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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2949

- 03/21/2012 Authored by Garofalo, Doepke and Erickson
The bill was read for the first time and referred to the Committee on Education Finance
- 03/28/2012 Adoption of Report: Pass as Amended and re-referred to the Committee on Ways and Means
- 03/29/2012 Adoption of Report: Pass and Read Second Time
- 04/02/2012 Fiscal Calendar, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments
- 04/23/2012 Read Third Time as Amended by Conference and repassed by the House
Read Third Time as Amended by Conference and repassed by the Senate

1.1 A bill for an act
1.2 relating to education; providing for general education, education excellence,
1.3 special education, and other programs; appropriating money; amending
1.4 Minnesota Statutes 2010, sections 120A.20, subdivision 2; 120A.22, subdivisions
1.5 2, 11; 120B.024; 120B.13, subdivisions 1, 4; 122A.40, subdivision 13;
1.6 122A.415, subdivision 3; 123B.04; 123B.92, subdivision 3; 124D.08, by adding
1.7 a subdivision; 124D.09, subdivisions 9, 12, 22, 24, by adding a subdivision;
1.8 124D.4531, subdivision 3, by adding a subdivision; 125A.14; 125A.19;
1.9 125A.515, subdivision 1; 126C.10, subdivision 28; 126C.19, subdivision 2;
1.10 127A.47, subdivision 1; 135A.101, subdivision 1; 471.975; Minnesota Statutes
1.11 2011 Supplement, sections 120A.24, subdivisions 1, 2; 120B.023, subdivision
1.12 2; 120B.07; 120B.08; 120B.09; 120B.12, subdivision 2; 120B.30, subdivision
1.13 1; 122A.40, subdivision 5; 123B.147, subdivision 3; 124D.09, subdivision
1.14 7; 124D.10, subdivisions 3, 4, 6, 8, 13, 15, 17a, by adding a subdivision;
1.15 124D.4531, subdivision 1; 124D.98, subdivisions 2, 3; 126C.126; 126C.40,
1.16 subdivision 1; 127A.45, subdivision 6a; Laws 2011, First Special Session chapter
1.17 11, article 2, section 50, subdivision 16; article 5, section 11; article 7, section 2,
1.18 subdivision 8; repealing Minnesota Statutes 2010, sections 120A.28; 120B.019;
1.19 120B.31, subdivision 3; 121A.60, subdivisions 3, 4; 121A.62; 121A.63;
1.20 122A.18, subdivision 9; 124D.09, subdivision 23; 124D.135, subdivisions 8, 9;
1.21 124D.16, subdivisions 6, 7; 124D.20, subdivisions 11, 12; 125A.16; 125A.80;
1.22 127A.47, subdivision 2; 475.53, subdivision 5.

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

1.24 **ARTICLE 1**

1.25 **GENERAL EDUCATION**

1.26 Section 1. Minnesota Statutes 2010, section 120A.20, subdivision 2, is amended to
1.27 read:

1.28 Subd. 2. **Education ~~and~~, residence, and transportation of homeless.** (a)

1.29 Notwithstanding subdivision 1, a district must not deny free admission to a homeless
1.30 ~~person of school age~~ pupil solely because the district cannot determine that the ~~person~~
1.31 pupil is a resident of the district.

2.1 (b) The school district of residence for a homeless ~~person of school age pupil~~
2.2 shall be the school district in which the ~~homeless shelter or other program, center, or~~
2.3 ~~facility assisting the homeless person is located. The educational services a school~~
2.4 ~~district provides to a homeless person must allow the person to work toward meeting the~~
2.5 ~~graduation standards under section 120B.02.~~ parent or legal guardian resides, unless: (1)
2.6 parental rights have been terminated by court order; (2) the parent or guardian is not
2.7 living within the state; or (3) the parent or guardian having legal custody of the child is
2.8 an inmate of a Minnesota correctional facility or is a resident of a halfway house under
2.9 the supervision of the commissioner of corrections. If any of clauses (1) to (3) apply, the
2.10 school district of residence shall be the school district in which the pupil resided when the
2.11 qualifying event occurred. If no other district of residence can be established, the school
2.12 district of residence shall be the school district in which the pupil currently resides. If
2.13 there is a dispute between school districts regarding residency, the district of residence is
2.14 the district designated by the commissioner of education.

2.15 (c) The serving district is responsible for transporting a homeless pupil to and from
2.16 the pupil's district of residence. The district may transport from a permanent home in
2.17 another district but only through the end of the academic school year. When a pupil is
2.18 enrolled in a charter school, the district or school that provides transportation for other
2.19 pupils enrolled in the charter school is responsible for providing transportation. When a
2.20 homeless student with or without an individualized education program attends a public
2.21 school other than an independent or special school district or charter school, the district of
2.22 residence is responsible for transportation.

2.23 Sec. 2. Minnesota Statutes 2010, section 120A.22, subdivision 11, is amended to read:

2.24 Subd. 11. **Assessment of performance.** (a) Each year the performance of every
2.25 child ages seven through 16 who is not enrolled in a public school must be assessed using
2.26 a nationally norm-referenced standardized achievement examination. The superintendent
2.27 of the district in which the child receives instruction and the person in charge of the child's
2.28 instruction must agree about the specific examination to be used and the administration
2.29 and location of the examination.

2.30 (b) To the extent the examination in paragraph (a) does not provide assessment in
2.31 all of the subject areas in subdivision 9, the parent must assess the child's performance
2.32 in the applicable subject area. This requirement applies only to a parent who provides
2.33 instruction and does not meet the requirements of subdivision 10, clause (1), (2), or (3).

2.34 (c) If the results of the assessments in paragraphs (a) and (b) indicate that the
2.35 child's performance on the total battery score is at or below the 30th percentile or one

3.1 grade level below the performance level for children of the same age, the parent must
3.2 obtain additional evaluation of the child's abilities and performance for the purpose of
3.3 determining whether the child has learning problems.

3.4 (d) A child receiving instruction from a nonpublic school, person, or institution that
3.5 is accredited by an accrediting agency, recognized according to section 123B.445, or
3.6 recognized by the commissioner, is exempt from the requirements of this subdivision.

3.7 Sec. 3. Minnesota Statutes 2011 Supplement, section 120A.24, subdivision 1, is
3.8 amended to read:

3.9 Subdivision 1. **Reports to superintendent.** (a) The person or nonpublic school in
3.10 charge of providing instruction to a child must submit to the superintendent of the district
3.11 in which the child resides the name, birth date, and address of the child; the annual tests
3.12 intended to be used under section 120A.22, subdivision 11, if required; the name of each
3.13 instructor; and evidence of compliance with one of the requirements specified in section
3.14 120A.22, subdivision 10:

3.15 (1) by October 1 of the first school year the child receives instruction after reaching
3.16 the age of seven;

3.17 (2) within 15 days of when a parent withdraws a child from public school after age
3.18 seven to ~~homeschool~~ provide instruction in a nonpublic school that is not accredited
3.19 by a state-recognized accredited agency;

3.20 (3) within 15 days of moving out of a district; and

3.21 (4) by October 1 after a new resident district is established.

3.22 (b) The person or nonpublic school in charge of providing instruction to a child
3.23 between the ages of seven and 16 must submit, by October 1 of each school year, a letter
3.24 of intent to continue to provide instruction under this section for all students under the
3.25 person's or school's supervision and any changes to the information required in paragraph
3.26 (a) for each student.

3.27 (c) The superintendent may collect the required information under this section
3.28 through an electronic or Web-based format, but must not require electronic submission
3.29 of information under this section from the person in charge of reporting under this
3.30 subdivision.

3.31 Sec. 4. Minnesota Statutes 2011 Supplement, section 120A.24, subdivision 2, is
3.32 amended to read:

3.33 Subd. 2. **Availability of documentation.** (a) The person or nonpublic school in
3.34 charge of providing instruction to a child must maintain documentation indicating that the

4.1 subjects required in section 120A.22, subdivision 9, are being taught and proof that the
4.2 tests under section 120A.22, subdivision 11, have been administered. This documentation
4.3 must include class schedules, copies of materials used for instruction, and descriptions of
4.4 methods used to assess student achievement.

4.5 (b) The parent of a child who enrolls full time in public school after having been
4.6 enrolled in a ~~home school under section 120A.22, subdivision 6~~ nonpublic school that
4.7 is not accredited by a state-recognized accrediting agency, must provide the enrolling
4.8 public school or school district with the child's scores on any tests administered to the
4.9 child under section 120A.22, subdivision 11, and other education-related documents the
4.10 enrolling school or district requires to determine where the child is placed in school and
4.11 what course requirements apply. This paragraph does not apply to a shared time student
4.12 who does not seek a public school diploma.

4.13 (c) The person or nonpublic school in charge of providing instruction to a child must
4.14 make the documentation in this subdivision available to the county attorney when a case
4.15 is commenced under section 120A.26, subdivision 5; chapter 260C; or when diverted
4.16 under chapter 260A.

4.17 Sec. 5. Minnesota Statutes 2011 Supplement, section 120B.023, subdivision 2, is
4.18 amended to read:

4.19 Subd. 2. **Revisions and reviews required.** (a) The commissioner of education must
4.20 revise and appropriately embed technology and information literacy standards consistent
4.21 with recommendations from school media specialists into the state's academic standards
4.22 and graduation requirements and implement a review cycle for state academic standards
4.23 and related benchmarks, consistent with this subdivision. During each review cycle, the
4.24 commissioner also must examine the alignment of each required academic standard and
4.25 related benchmark with the knowledge and skills students need for college readiness and
4.26 advanced work in the particular subject area.

4.27 (b) The commissioner in the 2006-2007 school year must revise and align the state's
4.28 academic standards and high school graduation requirements in mathematics to require
4.29 that students satisfactorily complete the revised mathematics standards, beginning in the
4.30 2010-2011 school year. Under the revised standards:

4.31 (1) students must satisfactorily complete an algebra I credit by the end of eighth
4.32 grade; and

4.33 (2) students scheduled to graduate in the 2014-2015 school year or later must
4.34 satisfactorily complete an algebra II credit or its equivalent.

5.1 The commissioner also must ensure that the statewide mathematics assessments
5.2 administered to students in grades 3 through 8 and 11 are aligned with the state academic
5.3 standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph
5.4 (b). The commissioner must implement a review of the academic standards and related
5.5 benchmarks in mathematics beginning in the 2015-2016 school year.

5.6 (c) The commissioner in the 2007-2008 school year must revise and align the state's
5.7 academic standards and high school graduation requirements in the arts to require that
5.8 students satisfactorily complete the revised arts standards beginning in the 2010-2011
5.9 school year. The commissioner must implement a review of the academic standards and
5.10 related benchmarks in arts beginning in the 2016-2017 school year.

5.11 (d) The commissioner in the 2008-2009 school year must revise and align the state's
5.12 academic standards and high school graduation requirements in science to require that
5.13 students satisfactorily complete the revised science standards, beginning in the 2011-2012
5.14 school year. Under the revised standards, students scheduled to graduate in the 2014-2015
5.15 school year or later must satisfactorily complete a chemistry, or physics, credit or a career
5.16 and technical education credit that meets the standards underlying either the chemistry or,
5.17 physics, or biology credit or a combination of those standards approved by the district.

5.18 The commissioner must implement a review of the academic standards and related
5.19 benchmarks in science beginning in the 2017-2018 school year.

5.20 (e) The commissioner in the 2009-2010 school year must revise and align the state's
5.21 academic standards and high school graduation requirements in language arts to require
5.22 that students satisfactorily complete the revised language arts standards beginning in the
5.23 2012-2013 school year. The commissioner must implement a review of the academic
5.24 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

5.25 (f) The commissioner in the 2010-2011 school year must revise and align the state's
5.26 academic standards and high school graduation requirements in social studies to require
5.27 that students satisfactorily complete the revised social studies standards beginning in the
5.28 2013-2014 school year. The commissioner must implement a review of the academic
5.29 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

5.30 (g) School districts and charter schools must revise and align local academic
5.31 standards and high school graduation requirements in health, world languages, and career
5.32 and technical education to require students to complete the revised standards beginning
5.33 in a school year determined by the school district or charter school. School districts and
5.34 charter schools must formally establish a periodic review cycle for the academic standards
5.35 and related benchmarks in health, world languages, and career and technical education.

6.1 Sec. 6. Minnesota Statutes 2010, section 120B.024, is amended to read:

6.2 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS.**

6.3 (a) Students beginning 9th grade in the ~~2004-2005~~ 2011-2012 school year and later
6.4 must successfully complete the following high school level course credits for graduation:

6.5 (1) four credits of language arts;

6.6 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,
6.7 and probability sufficient to satisfy the academic standard;

6.8 (3) three credits of science, including at least: (i) one credit in biology; and (ii) one
6.9 chemistry or physics credit or a career and technical education credit that meets standards
6.10 underlying the chemistry, physics, or biology credit or a combination of those standards
6.11 approved by the district, but meeting biology standards under this item does not meet the
6.12 biology requirement under item (i);

6.13 (4) three and one-half credits of social studies, encompassing at least United
6.14 States history, geography, government and citizenship, world history, and economics or
6.15 three credits of social studies encompassing at least United States history, geography,
6.16 government and citizenship, and world history, and one-half credit of economics taught in
6.17 a school's social studies, agriculture education, or business department;

6.18 (5) one credit in the arts; and

6.19 (6) a minimum of seven elective course credits.

6.20 A course credit is equivalent to a student successfully completing an academic
6.21 year of study or a student mastering the applicable subject matter, as determined by the
6.22 local school district.

6.23 (b) An agriculture science course may fulfill a science credit requirement ~~in addition~~
6.24 ~~to other than~~ the specified science credit in biology and chemistry or physics
6.25 under paragraph (a), clause (3).

6.26 (c) A career and technical education course may fulfill a ~~science, mathematics, or~~
6.27 ~~arts credit requirement in addition to the specified science, mathematics, or arts credits~~
6.28 or a science credit requirement other than the specified science credit in biology under
6.29 paragraph (a), clause (2), (3), or (5).

6.30 Sec. 7. Minnesota Statutes 2011 Supplement, section 120B.07, is amended to read:

6.31 **120B.07 EARLY GRADUATION.**

6.32 ~~(a)~~ Notwithstanding any law to the contrary, any secondary school student who has
6.33 completed all required courses or standards may, with the approval of the student, the
6.34 student's parent or guardian, and local school officials, graduate before the completion
6.35 of the school year.

7.1 ~~(b) General education revenue attributable to the student must be paid as though~~
7.2 ~~the student was in attendance for the entire year unless the student participates in the~~
7.3 ~~early graduation achievement scholarship program under section 120B.08 or the early~~
7.4 ~~graduation military service award program under section 120B.09.~~

7.5 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

7.6 Sec. 8. Minnesota Statutes 2011 Supplement, section 120B.08, is amended to read:

7.7 **120B.08 EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP**
7.8 **PROGRAM.**

7.9 Subdivision 1. **Participation.** A student who qualifies for early graduation under
7.10 section 120B.07, who meets the criteria in subdivision 1a and who has not participated in
7.11 the early graduation military service award program under section 120B.09, is eligible to
7.12 participate in the early graduation achievement scholarship program.

7.13 Subd. 1a. **Eligible student.** For purposes of this section, an eligible student is a
7.14 secondary student enrolled in a Minnesota public school who, at the time of graduation,
7.15 generated Minnesota general education revenue and who graduates prior to the end of the
7.16 fourth school year after first enrolling in ninth grade.

