MINNESOTA Management & Budget

Office Memorandum

Date: January 15, 2015

To: Senator Charles Wiger
205 Capitol Building
St. Paul, MN 55155-1606

Representative Jenifer Loon
449 State Office Building
St. Paul, MN 55155 -1606

From: Myron Frans, Commissioner
MMB

Subject: No Child Left Behind Act

During the 2005 Special Session, language was adopted requiring the Minnesota Department of Education (MDE) to implement the No Child Left Behind Act (NCLB) without interruption (M.S. 127A.095). The statute also required MDE to seek enhanced flexibility through waivers from the federal Department of Education (DOE). If the waivers sought by MDE are not approved by DOE, the Commissioner of Minnesota Management and Budget must certify the amount of federal revenue that would be withheld as a result of the potential state decision to discontinue implementation of the NCLB Act.

Minnesota received approval in February 2012 for the NCLB flexibility waiver which nullified or partially nullified the eight original waivers required under M.S. 127A.095. Now that Minnesota has an approved waiver, the state should reassess the requirement of annual reports generated for the legislature.

The analysis certifying the amount of federal revenue that would be withheld as a result of the potential state decision to discontinue implementation of the NCLB Act is complete and the final report is attached. DOE estimates that NCLB funding in Minnesota will be $241.4 million in FFY2014/SFY2015. From the district perspective, MDE estimates that nonparticipation in NCLB would have a total fiscal impact of $230 million in SFY 2014 for school districts statewide. In addition, MDE would experience a fiscal impact of approximately $5.6 million in SFY2014 for statewide NCLB costs related to assessment, school-improvement activities, support for new charter schools, and state level activities as allowed for under the law.

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No Child Left Behind Act

Report to the Legislature

January 2015

As required by
M.S. 127A.095

ESTIMATED COSTS OF PREPARING THIS REPORT

This report provides information that Minnesota Management & Budget does not normally collect as part of its business functions. The cost of information reported below is the estimated cost of collecting and organizing the data, determining assumptions, and preparing this report document.

Special funding was not appropriated for the costs of preparing this report.

In accordance with M.S. 3.197, the estimated cost incurred by the Minnesota Management and Budget and the Department of Education in preparing this report is $2,000.

No Child Left Behind Act Overview

The federal No Child Left Behind Act (NCLB) was signed into law in 2002 and affects every state and public school district in the country. More than 90 percent of America's school districts receive funding for federal educational and supportive services programs covered by the act. The wide range of services support before and after school programs, family literacy, parenting classes, library materials, technology services, educating migrant children, and safe and drug-free schools. Of the nine titles in the act, Titles I and II are the largest programs in terms of both requirements and funding. Title I funds help educators improve teaching and learning for economically disadvantaged students. In addition, Title I funds promote the involvement of parents in becoming partners in their children's education. Title II funds are used to train, retain, and recruit qualified teachers, principals, and paraprofessionals.

In September 2011, President Obama announced the opportunity for states to apply for flexibility from specific NCLB mandates on the condition of states actively pursuing education reform.

The federal Department of Education provided flexibility within the existing NCLB law in exchange for a commitment to develop a system focused on college and career ready standards for all students, creating a differentiated accountability system, and adopting reforms to support effective classroom instruction and school leadership.

Minnesota collaborated with stakeholders, submitted a waiver proposal to DOE in November 2011, and received federal approval of its NCLB Flexibility Waiver in February 2012. The waiver is developed around goals of closing achievement gaps and promoting high growth for all students. The state has a new accountability system that measures school performance based on multiple measurements and provides more flexibility to districts in the way they use federal funds for school improvement. While NCLB strived to have every student achieving at a proficient level by 2013-2014, the NCLB Flexibility Waiver is built around the goal of reducing the state's achievement gap in half by 2017.

