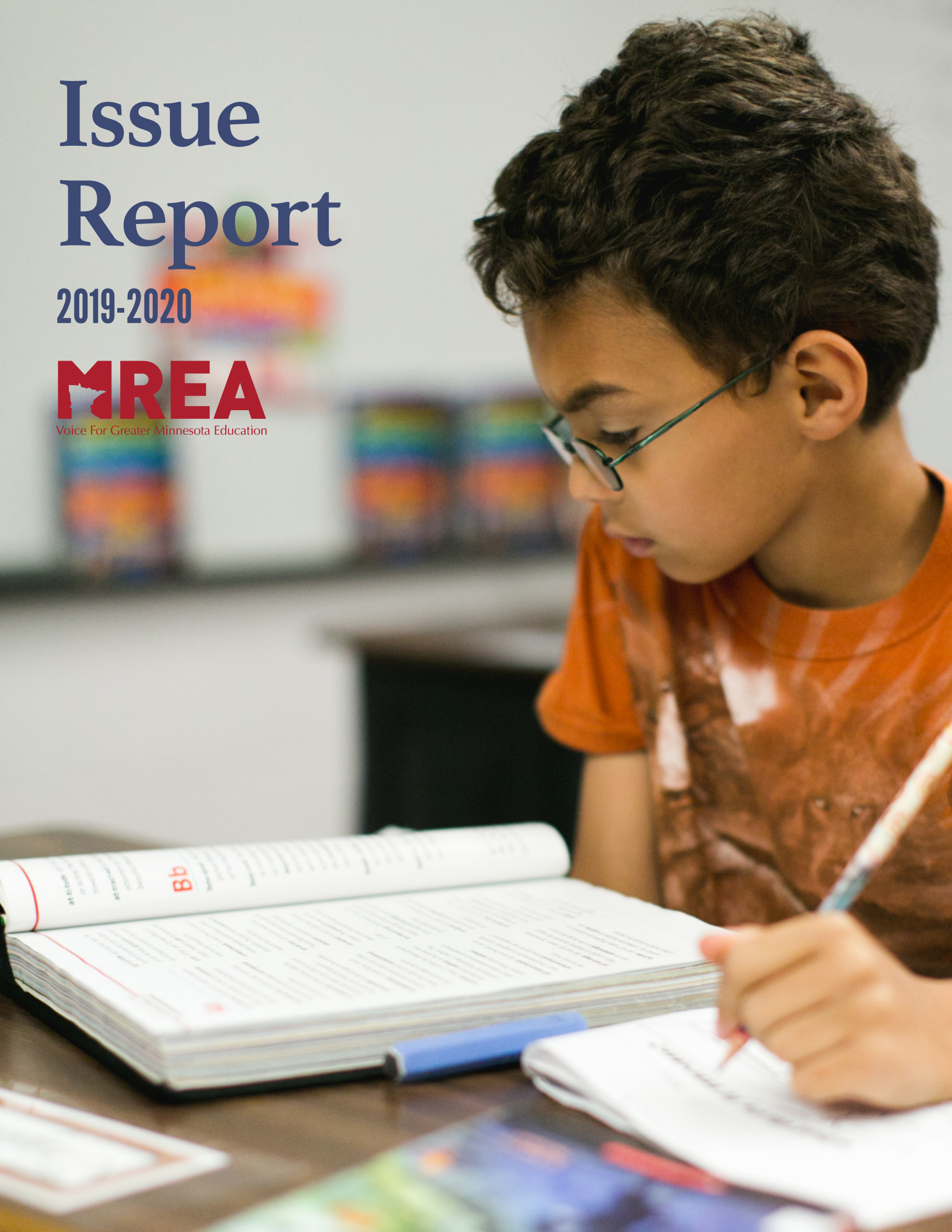


Issue Report

2019-2020

MREA

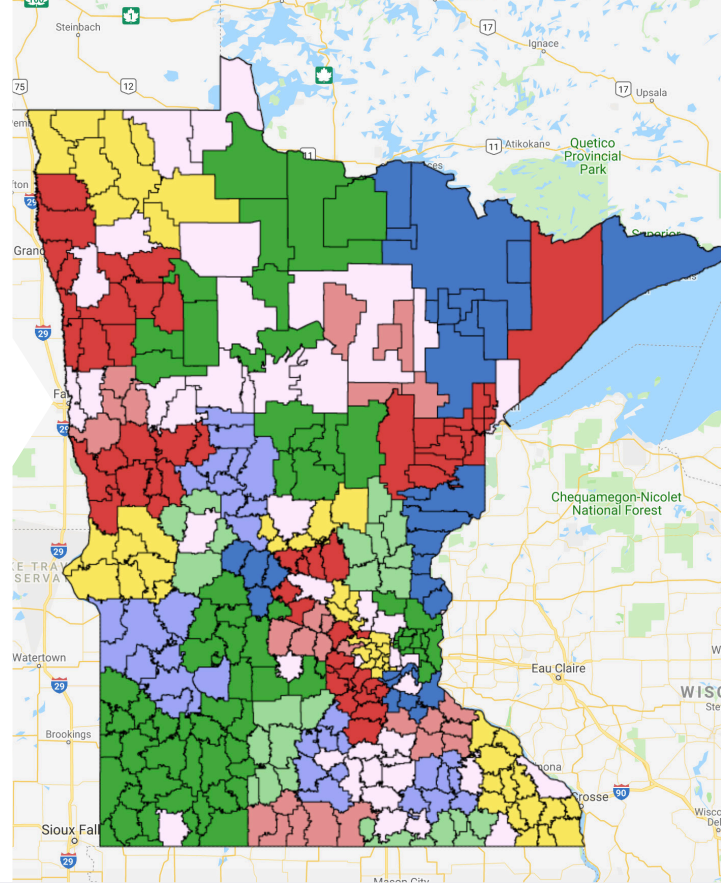
Voice For Greater Minnesota Education



Cooperative Facilities

Schools lack space for high-need students. Greater Minnesota school districts rely on cooperatives to help provide specialized instructional programs and facilities for high-need students. Together they face an unprecedented growth in these students and lack both appropriate spaces and the financing tools to give Greater Minnesota access to similar well-designed, appropriate learning spaces available for metro students.

	7-County Metro Area	Greater Minnesota
Median Regular Lease Levy	\$71.69	\$7.35
Median Intermediate Lease Levy	\$11.36	\$0 (Not Able)
Median Total Lease Levy	\$88.60	\$7.35
Districts with Zero Lease Levy	0	119



Within 4 years, our Level IV Special Education program needs tripled. Not only did the student numbers increase rapidly, but the severity of student needs also dramatically increased. Considerable renovation is needed at considerable cost to make any currently available building appropriate and equitable when comparing our students to their non-disabled peers.”

Stephanie Schmitz
Southern Plains
Alternative Programs Administrator

WHAT'S NEEDED

Rural school districts need financing tools that are available to members of the metro Intermediate Districts and increased flexibility with existing revenue streams.

- Allow districts to use lease levy for cooperative facilities even if they once owned the facility.
- Allow Long-Term Facility Maintenance (LTFM) to be used to enhance leased facilities from public and private owners.
- Provide Greater Minnesota school district members of cooperatives the authority to levy up to \$65 per pupil for cooperative facilities, the same as district members of Metro Intermediates.
- Allow districts to form joint powers boards to bond for improvements and new facilities.

Teacher Shortages

Teacher shortages continue to grow across the state, especially in rural areas and key subject areas. The 2019 Minnesota Teacher Supply and Demand Report found that:

- Six rural Economic Development Regions had the greatest percentage of teacher shortages.
- Teachers for special education and early childhood led the gaps statewide.
- 25 percent of the 7,000 teachers who left the profession in 2016-17 cited personal reasons.

