



## 2022 Legislative Update

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## Education Finance

Main spending categories from the House and Senate.

Appropriations and expansion on fiscal provisions.

Tax bill E-12-related provisions.

Drought and agriculture relief bill relevant provisions.

## Other Budget, Grants, and Education Policy

Budget and Policy negotiations proposals from the House and Senate.

Relevant laws passed into law and those awaiting the Governor's signature.

# Education Finance

# Education Budget Bill - SPENDING TARGETS

(State Aid Appropriations @ 90 / 10)

<b>\$ millions</b>	<b>Governor</b>	<b>House</b>	<b>Senate</b>	<b>Agreement</b>	<b>Result</b>
<b>FY2022-23 Biennium</b>	\$786.7	\$1,325.4	\$30.7	\$320.0	
<b>FY2024-25 Biennium</b>	\$1,705.4	\$2,245.4	\$1.4	\$680.0	

# E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

## FY 2022-FY 2023 Biennium - State Appropriations

GENERAL FUND	Session Budget Targets			FY2022-23	Final Offers 5/21/22	
\$ in Thousands	Governor	House	Senate	Agreement	House	Senate
Special Education Cross-Subsidy	47,516	422,613			196,139	260,598
Literacy	8,000	6,250	30,700		56,200	54,400
Student Support Personnel Aid	19,190	95,862			30,760	
Early Learning Scholarships	56,177	131,177			14,567	
School Meals Aid + CEP Compensatory Adjustment		23,546			13,314	
Level 4 Mental Health Innovation Grants	4,900	9,000			9,000	5,000
Computer Science Blueprint					20	
Hourly School Workers UI Levy (CTE Levy Equ)					-	
<b>Subtotal, Final Offers:</b>	<b>135,783</b>	<b>688,448</b>	<b>30,700</b>	<b>320,000</b>	<b>320,000</b>	<b>319,998</b>

# E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

## FY 2022-FY 2023 Biennium - State Appropriations

GENERAL FUND \$ in Thousands	Session Budget Targets			FY2022-23	Final Offers 5/21/22	
	Governor	House	Senate	Agreement	House	Senate
Formula Increase - 2% + linked FY24 and later	133,590					
Voluntary Pre-K 4 Year Olds	76,903	76,903				
Voluntary Pre-K Mixed Delivery	96,920	96,920				
English Learner (EL) Cross-Subsidy	11,895	74,112				
Universal Free Meals	186,631					
Other Mental Health Provisions	20,588	11,726				
Special Education 90/10		44,569				
Grow Your Own	21,725	65,360				
Declining Enrollment Aid		25,000				
Training for Paraprofessionals		20,352				
Full-Service Community Schools	5,000	5,000				
Multi-Tiered Systems of Support (MTSS)	12,000	20,000				
Other Provisions	85,632	197,032				
<b>Subtotal, Other:</b>	<b>650,884</b>	<b>636,974</b>	-			
<b>Grand Total Increase over Base:</b>	<b>786,667</b>	<b>1,325,422</b>	<b>30,700</b>	<b>320,000</b>	<b>320,000</b>	<b>319,998</b>

# E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

## FY 2024-FY 2025 Biennium - State Appropriations

GENERAL FUND	Session Budget Targets			FY2024-25	Final Offers 5/21/22	
\$ in Thousands	Governor	House	Senate	Agreement	House	Senate
Special Education Cross-Subsidy	112,224	992,505			464,645	666,192
Literacy	16,000	13,240	1,400		5,400	3,800
Student Support Personnel Aid	48,903	212,295			75,462	
Early Learning Scholarships	103,920	43,920			44,000	
School Meals Aid + CEP Compensatory Adj		27,938			16,493	
Level 4 Mental Health Innovation Grants		18,000			18,000	10,000
Computer Science Blueprint		40			-	
Hourly School Workers UI Levy (CTE Levy Equ)		-			56,000	
<b>Subtotal, Final Offers</b>	<b>281,047</b>	<b>1,307,938</b>	<b>1,400</b>	<b>680,000</b>	<b>680,000</b>	<b>679,992</b>