7.17 Subd. 2. **Scholarship amounts.** A student who participates in the early graduation
7.18 achievement scholarship program is eligible for a scholarship of \$2,500 if the student
7.19 ~~qualifies for graduation~~ graduates one semester or two trimesters early, \$5,000 if the
7.20 student ~~qualifies for graduation~~ graduates two semesters or three or four trimesters early,
7.21 or \$7,500 if the student ~~qualifies for graduation~~ graduates three or more semesters or five
7.22 or more trimesters early. Participation in the optional summer term, extended day sessions,
7.23 and intersessions of a state-approved learning year program under section 124D.128 are
7.24 considered a quarter for purposes of computing scholarship amounts.

7.25 Subd. 3. **Scholarship uses.** An early graduation achievement scholarship may be
7.26 used at any ~~accredited~~ institution of higher education accredited by an accrediting agency
7.27 recognized by the United States Department of Education.

7.28 Subd. 4. **Application.** A qualifying student may apply to the commissioner of
7.29 education for an early graduation achievement scholarship. The application must be in the
7.30 form and manner specified by the commissioner and must be received at the department
7.31 within two calendar years of the date of graduation. Upon verification of the qualifying
7.32 student's course completion necessary for graduation, the department must issue the
7.33 student a certificate showing the student's scholarship amount.

8.1 Subd. 5. **Enrollment verification.** A student who qualifies under this section
8.2 and enrolls in an accredited higher education institution must submit a form to the
8.3 commissioner verifying the student's enrollment in the higher education institution and the
8.4 tuition charges for that semester. Within ~~15~~ 45 days of receipt of a student's enrollment
8.5 and tuition verification form, the commissioner must issue a scholarship check to the
8.6 ~~student~~ higher education institution in the lesser of the tuition amount for that semester
8.7 or the maximum amount of the student's early graduation achievement scholarship. A
8.8 student may continue to submit enrollment verification forms to the commissioner until
8.9 the student has used the full amount of the student's graduation achievement scholarship or
8.10 six years from the date of the student's graduation, whichever occurs first. The scholarship
8.11 cannot be renewed.

8.12 Subd. 6. **General education money transferred.** The commissioner must transfer
8.13 the amounts necessary to fund the early graduation achievement scholarships from the
8.14 general education aid appropriation for that year.

8.15 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

8.16 Sec. 9. Minnesota Statutes 2011 Supplement, section 120B.09, is amended to read:

8.17 **120B.09 EARLY GRADUATION MILITARY SERVICE AWARD PROGRAM.**

8.18 Subdivision 1. **Eligibility.** For purposes of this section, "eligible person" means a
8.19 secondary student enrolled in any Minnesota public school who, at the time of graduation,
8.20 generated Minnesota general education revenue, who qualifies for early graduation under
8.21 section 120B.07, who graduated prior to the end of the fourth school year after first
8.22 enrolling in ninth grade, who has not participated in the early graduation achievement
8.23 scholarship program under section 120B.08, and who, before the end of the calendar
8.24 year of the student's graduation, enters into active service in either the active or reserve
8.25 component of the United States armed forces and deploys for 60 days or longer to a
8.26 military base or installation outside Minnesota for the purpose of attending basic military
8.27 training or military school and, if required by the military, performing other military duty.
8.28 The active service may be in accordance with United States Code, title 10 or title 32.

8.29 Subd. 2. **Application.** An eligible person may apply to the commissioner of
8.30 education for an early graduation military service bonus. The application must be in the
8.31 form and manner specified by the commissioner and must be received at the department
8.32 within two calendar years of the date of graduation.

8.33 Subd. 3. **Verification and award.** The request for payment must be received at
8.34 the department by the end of the second fiscal year following the fiscal year in which

9.1 the student graduated. Upon verification of the qualifying student's course completion
9.2 necessary for graduation and eligibility for the military service bonus, the commissioner
9.3 must issue payment to that person. Payment amounts must be determined according to
9.4 section 120B.08, subdivision 2. Once the original amount of the award has been paid, it
9.5 cannot be renewed.

9.6 **EFFECTIVE DATE.** This section is effective for fiscal year 2012 and later.

9.7 Sec. 10. Minnesota Statutes 2010, section 120B.13, subdivision 4, is amended to read:

9.8 Subd. 4. **Rigorous course taking information; AP, IB, and PSEO.** The
9.9 commissioner shall submit the following information on rigorous course taking to the
9.10 education committees of the legislature each year by February 1:

9.11 (1) the number of pupils enrolled in postsecondary enrollment options under
9.12 section 124D.09, including concurrent enrollment, advanced placement, and international
9.13 baccalaureate courses in each school district;

9.14 (2) the number of teachers in each district attending training programs offered by
9.15 the college board ~~or~~, International Baccalaureate North America, Inc., or Minnesota
9.16 concurrent enrollment programs;

9.17 (3) the number of teachers in each district participating in support programs;

9.18 (4) recent trends in the field of postsecondary enrollment options under section
9.19 124D.09, including concurrent enrollment, advanced placement, and international
9.20 baccalaureate programs;

9.21 (5) expenditures for each category in this section and under sections 124D.09 and
9.22 124D.091; and

9.23 (6) other recommendations for the state program or the postsecondary enrollment
9.24 options under section 124D.09, including concurrent enrollment.

9.25 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
9.26 later.

9.27 Sec. 11. Minnesota Statutes 2010, section 122A.415, subdivision 3, is amended to read:

9.28 Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, school sites,
9.29 or charter schools with approved applications must receive alternative compensation
9.30 revenue for each school year that the district, intermediate school district, school site,
9.31 or charter school implements an alternative teacher professional pay system under this
9.32 subdivision and section 122A.414. For fiscal year 2007 and later, a qualifying district,
9.33 intermediate school district, school site, or charter school that received alternative teacher

10.1 compensation aid for the previous fiscal year must receive at least an amount of alternative
10.2 teacher compensation revenue equal to the lesser of the amount it received for the previous
10.3 fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if
10.4 the district, intermediate school district, school site, or charter school submits a timely
10.5 application and the commissioner determines that the district, intermediate school district,
10.6 school site, or charter school continues to implement an alternative teacher professional
10.7 pay system, consistent with its application under this section.

10.8 (b) The commissioner shall approve applications that comply with subdivision 1,
10.9 and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter
10.10 school, in the order in which they are received, select applicants that qualify for this
10.11 program, notify school districts, intermediate school districts, school sites, and charter
10.12 schools about the program, develop and disseminate application materials, and carry out
10.13 other activities needed to implement this section.

10.14 (c) ~~For applications approved under this section before August 1 of the fiscal year for~~
10.15 ~~which the aid is paid, the portion of the state total basic alternative teacher compensation~~
10.16 ~~aid entitlement allocated to charter schools must not exceed \$522,000 for fiscal year 2006~~
10.17 ~~and \$3,374,000 for fiscal year 2007.~~ For fiscal year 2008 and later, the portion of the state
10.18 total basic alternative teacher compensation aid entitlement allocated to charter schools
10.19 must not exceed the product of \$3,374,000 times the ratio of the state total charter school
10.20 enrollment for the previous fiscal year to the state total charter school enrollment for ~~the~~
10.21 ~~second previous~~ fiscal year 2007. Additional basic alternative teacher compensation aid
10.22 may be approved for charter schools after August 1, not to exceed the charter school limit
10.23 for the following fiscal year, if the basic alternative teacher compensation aid entitlement
10.24 for school districts based on applications approved by August 1 does not expend the
10.25 remaining amount under the limit.

10.26 Sec. 12. Minnesota Statutes 2010, section 123B.92, subdivision 3, is amended to read:

10.27 Subd. 3. **Alternative attendance programs.** (a) A district that enrolls nonresident
10.28 pupils in programs under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68,
10.29 must provide authorized transportation to the pupil within the attendance area for the
10.30 school that the pupil attends at the same level of service that is provided to resident pupils
10.31 within the attendance area. The resident district need not provide or pay for transportation
10.32 between the pupil's residence and the district's border.

10.33 (b) A district may provide transportation to allow a student who attends a high-need
10.34 English language learner program and who resides within the transportation attendance

11.1 area of the program to continue in the program until the student completes the highest
11.2 grade level offered by the program.

11.3 (c) A homeless nonresident pupil enrolled under section 124D.08, subdivision 2a,
11.4 must be provided transportation from the pupil's district of residence to and from the
11.5 school of enrollment.

11.6 Sec. 13. Minnesota Statutes 2010, section 124D.08, is amended by adding a
11.7 subdivision to read:

11.8 Subd. 2a. **Continued enrollment for homeless students.** Notwithstanding
11.9 subdivision 2, a pupil who has been enrolled in a district, who is identified as homeless,
11.10 and whose parent or legal guardian moves to another district, may continue to enroll in
11.11 the nonresident district without the approval of the board of the nonresident district. The
11.12 approval of the board of the pupil's resident district is not required.

11.13 Sec. 14. Minnesota Statutes 2010, section 124D.09, is amended by adding a
11.14 subdivision to read:

11.15 Subd. 5a. **Authorization; career or technical education.** A 10th, 11th, or 12th
11.16 grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant
11.17 school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in
11.18 a district under a cultural exchange program, may enroll in a career or technical education
11.19 course offered by a Minnesota state college or university. A 10th grade pupil applying
11.20 for enrollment in a career or technical education course under this subdivision must
11.21 have received a passing score on the 8th grade Minnesota Comprehensive Assessment
11.22 in reading as a condition of enrollment. A secondary pupil may enroll in their first
11.23 postsecondary options enrollment course under this subdivision. A student who is refused
11.24 enrollment by a Minnesota state college or university under this subdivision, may apply to
11.25 an eligible institution offering a career or technical education course. The postsecondary
11.26 institution must give priority to its students according to subdivision 9. If a secondary
11.27 student receives a grade of "C" or better in the career or technical education course
11.28 taken under this subdivision, the postsecondary institution must allow the student to take
11.29 additional postsecondary courses for secondary credit at that institution, not to exceed the
11.30 limits in subdivision 8. A "career or technical course" is a course that is part of a career
11.31 and technical education program that provides individuals with coherent, rigorous content
11.32 aligned with academic standards and relevant technical knowledge and skills needed
11.33 to prepare for further education and careers in current and emerging professions and

12.1 provide technical skill proficiency, an industry recognized credential, and a certificate,
12.2 diploma, or an associate degree.

12.3 Sec. 15. Minnesota Statutes 2011 Supplement, section 124D.09, subdivision 7, is
12.4 amended to read:

12.5 Subd. 7. **Dissemination of information; notification of intent to enroll.** By March
12.6 1 of each year, a district must provide general information about the program to all pupils
12.7 in grades 8, 9, 10, and 11. To assist the district in planning, a pupil shall inform the district
12.8 by ~~March~~ May 30 of each year of the pupil's intent to enroll in postsecondary courses
12.9 during the following school year. A pupil is ~~not~~ bound by notifying or not notifying the
12.10 district by ~~March~~ May 30.

12.11 Sec. 16. Minnesota Statutes 2010, section 124D.09, subdivision 9, is amended to read:

12.12 Subd. 9. **Enrollment priority.** A postsecondary institution shall give priority to its
12.13 postsecondary students when enrolling 10th, 11th, and 12th grade pupils in its courses.
12.14 A postsecondary institution may provide information about its programs to a secondary
12.15 school or to a pupil or parent, ~~but it may not advertise or otherwise recruit or solicit the~~
12.16 ~~participation of secondary pupils to enroll in its programs on financial grounds and it may~~
12.17 advertise or otherwise recruit or solicit a secondary pupil to enroll in its programs on
12.18 educational and programmatic grounds only. An institution must not enroll secondary
12.19 pupils, for postsecondary enrollment options purposes, in remedial, developmental, or
12.20 other courses that are not college level. Once a pupil has been enrolled in a postsecondary
12.21 course under this section, the pupil shall not be displaced by another student.

12.22 Sec. 17. Minnesota Statutes 2010, section 124D.09, subdivision 12, is amended to read:

12.23 Subd. 12. **Credits.** ~~A pupil may enroll in a course under this section for either~~
12.24 ~~secondary credit or postsecondary credit. At the time a pupil enrolls in a course, the pupil~~
12.25 ~~shall designate whether the course is for secondary or postsecondary credit. A pupil taking~~
12.26 ~~several courses may designate some for secondary credit and some for postsecondary~~
12.27 ~~credit.~~ A pupil must not audit a course under this section.

12.28 A district shall grant academic credit to a pupil enrolled in a course for secondary
12.29 credit if the pupil successfully completes the course. Seven quarter or four semester
12.30 college credits equal at least one full year of high school credit. Fewer college credits may
12.31 be prorated. A district must also grant academic credit to a pupil enrolled in a course for
12.32 postsecondary credit if secondary credit is requested by a pupil. If no comparable course is
12.33 offered by the district, the district must, as soon as possible, notify the commissioner, who

13.1 shall determine the number of credits that shall be granted to a pupil who successfully
13.2 completes a course. If a comparable course is offered by the district, the school board
13.3 shall grant a comparable number of credits to the pupil. If there is a dispute between the
13.4 district and the pupil regarding the number of credits granted for a particular course, the
13.5 pupil may appeal the board's decision to the commissioner. The commissioner's decision
13.6 regarding the number of credits shall be final.

13.7 The secondary credits granted to a pupil must be counted toward the graduation
13.8 requirements and subject area requirements of the district. Evidence of successful
13.9 completion of each course and secondary credits granted must be included in the pupil's
13.10 secondary school record. A pupil shall provide the school with a copy of the pupil's grade
13.11 in each course taken for secondary credit under this section. Upon the request of a pupil,
13.12 the pupil's secondary school record must also include evidence of successful completion
13.13 and credits granted for a course taken for postsecondary credit. In either case, the record
13.14 must indicate that the credits were earned at a postsecondary institution.

13.15 If a pupil enrolls in a postsecondary institution after leaving secondary school, the
13.16 postsecondary institution must award postsecondary credit for any course successfully
13.17 completed for secondary credit at that institution. Other postsecondary institutions may
13.18 award, after a pupil leaves secondary school, postsecondary credit for any courses
13.19 successfully completed under this section. An institution may not charge a pupil for
13.20 the award of credit.

13.21 The Board of Trustees of the Minnesota State Colleges and Universities and
13.22 the Board of Regents of the University of Minnesota must, and private nonprofit and
13.23 proprietary postsecondary institutions should, award postsecondary credit for any
13.24 successfully completed courses in a program certified by the National Alliance of
13.25 Concurrent Enrollment Partnerships offered according to an agreement under subdivision
13.26 10.

13.27 Sec. 18. Minnesota Statutes 2010, section 124D.09, subdivision 22, is amended to read:

13.28 Subd. 22. **Transportation.** (a) A parent or guardian of a pupil enrolled in a course
13.29 for secondary credit may apply to the pupil's district of residence for reimbursement for
13.30 transporting the pupil between the secondary school in which the pupil is enrolled or the
13.31 pupil's home and the postsecondary institution that the pupil attends. The state shall
13.32 provide state aid to a district in an amount sufficient to reimburse the parent or guardian
13.33 for the necessary transportation costs when the family's or guardian's income is at or
13.34 below the poverty level, as determined by the federal government. The reimbursement
13.35 shall be the pupil's actual cost of transportation or 15 cents per mile traveled, whichever

14.1 is less. Reimbursement may not be paid for more than 250 miles per week. However,
14.2 if the nearest postsecondary institution is more than 25 miles from the pupil's resident
14.3 secondary school, the weekly reimbursement may not exceed the reimbursement rate per
14.4 mile times the actual distance between the secondary school or the pupil's home and the
14.5 nearest postsecondary institution times ten. The state must pay aid to the district according
14.6 to this subdivision.

