

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE

S.F. No. 1821

(SENATE AUTHORS: KRUSE)

DATE	D-PG	OFFICIAL STATUS
02/13/2012	3800	Introduction and first reading Referred to Education

A bill for an act
relating to education; creating innovation schools and zones; amending certain
employment provisions; amending Minnesota Statutes 2010, sections 126C.10,
by adding a subdivision; 179A.03, by adding a subdivision; 179A.13, subdivision
1; Minnesota Statutes 2011 Supplement, section 126C.10, subdivision 1;
proposing coding for new law in Minnesota Statutes, chapters 123B; 179A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[123B.046] INNOVATION SCHOOLS.**

Subdivision 1. **Purpose.** The purpose of this section is to:

(1) encourage school districts, where appropriate, to create and manage a portfolio
of schools that meet a variety of educational needs, including identifying elementary,
middle or junior high, and high schools to collectively operate as a vertically integrated
innovation zone of schools; and

(2) encourage innovation in education by providing local school communities and
principals with greater control over levels of staffing, personnel selection and evaluation,
scheduling, and educational programming with the goal of improved student achievement.

Subd. 2. **Applicability.** This section applies only to innovation schools operated
under this section.

Subd. 3. **Innovation plan.** An innovation plan submitted to the school board under
subdivision 4 or 5 must include:

(1) a statement of the school's mission and why designation as an innovation school
would enhance the school's ability to achieve its mission;

(2) a description of the innovations the school would implement, including school
staffing, curriculum, and assessment; class scheduling; use of financial and other resources;
and faculty recruitment, employment, evaluation, and compensation;

(3) a listing of the programs, policies, or operational documents within the school that would be affected by the school's identified innovations and the manner in which they would be affected, including:

(i) the research-based educational program to be implemented;

(ii) the length of the school day and the school year;

(iii) student promotion and graduation policies;

(iv) the assessment plan;

(v) the proposed budget for the school; and

(vi) the proposed staffing plan for the school;

(4) an identification of the improvements in academic performance that the school expects to achieve in implementing the innovations;

(5) qualifications for persons holding administrative, supervisory, or instructional leadership roles, if persons without an administrator's license may fill these positions;

(6) an estimate of the cost savings and increased efficiencies, if any, the school expects to achieve in implementing its identified innovations;

(7) a description of any statutory sections or any regulatory or district policy requirements that would need to be waived for the school to implement its identified innovations;

(8) a description of how the school will comply with the intent of any provision waived under clause (7);

(9) a description of any provision of the collective bargaining agreements in effect for the personnel at the school that would need to be waived to implement the identified innovations;

(10) a description of the transportation responsibilities to be retained by the school district and those to be transferred to the school; and

(11) necessary indemnification agreements and a statement of the liability responsibilities of the school district, the school board, the school, the principal or other person with general control and supervision of the school, and other school administrators.

Subd. 4. **Encouraged innovations.** In considering or creating an innovation plan, schools and school boards are strongly encouraged to consider innovations in the following areas:

(1) curriculum and academic standards and assessments;

(2) accountability measures, including expanding the use of a variety of accountability measures to more accurately present a complete measure of student learning and accomplishment, including use of:

(i) graduation or exit examinations;

(ii) end-of-course examinations;
(iii) student portfolio reviews;
(iv) national and international accountability measures such as the national assessment of education progress, the program for international student assessment, and trends in international mathematics and science study for years that Minnesota participates;
(v) measures of the percentage of students continuing into higher education; and
(vi) measures of the percentage of students simultaneously obtaining a high school diploma and an associate's degree or a career and technical education certificate;
(3) provision of services, including special education services; services for gifted and talented students; services for students for whom English is not the dominant language; education services for students at risk of academic failure, expulsion, or dropping out; and support services provided by the Department of Human Services or county social services agencies;
(4) teacher recruitment, employment, training, preparation, and professional development;
(5) performance expectations and evaluation procedures for teachers and principals;
(6) compensation for teachers, principals, and other school personnel, including performance pay plans, total compensation plans, and other innovations with regard to retirement and other benefits;
(7) school governance and the roles, responsibilities, and expectations of principals;
(8) preparation and counseling of students for transition to higher education or the work force, including assessment of college and career readiness;
(9) systems for identifying and following students from birth to college; and
(10) systems for merging early childhood education with the kindergarten through grade 16 continuum.

Subd. 5. Voluntary plan submission, review, and adoption. (a) A school may submit a plan under subdivision 3 to the school board. The school principal or other person having general control and supervision of the school may initiate the formation of a plan with the teachers, administrators, staff, and parents of the school. In addition to the requirements of subdivision 3, a plan submitted under this subdivision must include a timeline for implementation.

