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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 31

02/10/2025 Authored by Youakim, Clardy, Feist, Rehm and Jordan
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; calculating a school's compensatory revenue eligibility
1.3 on the basis of both direct certification and the application of education benefits;
1.4 modifying the percent of compensatory revenue spent at each site under certain
1.5 conditions; establishing a Compensatory Revenue Task Force; modifying
1.6 professional development requirements for Read Act implementation; providing
1.7 funding for teacher training; increasing funding for the school unemployment aid
1.8 account in the special revenue fund; requiring reports; appropriating money;
1.9 amending Minnesota Statutes 2024, sections 120B.123, subdivision 5; 126C.10,
1.10 subdivision 3b; 126C.15, subdivision 2.

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

1.12 Section 1. Minnesota Statutes 2024, section 120B.123, subdivision 5, is amended to read:

1.13 Subd. 5. Professional development. (a) A district must provide training from a menu
1.14 of approved evidence-based training programs to the following teachers and staff by July
1.15 1, 2026:

1.16 (1) reading intervention teachers working with students in kindergarten through grade
1.17 12;

1.18 (2) all classroom teachers of students in kindergarten through grade 3 and children in
1.19 prekindergarten programs;

1.20 (3) special education teachers;

1.21 (4) curriculum directors;

1.22 (5) instructional support staff, contractors, and volunteers who assist in providing Tier
1.23 2 interventions;

1.24 (6) employees who select literacy instructional materials for a district; and

2.1 (7) teachers licensed to teach English to multilingual learners.

2.2 (b) A district must provide training from a menu of approved evidence-based training
2.3 programs to the following teachers by July 1, 2027:

2.4 (1) teachers who provide reading instruction to students in grades 4 to 12; and

2.5 (2) teachers who provide instruction to students in a state-approved alternative program.

2.6 (c) The commissioner of education may grant a district an extension to the deadlines in
2.7 this subdivision.

2.8 (d) Training provided by a department-approved certified trained facilitator may satisfy
2.9 the professional development requirements under this subdivision.

2.10 (e) For the 2024-2025 and 2025-2026 school ~~year~~ years only, the hours of instruction
2.11 requirement under section 120A.41 for students in an elementary school, as defined in
2.12 section 120A.05, subdivision 9, is reduced by 5-1/2 hours for a district that enters into an
2.13 agreement with the exclusive representative of the teachers that requires teachers to receive
2.14 at least 5-1/2 hours of approved evidence-based training required under this subdivision,
2.15 on a day when other students in the district receive instruction. If a charter school's teachers
2.16 are not represented by an exclusive representative, the charter school may reduce the number
2.17 of instructional hours for students in an elementary school, as defined in section 120A.05,
2.18 subdivision 9, by 5-1/2 hours after consulting with its teachers in order to provide teachers
2.19 with at least 5-1/2 hours of evidence-based training required under this subdivision on a
2.20 day when other students receive instruction.

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

2.22 Sec. 2. Minnesota Statutes 2024, section 126C.10, subdivision 3b, is amended to read:

2.23 Subd. 3b. **Free and reduced-price meals.** Beginning October 1, 2024, the commissioner
2.24 shall determine the number of children eligible by means of direct certification and through
2.25 the application of educational benefits to receive either a free or reduced-price meal on
2.26 October 1 each year. Children enrolled in a building on October 1 and determined to be
2.27 eligible by means of direct certification or through the application of educational benefits
2.28 to receive free or reduced-price meals by December 15 of that school year shall be counted
2.29 as eligible on October 1 for purposes of subdivision 3. The commissioner must use federal
2.30 definitions for these purposes. The commissioner may adopt reporting guidelines to assure
2.31 accuracy of data counts and eligibility. Districts must use any guidelines adopted by the
2.32 commissioner.

3.1 **EFFECTIVE DATE.** This section is effective for aid for fiscal year 2026 and later.

3.2 Sec. 3. Minnesota Statutes 2024, section 126C.15, subdivision 2, is amended to read:

3.3 Subd. 2. **Building allocation.** (a) A district or cooperative must allocate at least 80
3.4 percent of its compensatory revenue to each school building in the district or cooperative
3.5 where the children who have generated the revenue are served unless the school district or
3.6 cooperative has received permission under Laws 2005, First Special Session chapter 5,
3.7 article 1, section 50, to allocate compensatory revenue according to student performance
3.8 measures developed by the school board.

3.9 (b) A district or cooperative may allocate no more than 20 percent of the amount of
3.10 compensatory revenue that the district receives to school sites according to a plan adopted
3.11 by the school board. The money reallocated under this paragraph must be spent for the
3.12 purposes listed in subdivision 1, but may be spent on students in any grade, including
3.13 students attending school readiness or other prekindergarten programs.

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

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

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

3.25 (f) For fiscal years 2026 and 2027 only, notwithstanding the percentages specified in
3.26 paragraphs (a) and (b), if the district's compensatory pupil count excludes students identified
3.27 through the application of educational benefits, a district may allocate up to 40 percent of
3.28 the amount of compensatory revenue that the district receives to school sites according to
3.29 a plan adopted by the school board, consistent with the purposes listed in subdivision 1.

3.30 Sec. 4. **COMPENSATORY REVENUE TASK FORCE.**

3.31 Subdivision 1. **Task force established.** A task force is established to analyze the general
3.32 education compensatory revenue formula, including the purpose of the program, the revenue

4.1 levels of the program, the distribution formula for the revenue, and the uses of compensatory
4.2 revenue.