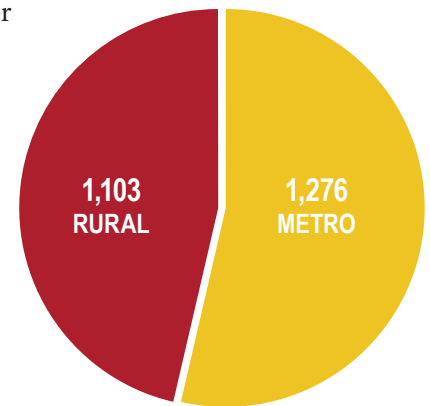
This has led to an increasing number of teaching assignments with special permissions or out of compliance assignments in both rural and metro areas, as shown by the pie chart.

The Greater Minnesota regions had an average of 3.7. The percentages of special permissions and assignments out of compliance are highest in the rural corners of the state:

- Northwest: 7.5
- Southwest: 6.9
- Northeast: 6.2

Schools have worked to address shortages and seen some results:

- 45 percent of school districts reported that creating a pipeline program (residency models, grow your own) made some or a significant difference in recruiting and retaining standard licensed teachers.
- 69 percent of school districts reported that providing mentorship programs made some or a very big difference in retaining teachers.



**2018-19 Teaching Assignments
with Special Permissions
or Out of Compliance**



WHAT'S NEEDED

Addressing this critical shortage and providing quality teachers requires a multi-faceted approach, including:

- Teacher loan forgiveness
- State grants for student teachers
- Regional and rural grow-your-own program(s) available to school districts
- Establish and strengthen mentoring programs for new teachers

Paid Family Medical Leave

A top priority of the House DFL is for a new payroll tax to replace part of a worker's income when they miss work because of illness or to care for a family member. Most workers already have access to up to 12 weeks of unpaid leave each year, per federal law. Only 14 percent of Americans can get paid leave through their employers.

The immediate impact will be a premium of 0.65 percent on all Minnesota wages subject to unemployment insurance beginning Jan. 1, 2021. This impacts school budgets, classroom funding and personnel agreements. It stacks up to an annual cost of \$46 million for school districts, charter schools and education cooperatives, based on 2016 payroll data from the Minnesota Department of Education.



WHAT'S NEEDED

- Provide state funding to reimburse districts for costs of Paid FMLA similar to TRA through the Pension Adjustment line in the subsequent year.
- Delay implantation until Jan. 1, 2022 to allow school districts and their employees to address the effects of Paid FMLA in negotiations for '21-23 master agreements.

OTHER POLICY PROPOSALS TO WATCH

SEXUAL HEALTH

Districts would be required to implement a comprehensive elementary and secondary sexual health curriculum on four topics that goes beyond human anatomy, reproduction and sexual development to also include:

- Consent, bodily autonomy, and healthy relationships, including relationships involving diverse sexual orientations and gender identities
- Abstinence and other methods for preventing unintended pregnancy and sexually transmitted infections
- Relationship between substance use and sexual behavior and health

NON-EXCLUSIONARY DISCIPLINE

This relates to alternatives to removing a pupil from class or dismissing a pupil from class. Schools officials would be required to intervene in, redirect, and support a pupil's behavior before removing a pupil from class or beginning dismissal proceedings.

DEFINITION OF TEACHER

Adult basic education and early childhood and family education teachers would be included within the definition of "teacher" under the continuing contract and tenure statutes.

EARLY CHILDHOOD LICENSURE

A person providing preschool instruction would need to meet the teacher licensure requirements that apply to K-12 teachers. This applies to preschool, school readiness, school readiness plus, prekindergarten and other early education program. These teachers also would be included in the teachers' bargaining unit.

