

2012 Legislative Update

Tom Melcher
School Finance Division

MASBO Annual Conference
May 4, 2012

Revised May 7, 2012 for Actions by Governor

Overview

This year's legislation includes a relatively small Omnibus K-12 education bill, and several separate bills making changes in K-12 education policy.

Most of these bills were signed by Governor, but several were vetoed.

Bills Signed by the Governor

- Chapter 239 / HF 2949 (K-12 Education Omnibus)
- Chapter 136 / HF 300 (Early Childhood Screening)
- Chapter 137 / HF 392 (School Bus Construction & Equipment)
- Chapter 138 / HF 2376 (Food Service Equipment)
- Chapter 144 / HF 2078 (Nonpublic Pupil Aid)
- Chapter 145 / HF 2291 (Adult Basic Education)
- Chapter 146 / SF 1917 (Prone Restraint)

Bills Signed by the Governor

- Chapter 206 / HF 2506 (Staff Development and CPR)
- Chapter 249 / HF 2244 (School Trust Land Management)
- Chapter 257 / SF 2535 (Board of School Administrators)
- Chapter 263 / SF 946 (Innovation Zones Pilot Project)
- Chapter 273 / SF 1528 (Online Learning)
- Chapter 280 / HF 2647 (Settlement Disclosures)

Bills Vetoed by the Governor

- Chapter 154 / HF 2083
 - Use \$430 million of state budget reserve to pay back part of aid payment shift -- to 70.2%
- Chapter 191 / SF 2183
 - Prohibit Commissioner from enforcing unadopted rules
- Chapter 213 / SF 247
 - Require local government approval for participation in or withdrawal from Public Employee Insurance Program (PEIP)

Bills Vetoed by the Governor

- Chapter 245 / HF 1974
 - Prevent contract terms from continuing past the expiration date of the collective bargaining agreement
- Chapter 274 / HF 1870
 - Last in/First Out – LIFO – allowing districts to base unrequested leave of absence decisions on evaluations
- Chapter 281 / SF 1656
 - Academic Standards & HS Graduation Requirements – legislative approval before final rule making

Chapter 239 - Omnibus K-12 Education Bill

Homeless Students

- Clarifies education, residency and transportation for students experiencing homelessness.
- Makes the district where the parent or legal guardian resides the district of residence for all homeless students, with certain exceptions (e.g., parental rights terminated, parent or guardian not living within the state, parent or guardian imprisoned).
- Previously, for homeless non-IEP students, the district where the homeless shelter is located was considered the district of residence for those living in a shelter, and the district enrolling the student was considered the district of residence for those not living in a shelter.

Chapter 239 - Omnibus K-12 Education Bill

Homeless Students

Clarifies that:

- Transportation must be provided from the district of residence to the school of enrollment;
- the serving district is responsible for transportation to and from the district of residence;
- for charter school students, the district or school that provides transportation for other students at the school is responsible for transportation;
- If the parent or legal guardian of a homeless pupil moves out of the district where the student is enrolled, the student may continue to enroll in the nonresident district without approval from the resident district or the nonresident district;
- For a homeless student enrolled in an intermediate or coop, the general education aid is paid to the district of residence.

Chapter 239 - Omnibus K-12 Education Bill

Early Graduation Scholarships and Military Awards

- Automatically reduces the general education revenue to districts for all early graduates, instead of making this reduction contingent on the student's participation in the Early Graduation Scholarships or Military Awards program.
- Requires student to apply for scholarship or award within two years of graduation. Scholarship must be used within six years of graduation; payment for award must be claimed by end of 2nd fiscal year after the year in which the student graduated.
- Clarifies student eligibility and accreditation requirements for higher education institutions.

Chapter 239 - Omnibus K-12 Education Bill

PSEO

- Expands PSEO by allowing 10th graders who have passed the 8th grade Reading MCA to apply for PSEO enrollment in one career and technical education (CTE) course at the U of M or MNSCU.
- If the student is denied enrollment by that institution, the student may apply to any currently eligible PSEO provider that offers CTE courses.
- If the student receives a “C” or better in the first course, the student may take additional PSEO courses at that institution.
- Clarifies that a student receives dual credit for PSEO classes.
- Moves date for students to notify district of plans to participate in PSEO from March 30 (nonbinding) to May 30 (binding on the pupil).

