

NOTE: This is an earlier version of the fiscal note for HF795-1A.

The most current version is available on the Fiscal Note Search Site: <https://www.mn.gov/mmbapps/fnsearchlbo/>

Fiscal Note

2023-2024 Legislative Session

HF795 - 1A - Extended Time Revenue for Pupils Modified

Chief Author: **Cheryl Youakim**
 Committee: **Education Finance**
 Date Completed: **2/27/2023 6:39:04 AM**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	614	669	687	708	
Total	-	614	669	687	708	
Biennial Total			1,283			1,395

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Alyssa Holterman Rosas **Date:** 2/27/2023 6:39:04 AM
Phone: 651-284-6439 **Email:** alyssa.holterman.rosas@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	614	669	687	708	
Total	-	614	669	687	708	708
	Biennial Total		1,283			1,395
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	614	669	687	708	
Total	-	614	669	687	708	708
	Biennial Total		1,283			1,395
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-			-

Bill Description

Minnesota Statutes 126C.10, subdivision 2a (c) is amended:

The added language allows districts to generate extended time revenue for every pupil placed in a residential facility or other facility providing mental health services, juvenile justice services or related programming, whether the education service are provide on-site or off-site, for instruction provided after the end of the proceeding regular school year and before the beginning of the following regular school year. Extended time revenue is the total membership hours in summer instruction divided by the minimum annual instructional hours in section 126C.05, subdivision 15, not to exceed 0.20 times the pupil until weighting in section 126C.05 subdivision 1, times \$5,117 for fiscal year 2023. For fiscal years 2024 and later, Extended Time revenue is equal to the formula allowance time 75%.

This section is effective for FY2024 and later.

Assumptions

- In 2021 there were 27 different juvenile corrections residential facilities in the statethese range in capacity from 6 to 88 juveniles. Including Red Wing brings it to 28. (DOC)
- In 2021 there were 104 actively licensed juvenile residential mental health facilities in the state. It's possible that not every single one of them is currently operating because some may have closed during the pandemic. (DHS)
- In 2021 there were 228 non-school-based juvenile day treatment programs licensed by DHS.
- In 2021 there were 7 school based care and treatment sites in the state that count as day treatment.
- The education services would be provided by licensed teachers.
- The extended time revenue would equal \$5,117 in fiscal year 2023.
- For fiscal year 2024 and later, Extended Time Revenue equals 75% of the general education basic formula allowance. This is currently calculated at \$5,012 for all years.
- For purposes of this subdivision, "children's residential facility" means a residential facility for children, including a psychiatric residential treatment facility, licensed by the Department of Human Services or the

Department of Corrections and subject to Minnesota Rules, chapter 2960 or an inpatient hospitalization that includes mental health services.

- For purposes of this subdivision, "day treatment program" means:
 - (1) a site-based structured mental health program consisting of psychotherapy for three or more individuals and individual or group skills training provided by a team, under the treatment supervision of a mental health professional; or (2) any other day treatment program designated by the commissioner of education consistent with the Minnesota Automated Reporting Student System manual, procedure 27.
- This bill allows special education students receiving instruction over the summer who are placed in care and treatment to generate extended time revenue.
- Districts would use their existing extended year programs to provide extended time instruction.
- This program is available to independent and special districts (types 1 and 3). Charter schools are ineligible to generate extended time revenue because M.S. 125A.15, 125A.51 and 125.515 direct either the district in which the residential facility is located to provide the instruction or, in the case of day programs, the resident district provides instruction.
- Students who participate are not limited to the at-risk criteria as described in M.S. 124D.68.
- The Average Daily Membership (ADM) computed from the Membership Hours of the students enrolled in the program will generate aid based on the Extended Time formula rate.
- There will not be an adjustment to carry the extended time revenue to the general education revenue to fulfill the 1.00 ADM. Only extended time ADM will be generated in this program.
- M.S. 126C.06, subd. 15 refers to extended time eligibility to grades kindergarten (without a disability) through secondary.
- Currently, voluntary pre-kindergarten (VPK) students are not eligible for extended time ADM. The VPK students would not be eligible for these programs.
- Instructional Hours, the denominator in calculating ADM is based on M.S. 120A.41.
 - o 850 kindergarten full day (generate $100/850=0.12$ ADM per participant)
 - o 935 grades 1 through 6 (generate $100/935=0.11$ ADM per participant)
 - o 1,020 grades 7 through 12 (generate $100/1020=0.1$ ADM per participant)
- Membership for students enrolled in the extended time program will be reported in terms of hours.
- Pupil weighting applies based on M.S. 126C.05, Subd. 1(e).
 - o 1.0 Full-day kindergarten through grade 6
 - o 1.2 Grade 7-12
- The extended time ADM generated by this program would not exceed the cap on extended time ADM of 0.2 ADM. M.S. 126C.05, subd 8.
- Students who have been absent for five consecutive school days during the summer school shall be dropped from the roll. M.S. 126C.05 subd. 8.
- Early childhood special education students are not eligible to generate extended time revenue.
- Kindergarten students with disabilities are not eligible to generate extended time revenue.
- Districts would offer extended day programming from the last day of regular school year until the beginning of the next regular school year. The membership would be attributed to the following school year. For example,