Implementation of NCLB Flexibility Waiver

In February 2012, MDE was approved for flexibility from the following NCLB mandates:

- 2014 goal of 100 percent proficiency
- Mandatory financial set-asides for School Choice and Supplemental Educational Services
- Sanctions on schools resulting from not making AYP
- Sanctions for districts resulting from not making AYP
- Identification of schools as in need of improvement, corrective action and restructuring
- Identification of districts as in need of improvement or corrective action
- 40 percent poverty threshold for operating a Title I Schoolwide Program
- Limits on financial flexibility for federal funds to rural districts

The NCLB Flexibility Waiver requires states to meet certain principles in exchange for flexibility from the requirements in the NCLB law noted above. Three main principles are incorporated into the NCLB Flexibility waiver, including:

- Career- and College-readiness for All Students
- Differentiated Recognition, Accountability and Support Systems
- Supporting Effective Instruction and Leadership

The most significant improvements for districts and schools under the NCLB Flexibility Waiver are reflected in the state's new accountability, recognition and support system. With a focus on improving the academic achievement of all students and closing persistent achievement gaps, Minnesota developed an accountability and support system that measures schools on multiple indicators of success and effectively directs resources to the schools with the most need.

All schools in the state receive an annual Multiple Measurements Rating (MMR) that evaluates the school's performance in the areas of student proficiency, growth, achievement gap reduction and graduation rates. Additionally, a Focus Rating (FR) is given to every school in the state to measure the school's success in reducing achievement gaps. Using these ratings, schools receiving federal Title I funds are identified as Priority or Focus schools and are eligible for additional support through the Regional Centers of Excellence. High-performers are also recognized on an annual basis.

Certification of Federal NCLB Revenue

In Minnesota, DOE estimates that NCLB funding will be $241.4 million in FFY2014/SFY2015, which includes an administrative allowance for statewide NCLB activities. MDE estimates that opting out of NCLB would have a total fiscal impact of $230 million in SFY2015 for school districts statewide. In addition, MDE would experience a fiscal impact of approximately $5.6 million in SFY2015 for statewide NCLB costs related to assessment, school-improvement activities, support for new charter schools, and state level activities as allowed for under the law.

The state has the option not to participate in one or more titles of NCLB. If the state opted out of NCLB Title I funds, for example, other competitive grant programs that receive their funding through the Title I formula would also lose funding. Specifically, other competitive grant programs that would be affected by state nonparticipation include 21st Century Community Learning Centers, and State and Local Technology Grants because the funding for these programs is based on the Title I formula.

Nonparticipation would not impact any programs that receive a formula allocation of federal funds outside of the NCLB formulas, nor would the state lose eligibility to apply for other discretionary funding. For example, state nonparticipation in NCLB does not disqualify it from receiving funds under the Perkins Vocational and Technical Education program or the Adult Education and Family Literacy Act.

In addition to federal funding, nonparticipation in NCLB may require additional state funding to administer carryforward amounts and for test development and other assessment activities. It is assumed that in the event Minnesota opts out of NCLB, carryforward funds identified by districts for competitive grant funds in FFY2013 will not be lost to either districts or MDE. Districts and MDE would continue to be responsible for the administration of the federal program through the period allowed by the Tydings Amendment.[1] If Minnesota opted out in July, 2014, districts

could encumber any carryforward available to them until September, 2015 and disburse this funding through December, 2015. While there may be a small amount of administrative carryforward to accomplish administration through that period, state funding may be required to complete the work associated with administering the carryforward funds if remaining NCLB administrative funds were not adequate. Carryforward amounts vary by districts so it is not possible at this time to determine potential state costs related to the administration of NCLB carryforward after Minnesota has discontinued the program.

Assessment funds under NCLB for test development and other assessment activities may also be lost if the state decides to opt out of NCLB. Since these funds support state testing standards as a part of NCLB, additional state funds may be required depending upon the legislature's direction for continued Minnesota standards development and testing. It is uncertain at this time to what extent funds for test development and other assessment activities would be lost if the state decides to opt out of NCLB; therefore, it is not possible at this time to estimate the potential state costs related to assessment.

Following is a list of programs included in No Child Left Behind funding along with a brief statement of purpose.

Title I Grants to LEAs (Local Education Agencies) (CFDA 84.010)

Elementary and Secondary Education Act of 1965, as amended, Title 1, Part A.