14.7 (b) A parent or guardian of an alternative pupil enrolled in a course for secondary
14.8 credit may apply to the pupil's postsecondary institution for reimbursement for
14.9 transporting the pupil between the secondary school in which the pupil is enrolled or the
14.10 pupil's home and the postsecondary institution in an amount sufficient to reimburse the
14.11 parent or guardian for the necessary transportation costs when the family's or guardian's
14.12 income is at or below the poverty level, as determined by the federal government. The
14.13 amount of the reimbursement shall be determined as in paragraph (a). The state must pay
14.14 aid to the postsecondary institution according to this subdivision.

14.15 Sec. 19. Minnesota Statutes 2010, section 124D.09, subdivision 24, is amended to read:

14.16 Subd. 24. **Limit; state obligation.** The provisions of subdivisions 13, 19, and
14.17 ~~22, and 23~~ shall not apply for any postsecondary courses in which a pupil is enrolled in
14.18 addition to being enrolled full time in that pupil's district or for any postsecondary course
14.19 in which a pupil is enrolled for postsecondary credit. The pupil is enrolled full time if
14.20 the pupil attends credit-bearing classes in the high school or high school program for
14.21 all of the available hours of instruction.

14.22 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
14.23 later.

14.24 Sec. 20. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 8, is
14.25 amended to read:

14.26 Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all
14.27 federal, state, and local health and safety requirements applicable to school districts.

14.28 (b) A school must comply with statewide accountability requirements governing
14.29 standards and assessments in chapter 120B.

14.30 (c) A school authorized by a school board may be located in any district, unless the
14.31 school board of the district of the proposed location disapproves by written resolution.

14.32 (d) A charter school must be nonsectarian in its programs, admission policies,
14.33 employment practices, and all other operations. An authorizer may not authorize a charter
14.34 school or program that is affiliated with a nonpublic sectarian school or a religious

15.1 institution. A charter school student must be released for religious instruction, consistent
15.2 with section 120A.22, subdivision 12, clause (3).

15.3 (e) Charter schools must not be used as a method of providing education or
15.4 generating revenue for students who are being home-schooled. This paragraph does not
15.5 apply to shared time aid, under section 126C.19.

15.6 (f) The primary focus of a charter school must be to provide a comprehensive
15.7 program of instruction for at least one grade or age group from five through 18 years
15.8 of age. Instruction may be provided to people younger than five years and older than
15.9 18 years of age.

15.10 (g) A charter school may not charge tuition.

15.11 (h) A charter school is subject to and must comply with chapter 363A and section
15.12 121A.04.

15.13 (i) A charter school is subject to and must comply with the Pupil Fair Dismissal
15.14 Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee Law, sections
15.15 123B.34 to 123B.39.

15.16 (j) A charter school is subject to the same financial audits, audit procedures, and
15.17 audit requirements as a district. Audits must be conducted in compliance with generally
15.18 accepted governmental auditing standards, the federal Single Audit Act, if applicable,
15.19 and section 6.65. A charter school is subject to and must comply with sections 15.054;
15.20 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and
15.21 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83,
15.22 except to the extent deviations are necessary because of the program at the school.
15.23 Deviations must be approved by the commissioner and authorizer. The Department of
15.24 Education, state auditor, legislative auditor, or authorizer may conduct financial, program,
15.25 or compliance audits. A charter school determined to be in statutory operating debt under
15.26 sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

15.27 (k) A charter school is a district for the purposes of tort liability under chapter 466.

15.28 (l) A charter school must comply with chapters 13 and 13D; and sections 120A.22,
15.29 subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

15.30 (m) A charter school is subject to the Pledge of Allegiance requirement under
15.31 section 121A.11, subdivision 3.

15.32 (n) A charter school offering online courses or programs must comply with section
15.33 124D.095.

15.34 (o) A charter school and charter school board of directors are subject to chapter 181.

16.1 (p) A charter school must comply with section 120A.22, subdivision 7, governing
 16.2 the transfer of students' educational records and sections 138.163 and 138.17 governing
 16.3 the management of local records.

16.4 (q) A charter school that provides early childhood health and developmental
 16.5 screening must comply with sections 121A.16 to 121A.19.

16.6 (r) A charter school that provides school-sponsored youth athletic activities must
 16.7 comply with section 121A.38.

16.8 Sec. 21. Minnesota Statutes 2011 Supplement, section 124D.4531, subdivision 1,
 16.9 is amended to read:

16.10 Subdivision 1. **Career and technical levy.** (a) A district with a career and technical
 16.11 program approved under this section for the fiscal year in which the levy is certified
 16.12 may levy an amount equal to ~~the greater of:~~

16.13 ~~(1) \$80 times the district's average daily membership in grades 9 through 12 for the~~
 16.14 ~~fiscal year in which the levy is certified; or~~

16.15 ~~(2) 35 percent of approved expenditures in the fiscal year in which the levy is~~
 16.16 certified for the following:

16.17 ~~(i) (1) salaries paid to essential, licensed personnel providing direct instructional~~
 16.18 ~~services to students in that fiscal year, including extended contracts, for services rendered~~
 16.19 ~~in the district's approved career and technical education programs;~~

16.20 ~~(ii) (2) contracted services provided by a public or private agency other than a~~
 16.21 ~~Minnesota school district or cooperative center under subdivision 7;~~

16.22 ~~(iii) (3) necessary travel between instructional sites by licensed career and technical~~
 16.23 ~~education personnel;~~

16.24 ~~(iv) (4) necessary travel by licensed career and technical education personnel for~~
 16.25 ~~vocational student organization activities held within the state for instructional purposes;~~

16.26 ~~(v) (5) curriculum development activities that are part of a five-year plan for~~
 16.27 ~~improvement based on program assessment;~~

16.28 ~~(vi) (6) necessary travel by licensed career and technical education personnel for~~
 16.29 ~~noncollegiate credit-bearing professional development; and~~

16.30 ~~(vii) (7) specialized vocational instructional supplies.~~

16.31 (b) Up to ten percent of a district's career and technical levy may be spent on
 16.32 equipment purchases. Districts using the career and technical levy for equipment
 16.33 purchases must report to the department on the improved learning opportunities for
 16.34 students that result from the investment in equipment.

17.1 (c) The district must recognize the full amount of this levy as revenue for the fiscal
17.2 year in which it is certified.

17.3 (d) The amount of the levy certified under this subdivision may not exceed
17.4 \$17,850,000 for taxes payable in 2012, \$15,520,000 for taxes payable in 2013, and
17.5 ~~\$15,545,000~~ \$15,393,000 for taxes payable in 2014.

17.6 (e) If the estimated levy exceeds the amount in paragraph (d), the commissioner
17.7 must reduce the percentage in paragraph (a), clause (2), until the estimated levy no longer
17.8 exceeds the limit in paragraph (d).

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

17.10 Sec. 22. Minnesota Statutes 2010, section 124D.4531, subdivision 3, is amended to
17.11 read:

17.12 Subd. 3. **Levy guarantee.** Notwithstanding subdivision 1, paragraph (a), the career
17.13 and technical education levy for a district is not less than the lesser of:

17.14 (1) the district's career and technical education levy authority for the previous
17.15 fiscal year; or

17.16 (2) 100 percent of the approved expenditures for career and technical programs
17.17 included in subdivision 1, paragraph (b), for the fiscal year in which the levy is certified.

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

17.19 Sec. 23. Minnesota Statutes 2010, section 124D.4531, is amended by adding a
17.20 subdivision to read:

17.21 Subd. 3a. **Levy, pay 2012-2014.** Notwithstanding subdivisions 1 and 3, for taxes
17.22 payable in 2012 to 2014 only, the department must calculate the career and technical levy
17.23 authority for each district according to Minnesota Statutes 2010, section 124D.4531, and
17.24 adjust the levy authority for each district proportionately to meet the statewide levy target
17.25 under subdivision 1, paragraph (d). For purposes of calculating the levy guarantee under
17.26 subdivision 3, the career and technical education levy authority for the previous fiscal year
17.27 is the levy authority according to Minnesota Statutes 2010, section 124D.4531, before
17.28 adjustments to meet the statewide levy target.

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

17.30 Sec. 24. Minnesota Statutes 2010, section 126C.10, subdivision 28, is amended to read:

17.31 Subd. 28. **Equity region.** For the purposes of computing equity revenue under
17.32 subdivision 24, a district ~~whose~~ with its administrative offices on July 1, 1999, is office

18.1 located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County on
18.2 January 1, 2012, is part of the metro equity region. ~~Districts whose administrative offices~~
18.3 ~~on July 1, 1999, are not located in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or~~
18.4 ~~Washington County~~ All other districts are part of the rural equity region.

18.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2013
18.6 and later.

18.7 Sec. 25. Minnesota Statutes 2011 Supplement, section 126C.126, is amended to read:

18.8 **126C.126 REALLOCATING GENERAL EDUCATION REVENUE FOR**
18.9 **ALL-DAY KINDERGARTEN AND PREKINDERGARTEN.**

18.10 ~~(a) In order to provide additional revenue for an optional all-day kindergarten~~
18.11 ~~program, a district may reallocate general education revenue attributable to 12th grade~~
18.12 ~~students who have graduated early under section 120B.07 and who do not participate in~~
18.13 ~~the early graduation achievement scholarship program under section 120B.08 or the early~~
18.14 ~~graduation military service award program under section 120B.09.~~

18.15 ~~(b)~~ A school district may spend general education revenue on extended time
18.16 kindergarten and prekindergarten programs.

18.17 Sec. 26. Minnesota Statutes 2010, section 126C.19, subdivision 2, is amended to read:

18.18 Subd. 2. **Exception.** Notwithstanding subdivision 1, the resident district of a shared
18.19 time pupil attending shared time classes in another district may or a charter school must
18.20 grant the district or charter school of attendance, upon its request, permission to claim
18.21 the pupil as a resident for state aid purposes. In this case, state aid must be paid to the
18.22 district or charter school of attendance ~~and, upon agreement.~~ If the resident district agrees,
18.23 the district of attendance may bill the resident district for any unreimbursed education
18.24 costs, but not for unreimbursed transportation costs. ~~The agreement may, however,~~
18.25 provide resident district and the district or charter school of attendance may negotiate an
18.26 agreement for the resident district to pay the cost of any of the particular transportation
18.27 categories specified in section 123B.92, subdivision 1, and in this case, aid for those
18.28 categories must be paid to the district of residence rather than to the district of attendance.

18.29 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2014
18.30 and later.

18.31 Sec. 27. Minnesota Statutes 2011 Supplement, section 127A.45, subdivision 6a,
18.32 is amended to read:

19.1 Subd. 6a. **Cash flow adjustment.** The board of directors of any charter school
19.2 serving fewer than ~~150~~ 200 students where the percent of students eligible for special
19.3 education services equals at least 90 percent of the charter school's total enrollment may
19.4 request that the commissioner of education accelerate the school's cash flow under this
19.5 section. The commissioner must approve a properly submitted request within 30 days of
19.6 its receipt. The commissioner must accelerate the school's regular special education aid
19.7 payments according to the schedule in the school's request and modify the payments to the
19.8 school under subdivision 3 accordingly. A school must not receive current payments of
19.9 regular special education aid exceeding 90 percent of its estimated aid entitlement for the
19.10 fiscal year. The commissioner must delay the special education aid payments to all other
19.11 school districts and charter schools in proportion to each district or charter school's total
19.12 share of regular special education aid such that the overall aid payment savings from the
19.13 aid payment shift remains unchanged for any fiscal year.

19.14 Sec. 28. Minnesota Statutes 2010, section 127A.47, subdivision 1, is amended to read:

19.15 Subdivision 1. **Aid to serving district.** (a) Unless otherwise specifically provided
19.16 by law, general education aid must be paid according to this subdivision.

19.17 (b) Except as provided in paragraph (c), general education aid must be paid to the
19.18 serving district.

19.19 (c) If the resident district pays tuition for a pupil under section 123A.18, 123A.22,
19.20 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05,
19.21 125A.03 to 125A.24, 125A.51, or 125A.65, general education aid, excluding basic skills
19.22 revenue under section 126C.10, subdivision 4, must be paid to the resident district. For
19.23 a student enrolled under section 124D.08, subdivision 2a, that is enrolled in other than
19.24 an independent or special school district or charter school, the general education revenue
19.25 shall be paid to the resident district.

19.26 Sec. 29. Minnesota Statutes 2010, section 135A.101, subdivision 1, is amended to read:

19.27 Subdivision 1. **Requirements for participation.** To participate in the postsecondary
19.28 enrollment options program, a college or university must abide by the provisions in this
19.29 section. The institution may provide information about its programs to a secondary school
19.30 or to a pupil or parent, ~~but may not recruit or solicit participation on financial grounds and~~
19.31 may recruit or solicit participation on educational and programmatic grounds.

19.32 Sec. 30. Minnesota Statutes 2010, section 471.975, is amended to read:

19.33 **471.975 MAY PAY DIFFERENTIAL OF RESERVE ON ACTIVE DUTY.**

20.1 (a) Except as provided in paragraph (b), a statutory or home rule charter city, county,
20.2 town, or other political subdivision may pay to each eligible member of the National
20.3 Guard or other reserve component of the armed forces of the United States an amount
20.4 equal to the difference between the member's base active duty military salary and the
20.5 salary the member would be paid as an active political subdivision employee, including
20.6 any adjustments the member would have received if not on leave of absence. This
20.7 payment may be made only to a person whose base active duty military salary is less than
20.8 the salary the person would be paid as an active political subdivision employee. Back pay
20.9 authorized by this section may be paid in a lump sum. Payment under this section must
20.10 not extend beyond four years from the date the employee reported for active service, plus
20.11 any additional time the employee may be legally required to serve.

20.12 (b) ~~Subject to the limits under paragraph (g),~~ Each school district shall pay to each
20.13 eligible member of the National Guard or other reserve component of the armed forces
20.14 of the United States an amount equal to the difference between the member's base active
20.15 duty military salary and the salary the member would be paid as an active school district
20.16 employee, including any adjustments the member would have received if not on leave
20.17 of absence. The pay differential must be based on a comparison between the member's
20.18 daily base rate of active duty pay, calculated by dividing the member's base military
20.19 monthly salary by the number of paid days in the month, and the member's daily rate of
20.20 pay for the member's school district salary, calculated by dividing the member's total
20.21 school district salary by the number of contract days. The member's salary as a school
20.22 district employee must include the member's basic salary and any additional salary the
20.23 member earns from the school district for cocurricular and extracurricular activities. The
20.24 differential payment under this paragraph must be the difference between the daily base
20.25 rates of military pay times the number of school district contract days the member misses
20.26 because of military active duty. This payment may be made only to a person whose daily
20.27 base rate of active duty pay is less than the person's daily rate of pay as an active school
20.28 district employee. Payments may be made at the intervals at which the member received
20.29 pay as a school district employee. Payment under this section must not extend beyond
20.30 four years from the date the employee reported for active service, plus any additional time
20.31 the employee may be legally required to serve.

20.32 (c) An eligible member of the reserve components of the armed forces of the United
20.33 States is a reservist or National Guard member who was an employee of a political
20.34 subdivision at the time the member reported for active service on or after May 29, 2003,
20.35 or who is on active service on May 29, 2003.

