

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3833

DATE: May 13, 2010

Version: First Engrossment

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Subject: 2010 Omnibus K-12 Finance Bill

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Overview

Proposes K-12 education finance and policy changes.

Section

Article 1: General Education

- 1** **Calculation of income.** Clarifies that the investment income earned by the permanent school fund includes interest earned on the certified monthly earnings prior to their transfer to the Department of Education.
- 2** **Early graduation.** Redirects early graduation savings from a school district to the early graduation achievement scholarship program for participating students (current law allows a school district to continue to count a student who graduates early in its enrollment for the full school year).
- 3** **Early graduation achievement scholarship program.** Creates the early graduation achievement scholarship program. Qualifies a student who graduates early for a scholarship of up to \$7,500. Allows the student to use the scholarship at any accredited higher education institution. Creates a process for the commissioner of education to verify the student's enrollment in a higher education institution.
- 4** **Capital project levy referendum.** Authorizes a school district that is renewing a capital project referendum at the same tax rate to state on the ballot that the capital project is being renewed and that the tax rate is not being increased over the previous year's tax rate.
- 5** **Textbooks, materials.** Allows a postsecondary institution to charge a PSEO student for any textbooks or classroom materials that are not promptly returned to the PSI by the student.

- 6 Definitions; special education excess cost.** Divides the general education revenue calculation into separate formulas for charter schools and school districts for purposes of determining special education excess cost aid. Removes obsolete language.
- 7 Extended time revenue.** Links the extended time revenue formula allowance to the general education basic formula allowance so that future increases in basic revenue are accompanied by proportional increases in extended time revenue.
- 8 Operating capital levy.** Increases the equalizing factor for the operating capital levy from \$10,700 to \$10,954 for fiscal year 2012 and \$11,065 for fiscal years 2013 and later.
- 9 Operating capital revenue uses.** Expands the allowable uses of operating capital to include the costs directly associated with closing a school facility, including moving and storage costs.
- 10 Reallocating general education revenue for all-day kindergarten and prekindergarten.** Conforms the current reallocation of early graduation savings to the scholarship program that is created in section 3.
- 11 Referendum renewal by school board.** Authorizes a school board to renew an expiring operating referendum by adoption of a written resolution if the renewal is sought for the same dollar amount and term as the expiring referendum. Creates a process for a reverse referendum to be held on any referendum renewed by board action. Requires a referendum if a petition containing signatures of at least 30 percent of the registered voters of the district is filed within 60 days of the board action. Creates special authority for a school board to renew a referendum that expired between 2004 and 2009 if that district serves at least 60 percent free and reduced lunch eligible pupils and the referendum has not yet been renewed. Expires this authority if article 8 of this act becomes effective.
- 12 Annual general education aid appropriation.** Includes the payments necessary for the early graduation achievement scholarship program in the open and standing appropriation for general education aid.
- 13 Retired employee health benefits.** Clarifies that the maximum amount of annual levy authority that a school district may claim for other postemployment benefits (OPEB) for retired employees is the district's actual OPEB expenses for the previous year. Allows the commissioner to adjust each district's initial pay-as-you-go OPEB levy authority in order to allocate the statewide maximum amount of authority authorized by the statewide cap (which, under current law, is set at \$29.863 million for taxes payable in 2011 and increases by \$14 million per year for each subsequent year).
- 14 Safe schools levy.** Authorizes a school district that is a member of a cooperative district (e.g. a special education cooperative or an intermediate school district) to include in its count of full-time equivalent (FTE) staff who are providing school support services through the cooperative district for purposes of determining maintenance of effort.

Article 2: Education Excellence

- 1 Length of school year; days of instruction.** Requires an annual school calendar to include 425 hours of kindergarten instruction, 935 hours of instruction for students in grades 1 to 6,

and 1,020 hours of instruction for students in grades 7 to 12.

- 2 Required academic standards.** Adds physical education to the list of state-required academic standards.
- Makes this section effective for all students beginning in the 2012-2013 school year and later. Allows school districts and charter schools to implement the standards earlier.
- 3 Revisions and reviews required.** (g) Strikes references to physical education as a local standard.
- (h) Directs the commissioner to use the good cause exemption rulemaking to amend state physical education standards to conform with the national standards. Exempts physical education standards from all requirements related to state academic standards.
- Makes this section effective for all students beginning in the 2012-2013 school year and later. Allows school districts and charter schools to implement the standards earlier. Makes paragraph (h) effective in the 2013-2014 school year.
- 4 Gifted and talented students programs.** Specifies that charter schools may provide programs for gifted and talented students. Requires program assessments and procedures to include research covering tools and methods sensitive to underrepresented groups.
- 5 Mental health education.** Encourages school districts to provide mental health instruction for students in grades 7 to 12 that is aligned with local health education standards and integrated into existing programs, curriculum, or the school environment. Directs the education commissioner, in consultation with mental health organizations, to assist districts with: (1) age appropriate model learning activities that are consistent with the mental health components of the National Health Education Standards and health education benchmarks developed by the department's quality teaching network in health and best practices in mental health education; and (2) a directory of resources for planning and implementing age appropriate mental health curriculum and instruction in grades 7 to 12.
- 6 Statewide testing.** (a) Provides for computer-adaptive reading and math assessments that are aligned with state standards and include multiple choice questions to be administered to general education students in grades 3 through 8.
- (d) Requires schools, school districts, and charter schools to place on students' transcripts the students' current pass status for each subject with a required graduation assessment. Strikes language requiring that students' test scores be placed on their transcripts.
- (e) Anticipates using 3rd through 8th grade computer-adaptive assessments for diagnostic purposes and educational accountability.
- (h) Prohibits the commissioner of education from signing a memorandum of understanding or an agreement to participate in a consortium or partnership, or other agreement with any other state to develop shared common assessments of K-12 academic standards without first receiving specific legislative authorization.
- Makes paragraph (h) effective immediately and applicable to agreements entered into after the effective date of this act. Makes computer-adaptive math tests for grades 3 through 8 apply in the 2011-2012 school year and later and makes requirements for the computer-adaptive reading tests for grades 3 through 8 apply in the 2013-2014 school year and later.
- 7 Statewide and local assessments; results.** (a) For purposes of administering computer-adaptive assessments in reading and math to students in grades 3 through 8 beginning in the

2011-2012 school year, defines computer-adaptive assessments, fully-adaptive assessments, partially-adaptive assessments, on-grade level, above-grade level, and below-grade level.

(b) Directs the commissioner to use fully-adaptive tests to the extent no net loss of federal and state funds occurs and to otherwise use partially-adaptive assessments to meet federal accountability requirements.

(c) Directs the commissioner to implement computer-adaptive reading and math assessments for grades 3 through 8 and to allow for pencil-and-paper tests that are the equivalent of computer-adaptive assessments to the extent these tests are needed to accommodate the technology capacity of individual school districts.

(d) Directs the commissioner to ensure that: (i) individual student performance data and achievement and summary reports are available within three school days; (ii) individual student growth data are available from school year to school year; (iii) parents and educators are able to use elementary and middle school student performance data to project student achievement in high school; (iv) useful diagnostic information about areas of students' academic strengths and weaknesses is available to improve student instruction; and (v) school districts are able to replace locally purchased computer-adaptive assessments with state-developed and state-funded computer-adaptive assessments.

(e) Makes computer-adaptive math tests for grades 3 through 8 apply in the 2010-2011 school year and later and makes requirements for the computer-adaptive reading tests for grades 3 through 8 apply in the 2013-2014 school year and later.

8 High school algebra end-of-course assessment. (a) Directs the education commissioner to establish a statewide high school algebra end-of-course assessment for students entering grade 8 in the 2010-2011 school year and later that provide information on students' college and career readiness and meet federal accountability requirements, consistent with this subdivision.

