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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2981

03/14/2016 Authored by Howe and O'Neill  
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act  
1.2 relating to education finance; ensuring that all schools determined eligible for,  
1.3 and notified of, participation in the alternative compensation revenue program  
1.4 receive alternative compensation funding; appropriating money; amending  
1.5 Minnesota Statutes 2014, section 127A.41, subdivision 2; Minnesota Statutes  
1.6 2015 Supplement, section 122A.415, subdivision 3; Laws 2015, First Special  
1.7 Session chapter 3, article 12, section 4, subdivision 2.

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

1.9 Section 1. Minnesota Statutes 2015 Supplement, section 122A.415, subdivision 3,  
1.10 is amended to read:

1.11 Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, cooperatives,  
1.12 school sites, or charter schools with approved applications must receive alternative  
1.13 compensation revenue for each school year that the district, intermediate school district,  
1.14 cooperative, school site, or charter school implements an alternative teacher professional  
1.15 pay system under this subdivision and section 122A.414. A qualifying district, intermediate  
1.16 school district, cooperative, school site, or charter school that received alternative teacher  
1.17 compensation aid for the previous fiscal year must receive at least an amount of alternative  
1.18 teacher compensation revenue equal to the lesser of the amount it received for the previous  
1.19 fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if  
1.20 the district, intermediate school district, cooperative, school site, or charter school submits  
1.21 a timely application and the commissioner determines that the district, intermediate school  
1.22 district, cooperative, school site, or charter school continues to implement an alternative  
1.23 teacher professional pay system, consistent with its application under this section.

1.24 (b) The commissioner shall approve applications that comply with subdivision 1,  
1.25 and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter

2.1 school or cooperative, in the order in which they are received, select applicants that  
 2.2 qualify for this program, notify school districts, intermediate school districts, cooperatives,  
 2.3 school sites, and charter schools about the program, develop and disseminate application  
 2.4 materials, and carry out other activities needed to implement this section.

2.5 (c) A school district, intermediate school district, cooperative, school site, or charter  
 2.6 school with an approved application and a written notice from the commissioner that the  
 2.7 district qualifies for its first year of alternative compensation revenue must receive revenue  
 2.8 for that year according to section 127A.41, subdivision 2.

2.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016  
 2.10 and later.

2.11 Sec. 2. Minnesota Statutes 2014, section 127A.41, subdivision 2, is amended to read:

2.12 Subd. 2. **Errors in distribution.** (a) On determining that the amount of state aid  
 2.13 distributed to a school district is in error, the commissioner is authorized to adjust the  
 2.14 amount of aid consistent with this subdivision. On determining that the amount of aid is  
 2.15 in excess of the school district's entitlement, the commissioner is authorized to recover  
 2.16 the amount of the excess by any appropriate means. Notwithstanding the fiscal years  
 2.17 designated by the appropriation, the excess may be recovered by reducing future aid  
 2.18 payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not  
 2.19 of the same type as that overpaid, the district must adjust all necessary financial accounts  
 2.20 to properly reflect all revenues earned in accordance with the uniform financial accounting  
 2.21 and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the  
 2.22 fiscal years designated by the appropriation, on determining that the amount of an aid paid  
 2.23 is less than the school district's entitlement, the commissioner is authorized to increase  
 2.24 such aid from the current appropriation. If the aid program has been discontinued and has  
 2.25 no appropriation, the appropriation for general education shall be used for recovery or  
 2.26 payment of the aid decrease or increase. Any excess of aid recovery over aid payment  
 2.27 shall be canceled to the state general fund.

2.28 (b) If the commissioner determines that an error in aid payments to a school under  
 2.29 section 122A.415, subdivision 3, paragraph (c), cannot be corrected under this section,  
 2.30 the commissioner must transfer the necessary funds and make those payments from the  
 2.31 Department of Education's annual operating budget.

2.32 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
 2.33 aid adjustments for fiscal year 2016 and later.

3.1 Sec. 3. Laws 2015, First Special Session chapter 3, article 12, section 4, subdivision 2,  
3.2 is amended to read:

3.3 Subd. 2. **Department.** (a) For the Department of Education:

3.4 \$ 21,246,000 ..... 2016

3.5 \$ 21,973,000 ..... 2017

3.6 Of these amounts:

3.7 (1) \$718,000 each year is for the Board of Teaching;

3.8 (2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board  
3.9 of School Administrators;

3.10 (3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota  
3.11 Statutes, section 120B.115;

3.12 (4) \$500,000 each year is for the School Safety Technical Assistance Center under  
3.13 Minnesota Statutes, section 127A.052;

3.14 (5) \$250,000 each year is for the School Finance Division to enhance financial  
3.15 data analysis; and

3.16 (6) \$441,000 in fiscal year 2016 and \$720,000 in fiscal year 2017 is for implementing  
3.17 Laws 2014, chapter 272, article 1, Minnesota's Learning for English Academic Proficiency  
3.18 and Success Act, as amended.

3.19 (b) Any balance in the first year does not cancel but is available in the second year.

3.20 (c) None of the amounts appropriated under this subdivision may be used for  
3.21 Minnesota's Washington, D.C. office.

3.22 (d) The expenditures of federal grants and aids as shown in the biennial budget  
3.23 document and its supplements are approved and appropriated and shall be spent as  
3.24 indicated.

3.25 (e) This appropriation includes funds for information technology project services and  
3.26 support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing  
3.27 information technology costs will be incorporated into the service level agreement and  
3.28 will be paid to the Office of MN.IT Services by the Department of Education under the  
3.29 rates and mechanism specified in that agreement.

3.30 (f) The agency's base budget in fiscal year 2018 is \$21,973,000. The agency's base  
3.31 budget in fiscal year 2019 is \$21,948,000.

3.32 (g) If a school qualifying for aid under Minnesota Statutes, section 122A.415,  
3.33 subdivision 3, paragraph (c), does not receive aid under that section or Minnesota Statutes,  
3.34 section 127A.41, subdivision 2, paragraph (b), the commissioner must transfer the  
3.35 amounts necessary to make these payments from the agency appropriation in paragraph  
3.36 (a) to the appropriation for alternative compensation revenue.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.