

development commission for region 7W, the metropolitan council, and the commissioner of transportation.

**Sec. 112. VARIANCES; TEMPORARY PROVISION.**

If an application by a city for a variance under Minnesota Statutes, Section 162.13, Subdivision 2 proceeds to a contested case hearing, no financial commitment by the state made to a city either before or after the entry of the decision by the hearing examiner shall be reduced in any manner. This section applies to all variances granted on or after January 1, 1981 and before June 1, 1981.

**Sec. 113. DIRECTION TO REVISOR.**

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "director of the office of consumer services" for the term "board of cosmetology" wherever that term appears.

**Sec. 114. REPEALER.**

Minnesota Statutes 1980, Chapter 458B is repealed, effective the day after final enactment pursuant to Minnesota Statutes, Section 645.023, Subdivision 1. This section applies to the governmental units and agencies named in chapter 458B, including the city of St. Paul and the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

**Sec. 115. REPEALER.**

Minnesota Statutes 1980, Sections 155.01; 155.02; 155.03; 155.04; 155.05; 155.06; 155.08; 155.09; 155.11; 155.12; 155.13; 155.14; 155.15; 155.16; 155.17; 155.18; 155.19; 155.20; 155.205; 155.21; and 239.521, are repealed.

**Sec. 116. EFFECTIVE DATE.**

Section 27 is effective the day following final enactment. Section 51 and sections 53 to 56 are effective retroactively to November 15, 1980.

Approved June 1, 1981

**CHAPTER 358 — H.F.No. 70**

*An act relating to education; providing for aids to education, aids to libraries, tax levies and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, and the state board for vocational education; replacing AVTI capital expenditure aid with AVTI equipment aid and AVTI repair and betterment aid; requiring a property accounting system for AVTI's; providing*