(b) Directs the commissioner to establish a statewide end-of-course exam in high school algebra. Requires the exam to: align with revised academic content standards; include multiple choice and open-ended items that assess knowledge and skills in algebra; be designed for computer administration and scoring so that students' exams scores are available within three school days beginning in the second year a computerized test is administered, among other design characteristics; be administered at regular intervals that align with the most common Minnesota high school schedules; generate exam achievement levels; use achievement level descriptors that define students' college and career readiness; comprise 20 percent of students' overall course grade; require students who do not pass a high school algebra or biology course to (i) retake the course or complete a credit-recovery class, (ii) decide whether or not to retake the end-of-course assessment, and (iii) decide which exam score counts as 20 percent of the course grade; and allow alternatives for student transfers from other states, students with disabilities, and ELL students, and other alternatives recommended by the assessment advisory committee that are subsequently authorized by law; use three consecutive school years of research and analysis through the 2014-2015 school year to calculate and report an alignment index that compares students' grades and end-of-course exam scores; require highly misaligned schools to report the misalignment to parents of enrolled students; and use staff development funds to address the misalignment in schools that are highly misaligned for two consecutive school years.

(c) Makes the requirements of the subdivision applicable to public school students, including charter school students, who enter 8th grade in the 2010-2011 school year and

later. Allows the commissioner to establish a transition period for students entering the 8th grade in the 2010-2011 and 2011-2012 school years using GRAD requirements or through a staggered implementation of this subdivision. Allows the commissioner to seek the legislature's authority to adjust this time line if federal or other circumstances warrant.

(d) As a condition of fully implementing this subdivision and enabling school districts to provide intervention and support to struggling students and improve instruction for all students, requires the commissioner to provide all school districts with (i) a benchmark assessment that is aligned with the algebra end-of-course exam and (ii) as funding permits, allows the commissioner to provide an item bank available to teachers for creating formative assessments to help student prepare for the high school algebra end-of-course exam.

(e) Directs the commissioner to expand the assessment advisory committee to include assessment experts and practitioners from secondary and post secondary education systems and other stakeholders to monitor the implementation of and student outcomes and state support available to school districts under this subdivision. Directs the committee to report annually by February 15 to the commissioner and the legislature. Precludes committee members from receiving any payment for their committee service.

(f) Directs the commissioner to solicit requests for proposal in contracting for at least two independent studies at two-year intervals to evaluate the implementation of the requirements under this subdivision and the availability and efficacy of the resources to support and improve student outcomes based on student achievement data under this subdivision. Directs the commissioner to submit the results of the first study to the legislature by 2/15/15 and the results of the second study by 2/15/17.

(g) Prohibits the commissioner from developing additional end-of-course exams in geometry, chemistry, or physics until specifically authorized to do so.

(h) Requires school districts and charter schools to indicate on a student's transcript the student's level of college and career readiness in algebra after the levels have been established through a professionally recognized methodology.

Makes this section effective immediately.

9 Reporting. Excludes personally identifiable information from publicly reported test results.

10 Access to tests. Consistent with the statute giving individuals access to academic exams they complete unless such access compromises the exam process (Minn. Stat. § 13.34), gives the public and parents access to statewide tests and assessments unless that access compromises the objectivity or fairness of the testing process.

11 State growth target; other state measures. (e) Directs the education commissioner, beginning July 1, 2013, to identify and report measures that demonstrate the success of school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of students who are at-risk of not graduating and students who are off-track to graduate. Requires the commissioner to annually report summary data on:

- (1) the four and six-year graduation rates of these students, including students who participate in an alternative program or the graduation incentives program; and
- (2) the success that school districts, school sites, charter schools, and alternative program providers experience in identifying at-risk and off-track students, providing successful prevention and intervention strategies for at-risk students, providing successful recuperative and recovery or re-enrollment strategies for off-track students, and improving the graduation outcomes of these students.

For purposes of paragraph (e), defines a student who is at-risk of not graduating as an 8th or 9th grade student who meets one or more criteria:

- first enrolled in an ELL program in 8th or 9th grade and may be older than other students in the same grade;
- as an 8th grader, is absent for at least 20 percent of school days, is two or more years older than other students in the same grade, or fails multiple core academic courses; or
- as a 9th grader, fails multiple 9th grade core academic courses.

For purposes of paragraph (e), defines a student who is off-track to graduate as a student who meets one or more criteria:

- first enrolled in an ELL program in high school and is older than other students in the same grade;
- is a returning dropout;
- is 16 or 17 and two or more academic years off-track to graduate;
- is 18 or older and two or more academic years off-track to graduate; or
- is 18 or older and may graduate within one school year.

Makes paragraph (e) applicable to data collected in the 2012-2013 school year and later and reported annually beginning July 1, 2013, consistent with the recommendations the commissioner receives from recognized and qualified experts.

12 School performance report cards. Includes on the school performance report cards beginning July 1, 2013, data on (1) the four and six-year graduation rates of students who are at-risk of not graduating and students who are off-track to graduate, and (2) the academic success that school districts, school sites, charter schools, and alternative program providers experience in their efforts to improve these students' graduation outcomes.

13 Local school district wellness policies; Web site. Requires the local school wellness policy to be posted on a school district's Web site if it exists.

Makes this section effective August 1, 2010.

14 License and rules. (a) Makes the authority of the Minnesota Board of Teaching to adopt new licensure rules or amend existing licensure rules subject to specific legislative direction. Allows the Board of Teaching to make technical changes and corrections to its rules without legislative direction.

(e) Requires candidates for an initial teaching license to pass exams of general pedagogical knowledge and licensure-specific skills. Also requires general education candidates interested in teaching kindergarten or elementary school to pass math items on the licensure-specific teaching skills test.

(i) Requires local licensure committee recommendations to renew a teacher's license to incorporate a requirement for professional reflection and growth in best teaching practices.

(o) Directs the Minnesota Board of Teaching to amend its licensure renewal rules to make professional reflection and growth in best teaching practices part of the preparation requirements for teachers seeking to renew their teaching licenses. Adds the requirement for professional reflection and growth in best teaching practices to preparation requirements for using positive behavior interventions, further reading preparation, preparation in understanding signs of early-onset mental illness in children and adolescents, and other preparation requirements applicable to teachers seeking to renew their teaching licenses.

Makes this section immediately effective and applicable to all new and amended board rules except that paragraphs (i) and (o) governing reflective practices apply beginning June 30,

2012. States that this section does not affect the previously enacted requirement that the board adopt rules governing credentials for education paraprofessionals.