Chapter 239 - Omnibus K-12 Education Bill

PSEO

- Rewords language prohibiting PSEO providers from advertising on financial grounds to instead allow these providers to advertise and recruit on educational and programmatic grounds only (same effect).
- Allows MDE to pay mileage reimbursements for PSEO alternative (nonpublic school) students from families with income below the poverty level directly to postsecondary institutions, instead of requiring those students to seek reimbursement from the district of residence
- Repeals 124D.09, subdivision 23 (limited participation of students residing in a district that is a member of an intermediate district in CTE programs at the intermediate through PSEO)

Chapter 239 - Omnibus K-12 Education Bill

Shared Time Aid

- Clarifies that charter schools are eligible for shared time aid, including shared time aid for home-schooled students.
- Requires the resident district to grant another district or charter school permission to claim shared time students for aid if requested by the nonresident district or charter school (previously, this was optional for the resident district).

Chapter 239 - Omnibus K-12 Education Bill

Career and Technical Education Levy

- Under 2011 legislation, CTE state total levy is \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and \$15,545,000 for taxes payable in 2014. 2012 legislation reduces the state total levy for taxes payable in 2014 to \$15,393,000.
- For taxes payable in 2012 – 2014, MDE must calculate the CTE levy using the old formula in effect for taxes payable in 2011, and adjust the levy for each district proportionately to meet the statewide levy targets in effect for those years. For purposes of calculating the levy guarantee, the prior year levy is the levy before adjustments to meet the statewide levy target.

Chapter 239 - Omnibus K-12 Education Bill

Career and Technical Education Levy

- For taxes payable in 2015 and later, changes the new CTE levy formula enacted in 2011 from the greater of \$80 times ADM served in grades 9-12 or 35% of approved expenditures to simply 35% of approved expenditures.
- With the new formula and no statewide levy cap for taxes payable in 2015, the levy is projected to increase from about \$15.4 million for taxes payable in 2014 to about \$23.4 million for taxes payable in 2015.

Chapter 239 - Omnibus K-12 Education Bill

Other General Education Changes

- Redefines eligibility for the metro equity region to reflect administrative office location on 01/01/2012. (Removes Northfield from eligibility.)
- Moves the maximum enrollment threshold to qualify for accelerated cash flow payments for charters serving primarily special education students from 150 students to 200 students.
- Requires districts to pay teachers who are on military leave their full salary. Current law allows districts to offset district costs of substitute teachers by reducing the teacher on leave's pay.

Chapter 239 - Omnibus K-12 Education Bill

Other General Education Changes

- Extends the authority for districts to make unlimited fund transfers that do not increase state aid or levy obligations to include FY 2014 and FY 2015. MDE will follow same procedures as for FY 2012 and FY 2013.
- Changes all references to “English Language Learner” or “ELL” and “Limited English Proficient” to “English learner” or “EL”.

Chapter 239 - Omnibus K-12 Education Bill

Education Excellence Changes

- Includes student academic growth as part of a principal evaluation. As with teacher evaluation, student achievement will be 35% of the evaluation.
- Requires districts to give written notice by July 1, instead of June 1, to probationary teachers whose contract it declines to renew for the following school year.
- Requires districts to withhold pay during a suspension if the suspension results from the teacher being charged with a felony. Requires the board to reimburse the teacher for the amounts withheld if the final decision of the board of arbiter does not result in penalty to the teacher.

Chapter 239 - Omnibus K-12 Education Bill

Education Excellence Changes

- Amends the site-governed school statute to include individualized learning and achievement as a reason for a site governed school. Sets forth permissive parameters for the district/school contract. Allows for a 'successful' individualized learning school to seek to establish other 'individualized' schools.
- Gives students who were subject to and have not successfully passed the BST by end of 2011-2012 school year access to the Math GRAD test alternative pathway.

