



2021 Legislative Update

Adosh Unni | Director of Government Relations

Terri Yetter | Director of School Finance

June 2021

E-12 Education Bill

1st Special Session, Chapter 13

House File (HF) 2

- Passed House: 6/26
- Passed Senate: 6/30
- Signed Governor: 6/30

Finance

FY22/23 – \$525M → \$554.871M

FY24/25 – \$675M → \$668.303M

Special Session: additional \$23.174M

Policy

What's included

What was left out

E-12 Education Bills – Regular Session

Governor

- Summer Programming: HF 1064/SF 973
- E-12 Education Finance: HF 1065/SF 960, as introduced
- E-12 Policy: HF 950/SF 788, as introduced

House

- Early Childhood Committee: HF 2230/SF 2264
- Ed Finance Committee: HF 1065, 3rd engrossment
- Ed Policy Committee: HF 1065, 3rd engrossment

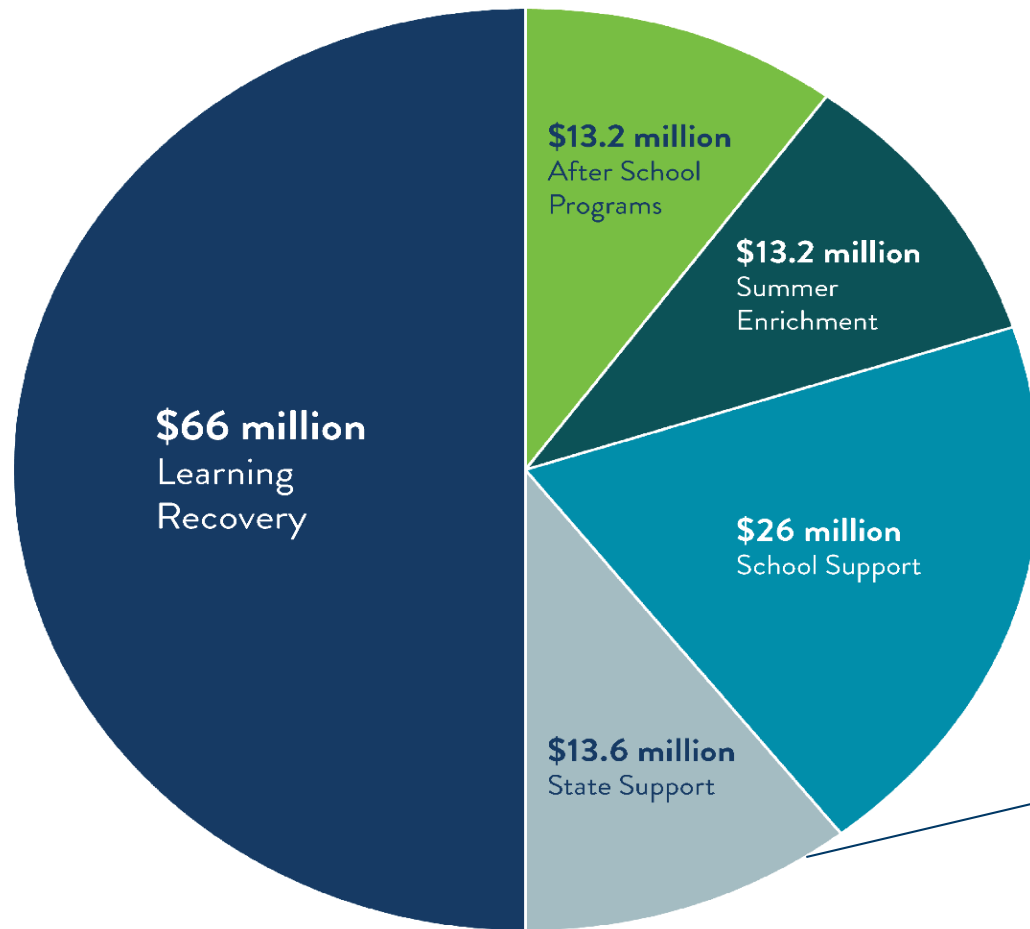
Senate

- Education Finance and Policy: SF 960/HF 1065, 1st unofficial engrossment

Summer Learning

Summer Learning Investment	Federal Fund Allocation
Academic and mental health supports for districts <ul style="list-style-type: none">Expand mental health and well-being supportsPartner with community-based orgs for mentoring/tutoring/enrichmentCommunity-based programmingField trips and hands-on learning	\$34.614M
Pre-school for 4- and 5-Year-Olds	\$20.0M
School-linked Mental Health Grants	\$6.011M
Expand Access to Tutoring	\$3.25M
Increase ABE Program Funding	\$10.0M
Learning Acceleration and College Readiness Initiative	\$1.125M
	\$75.0M

ARP ESSER Flexible Funds



– School Support - \$26 million

- Multi-tiered systems of support (MTSS)
- Full-service community schools
- Expanding rigorous coursework
- Trauma-informed/anti-bias instructional practices
- Nonexclusionary discipline training
- Life skills/transition programs
- Mentoring program for new teachers
- ParentChild+/Reach Out and Read
- Tribal/State relations training for school leaders

– State Support - \$13.6 million

- Ed-Fi
- Public engagement team at MDE
- COVID-19 response staff and school nurse

Education Finance