Title I of the Improving America's Schools Act is the largest of the federal compensatory education programs. Almost every district in the state qualifies for Title I funds and Title I services are in approximately 90% of the state's elementary schools. More than 130,100 public and nonpublic students participate in Title I programs annually. There are several parts to Title I, including, Basic Grants, Concentration Grants, Targeted Assistance, Education Finance Incentive Grants, Accountability Grants, Grants for Neglected or Delinquent Institutions, NCLB grants, and Capital Expenses.

Minnesota's share of the national appropriation is based on the number of low-income children counted during the 2010 census and federally adjusted annually. MDE, in turn, adjusts these entitlements to provide the required set- asides for administration, school support teams, low-performing schools, and charter schools.

Specific objectives of the Title I basic grants to local education agencies (LEAs) are:

[1] Most formulaic allocations provide for local spending decisions that allow the allocation to be obligated over a twenty-four month period, and disbursed within a twenty-seven month period (Tydings Amendment).

- to align Title I evaluation measures with the state student achievement and system performance measures;
- to identify and serve students who are most at risk of not meeting our state content and performance standards;
- to increase success in the regular classroom through coordination of supplemental services with classroom instruction and curriculum;
- to provide for the involvement of parents in the education of their children;
- to provide intensive and sustained staff development; and
- to coordinate with state and federal programs to maximize the services available for at-risk students and to increase the number of students receiving services.

School Improvement Grants (CFDA 84.215)

Elementary and Secondary Education Act of 1965; Title V, Part D, as amended.

This program funds projects that will improve the quality of education, assist all students to meet challenging state content standards, and contribute to the achievement of elementary and secondary students.

Migrant Education (CFDA 84.011)

Elementary and Secondary Education Act of 1965, Title I, Part C, as amended. 20 U.S.C. 6391 et seq.

The specific purposes of the migrant education program are:

- to ensure that migratory children are provided with appropriate educational services (including support services) that address their special needs in a coordinated and efficient manner;
- to ensure that migratory children have the opportunity to meet the same state content and performance standards that all children are expected to meet;
- to prepare migratory children to make a successful transition to post-secondary education or employment by supporting high-quality educational programs to help them overcome educational disruption, cultural and language barriers, social isolation, various health-related problems, and other factors; and
- to ensure that migratory children benefit from state and local systemic reform

Neglected and Delinquent (CFDA 84.013)

Elementary and Secondary Education Act of 1965, Title I, Part D, as amended. 20 U.S.C. 6431 et seq.

The specific purposes of the neglected and delinquent programs include:

- to provide supplementary instruction to students, ages 5-21, who are neglected and have been placed in a locally operated residential institution for such students;
- to improve educational services to neglected or delinquent children and youth so that such children and youth have the opportunity to meet the same challenging state content and performance standards that all children will be expected to meet;
- to provide the targeted population the services needed to make a successful transition from institutionalization to further schooling and employment; and
- to prevent at-risk youth from dropping out and to provide dropouts and youth returning from institutions with a support system to ensure continued education.

Impact Aid (CFDA 84.041)

Elementary and Secondary Education Act of 1965, Title VIII, as amended.

This program, which is administered directly by the federal government, provides funding based on formula to schools where enrollments or availability of revenue are adversely affected due to reduced tax base due to federal ownership of property, where there are significant number of children who reside on federal or Indian lands and/or children whose parents are employed on federal properties, or where there is a sudden change in enrollment due to federal activities. The formula includes a basic aid, aid for disabled students, and a capital component for qualifying schools. Basic aid is for general fund uses.

Improving Teacher Quality (CFDA 84.367)

Higher Education Act of 1965, Title II, Part A, P.L. 105-244.

This program provides funding to improve student achievement by improving the quality of current and future teaching force by improving the preparation of prospective teachers and enhancing professional development activities; holding institutions of high education accountable for preparing teachers who have the necessary teaching skills and are highly competent in the academic content areas in which the teacher plan to teach, such as mathematics, science, English, foreign language, history, economics, arts, civics government, and geography; including training effective uses of technology in the classroom; and recruit highly qualified individuals, including individuals from other occupations, into the teacher force.

