



# H.F. 4415

Third Engrossment

**Subject** COVID-19 education related closures

**Authors** Davnie and others

**Analyst** Tim Strom and Ben Weeks

**Date** April 30, 2020

## Overview

H.F. 4415, the third engrossment, provides for compensation for hourly school employees and allows entities that contract with schools to provide services to be reimbursed for paying their employees, for changes in school employment practices related to COVID-19 related school closures and the conversion to distance learning programs.

The bill addresses school finance formula glitches resulting from the conversion to the distance learning model.

The bill also creates and legislatively approves certain waivers of state law regarding assessments, graduation and course requirements, and potential licensure issues faced by prospective and current teachers.

## Article 1: School Closures Due to COVID-19

### Section Description: Article 1 – School Closures Due to COVID-19

#### 1 Distance learning period; 2019-2020 school year.

**Subd. 1. Definitions.** Defines “distance learning period” as March 18 through May 4, 2020, unless extended by emergency executive order.

**Subd. 2. Distance learning period; employees.** Provides that a school district or charter school must pay hourly employees for any hours they were scheduled to work but did not during the distance learning period.

**Subd. 3. COVID-19 cancellation; contract employer to pay eligible employees.** Provides that employers who contract with schools to provide services may choose to pay employees for hours they were scheduled to work but did not during the distance learning period. If the employer chooses to pay those employees, the school district must reimburse the employer.

Section	Description: Article 1 – School Closures Due to COVID-19
2	<b>Probationary teachers.</b> Reduces the number of service days required for probationary teachers by the number of instructional days canceled for a COVID-19 related reason.
3	<b>Truancy.</b> Provides that student absences from March 1 through the end of the distance learning period do not count towards truancy referrals.
4	<b>Effective date.</b> Provides that sections 1 to 3 are effective retroactive to the beginning of the 2019-2020 school year and expire on June 30, 2020.

**Article 2: Formula Adjustments**

This article adjusts school finance formulas to limit revenue losses in fiscal years 2020, 2021, and 2022 because of changes in school programming necessitated by Minnesota’s response to COVID-19 for school districts occurring because of school closures and the shift to distance learning plans. The formula adjustments are designed to be close to revenue neutral compared to the February 2020 Forecast K12 budget base, but some small changes in appropriations are occurring. The amendment also uses \$49,000 of the formula savings to pay for additional COVID-19 related computer systems needs of the Professional Educator Licensing and Standards Board (PELSB).

Section	Description: Article 2 – Formula Adjustments
1	<b>Eligibility; regional library telecommunications aid.</b> Authorizes a regional library system to use any unspent telecommunications aid, after meeting its obligations for category one and category two services under the e-rate program, to expand its Internet access capabilities for the system and its patrons.
2	<b>Achievement and integration aid; appropriations.</b> Moves integration aid between fiscal years 2020 and 2021 to accommodate the one-year carryforward allowed in section 6, subdivision 12. This change is revenue neutral on an entitlement basis for the biennium (moving \$708,000 between the two years), but because of February 2020 forecast adjustments, the appropriations show a different level of funding.

Section Description: Article 2 – Formula Adjustments

---

- 3      **Literacy incentive aid; appropriations.**  
Literacy incentive aid is reduced by \$92,000 in fiscal year 2020 because of the exclusion of the 2020 testing results which were incomplete due to the distance learning requirements necessitated by the COVID-19 actions. This reduction is built on top of the forecast changes to the appropriation.
- 4      **Developmental screening aid.**  
Developmental screening aid is reduced by \$10,000 in fiscal year 2020 and increased by \$1,000 in fiscal year 2021 because the counts of students served are frozen at the 2019 levels. This adjustment is on top of the February 2020 forecast adjustments.
- 5      **Professional Educator Licensing and Standards Board.**  
Increases the fiscal year 2021 appropriation for PELSB by \$49,000 to pay for onetime computer costs required by article 3 of this bill.
- 6      **School aid formula adjustments.**  
Adjusts school aid formulas so that revenue is not lost to schools due to COVID-19 closures and adjustments to the delivery of educationally-related services. These provisions are intended to reflect that school employees are still employed, but may be providing services and activities in different manners for the remainder of the 2019-2020 school year.