- 15 Highly qualified teacher defined.** Makes a technical change to a reference to teachers' subject area content tests.
- 16 Authority to license.** (d) Allows the Board of Teaching to approve teacher preparation programs that target and address identified areas of K-12 concern. Directs the Board of Teaching and the education department to agree to share K-12 educational data solely for approving and improving teacher education programs. Requires the Board of Teaching to keep the educational data confidential and to use it only for the purpose of this paragraph. Makes the Board of Teaching subject to a penalty for any unauthorized disclosure of the data.
- (e) Allows the Board of School Administrators to approve administrator preparation programs that target and address identified areas of K-12 concern. Directs the Board of School Administrators and the education department to agree to share K-12 educational data solely for approving and improving education programs for school administrators. Requires the board to keep the educational data confidential and to use it only for the purpose of this paragraph. Makes the board subject to a penalty for any unauthorized disclosure of the data.
- 17 Teacher and support personnel qualifications.** (b) Directs the Board of Teaching to require a person to pass a reading, writing, and math skills exam before being granted an initial teaching license.
- Strikes paragraph (c) allowing the Board of Teaching to grant a one-year license to a candidate who has successfully completed an approved teacher preparation program but has not passed the basic skills exam.
- (c) Allows the Board of Teaching to grant continuing licenses only to those persons who successfully pass the basic skills exam.
- (e) Requires the Board of Teaching to: ensure that teacher licensing standards align with K-12 academic standards; adopt a standards review cycle that corresponds to the statutory cycle the education department undertakes to review and revise Minnesota's K-12 academic standards; and review and revise teacher licensure standards within one school year of when the commissioner revises the commensurate K-12 academic standards.
- (f) Directs the Board of Teaching to approve only those teacher preparation institutions that require teacher candidates to complete at least one online course.
- 18 Applicants licensed in other states.** Paragraphs (b), (c), (d), and (e) direct the Board of Teaching to issue some form of a teaching license, depending on the circumstances, to out-of-state teacher applicants who pass required exams and successfully complete board-required human relations preparation.
- 19 Alternative teacher preparation program and limited-term teacher license for mid-career professionals.**
- Subd. 1. Requirements.** (a) Directs the Board of Teaching to approve teacher preparation programs to allow mid-career professionals to acquire a two-year limited-term license and to prepare for a standard entrance license. Allows partnerships

composed of school districts or charter schools and either (1) a college or university with a board-approved alternative teacher preparation program or (2) a nonprofit corporation with an education purpose and subject to chapter 317A that forms a partnership with a college or university with a board-approved alternative teacher preparation program to offer the program if a need for teachers exist in a shortage subject area identified by the department, the teaching staff does not reflect the racial and cultural diversity of the students in the school district or charter school, and the district or charter school needs to address an academic achievement gap.

(b) Requires a candidate to have a bachelor's degree and at least ten years of professional experience in the licensure area being sought or hold a valid teaching license and have at least five years of classroom teaching experience.

(c) Requires a candidate to pass a basic skills exam, pass board-approved content and pedagogy tests, and complete a minimum 200-hour instructional phase that includes intensive preparation for assuming classroom responsibilities and a full-time teaching experience that places the candidate in the classroom under the direct supervision of a fully licensed classroom teacher for at least seven weeks. An already licensed teacher is declared to have met the requirements of this paragraph.

Subd. 2. Characteristics. Lists six characteristics of alternative teacher preparation programs:

- a research-based, results-oriented approach focused on best teaching practices to increase student proficiency and growth
- strategies to combine pedagogy and best teaching practices to inform instruction
- assessment, supervision, and evaluation to help program participants succeed
- instruction and peer coaching during the school year that provide guidance and support
- classroom-embedded staff development opportunities provided by a mentor or mentorship team
- a demonstration to the local site team that program participants are making satisfactory progress toward acquiring a standard entrance license

Subd. 3. Program approval. Directs the Board of Teaching to approve alternative preparation programs based on board-adopted criteria that reflect best practices. Directs the board to allow candidates to demonstrate competencies in school-based settings and through other nontraditional means.

Subd. 4. Employment conditions. (a) Allows each full school year that a teacher with limited-term license teaches to count as one school year of the teacher's first three-year probationary period.

(b) Makes teachers with a limited-term license subject to local collective bargaining agreements if applicable.

(c) Prohibits a school district or charter school from prospectively agreeing to hire a teacher with a limited-term license once the person receives a standard entrance

license.

Subd. 5. Approval for standard entrance license. Directs educators to use standards of effective practice for teachers to evaluate the candidate and to submit an evaluation report to the board recommending whether to issue the candidate a standard teaching license.

Subd. 6. Standard entrance license. Allows the Board of Teaching to issue a standard entrance license to a successful candidate recommended for licensure.

Subd. 7. Qualified teacher. Declares that a person with a valid limited-term license is the teacher of record and a qualified teacher under the No Child Left Behind Act.

Subd. 8. Reports. (a) Directs the Board of Teaching annually to collect and report alternative teacher preparation data to the legislature.

(b) Directs the board to submit a report to the legislature by February 15, 2014, evaluating the program.

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Formative and summative evaluations and peer coaching for continuing contract teachers. (a) To develop, improve, and support qualified teachers and effective teaching practices and to improve student learning and success, directs a school board and the exclusive representative of the teachers to develop a formative and summative teacher evaluation and peer review process through meet-and-confer. Requires the peer review process to include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

(b) Requires the evaluation process for continuing contract teachers to: (1) be a collaborative effort between teachers and school administrators to develop and implement an evaluation process based on (i) professional teaching standards, (ii) multiple performance-based measures, (iii) annual formative assessments to improve instruction, and (iv) summative assessments by qualified school administrators at least once per three years to make personnel decisions; (2) coordinate staff development activities with the evaluation process and teachers' evaluation outcomes and give support to teachers not meeting standards of effective practice; (3) include in-class observations by trained evaluators; (4) demonstrate teachers' content knowledge and teaching skills; and (5) use longitudinal data on student academic growth, student attendance, student engagement and connection, and other state and local outcome measures as evaluation components.

Allows teachers to present a portfolio demonstrating evidence of reflection and professional growth consistent with Board of Teaching criteria for reliably assessing portfolio content, and allows teachers to include in the portfolio other indicators of effective teaching.

(c) Declares that the requirements of this subdivision are not terms and conditions of employment under Minnesota Statutes, chapter 179A.

(d) If consistent with this subdivision, allows a Q-Comp school district or school site to use its approved educational improvement plan to meet the requirements of this subdivision.

Makes this section effective for the 2010-2011 school year. Directs a school district to develop a teacher evaluation process in the 2010-2011 school year and to implement the

evaluation process in the 2011-2012 school year and later.

21 Formative and summative evaluations and peer coaching for continuing contract teachers. (a) To develop, improve, and support qualified teachers and effective teaching practices and to improve student learning and success, directs a school board and the exclusive representative of the teachers to develop a formative and summative teacher evaluation and peer review process through meet-and-confer. Requires the peer review process to include having trained observers serve as peer coaches or having teachers participate in professional learning communities.

(b) Requires the evaluation process for continuing contract teachers to: (1) be a collaborative effort between teachers and school administrators to develop and implement an evaluation process based on (i) professional teaching standards, (ii) multiple performance-based measures, (iii) annual formative assessments to improve instruction, and (iv) summative assessments by qualified school administrators at least once per three years to make personnel decisions; (2) coordinate staff development activities with the evaluation process and teachers' evaluation outcomes and give support to teachers not meeting standards of effective practice; (3) include in-class observations by trained evaluators; (4) demonstrate teachers' content knowledge and teaching skills; and (5) use longitudinal data on student academic growth, student attendance, student engagement and connection, and other state and local outcome measures as evaluation components.

Allows teachers to present a portfolio demonstrating evidence of reflection and professional growth consistent with Board of Teaching criteria for reliably assessing portfolio content, and allows teachers to include in the portfolio other indicators of effective teaching.

(c) Declares that the requirements of this subdivision are not terms and conditions of employment under Minnesota Statutes, chapter 179A.

(d) If consistent with this subdivision, allows a Q-Comp school district or school site to use its approved educational improvement plan to meet the requirements of this subdivision.

Makes this section effective for the 2010-2011 school year. Directs a school district to develop a teacher evaluation process in the 2010-2011 school year and to implement the evaluation process in the 2011-2012 school year and later.

22 Efficiency plus access task forces.

Subd. 1. Purpose. States that the purpose of the efficiency plus access task forces is to facilitate greater efficiency and reduce education costs through collaboration and cooperation across school districts and other governmental agencies while maintaining or improving the learning results for students.