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a new aid and levy authorization for certain capital expenditures; providing for certain alternative projects; modifying certain provisions relating to teacher mobility and early retirement programs; providing for the transfer of proceeds from the sale or exchange of buildings to the capital expenditure fund under certain circumstances; decreasing the state's obligation and changing eligibility standards for the maximum effort school aid program; appropriating money; amending Minnesota Statutes 1980, Sections 3.9278, Subdivision 1; 3.9279, Subdivisions 10 and 12; 116H.126, Subdivisions 2, 4 and 5; 120.03, by adding a subdivision; 120.0751, Subdivision 5; 120.17, Subdivisions 3b, 4, 5a, 6, 7, 9 and by adding a subdivision; 120.78, Subdivision 1; 121.90; 121.902, by adding a subdivision; 121.904, Subdivision 7 and by adding a subdivision; 121.906, Subdivisions 2 and 3; 121.912, Subdivision 1; 121.917, Subdivision 4; 121.931, Subdivision 6; 121.934, Subdivision 7; 121.935, Subdivisions 2 and 6; 121.936, Subdivisions 2 and 3 and by adding a subdivision; 121.937, Subdivision 1; 121.938, Subdivision 2; 122.22, Subdivisions 3, 4, 5, 8, 9, 11, 13, 14, and 20, and by adding a subdivision; 122.531, Subdivisions 1, 2, 3a, 5, and 6; 123.35, Subdivision 15; 123.36, Subdivision 13; 123.39, Subdivision 1; 123.702, Subdivision 1; 123.703, Subdivision 3; 123.705; 123.937; 124.01, Subdivision 1; 124.11, Subdivisions 1, 2a, 2b, 2c, 4, 5, and by adding a subdivision; 124.14, Subdivisions 2, 3, and 4, and by adding a subdivision; 124.17, Subdivisions 1, 2, 2c and by adding a subdivision; 124.20; 124.212, Subdivision 1, and by adding a subdivision; 124.213; 124.214, Subdivision 2; 124.223; 124.225, Subdivisions 1, 1a, 3, 4a, 6, 7a, 8a, 8b, 9, 11, and 11a; 124.245, Subdivisions 1 and 2, and by adding subdivisions; 124.247, Subdivision 3; 124.26, Subdivisions 1, 4 and by adding subdivisions; 124.271, Subdivision 2, 4, 5 and by adding subdivisions; 124.32, Subdivisions 1, 1a, 1b, 5, 6, 9 and by adding a subdivision; 124.38, Subdivision 7; 124.39, Subdivision 5; 124.40, Subdivision 2; 124.41; 124.42, Subdivisions 1 and 2; 124.43, Subdivisions 1, 2, 3, 4 and 5; 124.474; 124.476; 124.561, Subdivisions 2a, 3a and by adding subdivisions; 124.562, by adding a subdivision; 124.5621, Subdivisions 2, 5, 6 and 12; 124.5622, Subdivisions 3, 4 and 5; 124.5623, Subdivisions 3, 4 and 5; 124.5624; 124.565, Subdivisions 3, 4, 6 and 7; 124.572, Subdivisions 3 and 8, and by adding subdivisions; 124.573, Subdivisions 2, 3a, 5 and by adding a subdivision; 124.574, Subdivisions 2, 4 and 8; 124.646, Subdivision 1; 125.60, Subdivisions 2a and 7; 125.611, Subdivisions 1, 3, 5, 8, 9 and 10; 126.262, Subdivision 8; 126.54, Subdivision 1; 134.35, Subdivision 1; 134.351, Subdivision 5 and by adding subdivisions; 134.36; 275.125, Subdivisions 1, 2a, 2c, 6b, 6c, 7a, 8, 9, 11a, 19 and 20, and by adding subdivisions; 298.28, Subdivision 1; 354.094, Subdivisions 1, 2 and 3, and by adding a subdivision; 354.66, Subdivision 9; 354A.091, Subdivisions 1, 2 and 3, and by adding a subdivision; 354A.094, Subdivision 9; 375.335, Subdivision 4 and by adding subdivisions; Laws 1967, Chapter 822, Section 1, as amended; Laws 1973, Chapter 683, Section 26, Subdivision 1, and by adding subdivisions; proposing new law coded in Minnesota Statutes, Chapters 3, 120, 121 and 124; repealing Minnesota Statutes 1980, Sections 116H.126, Subdivisions 1 and 7; 120.06, Subdivision 2; 120.17, Subdivision 3c; 120.78, Subdivision 2; 121.13; 121.49, Subdivision 2; 121.495, Subdivision 6; 122.22, Subdivisions 10, 12, 15 and 16; 122.531, Subdivision 7; 123.40, Subdivision 5; 124.01, Subdivisions 2, 3 and 4; 124.212, Subdivisions 2, 4, 5, 5a, 6c, 7c, 7d, 8a, 9, 9a, 9b, 20, 20a and 21; 124.225, Subdivisions 2, 4, 5, 7 and 8; 124.26, Subdivision 3; 124.247, Subdivision 5; 124.271, Subdivision 1a; 124.561, Subdivision 4; 124.562, Subdivisions 3 and 4; 124.566; 124.571; 126.263; 126.268, Subdivision 1; 126.52, Subdivision 12; 275.125, Subdivisions 2b, 7b, and 14.

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

**ARTICLE I**  
**FOUNDATION AID**

Section 1. Minnesota Statutes 1980, Section 120.17, Subdivision 9, is amended to read:

Subd. 9. **SPECIAL INSTRUCTION.** No resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic school defined in section 123.932, subdivision 3. If a resident handicapped pupil attends a nonpublic school located within his district of residence, the district shall provide necessary transportation for that pupil within the district between the nonpublic school and the educational facility where special instruction and services are provided on a shared time basis. If a resident handicapped pupil attends a nonpublic school located in a district contiguous to his district of residence and if no agreement exists pursuant to section ~~124.212~~ 26, subdivision ~~9a~~ 1, clause (c) or (d) of this article, for the provision of special instruction and services on a shared time basis to that pupil by the district of attendance, the district of residence shall provide necessary transportation for that pupil between the boundary of the district of residence and the educational facility where the special instruction and services are provided within the district of residence. The district of residence may provide necessary transportation for that pupil between its boundary and the nonpublic school attended, but the nonpublic school shall pay the cost of transportation provided outside the district boundary.