**Subd. 1. Special education pupil transportation.** For purposes of calculating the base for special education, authorizes school districts to include in its eligible fiscal year 2020 expenditures, expenditures for employees and contracted services that would have been eligible for state special education aid under Minnesota Statutes, section 125A.76, and for special education tuition billing under Minnesota Statutes, sections 125A.11 and 127A.47, in the absence of school closures due to COVID-19.

**Subd. 2. School meals.** Minnesota supplements the federal payments for school meals. Minnesota’s state aid is distributed based on the actual number of breakfasts, lunches, and school milk served to students. As of March 16, 2020, all school districts have converted over to providing the meals under the summer food service program. The state appropriations savings due to the lower meal counts is reallocated to schools providing summer food service meals for the remainder of the school year. Note: This is a reallocation of revenue that would otherwise be lost to school districts for the remainder of fiscal year 2020.

**Subd. 3. Career and technical revenue.** School districts receive career and technical revenue based on 35 percent of the actual costs of services provided to career and technical education (CTE) students. Should this appropriation fall short of the February 2020 Forecast estimate for the program, MDE is authorized

**Section Description: Article 2 – Formula Adjustments**

---

to recalculate CTE revenue amounts in an equitable manner to ensure the full expected amount of funding is distributed to schools.

**Subd. 4. Nonpublic pupil transportation aid.** School districts provide transportation services for nonpublic schools. Many school districts provide this service through contracted transportation services. The school districts are reimbursed for this service based on a formula that determines the costs of the program. This provision authorizes MDE to recalculate the aid, if necessary to ensure that the full appropriation is distributed to school districts. Note: This is a base adjustment for fiscal year 2022.

**Subd. 5. Interdistrict desegregation and integration transportation aid.** School districts are reimbursed for certain interdistrict transportation expenses for students participating in voluntary integration efforts. This provision allows MDE to recalculate the appropriation so that state aid is not foregone. Note: This is a base adjustment for fiscal year 2021.

**Subd. 6. Adult basic education aid.** Adult basic education (ABE) programs are funded by the state through an aid formula that reflects the number of hours of service provided to program participants (contact hours). This provision allows MDE to readjust the contact hour reimbursement rate to fully spend the appropriation. Note: This is a base adjustment for fiscal year 2021.

**Subd. 7. School employees; maximizing state revenue.** The state aid formulas for special education pupil transportation and CTE are dependent on a statutorily defined group of essential employees providing these services. For accounting purposes, school food service employees may only be counted for their work spent on food service activities. This provision grants MDE flexibility in these categories of funding to ensure that funds wouldn't be lost due to state-imposed restrictions. The provision is not intended to modify a school district's use of qualified staff to provide services.

**Subd. 8. Literacy incentive aid.** A school district's literacy incentive aid is based on a three-year rolling average of its third and fourth grade reading scores. This provision excludes the spring of 2020 testing period from the rolling average.

**Subd. 9. Community education after-school enrichment programs.** A portion of the community education revenue formula authorizes school districts to levy for a portion of their costs for after-school enrichment programs. This provision authorizes the levy to continue for the remainder of fiscal year 2020 even if the employees normally providing this service are providing alternative services for the school district.

**Section Description: Article 2 – Formula Adjustments**

---

**Subd. 10. School age care programs.** A school district may offer an afterschool program for its children with disabilities who are in grades kindergarten to 6 and the costs of that program are reimbursable through the school age care revenue program. This provision authorizes the full amount of the expected revenue for fiscal year 2020 to remain for the year even if the employees normally providing these services are providing alternative services.