Subd. 2. Required school district participation. Requires each district with an enrollment of fewer than 5,000 students to participate in an efficiency plus access task force.

Subd. 3. Optional district and other public entity participation. Encourages school districts with more than 5,000 students and other public entities to participate in the efficiency plus access task forces.

Subd. 4. Task force membership. Allows participating districts to organize the

task forces using an existing regional structure such as education districts, intermediate district, or other cooperative model. Authorizes districts to request that a service cooperative assist in establishing task forces for their service area. Defines task force membership as one member appointed by each district board included in the task force and one member from each other public entity that chooses to participate. Requires each school board to develop a process within the district allowing teachers, students, parents, and the community to have access and opportunities to review and make recommendations to be brought forward to the efficiency plus access task force.

Subd. 5. Task force reporting. Requires each task force to review and make recommendations to the participating school boards regarding: (1) administrative services; (2) instructional and learning services; and (3) cooperative arrangements for shared extracurricular activities, including having the activities become the responsibility of the community recreational program. Requires each task force to consider creating new models of schools including project-based learning schools, online learning schools in cooperation with other education districts, service cooperatives or chartered schools, new postsecondary options for high school students, new pre-K through primary grades partnerships with early childhood providers, and other models of schooling.

Subd. 6. Reporting. Requires each efficiency plus access task force to report to the commissioner of education by October 15, 2010, about the structure and membership of each task force. Requires the commissioner to assign school districts that have not voluntarily joined efficiency plus access task forces to a task force. Requires task forces to complete its recommendations and submit a report to the member school boards and the commissioner by December 1, 2011. Requires the commissioner to review each report by January 15, 2012. Requires task forces to submit final reports to the commissioner by March 15, 2012. Requires the commissioner to summarize the results of the final task force reports and report those results to the legislature by June 30, 2012.

- 23 Contract; duties.** Makes school superintendents responsible for evaluating school principals and assistant principals.

Makes this section effective for the 2011-2012 school year.

- 24 Duties; evaluation.** (a) Directs school boards and the exclusive representative of the school principals to use a meet and confer process to design and implement a plan for formative and summative evaluations of school principals and assistant principals. List the components of an annual evaluation process that is designed to support and improve principals' instructional leadership, organizational management, and professional development, and to strengthen principals' capacity in the areas of instruction, supervision, evaluation, and the development of teachers and highly effective school organizations.

Makes this section effective by the 2010-2011 school year. Directs a school district to use the 2010-2011 school year to develop a principal evaluation process and to implement the evaluation process in the 2011-2012 school year and later.

- 25 Authorizer.** Excludes as a charter school authorizer a nonpublic sectarian or religious institution that did not have an approved affidavit from the commissioner before July 1, 2009. Requires an eligible authorizer to submit an application for approval to the commissioner for her evaluation and strikes the reference to affidavit.
- 26 Formation of a school.** (g) Clarifies that the required teacher member of a charter school board of directors must be serving as a teacher, that the parent member of a charter school board of directors must not be a charter school employee, and that the chief financial officer and the chief administrator of a charter school serve only as ex-officio nonvoting board members. Prohibits charter school employees from serving on a charter school board of directors unless the employee is a licensed teacher at the charter school. Prohibits contractors that provide facilities, goods, or services to a charter school from serving on the charter school board of directors.
- 27 Conflict of interest.** (a) Makes charter school conflict of interest provisions applicable to persons contracting with an individual as well as to persons contracting with for-profit or nonprofit entities for services, goods, or facilities.
- (b) Allows a charter school board member or employee to be remunerated for a charter school financial transaction only if the remuneration is payment for services that are in addition to services the board member or employee already agreed to provide and the board of directors formally approves the remuneration.
- Makes the section effective immediately.
- 28 Audit report.** Requires an entity that provides professional auditing services to a charter school to provide financial audit information to the commissioner upon request.
- 29 Employment and other operating matters.** Makes formative and summative evaluations of teachers and school administrators applicable to charter schools and clarifies that the evaluations do not create an expectation of continuing employment for educators employed at a charter school.
- Makes this section effective for the 2010-2011 school year. Directs a charter school to use the 2010-2011 school year to develop an evaluation process and implement the valuation process in the 2011-2012 school year and later.
- 30 Causes for nonrenewal or termination of charter school contract.** Allows the commissioner to terminate a charter school contract after providing the public with an opportunity for a public hearing under Minnesota Statutes, chapter 14, and if the charter school fails to meet Minnesota's pupil performance requirement, among other causes for termination.
- 31 Vacant building inventory.** Requires the Department of Administration and the Department of Education to annually publish a list of vacant and unused buildings owned by school districts or the state that may be used by a charter school.
- Makes this section immediately effective.
- 32 Reserved revenue for staff development; temporary suspension.** (b) Allows a school district on June 30, 2010, to permanently transfer any balance from the district's reserved

account for staff development to its undesignated general fund balance.

- 33 Collaborative urban educator.** Corrects a drafting error by adding the specific grant amounts for each of the three participating programs and sets the amount at: \$210,000 for Concordia University in St. Paul; \$159,000 for the University of St. Thomas; and \$159,000 for Hamline University. Requires grant recipients to collaborate with urban and nonurban school districts.
- 34 Education planning and assessment system (EPAS) program.** Changes the fiscal year 2011 EPAS appropriation from \$829,000 to \$638,000.
- 35 Implementing differentiated graduation rates and exploring alternative routes to a standard diploma for at-risk and off-track students.** (a) Directs the education commissioner to convene a group of recognized and qualified experts on improving differentiated graduation rates and establishing alternative routes to a standard high school diploma for at-risk and off-track students. Directs the commissioner to assist the group, upon request, to explore and recommend to the commissioner and the legislature (1) research-based measures that demonstrate the academic success of and the costs to school districts, school sites, charter schools, and alternative program providers in improving the graduation outcomes of at-risk and off-track students, and (2) state options for establishing alternative routes to a standard diploma. Directs the group, when proposing alternative routes to a standard diploma, to identify highly reliable variables that generate the summary data for the state's school performance report card, including: who initiates and approves a request for an alternative route; parameters for the alternative route process, including whether a student must first fail a state exam; and the comparability of the academic and achievement criteria in the alternative and standard routes for a standard diploma. Also encourages the group to identify the data, time lines, and methods needed to evaluate and report on the alternative routes to a standard diploma once they are implemented and the student outcomes that result from those routes.
- (b) Directs the commissioner to convene the group's first meeting by September 15, 2010. Includes as group members representatives of parents and educators affiliated with alternative program providers, online learning providers, alternative schools, charter schools, school boards, school teachers, metropolitan and rural school districts, University of Minnesota and MnSCU faculty, school superintendents and principals, and the public. Allows the group to seek input from interested stakeholders and organizations with expertise to inform the group's work. Directs the group to meet quarterly. Denies group members compensation or reimbursement of expenses for participating in the group. Causes the group to expire on February 16, 2012.
- (c) Directs the group by February 15, 2012, to develop and submit to the commissioner and the education committees of the legislature recommendations and legislation to implement section 9 by:
- measuring and reporting differentiated graduation rates for at-risk and off-track students and the success and costs that school districts, school sites, charter schools, and alternative program providers experience in identifying and serving at-risk and off-track students; and
 - establishing alternative routes to a standard diploma.
- Makes this section effective immediately and applicable to school performance report cards beginning July 1, 2013.
- 36 Rulemaking authority.** Directs the commissioner to adopt rules on English language proficiency standards for LEP students. Requires the standards to encompass listening,

speaking, reading, and writing, reflect social and academic dimensions of acquiring a second language, specific contexts for acquiring language, and the progression of language development. Requires the standards to be implemented for all LEP students beginning in the 2011-2012 school year and assessed beginning in the 2012-2013 school year.