Sec. 2. Minnesota Statutes 1980, Section 121.904, Subdivision 7, is amended to read:

Subd. 7. Summer school aids and the proceeds of the summer school levy for any summer school session shall be recognized as revenues and recorded as receivables in proportion to the total number of summer school days in each fiscal year in which a the summer school session occurs; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in section 124.20.

Sec. 3. Minnesota Statutes 1980, Section 122.531, Subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the terms defined in section 124.01, sections 20 to 24 of this article, and section 275.125 shall have the meanings ascribed to them in those sections.

Subd. 1a. **INVOLUNTARY DISSOLUTION REFERENDUM LEVIES.** As of the effective date of the involuntary dissolution of a district and its

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attachment to one or more existing districts pursuant to sections 122.32, or 122.41 to 122.52, the authorization for any referendum levy previously approved by the voters of the dissolved district in that district pursuant to section 275.125, subdivision 2a, ~~clause (4) 2d~~, or its predecessor or successor provision, is cancelled. The authorization for any referendum levy previously approved by the voters of a district to which all or part of the dissolved district is attached shall not be affected by the attachment and shall apply to the entire area of the district as enlarged by the attachment.

Sec. 4. Minnesota Statutes 1980, Section 122.531, Subdivision 2, is amended to read:

Subd. 2. **CONSOLIDATION AND VOLUNTARY DISSOLUTION: REFERENDUM LEVIES.** As of the effective date of a consolidation pursuant to section 122.23 or the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 122.22, the authorization for all referendum levies previously approved by the voters of all affected districts for those districts pursuant to section 275.125, subdivision 2a, ~~clause (4) 2d~~, or its predecessor or successor provision, is cancelled. However, if all of the territory of any independent district is included in the newly created district, and if the adjusted assessed valuation of taxable property in that territory comprises 90 percent or more of the adjusted assessed valuation of all taxable property in a newly created or enlarged district, the board of the newly created or enlarged district may levy the increased amount previously approved by a referendum in the pre-existing independent district upon all taxable property in the newly created or enlarged district. Any new referendum levy shall be certified only after approval is granted by the voters of the entire newly created or enlarged district in an election pursuant to section 275.125, subdivision 2a, ~~clause (4) 2d~~, or its successor referendum provision.

Sec. 5. Minnesota Statutes 1980, Section 122.531, Subdivision 3a, is amended to read:

Subd. 3a. **GRANDFATHER LEVY AND AID.** (1) The amounts specified in this subdivision shall be used for purposes of computing the grandfather levy limitation under section 275.125, subdivision 6b, and the foundation grandfather aid under section ~~124.212~~ 22 of this article, of a district newly created through consolidation or enlarged through the dissolution of a district and its attachment to one or more existing districts; the amounts specified in this subdivision shall be used in lieu of the amounts specified in the designated clauses of section 275.125, subdivision 6b and section 124.212.

(2) In lieu of the amount specified in section 275.125, subdivision 6b, clause (2), part (b), subpart (i); section 124.212, subdivision 7c, clause (3), part (a); and section 124.212, subdivision 7d, clause (3), part (a), subpart (i), there shall be used The grandfather guarantee of the newly created or enlarged district shall equal the sum of the amounts derived by performing the following multiplication for each component district:

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(a) the product in section 275.125, subdivision 6b, clause (1), part (b), computed grandfather guarantee for the component district, times

(b) the quotient obtained by dividing the number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), from that component district who are enrolled in the newly created or enlarged district in the year when the consolidation or dissolution and attachment becomes effective, by the total entire number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the component district in the year preceding the year when the consolidation or dissolution and attachment becomes effective.

(3) In lieu of the quotient used in the computation in section 275.125, subdivision 6b, clause (2), part (b), subpart (ii), and in section 124.212, subdivision 7d, clause (3), part (a), subpart (ii), there shall be used The grandfather allowance of the newly created or enlarged district shall equal the quotient obtained by dividing:

(a) the sum derived in clause (2) of this subdivision grandfather guarantee of the newly created or enlarged district, by

(b) the sum of the amounts derived by performing the following computation for each component district:

(i) the number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the component district in 1979-1980, times

(ii) the quotient derived for that component district in clause (2), part (b) of this subdivision.