4.3 Subd. 2. **Membership.** The commissioner of education must appoint the following
4.4 members to the task force by August 1, 2025:

4.5 (1) the commissioner of education or the commissioner's designee;

4.6 (2) the commissioner of revenue or the commissioner's designee;

4.7 (3) the executive director of the Minnesota School Boards Association or the executive
4.8 director's designee;

4.9 (4) the executive director of Education Minnesota or the executive director's designee;

4.10 (5) the executive director of the Minnesota Rural Education Association or the executive
4.11 director's designee;

4.12 (6) the executive director of the Minnesota Education Equity Partnership or the executive
4.13 director's designee, and one parent of a child eligible for free or reduced-price meals under
4.14 the federal meal standards, appointed by the executive director;

4.15 (7) the executive director of the Association of Metropolitan School Districts or the
4.16 executive director's designee;

4.17 (8) a representative of a school district of a city of the first class appointed by the
4.18 executive director of the Association of Metropolitan School Districts;

4.19 (9) the executive director of the Minnesota Association of Alternative Programs or the
4.20 executive director's designee;

4.21 (10) the executive director of Schools Advocating for Fair Funding or the executive
4.22 director's designee;

4.23 (11) the executive director of EdAllies or the executive director's designee, and one
4.24 parent of a child eligible for free or reduced-price meals under the federal meal standards,
4.25 appointed by the executive director;

4.26 (12) the executive director of the Minnesota Association of School Business Officials
4.27 or the executive director's designee; and

4.28 (13) the executive director of the Minnesota Association of Charter Schools or the
4.29 executive director's designee.

4.30 Subd. 3. **Duties.** The task force must:

5.1 (1) evaluate which students currently generate compensatory revenue, examine whether
5.2 this student count aligns with students who are under-prepared to learn or otherwise not
5.3 meeting academic standards, and determine the best student population to target with
5.4 compensatory revenue;

5.5 (2) examine and determine the best proxy and demographic variables to identify students,
5.6 sites, and districts in need of assistance to help students better meet academic standards and
5.7 prepare to learn;

5.8 (3) examine potential input data elements for determining compensatory revenue including
5.9 income tax data, census information, and federal school meals eligibility, whether identified
5.10 through direct certification of income from public assistance program participation or through
5.11 the application of educational benefits;

5.12 (4) determine whether compensatory revenue should be generated at the school district
5.13 or school site level;

5.14 (5) evaluate whether the compensatory revenue formula should contain a concentration
5.15 formula;

5.16 (6) examine the interrelationships between the compensatory revenue program and
5.17 extended time revenue program, including summer school, and propose methods to better
5.18 integrate compensatory revenue and extended time revenue; and

5.19 (7) evaluate the best uses of compensatory revenue.

5.20 Subd. 4. **Compensation.** Minnesota Statutes, section 15.059, subdivision 3, governs
5.21 compensation of the members of the task force.

5.22 Subd. 5. **Meetings and administrative support.** (a) The commissioner of education or
5.23 the commissioner's designee must convene the first meeting of the task force no later than
5.24 August 15, 2025. The task force must establish a schedule for meetings and meet as necessary
5.25 to accomplish the duties under this section. Meetings are subject to Minnesota Statutes,
5.26 chapter 13D. The task force may meet by telephone or interactive technology consistent
5.27 with Minnesota Statutes, section 13D.015.

5.28 (b) The Department of Education must provide administrative support to assist the task
5.29 force in its work, including providing information, data, and technical support, and the
5.30 department must assist in the creation of the task force reports.

5.31 Subd. 6. **Reporting.** The task force must issue a preliminary report to the legislature by
5.32 February 15, 2026, and a final report to the legislature by February 15, 2027. The reports

6.1 must be prepared and filed consistent with the requirements of Minnesota Statutes, section
6.2 3.195.

6.3 Subd. 7. **Expiration.** The task force expires February 15, 2027.

6.4 Sec. 5. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

6.5 Subdivision 1. **Department of Education.** The sums indicated in this section are
6.6 appropriated from the general fund to the Department of Education in the fiscal years
6.7 designated.

6.8 Subd. 2. **Additional compensatory aid.** For additional general education aid under
6.9 Minnesota Statutes, section 126C.13:

6.10 \$ 2026

6.11 \$ 2027

6.12 Subd. 3. **Teacher compensation for Read Act training.** (a) For payment of state aid
6.13 to school districts, charter schools, and cooperative units providing direct instructional
6.14 services:

6.15 \$ 2026

6.16 (b) The state aid for each school district, charter school, and cooperative unit providing
6.17 direct instruction equals the greater of \$2,000, or \$40 times the number of students served
6.18 by the school district, charter school, or cooperative unit as determined by the fall 2024
6.19 enrollment count of students. The Department of Education must send payments to school
6.20 districts, charter schools, and cooperative units providing direct instructional services by
6.21 October 15, 2025. This aid is 100 percent payable in fiscal year 2026.

6.22 (c) A district, charter school, or cooperative unit must use funding under this subdivision
6.23 to compensate eligible teachers in accordance with Laws 2024, chapter 115, article 3, section
6.24 7, or in accordance with a memorandum of understanding with the exclusive representative
6.25 of teachers in the district that provides how eligible teachers must be compensated for time
6.26 spent completing training required under the Read Act.

6.27 Subd. 4. **Unemployment aid for hourly workers over the summer term.** (a) For school
6.28 unemployment aid for fiscal years 2026 and 2027 under Minnesota Statutes, section
6.29 124D.995:

6.30 \$ 2026

6.31 (b) This appropriation is subject to the requirements under Minnesota Statutes, section
6.32 124D.995.

- 7.1 Subd. 5. Compensatory Revenue Task Force. For the activities of the Compensatory
- 7.2 Revenue Task Force:
- 7.3 \$ 2026