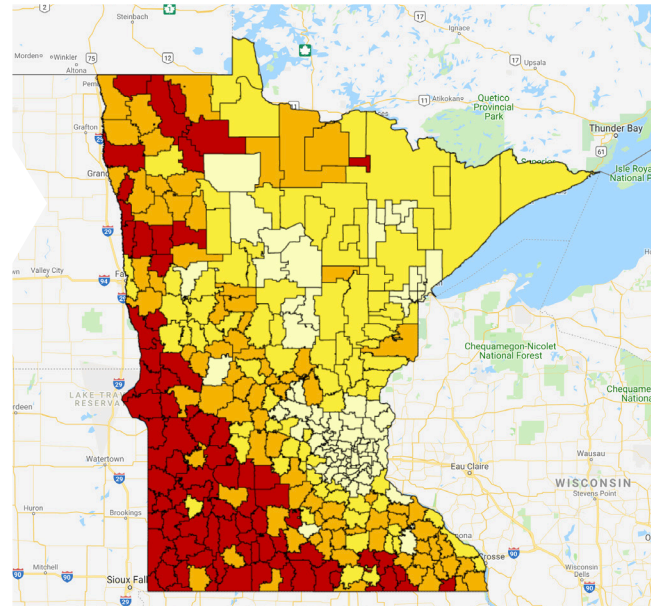
Ag2School

The Ag2School tax credit will increase from 40 percent to 50 percent in 2020 and is scheduled to scale to 70 percent in 2023.

This permanent law, enacted in 2019 by the Legislature, affects all existing Fund 7 debt levies, except OPEB bonds. School districts highlighted in red on this map have the potential to see the greatest impact. Agriculture and timber land accounts for at least 64 percent of their property value.

- Agriculture and timber land owners in 296 school districts see reduced bond debt taxes.
- The median reduction per school district is \$26,568 with the 50 percent tax credit.

Taxes Payable Year	Percent Increase	Total Ag2School Credit
2021	5%	55%
2022	5%	60%
2023	10%	70%



Agriculture and Timber Land as Percent of Net Tax Capacity for Pay 2019

- Least (0.00 to 8.15)
- Below District Median (8.16 to 27.49)
- Above District Median (27.5 to 63.74)
- Greatest (63.75 to 99)

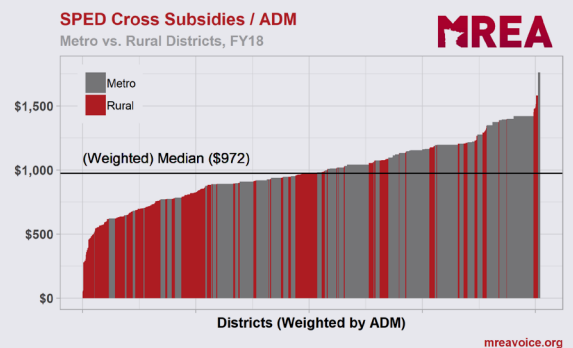
CURRENT CHALLENGES

- Metro school districts still receive more SPED aid in total and per Average Daily Membership (ADM).
- The state's rural school districts are projected to see a greater reduction in average cross subsidies per ADM.
- When state aid reduces SPED cross subsidy, the metro-rural ratio is 2:1. Gen Ed formula ratio is 5:3.

Special Education

Efforts have been made to Increase special education aid by the amount needed to hold the state average cross subsidy per pupil constant. This led to formula changes, beginning in FY 2020 to:

- Establish cross subsidy reduction aid as a new component of SPED aid 2.6% in '20, 6.43 in '21 and later
- Eliminate special education aid cap in FY '21
- Reduce tuition rate paid by resident school district for open enrolled special education students served by another district or charter to 85% in '20 and '80% in 21 and later
- Adjust the hold harmless to reduce reliance on the FY 2016 base and factor in current year costs