Sec. 6. Minnesota Statutes 1980, Section 122.531, Subdivision 5, is amended to read:

Subd. 5. **REPLACEMENT LEVY AND AID.** (1) For purposes of computing the replacement levy limitation under section 275.125, subdivision 6c, and replacement aid under section 23 of this article, the replacement entitlement of a district newly created through consolidation or enlarged through the dissolution of a district and its attachment to one or more other districts, there shall be used in lieu of the amount specified in section 275.125, subdivision 6c, clause (1), part (a)(i) (A), equal the quotient obtained by dividing:

(a) (1) the sum of the amounts derived by performing the following multiplication for each component district:

(i) (a) the quotient in section 275.125, subdivision 6c, clause (1), part (a)(i)(A), computed for the component district for purposes of 1979 payable 1980 levy limitations replacement entitlement of the component district, times

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(ii) (b) the number of actual and AFDC pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), from that component district who are enrolled in the newly created or enlarged district in the year when the consolidation or dissolution and attachment becomes effective; by

(b) (2) the total number of actual and AFDC pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the newly created or enlarged district in the year when the consolidation or dissolution and attachment becomes effective.

(2) For purposes of computing the district's foundation aid pursuant to section 124.212, in lieu of the amount derived in section 124.212, subdivision 7c, clause (4), part (a), there shall be used the sum derived in clause (1), part (a) of this subdivision.

Sec. 7. Minnesota Statutes 1980, Section 122.531, Subdivision 6, is amended to read:

Subd. 6. **AID DEDUCTIONS.** (1) For purposes of computing foundation aid under section 124.212, subdivision 7c, clauses (3) and (4), or section 124.212, subdivision 7d, clauses (3) and (4), determining deductions from basic foundation, grandfather, replacement, and discretionary aid pursuant to section 27, subdivision 1, of this article, of a district newly created through consolidation or enlarged through the dissolution of a district and its attachment to one or more other districts, in the year when the consolidation or dissolution and attachment becomes effective, there shall be used in lieu of the ratio of the district's actual levy to its permitted levy in 1979 payable 1980 or 1980 payable 1981, as the applicable, pursuant to section 275.125, subdivision 6b or 6c, as applicable year, the quotient obtained by dividing:

(a) the sum of the products derived for each component district by multiplying the component district's actual levy in the applicable year pursuant to the applicable subdivision, times the ratio of the amount of the adjusted assessed valuation of the property from the component district which is included in the new district to the total amount of the adjusted assessed valuation of the new district; by

(b) the sum of the products derived for each component district by multiplying the component district's permitted levy in the applicable year pursuant to the applicable subdivision, times the ratio of the amount of the adjusted assessed valuation of the property from the component district which is included in the new district to the total amount of the adjusted assessed valuation of the new district.

Sec. 8. Minnesota Statutes 1980, Section 124.11, Subdivision 4, is amended to read:

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Subd. 4. Estimated elementary and secondary foundation aids shall be paid out on the basis of the latest available information. ~~Except as provided in section 124.212, Estimated elementary and secondary foundation aids shall be computed on the basis of all pupil units identified in section 124.17, subdivision 4.~~ An October enrollment count shall be obtained from all school districts. Adjustment for final elementary and secondary pupil unit figures shall be made in the final foundation aid distribution in October of the following school year.

Sec. 9. Minnesota Statutes 1980, Section 124.01, Subdivision 1, is amended to read:

Subdivision 1. For purposes of this chapter, the words defined in section 120.02 have the same meaning and the terms defined in ~~this section~~ section 17 and sections 20 to 24 of this article have the meanings attributed to them in ~~this section~~ those sections.

Sec. 10. Minnesota Statutes 1980, Section 124.11, Subdivision 1, is amended to read:

Subdivision 1. **PAYMENT SCHEDULE THROUGH 1982.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program ~~and except as provided in subdivision 5,~~ for fiscal years through 1982, ten percent of the estimated elementary and secondary foundation aids shall be paid to districts in each of the months other than October from August through May based upon information available and the final distribution shall be made in October of the following school year.