21.1 (d) Except as provided in paragraph (e) and elsewhere in Minnesota Statutes, a
21.2 statutory or home rule charter city, county, town, or other political subdivision has total
21.3 discretion regarding employee benefit continuation for a member who reports for active
21.4 service and the terms and conditions of any benefit.

21.5 (e) A school district must continue the employee's enrollment in health and dental
21.6 coverage, and the employer contribution toward that coverage, until the employee is
21.7 covered by health and dental coverage provided by the armed forces. If the employee had
21.8 elected dependent coverage for health or dental coverage as of the time that the employee
21.9 reported for active service, a school district must offer the employee the option to continue
21.10 the dependent coverage at the employee's own expense. A school district must permit
21.11 the employee to continue participating in any pretax account in which the employee
21.12 participated when the employee reported for active service, to the extent of employee pay
21.13 available for that purpose.

21.14 (f) For purposes of this section, "active service" has the meaning given in section
21.15 190.05, subdivision 5, but excludes service performed exclusively for purposes of:

21.16 (1) basic combat training, advanced individual training, annual training, and periodic
21.17 inactive duty training;

21.18 (2) special training periodically made available to reserve members; and

21.19 (3) service performed in accordance with section 190.08, subdivision 3.

21.20 ~~(g) A school district making payments under paragraph (b) shall place a sum equal~~
21.21 ~~to any difference between the amount of salary that would have been paid to the employee~~
21.22 ~~who is receiving the payments and the amount of salary being paid to substitutes for~~
21.23 ~~that employee into a special fund that must be used to pay or partially pay the deployed~~
21.24 ~~employee's payments under paragraph (b). A school district is required to pay only this~~
21.25 ~~amount to the deployed school district employee. When an employee of a school district~~
21.26 ~~who as a member of the National Guard or any other reserve unit of the United States~~
21.27 ~~armed forces, reports for active service as defined in section 190.05, subdivision 5, the~~
21.28 ~~district must place into a special service members' aggregate salary savings account the~~
21.29 ~~amount of salary the district would have paid to the employee during the employee's leave~~
21.30 ~~for military service. The district must use the combined proceeds in the account only to~~
21.31 ~~fully pay the salary differentials of all eligible deployed employees in the district, as~~
21.32 ~~determined under paragraph (b). Funds remaining in the account at the end of the fiscal~~
21.33 ~~year after all obligations to employees under this statute have been satisfied may be used~~
21.34 ~~to pay for substitutes for the deployed employees, and then for any other purpose.~~

21.35 **EFFECTIVE DATE.** This section is effective July 1, 2012, for school district
21.36 employees serving in active military duty on or after that date.

22.1 Sec. 31. Laws 2011, First Special Session chapter 11, article 5, section 11, is amended
 22.2 to read:

22.3 Sec. 11. **FUND TRANSFER; FISCAL YEARS 2012 ~~AND 2013~~ THROUGH**
 22.4 **2015 ONLY.**

22.5 (a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal
 22.6 years 2012 ~~and 2013~~ through 2015 only, the commissioner must approve a request for a
 22.7 fund transfer if the transfer does not increase state aid obligations to the district or result in
 22.8 additional property tax authority for the district. This section does not permit transfers
 22.9 from the community service fund or the food service fund.

22.10 (b) A school board may approve a fund transfer under paragraph (a) only after
 22.11 adopting a resolution stating the fund transfer will not diminish instructional opportunities
 22.12 for students.

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

22.14 Sec. 32. **APPROPRIATION.**

22.15 **Subdivision 1. Department of Education.** The sums shown are added to or, if
 22.16 shown in parentheses, subtracted from, the appropriations in Laws 2011, First Special
 22.17 Session chapter 11, or any appropriation that replaces those appropriations, to the
 22.18 Department of Education for the purposes specified. The appropriations are from the
 22.19 general fund, or another named fund, and are available for the fiscal years indicated for
 22.20 each purpose.

22.21 **Subd. 2. General education aid.** For general education aid under Minnesota
 22.22 Statutes, section 126C.13, subdivision 4:

22.23	\$	<u>(311,000)</u>	<u>.....</u>	<u>2012</u>
22.24	\$	<u>(678,000)</u>	<u>.....</u>	<u>2013</u>

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

22.26 Sec. 33. **REVISOR'S INSTRUCTION.**

22.27 In Minnesota Statutes and Rules, the revisor of statutes shall substitute the terms
 22.28 "English learner," "EL," or similar term for "limited English proficient," "English language
 22.29 learner," "LEP," "ELL," or similar term when referring to early childhood through grade 12
 22.30 education. The revisor shall also make grammatical changes related to the changes in term.

22.31 Sec. 34. **REPEALER.**

23.1 (a) Minnesota Statutes 2010, section 124D.09, subdivision 23, is repealed effective
 23.2 for the 2012-2013 school year and later.

23.3 (b) Minnesota Statutes 2010, section 127A.47, subdivision 2, is repealed.

23.4 ARTICLE 2

23.5 EDUCATION EXCELLENCE

23.6 Section 1. Minnesota Statutes 2010, section 120A.22, subdivision 2, is amended to
 23.7 read:

23.8 Subd. 2. **Applicability.** This section and sections 120A.24; 120A.26; ~~120A.28;~~
 23.9 120A.30; 120A.32; and 120A.34 apply only to a child required to receive instruction
 23.10 according to subdivision 5 and to instruction that is intended to fulfill that requirement.

23.11 Sec. 2. Minnesota Statutes 2011 Supplement, section 120B.12, subdivision 2, is
 23.12 amended to read:

23.13 Subd. 2. **Identification; report.** For the 2011-2012 school year and later, each
 23.14 school district shall identify before the end of kindergarten, grade 1, and grade 2 students
 23.15 who are not reading at grade level before the end of the current school year. Reading
 23.16 assessments must identify and evaluate students' areas of academic need related to
 23.17 literacy. The district must use a locally adopted assessment and annually report summary
 23.18 assessment results to the commissioner by ~~June~~ July 1.

23.19 Sec. 3. Minnesota Statutes 2010, section 120B.13, subdivision 1, is amended to read:

23.20 Subdivision 1. **Program structure; training programs for teachers.** ~~(a) The~~
 23.21 ~~advanced placement and international baccalaureate programs are well-established~~
 23.22 ~~academic programs for mature, academically directed high school students. These~~
 23.23 ~~programs, in addition to providing academic rigor, offer sound curricular design,~~
 23.24 ~~accountability, comprehensive external assessment, feedback to students and teachers,~~
 23.25 ~~and the opportunity for high school students to compete academically on a global level.~~
 23.26 ~~Advanced placement and international baccalaureate programs allow students to leave~~
 23.27 ~~high school with the academic skills and self-confidence to succeed in college and~~
 23.28 ~~beyond. The advanced placement and international baccalaureate programs help provide~~
 23.29 ~~Minnesota students with world-class educational opportunity.~~

23.30 ~~(b)~~ Critical to schools' educational success is ongoing advanced
 23.31 placement/international baccalaureate-approved teacher training. A secondary teacher
 23.32 assigned by a district to teach an advanced placement or international baccalaureate course
 23.33 or other interested educator may participate in a training program offered by The College

24.1 Board or International Baccalaureate North America, Inc. The state may pay a portion
24.2 of the tuition, room, board, and out-of-state travel costs a teacher or other interested
24.3 educator incurs in participating in a training program. The commissioner shall determine
24.4 application procedures and deadlines, select teachers and other interested educators to
24.5 participate in the training program, and determine the payment process and amount of the
24.6 subsidy. The procedures determined by the commissioner shall, to the extent possible,
24.7 ensure that advanced placement and international baccalaureate courses become available
24.8 in all parts of the state and that a variety of course offerings are available in school districts.
24.9 This subdivision does not prevent teacher or other interested educator participation in
24.10 training programs offered by The College Board or International Baccalaureate North
24.11 America, Inc., when tuition is paid by a source other than the state.

24.12 Sec. 4. Minnesota Statutes 2011 Supplement, section 120B.30, subdivision 1, is
24.13 amended to read:

24.14 Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts
24.15 with appropriate technical qualifications and experience and stakeholders, consistent with
24.16 subdivision 1a, shall include in the comprehensive assessment system, for each grade
24.17 level to be tested, state-constructed tests developed from and aligned with the state's
24.18 required academic standards under section 120B.021, include multiple choice questions,
24.19 and be administered annually to all students in grades 3 through 8. State-developed high
24.20 school tests aligned with the state's required academic standards under section 120B.021
24.21 and administered to all high school students in a subject other than writing must include
24.22 multiple choice questions. The commissioner shall establish one or more months during
24.23 which schools shall administer the tests to students each school year. For students enrolled
24.24 in grade 8 before the 2005-2006 school year, Minnesota basic skills tests in reading,
24.25 mathematics, and writing shall fulfill students' basic skills testing requirements for a
24.26 passing state notation. The passing scores of basic skills tests in reading and mathematics
24.27 are the equivalent of 75 percent correct for students entering grade 9 based on the
24.28 first uniform test administered in February 1998. Students who have not successfully
24.29 passed a Minnesota basic skills test by the end of the 2011-2012 school year must pass
24.30 the graduation-required assessments for diploma under paragraph (c), except that for
24.31 the 2012-2013 and 2013-2014 school years only, these students may satisfy the state's
24.32 graduation test requirement for math by complying with paragraph (d), clauses (1) and (3).

24.33 (b) The state assessment system must be aligned to the most recent revision of
24.34 academic standards as described in section 120B.023 in the following manner:

24.35 (1) mathematics;

- 25.1 (i) grades 3 through 8 beginning in the 2010-2011 school year; and
- 25.2 (ii) high school level beginning in the 2013-2014 school year;
- 25.3 (2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012
- 25.4 school year; and
- 25.5 (3) language arts and reading; grades 3 through 8 and high school level beginning in
- 25.6 the 2012-2013 school year.
- 25.7 (c) For students enrolled in grade 8 in the 2005-2006 school year and later, only the
- 25.8 following options shall fulfill students' state graduation test requirements:
- 25.9 (1) for reading and mathematics:
- 25.10 (i) obtaining an achievement level equivalent to or greater than proficient as
- 25.11 determined through a standard setting process on the Minnesota comprehensive
- 25.12 assessments in grade 10 for reading and grade 11 for mathematics or achieving a passing
- 25.13 score as determined through a standard setting process on the graduation-required
- 25.14 assessment for diploma in grade 10 for reading and grade 11 for mathematics or
- 25.15 subsequent retests;
- 25.16 (ii) achieving a passing score as determined through a standard setting process on the
- 25.17 state-identified language proficiency test in reading and the mathematics test for English
- 25.18 language learners or the graduation-required assessment for diploma equivalent of those
- 25.19 assessments for students designated as English language learners;
- 25.20 (iii) achieving an individual passing score on the graduation-required assessment for
- 25.21 diploma as determined by appropriate state guidelines for students with an individualized
- 25.22 education program or 504 plan;
- 25.23 (iv) obtaining achievement level equivalent to or greater than proficient as
- 25.24 determined through a standard setting process on the state-identified alternate assessment
- 25.25 or assessments in grade 10 for reading and grade 11 for mathematics for students with
- 25.26 an individualized education program; or
- 25.27 (v) achieving an individual passing score on the state-identified alternate assessment
- 25.28 or assessments as determined by appropriate state guidelines for students with an
- 25.29 individualized education program; and
- 25.30 (2) for writing:
- 25.31 (i) achieving a passing score on the graduation-required assessment for diploma;
- 25.32 (ii) achieving a passing score as determined through a standard setting process on
- 25.33 the state-identified language proficiency test in writing for students designated as English
- 25.34 language learners;

26.1 (iii) achieving an individual passing score on the graduation-required assessment for
26.2 diploma as determined by appropriate state guidelines for students with an individualized
26.3 education program or 504 plan; or

26.4 (iv) achieving an individual passing score on the state-identified alternate assessment
26.5 or assessments as determined by appropriate state guidelines for students with an
26.6 individualized education program.

26.7 (d) Students enrolled in grade 8 in any school year from the 2005-2006 school
26.8 year to the 2009-2010 school year who do not pass the mathematics graduation-required
26.9 assessment for diploma under paragraph (c) are eligible to receive a high school diploma
26.10 if they:

26.11 (1) complete with a passing score or grade all state and local coursework and credits
26.12 required for graduation by the school board granting the students their diploma;

26.13 (2) participate in district-prescribed academic remediation in mathematics; and

26.14 (3) fully participate in at least two retests of the mathematics GRAD test or until
26.15 they pass the mathematics GRAD test, whichever comes first. A school, district, or charter
26.16 school must place on the high school transcript a student's current pass status for each
26.17 subject that has a required graduation assessment.

26.18 In addition, the school board granting the students their diplomas may formally
26.19 decide to include a notation of high achievement on the high school diplomas of those
26.20 graduating seniors who, according to established school board criteria, demonstrate
26.21 exemplary academic achievement during high school.

26.22 (e) The 3rd through 8th grade and high school test results shall be available to
26.23 districts for diagnostic purposes affecting student learning and district instruction and
26.24 curriculum, and for establishing educational accountability. The commissioner must
26.25 disseminate to the public the high school test results upon receiving those results.

26.26 (f) The 3rd through 8th grade and high school tests must be aligned with state
26.27 academic standards. The commissioner shall determine the testing process and the order
26.28 of administration. The statewide results shall be aggregated at the site and district level,
26.29 consistent with subdivision 1a.

26.30 (g) In addition to the testing and reporting requirements under this section, the
26.31 commissioner shall include the following components in the statewide public reporting
26.32 system:

26.33 (1) uniform statewide testing of all students in grades 3 through 8 and at the high
26.34 school level that provides appropriate, technically sound accommodations or alternate
26.35 assessments;

27.1 (2) educational indicators that can be aggregated and compared across school
27.2 districts and across time on a statewide basis, including average daily attendance, high
27.3 school graduation rates, and high school drop-out rates by age and grade level;

27.4 (3) state results on the American College Test; and

27.5 (4) state results from participation in the National Assessment of Educational
27.6 Progress so that the state can benchmark its performance against the nation and other
27.7 states, and, where possible, against other countries, and contribute to the national effort
27.8 to monitor achievement.

27.9 Sec. 5. Minnesota Statutes 2011 Supplement, section 122A.40, subdivision 5, is
27.10 amended to read:

27.11 Subd. 5. **Probationary period.** (a) The first three consecutive years of a teacher's
27.12 first teaching experience in Minnesota in a single district is deemed to be a probationary
27.13 period of employment, and, the probationary period in each district in which the teacher is
27.14 thereafter employed shall be one year. The school board must adopt a plan for written
27.15 evaluation of teachers during the probationary period that is consistent with subdivision
27.16 8. Evaluation must occur at least three times periodically throughout each school year
27.17 for a teacher performing services during that school year; the first evaluation must occur
27.18 within the first 90 days of teaching service. Days devoted to parent-teacher conferences,
27.19 teachers' workshops, and other staff development opportunities and days on which a
27.20 teacher is absent from school must not be included in determining the number of school
27.21 days on which a teacher performs services. Except as otherwise provided in paragraph (b),
27.22 during the probationary period any annual contract with any teacher may or may not be
27.23 renewed as the school board shall see fit. However, the board must give any such teacher
27.24 whose contract it declines to renew for the following school year written notice to that
27.25 effect before ~~June~~ July 1. If the teacher requests reasons for any nonrenewal of a teaching
27.26 contract, the board must give the teacher its reason in writing, including a statement
27.27 that appropriate supervision was furnished describing the nature and the extent of such
27.28 supervision furnished the teacher during the employment by the board, within ten days
27.29 after receiving such request. The school board may, after a hearing held upon due notice,
27.30 discharge a teacher during the probationary period for cause, effective immediately,
27.31 under section 122A.44.