Education Budget Bill - SPENDING TARGETS

(State Aid Appropriations @ 90 / 10)

\$ millions	Governor	House	Senate	Agreement	Result
FY2022-23 Biennium	\$733.1	\$772.7	\$153.6	\$525.0	\$554.204
FY2024-25 Biennium	\$1,055.0	\$1,122.0	\$153.3	\$675.0	\$668.957

E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

FY 2022-FY 2023 Biennium - State Appropriations

GENERAL FUND				FY2022-23
\$ in Thousands	Governor	House	Senate	Agreement
General Ed Formula + Linked to Formula	296,532	399,622	-	462,947
Classroom Support Aid			60,000	
Simplify Levies/Increase Equalization	77,269	8,475	23,560	6,005
Maintain Voluntary PreK Seats	39,576	40,385		39,887
EL Cross-Subsidy Aid	13,664	29,042		4,000
Other General Ed Changes	71,892	20,792	22,676	
Education Savings Accounts			11,505	
Special Education Aid	68,318	70,122	100	10,425
Early Childhood	7,449	49,179		
Other Aids and Grants	137,204	138,802	42,975	25,628
State Agencies	21,223	21,291	(3,974)	8,564
Less Revenues, Transfers & Cancellations		(4,997)	(3,252)	(3,252)
Total Increase over Base	733,127	772,713	153,590	554,204

E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

FY 2024-FY 2025 Biennium - State Appropriations

GENERAL FUND				FY2024-25
\$ in Thousands	Governor	House	Senate	Agreement
General Ed Formula + Linked to Formula	501,853	688,342		642,895
Classroom Support Aid			60,000	
Simplify Levies/Increase Equalization	197,453	10,676	46,405	667
Maintain Voluntary PreK Seats	41,815	42,789		2,047
EL Cross-Subsidy Aid	31,043	31,565		4,000
Other General Ed Changes	30,944	60,880	31,837	
Education Savings Accounts			2,369	
Special Education Aid	110,492	110,492		
Early Childhood	7,808	51,530		
Other Aids and Grants	116,716	110,498	16,613	14,938
State Agencies	16,905	16,913	(3,974)	4,410
Less Revenues, Transfers & Cancellations		(1,722)	-	
Total Increase over Base	1,055,029	1,121,963	153,250	668,957

E-12 EDUCATION BILL

General Education Formula Allowance

Agreement: 2.45% and 2.0%

- From \$6,567 in FY 21 to \$6,728 in FY 22 (\$161)
- Additional \$135 in FY 23 to \$6,863

