

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH LEGISLATURE

S.F. No. 1107

(SENATE AUTHORS: REST, Cohen, Wiger and Bakk)

DATE	D-PG	OFFICIAL STATUS
03/07/2013	675	Introduction and first reading Referred to Education

1.1 A bill for an act
 1.2 relating to education finance; modifying integration revenue; amending
 1.3 Minnesota Statutes 2012, section 124D.86; Laws 2011, First Special Session
 1.4 chapter 11, article 2, section 51; repealing Minnesota Statutes 2012, section
 1.5 124D.86, subdivision 6.

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

1.7 Section 1. Minnesota Statutes 2012, section 124D.86, is amended to read:

1.8 **124D.86 INTEGRATION REVENUE.**

1.9 Subdivision 1. **Use of revenue.** Districts must use integration revenue under this
 1.10 section for programs established under a desegregation plan filed with the Department of
 1.11 Education according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court
 1.12 order. The revenue must be used for students to have increased and sustained interracial
 1.13 contacts and improved educational opportunities and outcomes designed to close the
 1.14 academic achievement gap between white students and protected students as defined
 1.15 in Minnesota Rules, part 3535.0110, subpart 4, ~~through classroom experiences, staff~~
 1.16 ~~initiatives, and other educationally related programs,~~ consistent with subdivision 1b.

1.17 Subd. 1a. ~~Budget approval process~~ **Integration planning and development.**
 1.18 ~~Each year before~~ A district receives any entitled to receive revenue under subdivision 3;
 1.19 ~~the district by March 15~~ must submit to the Department of Education, for its review and
 1.20 approval by May 15 a budget detailing the costs of the desegregation/integration plan filed
 1.21 under Minnesota Rules, parts 3535.0100 to 3535.0180. ~~Notwithstanding chapter 14,~~
 1.22 ~~the department may develop criteria for budget approval, consistent with subdivision~~
 1.23 ~~1b. The department shall consult with the Desegregation Advisory Board in developing~~
 1.24 ~~these criteria. The criteria developed by the department must address, at a minimum, the~~

2.1 ~~following~~; an integration and achievement plan with the following items for each use
 2.2 of revenue categorized in subdivision 1b:

2.3 ~~(1) budget items cannot be approved unless they are part of any overall desegregation~~
 2.4 ~~plan approved by the district for isolated sites or by the Multidistrict Collaboration~~
 2.5 ~~Council and participating individual members;~~

2.6 ~~(2) the budget must indicate how revenue expenditures will be used specifically~~
 2.7 ~~to support increased and sustained interracial contacts and improved educational~~
 2.8 ~~opportunities and outcomes designed to close the academic achievement gap between~~
 2.9 ~~white students and protected students as defined in Minnesota Rules, part 3535.0110,~~
 2.10 ~~subpart 4, consistent with subdivision 1b;~~

2.11 ~~(3) components of the budget to be considered by the department, including staffing,~~
 2.12 ~~curriculum, transportation, facilities, materials, and equipment and reasonable planning~~
 2.13 ~~costs, as determined by the department; and~~

2.14 ~~(4) if plans are proposed to enhance existing programs, the total budget being~~
 2.15 ~~appropriated to the program must be included, indicating what part is to be funded using~~
 2.16 ~~integration revenue and what part is to be funded using other revenues.~~

2.17 (1) measurable goals related to increasing and sustaining interracial contacts and
 2.18 outcomes designed to close the academic achievement gap between enrolled protected
 2.19 class students, American Indian students, and white students within the district;

2.20 (2) a budget detailing the use of revenue and aligning the use of integration revenue
 2.21 with each of the goals;

2.22 (3) specific criteria with valid and reliable measures outlining how the district will
 2.23 measure whether it has met its plan goals; and

2.24 (4) a process to evaluate the success of its plan using specific student data with
 2.25 results reported to the Department of Education and shared on the district's Web site.

2.26 Subd. 1b. **Plan components Use of revenue.** Each year a district's board must
 2.27 approve the plans submitted by each district under Minnesota Rules, parts 3535.0160 and
 2.28 3535.0170, before integration revenue is awarded. If a district is applying for revenue for
 2.29 a plan that is part of a multidistrict council, the individual district shall not receive revenue
 2.30 unless it ratifies the plan adopted by its multidistrict council or approves a modified plan
 2.31 with a written explanation of any modifications. Each plan shall:

2.32 ~~(1) identify the integration issues at the sites or districts covered by Minnesota~~
 2.33 ~~Rules, parts 3535.0100 to 3535.0180;~~

2.34 ~~(2) describe the community outreach that preceded the integration plan, such that the~~
 2.35 ~~commissioner can determine whether the membership of the planning councils complied~~
 2.36 ~~with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180;~~