Sec. 11. Minnesota Statutes 1980, Section 124.11, is amended by adding a subdivision to read:

Subd. 1a. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, starting in fiscal year 1983, based upon information available, ten percent of the estimated elementary and secondary foundation aids shall be paid to districts in each month from August through April, except October, and five percent shall be paid in May. The final distribution shall be made in October of the following fiscal year.

Sec. 12. Minnesota Statutes 1980, Section 124.11, Subdivision 5, is amended to read:

Subd. 5. Each year, based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the distribution to each school district of the amount of revenue lost as a result of the reduction in property taxes provided in section 273.132. On or before July 15 of each year, the commissioner of revenue shall certify the amounts so determined to the department of education. The department of education shall pay each school district its distribution as part of the foundation aid payment

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to each district in accordance with the payment dates in subdivision 1 or section 11 of this article, as applicable.

Sec. 13. Minnesota Statutes 1980, Section 124.17, Subdivision 1, is amended to read:

Subdivision 1. **PUPIL UNITS.** *Pupil units for each resident pupil in average daily membership shall be counted as follows:*

(1) In an elementary school:

(a) For each handicapped pre-kindergarten pupil and each handicapped kindergarten pupil, as defined in section 120.03, enrolled in a program approved by the commissioner, a number of pupil units equal to the ratio of the number of hours of education services required in the school year by the pupil's individual education program plan, developed pursuant to the rules of the state board, to 875, but not more than one pupil unit;

(b) For kindergarten pupils, other than those in clause (a), enrolled in one-half day sessions throughout the school year or the equivalent thereof, one-half pupil unit; and

(c) For other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(4) ~~To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program who is enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit. By March 1 of each year the department of public welfare shall certify to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children who were enrolled in the school district on the preceding October 1 which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.~~

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause,

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provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2) and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents.

(6) (Expired)

(7) (Expired)

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 14. Minnesota Statutes 1980, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve and for handicapped pre-kindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; ~~provided that any.~~ However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or inter-session classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days ~~said~~ the schools are in session.

Sec. 15. Minnesota Statutes 1980, Section 124.17, Subdivision 2c, is amended to read:

Subd. 2c. Notwithstanding ~~the provisions of~~ subdivision 2, in any case ~~where cases when~~ school is in session but pupils are prevented from attending for more than 15 consecutive school days during the regular school year or five consecutive school days during summer school or inter-session classes of flexible school year programs, because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the state board, upon application, may allow the district to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

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Sec. 16. Minnesota Statutes 1980, Section 124.17, is amended by adding a subdivision to read:

Subd. 2d. SUMMER SCHOOL. In summer school or inter-session classes of flexible school year programs, membership for pupils shall mean the number of full-time equivalent pupils in the program. This number shall equal the sum for all pupils of the number of classroom hours in the programs for which each pupil is enrolled divided by 1050. Membership in summer school or intersession classes of flexible school year programs shall not include a handicapped pupil whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment.

Sec. 17. Minnesota Statutes 1980, Section 124.20, is amended to read:

**124.20 EDUCATION; STATE AID; SUMMER SCHOOL AND FLEXIBLE SCHOOL YEAR CLASSES.**

Subdivision 1. PROGRAMS. Foundation aid for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, (3) summer school classes in elementary and secondary schools, and (4) summer school instruction in teachers college laboratory schools or in the university laboratory school, shall be paid at a proportionate rate for foundation aids paid for the preceding regular school year; provided that no district shall receive aid for programs under this section in an amount greater than its actual expenditures for these programs; provided further, that for purposes of computing summer school foundation aid through 1980, a district's foundation aid for the regular school year shall be reduced by the amount of the agricultural tax credit included in that foundation aid; provided further, that for purposes of computing summer school foundation aid starting in 1981, foundation aid for the regular school year shall be reduced by amounts of foundation aid computed pursuant to section 124.212, subdivision 7e, clauses (2), (3), (4) and (5), and section 124.212, subdivision 7d, clauses (2), (3), (4) and (5), or their successor provisions under the provisions of this section.

