 Enrolled by Grade Cohort (FY21 Student Data)	56,654	390,017	406,257	852,928
21	3% of students participating	1,700	11,701	12,188	25,588
22	Membership hours per student 80 extended time ADM per student	0.09	0.09	0.08	
23	Membership Hours (Enrollment* Student participating)	135,970	936,041	975,017	2,047,027
24	ADM-Of the 3%, each participating student would generate average 80 Membership Hours/statute defined Instructional Hours Round to hundreths	159.96	1001.11	955.90	2,117
25	Pupil Units	1.00	1.00	1.20	
26	Summer extended time programs FY22 (Membership Hours*PUN*5,117)	\$ 818,515	\$ 5,122,680	\$ 5,869,608	\$ 11,810,804
27					
28		FY21	FY22	FY23	FY24
29	Extended Time School Year Summer FY22 Entitlement:		\$ 11,811,000		
30					
31	Appropriations Basis:				

32	90% current year		10,629,900		
33	10% final year			1,181,100	
34					
35	Extended Time Fiscal Note Entitlement Total (line 11 + line 28):	\$ 13,522,000	\$ 11,811,000	0	0
36	Extended Time Fiscal Note Appropriations Totals (line 14 + line 15 + line 32 + line 33):	12,170,000	11,981,900	1,181,100	-
37					
38	MNIT programming costs:	26,400			
39					
40	Grand total, Extended Time (line 36 + line 38):	12,196,400	11,981,900	1,181,100	-

Article 1, Sec. 4, Subd 4 - Special Education Transition Services

1	Estimated students eligible for transition services for FY22	598				
2	Estimated actual participation	15				
3	Average cost per participant	\$2,586				
4	Estimated Total SPED cost for FY22 (Line 2 * Line 3):	\$38,790				
5	Costs * 61% reimbursement average (Line 4 * 0.61) = FY22 SPED entitlement	\$23,662				
6	Appropriations Basis:	FY21	FY22	FY23	FY24	FY25
7	90% Current Year * .974 Special Ed adjustment			20,742		
8	10% Final Year				2,920	

Article 1, Sec. 4, Subd. 8 Special Education Summer Program Grants

1	Unduplicated SPED student count FY20	152,016
2	% of students served in Extended School Year (ESY) Programs	8.0%

3	ESY enrollment FY20 (line 1 * line 2)	12,161
4	Average ESY cost per student	\$ 1,020
5	Estimated FY21 students eligible for summer school in this bill (line 1 - line 3)	139,855
6	Estimated Participation Rate:	35.0%
7	Actual FY21 participants (line 5 * line 6)	48,949
8	Costs for FY21 summer school grants (line 4 * line 7)	\$49,928,135

Fiscal Note Cost Summary:

		FY21	FY22	FY23	FY24	FY25
1	Sec. 1-2 - ADM hold harmless	38,577,600	4,286,000			
2						
3	Sec. 4 - Special Ed Transition Services			20,742	2,920	
4						
5	Section 5 Grants					
6	Full-service community schools	2,000,000				
7	Trauma-informed school incentive grants	6,000,000				
9	Math corps	3,000,000				
8	Reading corps	2,000,000				
10	After-school community learning grants	5,000,000				
11	Subtotal, Grants:	18,000,000				
12						
13	Sec. 5 - Extended Time	12,170,000	11,981,900	1,181,100	-	-
14						
15	Sec. 5 - SPED summer prog. grants	49,929,000	-	-	-	-

16						
17	MNIT Costs:					
18	Sec. 1 - ADM Hold-harmless	4,400				
19	Sec. 5 - Extended Time	26,400	-	-	-	-
20	Subtotal, MNIT:	30,800	-	-	-	-
21						
22	MDE Admin Costs for Administration of Reading Corp, Math Corp and Ignite Grants:					
23	Grant Specialist (FTE - 0.05,0.10,0,0,0)	5,972	12,015			
24	Ed. Spec. II (FTE - 0.05,0.10,0,0,0)	7,189	14,449			
25	Total Salary Cost	13,161	26,464			
26						
27	Grand Total Fiscal Note Costs (Line 1 + Line 3 + Line 11 + Line 13 + Line 15 + Line 20 + Line 25):	118,721,000	16,295,000	1,202,000	3,000	-

Long-Term Fiscal Considerations

Article 1, Sec. 1-2 The levy impact will not occur until FY2024.

Local Fiscal Impact

Article 1, Sec. 1-2 There will be a one-time levy impact of \$13,688,598 in FY24.

References/Sources

N/A

Agency Contact: Sharon Peck, 651-582-8811

Agency Fiscal Note Coordinator Signature: Melissa Johnson

Phone: 651-582-8690

Date: 1/27/2021 8:27:01 PM

Email: melissa.r.johnson@state.mn.us