Math and Science Partnership (CFDA 84.366)

Elementary and Secondary Education Act of 1965, as amended, Title II, Part B.

The purpose of this program is to improve the academic achievement of students in mathematics and science through projects that support partnerships of organizations representing preschoolthrough higher education. These projects promote strong teaching methods based on scientifically based research and technology.

21st Century Community Learning Centers (CFDA 84.287)

Elementary and Secondary Education Act of 1965, as amended,Title IV Part B.

The program funds after school programs to help K-12 students attending low performing schools or schools with concentrations of families in poverty improve their academic achievement. Programs provide academic and cultural enrichment activities, tutoring, art, music, recreation, and other programs that are designed to reinforce academic instruction. Funds are distributed through an open competition.

Innovative Education Program Strategies (CFDA 84.298)

Elementary and Secondary Education Act of 1965, Title V, as amended, 20 U.S.C. 7301-7373.

This program provides funding to assist state and local education agencies in the reform of elementary and secondary education.

Improving Academic Achievement Accountability, Grants for State Assessments
(CFDA 84.369)
Elementary and Secondary Education Act of 1965, as amended, Title VI, Part A, Subpart I, Public Law 107-110.
This program supports:

- the development of the additional state assessments and standards required by Section1111(b) of the federal ESEA, as amended; or
- the administration of the assessments required by Section 1111(b) or
- to carry out other activities related to ensuring that the state's schools and local education agencies are held accountable for results.

Rural and Low-Income Schools Grant (CFDA 84.358)
Elementary and Secondary Education Act of 1965, Title VI, Part B, as amended.
This is a small grant program for small rural school districts with high poverty rates that do not qualify for the Small Rural School Achievement Program. Funds are used for teacher recruitment and retention; teacher professional development; educational technology; parental involvement activities, and activities allowed under the Title 1 program.

English Language Acquisition Grants for Limited English Proficient Students
(CFDA 84.365)
Elementary and Secondary Education Act as amended, Title III, Part A, Sections 3101-3129.
This new program consolidates the 13 bilingual and immigrant education programs into a formula grant program and significantly increases flexibility and accountability. Minnesota previously received funds under the Title VII Emergency Immigrant program, while districts applied directly to the U.S. Department of Education for grants under other programs. This program maintains the current focus on assisting school districts in teaching English to limited English proficient students and in helping these students meet the same challenging state standards required of all other students. Some of the funds may be reserved to serve districts significantly impacted by the needs of immigrant students.

Assumptions

1. Minnesota's eligibility for federal programs and funding amounts as a result of Minnesota's participation in NCLB are taken from DOE's state tables and include the programs funded through the NCLB Act of 2001. The report of Minnesota's total allocation and allocation by program is available at the following website and is also provided below. http://www2.ed.gov/about/overview/budget/statetables/15stbystate.pdf
2. The version used for this report was posted October 1, 2014.
3. Due to differences in fiscal years between DOE and MDE, federal appropriations identified as 2013 fund programs in state fiscal year 2014. Similarly, federal appropriations identified as 2014 fund programs in state fiscal year 2015. District listings of allocations/awards are provided by state fiscal year.

4. It is assumed that in the event Minnesota opts out of NCLB, carryforward funds will not be lost to either districts or MDE.
5. It is assumed that in the event the state determined to opt out of implementation of the NCLB Act, MDE would continue to be responsible for administration of the federal program through the period allowed by the Tydings Amendment. If Minnesota opted out in July, 2015, districts could encumber any carryforward available to them until September, 2016 and disburse through December 2016. While there may be a small amount of administrative carryforward to accomplish administration through that period, state funding may be required to complete the work associated with administering the carryforward funds if remaining NCLB administrative funds were not adequate.
6. Assessment funds under NCLB for test development and other assessment activities may be lost if the state decides to opt out of NCLB. Since these funds support state testing standards supporting NCLB, additional state funds may be required depending upon the legislature's direction for continued Minnesota standards development and testing.
7. Due to carryforward provisions, total allocations and awards identified here will not equal amounts carried on the statewide accounting or budget system or provided in the Governor's Budget as both of these presentations are based on estimated expenditures.
8. On district runs, organizations such as, nonprofits, institutions of higher education, service cooperatives, cities and counties may be included, if the organization is an eligible recipient of the federal funds.
9. On district runs, a district, charter school, or other organization may be listed twice within a competitive grant program as they may receive multiple grants within a year.
10. Many federal programs under the NCLB Act allow for an administrative allowance or set-asides for statewide activities. Also, funding for new charter schools may not be included in district allocations/awards. Funding for those activities is included in the totals by program, and amounts for assessment, administration and statewide activity set- asides are assumed to be the difference between the total appropriations and district allocations or awards. A calculated estimation of the amount currently available for assessment, administration, statewide activity set-asides, and new charter schools, based on federal appropriation amounts and school district allocations/awards is included.