# E-12 EDUCATION BILLS – MAJOR SPENDING CATEGORIES

## FY 2024-FY 2025 Biennium - State Appropriations

GENERAL FUND \$ in Thousands	Session Budget Targets			FY2022-23	Final Offers 5/21/22	
	Governor	House	Senate	Agreement	House	Senate
Formula Increase - 2% + linked FY24 and later	300,548					
Voluntary Pre-K 4 Year Olds	229,260	229,260				
Voluntary Pre-K Mixed Delivery	193,840	193,840				
English Learner (EL) Cross-Subsidy	27,889	198,449				
Universal Free Meals	396,097					
Other Mental Health Provisions	41,172	8,602				
Special Education 90/10		-				
Grow Your Own	39,450	7,610				
Declining Enrollment Aid		-				
Training for Paraprofessionals		42,242				
Full-Service Community Schools	50,000	-				
Multi-Tiered Systems of Support (MTSS)	24,000	40,000				
Other Provisions	122,101	217,481				
<b>Subtotal, Other</b>	<b>1,424,357</b>	<b>937,484</b>	-	-	-	-
<b>Grand Total Increase over Base:</b>	<b>1,705,404</b>	<b>2,245,422</b>	<b>1,400</b>	<b>680,000</b>	<b>680,000</b>	<b>679,992</b>



# E-12 EDUCATION BILL

## Special Education Funding – Both Offers

### House and Senate both had offers to increase Special Education Cross Subsidy Aid:

- House final offer: Increase the percentage from 6.43% to 37.746% for FY23 and 40.49% for FY24 later years (\$196M in FY23, and \$465M in FY24/25)
- Senate final offer: Increase the percentage from 6.43% to approximately **40%** for FY23 and later years (\$261M in FY23, and \$666M in FY24/25)
- Session
  - **Governor:** would have increased the percentage to 12.14% (hold to FY19 level)
  - **House:** would have increased the percentage to 55.895% for FY23 and 56.9405% for FY24 and later years, and funded 90/10 payment shift
  - **Senate:** No comparable provision

# E-12 EDUCATION BILL

## School Nutrition Programs – House Offer

### Community Eligibility Provision (CEP) Program (House offer)

- Requires eligible CEP sites to participate in the program and fully funds school meals for all participating sites
- Creates a compensatory revenue hold harmless for FY23 and later years for participating CEP sites to mitigate the potential underreporting of compensatory students. Calculated using the greater of:
  - the preceding fall student counts;
  - the fall 2019 student counts; or
  - the fall student counts in the year preceding the sites entry or renewal in the CEP program
- Session
  - **Governor:** funded universal meals and CEP
  - **House:** funded CEP
  - **Senate:** no comparable provision

# E-12 EDUCATION BILL

## Unemployment Insurance/CTE Levy – House Offer

### Unemployment Insurance

- Allows non-licensed staff to be eligible for unemployment benefits during interim months of the school year
- School districts may levy for 100% of these additional costs
- To offset the Reemployment Insurance Levy increases, eliminates the levy component of Career and Technical Education (CTE) revenue.
- House Final Offer

# E-12 EDUCATION BILL

## Student Support Personnel Aid - House Offer

### Creates a New Student Support Personnel Aid (House offer)

- Funding for districts and charters to hire additional support personnel positions
- \$100 per pupil for school districts and charter schools
  - minimum of \$50,000 for small school districts
- For cooperatives and intermediate school districts, \$6 per pupil of the member school districts
  - \* Note: these allowances are estimates based on the House Omnibus Bill
- Session
  - **Governor:** \$77M proposal
  - **House:** \$320M proposal
  - **Senate:** No comparable provision

### Local Option Revenue (LOR) – Equalization

- Beginning in FY24, the first tier LOR equalization is changed to use an equalizing factor of 154.79% of the state average referendum market value per resident pupil (RMV / RPU)
  - Based on 3<sup>rd</sup> prior year pupils similar to LTFM and debt equalization
- Second tier equalization remains at current law
- \$66.3M in property tax relief for school districts and additional LOR aid to charter schools in FY24/25

### Joint Powers Districts – Long Term Facilities Maintenance (LTFM)

- Allow joint powers districts to take part in the LTFM program
- Expand the cooperative and joint powers use of the LTFM program to include increased leases costs attributed to LTFM programs completed by landlords
- Allows cooperative or joint powers districts to specify which member district shares the project costs with exception of debt service payments