37 Department of Education.

Subd. 1. Recess guidelines. Encourages the department to develop voluntary guidelines for school districts that promote good recess practices and behavior.

Subd. 2. Common course catalogue. Encourages the department to make districts' physical education classes and graduation requirements part of the common course catalogue.

Subd. 3. Standards adoption. Directs the commissioner to adopt the most recent national sports and physical education standards as Minnesota's K-12 physical education standards.

Makes this section immediately effective.

38 Healthy kids awards program.

Subd. 1. Recognition. Establishes the K-12 healthy kids awards program to reward students for nutritional well-being and physical activity. Intends the program to work to integrate physical activity into other school activities throughout the school day. Requires interested schools to participate in the program annually from October through May.

Subd. 2. School district participation. Allows school districts annually by September 15 to submit to the commissioner a letter of intent to participate in the healthy kids awards program. Directs the commissioner to recognize on the school performance report cards those schools where at least 75 percent of students engage in physical activity, including physical education classes, at least 60 minutes each day.

Makes this section effective beginning in the 2010-2011 school year and later.

39 Advisory task force on school desegregation and integration.

Subd. 1. Establishment; purpose; membership. (a) Establishes an advisory task force to develop recommendations and legislation on: addressing the findings and recommendations in the 2005 legislative auditor's report on school district integration revenue; amending Minnesota's school desegregation rule; and on specifying the purpose, use, and allocation of state integration revenue. Includes as task force members: the education commissioner; representatives of the Indian Affairs Council, the Council on Asian-Pacific Minnesotans, the Council on Black Minnesotans, and the Chicano Latino Affairs Council; three school superintendents, collaborative coordinators or school board members from different areas of the state, including from a metropolitan integration district, appointed by the house; three school superintendents, collaborative coordinators or school board members from different areas of the state, including from a rural integration collaborative district, appointed by the senate; four house members from both parties and different areas of the state; and two senate members from different parties and different areas of the state.

(b) Requires the task force members to be appointed by July 1, 2010. Directs the task force to seek input from nonmember organizations with expertise that can help the task force with its work.

(c) Directs the education commissioner to convene the first task force meeting by September 15, 2010. Directs task force members to elect a chair. Allows the task force to invite interested stakeholders and organizations to participate in task force meetings. Requires the task force to meet at least monthly.

(d) Directs the education commissioner to assist the task force upon request.

(e) Does not allow task force members to receive compensation or reimbursement of expenses for their service on the task force.

Subd. 2. Duties; report. (a) Directs the task force to develop recommendations and legislation for addressing the findings and recommendations in the 2005 legislative auditor's report on school district integration revenue, and amending Minnesota's school desegregation rule and the law governing the use and allocation of state integration revenue. Allows the recommendations to address: access to integrated and equitable learning environments; the changing demographics of Minnesota students; cultural proficiency training for teachers; the impact of school choice laws on school desegregation and integration; financial and other resources available to school districts to provide staff development training, magnet schools, and other interdistrict collaborative efforts to enhance student achievement.

(b) Directs the task force to submit its recommendations and legislation to the legislature by January 16, 2011.

Subd. 3. Expiration. Causes the task force to expire on January 16, 2011.

Makes this section effective immediately.

40

Assessment advisory committee; recommendations. (a) Directs the assessment advisory committee to develop recommendations for alternative methods by which students satisfy the high school algebra end-of-course requirement. Directs the advisory committee to consider CLEP, the ACT, the SAT, Advanced Placement and International Baccalaureate exams, and credit-bearing college algebra courses under the post secondary enrollment options or concurrent enrollment program where students receive a grade of 'C' or better, among other alternatives.

(b) Allows the assessment advisory committee to develop recommendations on integrating universal design principles to improve students' access to learning and assessments, better understand what students know and can do, provide more cost-effective assessments, and provide educators with more valid inferences about students' achievement levels.

(c) Directs the assessment advisory committee, in order to fully implement the high school algebra end-of-course assessment, to develop recommendations for: calculating the alignment index; and defining "misaligned" and "highly misaligned" and under what circumstances misalignments occur.

(d) Directs the assessment advisory committee by February 15, 2011, to submit its recommendations to the education commissioner and the legislature.

(e) Prohibits the commissioner from implementing any element recommended by the assessment advisory committee related to the high school algebra end-of-course assessment without first receiving specific legislative authority to do so.

Makes this section immediately effective.

- 41 Persistently lowest-achieving school designation; federal school improvement grants.** Prohibits the department from using a high school's four-year graduation rate as a basis for designating the high school as persistently lowest achieving if at least 70 percent of the students, at the time they enroll, are two or more years older than other students, lack sufficient credits to graduate on time, or are otherwise eligible to participate in the graduation incentives program.
- Makes this section retroactive to January 1, 2010.
- 42 School improvement grants; interventions.** Declares that a school identified by the Minnesota Department of Education as one of Minnesota's 34 persistently lowest achieving schools for purposes of the federal school improvement grant program is not required, as part of implementing a school intervention model, to replace any teacher or principal who meets standards of effective practice and is currently employed at the school if: (1) the principal was appointed or the teacher was employed in the school in the 2007-2008, 2008-2009, or 2009-2010 school year to establish new educational outcomes; or (2) the contractor conducting a quality school review under the school improvement grant process determines that the school's classification as a persistently lowest achieving school is not directly related to the performance or skills of a teacher or principal employed at the school.
- Directs the Minnesota Department of Education to revise its school improvement grant application to conform with the requirements of this section.
- Makes this section effective immediately.
- 43 Another charter school authorizer.** Notwithstanding current law, allows a charter school identified by the Minnesota Department of Education as one of Minnesota's 34 persistently lowest achieving schools that is being dissolved for failing to meet the pupil performance requirements in its charter school contract to seek another eligible authorizer until September 1, 2010. Allows the charter school to continue to operate, consistent with charter school law, if it acquires another eligible authorizer by September 1, 2010, and causes the school to be dissolved if it does not acquire another eligible authorizer by September 1, 2010.
- Makes this section effective immediately.
- 44 Repealer.** Repeals Minnesota Statutes, section 122A.24, establishing an alternative preparation licensure program for teachers.
- Makes this section effective August 1, 2010.

Article 3: Special Programs

- 1 Child with a disability.** Makes technical changes to the definition of child with a disability.
- 2 Special instruction for children with a disability.** (a) Updates statutory language that establishes school districts' responsibility to provide special education and related services to a child with a disability until the child becomes 21 years old or receives a regular high school diploma, whichever comes first.

(b) Directs school districts to continue to serve a child with a disability who becomes 21 years old during the school year until the last day of the school year or the child receives a regular high school diploma, whichever comes first.

(c) Defines “school year” to mean the days of actual student instruction designated by the school board as the regular school year in the district’s annual school calendar.

(d) Directs school districts to identify, locate, and evaluate children with a disability in the school district who are in need of special education and related services.

Makes this section effective immediately.

3 Resolving disputes among districts. Establishes a process for determining which district is responsible for providing or making available special education and related services when the district of residence for a child with disabilities is in dispute.

4 Conciliation conference. Requires a school district to offer at least one conciliation conference to a parent within two business days of receiving the parent’s objection to a proposed placement and, if the parent agrees to participate in the conference, to convene that conference within ten calendar days.

Makes this section effective immediately and applicable to all conciliation conferences required after that date.

5 Third-party reimbursement. (b) Requires a school district to notify parents of its intent to seek reimbursement for medical assistance or MinnesotaCare for individualized education program health-related service and to include in the notice information about: parents’ right to request copies of all records the district discloses to any third-party; parents’ right to withdraw consent for disclosing a child’s records at any time without consequence; and the fact that a revocation of consent does not affect a parent’s eligibility for medical assistance or MinnesotaCare.

