

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1144

02/15/2021 Authored by Feist; Davnie; Xiong, J.; Youakim; Berg and others
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; requiring compensatory spending to be delivered
1.3 through evidence-based programs; requiring at least 80 percent of compensatory
1.4 revenue to remain at the site where the revenue was earned; modifying the
1.5 compensatory revenue formula; appropriating money; amending Minnesota Statutes
1.6 2020, sections 126C.05, subdivision 3; 126C.15.

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

1.8 Section 1. Minnesota Statutes 2020, section 126C.05, subdivision 3, is amended to read:

1.9 Subd. 3. Compensation revenue pupil units. Compensation revenue pupil units for
1.10 fiscal year 1998 and thereafter must be computed according to this subdivision.

1.11 (a) The compensation revenue concentration percentage for each building in a district
1.12 equals the product of 100 times the ratio of:

1.13 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch
1.14 plus one-half of the pupils eligible to receive reduced priced lunch on October 1 of the
1.15 previous fiscal year; to

1.16 (2) the number of pupils enrolled in the building on October 1 of the previous fiscal
1.17 year.

1.18 (b) The compensation revenue pupil weighting factor for a building equals the lesser of
1.19 one or the quotient obtained by dividing the building's compensation revenue concentration
1.20 percentage by 80.0.

1.21 (c) The compensation revenue pupil units for a building equals the product of:

2.1 (1) the sum of the number of pupils enrolled in the building eligible to receive free lunch
 2.2 and one-half of the pupils eligible to receive reduced priced lunch on October 1 of the
 2.3 previous fiscal year; times

2.4 (2) the compensation revenue pupil weighting factor for the building; times

2.5 (3) .60.

2.6 (d) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten programs under
 2.7 section 124D.151, charter schools, and contracted alternative programs in the first year of
 2.8 operation, compensation revenue pupil units shall be computed using data for the current
 2.9 fiscal year. If the voluntary prekindergarten program, charter school, or contracted alternative
 2.10 program begins operation after October 1, compensatory revenue pupil units shall be
 2.11 computed based on pupils enrolled on an alternate date determined by the commissioner,
 2.12 and the compensation revenue pupil units shall be prorated based on the ratio of the number
 2.13 of days of student instruction to 170 days.

2.14 (e) Notwithstanding paragraphs (a) to (c), for voluntary prekindergarten seats discontinued
 2.15 in fiscal year 2022 due to the reduction in the participation limit under section 124D.151,
 2.16 subdivision 6, those discontinued seats must not be used to calculate compensation revenue
 2.17 pupil units for fiscal year 2022.

2.18 (f) The percentages in this subdivision must be based on the count of individual pupils
 2.19 and not on a building average or minimum.

2.20 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

2.21 Sec. 2. Minnesota Statutes 2020, section 126C.15, is amended to read:

2.22 **126C.15 BASIC SKILLS REVENUE; COMPENSATORY EDUCATION**
 2.23 **REVENUE.**

2.24 Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10,
 2.25 subdivision 4, must be reserved and ~~used~~ must be spent on evidence-based practices to meet
 2.26 the educational needs of pupils who enroll under-prepared to learn and whose progress
 2.27 toward meeting state or local content or performance standards is below the level that is
 2.28 appropriate for learners of their age. Basic skills revenue may also be used for programs
 2.29 designed to prepare children and their families for entry into school whether the student
 2.30 first enrolls in kindergarten or first grade. ~~Any of the following may be provided to meet~~
 2.31 ~~these learners' needs~~ Evidence-based practices may be provided in the following areas:

3.1 (1) direct instructional services under the assurance of mastery program according to
3.2 section 124D.66;

3.3 (2) remedial instruction in reading, language arts, mathematics, other content areas, or
3.4 study skills to improve the achievement level of these learners;

3.5 (3) additional teachers and teacher aides to provide more individualized instruction to
3.6 these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

3.7 (4) a longer school day or week during the regular school year or through a summer
3.8 program that may be offered directly by the site or under a performance-based contract with
3.9 a community-based organization;

3.10 (5) comprehensive and ongoing staff development consistent with district and site plans
3.11 according to section 122A.60 and to implement plans under section 120B.12, subdivision
3.12 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to
3.13 identify the needs of these learners and provide appropriate remediation, intervention,
3.14 accommodations, or modifications;