### Cooperative and Joint Powers Districts – Lease Levy Authority

- Expands the use of the lease levy authority to cooperative units and joint powers districts within the \$65 dollar cap
- Allows for the intermediate, cooperative unit, or joint powers district to specify which member district will levy for lease costs
- Allows districts to levy for a proportionate share of deferred maintenance expenditures for a district-owned building, or site lease to a cooperative unit or joint powers district

### School Building Bond Agricultural Credit

- Beginning with taxes payable in 2024 (FY25), the credit percent is increased from 70% to 85%
  - Applies to all school general debt service levies
  - \$21.8 M property tax relief FY25



# Drought/Agriculture/Broadband Omnibus BILL (HF 3420)

## Broadband Expansion

### **Border-to-Border Grant Program**

- For both FY23 and FY24 only, \$25 million a year will be transferred from the State's general fund to the Border-to-Border Grant Program
  - Both programs administered by Department of Economic Development (DEED)

### **Lower Population Density Pilot Program**

- Pilot program to provide broadband services to underserved areas. Grants will pay for up to 75% of a project and may not exceed \$10 million with a total appropriation of \$30 million for the pilot program
  - Funded from Capital Projects Fund

# Drought/Agriculture/Broadband Omnibus BILL (HF 3420)

## Broadband Expansion

### **Broadband Mapping**

- The state may use up to \$15 million for a comprehensive statewide mapping of broadband areas

### **Broadband Line Extension Program**

- The state may use up to \$15 million on the broadband line extension program

### **Broadband Infrastructure**

- \$100M from the Federal Infrastructure Bill

# Grants and Education Policy

# E-12 EDUCATION BILL

## Senate Offer - Literacy Package

- LETRS: one-time FY23 grant of \$52.5M.
  - The Senate offer makes the FY2023 LETRS appropriation available through FY2025, and allows funds to be encumbered and spent through FY2027 for teachers who have registered but not completed training by June 30, 2025.
- Other literacy investments
  - \$1.2M/year for MDE to expand literacy and dyslexia data collection
  - \$700,000/year to support regional literacy support directors at Regional Centers of Excellence.

# E-12 EDUCATION BILL

## Senate Offer - Literacy Package

- Literacy Policy
  - Suspension of World's Best Workforce reporting through the 2028-29 school year
    - Replace with requirement for all districts to have a policy, plan, and budget consistent with a goal of 90% of third-grade students with grade-level reading proficiency.
  - Partial inclusion of MDE BOLD Literacy proposals
    - parent notification of student percentages not reading at grade level,
    - methods for identification of students reading below grade level,
    - and MDE responsibilities for reporting collection from districts, minus MTSS language.

# E-12 EDUCATION BILL

## House Offer – Literacy Package

- LETRS: one-time FY23 grant of \$52.5M.
  - The House position makes the FY2023 LETRS appropriation available through FY2025, and allows funds to be encumbered and spent through FY2027 for teachers who have registered but not completed training by June 30, 2025.
- BOLD Literacy: \$800,000/year funding for MDE to create and maintain a literacy unit at the Department and \$1.2M/year for MDE to expand literacy and dyslexia data collection.
- Network for the Development of Children of African Descent: one-time FY23 grant of \$1M.
  - The House position makes the FY2023 appropriation for the Network for the Development of Children of African Descent available until June 30, 2025.
- Governor’s BOLD Literacy policy: parent engagement, identification, interventions, data collection, and literacy incentive aid use.

# E-12 EDUCATION BILL

## Senate Offer – Other Funding Items

- Level 4 Mental Health Innovative Grant Program: ongoing grants available at \$5M/year, transferred to DHS.
- Sanneh Foundation partial cancellation and re-appropriation of \$650,000 for FY23.

# E-12 EDUCATION BILL

## House Offer – Other Funding Items

- Computer Science Blueprint: one-time FY23 grant of \$20,000.
- Level 4 Mental Health Innovative Grant Program: ongoing grants available at \$9M/year.
- Early Learning Scholarships: increase by \$14.56M in FY23 and \$44M in FY24-25.
- Sanneh Foundation partial cancellation and re-appropriation of \$650,000 for FY23.