**Subd. 11. Early childhood screening revenue.** Early childhood screening revenue is a current year reimbursement formula that provides money to school districts for each child screened that provides a greater amount of money for each screening for the youngest children. A child must be screened before beginning kindergarten. Most districts have canceled remaining screening opportunities for the remainder of the 2019-2020 school year. This provision authorizes the commissioner of education to move money between the two fiscal years to pay for additional screening activities in fiscal year 2021.

**Subd. 12. Achievement and integration revenue.** Achievement and integration revenue is required to be spent in the year the funds are received. This provision authorizes a school district to carry over any unspent balance in fiscal year 2020 to fiscal year 2021.

**Subd. 13. Report.** Requests MDE to report to the legislature on how funds were reallocated among school districts for the remainder of the 2019-2020 school year due to the flexibility provided by this section.

**7 Fund transfers; fiscal year 2020 only. This section authorizes operating fund transfers.**

**Subd. 1. Fund and account transfers allowed.** Allows a school district, charter school, or a cooperative unit to make operating fund and account transfers for fiscal year 2020. Limits the amounts to be transferred to revenue not already assigned or encumbered.

**Subd. 2. No aid or levy effect.** Requires that a fund or account transfer under this section be revenue neutral for the district and not affect its receipt of aid or levy.

**Subd. 3. Board approval required.** Requires board approval for fund and account transfers made under this section. Requires the transfers to occur before the books for fiscal year 2020 are closed. Requires the fund and account transfers to be well documented.

**Subd. 4. Commissioner's guidance.** Requires the commissioner of education to issue guidance for the fund and account transfers made under this section.

**Section Description: Article 2 – Formula Adjustments**

---

Requires the guidance to identify both eligible purposes for the transfers and eligible accounts and funds.

- 8      **Accounting.**  
Uniform Financial Accounting and Reporting Standards (UFARS) is a multidimension accounting system that each school district must use. UFARS assigns each financial transaction a 17-digit code which attributes the spending to the proper place. An “object” code’s major categories include salaries and benefits among others. This section authorizes a school district to continue to account for the hours that an employee is paid in the same salary and benefit categories as if the employee were performing the employee’s regular job functions under the distance learning model of education. A similar provision was included in the 2019 snow days’ law.
- 9      **Cash flow adjustment; fiscal year 2021 only.**  
Requires the commissioner of education to accept and approve an application for a modification to a school district’s cash flow payments under the metering schedule if a delay in property tax receipts is shown to affect the district’s ability to repay its bondholders (this is a change in cash flow only, not a change in revenue). Note: For most districts, the next payment to bondholders is due in August of 2020.
- 10     **Instruction to commissioner; federal education stabilization fund application.**  
Directs the commissioner of education to apply for the federal education stabilization funds in a manner that is consistent with the Emergency Executive Orders of the Governor so that the discretionary federal funds may be distributed across Minnesota’s schools in an equitable manner.

**Article 3: State Agency COVID-19 Emergency Powers**

**Section Description: Article 3 – State Agency COVID-19 Emergency Powers**


---

- 1      **Commissioner of education and Professional Educator Licensing and Standards Board COVID-19 emergency powers.**  
Grants power to the commissioner of education to waive requirements related to earning credit, class advancement, or graduation, based on a COVID-19 disruption. The section also waives state assessment and standardized testing requirements for the 2019-2020 school year. Finally, the section requires the Professional Educator Licensing and Standards Board to issue provisional licenses for candidates who could not complete required licensure exams and extends by six months requirements for teacher license renewal.

**Section Description: Article 3 – State Agency COVID-19 Emergency Powers**

---

- 2      Reporting; right of action.**  
Clarifies that the article does not create a right of action for any individual, entity, or group and requires reporting to the legislature.



MN HOUSE

RESEARCH

*Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.*

[www.house.mn/hrd](http://www.house.mn/hrd) | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155