

1.1 A bill for an act

1.2 relating to education; repurposing compensatory and sparsity revenue as special
1.3 education, limited English proficiency, and basic revenue; amending Minnesota
1.4 Statutes 2008, sections 124D.65, subdivision 5; 125A.76, subdivision 5; 126C.05,
1.5 subdivision 17; 126C.10, subdivisions 2, 4; 126C.17, subdivision 5; repealing
1.6 Minnesota Statutes 2008, sections 126C.10, subdivisions 3, 7, 8; 126C.15.

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

1.8 Section 1. Minnesota Statutes 2008, section 124D.65, subdivision 5, is amended to
1.9 read:

1.10 Subd. 5. **School district LEP revenue.** (a) A district's limited English proficiency
1.11 programs revenue equals the product of (1) ~~\$700 in fiscal year 2004~~ \$1,500 in fiscal
1.12 year 2010 and later times (2) the greater of 20 or the adjusted marginal cost average
1.13 daily membership of eligible pupils of limited English proficiency enrolled in the district
1.14 during the current fiscal year.

1.15 (b) A pupil ceases to generate state limited English proficiency aid in the school
1.16 year following the school year in which the pupil attains the state cutoff score on a
1.17 commissioner-provided assessment that measures the pupil's emerging academic English.

1.18 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
1.19 and later.

1.20 Sec. 2. Minnesota Statutes 2008, section 125A.76, subdivision 5, is amended to read:

1.21 Subd. 5. **School district special education aid.** A school district's special education
1.22 aid ~~for fiscal year 2008 and later~~ equals ~~the state total special education aid times the ratio~~
1.23 ~~of the district's~~ its initial special education aid to the state total initial special education aid.

S.F. No. 1576, as introduced - 86th Legislative Session (2009-2010) [09-2059]

2.1 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
2.2 and later.

2.3 Sec. 3. Minnesota Statutes 2008, section 126C.05, subdivision 17, is amended to read:

2.4 Subd. 17. **LEP pupil units.** (a) Limited English proficiency pupil units ~~for fiscal~~
2.5 ~~year 2004 and thereafter shall be determined according to this subdivision.~~

2.6 ~~(b) The limited English proficiency concentration percentage for a district equals the~~
2.7 ~~product of 100 times the ratio of:~~

2.8 ~~(1) means~~ the number of eligible pupils of limited English proficiency in average
2.9 daily membership enrolled in the district during the current fiscal year; ~~to~~

2.10 ~~(2) the number of pupils in average daily membership enrolled in the district.~~

2.11 ~~(c) The limited English proficiency pupil units for each eligible pupil of limited~~
2.12 ~~English proficiency in average daily membership equals the lesser of one or the quotient~~
2.13 ~~obtained by dividing the limited English proficiency concentration percentage for the~~
2.14 ~~pupil's district of enrollment by 11.5.~~

2.15 ~~(d) (b)~~ Limited English proficiency pupil units shall be counted by the district of
2.16 enrollment.

2.17 ~~(e) (c)~~ Notwithstanding paragraph ~~(d) (b)~~, for the purposes of this subdivision,
2.18 pupils enrolled in a cooperative or intermediate school district shall be counted by the
2.19 district of residence.

2.20 ~~(f) (d)~~ For the purposes of this subdivision, the terms defined in section 124D.59
2.21 have the same meaning.

2.22 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
2.23 and later.

2.24 Sec. 4. Minnesota Statutes 2008, section 126C.10, subdivision 2, is amended to read:

2.25 Subd. 2. **Basic revenue.** The basic revenue for each district equals the formula
2.26 allowance times the adjusted marginal cost pupil units for the school year. The formula
2.27 allowance for fiscal year 2007 is \$4,974. The formula allowance for fiscal year 2008 is
2.28 \$5,074 and the formula allowance for fiscal year 2009 ~~and subsequent years~~ is \$5,124.
2.29 The formula allowance for fiscal year 2010 and subsequent years is \$5,332.

2.30 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
2.31 and later.

2.32 Sec. 5. Minnesota Statutes 2008, section 126C.10, subdivision 4, is amended to read:

3.1 Subd. 4. **Basic skills revenue.** A school district's basic skills revenue equals ~~the~~
3.2 ~~sum of:~~

- 3.3 ~~(1) compensatory revenue under subdivision 3; plus~~
3.4 ~~(2) limited English proficiency revenue under section 124D.65, subdivision 5; plus~~
3.5 ~~(3) \$250 times the limited English proficiency pupil units under section 126C.05,~~
3.6 ~~subdivision 17.~~

3.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2010
3.8 and later.