27.32 (b) A board must discharge a probationary teacher, effective immediately, upon
27.33 receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's
27.34 license has been revoked due to a conviction for child abuse or sexual abuse.

28.1 (c) A probationary teacher whose first three years of consecutive employment are
 28.2 interrupted for active military service and who promptly resumes teaching consistent with
 28.3 federal reemployment timelines for uniformed service personnel under United States
 28.4 Code, title 38, section 4312(e), is considered to have a consecutive teaching experience
 28.5 for purposes of paragraph (a).

28.6 (d) A probationary teacher must complete at least 120 days of teaching service each
 28.7 year during the probationary period. Days devoted to parent-teacher conferences, teachers'
 28.8 workshops, and other staff development opportunities and days on which a teacher is
 28.9 absent from school do not count as days of teaching service under this paragraph.

28.10 **EFFECTIVE DATE.** This section is effective for the 2012-2013 school year and
 28.11 later.

28.12 Sec. 6. Minnesota Statutes 2010, section 122A.40, subdivision 13, is amended to read:

28.13 Subd. 13. **Immediate discharge.** (a) Except as otherwise provided in paragraph
 28.14 (b), a board may discharge a continuing-contract teacher, effective immediately, upon any
 28.15 of the following grounds:

28.16 (1) immoral conduct, insubordination, or conviction of a felony;

28.17 (2) conduct unbecoming a teacher which requires the immediate removal of the
 28.18 teacher from classroom or other duties;

28.19 (3) failure without justifiable cause to teach without first securing the written release
 28.20 of the school board;

28.21 (4) gross inefficiency which the teacher has failed to correct after reasonable written
 28.22 notice;

28.23 (5) willful neglect of duty; or

28.24 (6) continuing physical or mental disability subsequent to a 12 months leave of
 28.25 absence and inability to qualify for reinstatement in accordance with subdivision 12.

28.26 For purposes of this paragraph, conduct unbecoming a teacher includes an unfair
 28.27 discriminatory practice described in section 363A.13.

28.28 Prior to discharging a teacher under this paragraph, the board must notify the
 28.29 teacher in writing and state its ground for the proposed discharge in reasonable detail.
 28.30 Within ten days after receipt of this notification the teacher may make a written request
 28.31 for a hearing before the board and it shall be granted before final action is taken. The
 28.32 board may, ~~however,~~ suspend a teacher with pay pending the conclusion of ~~such the~~
 28.33 hearing and determination of the issues raised in the hearing after charges have been
 28.34 filed which constitute ground for discharge. If a teacher has been charged with a felony
 28.35 and the underlying conduct that is the subject of the felony charge is a ground for a

29.1 proposed immediate discharge, the suspension pending the conclusion of the hearing and
29.2 determination of the issues may be without pay. If a hearing under this paragraph is held,
29.3 the board must reimburse the teacher for any salary or compensation withheld if the
29.4 final decision of the board or the arbitrator does not result in a penalty to or suspension,
29.5 termination, or discharge of the teacher.

29.6 (b) A board must discharge a continuing-contract teacher, effective immediately,
29.7 upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the
29.8 teacher's license has been revoked due to a conviction for child abuse or sexual abuse.

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

29.10 Sec. 7. Minnesota Statutes 2010, section 123B.04, is amended to read:

29.11 **123B.04 SITE DECISION-MAKING; INDIVIDUALIZED LEARNING**
29.12 **AGREEMENT; OTHER AGREEMENTS.**

29.13 Subdivision 1. **Definition.** "Education site" means a separate facility. A program
29.14 within a facility or within a district is an education site if the school board recognizes it
29.15 as a site.

29.16 **Subd. 1a. Individualized learning and instruction; improved student**
29.17 **achievement.** To promote individualized learning and instruction and improve student
29.18 achievement under subdivisions 4 and 4a, a participating school board under this section
29.19 may consider how to:

29.20 (1) assist a school site to adapt instruction to the needs and aptitudes of individual
29.21 students, and establish goals and standards for individual students in addition to the state
29.22 academic standards applicable to all students;

29.23 (2) coordinate the pace of instruction and learning with the needs and aptitudes of
29.24 individual students at a school site;

29.25 (3) provide useful data and assist with research in developing and improving
29.26 innovative, cost-effective, research-based individualized learning, instruction, and
29.27 assessment under this section and section 124D.10;

29.28 (4) demonstrate and help evaluate instructional alternatives to age-based grade
29.29 progression;

29.30 (5) more effectively motivate students and teachers; and

29.31 (6) expand use of learning technology to support individualized learning, instruction,
29.32 assessment, and achievement.

30.1 Subd. 2. **Agreement.** (a) The school board and a school site may enter into an
30.2 agreement under this section solely to develop and implement an individualized learning
30.3 and achievement contract under subdivision 4.

30.4 ~~(a)~~ (b) Upon the request of 60 percent of the licensed employees of a site or a school
30.5 site decision-making team, the school board shall enter into discussions to reach an
30.6 agreement concerning the governance, management, or control of the school. A school
30.7 site decision-making team may include the school principal, teachers in the school or
30.8 their designee, other employees in the school, representatives of pupils in the school, or
30.9 other members in the community. A school site decision-making team must include at
30.10 least one parent of a pupil in the school. For purposes of formation of a new site, a school
30.11 site decision-making team may be a team of teachers that is recognized by the board as
30.12 a site. The school site decision-making team shall include the school principal or other
30.13 person having general control and supervision of the school. The site decision-making
30.14 team must reflect the diversity of the education site. At least one-half of the members
30.15 shall be employees of the district, unless an employee is the parent of a student enrolled
30.16 in the school site, in which case the employee may elect to serve as a parent member of
30.17 the site team.

30.18 ~~(b)~~ (c) School site decision-making agreements must delegate powers, duties, and
30.19 broad management responsibilities to site teams and involve staff members, students as
30.20 appropriate, and parents in decision making.

30.21 ~~(c)~~ (d) An agreement shall include a statement of powers, duties, responsibilities,
30.22 and authority to be delegated to and within the site.

30.23 ~~(d)~~ (e) An agreement may include:

30.24 (1) an achievement contract according to subdivision 4;

30.25 (2) a mechanism to allow principals, a site leadership team, or other persons having
30.26 general control and supervision of the school, to make decisions regarding how financial
30.27 and personnel resources are best allocated at the site and from whom goods or services
30.28 are purchased;

30.29 (3) a mechanism to implement parental involvement programs under section
30.30 124D.895 and to provide for effective parental communication and feedback on this
30.31 involvement at the site level;

30.32 (4) a provision that would allow the team to determine who is hired into licensed
30.33 and nonlicensed positions;

30.34 (5) a provision that would allow teachers to choose the principal or other person
30.35 having general control;

30.36 (6) an amount of revenue allocated to the site under subdivision 3; and

31.1 (7) any other powers and duties determined appropriate by the board.

31.2 The school board of the district remains the legal employer under clauses (4) and (5).

31.3 ~~(e)~~ (f) Any powers or duties not delegated to the school site management team in the
31.4 school site management agreement shall remain with the school board.

31.5 ~~(f)~~ (g) Approved agreements shall be filed with the commissioner. If a school board
31.6 denies a request or the school site and school board fail to reach an agreement to enter
31.7 into a school site management agreement, the school board shall provide a copy of the
31.8 request and the reasons for its denial to the commissioner.

31.9 ~~(g)~~ (h) A site decision-making grant program is established, consistent with this
31.10 subdivision, to allow sites to implement an agreement that at least:

31.11 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable
31.12 to the students at that site;

31.13 (2) includes a provision, consistent with current law and the collective bargaining
31.14 agreement in effect, that allows the site team to decide who is selected from within the
31.15 district for licensed and nonlicensed positions at the site and to make staff assignments
31.16 in the site; and

31.17 (3) includes a completed performance agreement under subdivision 4.

31.18 The commissioner shall establish the form and manner of the application for a grant
31.19 and annually, at the end of each fiscal year, report to the house of representatives and
31.20 senate committees having jurisdiction over education on the progress of the program.

31.21 Subd. 3. **Revenue and cost allocation.** Revenue for a fiscal year received or
31.22 receivable by the district shall be allocated to education sites based on the agreement
31.23 between the school board and the site decision-making team. Revenue shall remain
31.24 allocated to each site until used by the site. The site teams and the board may enter an
31.25 agreement that permits the district to provide services and retain the revenue required to
31.26 pay for the services provided. The district remains responsible for legally entering into
31.27 contracts and expending funds. For the purposes of this subdivision, "allocation" means
31.28 that the determination of the use of the revenue shall be under the control of the site. The
31.29 district may charge the accounts of each site the actual costs of goods and services from
31.30 the general or capital funds attributable to the site.

31.31 Subd. 4. **Achievement contract.** A school board may enter a written education
31.32 site achievement contract with each site decision-making team for ~~the purpose of:~~ (1)
31.33 setting individualized learning performance expectations and achievement measures and
31.34 short- and long-term educational goals for each student at that site, including the goals
31.35 for improvement in each area of; (2) recognizing each student's educational needs and
31.36 aptitudes and levels of academic attainment, whether on grade level or above or below

32.1 grade level, so as to improve student performance through such means as a cost-effective,
 32.2 research-based formative assessment system designed to promote individualized learning
 32.3 and assessment; (3) using student performance data to diagnose a student's academic
 32.4 strengths and weaknesses and indicate to the student's teachers the specific skills and
 32.5 concepts that need to be introduced to the student and developed through academic
 32.6 instruction or applied learning, organized by strands within subject areas and linked to
 32.7 state and local academic standards during the next year, a plan to assist consistent with
 32.8 the student's short- and long-term educational goals; and (4) assisting the education site
 32.9 if their progress in achieving student or contract goals are not achieved, and or other
 32.10 performance expectations and or measures determined agreed to by the board and the site
 32.11 decision-making team are not realized or implemented.

32.12 **Subd. 4a. Additional site agreements premised on successful achievement**
 32.13 **contracts.** A school board that enters into a written education achievement contract with a
 32.14 school site under subdivision 4 where the student performance data at the site demonstrate
 32.15 at least three consecutive school years of improved student achievement consistent with
 32.16 the terms of the achievement contract may seek to establish a similar achievement contract
 32.17 with other school sites in the district.

32.18 **Subd. 5. Commissioner's role.** The commissioner of education, in consultation
 32.19 with appropriate educational organizations, shall:

32.20 (1) upon request, provide technical support for districts and sites with agreements
 32.21 under this section;

32.22 (2) conduct and compile research on the effectiveness of site decision making; and

32.23 (3) periodically report on and evaluate the effectiveness of site management
 32.24 agreements on a statewide basis.

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

32.26 Sec. 8. Minnesota Statutes 2011 Supplement, section 123B.147, subdivision 3, is
 32.27 amended to read:

32.28 **Subd. 3. Duties; evaluation.** (a) The principal shall provide administrative,
 32.29 supervisory, and instructional leadership services, under the supervision of the
 32.30 superintendent of schools of the district and according to the policies, rules, and
 32.31 regulations of the school board, for the planning, management, operation, and evaluation
 32.32 of the education program of the building or buildings to which the principal is assigned.

32.33 (b) To enhance a principal's leadership skills and support and improve teaching
 32.34 practices, school performance, and student achievement, a district must develop and
 32.35 implement a performance-based system for annually evaluating school principals assigned

33.1 to supervise a school building within the district. The evaluation must be designed
33.2 to improve teaching and learning by supporting the principal in shaping the school's
33.3 professional environment and developing teacher quality, performance, and effectiveness.

33.4 The annual evaluation must:

33.5 (1) support and improve a principal's instructional leadership, organizational
33.6 management, and professional development, and strengthen the principal's capacity in the
33.7 areas of instruction, supervision, evaluation, and teacher development;

33.8 (2) include formative and summative evaluations;

33.9 (3) be consistent with a principal's job description, a district's long-term plans and
33.10 goals, and the principal's own professional multiyear growth plans and goals, all of which
33.11 must support the principal's leadership behaviors and practices, rigorous curriculum,
33.12 school performance, and high-quality instruction;

33.13 (4) include on-the-job observations and previous evaluations;

33.14 (5) allow surveys to help identify a principal's effectiveness, leadership skills and
33.15 processes, and strengths and weaknesses in exercising leadership in pursuit of school
33.16 success;

33.17 (6) use longitudinal data on student academic growth as ~~an~~ 35 percent of the
33.18 evaluation ~~component~~ and incorporate district achievement goals and targets;

33.19 (7) be linked to professional development that emphasizes improved teaching and
33.20 learning, curriculum and instruction, student learning, and a collaborative professional
33.21 culture; and

33.22 (8) for principals not meeting standards of professional practice or other criteria
33.23 under this subdivision, implement a plan to improve the principal's performance and
33.24 specify the procedure and consequence if the principal's performance is not improved.

33.25 The provisions of this paragraph are intended to provide districts with sufficient
33.26 flexibility to accommodate district needs and goals related to developing, supporting,
33.27 and evaluating principals.

33.28 **EFFECTIVE DATE.** This section is effective for the 2013-2014 school year and
33.29 later.

33.30 Sec. 9. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 3, is
33.31 amended to read:

33.32 Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this
33.33 subdivision have the meanings given them.

34.1 "Application" to receive approval as an authorizer means the proposal an eligible
34.2 authorizer submits to the commissioner under paragraph (c) before that authorizer is able
34.3 to submit any affidavit to charter to a school.

34.4 "Application" under subdivision 4 means the charter school business plan a
34.5 school developer submits to an authorizer for approval to establish a charter school that
34.6 documents the school developer's mission statement, school purposes, program design,
34.7 financial plan, governance and management structure, and background and experience,
34.8 plus any other information the authorizer requests. The application also shall include a
34.9 "statement of assurances" of legal compliance prescribed by the commissioner.

34.10 "Affidavit" means a written statement the authorizer submits to the commissioner
34.11 for approval to establish a charter school under subdivision 4 attesting to its review and
34.12 approval process before chartering a school.

34.13 (b) The following organizations may authorize one or more charter schools:

34.14 (1) a school board; intermediate school district school board; education district
34.15 organized under sections 123A.15 to 123A.19;

34.16 (2) a charitable organization under section 501(c)(3) of the Internal Revenue Code
34.17 of 1986, excluding a nonpublic sectarian or religious institution, any person other than a
34.18 natural person that directly or indirectly, through one or more intermediaries, controls,
34.19 is controlled by, or is under common control with the nonpublic sectarian or religious
34.20 institution, and any other charitable organization under this clause that in the federal IRS
34.21 Form 1023, Part IV, describes activities indicating a religious purpose, that:

34.22 (i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on
34.23 Foundations;

34.24 (ii) is registered with the attorney general's office; and

34.25 (iii) is incorporated in the state of Minnesota and has been operating continuously
34.26 for at least five years but does not operate a charter school;

34.27 (3) a Minnesota private college, notwithstanding clause (2), that grants two- or
34.28 four-year degrees and is registered with the Minnesota Office of Higher Education under
34.29 chapter 136A; community college, state university, or technical college governed by the
34.30 Board of Trustees of the Minnesota State Colleges and Universities; or the University
34.31 of Minnesota;

34.32 (4) a nonprofit corporation subject to chapter 317A, described in section 317A.905,
34.33 and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code
34.34 of 1986, may authorize one or more charter schools if the charter school has operated
34.35 for at least three years under a different authorizer and if the nonprofit corporation has
34.36 existed for at least 25 years; or

35.1 (5) single-purpose authorizers that are charitable, nonsectarian organizations formed
35.2 under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state
35.3 of Minnesota whose sole purpose is to charter schools. Eligible organizations interested
35.4 in being approved as an authorizer under this paragraph must submit a proposal to the
35.5 commissioner that includes the provisions of paragraph (c) and a five-year financial plan.
35.6 Such authorizers shall consider and approve applications using the criteria provided in
35.7 subdivision 4 and shall not limit the applications it solicits, considers, or approves to any
35.8 single curriculum, learning program, or method.