3.15 (6) instructional materials, digital learning, and technology appropriate for meeting the
3.16 individual needs of these learners;

3.17 (7) programs to reduce truancy, encourage completion of high school, enhance
3.18 self-concept, provide health services, provide nutrition services, provide a safe and secure
3.19 learning environment, provide coordination for pupils receiving services from other
3.20 governmental agencies, provide psychological services to determine the level of social,
3.21 emotional, cognitive, and intellectual development, and provide counseling services, guidance
3.22 services, and social work services;

3.23 (8) bilingual programs, bicultural programs, and programs for English learners;

3.24 (9) ~~all-day kindergarten;~~

3.25 ~~(10)~~ early education programs, parent-training programs, school readiness programs,
3.26 kindergarten programs for four-year-olds, voluntary home visits under section 124D.13,
3.27 subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

3.28 ~~(11)~~ (10) extended school day and extended school year programs; and

3.29 ~~(12)~~ (11) substantial parent involvement in developing and implementing remedial
3.30 education or intervention plans for a learner, including learning contracts between the school,
3.31 the learner, and the parent that establish achievement goals and responsibilities of the learner
3.32 and the learner's parent or guardian.

4.1 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory
4.2 revenue to each school building in the district or cooperative where the children who have
4.3 generated the revenue are served unless the school district or cooperative has received
4.4 permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate
4.5 compensatory revenue according to student performance measures developed by the school
4.6 board.

4.7 (b) Notwithstanding paragraph (a), a district or cooperative may allocate up to ~~50~~ 20
4.8 percent of the amount of compensatory revenue that the district receives to school sites
4.9 according to a plan adopted by the school board. The money reallocated under this paragraph
4.10 must be spent for the purposes listed in subdivision 1, but may be spent on students in any
4.11 grade, including students attending school readiness or other prekindergarten programs.

4.12 (c) For the purposes of this section and section 126C.05, subdivision 3, "building" means
4.13 education site as defined in section 123B.04, subdivision 1.

4.14 (d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated
4.15 by students served at a cooperative unit shall be paid to the cooperative unit.

4.16 (e) A district or cooperative with school building openings, school building closings,
4.17 changes in attendance area boundaries, or other changes in programs or student demographics
4.18 between the prior year and the current year may reallocate compensatory revenue among
4.19 sites to reflect these changes. A district or cooperative must report to the department any
4.20 adjustments it makes according to this paragraph and the department must use the adjusted
4.21 compensatory revenue allocations in preparing the report required under section 123B.76,
4.22 subdivision 3, paragraph (c).

4.23 Subd. 3. **Recommendation.** A school site decision-making team, as defined in section
4.24 123B.04, subdivision 2, paragraph (a), or the instruction and curriculum advisory committee
4.25 under section 120B.11, if the school has no school site decision team, shall recommend
4.26 how the compensatory education revenue will be used to carry out the purpose of this section.
4.27 A school district that has received permission under Laws 2005, First Special Session chapter
4.28 5, article 1, section 50, to allocate compensatory revenue according to school performance
4.29 measures shall share its plan for the distribution of compensatory revenue with the school
4.30 site decision team.

4.31 Subd. 4. **Separate accounts.** Each district and cooperative unit that receives basic skills
4.32 revenue shall maintain separate accounts to identify expenditures for salaries and programs
4.33 related to basic skills revenue.

5.1 Subd. 5. **Annual expenditure report.** Each year a district that receives basic skills
 5.2 revenue must submit a report to the commissioner of education in the form and manner
 5.3 specified by the commissioner identifying the expenditures it incurred to meet the needs of
 5.4 eligible learners under subdivision 1. The report must conform to uniform financial and
 5.5 reporting standards established for this purpose and the compensatory revenue functional
 5.6 accounting guidelines established by the commissioner. Using valid and reliable data and
 5.7 measurement criteria, the report also must determine whether increased expenditures raised
 5.8 student achievement levels.

5.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2022 and later.

5.10 Sec. 3. **APPROPRIATION; ADDITIONAL COMPENSATORY AID.**

5.11 Subdivision 1. Department of Education. The sums indicated in this section are
 5.12 appropriated from the general fund to the Department of Education in the fiscal years
 5.13 designated.

5.14 Subd. 2. General education aid. For additional general education aid for compensatory
 5.15 revenue according to section 1:

5.16	\$	<u>2022</u>
5.17	\$	<u>2023</u>