3.1 ~~(3) identify specific goals of the integration plan that is premised on valid and~~
 3.2 ~~reliable measures, effective and efficient use of resources, and continuous adaptation of~~
 3.3 ~~best practices;~~

3.4 ~~(4) provide for implementing innovative and practical strategies and programs such~~
 3.5 ~~as magnet schools, transportation, research-based programs to improve the performance of~~
 3.6 ~~protected students with lower measured achievement on state or local assessments, staff~~
 3.7 ~~development for teachers in cultural competency, formative assessments, and increased~~
 3.8 ~~numbers of teachers of color that enable the district to achieve annual progress in realizing~~
 3.9 ~~the goals in its plan; and~~

3.10 ~~(5) establish valid and reliable longitudinal measures for the district to use in~~
 3.11 ~~demonstrating to the commissioner the amount of progress it has achieved in realizing~~
 3.12 ~~the goals in its plan.~~

3.13 ~~By June 30 of the subsequent fiscal year, each district shall report to the commissioner in~~
 3.14 ~~writing about the extent to which the integration goals identified in the plan were met.~~

3.15 (a) Each district may use revenue for the following purposes aligned with the
 3.16 district's strategic plan:

3.17 (1) innovative and integrated learning environments, including magnet schools that:

3.18 (i) are designed to promote and sustain interracial contact within the district or
 3.19 across the district's integration achievement zone;

3.20 (ii) use innovative and research-based instructional approaches;

3.21 (iii) use interventions to increase achievement; or

3.22 (iv) provide options for student choice and opportunities for rigorous courses;

3.23 (2) family engagement that promotes involvement in the academic life and success
 3.24 of students and to bridge cultural understanding;

3.25 (3) professional development for staff that focuses on:

3.26 (i) increasing the achievement of students of color;

3.27 (ii) presenting multiple perspectives and understanding about culture, cultural
 3.28 competency, and racial diversity; or

3.29 (iii) ways to differentiate instruction to meet the needs of all students;

3.30 (4) access to opportunity through programming that is proven to increase rigor and
 3.31 that focuses on the college and career readiness of underserved populations; or

3.32 (5) increases the diversity of teachers, administrators, and other school staff.

3.33 (b) A district's proposed expenditures of integration revenue shall be presented in
 3.34 public hearings held before a school board approves its general budget for the subsequent
 3.35 fiscal year. No more than ten percent of the annual total integration revenue budget may
 3.36 be used for administrative or indirect costs. Actual expenditures of a district's integration

4.1 revenue shall be available for review on a district's Web site and shall be included in the
 4.2 district's annual uniform financial accounting and reporting standards report.

4.3 (c) The Department of Education shall provide technical assistance and support to
 4.4 districts on allowable or effective uses of revenue and shall review and monitor districts'
 4.5 uniform financial accounting and reporting standards submissions detailing their use of
 4.6 integration revenue.

4.7 (d) Consistent with paragraph (a), districts may use revenue under this section to
 4.8 develop a collaborative achievement zone district through an existing or new joint powers
 4.9 agreement under section 471.59.

4.10 Subd. 1c. **Timeline and implementation.** Plans must be approved by the local
 4.11 board and submitted to the Department of Education no later than May 15. If a district is
 4.12 applying for revenue for a plan that is part of a multidistrict council, the individual district
 4.13 shall not receive revenue unless it ratifies the plan adopted by its multidistrict council.
 4.14 Each plan shall be in place for a duration of three years

4.15 Subd. 2. **Separate account.** Integration revenue shall be maintained in a separate
 4.16 account to identify expenditures for salaries and programs related to this revenue.

4.17 Subd. 3. **Integration revenue.** Integration revenue equals the following amounts:

4.18 (1) for Independent School District No. 709, Duluth, \$206 times the adjusted pupil
 4.19 units for the school year;

4.20 (2) for Independent School District No. 625, St. Paul, \$445 times the adjusted
 4.21 pupil units for the school year;

4.22 (3) for Special School District No. 1, Minneapolis, the sum of \$445 times the
 4.23 adjusted pupil units for the school year and an additional \$35 times the adjusted pupil units
 4.24 for the school year that is provided entirely through a local levy;

4.25 (4) for a district not listed in clause (1), (2), or (3), that must implement a plan
 4.26 under Minnesota Rules, parts 3535.0100 to 3535.0180, where the district's enrollment of
 4.27 protected students, as defined under Minnesota Rules, part 3535.0110, exceeds 15 percent,
 4.28 the lesser of (i) the actual cost of implementing the plan during the fiscal year minus the aid
 4.29 received under subdivision 6, or (ii) \$129 times the adjusted pupil units for the school year;

4.30 (5) for a district not listed in clause (1), (2), (3), or (4), that is required to implement
 4.31 a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180,
 4.32 the lesser of

4.33 (i) the actual cost of implementing the plan during the fiscal year minus the aid
 4.34 received under subdivision 6, or

4.35 (ii) \$92 times the adjusted pupil units for the school year.