- **Governor** was at 1% and 2.5%
- **House** was at 2% and 2%:
 - Additional 0.5% in both FY 2024 and FY2025
 - Automatic inflationary increase for FY 2026 and later years
- **Senate:** No formula allowance increase, but \$60M one-time Classroom Support Aid

E-12 EDUCATION BILL

General Education Formula Allowance

General Education Revenue Increase per ADM By District Type

	FY 2022		FY 2023	
	Basic Revenue per ADM	Total Gen Ed Revenue per ADM	Basic Revenue per ADM	Total Gen Ed Revenue per ADM
MPLS & ST PAUL	175	220	322	627
OTHER METRO, INNER	176	193	324	547
OTHER METRO, OUTER	177	184	324	520
NONMET >=2K	176	191	324	541
NONMET 1K-2K	177	193	325	547
NONMET < 1K	177	203	325	575
CHARTER SCHOOLS	173	211	319	587
GRAND TOTAL	\$ 176	\$ 194	\$ 324	\$ 552

E-12 EDUCATION BILL

English Learner (EL) Funding

Agreement:

Creates English Learner Cross Subsidy Aid:

- \$2 million per year for FY22 through FY25
- Allocated to school districts and charter schools based on their proportionate share of statewide EL and concentration revenue for the preceding fiscal year
- Must be used and reserved as basic skills revenue (FIN Code 317)
- **Governor and House:** would have permanently increased EL revenue and concentration allowances, and extended the concentration cap
- **Senate:** No additional EL funding

Agreement:

One-time Additional Special Education Cross Subsidy Aid for FY22

- \$10.425 million allocated based on district FY21 cross subsidy
- Estimated 1.24% increase ($6.43\% + 1.24\% = 7.67\%$ total)
- **Governor and House:** would have increased the percentage in the cross subsidy aid formula to hold the state average special education cross subsidy per student steady at FY19 level
- **Senate:** No comparable provision

Agreement:

For FY22 and FY23 only, continues to fund the 4,000 Voluntary PreKindergarten (VPK) and School Readiness Plus (SRP) seats currently expiring after FY21

- Specifies that VPK students will not be used in declining enrollment revenue calculations for FY24
- Specifies that FY23 VPK student data will not be used to drive FY24 compensatory revenue for sites where VPK funding is discontinued after FY 23 due to the reduction in the number of funded seats
- **Governor and House:** would have made permanent the 4,000 expiring seats
- **Senate:** No comparable provision

Agreement:

Increases the Local Optional Revenue (LOR) 2nd tier equalizing factor for FY23 only to offset other statewide levy changes (VPK continuation)

- From \$510,000 per pupil to \$548,842 for FY23
- Levy increase for VPK/SRP districts, levy decrease for most other districts
- (From House)
- **Senate:** would have provided additional equalization for tier 1 and 2 operating referendum levies
- **Governor:** would have simplified and improved equalization in LOR, referendum and debt equalization levies

School Meals Formula Adjustments:

- Adjusts the FY21 school nutrition payments to schools to match the school meal delivery models used by schools in the 2020-21 school year
- State aid savings due to lower meal counts for regular school food service programs are reallocated on a per meal served basis to schools providing summer food service meals for the 2020-21 school year
- This is an extension of the COVID-19 formula adjustments that were enacted last session

Tax Increment Financing (TIF):

- Reporting – Amends timeline for county auditor’s reporting on excess TIF distributions to school districts to an annual reporting
- Adjustment calculation - Clarifies the years used to calculate aid and levy adjustments in years when school districts receive excess TIF payments
- (Governor, House and Senate)

Basic Skills:

- Clarifies that expenditure reporting through UFARS must include a breakdown of expenditures by functional area.

