

## 2017 EDUCATION AND TAX PROPOSALS

---

Governor Mark Dayton's E-12 education budget recommendations for the FY18-19 biennium include a \$609 million increase over current level spending. His proposal includes a 2% per year formula increase, \$74 million to expand voluntary pre-Kindergarten, \$40 million for special education aid and \$68 million to cover employer contribution increases as part of a proposal to fund the state teachers' pension.

The House E-12 education budget recommendations for the FY18-19 biennium include a \$257 million increase over current level spending. Their proposal includes a 1.5% per year formula increase, complete elimination of voluntary pre-K funding and restructuring of compensatory revenue. The House invests additional dollars to address the teacher shortage act and provides additional funding for early learning scholarships.

The Senate E12 education budget recommendations will be out shortly.

Below is a summary of the House bill as compared to the Governor's E-12 recommendations. Also included is a summary of the education provisions in the House Tax Bill

House: Current version of [House Education Finance Bill](#)

House: [House Research summary](#) of Education Finance Bill

House: District runs are not yet available

### Budget Targets and Per Pupil Formula

Governor	\$709 million	\$121 per pupil per year
House	\$257 million	\$91 per pupil per year
Senate	\$300 million	Awaiting Senate bill

### K-12 Education Provisions

#### Compensatory

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.

Senate: Awaiting Senate bill.

## 2017 EDUCATION AND TAX PROPOSALS

---

### **Special Education**

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

House: No proposed changes.

Senate: Awaiting Senate bill.

### **Debt Service Equalization**

Governor: Recommends a \$20 million for FY2018-2019 increase to the state share of school debt service revenue.

House: No proposed changes.

Senate: Awaiting Senate bill.

### **Teacher Shortage**

Governor: No proposed changes.

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

Senate: Awaiting Senate bill.

### **Non-public school aid**

Governor: No proposed changes.

House: De-links non-public pupil aid and non-public pupil transportation aid from increases in the basic formula allowance. Includes in the definition of “textbook” an online book with an annual subscription cost (current law only grants authority for single-year costs of online textbooks and does not include multi-year subscriptions). Includes online course registration fees for advanced placement courses taken online in the definition of “software or other educational technology.”

Senate: Awaiting Senate bill.

### **PSEO**

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.

## 2017 EDUCATION AND TAX PROPOSALS

---

Senate: Awaiting Senate bill.

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

Governor: No proposed changes.

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

Senate: Awaiting Senate bill.

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

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: Awaiting Senate bill.

### **Testing**

Governor: No proposed changes.

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

Senate: Awaiting Senate bill.

### **MDE**

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: Awaiting Senate bill.

## **Early Learning and Community Education Provisions**

### **Voluntary Pre-Kindergarten**

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 all funding for voluntary pre-K.

Senate: Awaiting Senate bill.

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

Senate: Awaiting Senate bill.

### **Early Learning Restructured**

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: Awaiting Senate bill.

## 2017 EDUCATION AND TAX PROPOSALS

---

### **School Readiness**

Governor: No change to current law.

House: Allows a charter school to establish a school readiness program. Appropriates an additional \$8.5 million for programs. A portion of this covers adding charter schools but the remainder is additional funding.

Senate: Awaiting Senate bill.

### **ECFE**

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: Awaiting Senate bill.

### **ABE**

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: Awaiting Senate bill.

### **After-school community learning grants**

Governor: No change to current law.

House: Language was added establishing the policy behind a grant program but no funding is included

Senate: Awaiting Senate bill.

## **Tax Provisions**

### **School building bond agricultural credit**

Governor: No proposed changes.

House: Provides for 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.

## 2017 EDUCATION AND TAX PROPOSALS

---

### **Tax credits and deductions for education expenses and 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.

Senate: Awaiting Senate bill.

### **Credit for private school scholarship donations**

Governor: No proposed changes.

House: Allows new non-refundable credits for contributions to foundations that provide scholarships for nonpublic K-12 schools, make grants to charter schools, or are foundations that support public schools

Senate: Awaiting Senate bill.

### **Credit for obtainment of master's degree for teachers**

Governor: No proposed changes.

House: Allows new refundable credits for K-12 teachers who complete master's degrees in their field of licensure

Senate: Awaiting Senate bill.

### **Election dates**

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.

Senate: Awaiting Senate bill.

### **Referenda ballot language**

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: Awaiting Senate bill.