Minnesota Department of Education

Summary of 2012 Omnibus E-12 Education Act (Chapter 239)
May 15, 2012

Chapter 239 was signed into law April 27, 2012

This summary has been prepared by the Minnesota Department of Education (MDE), Office of Government Relations (651) 582-8292 and Division of School Finance (651) 582-8828. Unless otherwise noted, changes will be effective July 1st, 2012. Note: Portions of this summary are taken from the H.F. 2949 conference committee report summary prepared by House and Senate education staff on April 23, 2012.

OVERVIEW OF FISCAL IMPACT

State Aid Appropriations and Property Tax Levies

State aid appropriations and property tax levies for the FY 2012-FY 2013 biennium were established in the 2011 E-12 Education Omnibus Act, Laws 2011, First Special Session, Chapter11. Only minor changes to these appropriations and property tax levies were enacted in 2012. The table below shows the substantive changes in education aid appropriations and levies enacted in 2012. In addition, Laws 2012, Chapter 292, amends the appropriations established in 2011 to reflect updated February 2012 forecast data, and the change from 60% to 64.3% current payments based in the February 2012 forecast.

E-12 EDUCATION APPROPRIATIONS AND LEVIES

2012 Legislation

	E-12 Education Finance			
	($ in thousands)			
	Program	FY 2012	FY 2013	Biennium
APPROPRIATIONS:				
1	Early Graduation Program Changes	(311)	(439)	(750)
2	Post Secondary Enrollment Options Changes	-	68	68
3	Property Tax Shift Impact of TIES Levy	-	(307)	(307)
4	Early Childhood Scholarships*	-	(2,000)	(2,000)
5	Parent-Child Home Program		250	250
6	MDE - Digital Learning Admin	-	104	104
7	MDE - Joint Innovative Delivery Pilot Admin	-	25	25
8	***TOTAL APPROPRIATION CHANGE***	(311)	(2,299)	(2,610)
	* Early Childhood Scholarship appropriations for FY 2014-2015 biennium increased by an offsetting amount			
LEVIES		Payable 2013	Payable 2014	
9	Equity (Northfield) **	(22)	(11)	
10	Early Graduation Program Changes **	(153)	(40)	
11	Post Secondary Enrollment Options Changes **	(551)	(430)	
12	Career & Technical Levy	-	(152)	
13	TIES Levy	632	632	
14	**Total Levy Change**	(94)	(1)	
	** Amounts shown for Payable 2013 include prior year adjustments			

Contacts	Article 1 – General Education
Carol Hokenson 651.582.8840	**Homeless Students (Sections 1, 12-13, 28, 34)** • Clarifies education, residency and transportation for students experiencing homelessness. • Makes the district where the parent or legal guardian resides the district of residence, with certain exceptions (e.g., parental rights terminated, parent or guardian not living within the state, parent or guardian imprisoned). • Previously, for homeless students without an IEP, the district where the homeless shelter was 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 student not living in a homeless shelter. • 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 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.
Cindy S. Jackson 651.582.8572	**Homeschool Students (Sections 2-4)** • Ensures unaccredited nonpublic schools have the same reporting requirements as home schools. • Limits the age of children enrolled in home school who are required to be assessed using a nationally norm-referenced standardized achievement examination to the compulsory age of instruction. • Requires unaccredited nonpublic schools to comply

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	with district oversight requirements and submit information for this purpose to the superintendent of the district in which a child resides. • Requires an unaccredited nonpublic school to maintain documentation proving compliance with statutory requirements. • Changes a reference from home school to "nonpublic school that is not accredited by a state-recognized accrediting agency." • Requires a nonpublic school or the person in charge of providing instruction, to make the documentation in this subdivision available to the county attorney when a case is commenced. • Cleanup on 2011 Special Session Homeschool Mandate reduction legislation. Ensures unaccredited non-public schools have the same reporting requirements that home schools have.
Standards: Beth Aune 651.582.8795 CTE: Dan Smith 651.582.8330	**Career and Technical Credit for Physics and Chemistry Credit Requirement (Sections 5-6)** • Allows public high school students who graduate in the 2014-2015 school year or later to satisfactorily complete a career and technical education credit premised on standards for a chemistry, physics, or biology credit or a combination of those standards approved by a district as an alternative to completing a chemistry or physics credit required for graduation.
Sharon Peck 651.582.8811	**Early Graduation Scholarships and Military Awards (Sections 7-9, 25)** • 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