35.9 (c) An eligible authorizer under this subdivision must apply to the commissioner for
35.10 approval as an authorizer before submitting any affidavit to the commissioner to charter
35.11 a school. The application for approval as a charter school authorizer must demonstrate
35.12 the applicant's ability to implement the procedures and satisfy the criteria for chartering a
35.13 school under this section. The commissioner must approve or disapprove an application
35.14 within 45 business days of the application deadline. If the commissioner disapproves
35.15 the application, the commissioner must notify the applicant of the specific deficiencies
35.16 in writing and the applicant then has 20 business days to address the deficiencies to the
35.17 commissioner's satisfaction. After the 20 business days expire, the commissioner has 15
35.18 business days to make a final decision to approve or disapprove the application. Failing to
35.19 address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to
35.20 be an authorizer. The commissioner, in establishing criteria for approval, must consider
35.21 the applicant's:

- 35.22 (1) capacity and infrastructure;
- 35.23 (2) application criteria and process;
- 35.24 (3) contracting process;
- 35.25 (4) ongoing oversight and evaluation processes; and
- 35.26 (5) renewal criteria and processes.

35.27 (d) An applicant must include in its application to the commissioner to be an
35.28 approved authorizer at least the following:

- 35.29 (1) how chartering schools is a way for the organization to carry out its mission;
- 35.30 (2) a description of the capacity of the organization to serve as an authorizer,
35.31 including the personnel who will perform the authorizing duties, their qualifications, the
35.32 amount of time they will be assigned to this responsibility, and the financial resources
35.33 allocated by the organization to this responsibility;
- 35.34 (3) a description of the application and review process the authorizer will use to
35.35 make decisions regarding the granting of charters;

36.1 (4) a description of the type of contract it will arrange with the schools it charters
36.2 that meets the provisions of subdivision 6;

36.3 (5) the process to be used for providing ongoing oversight of the school consistent
36.4 with the contract expectations specified in clause (4) that assures that the schools chartered
36.5 are complying with both the provisions of applicable law and rules, and with the contract;

36.6 (6) a description of the criteria and process the authorizer will use to grant expanded
36.7 applications under subdivision 4, paragraph (j);

36.8 (7) the process for making decisions regarding the renewal or termination of
36.9 the school's charter based on evidence that demonstrates the academic, organizational,
36.10 and financial competency of the school, including its success in increasing student
36.11 achievement and meeting the goals of the charter school agreement; and

36.12 (8) an assurance specifying that the organization is committed to serving as an
36.13 authorizer for the full five-year term.

36.14 (e) A disapproved applicant under this section may resubmit an application during a
36.15 future application period.

36.16 (f) If the governing board of an approved authorizer ~~that has chartered multiple~~
36.17 ~~schools~~ votes to withdraw as an approved authorizer for a reason unrelated to any
36.18 cause under subdivision 23, the authorizer must notify all its chartered schools and the
36.19 commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in
36.20 the next calendar year. The commissioner may approve the transfer of a charter school
36.21 to a new authorizer under this paragraph after the new authorizer submits an affidavit to
36.22 the commissioner.

36.23 (g) The authorizer must participate in department-approved training.

36.24 (h) An authorizer that chartered a school before August 1, 2009, must apply by
36.25 June 30, 2012, to the commissioner for approval, under paragraph (c), to continue as an
36.26 authorizer under this section. For purposes of this paragraph, an authorizer that fails to
36.27 submit a timely application is ineligible to charter a school.

36.28 (i) The commissioner shall review an authorizer's performance every five years in
36.29 a manner and form determined by the commissioner and may review an authorizer's
36.30 performance more frequently at the commissioner's own initiative or at the request of a
36.31 charter school operator, charter school board member, or other interested party. The
36.32 commissioner, after completing the review, shall transmit a report with findings to the
36.33 authorizer. If, consistent with this section, the commissioner finds that an authorizer has
36.34 not fulfilled the requirements of this section, the commissioner may subject the authorizer
36.35 to corrective action, which may include terminating the contract with the charter school
36.36 board of directors of a school it chartered. The commissioner must notify the authorizer

37.1 in writing of any findings that may subject the authorizer to corrective action and
37.2 the authorizer then has 15 business days to request an informal hearing before the
37.3 commissioner takes corrective action. If the commissioner terminates a contract between
37.4 an authorizer and a charter school under this paragraph, the commissioner may assist the
37.5 charter school in acquiring a new authorizer.

37.6 (j) The commissioner may at any time take corrective action against an authorizer,
37.7 including terminating an authorizer's ability to charter a school for:

37.8 (1) failing to demonstrate the criteria under paragraph (c) under which the
37.9 commissioner approved the authorizer;

37.10 (2) violating a term of the chartering contract between the authorizer and the charter
37.11 school board of directors;

37.12 (3) unsatisfactory performance as an approved authorizer; or

37.13 (4) any good cause shown that provides the commissioner a legally sufficient reason
37.14 to take corrective action against an authorizer.

37.15 Sec. 10. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 4, is
37.16 amended to read:

37.17 Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from
37.18 a school developer, may charter a licensed teacher under section 122A.18, subdivision
37.19 1, or a group of individuals that includes one or more licensed teachers under section
37.20 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the
37.21 authorizer's affidavit under paragraph (b). The school must be organized and operated as a
37.22 nonprofit corporation under chapter 317A and the provisions under the applicable chapter
37.23 shall apply to the school except as provided in this section.

37.24 Notwithstanding sections 465.717 and 465.719, a school district, subject to this
37.25 section and section 124D.11, may create a corporation for the purpose of establishing a
37.26 charter school.

37.27 (b) Before the operators may establish and operate a school, the authorizer must file
37.28 an affidavit with the commissioner stating its intent to charter a school. An authorizer
37.29 must file a separate affidavit for each school it intends to charter. The affidavit must
37.30 state the terms and conditions under which the authorizer would charter a school and
37.31 how the authorizer intends to oversee the fiscal and student performance of the charter
37.32 school and to comply with the terms of the written contract between the authorizer
37.33 and the charter school board of directors under subdivision 6. The commissioner must
37.34 approve or disapprove the authorizer's affidavit within 60 business days of receipt of the
37.35 affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify

38.1 the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business
38.2 days to address the deficiencies. If the authorizer does not address deficiencies to the
38.3 commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain
38.4 commissioner approval precludes an authorizer from chartering the school that is the
38.5 subject of this affidavit.

38.6 (c) The authorizer may prevent an approved charter school from opening for
38.7 operation if, among other grounds, the charter school violates this section or does not meet
38.8 the ready-to-open standards that are part of the authorizer's oversight and evaluation
38.9 process or are stipulated in the charter school contract.

38.10 (d) The operators authorized to organize and operate a school, before entering into a
38.11 contract or other agreement for professional or other services, goods, or facilities, must
38.12 incorporate as a nonprofit corporation under chapter 317A and must establish a board of
38.13 directors composed of at least five members who are not related parties until a timely
38.14 election for members of the ongoing charter school board of directors is held according to
38.15 the school's articles and bylaws under paragraph (f). A charter school board of directors
38.16 must be composed of at least five members who are not related parties. Staff members
38.17 employed at the school, including teachers providing instruction under a contract with a
38.18 cooperative, and all parents or legal guardians of children enrolled in the school are the
38.19 voters eligible to elect the members of the school's board of directors. A charter school
38.20 must notify eligible voters of the school board election dates at least 30 days before the
38.21 election. Board of director meetings must comply with chapter 13D.

38.22 (e) ~~Upon the request of an individual, the charter school must make available~~
38.23 ~~in a timely fashion~~ A charter school shall publish and maintain on the school's official
38.24 Web site: (1) the minutes of meetings of the board of directors, and of members and
38.25 committees having any board-delegated authority; for at least one calendar year from the
38.26 date of publication; (2) directory information for members of the board of directors and
38.27 committees having board-delegated authority; and (3) identifying and contact information
38.28 for the school's authorizer. Identifying and contact information for the school's authorizer
38.29 must be included in other school materials made available to the public. Upon request of
38.30 an individual, the charter school must also make available in a timely fashion financial
38.31 statements showing all operations and transactions affecting income, surplus, and deficit
38.32 during the school's last annual accounting period; and a balance sheet summarizing assets
38.33 and liabilities on the closing date of the accounting period. A charter school also must post
38.34 on its official Web site information identifying its authorizer and indicate how to contact
38.35 that authorizer and include that same information about its authorizer in other school
38.36 materials that it makes available to the public.

39.1 (f) Every charter school board member shall attend ~~department-approved~~ ongoing
39.2 training throughout the member's term on board governance, including training on
39.3 the board's role and responsibilities, employment policies and practices, and financial
39.4 management. A board member who does not begin the required initial training within six
39.5 months after being seated and complete that training within 12 months of being seated on
39.6 the board is ineligible to continue to serve as a board member. The school shall include in
39.7 its annual report the training attended by each board member during the previous year.

39.8 (g) The ongoing board must be elected before the school completes its third year of
39.9 operation. Board elections must be held during the school year but may not be conducted
39.10 on days when the school is closed for holidays or vacations. The charter school board of
39.11 directors shall be composed of at least five nonrelated members and include: (i) at least one
39.12 licensed teacher employed at the school or a licensed teacher providing instruction under
39.13 contract between the charter school and a cooperative; (ii) the parent or legal guardian
39.14 of a student enrolled in the charter school who is not an employee of the charter school;
39.15 and (iii) an interested community member who is not employed by the charter school and
39.16 does not have a child enrolled in the school. The board may be a teacher majority board
39.17 composed of teachers described in this paragraph. The chief financial officer and the chief
39.18 administrator may only serve as ex-officio nonvoting board members and may not serve
39.19 as a voting member of the board. Charter school employees shall not serve on the board
39.20 unless item (i) applies. Contractors providing facilities, goods, or services to a charter
39.21 school shall not serve on the board of directors of the charter school. Board bylaws shall
39.22 outline the process and procedures for changing the board's governance model, consistent
39.23 with chapter 317A. A board may change its governance model only:

39.24 (1) by a majority vote of the board of directors and the licensed teachers employed
39.25 by the school, including licensed teachers providing instruction under a contract between
39.26 the school and a cooperative; and

39.27 (2) with the authorizer's approval.

39.28 Any change in board governance must conform with the board structure established
39.29 under this paragraph.

39.30 (h) The granting or renewal of a charter by an authorizer must not be conditioned
39.31 upon the bargaining unit status of the employees of the school.

39.32 (i) The granting or renewal of a charter school by an authorizer must not be
39.33 contingent on the charter school being required to contract, lease, or purchase services
39.34 from the authorizer. Any potential contract, lease, or purchase of service from an
39.35 authorizer must be disclosed to the commissioner, accepted through an open bidding
39.36 process, and be a separate contract from the charter contract. The school must document

40.1 the open bidding process. An authorizer must not enter into a contract to provide
40.2 management and financial services for a school that it authorizes, unless the school
40.3 documents that it received at least two competitive bids.

40.4 (j) An authorizer may permit the board of directors of a charter school to expand
40.5 the operation of the charter school to additional sites or to add additional grades at the
40.6 school beyond those described in the authorizer's original affidavit as approved by
40.7 the commissioner only after submitting a supplemental affidavit for approval to the
40.8 commissioner in a form and manner prescribed by the commissioner. The supplemental
40.9 affidavit must document that:

40.10 (1) the proposed expansion plan demonstrates need and projected enrollment;

40.11 (2) the expansion is warranted, at a minimum, by longitudinal data demonstrating
40.12 students' improved academic performance and growth on statewide assessments under
40.13 chapter 120B;

40.14 (3) the charter school is financially sound and the financing it needs to implement
40.15 the proposed expansion exists; and

40.16 (4) the charter school has the governance structure and management capacity to
40.17 carry out its expansion.

40.18 (k) The commissioner shall have 30 business days to review and comment on the
40.19 supplemental affidavit. The commissioner shall notify the authorizer of any deficiencies in
40.20 the supplemental affidavit and the authorizer then has 20 business days to address, to the
40.21 commissioner's satisfaction, any deficiencies in the supplemental affidavit. The school
40.22 may not expand grades or add sites until the commissioner has approved the supplemental
40.23 affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

40.24 Sec. 11. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 6, is
40.25 amended to read:

40.26 Subd. 6. **Charter contract.** The authorization for a charter school must be in the
40.27 form of a written contract signed by the authorizer and the board of directors of the charter
40.28 school. The contract must be completed within 45 business days of the commissioner's
40.29 approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a
40.30 copy of the signed charter contract within ten business days of its execution. The contract
40.31 for a charter school must be in writing and contain at least the following:

40.32 (1) a declaration of the purposes in subdivision 1 that the school intends to carry out
40.33 and how the school will report its implementation of those purposes;

40.34 (2) a description of the school program and the specific academic and nonacademic
40.35 outcomes that pupils must achieve;

- 41.1 (3) a statement of admission policies and procedures;
- 41.2 (4) a governance, management, and administration plan for the school;
- 41.3 (5) signed agreements from charter school board members to comply with all
41.4 federal and state laws governing organizational, programmatic, and financial requirements
41.5 applicable to charter schools;
- 41.6 (6) the criteria, processes, and procedures that the authorizer will use for ongoing
41.7 oversight of operational, financial, and academic performance;
- 41.8 (7) the performance evaluation that is a prerequisite for reviewing a charter contract
41.9 under subdivision 15;
- 41.10 (8) types and amounts of insurance liability coverage to be obtained by the charter
41.11 school;
- 41.12 (9) consistent with subdivision 25, paragraph (d), a provision to indemnify and hold
41.13 harmless the authorizer and its officers, agents, and employees from any suit, claim,
41.14 or liability arising from any operation of the charter school, and the commissioner and
41.15 department officers, agents, and employees notwithstanding section 3.736;
- 41.16 (10) the term of the initial contract, which may be up to ~~three~~ five years plus an
41.17 additional preoperational planning year, and up to five years for a renewed contract or a
41.18 contract with a new authorizer after a transfer of authorizers, if warranted by the school's
41.19 academic, financial, and operational performance;
- 41.20 (11) how the board of directors or the operators of the charter school will provide
41.21 special instruction and services for children with a disability under sections 125A.03
41.22 to 125A.24, and 125A.65, a description of the financial parameters within which the
41.23 charter school will operate to provide the special instruction and services to children
41.24 with a disability;
- 41.25 (12) the process and criteria the authorizer intends to use to monitor and evaluate the
41.26 fiscal and student performance of the charter school, consistent with subdivision 15; and
- 41.27 (13) the plan for an orderly closing of the school under chapter 317A, if the closure
41.28 is a termination for cause, a voluntary termination, or a nonrenewal of the contract, and
41.29 that includes establishing the responsibilities of the school board of directors and the
41.30 authorizer and notifying the commissioner, authorizer, school district in which the charter
41.31 school is located, and parents of enrolled students about the closure, the transfer of student
41.32 records to students' resident districts, and procedures for closing financial operations.

