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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 739

02/09/2015 Authored by Davnie, Mullery, Mariani, Moran, Murphy, E., and others
The bill was read for the first time and referred to the Committee on Education Innovation Policy

1.1 A bill for an act
1.2 relating to education finance; increasing funding for general education, extended
1.3 day programs, special education, English Language learner programs, and
1.4 phasing in funding for universal preschool programs; amending Minnesota
1.5 Statutes 2014, sections 124D.59, subdivision 2; 125A.76, subdivisions 1, 2c;
1.6 125A.79, subdivision 5; 126C.05, subdivision 1; 126C.10, subdivisions 2, 2a;
1.7 proposing coding for new law in Minnesota Statutes, chapter 124D.

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

1.9 Section 1. 124D.167 **UNIVERSAL PRESCHOOL FOR FOUR-YEAR-OLD**
1.10 **STUDENTS.**

1.11 Subdivision 1. **Child eligibility.** (a) A child who is at least four years old on
1.12 September 1 of that year and not yet enrolled in kindergarten is eligible to participate in
1.13 Minnesota's universal preschool program. The child may choose a program offered under
1.14 this section or apply for an early learning scholarship under section 124D.165.

1.15 (b) A child younger than four years of age is eligible to participate in a school
1.16 district's program as local funding allows.

1.17 Subd. 2. **Revenue.** (a) A child who is eligible for universal preschool under
1.18 subdivision 1 who does not receive an early learning scholarship may enroll in a school
1.19 district's universal preschool program under this section. A school district that operates or
1.20 contracts for a qualifying preschool program is eligible for universal preschool revenue
1.21 equal to the district's number of pupil units under section 126C.05, subdivision 1,
1.22 paragraph (h), times the general education basic formula allowance for that year.

1.23 (b) For fiscal year 2016 only, total statewide universal preschool revenue may not
1.24 exceed \$75,000,000. For fiscal year 2017 only, total statewide universal preschool revenue
1.25 may not exceed \$150,000,000. For fiscal year 2018 only, total statewide universal preschool

2.1 revenue may not exceed \$225,000,000. If necessary, the commissioner must prorate the
2.2 payments to each district so that the statewide revenue cap for that year is not exceeded.

2.3 (c) For fiscal years 2016 to 2018, a school district must grant priority for admission
2.4 to preschool programs to children whose families would qualify for free or reduced price
2.5 meals.

2.6 Subd. 3. **Qualifying preschool program.** (a) A school district program or
2.7 contracted program that meets the following qualifications may provide preschool services
2.8 and enroll eligible children under this section:

2.9 (1) programs must have a child-to-adult ratio of no greater than nine to one;

2.10 (2) programs must meet an average of at least two and one-half hours per day,
2.11 four days per week;

2.12 (3) curriculum and learning standards must be aligned between the preschool
2.13 programs and kindergartens;

2.14 (4) programs must employ necessary qualified teachers, and by January 1, 2017,
2.15 at least 50 percent of the teachers employed by a program to teach preschool must be
2.16 licensed in early childhood education;

2.17 (5) programs must have a strong accountability system with documented learning
2.18 standards, and must be highly rated by the Quality Rating System;

2.19 (6) each child must be assessed at program entrance and again at program exit;

2.20 (7) programs must offer comprehensive family services including developmental,
2.21 behavioral, and health screening;

2.22 (8) programs must offer compensatory services in language, literacy, and
2.23 mathematical thinking in a developmentally appropriate manner; and

2.24 (9) programs must develop collaborative partnerships with school-based early
2.25 childhood programs, kindergarten teachers and other school officials, Head Start programs,
2.26 and community-based child care programs.

2.27 (b) Qualified preschool programs may include preschool programs operated by
2.28 school districts, private preschool programs, Head Start programs, and child care programs
2.29 with an educational component.