(b) Upon receipt of the plan by the school board, the board must review the plan and approve or disapprove the plan within 60 days of receiving the plan from a school. If the school board rejects the plan, the board must provide a written explanation of the basis for its decision. A school may resubmit a plan at any time.

4.1 (c) After a school board has approved the plan, the plan must be sent to the
4.2 commissioner of education for review and publication. The commissioner shall publish
4.3 the plan and any submitted process documentation on the department's Web site within
4.4 60 days of receipt.

4.5 Subd. 6. **Mandatory plan submission, review, and adoption.** (a) A school must
4.6 submit a petition under subdivision 3 to the school board if:

4.7 (1) at least 51 percent of the school staff, including at least 51 percent of the teachers
4.8 in the school, sign a petition and submit it to the school principal or other person having
4.9 general control and supervision of the school;

4.10 (2) at least 51 percent of all parents and guardians of students currently attending the
4.11 school sign a petition and submit it to the school principal or other person having general
4.12 control and supervision of the school; or

4.13 (3) beginning in the 2014-2015 school year, 50 percent or more of the students in
4.14 the school are (i) not proficient under section 120B.36 and low growth under section
4.15 120B.35 or (ii) not proficient under section 120B.36 and medium growth under section
4.16 120B.35 for two consecutive years, unless the school is becoming a site-governed school
4.17 under section 123B.045.

4.18 (b) During the school year following any of the conditions in paragraph (a), the
4.19 principal or other person with general control and supervision of the school must convene
4.20 a transition team consisting of school administrators, teachers, and parents to develop an
4.21 innovation plan under subdivision 3. By the end of that school year, an innovation plan
4.22 must be submitted to the school board for approval. Upon receipt of the plan by the school
4.23 board, the board must review the plan and approve or disapprove the plan within 60 days.
4.24 If the school board rejects the plan, the board must provide a written explanation of the
4.25 basis for its decision. The school then has 45 days to resubmit the plan. The school board
4.26 must review the plan and approve or disapprove the plan within 60 days. If the board
4.27 again rejects the plan, the board must make the second proposal public, meet with the
4.28 school's transition team, provide a forum for public comment, and after receiving public
4.29 comment, adopt an innovation plan for the school with the school's transition team within
4.30 60 days of rejecting the resubmitted plan.

4.31 (c) After a school board has approved the plan, the plan must be sent to the
4.32 commissioner of education for review and publication. The commissioner shall publish
4.33 the plan and any submitted process documentation on the department's Web site within
4.34 60 days of receipt.

4.35 (d) The school must implement the plan beginning the second school year following
4.36 final approval from the school board.

5.1 Subd. 7. **Exemption from statutes and rules.** A school with an approved and
5.2 implemented innovation plan is exempt from all statutes and rules applicable to a school,
5.3 school board, or school district unless a statute or rule is made specifically applicable to an
5.4 innovation school or is included in this section.

5.5 Subd. 8. **Federal, state, and local requirements.** (a) An innovation school shall
5.6 meet all federal, state, and local health and safety requirements applicable to school
5.7 districts.

5.8 (b) An innovation school must comply with statewide accountability requirements
5.9 governing standards and assessments in chapter 120B.

5.10 (c) The primary focus of an innovation school must be to provide a comprehensive
5.11 program of instruction for at least one grade or age group from five through 18 years
5.12 of age. Instruction may be provided to people younger than five years and older than
5.13 18 years of age.

5.14 (d) An innovation school may not charge tuition.

5.15 (e) An innovation school is subject to and must comply with chapter 363A and
5.16 section 121A.04.

5.17 (f) An innovation school is subject to and must comply with the Pupil Fair Dismissal
5.18 Act, sections 121A.40 to 121A.575, and the Minnesota Public School Fee Law, sections
5.19 123B.34 to 123B.39.

5.20 (g) An innovation school must comply with chapters 13 and 13D; and sections
5.21 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

5.22 (h) An innovation school is subject to the Pledge of Allegiance requirement under
5.23 section 121A.11, subdivision 3.

5.24 (i) An innovation school offering online courses or programs must comply with
5.25 section 124D.095.

5.26 (j) An innovation school is subject to chapter 181.

5.27 (k) An innovation school must comply with section 120A.22, subdivision 7,
5.28 governing the transfer of students' educational records and sections 138.163 and 138.17
5.29 governing the management of local records.

5.30 (l) An innovation school that provides early childhood health and developmental
5.31 screening must comply with sections 121A.16 to 121A.19.

5.32 (m) An innovation school that provides school-sponsored youth athletic activities
5.33 must comply with section 121A.38.

