

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 2556**

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DATE	D-PG	OFFICIAL STATUS
03/10/2016	4960	Introduction and first reading Referred to Education

A bill for an act

1.1 relating to education finance; expanding teacher development and evaluation  
1.2 opportunities for all school districts; including development and evaluation  
1.3 opportunities for principals; modifying the alternative compensation program;  
1.4 appropriating money; amending Minnesota Statutes 2015 Supplement, sections  
1.5 122A.413, subdivision 1; 122A.415; Laws 2015, First Special Session chapter  
1.6 3, article 2, section 70, subdivision 2.  
1.7

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

1.9 Section 1. Minnesota Statutes 2015 Supplement, section 122A.413, subdivision 1,  
1.10 is amended to read:

1.11 Subdivision 1. **Qualifying plan.** A district, intermediate school district, or a  
1.12 cooperative unit, as defined in section 123A.24, subdivision 2, may develop an educational  
1.13 improvement plan. The plan may be developed for the purpose of qualifying for:

1.14 (1) the alternative teacher professional pay system under section 122A.414; and  
1.15 (2) teacher development and evaluation aid under section 122A.415.

1.16 The plan must include measures for improving school district, intermediate school  
1.17 district, cooperative, school site, teacher, principals, and individual student performance.

1.18 Sec. 2. Minnesota Statutes 2015 Supplement, section 122A.415, is amended to read:

1.19 **122A.415 TEACHER DEVELOPMENT AND EVALUATION AID;**  
1.20 **ALTERNATIVE COMPENSATION REVENUE AID.**

1.21 Subdivision 1. **Revenue Alternative teacher compensation aid amount.** (a) A  
1.22 school district, intermediate school district, cooperative unit as defined in section 123A.24,  
1.23 subdivision 2, school site, or charter school that meets the conditions of section 122A.414

2.1 and submits an application approved by the commissioner is eligible for alternative  
2.2 teacher compensation revenue aid.

2.3 (b) For school district and intermediate school district applications, the commissioner  
2.4 must consider only those applications to participate that are submitted jointly by a  
2.5 district and the exclusive representative of the teachers. The application must contain an  
2.6 alternative teacher professional pay system agreement that:

2.7 (1) implements an alternative teacher professional pay system consistent with  
2.8 section 122A.414; and

2.9 (2) is negotiated and adopted according to the Public Employment Labor Relations  
2.10 Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a  
2.11 district may enter into a contract for a term of two or four years.

2.12 Alternative teacher compensation revenue aid for a qualifying school district or  
2.13 site in which the school board and the exclusive representative of the teachers agree to  
2.14 place teachers in the district or at the site on the alternative teacher professional pay  
2.15 system equals ~~\$260~~ \$91 times the number of pupils enrolled at the district or site on  
2.16 October 1 of the previous fiscal year. Alternative teacher compensation revenue aid  
2.17 for a qualifying intermediate school district or cooperative must be calculated under  
2.18 subdivision 4, ~~paragraph (b)~~ 4a.

2.19 (c) For a newly combined or consolidated district, the revenue aid shall be computed  
2.20 using the sum of pupils enrolled on October 1 of the previous year in the districts entering  
2.21 into the combination or consolidation. The commissioner may adjust the revenue aid  
2.22 computed for a site using prior year data to reflect changes attributable to school closings,  
2.23 school openings, or grade level reconfigurations between the prior year and the current year.

2.24 (d) The revenue aid under this subdivision is available only to school districts,  
2.25 intermediate school districts, cooperatives, school sites, and charter schools that fully  
2.26 implement an alternative teacher professional pay system by October 1 of the current  
2.27 school year.

2.28 Subd. 1a. **Teacher development and evaluation aid.** (a) A school district, charter  
2.29 school, or other school site is eligible for teacher development and evaluation aid equal to  
2.30 the teacher development and evaluation allowance times the number of pupils enrolled at  
2.31 the district or site on October 1 of the previous fiscal year.

2.32 (b) The teacher development and evaluation allowance for a school district, charter  
2.33 school, or other school site equals \$169.

2.34 (c) Teacher development and evaluation aid for an intermediate school district or  
2.35 other cooperative unit as defined in section 123A.24, subdivision 2, must be calculated  
2.36 under subdivision 4a.

3.1 (d) To qualify for aid under this subdivision, a school district, charter school,  
 3.2 intermediate school district or other cooperative unit, or other school site must either  
 3.3 develop an educational improvement plan under section 122A.413, implement an  
 3.4 alternative teacher professional pay system under section 122A.414, or demonstrate to the  
 3.5 commissioner's satisfaction that the aid received under this section is used for the activities  
 3.6 prescribed under section 122A.40, subdivision 8, or 122A.41, subdivision 5.

3.7 Subd. 3. **Revenue Aid timing; applications; implementation.** (a) Districts,  
 3.8 intermediate school districts, cooperatives, school sites, or charter schools with approved  
 3.9 applications must receive alternative compensation revenue aid for each school year  
 3.10 that the district, intermediate school district, cooperative, school site, or charter school  
 3.11 implements an alternative teacher professional pay system under this subdivision and  
 3.12 section 122A.414. ~~A qualifying district, intermediate school district, cooperative, school~~  
 3.13 ~~site, or charter school that received alternative teacher compensation aid for the previous~~  
 3.14 ~~fiscal year must receive at least an amount of alternative teacher compensation revenue~~  
 3.15 ~~equal to the lesser of the amount it received for the previous fiscal year or the amount it~~  
 3.16 ~~qualifies for under subdivision 1 for the current fiscal year if the district, intermediate~~  
 3.17 ~~school district, cooperative, school site, or charter school submits a timely application and~~  
 3.18 ~~the commissioner determines that the district, intermediate school district, cooperative,~~  
 3.19 ~~school site, or charter school continues to implement an alternative teacher professional~~  
 3.20 ~~pay system, consistent with its application under this section.~~

3.21 (b) The commissioner shall approve applications that comply with subdivision 1,  
 3.22 and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter  
 3.23 school or cooperative, in the order in which they are received, select applicants that  
 3.24 qualify for this program, notify school districts, intermediate school districts, cooperatives,  
 3.25 school sites, and charter schools about the program, develop and disseminate application  
 3.26 materials, and carry out other activities needed to implement this section.