2.30 Subd. 4. **Payment.** (a) A school district may provide preschool programming or
2.31 contract with a qualifying program to provide preschool services for eligible children. A
2.32 district may establish a new program where no existing reasonably accessible program
2.33 meets the requirements in subdivision 3. A district that contracts for services must submit
2.34 a copy of each contract to the commissioner. The payment from the school district to a
2.35 contract provider for a child enrolled for the full year must not exceed the basic general
2.36 education formula allowance attributable to that child for that year.

3.1 (b) A qualified program that offers additional services including home visits, parent
 3.2 supports, social services, and health referrals for the most at-risk children may receive a
 3.3 bonus in the amount of ten percent of the per-child payment rate for each child served.

3.4 Subd. 5. **Participation.** A school district or contracted program qualifying under
 3.5 this section may also participate in the early learning scholarship program under section
 3.6 124D.165.

3.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
 3.8 and later.

3.9 Sec. 2. Minnesota Statutes 2014, section 124D.59, subdivision 2, is amended to read:

3.10 Subd. 2. **English learner.** (a) "English learner" means a pupil in kindergarten through
 3.11 grade 12 who meets the requirements under subdivision 2a or the following requirements:

3.12 (1) the pupil, as declared by a parent or guardian first learned a language other than
 3.13 English, comes from a home where the language usually spoken is other than English, or
 3.14 usually speaks a language other than English; and

3.15 (2) the pupil is determined by a valid assessment measuring the pupil's English
 3.16 language proficiency and by developmentally appropriate measures, which might include
 3.17 observations, teacher judgment, parent recommendations, or developmentally appropriate
 3.18 assessment instruments, to lack the necessary English skills to participate fully in
 3.19 academic classes taught in English.

3.20 (b) A pupil enrolled in a Minnesota public school in any grade 4 through 12 who in
 3.21 the previous school year took a commissioner-provided assessment measuring the pupil's
 3.22 emerging academic English, shall be counted as an English learner in calculating English
 3.23 learner pupil units under section 126C.05, subdivision 17, and shall generate state English
 3.24 learner aid under section 124D.65, subdivision 5, if the pupil scored below the state cutoff
 3.25 score or is otherwise counted as a nonproficient participant on the assessment measuring
 3.26 the pupil's emerging academic English, or, in the judgment of the pupil's classroom
 3.27 teachers, consistent with section 124D.61, clause (1), the pupil is unable to demonstrate
 3.28 academic language proficiency in English, including oral academic language, sufficient to
 3.29 successfully and fully participate in the general core curriculum in the regular classroom.

3.30 (c) Notwithstanding paragraphs (a) and (b), a pupil in kindergarten through grade
 3.31 12 shall not be counted as an English learner in calculating English learner pupil units
 3.32 under section 126C.05, subdivision 17, and shall not generate state English learner aid
 3.33 under section 124D.65, subdivision 5, if:

3.34 (1) the pupil is not enrolled during the current fiscal year in an educational program
 3.35 for English learners under sections 124D.58 to 124D.64; or

4.1 (2) the pupil has generated ~~six~~ seven or more years of average daily membership in
 4.2 Minnesota public schools since July 1, 1996.

4.3 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
 4.4 and later.

4.5 Sec. 3. Minnesota Statutes 2014, section 125A.76, subdivision 1, is amended to read:

4.6 Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79,
 4.7 the definitions in this subdivision apply.

4.8 (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2.
 4.9 For the purposes of computing basic revenue pursuant to this section, each child with a
 4.10 disability shall be counted as prescribed in section 126C.05, subdivision 1.

4.11 (c) "Essential personnel" means teachers, cultural liaisons, related services, and
 4.12 support services staff providing services to students. Essential personnel may also include
 4.13 special education paraprofessionals or clericals providing support to teachers and students
 4.14 by preparing paperwork and making arrangements related to special education compliance
 4.15 requirements, including parent meetings and individualized education programs. Essential
 4.16 personnel does not include administrators and supervisors.

4.17 (d) "Average daily membership" has the meaning given it in section 126C.05.

4.18 (e) "Program growth factor" means 1.046 for fiscal years 2012 through 2015, 1.0
 4.19 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program
 4.20 growth factor for the previous year for fiscal year 2018 and later.