Chapter 239 - Omnibus K-12 Education Bill

Charter Schools

- Clarifies that charter schools must publish and maintain on its website meeting minutes, directory of information and delegated committees, and contact information for a school's authorizer. MDE does not have to approve the training, but the board training must be included in its annual report.
- Allows for an initial approval of a charter contract of 5 years instead of 3.
- Changes the minimum length of the school year for charter schools to hours from days, which is the same as independent school districts.

Chapter 239 - Omnibus K-12 Education Bill

Charter School Facilities

- Clarifies that a charter school / affiliated building corporation (ABC) seeking to expand an existing school facility must complete the same requirements as if the charter school / ABC were constructing a new facility.
- Shortens the length of time a school seeking to build or expand must have a net positive general fund balance from eight to five years.
- Aligns charter school laws for review and comment on school construction / acquisition with traditional school district review and comment laws, and Clarifies that these requirements apply to all charter schools with facilities construction / acquisition projects in excess of \$1.4 million, not just those with new ABCs.

Chapter 239 - Omnibus K-12 Education Bill

Charter School – District Collaboration

- Allows for a school district and a charter school board, within the geographic boundaries of a district, to enter into a collaborative agreement. The agreement can include, but is not limited to; facilities, transportation, and student achievement assessments.
- With the collaborative agreement the district can include the achievement scores of the charter school for reporting to the state.
- Charter schools, authorizers, and the district in the agreement are equally and collectively subject to the same state and federal accountability standards
- .
- The agreement and assessment scores must be posted on the charter, authorizer, and district websites

Chapter 239 - Omnibus K-12 Education Bill

Literacy Incentive Aid

- Adjusts literacy incentive aid calculations by using third grade enrollment to calculate proficiency aid and fourth grade enrollment to calculate growth aid, instead of using the total enrollment at the school for both formulas.
- Adjusts the multiplier used in both formulas from \$85 to \$530 to neutralize the impact on state total literacy aid.
- MDE posted updated reports on literacy incentive aid to the School Finance section of the web site on Thursday. The amount shown are estimates based on FY 2010 and FY 2011 data. Final aid will be based on the average of FY 2010, FY 2011, and FY 2012
- Because of a \$48,585,000 cap on state total aid for FY 2013 only, the estimated aid proration factor is 97.8%

Chapter 239 - Omnibus K-12 Education Bill

Special Programs

- Requires invoicing for the education of students without an IEP placed in a care and treatment facility to be on uniform billing forms prescribed by the commissioner. Removes the requirement that copies of the billing be submitted to the commissioner.
- Clarifies that the commissioner must only approve educational programs for children placed in a residential facility if the education programs occur “on-site”, that is, physically on the premises of the residential facility.

Chapter 239 - Omnibus K-12 Education Bill

Early Childhood & Community Education

- Repeals Community Education, Early Childhood Family Education (ECFE), and School Readiness reserve account limits and associated aid and levy penalties for FY 2014 and later.
- Changes appropriation on the early childhood education scholarships from \$4 million in FY13 and \$2 million in the ongoing base to \$2 million in FY13 and \$3 million in the ongoing base.
- Appropriates \$250,000 as a one-time grant to the parent child home program.

Chapter 239 - Omnibus K-12 Education Bill

Facilities

- Repeals special bond capacity limits for school districts that are partially located within cities of the first class.
- Extends the TIES levy authority until 2023 and allows TIES to use funds for land.
- Allows a district to use lease levy dollars for administrative space, if the district demonstrates to the satisfaction of the commissioner that leasing the administrative space would reduce its need to lease instructional space, and that the lease cost for the administrative space is no greater than the lease cost for instructional space it would otherwise lease.

OTHER 2012 LEGISLATION

Chapter 136 – Early Childhood Screening

Requires the early childhood screening notice to parents to include the following statement:

- "Early childhood developmental screening helps a school district identify children who may benefit from district and community resources available to help in their development. Early childhood developmental screening includes a vision screening that helps detect potential eye problems but is not a substitute for a comprehensive eye exam."

Effective for notices printed after March 27, 2012

Chapter 137

School Bus Construction and Equipment

- Updates requirements for crossing control arms, colors, auxiliary fans and video/mobile surveillance systems.