3.9 Sec. 6. Minnesota Statutes 2008, section 126C.17, subdivision 5, is amended to read:

3.10 Subd. 5. **Referendum equalization revenue.** (a) For fiscal year 2003 and later,
3.11 a district's referendum equalization revenue equals the sum of the first tier referendum
3.12 equalization revenue and the second tier referendum equalization revenue.

3.13 (b) A district's first tier referendum equalization revenue equals the district's first
3.14 tier referendum equalization allowance times the district's resident marginal cost pupil
3.15 units for that year.

3.16 (c) For fiscal year 2006, a district's first tier referendum equalization allowance
3.17 equals the lesser of the district's referendum allowance under subdivision 1 or \$500. For
3.18 fiscal year 2007, a district's first tier referendum equalization allowance equals the lesser
3.19 of the district's referendum allowance under subdivision 1 or \$600.

3.20 For fiscal year 2008 and later, a district's first tier referendum equalization allowance
3.21 equals the lesser of the district's referendum allowance under subdivision 1 or \$700.

3.22 (d) A district's second tier referendum equalization revenue equals the district's
3.23 second tier referendum equalization allowance times the district's resident marginal cost
3.24 pupil units for that year.

3.25 (e) For fiscal year 2006, a district's second tier referendum equalization allowance
3.26 equals the lesser of the district's referendum allowance under subdivision 1 or 18.6 percent
3.27 of the formula allowance, minus the district's first tier referendum equalization allowance.
3.28 For fiscal year 2007 and later, a district's second tier referendum equalization allowance
3.29 equals the lesser of the district's referendum allowance under subdivision 1 or 26 percent
3.30 of the formula allowance, minus the district's first tier referendum equalization allowance.

3.31 ~~(f) Notwithstanding paragraph (e), the second tier referendum allowance for a~~
3.32 ~~district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or~~
3.33 ~~elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's~~
3.34 ~~referendum allowance under subdivision 1 minus the district's first tier referendum~~
3.35 ~~equalization allowance.~~

4.1 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010.

4.2 Sec. 7. REPEALER.

4.3 Minnesota Statutes 2008, sections 126C.10, subdivisions 3, 7, and 8; and 126C.15,
4.4 are repealed.

4.5 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2010
4.6 and later.

126C.10 GENERAL EDUCATION REVENUE.

Subd. 3. **Compensatory education revenue.** (a) The compensatory education revenue for each building in the district equals the formula allowance minus \$415 times the compensation revenue pupil units computed according to section 126C.05, subdivision 3. Revenue shall be paid to the district and must be allocated according to section 126C.15, subdivision 2.

(b) When the district contracting with an alternative program under section 124D.69 changes prior to the start of a school year, the compensatory revenue generated by pupils attending the program shall be paid to the district contracting with the alternative program for the current school year, and shall not be paid to the district contracting with the alternative program for the prior school year.

(c) When the fiscal agent district for an area learning center changes prior to the start of a school year, the compensatory revenue shall be paid to the fiscal agent district for the current school year, and shall not be paid to the fiscal agent district for the prior school year.

Subd. 7. **Secondary sparsity revenue.** (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

(1) the formula allowance for the school year, multiplied by
(2) the secondary average daily membership of pupils served in the high school, multiplied by
by
(3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
(4) the lesser of 1.5 or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed district that is the result of districts combining under the cooperation and combination program or consolidating under section 123A.48 must receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Subd. 8. **Elementary sparsity revenue.** A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

(1) the formula allowance for the year, multiplied by
(2) the elementary average daily membership of pupils served in the school, multiplied by
(3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

126C.15 BASIC SKILLS REVENUE; COMPENSATORY EDUCATION REVENUE.

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners' needs:

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

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

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

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

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure

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learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for learners of limited English proficiency;

(9) all day kindergarten;

(10) extended school day and extended school year programs; and

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

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

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

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

(d) If the pupil is served at a site other than one owned and operated by the district, the revenue shall be paid to the district and used for services for pupils who generate the revenue.

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

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

Subd. 4. Separate accounts. Each district that receives basic skills revenue shall maintain separate accounts to identify expenditures for salaries and programs related to basic skills revenue.

Subd. 5. Annual expenditure report. Each year a district that receives basic skills revenue must submit a report identifying the expenditures it incurred to meet the needs of eligible learners under subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose. Using valid and reliable data and measurement criteria, the report also must determine whether increased expenditures raised student achievement levels.