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## 2017 LEGISLATIVE SESSION -- EDUCATION AND TAX PROPOSALS

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### Budget Targets and Per Pupil Formula

	Budget target	Formula increase
Governor	\$709 million	\$121 per pupil per year
House	\$270 million	\$76 in FY 18, \$77 in FY19
Senate	\$300 million	\$91 per pupil per year
House/Senate	\$303.5 million	\$91 per pupil per year

### K-12 Education Provisions

#### Compensatory

House/Senate agreement: Does not include the House proposal to de-link compensatory from future formula increases or base additional revenue on MCA participation. However, it does require districts to use any new compensatory funds (because of additional formula increases) for extended time purposes only. Adds compensatory pilot grants to on-going compensatory revenue.

Governor: Proposes no changes to compensatory.

House: De-links compensatory revenue from the basic formula allowance. Adds compensatory pilot grants to on-going compensatory revenue. Creates a new category called targeted compensatory revenue. Sets a statewide revenue amount of \$11 million for FY17 and \$15 million for FY18 and later. Distributes the revenue to school sites based on the count of free and reduced-price eligible students at each site but reduces the revenue for sites that have an MCA participation rate of 95 percent or lower. Makes compensatory pilot grants permanent but at lower amounts.

Senate: Makes compensatory pilot grants permanent. Proposes no additional changes to compensatory.

#### Special Education

House/Senate agreement: No proposed changes.

Governor: Recommends an increase in state special education aid by \$40 million in the FY2018-2019 biennium.

House: No proposed changes.

Senate: No proposed changes.

#### Teacher Shortage

House/Senate agreement: Increases funding for Collaborative Urban Educator, Grow Your Own, and Concurrent Enrollment Teacher Training grants.

Governor: No proposed changes.

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House: Increases funding for the teacher loan forgiveness, collaborative urban educator, and grow your own programs.

Senate: Increases funding for Collaborative Urban Educator, Grow Your Own, and Concurrent Enrollment Teacher Training grants.

### **Pupil Transportation Adjustment**

House/Senate agreement: Provides \$3.9 million for unreimbursed transportation costs. Sets the funding equal to 18% of the difference between each school district's to and from school transportation costs and the sum of its transportation sparsity revenue, charter school transportation adjustment, and 4.66 percent of its basic formula revenue.

Governor: No proposed changes.

House: Provides \$5.5 million in FY18 and FY19 only for unreimbursed transportation costs. Sets the funding equal to 52% of the difference between each school district's to and from school transportation costs and the sum of its transportation sparsity revenue, charter school transportation adjustment, and 4.66 percent of its basic formula revenue

Senate: No proposed changes.

### **PSEO**

House/Senate agreement: Requires a school to allow a student enrolled in a PSEO course to remain at the school site during the regular school day and requires the school to adopt a policy that provides reasonable access to computers and technology during the school day. Requires a school board to adopt a policy regarding weighted grade point averages for students in dual enrollment courses.

Governor: No proposed changes.

House: Eliminates limits on postsecondary institutions' ability to advertise or recruit high school students. Requires a school to allow a student enrolled in a PSEO course to remain at the school site during the regular school day and requires the school to adopt a policy that provides reasonable access to computers and technology during the school day. Requires a school board to adopt a policy regarding weighted grade point averages for students in dual enrollment courses.

Senate: No proposed changes.

### **Last In-First Out**

House/Senate agreement: Requires the school board and the exclusive representative of the teachers to negotiate an unrequested leave of absence plan.

Governor: No proposed changes.

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House: Requires the school board and the exclusive representative of the teachers to negotiate an unrequested leave of absence plan.

Senate: No proposed changes.

### **Innovation Zones:**

House/Senate agreement: Allows a group of school districts to form an innovation zone to research and implement innovative education programming models.

Governor: No proposed changes.

House: No proposed changes

Senate: Allows a group of school districts to form an innovation zone to research and implement innovative education programming models.

### **School Finance Legislative Study Group**

House/Senate agreement: No proposed changes.

Governor: No proposed changes.

House: Establishes a study group to recommend changes to the legislature to make school finance formulas more equitable and efficient. Requires appointment of 12 members: six members of the House of Representatives and six Senators. Requires the study group to submit its recommendations to the legislature by February 1, 2018.

Senate: No proposed changes.

### **Testing**

House/Senate agreement: Provides reimbursement only for students who qualify for free and reduced price lunch.

Governor: No proposed changes.

House: Provides reimbursement only for students who qualify for free and reduced price lunch.