Chapter 138

Purchase of Food Service Equipment

- Deletes the requirement for MDE to approve capital expenditures for the purchase of food service equipment from the food service fund instead of the general fund, effective for purchases made on or after July 1, 2012.
- Keeps the requirement that the unreserved balance in the food service fund at the end of the last fiscal year must be greater than the cost of the equipment to be purchased from the food service fund.

Chapter 144

Nonpublic Pupil Aid

- Expands the use of nonpublic pupil textbook aid to include “software or other educational technology”.
- No change in amount of aid, just additional uses.
- Software and other educational technology must not be used in religious courses, devotional exercises, religious training or any other religious activity.

Chapter 145

Adult Basic Education (ABE)

- Defines a “service disruption” as a loss of student contact time due to a natural disaster or other occurrence outside the control of the program or consortium, such as a building relocation or transportation disruption, that causes the ABE program or consortium to lose more than 10% of its ABE contact hour aid.
- Allows the Commissioner to adjust contact hours for a program or consortium with a service disruption; the adjustment must not result in contact hour aid exceeding the most recent two year average for the program or consortium.

Chapter 146

Prone Restraint

- Extends for one year school districts' ability to use prone restraint (to August 1, 2013)
- Requires MDE to publish data on its web site quarterly on districts' use of prone restraint
- Requires MDE to develop a statewide plan by February 1, 2013 to reduce districts' use of restrictive procedures
- Requires districts to report data to MDE by 7/1/12 on use of prone restraints during the 2011-12 school year.

Chapter 206

Staff Development and CPR

- Requires districts to provide one-time CPR automatic external defibrillator (AED) training as part of grade 7-12 curriculum for all students entering grades 7-12 in 2014-15 and later.
- Amends MS 122A.61, Subd. 1, by striking the requirement for districts to allocate 50% to sites on a per teacher basis, 25% for grants to sites for best practices, and 25% for district-wide staff development.

Chapter 249

School Trust Lands Management

- Transfers the oversight of state school trust lands management from the Department of Natural Resources (DNR) and the Permanent School Fund Advisory Committee to a school trust lands director and a Legislative Permanent School Fund Commission.
- Goal is to maximize the long-term economic return from state school trust lands.

Chapter 257

Board of School Administrators

- Changes license fees from a calendar year to a fiscal year basis. Allows the Board to adjust FY 2013 fees to accommodate the transition.
- Authorizes the board to suspend licenses, after notice and a hearing, if fees are not paid.
- Clarifies that the Board may disapprove, as well as approve, preparation programs for school administrators.

Chapter 263

Innovation Zones Pilot Project

- Establishes a five-year pilot project (FY 2014 – FY 2018) to allow groups of school districts to collaborate in providing innovative education programs and activities and sharing district resources.
- Application must be made to the Commissioner by February 1, 2013
- Appropriates \$25,000 to MDE for FY 2013 for review of applications, selection of participants and program evaluation.

Chapter 273

Online Learning

- Requires colleges and universities to include knowledge and skills needed to deliver digital and blended learning curriculum in teacher preparation programs;
- Requires district staff development activities to include training on the delivery of digital and blended learning;
- Requires MDE to approve or disapprove online learning provider applications within 90 days of receipt;
- Directs the Online Learning Advisory Council, with support from MDE, to develop and maintain a catalog of publicly available digital learning content aligned to Minnesota academic standards by 6/30/2013.
- Appropriates \$104,000 to MDE for additional support and staffing for online learning
- Does not make completion of an online course a graduation requirement.

Chapter 280 – Settlement Disclosures

- Modifies the conditions under which a school district or other political subdivision must disclose an agreement or buyout over \$10,000.
- Specifies that the **complete** terms of the agreement are public data.
- Clarifies that data relating to a complaint or charge against a school district management employee are public if the complaint or charge results in disciplinary action or the employee resigns or terminated from employment while the complaint or charge is pending.

Questions?

For general questions, please contact:

Tom Melcher, Director
School Finance Division
651-582-8828
tom.melcher@state.mn.us