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	requirements for higher education institutions.
Jessica Espinosa 651.582.8512	**Advanced Placement (AP)/International Baccalaureate (IB)/Concurrent Enrollment/Postsecondary Enrollment Options (PSEO) Report (Section 10)** • Directs the education commissioner to annually report to the legislature on students' rigorous course taking related to AP, IB, and PSEO.
Terri Yetter 651.582.8868	**Alternative Teacher Compensation (Section 11)** • Eliminates obsolete language relating to the alternative teacher compensation aid entitlement allocated to charter schools. Clarifies the base year of the charter school enrollment ratio used to generate future entitlements.
Dual Credit Programs: Jessica Espinosa 651.582.8512 School Finance: Kelly Wosika 651-582-8512 CTE: Dan Smith 651.582.8330	**Postsecondary Enrollment Options for Career and Technical Courses (Sections 14-17, 18-19, 29)** • Expands PSEO by allowing a 10th, 11th or 12th grade student, except a foreign exchange student, to apply for PSEO enrollment in one career and technical education course at the at a Minnesota State Colleges and Universities (MNSCU) institution. Requires a 10th grade student to pass the 8th grade reading MCA in order to participate. • If the student is denied enrollment by that institution, the student may apply to any currently eligible PSEO provider that offers Career Technical Education (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 may receive 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 pupil). • Defines a "career and technical education course" as part of a career and technical education program that provides students with coherent, rigorous content aligned with academic standards and the technical knowledge and skills needed to prepare for further

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	education and careers in current and emerging professions and provide technical skill proficiency, an industry-recognized credential, and a certificate, diploma, or associate degree. • 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).
Sharon Peck 651.582.8811	**Shared Time Aid (Sections 20, 26)** • 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). Effective for revenue for FY 2014 and later.
CTE: Dan Smith 651.582.8330 School Finance: John Bulger 651.582.8781	**Career and Technical Levy (Sections 21-23)** • 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

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	adjustments to meet the statewide levy target. • 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 to be prorated to remain within the levy cap.
Bob Porter 651.582.8851	**Metro Equity Region (Section 24)** • Changes the qualifying date necessary to determine a school district's equity region from July 1, 1999, to January 1, 2012, and applies the date change to revenue calculations for fiscal years 2013 and later (this has the effect of moving the Northfield school district from the metro to the non-metro equity region).
Ann Van Diest 651.582.8745	**Accelerated Cash Flow Payment to Charter Schools Eligibility (Section 27)** • Allows a charter school serving fewer than 200 students, instead of 150 students, to request accelerated special education aid payments from the Commissioner if the percentage of students eligible for special education services equals at least 90 percent of the school's total enrollment.
Kevin McHenry 651.582.8292	**Military Pay Differential Program (Section 30)** • Modifies Minnesota's Pay Differential Program for school employees who, as members of the National Guard or other Reserves, are ordered into active military service. • Requires a school district to create a special account and place the salary for all deployed employees in that account. • Requires the district to pay employee salary differentials from that account. • Allows funds remaining at the end of the year to be used to pay for substitutes for the deployed

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	employees. • Under current law, such pay is available to the employee only if the person's salary as a service member is less than the person's salary as a public employee and only by the amount of a salary differential up to the amount of savings it accrues for an employee's specific position, after hiring a replacement (i.e., often resulting in a partial payment).
Audrey Bomstad 651.582.8793	**Fund Transfers (Section 31)** • Continues for two more years the authority for a school district to transfer funds and accounts from funds other than the food service and community service fund so long as such fund or account transfers do not increase a local levy or impose an added state aid obligation.
Karen Dykoski 651.582.8766	**Appropriations (Section 32)** • Adjusts the general education appropriation to reflect the cost savings from both PSEO program changes and early graduation scholarship program modifications.
Leigh Schleicher 651.582.8326	**English Learners (Section 33)** • Instructs the Revisor of Statutes to substitute "English learner," "EL," or similar term for "limited English proficient," "English language learner," "LEP," or "ELL," or similar term when referring to early childhood through grade 12 education.
Daron Korte 651-582-8407	**Repealers (Section 34)** • Repeals sections 124D.09, subdivision 23 (PSEO: Exception; intermediate schools) and 127A.47, subdivision 2 (Payments to resident and nonresident districts: Reporting; revenue for homeless).

Contacts	Article 2 – Education Excellence
Daron Korte 651.582.8407	**Obsolete Language (Section 1, 3)** • Removes a statutory cross-reference to an obsolete school boards statute which is repealed elsewhere in the bill.