Senate: Provides reimbursement only for students who qualify for free and reduced price lunch.

### **MDE**

House/Senate agreement: Proposes a cut to the agency of \$4.89 million over the biennium.

Governor: Recommends \$3.2 million over the biennium to update MDE mainframe applications. These applications are used to calculate and distribute state and federal aid to school districts.

House: Proposes a cut to the agency of \$4.194 million over the biennium.

Senate: Proposes a cut to the agency of \$9 million over the biennium.

**Food Service Contracts**

House/Senate agreement: Allows a school district food service management company to comply with federal regulations to allow for contract renewals for up to four additional years.

Governor: No proposed changes.

House: Allows a school district food service management company to comply with federal regulations to allow for contract renewals for up to four additional years.

Senate: Same as House.

**Referendum Notices**

House/Senate agreement: Allows a school district to mail referendum notice by bulk mail rather than first class.

Governor: No proposed changes.

House: No proposed changes.

Senate: Allows a school district to mail referendum notice by bulk mail rather than first class.

**Early Learning and Community Education Provisions**

**Voluntary Pre-Kindergarten**

House/Senate agreement: Eliminates voluntary pre-K. Replaces a school district's voluntary pre-K funding with school readiness aid permanently.

Governor: Recommends a \$175 million increase in funding for voluntary pre-Kindergarten program. Proposes a policy change to require schools with approved voluntary pre-Kindergarten to hire licensed teachers by school year 2020.

House: Eliminates voluntary pre-K. Appropriates an additional \$21 million in FY18 and \$19.7 million in FY19 only to make up for the loss of voluntary pre-k funding.

Senate: No change to current law.

**School Readiness**

House/Senate agreement: No change to current law.

Governor: No change to current law.

House: Appropriates an additional \$21 million in FY18 and \$19.7 million in FY19 only to make up for the loss of voluntary pre-k funding. Also allows a charter school to establish a school readiness program.

Senate: No change to current law.

### **ECFE**

House/Senate agreement: No change to current law.

Governor: No change to current law.

House: De-links the ECFE formula from future formula increases. Increases ECFE revenue in FY18 from \$120 to \$140.77 and to \$141.20 in FY18.

Senate: No change to current law.

### **Early Learning Scholarships**

House/Senate agreement:

- Freezes PWII funding at the current funding level.
- Postpones to 2020 for which a program must have a three- or four-star rating to accept an early learning scholarship.
- Extends access to scholarships to children ages zero to five.
- Requires that priority be made for children whose parents have children under age 21, who is pursuing high school or general education equivalency diploma; are in foster care or otherwise in need of protection or services; or have experienced homelessness, as defined under the federal McKinney-Vento Homeless Assistance Act, in the last 24 months.
- Appropriates an additional \$19 million for early learning scholarships.

Governor: Recommends extending access to scholarships to children ages zero to five.

House:

- Eliminates Pathway II.
- Postpones to 2020 for which a program must have a three- or four-star rating to accept an early learning scholarship.
- Extends access to scholarships to children ages zero to five.
- Requires that priority be made for children whose parents have children under age 21, who is pursuing high school or general education equivalency diploma; are in foster care or otherwise in need of protection or services; or have experienced homelessness, as defined under the federal McKinney-Vento Homeless Assistance Act, in the last 24 months.

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- Appropriates an additional \$24.6 million for early learning scholarships.

### Senate:

- Extends access to scholarships to children ages zero to five.
- Requires that priority be made for children whose parents are under age 21, who is pursuing high school or general education equivalency diploma; are in foster care or otherwise in need of protection or services; or have experienced homelessness, as defined under the federal McKinney-Vento Homeless Assistance Act, in the last 24 months.
- Appropriates an additional \$2 million for early learning scholarships.

### Early Learning Restructuring

House/Senate agreement: No proposed changes included in agreement by the Office of the Legislative Auditor will be doing a study over the interim.

Governor: No change to current law.

### House:

- Creates a new position, the director of early education and development, under the Minnesota Department of Administration.
- Directs this administrator to set policy, coordinate programs, and serve as executive director of the Children's Cabinet.
- Authorizes the director to direct and control money, enter into agreements with other state agencies and direct the commissioner of education and the commissioner of human services on the administration of school readiness and Head Start programs as well as administer the early learning scholarships.
- Requires the director to coordinate program activities with the commissioner of human services and commissioner of education.
- Allows the director to charge a sliding fee for programs.
- Requires the director to limit the maximum aid a child may generate from a combination of programs based on family income level and requires the director to reduce the aid to a child that generates aid that exceeds the aid limit.
- Allows the director to establish education resource hubs throughout the state.