MREA

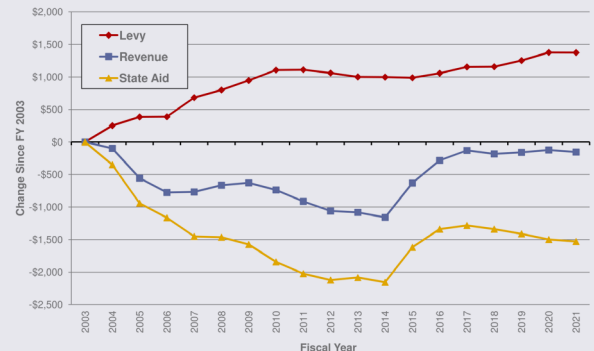
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School Funding Trends

Currently 93 percent of Minnesota's 330 school districts receive less aid per pupil today than they did in 2003, when adjusted for inflation.

Projections based on current state law indicate a continued decline in real per pupil school aid through 2021, as shown on this graph.

Statewide Aid, Levies, Revenue
Constant FY 2020 Dollars



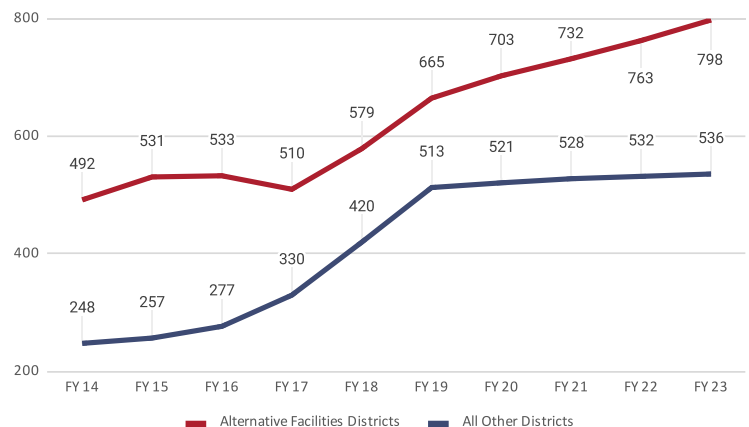
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LONG-TERM FACILITY MAINTENANCE

Long-Term Facility Maintenance (LTFM) funding is now frozen at \$380 per adjusted pupil unit for school districts other than the largest districts, which are eligible for Alternative Facilities Funding. They continue to submit 10-year plans to the Minnesota Department of Education (MDE) for the maintenance of their buildings and then levy what they need.

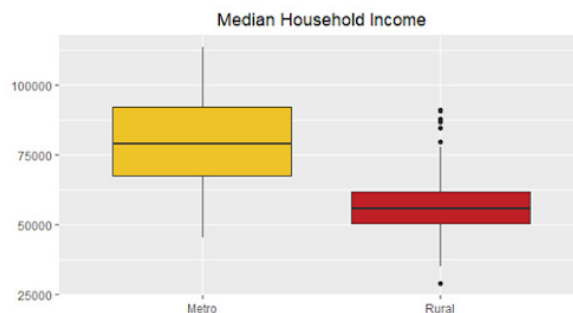
As a result, the funding gap for rural schools is projected to grow to \$262 per pupil in four years. LTFM is equalized at 123 percent of average Modified Adjusted Net Tax Capacity (ANTC) and eligible for Ag2School when districts bond against future LTFM revenue.

LTFM/ADM Alternative Facilities Districts



INCOME GAP

A wide gap in household income between metro and rural areas significantly impacts the funding available for local schools. There is a 2:3 rural to metro ratio that results in 50 percent more buying power in metro area, as illustrated in this chart.



HOUSEHOLD INCOME MEDIUM

- Statewide: \$57,151
- 7-County Metro: \$79,058
- Rural: \$55,636

The median metro district household income falls in the 6th percentile of Minnesota rural districts. Only 4 percent of rural districts are wealthier per household than half of the metro districts.