41.33 Sec. 12. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 13,
41.34 is amended to read:

42.1 Subd. 13. **Length of school year.** A charter school must provide instruction each
42.2 year for at least the number of ~~days~~ hours required by section 120A.41. It may provide
42.3 instruction throughout the year according to sections 124D.12 to 124D.127 or 124D.128.

42.4 Sec. 13. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 15,
42.5 is amended to read:

42.6 Subd. 15. **Review and comment.** (a) The authorizer shall provide a formal written
42.7 evaluation of the school's performance before the authorizer renews the charter contract.
42.8 The department must review and comment on the authorizer's evaluation process at the
42.9 time the authorizer submits its application for approval and each time the authorizer
42.10 undergoes its five-year review under subdivision 3, paragraph (e).

42.11 (b) An authorizer shall monitor and evaluate the fiscal, operational, and student
42.12 performance of the school, and may for this purpose annually assess a charter school
42.13 a fee according to paragraph (c). The agreed-upon fee structure must be stated in the
42.14 charter school contract.

42.15 (c) The fee that each charter school pays to an authorizer each year is the greater of:

42.16 (1) the basic formula allowance for that year; or

42.17 (2) the lesser of:

42.18 (i) the maximum fee factor times the basic formula allowance for that year; or

42.19 (ii) the fee factor times the basic formula allowance for that year times the charter
42.20 school's adjusted marginal cost pupil units for that year. The fee factor equals .005 in fiscal
42.21 year 2010, .01 in fiscal year 2011, .013 in fiscal year 2012, and .015 in fiscal years 2013
42.22 and later. The maximum fee factor equals 1.5 in fiscal year 2010, 2.0 in fiscal year 2011,
42.23 3.0 in fiscal year 2012, and 4.0 in fiscal years 2013 and later.

42.24 ~~(d) The department and any charter school it charters must not assess or pay a fee~~
42.25 ~~under paragraphs (b) and (c).~~ An authorizer may not assess a fee for any required services
42.26 other than as provided in this subdivision.

42.27 (e) For the preoperational planning period, the authorizer may assess a charter school
42.28 a fee equal to the basic formula allowance.

42.29 (f) By September 30 of each year, an authorizer shall submit to the commissioner
42.30 a statement of expenditures related to chartering activities during the previous school
42.31 year ending June 30. A copy of the statement shall be given to all schools chartered by
42.32 the authorizer.

42.33 Sec. 14. Minnesota Statutes 2011 Supplement, section 124D.10, subdivision 17a,
42.34 is amended to read:

43.1 Subd. 17a. **Affiliated nonprofit building corporation.** (a) Before a charter school
 43.2 may organize an affiliated nonprofit building corporation (i) to renovate or purchase an
 43.3 existing facility to serve as a school or (ii) to construct a new school facility, an authorizer
 43.4 must submit an affidavit to the commissioner for approval in the form and manner the
 43.5 commissioner prescribes, and consistent with paragraphs (b) and (c) or (d).

43.6 (b) An affiliated nonprofit building corporation under this subdivision must:

43.7 (1) be incorporated under section 317A ~~and comply with applicable Internal~~
 43.8 ~~Revenue Service regulations;~~

43.9 (2) comply with applicable Internal Revenue Service regulations, including
 43.10 regulations for "supporting organizations" as defined by the Internal Revenue Service;

43.11 ~~(2)~~ (3) submit to the commissioner each fiscal year a list of current board members
 43.12 and a copy of its annual audit; and

43.13 ~~(3)~~ (4) comply with government data practices law under chapter 13.

43.14 An affiliated nonprofit building corporation must not serve as the leasing agent for
 43.15 property or facilities it does not own. A charter school that leases a facility from an
 43.16 affiliated nonprofit building corporation that does not own the leased facility is ineligible
 43.17 to receive charter school lease aid. The state is immune from liability resulting from a
 43.18 contract between a charter school and an affiliated nonprofit building corporation.

43.19 (c) A charter school may organize an affiliated nonprofit building corporation to
 43.20 renovate or purchase an existing facility to serve as a school if the charter school:

43.21 (1) has been operating for at least five consecutive school years;

43.22 (2) has had a net positive unreserved general fund balance as of June 30 in the
 43.23 preceding five fiscal years;

43.24 (3) has a long-range strategic and financial plan;

43.25 (4) completes a feasibility study of available buildings; ~~and~~

43.26 (5) documents enrollment projections and the need to use an affiliated building
 43.27 corporation to renovate or purchase an existing facility to serve as a school; and

43.28 (6) has a plan for the renovation or purchase, which describes the parameters and
 43.29 budget for the project.

43.30 (d) A charter school may organize an affiliated nonprofit building corporation to
 43.31 expand an existing school facility or construct a new school facility if the charter school:

43.32 (1) demonstrates the lack of facilities available to serve as a school;

43.33 (2) has been operating for at least eight consecutive school years;

43.34 (3) has had a net positive unreserved general fund balance as of June 30 in the
 43.35 preceding ~~eight~~ five fiscal years;

43.36 (4) completes a feasibility study of facility options;

44.1 (5) has a long-range strategic and financial plan that includes enrollment projections
44.2 and demonstrates the need for constructing a new school facility; and

44.3 (6) has a plan for the expansion or new school facility, which describes the
44.4 parameters and budget for the project.

44.5 (e) A charter school or an affiliated nonprofit building corporation organized by a
44.6 charter school must not initiate an installment contract for purchase, or a lease agreement,
44.7 or solicit bids for new construction, expansion, or remodeling of an educational facility
44.8 that requires an expenditure in excess of \$1,400,000, unless it meets the criteria in
44.9 paragraph (b) and paragraph (c) or (d), as applicable, and receives a positive review and
44.10 comment from the commissioner under section 123B.71.

44.11 Sec. 15. Minnesota Statutes 2011 Supplement, section 124D.10, is amended by adding
44.12 a subdivision to read:

44.13 Subd. 27. **Collaboration between charter school and school district.** (a) A charter
44.14 school board may voluntarily enter into a two-year, renewable agreement for collaboration
44.15 to enhance student achievement with a school district within whose geographic boundary
44.16 it operates.

44.17 (b) A school district need not be an approved authorizer to enter into a collaboration
44.18 agreement with a charter school. A charter school need not be authorized by the school
44.19 district with which it seeks to collaborate.

44.20 (c) A charter school authorizer is prohibited from requiring a collaboration agreement
44.21 as a condition of entering into or renewing a charter contract as defined in subdivision 6.

44.22 (d) Nothing in this subdivision or in the collaboration agreement may impact in any
44.23 way, the authority or autonomy of the charter school.

44.24 (e) Nothing in this subdivision or in the collaboration agreement shall cause the state
44.25 to pay twice for the same student, service or facility or otherwise impact state funding, or
44.26 the flow thereof, to the school district or the charter school.

44.27 (f) The collaboration agreement may include, but need not be limited to,
44.28 collaboration regarding facilities, transportation, training, student achievement,
44.29 assessments, mutual performance standards and other areas of mutual agreement.

44.30 (g) The school district may include the academic performance of the students of a
44.31 collaborative charter school site operating within the geographic boundaries of the school
44.32 district, for purposes of student assessment and reporting to the state.

44.33 (h) Districts, authorizers, or charter schools entering into a collaborative agreement
44.34 are equally and collectively subject to the same state and federal accountability measures
44.35 for student achievement, school performance outcomes, and school improvement

45.1 strategies. The collaborative agreement and all accountability measures must be posted on
45.2 the district, charter school, and authorizer Web site.

45.3 Sec. 16. Minnesota Statutes 2011 Supplement, section 124D.98, subdivision 2, is
45.4 amended to read:

45.5 Subd. 2. **Proficiency aid.** In fiscal year 2013 and later, the proficiency aid for each
45.6 school is equal to the product of the school's proficiency allowance times the number
45.7 of third grade pupils at the school on October 1 of the previous fiscal year. A school's
45.8 proficiency allowance is equal to the percentage of students in each building that meet
45.9 or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment,
45.10 averaged across the previous three test administrations, times ~~\$85~~ \$530.

45.11 Sec. 17. Minnesota Statutes 2011 Supplement, section 124D.98, subdivision 3, is
45.12 amended to read:

45.13 Subd. 3. **Growth aid.** In fiscal year 2013 and later, the growth aid for each school is
45.14 equal to the product of the school's growth allowance times the number of fourth grade
45.15 pupils enrolled at the school on October 1 of the previous fiscal year. A school's growth
45.16 allowance is equal to the percentage of students at that school making medium or high
45.17 growth, under section 120B.299, on the fourth grade reading Minnesota Comprehensive
45.18 Assessment, averaged across the previous three test administrations, times ~~\$85~~ \$530.

45.19 Sec. 18. Minnesota Statutes 2011 Supplement, section 126C.40, subdivision 1, is
45.20 amended to read:

45.21 Subdivision 1. **To lease building or land.** (a) When an independent or a special
45.22 school district or a group of independent or special school districts finds it economically
45.23 advantageous to rent or lease a building or land for any instructional purposes or for
45.24 school storage or furniture repair, and it determines that the operating capital revenue
45.25 authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may
45.26 apply to the commissioner for permission to make an additional capital expenditure levy
45.27 for this purpose. An application for permission to levy under this subdivision must contain
45.28 financial justification for the proposed levy, the terms and conditions of the proposed
45.29 lease, and a description of the space to be leased and its proposed use.

45.30 (b) The criteria for approval of applications to levy under this subdivision must
45.31 include: the reasonableness of the price, the appropriateness of the space to the proposed
45.32 activity, the feasibility of transporting pupils to the leased building or land, conformity
45.33 of the lease to the laws and rules of the state of Minnesota, and the appropriateness of

46.1 the proposed lease to the space needs and the financial condition of the district. The
46.2 commissioner must not authorize a levy under this subdivision in an amount greater than
46.3 the cost to the district of renting or leasing a building or land for approved purposes.
46.4 The proceeds of this levy must not be used for custodial or other maintenance services.
46.5 A district may not levy under this subdivision for the purpose of leasing or renting a
46.6 district-owned building or site to itself.

46.7 (c) For agreements finalized after July 1, 1997, a district may not levy under this
46.8 subdivision for the purpose of leasing: (1) a newly constructed building used primarily
46.9 for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed
46.10 building addition or additions used primarily for regular kindergarten, elementary, or
46.11 secondary instruction that contains more than 20 percent of the square footage of the
46.12 previously existing building.

46.13 (d) Notwithstanding paragraph (b), a district may levy under this subdivision for the
46.14 purpose of leasing or renting a district-owned building or site to itself only if the amount
46.15 is needed by the district to make payments required by a lease purchase agreement,
46.16 installment purchase agreement, or other deferred payments agreement authorized by law,
46.17 and the levy meets the requirements of paragraph (c). A levy authorized for a district by
46.18 the commissioner under this paragraph may be in the amount needed by the district to
46.19 make payments required by a lease purchase agreement, installment purchase agreement,
46.20 or other deferred payments agreement authorized by law, provided that any agreement
46.21 include a provision giving the school districts the right to terminate the agreement
46.22 annually without penalty.

46.23 (e) The total levy under this subdivision for a district for any year must not exceed
46.24 \$150 times the resident pupil units for the fiscal year to which the levy is attributable.

46.25 (f) For agreements for which a review and comment have been submitted to the
46.26 Department of Education after April 1, 1998, the term "instructional purpose" as used in
46.27 this subdivision excludes expenditures on stadiums.

46.28 (g) The commissioner of education may authorize a school district to exceed the
46.29 limit in paragraph (e) if the school district petitions the commissioner for approval. The
46.30 commissioner shall grant approval to a school district to exceed the limit in paragraph (e)
46.31 for not more than five years if the district meets the following criteria:

46.32 (1) the school district has been experiencing pupil enrollment growth in the
46.33 preceding five years;

46.34 (2) the purpose of the increased levy is in the long-term public interest;

46.35 (3) the purpose of the increased levy promotes collocation of government services;

46.36 and

47.1 (4) the purpose of the increased levy is in the long-term interest of the district by
 47.2 avoiding over construction of school facilities.

47.3 (h) A school district that is a member of an intermediate school district may include
 47.4 in its authority under this section the costs associated with leases of administrative and
 47.5 classroom space for intermediate school district programs. This authority must not exceed
 47.6 \$43 times the adjusted marginal cost pupil units of the member districts. This authority is
 47.7 in addition to any other authority authorized under this section.

47.8 (i) In addition to the allowable capital levies in paragraph (a), for taxes payable in
 47.9 2012 to 2023, a district that is a member of the "Technology and Information Education
 47.10 Systems" data processing joint board, that finds it economically advantageous to enter into
 47.11 a lease agreement to finance improvements to a building and land for a group of school
 47.12 districts or special school districts for staff development purposes, may levy for its portion
 47.13 of lease costs attributed to the district within the total levy limit in paragraph (e). The total
 47.14 levy authority under this paragraph shall not exceed \$632,000.

47.15 (j) Notwithstanding paragraph (a), a district may levy under this subdivision for the
 47.16 purpose of leasing administrative space if the district can demonstrate to the satisfaction of
 47.17 the commissioner that the lease cost for the administrative space is no greater than the
 47.18 lease cost for instructional space that the district would otherwise lease. The commissioner
 47.19 must deny this levy authority unless the district passes a resolution stating its intent to
 47.20 lease instructional space under this section if the commissioner does not grant authority
 47.21 under this paragraph. The resolution must also certify that the lease cost for administrative
 47.22 space under this paragraph is no greater than the lease cost for the district's proposed
 47.23 instructional lease.

47.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2013 and later.

47.25 Sec. 19. Laws 2011, First Special Session chapter 11, article 2, section 50, subdivision
 47.26 16, is amended to read:

47.27 Subd. 16. **Student organizations.** For student organizations:

47.28 \$ 725,000 2012

47.29 \$ 725,000 2013

47.30 \$49,000 each year is for student organizations serving health occupations (~~HUSA~~)
 47.31 (HOSA).

47.32 \$46,000 each year is for student organizations serving service occupations (HERO).

47.33 \$106,000 each year is for student organizations serving trade and industry
 47.34 occupations (SkillsUSA, secondary and postsecondary).

48.1 \$101,000 each year is for student organizations serving business occupations
48.2 (~~DECA~~, BPA, secondary and postsecondary).

48.3 \$158,000 each year is for student organizations serving agriculture occupations
48.4 (FFA, PAS).

48.5 \$150,000 each year is for student organizations serving family and consumer science
48.6 occupations (FCCLA).

48.7 \$115,000 each year is for student organizations serving marketing occupations
48.8 (~~DEX~~) (DECA, DECA Collegiate).

48.9 Any balance in the first year does not cancel but is available in the second year.

48.10 Sec. 20. **ONE-YEAR LICENSES.**

48.11 Notwithstanding Minnesota Statutes 2010, section 122A.18, subdivision 2, as
48.12 amended by Laws 2012, chapter 122, section 2, a person who has:

48.13 (1) obtained a one-year license to teach; and

48.14 (2) taught during the 2011-2012 school year;

48.15 may be approved by the Board of Teaching to continue to teach through the end of the
48.16 2012-2013 school year.

48.17 **EFFECTIVE DATE.** This section is effective retroactively from February 22, 2012.