5.34 Subd. 9. **Review.** Three school years after the initial implementation of the
5.35 innovation plan and every five years thereafter, the school board must review the level
5.36 of performance of the innovation school and determine whether the innovation school

is achieving or making adequate progress toward achieving the academic performance results in the school's innovation plan. The school board, in collaboration with the innovation school, may revise any portion of the innovation plan. If the board determines that the school is achieving or making adequate progress toward achieving the school's academic performance results, any change to the plan requires the consent of a majority of the school's teachers and a majority of the school's administrators. If the board determines that the school is not achieving or making adequate progress toward achieving the school's academic performance results, the board may revoke the school's innovation plan effective the next school year or may approve the school's maintaining innovation status with changes to the innovation plan. If the changes to an innovation plan agreed to by the school and school board include new waivers of state statutes, laws, or rules, the revised plan must be sent to the commissioner for approval consistent with the commissioner's approval process in subdivision 4, paragraph (c).

Subd. 10. Employment and other operating matters. (a) An innovation school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The innovation school's state aid may be reduced under section 127A.43 if the school employs a teacher who is not appropriately licensed or approved by the Board of Teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. The innovation school is subject to section 181.932. When offering employment to a prospective employee, an innovation school must give that employee a written description of the terms and conditions of employment and the school's personnel policies.

(b) A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties if included in the innovation plan.

Subd. 11. Collective bargaining. An innovation school may waive any term or condition of a collective bargaining agreement, consistent with section 179A.227, if the waiver was included in the innovation plan approved by the board. Any waiver stays in effect until the innovation plan is amended or the school is no longer an innovation school. A person who is a member of a collective bargaining unit and is employed at a school where an innovation plan has been adopted but not yet implemented, may request a transfer to another school within the district under section 122A.40 or 122A.41. The school board must make every reasonable effort to accommodate these transfer requests.

7.1 Subd. 12. **Teacher and other employee retirement.** (a) Teachers in an innovation
7.2 school must be public school teachers for the purposes of chapters 354 and 354A.

7.3 (b) Except for teachers under paragraph (a), employees in an innovation school must
7.4 be public employees for the purposes of chapter 353.

7.5 Sec. 2. **[123B.047] INNOVATION SCHOOL FINANCING.**

7.6 Subdivision 1. **Revenue to innovation school.** (a) The revenue that shall be
7.7 allocated to the innovation school includes the general education revenue generated by
7.8 the students at the school from state, local, and private sources; referendum revenue; and
7.9 federal revenue from the Elementary and Secondary Education Act, the Individuals with
7.10 Disabilities Education Act, the Carl Perkins Act, and other federal programs.

7.11 (b) The district may retain an administrative fee for managing the federal
7.12 programs, private revenues, and general administrative functions including school board,
7.13 superintendent, district legal counsel, finance, accountability and self-governed school
7.14 contract oversight, facilities maintenance, districtwide special education programs, and
7.15 other such services as agreed to in the innovation plan.

7.16 (c) As part of the agreement, the district may provide specific services for the
7.17 innovation school and may specify the amount to be paid for each service and retain the
7.18 revenues for that amount. The formula or procedures for determining the amount of
7.19 revenue to be allocated to the innovation school each year shall be consistent with this
7.20 subdivision and incorporated in the site budget annually following a timeline and process
7.21 that is included in the agreement with the school board. The school is responsible for
7.22 allocating revenue for all staff at the site and for the other provisions of the agreement
7.23 with the school board.

7.24 (d) All innovation revenue under section 126C.10, subdivision 37, attributable to
7.25 the pupils of the innovation school must be passed to the innovation school for use in
7.26 implementing and evaluating the school's innovation plan.

7.27 (e) All unspent revenue shall be carried over to following years for the sole use
7.28 of the innovation school.

7.29 Subd. 2. **Aid reductions for violations.** The commissioner may reduce the state
7.30 aid under section 127A.42 or 127A.43 to a school district with an innovation school if
7.31 that school fails to correct a violation under section 123B.046. The commissioner may
7.32 reduce the district's state aid by an amount not to exceed 60 percent of the total basic
7.33 revenue allocated to the innovation school during the period of time that a violation of law
7.34 occurs. The reduction in revenue must be allocated by the school district to the innovation
7.35 school under subdivision 1.

Subd. 3. **Gifts and grants.** A school developing or implementing an innovation plan is authorized to seek and accept public and private gifts, grants, and donations to offset the costs of developing and implementing innovation plans.