Hiring Bonuses:

- Allows a district or school to offer a hiring or retention bonus
 - \$2,500-\$5,000 to attract teachers who are American Indians or persons of color
 - \$4,000-\$8,000 to meet staffing needs in shortage areas and to attract teachers who are American Indians or persons of color
 - (House and Senate)

Staff Development Set Aside:

- Expands the uses to include teacher mentorship under section 122A.70, subd. 1

MDE:

- Operating adjustment (\$2.742 M)
- Legal costs associated with litigation (\$4.5 M)

PELSB:

- Operating adjustment (\$193 K)

Perpich:

- Operating adjustment (\$351 K)

State Academies:

- Operating adjustment (\$778 K)

E-12 EDUCATION BILL

Forecast Adjustments

- Forecast article adjusts fiscal year 2021 appropriations (including final payments for FY 2020 and current payments for FY 2021) to match the February 2021 forecast amounts for each affected program.
- Already built into the base budget.

General Ed Finance Provisions Not Included in the Agreement

- Increase aid for unfunded transportation costs (House and Senate)
- Link additional programs to formula allowance (Governor and House)
- Pandemic hold harmless for declining enrollment and compensatory revenue (Governor)
- Kindergarten ADM alignment for students receiving special education services (Governor and House)
- ECSE alignment with VPK/SRP for EL and school breakfast funding (Governor and House)
- Lift concentration cap on compensatory revenue (House)
- Increase portion of compensatory revenue spent at generating sites (Governor and House)
- Technical changes to basic skills revenue use (Governor and House)

Other Finance Provisions Not Included in the Agreement

- Paraprofessional Training Aid (House)
- Student Support Personnel Aid (Governor and House)
- Education Savings Accounts for nonpublic education options (Senate)
- Additional Early Learning Scholarship funding (House)
- Expanded Community Education funding (Senate)
- Expanded facilities funding for cooperative districts (House and Senate)
- Technical correction to Adult Basic Education aid (Governor, House and Senate)

Truth in Taxation Statements:

Add supplemental information to notice of proposed property taxes. This separate one-page statement must include:

- The percentage change in levy proposed for the following year
- Summary of budget information for the current and prior year
 - Same District Revenue and Expenditure Budget information as required by M.S. 123B.10, subd. 1, paragraph (b)
- Effective taxes payable in 2023

Fund-raising sales by nonprofit groups:

Exempts from sales tax the sales made by school-associated student groups even when the money is recorded as part of school district revenues provided that:

- the sales are for fund-raising purposes of elementary or secondary student organizations for the purposes of funding extracurricular activities such as sports, arts, etc.
- the school district reserves the revenue raised for extracurricular activities and the money raised for a specific activity is spent on that activity

(Note: this provision restores this exemption that was in place prior to a change made in the 2019 omnibus education bill)

Enbridge Pipeline Property Tax Valuation Settlement:

Provides \$29.355 million in grants to counties that must pay a refund of property taxes to Enbridge as a result of overvaluation of assessments in 2012-2018:

- Used to pay the refunds owed by the counties, school districts, and other taxing jurisdictions within the counties
- Affected counties - Aitkin, Beltrami, Carlton, Cass, Clearwater, Hubbard, Itasca, Kittson, Marshall, Pennington, Polk, Red Lake and St. Louis
- Affected school districts will not have to use abatement levy authority fund their share of the refunded taxes

Compensatory Revenue Reporting Extension:

- For FY22 only, extends the deadline from December 15, 2020 to January 4, 2021 for certifying eligibility for free and reduced-priced meals.
- Up to the amount of compensatory revenue attributable to the extension must be funded from available federal coronavirus relief funds.
 - This will require separate source coding for this portion of basic skills revenue.