Subd. 2. DEFINITIONS. For the purposes of computing foundation aid for summer school and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer school pupil units" means full-time equivalent pupil units for summer school classes and inter-session classes of flexible school year programs computed under the provisions of section 124.17.

(2) "Summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times the foundation aid formula allowance as defined in section 21 of this article for the preceding regular school year.

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(3) For summer programs in 1982, "summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times 89 percent of the foundation aid formula allowance as defined in section 21 of this article for the preceding regular school year.

(4) "Summer school aid" means aid for summer school and inter-session classes of flexible school year programs.

Subd. 3. SUMMER SCHOOL AID. Each year a district shall receive summer school aid equal to the difference between

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy pursuant to section 34 of this article certified in the calendar year when the summer school program is offered; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 34 of this article in the calendar year when the summer school program is offered.

Sec. 18. Minnesota Statutes 1980, Section 124.212, Subdivision 1, is amended to read:

Subdivision 1. COMPONENTS. The Foundation aid program for each school districts district for each school years 1979-1980 and 1980-1981 shall be governed by the terms and provisions of this section. year shall equal the sum of the following:

(a) Basic foundation aid;

(b) Grandfather aid;

(c) Replacement aid;

(d) Discretionary aid;

(e) State school agricultural tax credit aid;

(f) Minimum aid; and

(g) Foundation aid for shared time pupils.

Sec. 19. Minnesota Statutes 1980, Section 124.212, is amended by adding a subdivision to read:

Subd. 11b. In determining adjusted assessed valuation, property which qualifies for the reimbursement specified in section 273.139, subdivision 1, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.

Sec. 20. ~~[124.212]~~ FOUNDATION AID DEFINITIONS.

Subdivision 1. ADJUSTED MAINTENANCE COST. "Adjusted maintenance cost" means the state and local current expense for pupils in

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elementary and secondary schools, exclusive of transportation, veterans training program, community services, and after reduction for receipts from the sale of authorized items sold to the individual pupil by the school such as lunches, items of personal use, or other items specifically authorized by law or under the procedures set forth in sections 120.71 to 120.76, and after reduction for receipts from extracurricular activities when the school board has assumed direction and control of these activities.

**Subd. 2. ADJUSTED ASSESSED VALUATION.** “Adjusted assessed valuation” or “EARC valuation” means the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the equalization aid review committee. The adjusted assessed valuation for any given calendar year shall be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

**Subd. 3. PUPIL UNITS.** (a) “Actual pupil units” means pupil units identified in section 124.17, subdivision 1, clauses (1) and (2).

(b) “AFDC pupil units” means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, Section 124.17, Subdivision 1, Clauses (4) and (5) in the 1980-1981 school year.

(c) “Total pupil units” means actual pupil units plus AFDC pupil units.

(d) “Declining enrollment pupil units” means pupil units identified in Minnesota Statutes, 1979 Supplement, Section 124.17, Subdivision 1, Clause (6).

(e) “Growing enrollment pupil units” means pupil units identified in Minnesota Statutes, 1979 Supplement, Section 124.17, Subdivision 1, Clause (7).

**Subd. 4. EQUALIZING FACTOR.** “Equalizing factor” means a number equal to the minimum EARC valuation per actual and AFDC pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year.

**Subd. 5. LEVY USE.** A levy “for use in a particular school year,” “attributable to a particular school year,” or “recognized as revenue in a particular school year,” means the levy certified in the calendar year ending in the school year preceding that particular school year, and payable in the calendar year in which that school year begins.

## Sec. 21. [124.2122] BASIC FOUNDATION AID.

**Subdivision 1. FORMULA ALLOWANCE.** “Foundation aid formula allowance” or “formula allowance” means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in

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the computation of permissible levies for use in that school year. The formula allowance shall be \$1,318 for 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year. The formula allowance shall be \$1,400 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

**Subd. 2. BASIC MAINTENANCE MILL RATE.** "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .021 for the 1980 payable 1981 levy and for foundation aid for the 1981-1982 school year. The basic maintenance mill rate shall be .023 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

**Subd. 3. BASIC FOUNDATION REVENUE.** A district's basic foundation revenue for each school year shall equal the formula allowance times its total pupil units for that school year.

