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Overview

This bill contains the Governor's prekindergarten through grade 12 budget recommendations. Included in the bill are funding increases for general education revenue, special education revenue, expansion of the voluntary prekindergarten program and other program adjustments.

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Article 1: General Education

Overview

Increases the general education basic formula allowance by 2 percent per year. Increases funding for voluntary prekindergarten programs. Adds a capped amount of money to the general education revenue formula to help schools partially pay for expected increases to the employer contribution rate for Teacher Pensions.

- 1 Voluntary prekindergarten; program requirements.** Requires all voluntary prekindergarten programs to provide instruction through licensed teachers beginning with the 2022-2023 school year. For years prior to the 2022-2023 school year, requires voluntary prekindergarten programs to have specialized training in early childhood curriculum content (the current law standard requires voluntary prekindergarten teachers to be knowledgeable in early childhood curriculum content).

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Requires all voluntary prekindergarten programs to be supervised by licensed administrators, including elementary school principals, beginning with the 2017-2018 school year.

Allows a school district to supplement its voluntary prekindergarten program with its school readiness program and school readiness funding.

Clarifies that instruction provided to program participants must recognize native language abilities and reflect the literacy skills of English language learners. Clarifies that screening and progress monitoring measures must be multi-domain and age-appropriate. Clarifies that the program must be coordinated with physical and mental health social service providers.

- 2 **Application process; priority for high poverty schools.** Splits the voluntary prekindergarten region for the Minneapolis and St. Paul school districts into two regions so that there will be five regions instead of four (greater Minnesota districts, charter school schools, suburban school districts, the Minneapolis school district, and the St. Paul school district). Keeps the current allocation of the total money based on each region's percentage share of the overall kindergarten enrollment. Specifically authorizes a school district to provide its program at a facility operated by a community-based or Head Start program. Continues funding for existing sites and programs before new sites are funded.
- 3 **Program and aid entitlement limits.** Increases the number of four-year-olds served through the voluntary prekindergarten program by raising the program participation cap. The new cap is established as student cap, not an overall appropriations cap. Raises the cap from the roughly 3,300 students currently served by the program in the 2016-2017 school year to 8,300 four-year-olds for the 2017-2018 school year and increases the cap by 1,000 students in each successive year.
- 4 **Basic formula allowance.** Increases the general education basic formula allowance \$121 per pupil unit in the first year and by an additional \$124 per pupil unit in the second year. This is a 2 percent per year increase in the basic formula allowance.
- 5 **Operating capital levy.** Increases the aid share of the operating capital component of general education revenue so that there is no statewide levy impact associated with the proposed increase in voluntary prekindergarten programs.
- 6 **Pension adjustment revenue.** Increases the current pension adjustment component of general education revenue by 0.5 percent for fiscal year 2018 and by 1.0 percent for fiscal years 2019 and later. Caps the total pension adjustment at an added \$22.851 million for fiscal year 2018 and at \$45.703 million for fiscal year 2019 and later. Note that the St. Paul and Statewide Teacher Retirement systems are seeking a number of changes to the state's teacher pension systems, including an increase in the employer contribution rate.
- 7 **Payment percentage for certain aids.** Includes the pension adjustment revenue in the portion of school aids that are paid 100 percent in the current fiscal year (most school aid payments are paid 90 percent in the current year and 10 percent in the following year).
- 8 **Appropriations.** Appropriates money for general education programs.

For details, see the fiscal analyst tracking sheet at:

<http://www.house.leg.state.mn.us/Fiscal/Download/940>

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Article 2: Education Excellence

Increases funding for tribal contract schools, full service community schools, and for the “Support our Students” grant program.

- 1 Basic alternative teacher compensation aid (Q Comp).** Includes voluntary prekindergarten pupils in each school’s qualifying count of Q comp pupils, including those enrolled in the first year of a voluntary prekindergarten program. Increases the Q Comp cap by an amount sufficient to adjust for the added voluntary prekindergarten pupils.
- 2 Revenue amount; tribal contract schools.** Makes permanent the higher level of state funding for the four tribal contract schools (under current law the formula maximum was increased from \$1,500 to \$3,230 per pupil unit for fiscal years 2016 and 2017 only).
- 3 Support our Students grant program.** Restates and slightly modifies the session law language from the 2016 legislative session for the “Support our Students” grant program.
- 4 Appropriations.** Appropriates money for educational excellence programs. Provides the base level of funding for most programs. Appropriates additional funding for the tribal contract school aid program, full service community schools, and for additional grants under the “Support our Students” grant program.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

Article 3: Special Education

Increases funding for special education programs.

- 1 Definitions; special education aid.** Excludes teacher retirement revenue (pension adjustment revenue) included in article 1 from the calculation of each district’s unfunded special education costs. Increases the increase in the per pupil cap on special education funding from \$40 to \$71 per pupil unit for fiscal year 2018 and then grows the cap in future years at \$43 per pupil unit, instead of \$40 per pupil unit. Removes obsolete language.
- 2 Special education initial aid.** Simplifies the special education funding formula by eliminating the “old formula” expenditures from the initial aid calculation.