# E-12 EDUCATION BILL

## Same Policy Proposals

- Allow an online education programs to be a separate education “site”.
- Increase the maximum amount a school board member who is employed by the school district may earn from that employment from \$8,000/year to \$20,000/year.
- Allow the board of a school district and a nonpublic school to mutually agree to a written plan for transportation of nonpublic students.

- Delay review of physical education standards by four years until the 2026-27 school year.
- Modify the date by which a district must publish their testing calendar from “before the first day of each school year” to “at least one week prior to any eligible assessments...and no later than October 1”.
- PSEO and Concurrent Enrollment
  - Eliminate PSEO gag rule
  - Require reporting of participation rates in courses according to agreement.

# E-12 EDUCATION BILL

## Same Policy Proposals

- Requires PELSB to identify teacher shortage areas based on the number of assignments a district is unable to fill with a licensed teacher by November 1 of every even-numbered year, the number of out of field permissions issued, and the number of Tier 1 licenses issued in license fields with board-approved preparation programs. Also requires the teacher supply and demand report to include certain district-level data.
- Requires PELSB to include in the 2023 supply and demand report the number of teacher openings, by school district, for teachers with licenses in specified fields.

# E-12 EDUCATION BILL

## Same Policy Proposals

- Modifications to charter admission and enrollment requirements, including that charter school admission to be free to a resident of Minnesota, and enrollment preference given to Minnesota residents over out-of-state residents.
- Modify admissions preferences for charter schools for Metro Deaf School to allow them to give an enrollment preference to students who are eligible for special education services and who are deaf or hard of hearing.

- Summer Food Service Program (SFSP) and Child and Adult Care Food Program (CACFP) integrity modifications:
  - Limit SFSP and CACFP sites to transfer sponsor organizations no more than once per year, with limited exceptions.
  - CACFP and SFSP sponsoring organizations must complete program-specific trainings from MDE before being approved.
  - A new SFSP site may not be approved to open within one-half mile of an existing SFSP open site.

# E-12 EDUCATION BILL

## Same Policy Proposals

- Update the name of the “National Library Services for the Blind and Physically Handicapped of the Library of Congress” to “National Library Service for the Blind and Print Disabled.”
- School trust lands director qualifications, duties, and powers modifications.
- Fund transfer authorization for Burnsville-Eagan-Savage school district.
- Lease levy for transportation hub for Eastern Carver County school district.

- Define “recess detention” and encourage districts and charter schools to ensure student access to structured breaks, and limit when recess detention may be used. Require parent notification when recess detention is used, and require districts and charter schools to compile information on recess detention use. Also prohibit withholding or excessively delaying student participation in scheduled mealtimes.
- Prohibit dismissal of a student in kindergarten through grade three unless nonexclusionary discipline measures have been exhausted and there is an ongoing serious safety threat to the child or others.

- Establish state goals for increasing the percentage of teachers of color and American Indian teachers, and ensure all students have access to effective and diverse teachers who reflect the diversity of students.
- Collaborative Urban and Greater Minnesota Educators of Color (CUGMEC) grant program establishment.
- Teacher mentorship and retention grants must be prioritized for efforts to induct, mentor, and retain Tier 2 or 3 teachers who are of color or American Indian, and Tier 2 or 3 teachers in licensure shortage areas.



# Laws Passed

# Mental Health Omnibus

- HF 2725 (Edelson/Draheim) appropriates \$92.7M to fund mental health programs and initiatives, including \$2 million in fiscal year 2023 for school-linked behavioral health grants.
- Passed both the House and Senate before session end, currently awaiting Governor's signature.

# Increasing Earnings for School Board Members

- SF 3107 (Duckworth/Howard) will increase the amount of yearly earnings that a school board member may receive from the school district for employment from \$8,000 per fiscal year to \$20,000 per fiscal year.
  - Could allow school board members to spend more time working as substitute teachers, school bus drivers, food service program workers, and other jobs where the district is understaffed.
- Signed into law by Governor Walz on May 22: Chapter 78.

# Student Data Privacy Act

- HF2353 (Feist/Limmer) Student Data Privacy Act, which will limit tracking abilities of private companies on student devices, except under certain exemptions. Will also prohibit vendors and districts from selling or using student data for the purposes of marketing and advertising.
- Also classifies educational support services data as private data.
- Signed into law by Governor Walz on May 23: Chapter 69.

# Thank you!

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