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	• Strikes AP/IB statute "purpose" statement.
Jennifer Dugan 651.582.8654	**Assessments (Sections 2-3)** • Directs districts to submit local reading assessments results to MDE by July 1, instead of June 1. • For the 2012-2013 and 2013-2014 school years only, allows students who have not successfully passed the basic skills test by the end of the 2011-2012 school year to satisfy the state's math test requirement by: (1) completing all state and local coursework and credits required for graduation by the school board granting their diploma; and (2) fully participating in at least two retests of the math GRAD test or until they pass the test, whichever comes first.
Teacher Licensing: Richard Wassen 651.582.8807 Compliance: Barb Case 651.582.8247	**Teacher Employment Terms and Conditions (Sections 5-6)** • Allows a school board to give written notice that it is not going to renew a probationary teacher's contract to the teacher by July 1, instead of June 1. Effective 2012-2013 school year and later. • Allows a school board to suspend without pay a teacher whom the school board is proposing to immediately discharge for conduct that is also the subject of a felony charge, pending the conclusion of the immediate discharge hearing and a determination of the issues raised in the hearing. Requires the school board to reimburse the teacher for the salary and other compensation including pension contributions it withheld if the final decision does not result in suspending, terminating, or discharging the teacher. Effective immediately.
Kevin McHenry 651.582.8292	**Site-decision Making and Individualized Learning Agreements (Section 7)** • Allows a school board that enters into an achievement contract under this section to consider how to: 1. assist a school site to adapt instruction to individual student needs, and establish goals and standards for individual students in addition to the state academic standards; 2. coordinate the pace of instruction and learning with the needs and aptitudes of individual

	students; 3. provide useful data and assist with research in developing and improving innovative, cost-effective, research-based individualized learning, instruction, and assessment; 4. demonstrate and help evaluate instructional alternatives to age-based grade progression; 5. more effectively motivate students and teachers; and 6. expand use of learning technology to support individualized learning, instruction, assessment, and achievement. • Permits a school board and school site to enter into an agreement to develop and implement an individualized learning and achievement contract. • Allows a school board and a site decision-making team to enter into a site achievement contract for: 1. setting individualized learning and achievement measures and short- and long-term education goals for each student at the site; 2. recognizing each student's educational needs and aptitudes and levels of academic attainment; 3. using student performance data to diagnose a student's academic strengths and weaknesses and indicate to teachers the specific skills and concepts that need to be introduced to the student and developed through instruction or applied learning during the next year, consistent with the student's short- and long-term educational goals; and 4. assisting the education site if progress in achieving student or contract goals or other performance expectations agreed to by the board and site team are not realized or implemented. • Allows a school board that enters into an achievement contract with a school site where student performance data at the site show at least three consecutive school years of improved student achievement consistent with terms of the contract to try to establish a similar contract with other school sites in the district.

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	• Makes the section effective immediately.
Rose Hermodson 651.582.8742	**Principal Evaluation (Section 8)** • Requires the annual principal evaluation to include student academic growth as 35 percent of the evaluation. • Makes the section effective for the 2013-2014 school year and later.
Cindy Murphy 651.582.8217	**Charter Schools** **Charter School and Authorizer Provisions (Sections 9-13)** • Allows any approved authorizer, instead of one that has chartered multiple schools, to vote to withdraw as an approved authorizer. • Directs a charter school to publish and maintain the following on the school's Web site: 1. minutes from board of director's meetings and meetings of members and committees having board-delegated authority, for at least one calendar year; 2. directory information for members of the board of directors and of committees having board-delegated authority; and 3. identifying and contact information for the school's authorizer. • Strikes the requirement that the ongoing training charter school board members receive be department-approved. Directs the school to include in its annual report the training attended by each board member during the previous year. • Allows an initial charter school contract of five years, instead of three years. • Conforms the length of the school year for charter schools to the length of the school year for traditional public schools by basing it on hours, not days. • Prohibits an authorizer from assessing a fee for any required services except as already provided in this

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	subdivision.
	Affiliated Nonprofit Building Corporations (Section 14)
School Finance: John Bulger 651.582.8781 Greg Hein 651.582.8460	• Clarifies that an affiliated nonprofit building corporation must comply with applicable Internal Revenue Service regulations, including those for "supporting organizations." • Directs a charter school to have a plan for the renovation or purchase of an existing facility that describes the parameters and budget for the project if it is organizing an affiliated nonprofit building corporation to renovate or purchase an existing facility. • Allows for the organization of an affiliated nonprofit building corporation for expanding an existing school facility in addition to constructing a new school facility. Amends the requirement that a school have a net positive unreserved general fund balance for the preceding five, instead of eight, fiscal years. Requires a charter school planning to expand a facility or construct a new facility to have a plan for the expansion or new facility that describes the project parameters and budget. • Prohibits a charter school or an affiliated nonprofit building corporation from initiating an installment contract for purchase or a lease agreement, or soliciting bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure that exceeds $1,400,000 unless it meets the criteria of paragraphs (b) and (c) or (d), as applicable, and receives a positive review and comment from the commissioner. • Aligns charter school laws for review and comment on school construction/acquisition with traditional school district review and comment laws.
Rose Hermodson 651.582.8742 Cindy Murphy 651.582.8217	**Charter School and District Collaboration (Section 15)** • Allows a charter school board to enter into a two-year renewable agreement to collaborate with a school district to enhance student achievement. • Requires the charter school to be located within the geographic boundary of the school district.