(c) Allows parents to withdraw their consent to disclose a child’s records for third-party billing purposes granted as part of the application process for MinnesotaCare or medical assistance under section 256B.0625, subdivision 26.

6 Use of reimbursements. Allows school districts to obtain training and other technical assistance to enable districts to access third-party payments for individualized education program health-related services or to reallocate reimbursements to benefit students with individualized education programs or individual family service plans.

7 Informed consent. Requires school districts to comply with applicable federal law when obtaining parents’ consent to bill their health plans for covered costs incurred to serve a child with a disability.

8 District disclosure of information. Allows school districts to disclose information in a student’s individualized education program to a health plan company, consistent with applicable federal law.

9 Students without a disability from other states. States that a Minnesota school district is not required to provide education services to an out-of-state student without an individual education program who lacks a tuition agreement or other agreement by the placing authority to pay for the services.

Makes this section effective July 1, 2010, for fiscal years 2011 and later.

10 Programs. Requires the education department, through resource centers for the deaf or hard of hearing and the blind or visually impaired, to offer other educational strategies

throughout the state.

- 11 **Advisory committee.** Requires the advisory committee for the Resource Center for the Deaf and Hard of Hearing to identify and report relevant IDEA Part B and Part C mandated reporting data and to include in the report recommendations for improving the developmental outcomes of children birth to age 3 and the data underlying those recommendations that are identified by the intervention coordinator.
- 12 **Statewide hearing loss early education intervention coordinator.** (b) Changes a reference from deaf and hard-of-hearing children to children with hearing loss. Makes this section effective immediately.
- 13 **Admissions.** (b) Allows a parent to apply to place an eligible child with disabilities at the Minnesota Academy for the Deaf or the Minnesota Academy for the Blind for a 60- to 90-day trial placement. Establishes a process for approving the trial placement. Makes the Minnesota Academies the responsible serving district during the trial placement. Directs the academy staff to meet with the child's individual education program team before the trial placement concludes to determine if the academy is an appropriate placement. Causes the child's placement to revert to the previous placement if no agreement on placement is reached. Causes the transportation and due process responsibilities to continue "as is" if the child's placement at the academies continues beyond the trial placement period. Makes this section effective for the 2010-2011 school year and later.
- 14 **Special education services.** States that only costs reported through designated Minnesota Department of Education data systems in distinct service categories qualify to be included in the cost-based payment structure developed by the human services commissioner for MA payment of special education services.
- 15 **Open enrollment and streamlined application and enrollment process.** Requires the redesigned medical assistance and MinnesotaCare enrollment forms distributed by schools to parents to include a form authorizing consent for third-party billing.
- Makes this section effective July 1, 2010, or upon federal approval requested by the commissioner, whichever is later.
- 16 **Special education report.** Directs the education department to report by February 15, 2011, to the legislature those circumstances under which school districts or other entities are required by state or federal law to provide special education and related services to an eligible child with a disability and thereby become eligible to receive payment for the service costs.
- Makes this section effective immediately.
- 17 **Third-party billing.** Requires the commissioner of human services to summarize and document school district efforts to secure reimbursement from legally liable third parties and to request permission from the Centers for Medicare and Medicaid Services to allow school districts to bill Medicaid alone when a child has both public and private insurance and the private payer does not reimburse for health-related services provided to a child with a disability.
- 18 **Revisor's instruction.** Directs the revisor to substitute the term "individualized education

program” for the term “individualized education plan” wherever it appears in statute and rule.

- 19 **Repealer.** Repeals the interagency office on transition services (Minn. Stat. § 125A.54).

Article 4: Facilities and Technology

- 1 **Health, safety, and environmental management.** Includes activities designed to meet H1N1 federal standards and best management practices in the eligible uses of health, safety, and environmental management revenue.

- 2 **Capital expenditure; health and safety.**

Subd. 1. Health and safety levy application. Authorizes a school district to apply for health and safety revenue by submitting a budget based on its Uniform Accounting and Reporting Standards (UFARS) data instead of on an adopted health and safety program.

Subd. 2. Health and safety policy. Allows a school district to qualify for health and safety revenue by adopting a health and safety policy. Eliminates requirements for the district to develop detailed comprehensive plans for hazardous substance removal, fire and life safety repairs, and environmental management in order to have health and safety revenue approved.

Subd. 3. Health and safety revenue. Clarifies the calculation of health and safety revenue.

Subd. 4. Health and safety levy. Unchanged.

Subd. 5. Health and safety aid. Unchanged.

Subd. 6. Uses of health and safety revenue. Adjusts the list of items that are eligible for health and safety revenue to include a number of specific projects that have been authorized by the Department of Education.

Subd. 6a. Restrictions on health and safety revenue. Clarifies that health and safety revenue may not be used to finance lease purchase agreements or installment purchase agreements, to purchase portable classrooms, for energy efficiency projects, or for projects in buildings that are used for purposes unrelated to elementary and secondary education.

Subd. 6b. Health and safety projects. Requires each health and safety revenue application to be accompanied by a description of each project for which funding is requested in such detail as to leave a satisfactory audit trail. States that project descriptions do not need to include itemized details such as material types, room location, or square footage of the project.

Subd. 6c. Appeals process. Creates an appeals process for districts to follow if the district is denied authority to proceed with a health and safety project.

Subd. 7. Proration. Unchanged.

Subd. 8. Health, safety and environmental management cost. Prohibits the Department of Education from requiring a school district to use specific management assistance services for health and safety projects. Eliminates the commissioner's authority to contract with other providers of management assistance for school districts except at the request of a school district.

3 **Fiber optic infrastructure grant program.**

Subd. 1. Creation of accounts. Establishes two grant program accounts, one in the general fund and one in the bond proceeds fund.

Subd. 2. Program purpose.

Subd. 3. General eligibility, state general obligation bond funds. Makes the legislative finding that the use of state general obligation (GO) bond funds for public school fiber optic infrastructure is within the scope of the state constitutional limitations on the use of GO bond funds.

Subd. 4. Definitions. Defines "school district" and "fiber optic infrastructure."

Subd. 5. Grant program established.

Subd. 6. Eligible costs for grants. (a) Lists the eligible uses of state GO bond fund money.

(b) States that the use of any other source of money will be subject to that source's limitations, but may include lease payments and reimbursement for previously implemented projects.

Subd. 7. Application. Requires the commissioner of education to develop forms and procedures for the grant program and lists minimum information required from a grant applicant.

Subd. 8. Criteria for grants. Directs the commissioner to develop criteria to follow if the applications exceed available resources.

Subd. 9. Cancellation of grant. Gives a grantee five years to make progress on a project. Specifies that the capital project cancellation statute applies to capital appropriations to the commissioner for this program that have not been awarded to grantees. The cancellation statute currently requires the commissioner of management and budget to report on January 1 of odd-numbered years any general fund or bond fund appropriation made more than four years previously for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated or that is for a project canceled, completed or abandoned, or otherwise not proceeding.

Subd. 10. Report. Requires the commissioner of education to report annually to the chairs of the legislative committees or divisions with responsibility for education policy and finance and capital investment on grants made under this program.

- 4 **Health and safety policy.** Allows a school district that has not yet adopted a health and safety policy to submit an application for health and safety revenue in the form and manner required by the commissioner of education for health and safety levies for taxes payable in 2011.
- 5 **H1N1 prevention.** Authorizes a school district to transfer any amount of its approved health, safety, and environmental management revenue from its approved use to H1N1 prevention activities.