4.21 (f) "Nonfederal special education expenditure" means all direct expenditures that
 4.22 are necessary and essential to meet the district's obligation to provide special instruction
 4.23 and services to children with a disability according to sections 124D.454, 125A.03 to
 4.24 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by
 4.25 the department under section 125A.75, subdivision 4, excluding expenditures:

4.26 (1) reimbursed with federal funds;

4.27 (2) reimbursed with other state aids under this chapter;

4.28 (3) for general education costs of serving students with a disability;

4.29 (4) for facilities;

4.30 (5) for pupil transportation; and

4.31 (6) for postemployment benefits.

4.32 (g) "Old formula special education expenditures" means expenditures eligible for
 4.33 revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

4.34 (h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy
 4.35 for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and

5.1 fringe benefits of one-to-one instructional and behavior management aides and one-to-one
 5.2 licensed, certified professionals assigned to a child attending the academy, if the aides or
 5.3 professionals are required by the child's individualized education program.

5.4 (i) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014
 5.5 and 2.27 percent for fiscal year 2015.

5.6 (j) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48
 5.7 for fiscal year 2015.

5.8 (k) "Special education aid increase limit" means ~~\$80~~ \$200 for fiscal year 2016,
 5.9 ~~\$100~~ \$400 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special
 5.10 education aid increase limit for the previous fiscal year and ~~\$40~~ \$200.

5.11 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
 5.12 and later.

5.13 Sec. 4. Minnesota Statutes 2014, section 125A.76, subdivision 2c, is amended to read:

5.14 Subd. 2c. **Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a
 5.15 district's special education aid equals the sum of the district's special education aid under
 5.16 subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the
 5.17 district's excess cost aid under section 125A.79, subdivision 7.

5.18 (b) For fiscal year 2016 and later, a district's special education aid equals the sum of
 5.19 the district's special education initial aid under subdivision 2a and the district's excess cost
 5.20 aid under section 125A.79, subdivision 5.

5.21 ~~(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for~~
 5.22 ~~a school district must not exceed the sum of the special education aid the district would~~
 5.23 ~~have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76~~
 5.24 ~~and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and~~
 5.25 ~~127A.47, subdivision 7, and the product of the district's average daily membership served~~
 5.26 ~~and the special education aid increase limit.~~

5.27 ~~(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education~~
 5.28 ~~aid for a school district must not exceed the sum of: (i) the product of the district's average~~
 5.29 ~~daily membership served and the special education aid increase limit and (ii) the product~~
 5.30 ~~of the sum of the special education aid the district would have received for fiscal year 2016~~
 5.31 ~~under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according~~
 5.32 ~~to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of~~
 5.33 ~~the district's average daily membership served for the current fiscal year to the district's~~
 5.34 ~~average daily membership served for fiscal year 2016, and the program growth factor.~~

6.1 (e) (c) Notwithstanding paragraph (b), for fiscal year 2016 and later the special
 6.2 education aid for a school district, not including a charter school, must not be less than the
 6.3 lesser of (1) the district's nonfederal special education expenditures for that fiscal year or
 6.4 (2) the product of the sum of the special education aid the district would have received
 6.5 for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as
 6.6 adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision
 6.7 7, the ratio of the district's adjusted daily membership for the current fiscal year to the
 6.8 district's average daily membership for fiscal year 2016, and the program growth factor.

6.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
 6.10 and later.

6.11 Sec. 5. Minnesota Statutes 2014, section 125A.79, subdivision 5, is amended to read:

6.12 Subd. 5. **Excess cost aid.** For fiscal year 2016 and later, a district's excess cost
 6.13 aid equals the greater of:

6.14 (1) ~~56~~ 100 percent of the difference between (i) the district's unreimbursed nonfederal
 6.15 special education expenditures and (ii) 7.0 percent of the district's general revenue;

6.16 (2) ~~62~~ 100 percent of the difference between (i) the district's unreimbursed old formula
 6.17 special education expenditures and (ii) 2.5 percent of the district's general revenue; or

6.18 (3) zero.

6.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
 6.20 and later.