Senate: Calls for an early childhood care and education program study (due to the Legislature by January 15, 2018) to evaluate:

- integrating state resources for child care assistance
- aligning family income eligibility requirements for early childhood care and education programs
- coordinating outreach to families eligible to provide uniform notification about available program options
- reducing duplicative paperwork and administrative burden and increasing the stability of funding for families of children eligible for early childhood care and education programs

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- maximizing child care assistance program integrity and payment mechanisms to increase fund accountability and efficiency
- providing for local and state information technology investments and data sharing agreements necessary to support a system of coordinated care and education
- coordinating internal and external evaluation of early childhood care and education programs to measure and report on their effectiveness and efficiency
- transferring or consolidating powers and duties related to other early childhood care and education programs currently administered by the Department of Education, the Department of Human Services, or the Department of Health

### **Adult Basic Education (ABE)**

House/Senate agreement: No change to current law.

Governor: No change to current law.

House: Lowers the ABE growth factor from 3 percent per year to 1 percent per year. Removes specific references to GED test and replaces terminology with commissioner-selected equivalency test.

Senate: No change to current law.

## **Tax Provisions**

### **School Building Bond Agricultural Credit**

House/Senate agreement: Provides a property tax credit on all property classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead, equal to 40 percent of the tax on the property attributable to school district bonded debt levies. Provides an open and standing appropriation to pay for the credit. Effective beginning with taxes payable in 2018.

Governor: No proposed changes.

House: Provides a property tax credit on all property classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead, equal to 50 percent of the tax on the property attributable to school district bonded debt levies. Provides an open and standing appropriation to pay for the credit. Effective beginning with taxes payable in 2018.

Senate: Provides a property tax credit on all property classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead, equal to 40 percent of the tax on the property attributable to school district bonded debt levies. Provides an open and standing appropriation to pay for the credit. Effective beginning with taxes payable in 2018.

### **Debt Service Equalization**

House/Senate agreement: Recommends \$28.7 million in debt service equalization for FY19 only.

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Governor: Recommends \$20 million for FY18-19 increase to the state share of school debt service revenue.

House: No proposed changes.

Senate: Recommends \$14.18 million for FY19 increase to the state share of school debt service revenue

### **Tax credits, deductions for education expenses and scholarship donations for private school tuition**

House/Senate agreement: Extends the K-12 education subtraction and credit to pre-Kindergarten education programs; extends tax credits to private schools, increases the subtraction and credit amounts and the phase-out threshold for the credit and adjusts the phase-out annually for inflation. Provides a credit for donations to foundations who provide private school scholarships.

Appropriates \$48 million in taxpayer subsidies for private schools for the 2018-19 biennium. This includes \$23 million for opportunity scholarships (vouchers) and \$25 million toward expanding the current K-12 education tax credit to private school tuition.

Governor: No proposed changes.

House: Extends the K-12 education subtraction and credit to pre-Kindergarten education programs; extends tax credits to private schools, increases the subtraction and credit amounts and the phase-out threshold for the credit and adjusts the phase-out annually for inflation. Provides a credit for donations to foundations who provide private school scholarships.

Senate: Extends the K-12 education subtraction and credit to private schools, increases the subtraction and credit amounts and the phase-out threshold for the credit and adjusts the phase-out annually for inflation. Provides a credit for donations to foundations who provide private school scholarships.

### **Election Dates**

House/Senate agreement: No proposed changes.

Governor: No proposed changes.

House: Requires school district referenda elections related to spending to be conducted on the first Tuesday after the first Monday in November of even- or odd-numbered years, to coincide with the annual general election date. Provisions in House Elections bill establishes five uniform dates throughout the year for local elections.

Senate: Senate Elections bill establishes four uniform dates throughout the year for local elections.



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Note: The House and Senate elections bills propose uniform election dates and provisions on polling locations. To date neither of those bills have yet to pass.

### **Referenda Ballot Language**

House/Senate agreement: Requires a school district to state on both its referendum ballot and on its notice to taxpayers the amounts of any board-approved local optional revenue and board-approved referendum authority.

Governor: No proposed changes.

House: Requires a school district to state on both its referendum ballot and on its notice to taxpayers the amounts of any board-approved local optional revenue and board-approved referendum authority.

Senate: No proposed changes.