**Subd. 4. BASIC FOUNDATION AID.** A district's basic foundation aid for each school year shall equal its basic foundation revenue for that school year, minus the basic maintenance mill rate times the applicable adjusted assessed valuation of the district.

**Sec. 22. [124.2123] GRANDFATHER FOUNDATION AID.**

**Subdivision 1. GRANDFATHER GUARANTEE AND ALLOWANCE.** (a) A district's "basic grandfather amount" shall equal the amount per pupil unit which the district was permitted to levy in 1978 pursuant to Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7.

(b) A district's "grandfather guarantee" shall equal its basic grandfather amount times its 1979-1980 actual, declining enrollment and growing enrollment pupil units.

(c) A district's "grandfather allowance" shall equal its grandfather guarantee divided by its 1979-1980 actual pupil units.

(d) A district's "grandfather levy limitation" means its levy limitation computed pursuant to section 275.125, subdivision 6b.

**Subd. 2. GRANDFATHER REVENUE.** A district's grandfather revenue for any school year shall equal the greater of (a) its grandfather guarantee, or (b) its grandfather allowance times its actual pupil units for the preceding school year.

**Subd. 3. GRANDFATHER AID.** A district's grandfather aid for any school year shall equal its grandfather revenue for that school year minus its grandfather levy limitation for the levy for use in that school year.

**Sec. 23. [124.2124] REPLACEMENT FOUNDATION AID.**

**Subdivision 1. REPLACEMENT COMPONENTS.** (a) A district's "fluctuating enrollment replacement component" shall equal the amount of

additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if declining or growing enrollment pupil units had been used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

(b) A district's "sparsity replacement component" shall equal the amount of additional aid the district would have received for the 1980-1981 school year if Minnesota Statutes 1979 Supplement, Section 124.224 had been effective for 1980-1981.

(c) A district's "basic replacement entitlement" shall equal the sum of its fluctuating enrollment replacement component and its sparsity replacement component, divided by its total pupil units in 1980-1981.

(d) "Replacement inflator" for any school year means the ratio of the foundation aid formula allowance for that school year to \$1,265. For the 1981-1982 school year, however, the replacement inflator shall equal 107 percent.

(e) A district's "replacement allowance" for each school year shall equal its basic replacement entitlement times the replacement inflator for that school year.

(f) A district's "replacement levy limitation" means its levy limitation computed pursuant to section 275.125, subdivision 6c.

Subd. 2. REPLACEMENT REVENUE. A district's replacement revenue for any school year shall equal its replacement allowance for that school year times its total pupil units for that school year.

Subd. 3. REPLACEMENT AID. A district's replacement aid for any school year shall equal its replacement revenue for that school year minus its replacement levy limitation for the levy for use in that school year.

#### Sec. 24. [124.2125] DISCRETIONARY AID.

Subdivision 1. DISCRETIONARY ALLOWANCE; DEFINITION. "Discretionary allowance" means the amount of revenue per pupil unit used to compute discretionary aid for a particular school year and the discretionary levy for use in that school year. The discretionary allowance shall equal the formula allowance for the school year times the ratio of the discretionary mill rate to the basic maintenance mill rate for levies for use in that school year, rounded to the nearest cent. The discretionary allowance for 1981-1982, however, shall equal \$64.48.

Subd. 2. DISCRETIONARY MILL RATE. "Discretionary mill rate" means the mill rate used to compute the discretionary levy, the discretionary

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allowance, and discretionary aid for use in a particular school year. The discretionary mill rate shall equal .001 for 1981-1982 aid. For the 1981 payable 1982 levy and 1982-1983 aid, and for the levy and aid for succeeding years, the discretionary mill rate shall equal .00225 in districts which levy pursuant to section 275.125, subdivision 7a, clause (2), and .001 in districts which levy pursuant to section 275.125, subdivision 7a, clause (3).

Subd. 3. DISCRETIONARY REVENUE. A district's discretionary revenue for each school year shall equal its discretionary allowance for that school year times its total pupil units for the preceding school year.