48.18 Sec. 21. **REPEALER.**

48.19 Minnesota Statutes 2010, sections 120A.28; 120B.019; 120B.31, subdivision 3;
48.20 121A.60, subdivisions 3 and 4; 121A.62; 121A.63; and 122A.18, subdivision 9, are
48.21 repealed.

48.22 **ARTICLE 3**

48.23 **SPECIAL EDUCATION AND OTHER PROGRAMS**

48.24 Section 1. Minnesota Statutes 2010, section 125A.14, is amended to read:

48.25 **125A.14 EXTENDED SCHOOL YEAR.**

48.26 A district may provide extended school year services for children with a disability
48.27 living within the district and nonresident children temporarily placed in the district
48.28 pursuant to section 125A.15 ~~or 125A.16~~. Prior to March 31 or 30 days after the child
48.29 with a disability is placed in the district, whichever is later, the providing district shall
48.30 give notice to the district of residence of any nonresident children temporarily placed in
48.31 the district pursuant to section 125A.15 ~~or 125A.16~~, of its intention to provide these
48.32 programs. Notwithstanding any contrary provisions in ~~sections~~ section 125A.15 and

49.1 ~~125A.16~~, the district providing the special instruction and services must apply for special
 49.2 education aid for the extended school year services. The unreimbursed actual cost of
 49.3 providing the program for nonresident children with a disability, including the cost of
 49.4 board and lodging, may be billed to the district of the child's residence and must be paid
 49.5 by the resident district. Transportation costs must be paid by the district responsible
 49.6 for providing transportation pursuant to section 125A.15 ~~or 125A.16~~ and transportation
 49.7 aid must be paid to that district.

49.8 Sec. 2. Minnesota Statutes 2010, section 125A.19, is amended to read:

49.9 **125A.19 NONRESIDENT EDUCATION; BILLING.**

49.10 All tuition billing for the education of nonresident children pursuant to sections
 49.11 125A.03 to 125A.24, 125A.51, 125A.515, and 125A.65 must be done on uniform forms
 49.12 prescribed by the commissioner. The billing shall contain an itemized statement of costs
 49.13 that are being charged to the district of residence. ~~One copy of each billing must be filed~~
 49.14 ~~with the commissioner.~~

49.15 Sec. 3. Minnesota Statutes 2010, section 125A.515, subdivision 1, is amended to read:

49.16 Subdivision 1. **Approval of education programs.** The commissioner shall approve
 49.17 on-site education programs for placement of children and youth in residential facilities
 49.18 including detention centers, before being licensed by the Department of Human Services
 49.19 or the Department of Corrections. Education programs in these facilities shall conform to
 49.20 state and federal education laws including the Individuals with Disabilities Education Act
 49.21 (IDEA). This section applies only to placements in facilities licensed by the Department of
 49.22 Human Services or the Department of Corrections. For purposes of this section, "on-site
 49.23 education program" means the educational services provided directly on the grounds of
 49.24 the care and treatment facility to children and youth placed for care and treatment.

49.25 Sec. 4. Laws 2011, First Special Session chapter 11, article 7, section 2, subdivision 8,
 49.26 is amended to read:

49.27 Subd. 8. **Early childhood education scholarships.** For grants to early childhood
 49.28 education scholarships for public or private early childhood preschool programs for
 49.29 children ages 3 to 5:

49.30 \$ ~~4,000,000~~ 2,000,000 2013

49.31 (a) All children whose parents or legal guardians meet the eligibility requirements
 49.32 of paragraph (b) established by the commissioner are eligible to receive early childhood
 49.33 education scholarships under this section.

50.1 (b) A parent or legal guardian is eligible for an early childhood education scholarship
50.2 if the parent or legal guardian:

50.3 (1) has a child three or four years of age on September 1, beginning in calendar
50.4 year 2012; and

50.5 (2)(i) has income equal to or less than 47 percent of the state median income in the
50.6 current calendar year; or

50.7 (ii) can document their child's identification through another public funding
50.8 eligibility process, including the Free and Reduced Price Lunch Program, National School
50.9 Lunch Act, United States Code, title 42, section 1751, part 210; Head Start under federal
50.10 Improving Head Start for School Readiness Act of 2007; Minnesota family investment
50.11 program under chapter 256J; and child care assistance programs under chapter 119B.

50.12 Each year, if this appropriation is insufficient to provide early childhood education
50.13 scholarships to all eligible children, the Department of Education shall make scholarships
50.14 available on a first-come, first-served basis.

50.15 The commissioner of education shall submit a written report to the education
50.16 committees of the legislature by January 15, 2012, describing its plan for implementation
50.17 of scholarships under this subdivision for the 2012-2013 school year.

50.18 Any balance in the first year does not cancel but is available in the second year.

50.19 The base for this program is ~~\$2,000,000~~ \$3,000,000 each year.

50.20 Sec. 5. **APPROPRIATIONS.**

50.21 Subdivision 1. Department of Education. The sums indicated in this section are
50.22 appropriated from the general fund to the Department of Education for the fiscal years
50.23 designated.

50.24 Subd. 2. Parent-child home program. For a grant to the evidence-based early
50.25 literacy parent-child home program:

50.26 § 250,000 2013

50.27 This is a onetime appropriation.

50.28 Sec. 6. **REPEALER.**

50.29 (a) Minnesota Statutes 2010, sections 125A.16; 125A.80; and 475.53, subdivision
50.30 5, are repealed.

50.31 (b) Minnesota Statutes 2010, sections 124D.135, subdivisions 8 and 9; 124D.16,
50.32 subdivisions 6 and 7; and 124D.20, subdivisions 11 and 12, are repealed for revenue for
50.33 fiscal year 2014 and later.

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Article locations in H2949-3

ARTICLE 1	GENERAL EDUCATION	Page.Ln 1.24
ARTICLE 2	EDUCATION EXCELLENCE	Page.Ln 23.4
ARTICLE 3	SPECIAL EDUCATION AND OTHER PROGRAMS	Page.Ln 48.22

120A.28 SCHOOL BOARDS; DUTIES.

It is the duty of each board through its clerk or other authorized agent or employee, to report the names of children required to attend school, with excuses, if any, granted in the district, to the superintendent or principals of the district, within the first week of school. Subsequent excuses granted must be reported in the same manner. The clerk or principal must provide the teachers in the several schools supervised with the necessary information for the respective grades of school, relating to the list of pupils with excuses granted. Within five days after receiving the report, the clerk or principals must report the names of children not excused who are not attending school, with the names and addresses of their parents, to the superintendent.

120B.019 REPEALING PROFILE OF LEARNING STATUTES AND RULES.

Notwithstanding sections 120B.02, 120B.30, 120B.31, and 120B.35, or other law to the contrary, the commissioner of education must not implement the profile of learning portion of the state's results-oriented graduation rule.

120B.31 SYSTEM ACCOUNTABILITY AND STATISTICAL ADJUSTMENTS.

Subd. 3. **Educational accountability.** (a) The Independent Office of Educational Accountability, as authorized by Laws 1997, First Special Session chapter 4, article 5, section 28, subdivision 2, is established, and shall be funded through the Board of Regents of the University of Minnesota. The office shall advise the education committees of the legislature and the commissioner of education, at least on a biennial basis, on the degree to which the statewide educational accountability and reporting system includes a comprehensive assessment framework that measures school accountability for students achieving the goals described in the state's high school graduation rule. The office shall determine and annually report to the legislature whether and how effectively:

(1) the statewide system of educational accountability uses multiple indicators to provide valid and reliable comparative and contextual data on students, schools, districts, and the state, and if not, recommend ways to improve the accountability reporting system;

(2) a value-added growth indicator of student achievement over time estimates the effects of the school and school district on student achievement and measures school performance, consistent with section 120B.35, subdivision 3, paragraph (b);

(3) data are available on students who do not pass one or more of the state's required GRAD tests and do not receive a diploma as a consequence, and these data are categorized according to gender, race, eligibility for free or reduced lunch, and English language proficiency; and

(4) the requirements under section 127A.095, subdivision 2, are met.

(b) When the office reviews the statewide educational accountability and reporting system, it shall also consider:

(1) the objectivity and neutrality of the state's educational accountability system; and

(2) the impact of a testing program on school curriculum and student learning.

121A.60 DEFINITIONS.

Subd. 3. **School site mediation board.** "School site mediation board" means a board representative of parents of students in the building, staff, and students that shall have the responsibilities as defined in section 121A.62. The principal or other person having general control and supervision of the school, shall serve as an ex officio member of the board.

Subd. 4. **School-based ombudsperson.** "School-based ombudsperson" means an administrator, a teacher, a parent, or a student representative who shall have the responsibilities under section 121A.63.

121A.62 SCHOOL SITE MEDIATION BOARD.

Subdivision 1. **Board allowed.** A school district or school site council may establish a school site mediation board. The board must consist of equal numbers of staff and parents and, in the case of secondary schools, student representatives. Members shall be representative of the school community and must be selected by a method as determined in the district's discipline policy.

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Subd. 2. **Purposes and duties.** The board must mediate issues in dispute at the school site related to the implementation of district and school site codes of conduct under sections 121A.60 to 121A.64, and the application of the codes to a student.

121A.63 OMBUDSPERSON SERVICE.

A school district or school site council may establish an ombudsperson service for students, parents, and staff. The service must consist of an administrator, a student, a parent, and a teacher. The school site must notify students, parents, and staff of the availability of the service. The service must provide advocacy for enforcement of the codes of conduct and the procedures to remediate disputes related to implementation of the code of conduct and the goals of the school in maintaining an orderly learning environment for all students.

122A.18 BOARD TO ISSUE LICENSES.

Subd. 9. **Teacher licenses.** The Board of Teaching, upon request by the affected person, shall issue teacher licenses under the licensure rules in place on July 31, 1996, to a person who enrolled in an accredited teacher preparation program by January 1, 2000, who satisfactorily completes the requirements for licensure under those rules, who meets the requirements of subdivision 8, and who applies for licensure by September 1, 2003.

124D.09 POSTSECONDARY ENROLLMENT OPTIONS ACT.

Subd. 23. **Exception; intermediate districts.** A secondary pupil who is a resident of a member district of an intermediate district, as defined in section 136D.01, may not enroll in that intermediate district's vocational program as a postsecondary pupil under this section when the intermediate district operates a secondary program at a college facility and secondary students have access to the postsecondary curriculum and receive high school and college credit for successfully completing the program.

124D.135 EARLY CHILDHOOD FAMILY EDUCATION (ECFE) REVENUE.

Subd. 8. **Reserve account limit.** (a) Under this section, the average balance, during the most recent three-year period in a district's early childhood family education reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum early childhood family education annual revenue under subdivision 1, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for early childhood family education programs for the prior year.

(b) If a district's adjusted average early childhood family education reserve over the three-year period is in excess of the limit under paragraph (a), the district's early childhood family education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 4 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 3, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's early childhood family education reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's early childhood family education reserve account on June 30, 2002, and June 30, 2003.

Subd. 9. **Waiver.** If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 8 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

124D.16 SCHOOL READINESS AID.

Subd. 6. **Reserve account limit.** (a) Under this section, the average balance, during the most recent three-year period, in a district's school readiness reserve account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25

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percent of the district's school readiness annual revenue for the prior year, excluding adjustments under this subdivision.

(b) If a district's adjusted average school readiness reserve over the three-year period is in excess of the limit under paragraph (a), the district's current year school readiness state aid must be reduced by the lesser of the excess reserve amount or the current year aid.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balance in a district's school readiness reserve account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balance in a district's school readiness reserve account on June 30, 2002, and June 30, 2003.

Subd. 7. **Waiver.** If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 6 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

124D.20 COMMUNITY EDUCATION REVENUE.

Subd. 11. **Reserve account limit.** (a) Under this section, the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, must not be greater than 25 percent of the sum of the district's maximum total community education revenue under subdivision 1, excluding adjustments under this subdivision, plus any fees, grants, or other revenue received by the district for community education programs for the prior year. For purposes of this paragraph, "community education programs" means programs according to subdivisions 8, paragraph (a), and 9, and section 124D.19, subdivision 12, excluding early childhood family education programs under section 124D.13, school readiness programs under section 124D.15, and adult basic education programs under section 124D.52.

(b) If the sum of the average balances during the most recent three-year period in a district's community education reserve account and unreserved/undesignated community service fund account on June 30 of each year, adjusted for any prior reductions under this subdivision, is in excess of the limit under paragraph (a), the district's community education state aid and levy authority for the current school year must be reduced by the lesser of the current year revenue under subdivision 1 or the excess reserve amount. The aid reduction equals the product of the lesser of the excess reserve amount or the current year revenue under subdivision 1 times the ratio of the district's aid for the current year under subdivision 7 to the district's revenue for the current year under subdivision 1. The levy reduction equals the excess reserve amount minus the aid reduction. For purposes of this paragraph, if a district does not levy the entire amount permitted under subdivision 5 or 6, the revenue under subdivision 1 must be reduced in proportion to the actual amount levied.

(c) Notwithstanding paragraph (a), for fiscal year 2003, the excess reserve amount shall be computed using the balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002. For fiscal year 2004, the excess reserve amount shall be computed using the adjusted average balances in a district's community education reserve account and unreserved/undesignated community service fund account on June 30, 2002, and June 30, 2003.

Subd. 12. **Waiver.** (a) If a district anticipates that the reserve account may exceed the 25 percent limit established under subdivision 11 because of extenuating circumstances, prior approval to exceed the limit must be obtained in writing from the commissioner.

(b) Notwithstanding paragraph (a), for fiscal year 2003, a district may submit a waiver request within 30 days of May 30, 2003.

125A.16 PLACEMENT IN STATE INSTITUTION; RESPONSIBILITY.

(a) Responsibility for special instruction and services for a child with a disability placed in a state institution on a temporary basis must be determined in the following manner:

(1) the legal residence of the child is the district in which the child's parent resides, if living, or the child's guardian; and

(2) when the educational needs of the child can be met through the institutional program, the costs for the instruction must be paid by the department to which the institution is assigned with exception of children placed in fee-for-service facilities operated by the commissioner of corrections whose cost for such instruction shall be paid as outlined in section 125A.15.

(b) When it is determined that the child can benefit from public school enrollment, provision for the instruction shall be made in the following manner:

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(1) determination of eligibility for special instruction and services must be made by the commissioner and the commissioner of the department responsible for the institution;

(2) the district where the institution is located is responsible for providing transportation and an appropriate educational program for the child and must make a tuition charge to the child's district of residence for the actual cost of providing the program; and

(3) the district of the child's residence shall pay the tuition and other program costs excluding transportation costs and may claim general education aid for the child. Transportation costs must be paid by the district where the institution is located and the state must pay transportation aid to that district.

125A.80 UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

(1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;

(2) allow districts to bill the state for certain types of special education and regular education services as provided by law;

(3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;

(4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;

(5) conform existing special education and proposed regular education billing procedures;

(6) provide a uniform reporting standard of per diem rates;

(7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services; and

(8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

127A.47 PAYMENTS TO RESIDENT AND NONRESIDENT DISTRICTS.

Subd. 2. **Reporting; revenue for homeless.** For all school purposes, unless otherwise specifically provided by law, a homeless pupil is a resident of the school district that enrolls the pupil.

475.53 LIMIT ON NET DEBT.

Subd. 5. **Certain independent school districts.** No independent school district located wholly or partly within a city of the first class shall issue obligations with a term of more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds 0.7 percent of the market value of the taxable property within the school district.