5.1 ~~Any money received by districts in clauses (1) to (3) which exceeds the amount~~
 5.2 ~~received in fiscal year 2000 shall be subject to the budget requirements in subdivision~~
 5.3 ~~1a; and~~

5.4 ~~(6) for a member district of a multidistrict integration collaborative that files a plan~~
 5.5 ~~with the commissioner, but is not contiguous to a racially isolated district, integration~~
 5.6 ~~revenue equals the amount defined in clause (5).~~

5.7 Integration revenue for an eligible district equals the lesser of the district's
 5.8 expenditure for the fiscal year under its budget according to subdivision 1a or the greater
 5.9 of: (1) 90 percent of the district's integration revenue for fiscal year 2013 under Minnesota
 5.10 Statutes 2012, section 124D.86, or (2) the sum of: (i) \$315 times the district's adjusted
 5.11 pupil units for the prior fiscal year computed using the pupil unit weights effective under
 5.12 section 126C.05 for fiscal year 2015 and later, times the district's enrollment of protected
 5.13 students as a percent of its total enrollment on October 1 of the prior fiscal year, plus (ii)
 5.14 \$100 times the district's adjusted pupil units for the prior fiscal year computed using the
 5.15 pupil unit weights effective under section 126C.05 for fiscal year 2015 and later times the
 5.16 district's enrollment of protected students as a percent of its total enrollment on October
 5.17 1 of the prior fiscal year times the district's focus rating for the prior fiscal year under
 5.18 Minnesota's 2012 Elementary and Secondary Education Act flexibility request.

5.19 ~~Subd. 4. **Integration levy.** A district may levy an amount equal to 37 percent for~~
 5.20 ~~fiscal year 2003, 23 percent for fiscal year 2004, and 30 percent for fiscal year 2005~~
 5.21 ~~and thereafter of the district's integration revenue as defined in subdivision 3. A district~~
 5.22 ~~may levy an amount equal to 30 percent of the district's integration revenue as defined~~
 5.23 ~~in subdivision 3. The Department of Education must adjust the levy for taxes payable in~~
 5.24 ~~2014 by the difference between the integration levy under this section and the amount~~
 5.25 ~~levied by the district under Laws 2011, First Special Session chapter 11, article 2, section~~
 5.26 ~~49, paragraph (f).~~

5.27 ~~Subd. 5. **Integration aid.** A district's integration aid equals the difference between~~
 5.28 ~~the district's integration revenue and its integration levy.~~

5.29 ~~Subd. 6. **Alternative attendance programs.** (a) The integration aid under~~
 5.30 ~~subdivision 5 must be adjusted for each pupil residing in a district eligible for integration~~
 5.31 ~~revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district~~
 5.32 ~~under sections 123A.05 to 123A.08, 124D.03, and 124D.08, that is not eligible for~~
 5.33 ~~integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan~~
 5.34 ~~under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the~~
 5.35 ~~nonresident district contributes to desegregation or integration purposes. The adjustments~~
 5.36 ~~must be made according to this subdivision.~~

6.1 (b) Aid paid to a district serving nonresidents must be increased by an amount equal
6.2 to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or
6.3 (3), minus the revenue attributable to the pupil in the nonresident district under subdivision
6.4 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.

6.5 Sec. 2. Laws 2011, First Special Session chapter 11, article 2, section 51, is amended to
6.6 read:

6.7 Sec. 51. **REPEALER.**

6.8 (a) Minnesota Statutes 2010, sections 124D.871; and 124D.88, are repealed effective
6.9 for fiscal year 2012 and later.

6.10 (b) Minnesota Statutes 2010, sections 123B.05; and 124D.38, subdivisions 4, 5,
6.11 and 6, are repealed.

6.12 (c) Minnesota Statutes 2010, section 124D.11, subdivision 8, is repealed effective
6.13 for fiscal year 2013 and later.

6.14 ~~(d) Minnesota Statutes 2010, section 124D.86, is repealed effective for revenue~~
6.15 ~~for fiscal year 2014.~~

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

6.17 Sec. 3. **REPEALER.**

6.18 Minnesota Statutes 2012, section 124D.86, subdivision 6, is repealed for fiscal
6.19 year 2014 and later.

APPENDIX
Repealed Minnesota Statutes: 13-2133

124D.86 INTEGRATION REVENUE.

Subd. 6. **Alternative attendance programs.** (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), (5), or (6), for the time the pupil is enrolled in the nonresident district.