Table 1. NCLB Federal Funding	**FFY2013**	**FFY2014**	**FFY2015**
	SFY2014	**SFY2015**	**SFY2016**
ESEA Title I Grants to LEAs	145,454,318	145,020,193	145,440,075
School Turnaround Grants	4,986,535	4,817,117	4,813,959
State Agency Program--Migrant	2,034,964	2,046,186	2,039,868
State Agency Program--Neglected and Delinquent	320,745	418,286	417,576
Subtotal: Education for Disadvantaged	**152,796,562**	**152,301,782**	**152,711,478**
Impact Aid Basic Support	19,823,109	20,308,441	20,297,191
Impact Aid Children with Disabilities	968,391	963,977	963,443
Impact Aid Construction#	0	301,700	301,527
Subtotal: Impact Aid	**20,791,500**	**21,574,118**	**21,562,161**
Effective Teachers and Leaders	0	0	0
Improving Teacher Quality State Grants#	31,352,308	31,294,960	31,290,552
Mathematics and Science Partnerships#	1,446,417	1,461,299	1,460,490
Effective Teaching and Learning	0	0	1,321,775
21st Century Community Learning Centers#	11,604,222	11,646,545	11,224,649
State Assessments	6,422,685	6,589,544	6,572,789
Rural and Low-Income Schools Program	531,194	415,658	415,428
Small, Rural School Achievement Program	3,283,059	3,328,884	3,332,645
Indian Education Grants	3,589,454	3,560,901	3,560,901
Language Acquisition State Grants (English Learner Education)	8,067,768	8,531,959	8,527,190
Homeless Children and Youth Education	639,320	647,502	646,769
Subtotal: Other Programs	**66,936,427**	**67,477,252**	**68,353,188**
Total: All of the Above Programs that constitute NCLB	**240,524,489**	**241,353,152**	**242,626,827**
#Minnesota award not yet estimated			

Amounts identified by district for Title formulaic programs are the amounts allocated or awarded for the year and do not include carryforward from previous years. In addition, amounts identified by districts for competitive grant funds may include carryforward amounts from previous years' allocations. For this reason, actual spending in any given year at both the state and local level may be higher or lower due to these carryforward provisions and local budget decisions, which will cause district level totals not to match federal funding totals.

Table 2. NCLB District Level Totals	**FFY2013 SFY2014**	**FFY2014 SFY2015**	**FFY2015 SFY2016**
Title Program Grants	176,095,782	175,465,884	175,871,562
NCLB Competitive Grants	21,158,039	25,653,528	25,402,083
Impact Aid (Basic Support/Children with Disabilities)*	20,791,500	21,574,118	21,562,161
Effective Teachers and Learning*	0	0	1,321,775
Small, Rural School Achievement Program*	3,283,059	3,328,884	3,332,645
Rural and Low Income	504,634	394,875	394,481
Indian Education Grants*	3,589,454	3,560,901	3,560,901
District NCLB Total	**225,422,486**	**229,978,190**	**231,445,608**
Statewide allowance for admin, school improve activities, support for new charter schools and state level activities as allowed for under the law	4,463,043	5,640,010	5,618,919

*District data not available

APPENDIX A. Original MDE Waiver Requests to the U.S. Department of Education

1. **Participate in the growth model pilot program:** The Minnesota Department of education (MDE) has submitted a growth model to the U.S. Department of Education. In January 2009, the Minnesota Department of Education received approval for the growth model defined below:

   AYP Growth Component Adjustment:

   For cells that fall below the proficiency target, a computation is made to determine if individual students in the cell showed growth from one year to the next. An AYP Growth Score is assigned to each cell and compared to an AYP Growth Target (based on the same statewide starting points for proficiency). The AYP Growth Target does not include an adjustment for a confidence interval. If the AYP Growth Score meets or exceeds the AYP Growth Target, the AYP Mark for the cell is set to 'A' – above target.

