

[HF4415 - House K12 Omnibus Finance Bill](#)

Summary of key provisions

Compensatory education revenue: Eliminates the requirement that an increasing portion of compensatory revenue be reserved for extended time programming.

Probationary teachers: Reduces the number of service days required for probationary teachers by the number of instructional days canceled for a COVID-19 related reason.

Truancy: Provides that student absences from March 1 through the end of the distance learning period do not count towards truancy referrals.

Early middle college: Makes permanent the ability of an early middle college program to serve a student who is not yet 22 years old.

MDE and PELSB COVID-19 emergency powers:

- Grants power to the commissioner of education to waive requirements related to earning credit, class advancement, or graduation, based on a COVID-19 disruption.
- Waives state assessment and standardized testing requirements for the 2019-2020 school year.
- Requires PELSB to issue provisional licenses for candidates who could not complete required licensure exams and extends by six months requirements for teacher license renewal.

School aid formula adjustments: Adjusts school aid formulas so that revenue is not lost to schools due to COVID-19 closures and adjustments to the delivery of education-related services.

- *Special education pupil transportation*: For purposes of calculating the base for special education, authorizes school districts to include in its eligible FY20 expenditures, expenditures for employees and contracted services that would have been eligible for state special education aid and for special education tuition in the absence of school closures due to COVID-19.
- *School meals*: Minnesota's state aid is distributed based on the actual number of breakfasts, lunches, and school milk served to students. As of March 16, 2020, all school districts have converted over to providing the meals under the summer food service program. The state appropriations savings due to the lower meal counts is reallocated to schools providing summer food service meals for the remainder of the school year.
- *Career and technical revenue*: School districts receive career and technical revenue based on 35 percent of the actual costs of services provided to career and technical education (CTE) students. Should this appropriation fall short of the February 2020 Forecast estimate for the program, MDE is authorized to recalculate CTE revenue amounts in an equitable manner to ensure the full expected amount of funding is distributed to schools.
- *Nonpublic pupil transportation aid*: Authorizes MDE to recalculate nonpublic pupil transportation aid, if necessary, to ensure that the full appropriation is distributed to school districts. Note: This is a base adjustment for FY22.

- *Interdistrict desegregation and integration transportation aid:* School districts are reimbursed for certain interdistrict transportation expenses for students participating in voluntary integration efforts. This provision allows MDE to recalculate the appropriation so that state aid is not foregone. Note: This is a base adjustment for FY21.
- *Adult basic education aid:* Adult basic education (ABE) programs are funded by the state through an aid formula that reflects the number of hours of service provided to program participants (contact hours). This provision allows MDE to readjust the contact hour reimbursement rate to fully spend the appropriation. Note: This is a base adjustment for FY21.
- *Literacy incentive aid:* school district's literacy incentive aid is based on a three-year rolling average of its third and fourth grade reading scores. This provision excludes the spring of 2020 testing period from the rolling average.
- *Community education after-school enrichment programs:* A portion of the community education revenue formula authorizes school districts to levy for a portion of their costs for after-school enrichment programs. This provision authorizes the levy to continue for the remainder of FY20 even if the employees normally providing this service are providing alternative services for the school district.
- *School age care programs:* school district may offer an afterschool program for its children with disabilities who are in grades kindergarten to 6 and the costs of that program are reimbursable through the school age care revenue program. This provision authorizes the full amount of the expected revenue for FY20 to remain for the year even if the employees normally providing these services are providing alternative services.
- *Early childhood screening revenue:* Early childhood screening revenue is a current year reimbursement formula that provides money to school districts for each child screened that provides a greater amount of money for each screening for the youngest children. A child must be screened before beginning kindergarten. Most districts have canceled remaining screening opportunities for the remainder of the 2019-2020 school year. This provision authorizes the commissioner of education to move money between the two fiscal years to pay for additional screening activities in FY21
- *Achievement and integration revenue:* Achievement and integration revenue is required to be spent in the year the funds are received. This provision authorizes a school district to carry over any unspent balance in FY20 to FY21.

Fund transfer flexibility: Allows a school district, charter school, or a cooperative unit to make operating fund and account transfers for FY20 and FY21 only.

- Limits the amounts to be transferred to revenue not already assigned or encumbered.
- No aid or levy effect.
- Requires that a fund or account transfer under this section be revenue neutral for the district and not affect its receipt of aid or levy.
- Requires board approval for fund and account transfers made under this section.

- Requires the transfers to occur before the books for FY20 are closed.
- Requires the fund and account transfers to be well documented
- Requires the commissioner of education to issue guidance for the fund and account transfers made under this section. Requires the guidance to identify both eligible purposes for the transfers and eligible accounts and funds.

Cash flow adjustment: Requires the commissioner of education to accept and approve an application for a modification to a school district's cash flow payments under the metering schedule if a delay in property tax receipts is shown to affect the district's ability to repay its bondholders (this is a change in cash flow only, not a change in revenue).

Forecast Adjustments: Adjusts FY20 and FY21 appropriations to match the February 2020 Forecast data to match the best estimates of the state aid required for each K12 appropriation. Generally, a change in the estimated pupil counts, or a change in program participation is the most likely cause of a forecast adjustment. The changes in the appropriations are real, but they have no fiscal impact related to the K12 budget because the changes are built into the forecast estimate of the budget base.