instruction provided after the end of the 2022-23 regular school year, i.e. June 2023 would generate FY24 extended time revenue.

- Summer programming is assumed to be provided as 100 Membership Hours over the summer months. The program would run ten weeks over the summer, five days per week and two hours per day.
- Membership generated after the end of the regular school year would be included in revenue for the next fiscal year.
- Assume a growth rate in student population of 3%, starting in FY25.
- In FY22, there were 1,099 students enrolled at a site classified as care and treatment. The students had a Status End Code 40, which indicates the students were enrolled at the care and treatment site on the last day of school. Assumption that 100% of students who were enrolled in care and treatment, State Aid Category (SAC) 27 and 28 would enroll in this program during the summer programing.
- Of the 1,099, there was 867 secondary students.
- Used students enrolled not in State Approved Alternative Program Classifications 41, 42, 43, 45, or Special Education Extended School Year 51, or Preschool 84, 85 as a base count.
- The assumed participation rates in this fiscal note are in addition to students who already qualify and participate in State Approved Alternative Programs (SAAPs).
- Nonpublic and home school (shared-time) students are not eligible to generate extended time revenue unless they are placed in a residential program and elect to enroll in the public school.
- Existing State Approved Alternative Programs would continue to operate normally and generate extended time ADM.
- State aid would follow the 90/10 payment structure.
- Transportation would be optional and be covered by the extended revenue. The resident district may establish reasonable restrictions on transportation, except if a Minnesota court or agency orders the child placed at a day care and treatment program and the resident district receives a copy of the order, then the resident district must provide transportation to and from the program unless the court or agency orders otherwise. Transportation shall only be provided by the resident district during regular operating hours of the resident district. M.S. 125A.15(c) and M.S.125A.51(d).
- MNIT programing would be required to collect student participation data. Estimated \$17,380.00 for upfront programing costs. There will be no ongoing maintenance costs.

Expenditure and/or Revenue Formula

General Education - Extended Time Revenue Costs:	FY2024	FY2025	FY2026	FY2027
Participating Students	1,099	1,132	1,166	1,201
Extended Time ADM (participating students * extended time ADM pupil units)	112.27	115.64	119.11	122.02
Total cost (5,117 in FY24, extended time ADM *pupil units* 75% of basic revenue in FY25-FY27)	\$663,214	\$669,127	\$689,201	\$709,877
90% current year	\$596,893	\$602,215	\$620,281	\$638,890
10% prior year		\$66,321	\$66,912	68,920
Total General Education appropriation change	\$596,893	\$668,536	\$687,193	\$707,810

MNIT Costs:				
	FY2024	FY2025	FY2026	FY2027
MSFS Developer (76 hours at \$110/hour)	\$8,360			
Database Administrator (2 hours at \$110/hour)	\$220			
Java Web Developer (80 hours at \$110/hour)	\$8,800			
Total MNIT cost	\$17,380	\$0	\$0	\$0
Total Cost	\$614,273	\$668,536	\$687,193	\$707,810

Long-Term Fiscal Considerations

This will be ongoing.

Local Fiscal Impact

Districts would need to track membership hours of students placed in care and treatment programs. Membership would be reported in MARSS.

References/Sources

FY22MARSS student data. Students reported as in care and treatment on the last day of school.

Agency Contact: Kelly Wosika 582-8855

Agency Fiscal Note Coordinator Signature: Melissa Stirn

Date: 2/27/2023 6:37:05 AM

Phone: 651-582-8690

Email: melissa.stirn@state.mn.us