   Minnesota still calculates and reports AYP; thus, this growth component adjustment for AYP proficiency applies under Minnesota's NCLB Flexibility Waiver. However, AYP proficiency is used as just one measure in the more comprehensive Multiple Measurements Rating (MMR), and schools are identified for needing improvement using the MMR.

2. **Exclude from sanctions schools that have not made adequate yearly progress due solely to a subgroup of students with disabilities not testing at a proficient level:** Minnesota has historically emphasized the inclusion of special education populations in its testing. Prior to the passage of NCLB, Minnesota developed an alternate assessment for special education students based on requirements in Individuals with Disabilities Education Act (IDEA of 1997). During a review of Minnesota assessment system, the secretary informed the department that the current alternate assessment did not meet the technical aspects required of all statewide assessments used for accountability. Consequently, the Minnesota Test of Academic Skills (MTAS) was developed for students with significant cognitive disabilities. This test is based on alternate achievement standards and has met all the technical aspects of statewide assessments used for accountability. The secretary proposed further regulations on December 15, 2005.
   These regulations provide for the use of a new modified alternate assessment for special education students who are not able to access the general education assessment but are not significantly cognitively disabled.

3. **Identify a school as not making adequate yearly progress only after the school has missed the adequate yearly progress targets in the same subgroup for two consecutive years:** The U.S. Department of Education does not offer waivers for the same subgroup not making AYP two consecutive years. Also, under the approved NCLB Flexibility Waiver Minnesota designates schools as Priority and Focus based on the MMR (which includes AYP Proficiency), not based solely on AYP. However, Minnesota does take advantage of the uniform averaging provision which allows multi-year averaging over two and three years. If a school does not meet its target in the current year for any of the subgroups, data will be averaged across two years to determine AYP status; if the school still does not make AYP, data will be averaged across three years to see if the school meets the target. Essentially, the school has to miss its targets over two and three years because of averaging to be identified as not meeting the target. The ability to average over multiple years gives schools a great deal of flexibility.

   Minnesota still calculates and reports AYP; thus, the use of multi-year averaging for AYP proficiency applies under Minnesota's NCLB Flexibility Waiver. However, AYP proficiency is used as just one measure in the more comprehensive Multiple Measurements Rating (MMR), and schools are identified for needing improvement using the MMR.

4. **Determine when to hold schools accountable for including a student with limited English proficiency in adequate yearly progress calculation:** Since the passage of NCLB, the U.S. Department of Education has issued guidance letters or regulations that give states greater flexibility. The most recent example of this flexibility is the Secretary's September 13, 2006

   Final Regulations. These regulations allow states to exempt "recently arrived ELL students" from one administration of the state's reading/language arts assessment. A recently arrived student is a student who has attended schools in the U.S. for less than 12 months. The new regulations further allow states to exclude the scores of recently arrived ELL student on the reading/language arts assessment (if taken) in decisions regarding proficiency in the calculation of AYP, even if the student was enrolled for a full academic year. These students however can be counted as participants toward meeting the 95 percent participation requirement for AYP. In addition, these regulations do not require states to include the scores of recently arrived ELL students on the mathematics assessment in AYP decisions.

   Minnesota has been allowed to include "former ELL" students within the AYP LEP subgroup for up to two years after they no longer meet the state's definition for limited English proficiency. This option gives schools credit for the good work they have done helping ELL students attain proficiency. This flexibility is also included in the new regulations.