Article 5: Accounting

- 1 **Additional revenues; priority.** Eliminates an obsolete cross reference.
- 2 **Insufficient funds to pay orders.** Allows a school district to enter into an unsecured line of credit for up to 120 days and allows the district to borrow up to 95 percent of its average quarterly expenditures (380 percent of its average monthly expenditures). Current law limits the line of credit to no more than 95 percent of the district's average monthly expenditures and limits the period of the borrowing to not more than 45 days. Clarifies that when a school district enters into a line of credit with a financial institution under section 123B.12, that it is an unsecured line of credit.
- 3 **Repayment; maturity date of certificates; interest.** Extends the duration of certain certificates issued in anticipation of state aid and local property taxes. Allows the certificates to extend for up to 12 months after the close of the year if the certificate is a taxable obligation. Requires any certificate that has a maturity of more than 12 months to be repaid with general fund money.
- 4 **Violations of law.** Clarifies that the commissioner may make an aid reduction to a school district that employs an unlicensed teacher equal to 60 percent of the basic revenue times the ratio of unlicensed teachers to total teachers.
- 5 **District employment of unlicensed teachers; aid reduction.** Clarifies that a school district's state aid may be reduced and not just withheld when the district employs unlicensed teachers.
- 6 **Payment dates and percentages.** Removes obsolete language.
- 7 **Cash flow adjustment.** Authorizes a charter school with fewer than 150 students and where 100 percent of its students qualify for special education services to request an expedited cash flow payment schedule from the commissioner of education. Requires the commissioner to approve the request within 30 days of its receipt. Allows the charter school to receive 90 percent of its special education aid entitlement in the current school year by speeding up its cash payments. Slows down the special education cash flow for all other school districts and charter schools by the same total dollar amount.
- 8 **Payment to creditors.** Requires aid payments to be made only to school districts, charter schools, or other education organizations unless specifically authorized in law.
- 9 **Fund transfers.**

Subd. 1. General authority. Creates general authority for school districts to make fund transfers during fiscal years 2010 and 2011 only. Allows a school district to transfer funds from any fund, except the community service fund, so long as the fund transfer does not result in an increase in the district's state aid or local property tax. Requires the school board to adopt a resolution stating that any fund transfer made under this section will not diminish instructional opportunities for students.

Subd. 2. Hayfield. Authorizes Independent School District No. 203, Hayfield, to transfer up to \$75,000 from its reserved for operating account to its undesignated general fund balance.

- 10 Repealer.** Repeals the requirement that the commissioner of management and budget delay aid payments to school districts before the state engages in short-term cash flow borrowing effective July 1, 2010.

Article 6: State Agencies

- 1 Permanent school fund land management analysis.** Authorizes the Legislative Coordinating Commission (LCC) to undertake activities that are necessary to advise the legislature and monitor the executive branch on issues related to the permanent school fund (PSF). Authorizes the LCC to hire staff for this purpose and describes the staff's duties.
- 2 Forest trust lands.** Includes in the costs of management for PSF trust lands the amounts used by the LCC to monitor PSF activities.
- 3 Duties.** Requires the PSF advisory committee to work in conjunction with the LCC when overseeing the PSF activities of the Department of Natural Resources.
- 4 Department of Education appropriation.** Reduces the appropriation to the Department of Education by \$250,000 in FY 10 and by \$487,000 in FY 11. Includes reductions in fiscal year 2011 of \$4,000 to the Minnesota Children's Museum and \$1,000 for the Duluth Children's Museum. Sets the appropriation base for the department at \$18,823,000 for FY 12 and later.
- 5 Perpich Center for Arts Education appropriation.** Transfers \$19,000 in FY 10 and \$11,000 in FY 11 from the Perpich Center for Arts Education's special revenue fund to the state general fund.

Article 7: Pupil Transportation

Overview

This article modifies pupil transportation provisions.

- 1 Area learning center pupils between buildings.** Broadens a school district's pupil transportation authority for students attending area learning centers by allowing the district to transport area learning center pupils between buildings if space exists on an existing bus.

- 2 Model training program.** Changes the Department of Education’s responsibility from developing an age-appropriate comprehensive model of school bus safety training program to developing and maintaining a list of school bus safety training instructional materials.
- 3 Pupil transportation definitions.** Allows a school district to include in its special education costs the costs of using a school bus with a power lift for a curricular field trip if the lift is required by a student’s disability. Includes an after school program run by a city or other political subdivision to be designated as a pupil’s “home” for purposes of providing to and from school transportation.
- 4 District reports.** Authorizes a school district to record the expense of a contracted pupil transportation service as the actual cost of the contract under certain circumstances (under current law, pupil transportation expenses must be allocated on a cost-per-mile, cost-per-student, cost-per-hour, or cost-per route basis).
- 5 Passenger lap and shoulder belts.** Requires that a motor coach used for school related activities be equipped with a lap or a lap and shoulder belt when transporting students beginning July 1, 2012.
- 6 Crossing control arm.** Requires all school buses used in Minnesota that are manufactured after January 1, 2013, to be equipped with a crossing control arm on the front right bumper.
- 7 Exception for type III vehicle drivers.** Modifies requirements that apply for a person to be able to drive a type III vehicle without having a commercial driver’s license and certain endorsements, to:
- add to driver training on loading and unloading students, so that it includes training on properly parking the vehicle when escorting pupils as part of unloading;
 - eliminate pre-employment alcohol testing;
 - allow employers to use a breathalyzer (instead of a blood test) as part of their mandatory random or reasonable suspicion testing of job applicants for a driver position;
 - create an exemption from confirmatory retest requirements under state workplace drug and alcohol testing law; and
 - make technical changes, to clarify terminology and include a cross reference.
- 8 Rules.** Authorizes the commissioner of public safety to use the same physical qualification requirements for type III vehicle drivers that apply (under federal regulations) to commercial motor vehicle drivers. This includes authority to grant a waiver from the qualifications if the driver has been medically examined within the last 24 months and meets the federal requirements. Exempts the department from rulemaking on the provision.

Article 8: Education Finance Reform

- 1 Equalized debt service levy.** Increases the first tier debt service equalization factor from \$3,200 to 100 percent of the state average adjusted net tax capacity per pupil (approximately \$8,250). Increases the second tier equalizing factor from \$8,000 to 200

percent of the state average adjusted net tax capacity per pupil (roughly \$16,500).

2 School bond agricultural credit.

Subd. 1. Eligibility. Makes all property classified as agricultural or timberland (but excluding the house, garage and one acre of an agricultural homestead) eligible for the credit established in this section.

Subd. 2. Credit amount. Provides for a credit of 66 percent of the portion of the property tax attributable to school debt levies, for all eligible property.

Subd. 3. Credit reimbursements. Requires the county auditor to report to the commissioner of revenue the credit amount for each school district, and requires the commissioner to certify the accuracy of the submitted amounts.

Subd. 4. Payment. Requires the commissioner of revenue to certify the reimbursement amounts to the commissioner of education, and the commissioner of education to pay the reimbursement amounts to the school districts.

3 Career and technical aid. Triples funding for career and technical programming by raising the allowance from \$80 to \$240 times the number of students served in grades 10 to 12 and changes the funding from a local levy to state aid.

4 Pupil of limited English proficiency. Removes the five-year limit on the number of years that a non-English speaking student qualifies for limited English proficiency revenue.

5 School district LEP revenue. Increases the basic LEP revenue from \$700 per pupil to 20 percent of the formula allowance (\$1,500) per pupil. Note, the LEP concentration revenue of up to \$250 per pupil is repealed in section 43.

6 School district special education aid. Removes the statewide cap on special education revenue so that each school district's initial formula amount of special education revenue is fully funded.