3.27 Subd. 4. **~~Basic alternative teacher compensation aid~~ Charter school in its first**  
 3.28 **year of operation.** (a) ~~The basic alternative teacher compensation aid for a school~~  
 3.29 ~~with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the~~  
 3.30 ~~alternative teacher compensation revenue under subdivision 1. The basic alternative~~  
 3.31 ~~teacher compensation aid for a charter school in its first year of operation with a plan~~  
 3.32 ~~approved under section 122A.414, subdivisions 2a and 2b, equals \$260 \$91 times the~~  
 3.33 ~~number of pupils enrolled in the school on October 1 of the previous year, or on October~~  
 3.34 ~~1 of the current year for a charter school in the first year of operation, times the ratio of~~  
 3.35 ~~the sum of the alternative teacher compensation aid and alternative teacher compensation~~  
 3.36 ~~levy for all participating school districts to the maximum alternative teacher compensation~~

4.1 ~~revenue for those districts under subdivision 1.~~ A charter school in its first year of  
4.2 operation qualifies for teacher development and evaluation aid equal to \$169 times the  
4.3 number of pupils enrolled in the school on October 1 of the current year.

4.4 ~~(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative~~  
4.5 ~~teacher compensation aid entitlement must not exceed \$88,118,000 for fiscal year 2017~~  
4.6 ~~and later. The commissioner must limit the amount of alternative teacher compensation~~  
4.7 ~~aid approved under this section so as not to exceed these limits. Basic~~

4.8 Subd. 4a. **Revenue for cooperative units.** (a) Alternative teacher compensation aid  
4.9 for an intermediate district or other cooperative unit with a plan approved under section  
4.10 122A.413 equals \$3,000 \$1,050 times the number of licensed teachers employed by the  
4.11 intermediate district or cooperative unit on October 1 of the previous school year.

4.12 (b) Teacher development and evaluation revenue for an intermediate school district  
4.13 or other cooperative unit receiving aid under paragraph (a) equals \$1,950 times the  
4.14 number of licensed teachers employed by the intermediate school district or cooperative  
4.15 unit on October 1 of the previous school year.

4.16 Subd. 4b. **Principals.** (a) Alternative principal compensation aid for a school  
4.17 district, charter school, school site, or intermediate school or cooperative unit with a plan  
4.18 approved under section 122A.413 equals \$1,050 times the number of licensed principals  
4.19 employed by the school district, charter school, school site, or intermediate or other  
4.20 cooperative unit on October 1 of the previous school year.

4.21 (b) Principal development and evaluation aid for a school district, charter school,  
4.22 school site, or intermediate school or cooperative unit equals \$1,950 times the number  
4.23 of licensed principals employed by the school district, charter school, school site, or  
4.24 intermediate or other cooperative unit on October 1 of the previous school year.

4.25 ~~Subd. 5. **Alternative teacher compensation levy.** The alternative teacher~~  
4.26 ~~compensation levy for a district receiving basic alternative teacher compensation aid equals~~  
4.27 ~~the product of (1) the difference between the district's alternative teacher compensation~~  
4.28 ~~revenue and the district's basic alternative teacher compensation aid, times (2) the lesser of~~  
4.29 ~~one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$6,100.~~

4.30 ~~Subd. 6. **Alternative teacher compensation equalization aid.** (a) A district's~~  
4.31 ~~alternative teacher compensation equalization aid equals the district's alternative teacher~~  
4.32 ~~compensation revenue minus the district's basic alternative teacher compensation aid~~  
4.33 ~~minus the district's alternative teacher compensation levy. If a district does not levy the~~  
4.34 ~~entire amount permitted, the alternative teacher compensation equalization aid must be~~  
4.35 ~~reduced in proportion to the actual amount levied.~~

5.1 ~~(b) A district's alternative teacher compensation aid equals the sum of the~~  
 5.2 ~~district's basic alternative teacher compensation aid and the district's alternative teacher~~  
 5.3 ~~compensation equalization aid.~~

5.4 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2017.

5.5 Sec. 3. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 2,  
 5.6 is amended to read:

5.7 Subd. 2. **Teacher development and evaluation aid; alternative compensation**  
 5.8 **aid.** For teacher development and evaluation aid and alternative teacher compensation aid  
 5.9 under Minnesota Statutes, section 122A.415, subdivision 4:

5.10	\$	78,331,000	.....	2016
5.11		87,147,000		
5.12	\$	.....	.....	2017

5.13 The 2016 appropriation includes \$7,766,000 for 2015 and \$70,565,000 for 2016.

5.14 The 2017 appropriation includes \$7,840,000 for 2016 and \$79,307,000 \$..... for  
 5.15 2017.

5.16 Sec. 4. **ADJUSTMENT; FISCAL YEAR 2017 ONLY.**

5.17 For taxes payable in 2016 only, a school district that had an alternate compensation  
 5.18 levy limitation under Minnesota Statutes 2014, section 122A.415, subdivision 5, must  
 5.19 have its total aid for fiscal year 2017 under Minnesota Statutes, section 122A.415, reduced  
 5.20 by the amount of its levy limitation.

5.21 **EFFECTIVE DATE.** This section is effective July 1, 2016, and applies to aid  
 5.22 payments for fiscal year 2017 only.