5. **Allow a district not making adequate yearly progress to offer supplemental educational services as an option before offering school choice:** This waiver is nullified with the passing of the state's NCLB Flexibility Waiver. Under Minnesota's NCLB Waiver, supplemental educational services (SES) is an option for districts but is no longer a mandate under NCLB. Schools and districts may choose to allocate funds for SES programs but are not required to do so.

6. **Allow a district not making adequate yearly progress to also be the supplemental educational services provider:** This waiver is nullified with the passing of the state's NCLB Flexibility Waiver. Under Minnesota's NCLB Waiver, supplemental educational services (SES) is an option for districts but is no longer a mandate under NCLB. Schools and districts may choose to allocate funds for SES programs but are not required to do so.

7. **Allow the state to maintain a subgroup size to 40 for the purposes of calculating adequate yearly progress for subgroups of students with limited English proficiency and subgroups of students with disabilities:** Beginning in 2002-03, Minnesota original accountability plan had a subgroup size of 40 for students with disabilities. In 2005, Minnesota requested, and was granted, the flexibility to use a minimum group size of 40 for the limited English proficient subgroup. In 2007, Minnesota was required by USDE to reestablish a uniform cell size of 20. Beginning with the 2007 AYP calculation, Minnesota uses a uniform group size for all student groups as required by NCLB.

8. **Create flexibility to enable the state to define and identify highly qualified teachers:** In response to NCLB, Minnesota created the Minnesota State Plan for Highly Qualified (HQ) teachers in 2004. Minnesota did not request flexibility because it was determined at the time the plan was drafted that current policies and rules met the HQ definitions. Minnesota had recognized core areas required demonstration of content knowledge as evidenced by the current licensure rules. In order to apply for a teaching license Minnesota candidates must hold a bachelor's degree, have earned an academic major in the licensure field, and must pass appropriate state licensure tests. Minnesota revised the Plan in 2006 to reflect flexibility the federal guidelines gave to rural districts and teachers new to special education. Minnesota has an approved high objective and uniform state system of evaluation (HOUSSE) for existing teachers licensed prior to 2001 under the old licensure rules. This provides flexibility for these teachers to meet HQ requirements using a point process based on work experience, academic preparation and other approved indicators. A teacher must reach 100 points using the HOUSSE application. Currently, 98 percent of Minnesota teachers meet the highly qualified requirements under No Child Left Behind.

   Minnesota's approved NCLB Flexibility Waiver maintains the basic highly qualified teacher requirements included in section 1119 of the ESEA. However, once more meaningful evaluation and support systems are in place in accordance with Principle 3 of ESEA Flexibility, Minnesota may use the results of such systems to inform high qualified teacher requirements moving forward.

APPENDIX B. MDE Flexibility Request to the U.S. Department of Education

Minnesota's approved ESEA Flexibility Request can be found here:
http://www2.ed.gov/policy/eseaflex/mn.pdf

Elementary and Secondary Education Act (ESEA)

Minnesota ESEA Flexibility Waiver

Minnesota's ESEA Flexibility Request has allowed the state to waive the following No Child Left Behind (NCLB) provisions:

- 2014 goal of 100 percent proficiency for all students
- Identification of schools as In Need of Improvement, Corrective Action and Restructuring
- Sanctions on Title I schools resulting from *Not Making Adequate Yearly Progress (AYP)*
- Mandatory financial building set-asides for *School Choice* and *Supplemental Educational Services*
- Identification of districts as In Need of Improvement and Corrective Action
- Sanctions for Title I districts resulting from *Not Making AYP*
- Mandatory financial district set-asides for *In Need of Improvement and Corrective Action*

In order to have these provisions waived, Minnesota's application had to meet four principles:

- College- and career-ready academic standards
- State-developed system of differentiated recognition, accountability, and support
- Supporting effective instruction and leadership
- Reducing unnecessary administrative burdens

The state accountability system was the principle for which Minnesota had to do the most work, and therefore it is the area of the application that has drawn the most attention. At the core of the new accountability system is the use of multiple measurements. Unlike AYP, which is mostly centered around proficiency, Minnesota's Multiple Measurements Rating (MMR) uses four domains, weighted equally, to measure school performance:

- **Proficiency**- Schools earn points in the MMR by meeting AYP proficiency goals for all students and in individual student subgroups. The percentage of subgroups that make AYP determines the percentage of points a school receives.
- **Growth-** Students are measured by their current assessment score as relative to their performance in the most recent year they took the test. Each student receives a growth score, and schools get a growth score based on the average growth of all students in the school.
- **Achievement Gap Reduction-** Schools are measured based on how the growth of their students from the seven lower-performing subgroups (Black, Hispanic, Asian, American Indian, English Learners, free and reduced lunch, and special education students) compares to the statewide average growth of higher-performing subgroups. Schools earn

MMR points based on their ability to reduce the achievement gap. This measurement answers the question, "Is the growth of my lower-performing students such that it is reducing the achievement gap?"

- **Graduation rate-** Schools earn points through the same methodology as the proficiency domain: by the percentage of the subgroups that reach the AYP target for graduation rates. The graduation rate target is 90% for all students and each subgroup. Minnesota is using a new, federally-mandated, cohort-adjusted graduation rate calculation.

In summary, the MMR is generated by dividing the total number of points earned by the total number of points possible. The percentage of possible points that each school earns will generate a Multiple Measurements Rating (MMR).

Using the results of the MMR, Title I schools can fall into five groups:

- **Reward Schools-** These schools are the top 15 percent of Title I schools based on the MMR. They represent the highest-performing schools on the four domains in the MMR. Currently, the reward for these schools mainly comes through public recognition. MDE plans to share practices from these schools with Priority and Focus schools in an effort to replicate best practices across the state. These schools are identified annually.
- **Celebration Eligible-** These are the 25 percent of schools directly below the Reward School cutoff. These schools may apply to be Celebration Schools, and MDE selects approximately 10 percent of Title I schools to receive the Celebration School designation. When combined with the Reward Schools, we are recognizing the top 25 percent of Title I schools. These schools are identified annually.
- **Continuous Improvement-** These are the bottom 25 percent of Title I schools that have not already been identified as Priority or Focus. Continuous Improvement schools must work with their districts to create and implement improvement plans as well as set aside 20% of Title I funds to support school improvement efforts. MDE audits 10% of Continuous Improvement schools to ensure fidelity. These schools are identified annually.
- **Focus Schools-** Using just the proficiency and achievement gap reduction domains from the MMR, all Minnesota schools also receive a Focus Rating that measures their contribution to the state's achievement gap. The 10 percent of Title I schools with the lowest Focus Ratings are identified as Focus Schools and must work with MDE and the Regional Centers of Excellence to implement interventions aimed at improving the performance of the school's lowest-performing subgroups. Essentially, Focus Schools are designated to attack the achievement gap head on. Focus Schools are required to set aside 20% of Title I funds to support school improvement efforts. These schools are identified every three years.
- **Priority Schools-** These are the 5 percent most persistently low-performing Title I schools based on the MMR. Just less than half of these schools are identified through their participation in the School Improvement Grant (SIG) program. The remaining schools in this group are the Title I schools with the lowest MMR results. These schools must work with MDE and the Regional Centers of Excellence to implement turnaround plans to drastically change the way the school operates. Priority Schools are required to set aside

20% of Title I funds to support turnaround efforts. These schools are identified every three years.

The Minnesota Statewide System of Support (SSOS) is administered through the Minnesota Regional Centers of Excellence which provide technical assistance to school leadership and implementation teams for Priority and Focus schools across the state. Through ongoing dialogue and support, these regional specialists assist principals and teachers in improving academic outcomes for all students. MDE supports and oversees the SSOS efforts through three of the state's six Regional Centers by collaborating with staff from across the agency to provide guidance that will result in coordinated support to meet the needs of school teams and enable them to improve achievement for all learners.

Finally, in order to ensure that all schools are being held accountable, MDE annually publishes two measurements for every school in the state: MMR and Focus Rating (FR). AYP results are reported with new targets and there are no sanctions for not making AYP. The new state targets will reduce the achievement gap by half within six years. School MMR results will be reported on the MDE website to allow parents, community stakeholders and educators to compare the performance of schools in all four MMR domains as well as overall performance.