(Laws 2020, 7th Special Session, Chapter 2, Article 6, Sections 1 & 2)

Grants and Education Policy

One-time Grants

	FY22-23	FY24-25
Children's Museums	\$300,000	-
Digital Well-Being	\$1.0 million	-
Girls in Action	\$1.5 million	-
Math Corps	\$1.0 million	-
MN Civics Education Coalition	\$150,000	-
MN Youth Council	\$375,000	-
Suicide Prevention Teacher Training (Kognito)	\$265,000	-
LETRS Grants	\$3.0 million	-
Non-exclusionary Discipline Training	\$1.75 million	-

Grants to Diversify Teaching Workforce

	FY22-23	FY24-25
American Indian Teacher Prep Grants (MITTP)*	\$280,000	\$280,000
Black Men Teach	\$750,000	-
Come Teach in MN Hiring Bonuses	\$400,000	\$400,000
Expanded Concurrent Enrollment (Intro to Teaching)	\$250,000	\$250,000
Grow Your Own**	\$10.0 million	\$10.0 million
Mentoring & Retention Incentive Grants	\$4.5 million	\$4.5 million
Teacher Recruitment Marketing Campaign	\$500,000	\$500,000

*Minnesota Indian Teacher Training Program (MITTP) grants may be used to cover federally defined Estimated Family Contribution (EFC).

**Residency requirement no longer in place and funds may be used over 60-month period.

- All grants require evidence-based evaluation as well as additional reporting required.
- Three-year plan required within 90 days of receiving an AP/IB grant (instead of before) and caps grants at \$75,000 for all districts or charters.

- Consistency in compliance: must comply with corporal punishment prohibitions.
- Corrective action process limited to no more than 130 business days total, with the actual plan lasting no more than 80 days. Permits a school to transfer authorizers if this occurs.

- Temporary delay of academic standards implementation for two years. MDE allowed to continue current standards committee work as well as assessment development.

- Adds “teacher mentorship” to eligible uses of staff development revenue and requires districts to develop teacher mentoring programs.
- Concurrent Enrollment Teacher Partnership (previously Northwest Regional Partnership) criteria modified to use funding for postsecondary course development, incentivize teachers to participate, and enroll college faculty and provide financial assistance.
- MDE to no longer receive expungements.

- Special education recovery services: by December 1, 2021, districts must invite parents of students to determine whether additional supports or services are necessary to address lack of IEP goal progress.
- Third party billing: MDE and DHS required to streamline access to reimbursement for students with IEP that are also enrolled in MA.

- Districts that provide mental health instruction must use MDE provided resources or other evidence-based instruction.
- Seizure action plan required.
- Notification to staff, students, and parents if presence of an environment hazard (as determined by MDH or PCA).

Other Policy Provisions

- **School Calendar:** Annual notice of absence from school for religious observance policy be provided to parents.
- **Early Education:** Preschool and kindergarten students may not use individual screens without engagement from teacher or other students (exception for IEPs).
- **Nutrition:** Lunch shaming prohibited. Policy required to be posted. Students with FRP status must be served reimbursable meal irrespective of any outstanding debt.

Governor Priorities Not Included

Policy

- Several American Indian-related policy provisions
- Restrictive procedures
- Nonexclusionary discipline and restorative practices policy changes

Grants and Aids

- School support staff investment
- Statewide mentoring
- Rigorous coursework for BIPOC and Greater MN students
- Additional EL and Sped funding
- Full-service Community Schools
- Multi-tiered Systems of Support

House Priorities Not Included

Policy

- Prohibition of K-3 dismissals
- Tiered licensure changes
- Sacred tobacco
- Renewal of operating referendums
- Special education billing

Grants and Aids

- Early learning scholarships prioritized for 0-2
- Paraprofessional training
- Linking formula to inflation
- Additional EL and Sped funding
- Full-service Community Schools
- Removing compensatory revenue concentration cap

Senate Priorities Not Included

Policy

- Bargaining and contract changes
- Abolishing Perpich
- Prohibiting MSHSL from permitting male student from participating in activities designed for females
- Eliminating ability for governor to authorize commissioner to close schools

Grants and Aids

- Vouchers
- Requiring districts to provide guidance counseling services to nonpublic students
- One-time classroom support aid in lieu of formula increase

Thank you!

Adosh Unni, Director of Government Relations

adosh.unni@state.mn.us

Terri Yetter, Director of School Finance

terri.yetter@state.mn.us