7 District special education excess cost aid. Removes the statewide cap on special education excess cost revenue so that each school district's initial formula amount of special education excess cost revenue is fully funded.

8 Adjusted net tax capacity equalizing factor. Defines the ANTC equalizing factor as the statewide average ANTC per pupil unit.

9 Referendum market value equalizing factor. Defines the referendum market value equalizing factor as the statewide average referendum market value per pupil unit.

10 Location equity index. Defines the location equity index as the lesser of 0.9 or the ratio of each district's composite wage index to the statewide average weekly wages and not more than 1.05. Sets the wage index by using three years of weighted age data. Requires the commissioner of education to annually calculate the location equity index for each school district.

11 Pupil unit. Simplifies the count of pupils by giving each pupil unit a weight of 1.0, regardless of the pupil's grade. Includes funding for full-day kindergarten by weighting

kindergarten pupils at 1.0.

- 12 **Compensation revenue pupil units.** Modifies the calculation of compensatory revenue. Changes the measure from a site-based count to a district-based count of pupils (but continues to require the revenue to be distributed to the sites on a proportionate basis). Sets the compensatory funding equal to 40 percent of the formula allowance times the count of free and reduced pupils times the concentration factor. Sets a minimum amount of compensatory revenue for each eligible pupil at 33 percent of the formula allowance (\$2,500).
- 13 **Adjusted pupil units.** Replaces the current additional pupil weighting for declining enrollment with a three year average measure of declining enrollment under section 22.
- 14 **Resident pupil units.** Eliminates the declining enrollment adjustment to the count of resident pupil units.
- 15 **Average daily membership.** Requires students to attend school for the statewide average hours of instruction before qualifying for eligibility under the extended time revenue program (960 hours per year for elementary pupils and 1,050 hours for secondary students).
- 16 **Free and reduced price lunches.** Bases the count of students eligible for free or reduced meals from a site level to a school district level.
- 17 **LEP pupil units.** Removes the concentration factor from the count of LEP pupils.
- 18 **Education funding framework.** Establishes an education funding framework by grouping revenue amounts into the categories of general classroom funding, district instructional services, and district support services.
- 19 **General education revenue.** Redefines the components of general education revenue for fiscal year 2010 and later.
- 20 **Basic revenue.** Increases the basic formula allowance from \$5,124 to \$7,500 per pupil unit beginning in fiscal year 2010. Increases the formula allowance for each subsequent year by the same rate of growth as the growth in the implicit price deflator.
- 21 **Extended time revenue.** Links extended time revenue to the formula allowance (currently extended time revenue is calculated using the formula allowance amount for FY 2005 which was \$4,601).
- 22 **Declining enrollment revenue.** Creates a new component of general education revenue for districts with declining enrollment. Sets the revenue amount equal to the formula allowance times the average loss of pupils for the three preceding years.
- 23 **Location equity revenue.** Creates a new component of general education revenue called location equity revenue. Sets the revenue equal to the product of 50 percent of the basic formula allowance, the district's pupil units for that year, and its location equity index minus 0.9.
- 24 **Referendum replacement revenue.** Grants each district an additional \$500 per pupil unit (Note: section 35 offsets the first \$500 of referendum revenue per pupil unit).

- 25 Compensatory education revenue.** Establishes a minimum amount of compensatory revenue for each pupil eligible for free or reduced price meals equal to \$2,500 per pupil. Sets the compensatory formula equal to 40 percent of the basic formula allowance times the district's compensation revenue pupil units.
- 26 Basic skills revenue.** Eliminates the concentration portion of LEP revenue.
- 27 Definitions.** Increases the number of districts eligible for sparsity revenue by lowering the minimum distance to the next nearest school building from 19 to 15 miles.
- 28 Total operating capital revenue.** Adds \$600 of aid per pupil unit to operating capital revenue for health and safety and deferred maintenance purposes for those districts who are not participating in the alternative facilities program. Adds \$50 per pupil unit to operating capital revenue for technology purposes. Raises the basic operating capital allowance from \$70 to \$100 per pupil to adjust for the loss of pupil weighting by grade under section 13.
- 29 Uses of total operating capital.** Defines the uses of technology revenue.
- 30 Transportation sparsity revenue allowance.** Makes a technical change to include transportation sparsity revenue in the revenue under section 31.
- 31 Transportation revenue.** Adds two new transportation components to the transportation sparsity revenue amount. Adds an amount for hazardous transportation services equal to the district's actual costs, not to exceed 20 percent of the district's total to and from transportation costs and adds an amount equal to 5 percent of a district's total transportation spending for bus purchase or other transportation needs.
- 32 Innovation revenue.** Requires a school district to use at least 5 percent of its basic revenue for innovative revenue programs including peer-reviewed, research-based measures to improve academic performance. Requires a district that is demonstrating low student growth to submit a plan to the commissioner of education describing how it intends to use its innovation revenue.
- 33 General education aid.** Eliminates the property tax levies of general education revenue so that general education revenue is provided entirely through state aid.
- 34 Uses of revenue.** Specifies that a certain portion of general education revenue must be set aside for the following:
- one percent of basic revenue (\$75 per pupil) for gifted and talented services;
 - five percent of basic revenue to implement a district's innovative revenue program;
 - basic skills revenue (compensatory and LEP revenue) must be set aside as is required by current law; and
 - operating capital must be set aside as required by current law.
- 35 Referendum allowance.** Reduces each school district's approved referendum allowance by \$500 per pupil unit (this amount is replaced with revenue under section 24).

- 36 Referendum equalization revenue.** Removes obsolete language.
- 37 Referendum equalization levy.** Converts the operating referendum equalization factors from fixed amounts to a percent of the statewide average referendum market value tax base. Changes the first tier equalizing factor from \$476,000 per pupil to 100 percent of statewide equalizing factor (about \$582,000 per pupil). Changes the second tier equalizing factor from \$276,000 per pupil to 60 percent of the statewide referendum market value equalizing factor (about \$350,000).
- 38 Annual general education aid appropriation.** Expands the open and standing appropriation for general education revenue to include the amounts necessary to fund the special education formulas, debt service equalization aid, and the school bond agricultural credit.
- 39 To lease building or land.** Increases the building lease levy from a maximum of \$100 per pupil to \$150 per pupil and authorizes school districts to lease administrative space as well as classroom space. Increases the lease levy for districts that are members of an intermediate school district from \$25 to \$50 per pupil unit.
- 40 Statewide average revenue.** Makes a technical correction to reflect the elimination of equity revenue and transition revenue.
- 41 Phase-in.** Defines a district's baseline education revenue as the amounts calculated under the formulas in the 2008 Minnesota Statutes.
- Phases in the new aid, levy and revenue over an unspecified number of years by adding the percentage to be phased in for that year to the baseline education revenue amount for each district.
- 42 Revisor's instruction.** Instructs the revisor to remove the phrase "marginal cost" from all of the definitions of pupil units that appear in statute.
- 43 Repealer.** Repeals the fixed standing appropriation for debt service equalization aid, special education revenue caps, gifted and talented revenue, the operating capital levy, equity revenue, transition revenue, alternative teacher compensation revenue, the learning and development revenue set-aside and the teacher retirement and PERA pension adjustments to general education revenue.

Article 9: Forecast Adjustments

- 1 Debt service appropriation.** Adjusts the fixed, standing appropriation for debt service equalization aid to match the February 2010 forecast estimate of the appropriation.
- 2 Debt service equalization aid.** Adjusts the line-item appropriation for debt service equalization aid to reflect the February 2010 forecast estimates.
- 3 Kindergarten milk.** Adjusts the line-item appropriation for kindergarten milk to reflect the February 2010 forecast adjustments.