Increases the “new funding formula” from 56 to 57 percent of the census and pupil based amounts. Increases the census per pupil amounts (category (i)) from \$450 to \$467 per pupil, and from \$400 to \$415 for the free and reduced lunch pupil counts.

Increases the per pupil disability amount as follows: for category (ii) from \$10,400 to \$19,000; for category (iii) from \$18,000 to \$19,000; and from \$27,000 to \$27,200 for category (iv) disabilities.

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- 3** **Special education aid.** Clarifies that Minnesota Department of Education (MDE) has authority to adjust prior year and fiscal year 2016 “old formula” aid in cases where programs have closed and where programs have transferred to cooperative units.
- 4** **Special education excess cost aid.** Increases the excess cost special education aid unreimbursed nonfederal expenditures reimbursement rate from 56 to 57 percent. Increases the “old formula” excess cost reimbursement by only offsetting 2.2 percent of the adjusted general education revenue (current law offsets 2.5 percent of the adjusted general education revenue against the old formula reimbursement).
- 5** **Appropriations.** Appropriates additional funding for regular special education aid and base amounts for other programs funded through this article.
- For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>
- 6** **Repealer.** Repeals the following sections:
- ▶ 125A.75, subd. 7 - obsolete language regarding allocation of special education expenses between a cooperative unit and a school district.
 - ▶ 125A.76, subd. 2b - obsolete language applying only to fiscal years 2014 and 2015.

Article 4: Facilities and Technology

Increases state aid for the debt service equalization aid program.

- 1** **Debt service equalization aid revenue.** Slightly increases the aid paid to school districts under the debt service equalization aid program by lowering the second tier of debt aid from 26.24 percent to 22.34 percent for fiscal year 2018 and to 19 percent for fiscal years 2019 and later.
- 2** **Appropriations.** Appropriates additional funding for the debt service equalization aid program.
- For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

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Article 5: Nutrition

Increases funding for school nutrition programs commensurate with the proposed growth in voluntary prekindergarten programs.

- 1 Appropriations.** Appropriates additional funding for school nutrition programs because of the proposed growth in the number of students participating in the voluntary prekindergarten programs.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

Article 6: Libraries

Appropriates base funding amounts for library programs.

- 1 Appropriations.** Appropriates base funding amounts for library programs funded through this article.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

Article 7: Early Childhood and Family Support

Broadens the target population for the early learning scholarship program.

- 1 Early learning scholarships; family eligibility.** Extends the target ages for children served by the early learning scholarship program from children ages three and four years old to children from birth to age five.
- 2 Appropriations.** Appropriates added funding for early childhood and family education (ECFE) because the ECFE formula is linked to the basic formula allowance and appropriates base funding amounts for other early childhood programs funded through this article.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

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Article 8: Community Education and Prevention

Appropriates added funding for education pilot transformation zones and base funding amounts for other community education programs.

- 1 Appropriations.** Appropriates added funding for education pilot transformation zones base funding amounts for community education and prevention programs funded through this article.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

Article 9: Self-sufficiency and lifelong learning

Appropriates base funding amounts for self-sufficiency and lifelong learning programs.

- 1 Appropriations.** Appropriates base funding amounts for self-sufficiency and lifelong learning programs funded through this article.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

Article 10: State Agencies

Provides funding for state agencies including MDE, the Board of Teaching, Minnesota State Academies for the Deaf and Blind, and the Perpich Center for Arts Education.

- 1 Department of Education; appropriations.** Appropriates \$32.102 million in fiscal year 2018 and \$30.303 million for fiscal year 2019 to MDE. Includes \$3.35 million for computer system upgrades. Other agency increases include \$1.482 million to contract for a system to reduce special education paperwork and \$3 million for “Help Me Grow” programming.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

- 2 Board of Teaching; appropriations.** Appropriates \$980,000 per year for the operations of the Board of Teaching.

For details, see the fiscal analyst tracking sheet at:
<http://www.house.leg.state.mn.us/Fiscal/Download/940>

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- 3 Minnesota State Academies; appropriations.** Appropriates \$14.036 million in fiscal year 2018 and \$14.352 million for fiscal year 2019 to the Minnesota State Academies for the Deaf and Blind, located in Faribault, Minnesota.

For details, see the fiscal analyst tracking sheet at:

<http://www.house.leg.state.mn.us/Fiscal/Download/940>

- 4 Perpich Center for Arts Education; appropriations.** Appropriates \$8.330 million in fiscal year 2018 and \$8.083 million for fiscal year 2019 to the Perpich Center for Arts Education. Includes in this amount \$1,360,000 for technology enhancements and staff training.

For details, see the fiscal analyst tracking sheet at:

<http://www.house.leg.state.mn.us/Fiscal/Download/940>