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	• Does not require the school district to be an approved authorizer or the charter school's authorizer. • Allows the agreement to include collaboration regarding facilities, transportation, training, student achievement, assessments, mutual performance standards and other areas of mutual agreement. Allows the school district to include the academic performance of the students of a collaborating charter school site for the purposes of student assessment and reporting to the state. • States that the parties to the collaborative agreement are equally and collectively subject to the same state and federal accountability measures.
Bob Porter 651.582.8851	**Literacy Incentive Aid (Sections 16-17)** • 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%.
Bill Kiesow 651.582.8801	**Facilities** • Extends the levy authority for school districts that are members of that TIES joint powers board for another 11 years (these districts may levy a total of up to $632,000 per year for building and land improvements). • Authorizes a school district to use the building lease levy authority for leases of administrative space (under current law, the levy authority is limited to instructional space). Requires a school district to demonstrate to the commissioner's satisfaction that the lease for administrative space is more cost-effective than a

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	lease for additional instructional space. • Makes the section effective for taxes payable in 2013 and later.
Dan Smith 651.582.8330	**Student Organizations (Section 19)** • Corrects the acronyms for the student organizations appropriation.
Richard Wassen 651.582.8807	**Teacher Basic Skills MTLE Passage Required for Licensure exemption (Section 20)** • Despite a 2012 law change requiring teacher candidates to pass a basic skills test before being issued an initial teaching license, allows a person who holds a temporary one-year license to teach and taught during the 2011-2012 school year to continue to teach through the 2012-2013 school year.
Daron Korte 651-582-8207	**Repealers (Section 21)** • Repeals 120A.28 regarding school board reporting as obsolete. • Repeals 120B.019 regarding the profile of learning as obsolete. • Repeals 120B.31 subdivision 3 regarding the Office of Educational Accountability because it is inactive and is no longer funded. • Repeals 121A.60 subdivisions 3 and 4 regarding the school site mediation board and the school ombudsperson. • Repeals 121A.62 regarding the school site mediation board. • Repeals 121A.63 regarding ombudsperson service. • Repeals 122A.18 subdivision 9 regarding obsolete teacher licensing opportunities.

Contacts	Article 3 – Special Education
Daron Korte 651.582.8407	**Obsolete Reference (Section 1)** • Strikes references to a statutory provision that is repealed in this article.
School Finance: George Holt 651.582.8889 Onsite Education: Robyn Widley 651.582.1143	**Educational Services in Residential Facilities (Sections 2-3)** • Requires tuition billing for education services provided to children and youth placed in residential facilities to be done on uniform forms prescribed by the commissioner for the education of nonresident children temporarily placed for care and treatment or in education programs for students placed in residential facilities. • Requires the commissioner to approve "on-site" education programs only for children and youth placed in residential facilities. Defines "on-site education program" as educational services provided directly on the grounds of the care and treatment facility to children and youth placed for care or treatment.
Karen Cadigan 651.582.8397	**Early Childhood (Sections 4-5)** • Changes the appropriation for early childhood scholarship grants from $4,000,000 to $2,000,000 for fiscal year 2013 and increases the base in each subsequent year from $2,000,000 to $3,000,000. • Appropriates $250,000 from the general fund in fiscal year 2013 to the Department of Education for a grant to the evidence-based early literacy parent-child home program.
Daron Korte 651-582-8207 Early Childhood: Karen Cadigan 651.582.8397	**Repealers (Section 6)** • Repeals 125A.16 regarding state institutions as obsolete. • Repeals 125A.80 regarding school board duties as obsolete. • Repeals 475A.53 subdivision 5 regarding bond capacity limits for school districts that are partially located within cities of the first class. • Repeals 124D.135 subdivisions 8 and 9 regarding Early Childhood Family Education (ECFE) reserve account limits and waivers for 2014 and later.

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School Finance: Judy Kuck 651.582.1613	• Repeals 124D.16 subdivisions 6 and 7 regarding School Readiness Aid reserve account limits and waivers for 2014 and later. • Repeals 124D.20 subdivisions 11 and 12 regarding Community Education Revenue reserve account limits and waivers for 2014 and later.