Sec. 3. **[123B.048] INNOVATION ZONES.**

Subdivision 1. **Creation and membership.** (a) A school board may approve innovation zones within the school district. An innovation zone consists of more than one innovation school that shares an educational relationship, such as geographical location, educational focus, or sequential service to students as they progress from prekindergarten through elementary and secondary education. A group of innovation schools may petition the board to create an innovation zone. Schools submitting proposals under section 123B.046, subdivision 4, may include in their proposal the creation of an innovation zone. A proposal to create an innovation zone must include:

(1) the prekindergarten, elementary, and secondary schools and higher education institutions that will be initial members of the innovation zone;

(2) a description of how innovations in the zone would be integrated to achieve results that would be less likely to be accomplished by each public school working alone; and

(3) an estimate of any economies of scale that would be achieved by innovations implemented jointly by the public schools within the innovation zone.

(b) If the proposal to create the innovation zone comes from existing innovation schools, the school board must review and either accept or reject the proposal within 60 days. If the school board rejects the plan, the board must provide a written explanation of the basis for its decision. The schools may amend and resubmit a plan at any time.

(c) If the proposal to create the innovation zone is concurrent with becoming an innovation school, upon receipt of a school's innovation plan that includes a proposal to create an innovation zone, the school board must review the plan and offer feedback on the plan within 60 days. The board must accept or reject the zone plan within 60 days of receiving the innovation plan of the final initial member school. If the school board rejects the plan, the board must provide a written explanation of the basis for its decision. The schools may amend and resubmit a plan at any time.

Subd. 2. **Membership.** A school submitting a proposal under section 123B.046, subdivision 4 or 5, may propose becoming a member of an established innovation zone as part of the innovation plan.

Subd. 3. **Review.** Three school years after the initial implementation of the innovation zone and every five years thereafter, the school board must review the level

9.1 of performance of the innovation zone and determine whether the innovation zone is
9.2 achieving or making adequate progress toward achieving the academic performance
9.3 results in the innovation zone plan. The school board, in collaboration with the innovation
9.4 schools in the zone, may revise any portion of the innovation zone plan consistent with the
9.5 innovation plans of the member schools. If the board determines that one or more schools
9.6 in the innovation zone are not improving at a sufficient rate, the board may remove the
9.7 school from the innovation zone.

9.8 Sec. 4. Minnesota Statutes 2011 Supplement, section 126C.10, subdivision 1, is
9.9 amended to read:

9.10 Subdivision 1. **General education revenue.** The general education revenue for
9.11 each district equals the sum of the district's basic revenue, extended time revenue, gifted
9.12 and talented revenue, small schools revenue, basic skills revenue, training and experience
9.13 revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity
9.14 revenue, total operating capital revenue, equity revenue, alternative teacher compensation
9.15 revenue, ~~and~~ transition revenue, and innovation revenue.

9.16 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2013 and
9.17 later.

9.18 Sec. 5. Minnesota Statutes 2010, section 126C.10, is amended by adding a subdivision
9.19 to read:

9.20 Subd. 37. **Innovation revenue.** A district's innovation revenue is equal to \$100
9.21 times the number of pupils in average daily membership of each innovation school under
9.22 section 123B.046 within the district plus \$50 times the number of pupils in average daily
9.23 membership of a school with an innovation plan approved by the board before July 1, but
9.24 not yet implemented under section 123B.046.

9.25 **EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2013 and
9.26 later.

9.27 Sec. 6. Minnesota Statutes 2010, section 179A.03, is amended by adding a subdivision
9.28 to read:

9.29 Subd. 9a. **Innovation school.** "Innovation school" means a school with an approved
9.30 and implemented innovation plan under section 123B.046.

9.31 Sec. 7. Minnesota Statutes 2010, section 179A.13, subdivision 1, is amended to read:

10.1 Subdivision 1. **Actions.** The practices specified in this section are unfair labor
10.2 practices, unless otherwise authorized in this chapter. Any employee, employer, employee
10.3 or employer organization, exclusive representative, or any other person or organization
10.4 aggrieved by an unfair labor practice as defined in this section may bring an action for
10.5 injunctive relief and for damages caused by the unfair labor practice in the district court of
10.6 the county in which the practice is alleged to have occurred. A copy of any complaint
10.7 alleging an unfair labor practice must be filed with the commissioner at the time it is
10.8 brought in district court. The party bringing an unfair labor practice action in district
10.9 court shall also transmit to the commissioner any orders or judgments of the court within
10.10 ten days of the order or judgment.

10.11 Sec. 8. **[179A.227] INNOVATION SCHOOL WAIVERS.**

10.12 An innovation school may waive any collective bargaining provision for any
10.13 bargaining unit for any district employee working at the innovation school if the provision
10.14 was included in the school board-approved innovation plan implemented by the school.
10.15 The innovation school must sign a written agreement with each individual including the
10.16 new provisions that will replace the waived collectively bargained provisions.

10.17 **EFFECTIVE DATE.** This section is effective for collective bargaining agreements
10.18 entered into or renewed after June 30, 2012.