6.21 Sec. 6. Minnesota Statutes 2014, section 126C.05, subdivision 1, is amended to read:

6.22 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the
 6.23 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph (c),
 6.24 in average daily membership enrolled in the district of residence, in another district under
 6.25 sections 123A.05 to 123A.08, 124D.03, 124D.08, or 124D.68; in a charter school under
 6.26 section 124D.10; or for whom the resident district pays tuition under section 123A.18,
 6.27 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04,
 6.28 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted according to this
 6.29 subdivision.

6.30 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
 6.31 by the commissioner and has an individualized education program is counted as the ratio
 6.32 of the number of hours of assessment and education service to 825 times 1.0 with a
 6.33 minimum average daily membership of 0.28, but not more than 1.0 pupil unit.

7.1 (b) A prekindergarten pupil who is assessed but determined not to be disabled is
7.2 counted as the ratio of the number of hours of assessment service to 825 times 1.0.

7.3 (c) A kindergarten pupil with a disability who is enrolled in a program approved
7.4 by the commissioner is counted as the ratio of the number of hours of assessment and
7.5 education services required in the fiscal year by the pupil's individualized education
7.6 program to 875, but not more than one.

7.7 (d) A kindergarten pupil who is not included in paragraph (c) is counted as 1.0 pupil
7.8 unit if the pupil is enrolled in a free all-day, every day kindergarten program available to
7.9 all kindergarten pupils at the pupil's school that meets the minimum hours requirement in
7.10 section 120A.41, or is counted as .55 pupil unit, if the pupil is not enrolled in a free all-day,
7.11 every day kindergarten program available to all kindergarten pupils at the pupil's school.

7.12 (e) A pupil who is in any of grades 1 to 6 is counted as 1.0 pupil unit.

7.13 (f) A pupil who is in any of grades 7 to 12 is counted as 1.2 pupil units.

7.14 (g) A pupil who is in the postsecondary enrollment options program is counted
7.15 as 1.2 pupil units.

7.16 (h) A pupil who is at least four years of age as of September 1, and not included
7.17 in paragraphs (a) to (g), is counted as 1.0 pupil units for purposes of section 126C.10,
7.18 subdivision 2, only.

7.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
7.20 and later.

7.21 Sec. 7. Minnesota Statutes 2014, section 126C.10, subdivision 2, is amended to read:

7.22 Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district
7.23 equals the formula allowance times the adjusted marginal cost pupil units for the school
7.24 year. For fiscal year 2015 and later, the basic revenue for each district equals the formula
7.25 allowance times the adjusted pupil units for the school year. ~~The formula allowance for~~
7.26 ~~fiscal year 2013 is \$5,224. The formula allowance for fiscal year 2014 is \$5,302. The~~
7.27 ~~formula allowance for fiscal year 2015 and later is \$5,831. The formula allowance for~~
7.28 ~~fiscal year 2016 is \$..... and the formula allowance for fiscal year 2017 and later is \$.....~~

7.29 Sec. 8. Minnesota Statutes 2014, section 126C.10, subdivision 2a, is amended to read:

7.30 Subd. 2a. **Extended time revenue.** (a) ~~A school district's extended time revenue for~~
7.31 ~~fiscal year 2014 is equal to the product of \$4,601 and the sum of the adjusted marginal~~
7.32 ~~cost pupil units of the district for each pupil in average daily membership in excess of 1.0~~
7.33 ~~and less than 1.2 according to section 126C.05, subdivision 8. A school district's extended~~
7.34 ~~time revenue for fiscal year 2015 and later is equal to the product of \$5,017, the ratio of~~

8.1 the basic formula allowance for the current year to \$5,831, and the sum of the adjusted
8.2 pupil units of the district for each pupil in average daily membership in excess of 1.0 and
8.3 less than 1.2 according to section 126C.05, subdivision 8.

8.4 (b) A school district's extended time revenue may be used for extended day
8.5 programs, extended week programs, summer school, and other programming authorized
8.6 under the learning year program.

8.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2016
8.8 and later.