Subd. 4. DISCRETIONARY AID. A district's discretionary aid for each school year shall equal its discretionary revenue for that year, minus the discretionary mill rate times the applicable adjusted assessed valuation of the district.

**Sec. 25. [124.2126] MINIMUM AID.**

Subdivision 1. QUALIFICATION. A district where the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6 and 6a, comprises 60 percent or more of the assessed valuation of the district shall qualify for minimum aid.

Subd. 2. GUARANTEE. A qualifying district's "minimum guarantee" for each school year shall equal \$800 times its total pupil units for that school year, minus its basic foundation aid for that school year.

Subd. 3. MINIMUM AID. A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) The amount of the district's state school agricultural tax credit aid for that school year;

(2) The amount by which property taxes of the district for use in that school year are reduced by the homestead credit provisions in section 273.13, subdivisions 6, 7, and 14a;

(3) The amount by which property taxes of the district for use in that school year are reduced by the taconite homestead credit provisions in section 273.135; and

(4) The amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6.

**Sec. 26. [124.2127] SHARED TIME PUPILS.**

Subdivision 1. DEFINITION; FOUNDATION AID. Shared time pupils are defined as those pupils who attend public school programs for part of

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the regular school day and who otherwise fulfill the requirements of section 120.10 by attendance at a nonpublic school.

(a) The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

(b) Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to section 124.17, subdivision 1, clauses (1) and (2), were added to the district's total pupil units used in determining its foundation aid. Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time average daily membership shall not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time foundation aid pursuant to this subdivision.

(c) Foundation aid for shared time pupils shall be paid to the district of the pupil's residence. If a pupil attends shared time classes in another district, the resident district shall pay to the district of attendance an amount of tuition equal to the ratio in clause (a) times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall not be obligated for tuition except by previous agreement.

(d) Notwithstanding the provisions of clause (c), the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall be paid to the district of attendance and, upon agreement, the district of attendance may bill the resident district for any unreimbursed education costs, but not for unreimbursed transportation costs. The agreement may, however, provide for the resident district to pay the cost of any of the particular transportation categories specified in section 124.225, subdivision 1, and in this case, aid for those categories shall be paid to the district of residence rather than to the district of attendance.

(e) Minutes of enrollment in a public school during which a nonpublic school pupil receives services pursuant to section 123.935 shall not be used in the computation of shared time foundation aid pursuant to this subdivision.

**Subd. 2. LOCATION OF SERVICES.** Public school programs may be provided to shared time pupils only at a public school building; provided, however, that special instruction and services for handicapped children required pursuant to section 120.17 may also be provided at a neutral site as defined in section 123.932, and diagnostic and health services required pursuant to section 120.17 may also be provided at a nonpublic school building. As used in this



subdivision, "diagnostic services" means speech, hearing, vision, psychological, medical and dental diagnostic services and "health services" means physician, nursing or optometric services provided to pupils in the field of physical and mental health.

**Sec. 27. [124.2128] DEDUCTIONS FROM FOUNDATION AID.**

Subdivision 1. UNDERLEVIES. A district's basic foundation, grandfather, replacement or discretionary aid, as applicable, for any school year when the actual amount of the corresponding levy for use in that year is less than the permitted amount, shall be reduced by a percentage equal to the difference between the actual amount and the permitted amount, divided by the permitted amount. This provision shall apply to basic foundation aid only for a school year when the actual amount of the basic maintenance levy for use in that year is less than 95 percent of the permitted amount.

Subd. 2. PERMANENT SCHOOL FUND. The amount of money received by a school district as income from the permanent school fund for any year, shall be deducted from the foundation aid earned by the district for the same year or from aid earned from other state sources.

Subd. 3. MINIMUM. In no event shall the amount payable to any district from state sources for any one year be reduced below the amount payable as apportionment of the school endowment fund pursuant to sections 124.08 to 124.10.

Subd. 4. COUNTY APPORTIONMENT DEDUCTION. (1) The amount of money apportioned to a school district for each school year pursuant to section 124.10, subdivision 2, which exceeds the amount apportioned to that district pursuant to section 124.10, subdivision 2 for the 1976-1977 school year, shall be deducted from the foundation aid earned by that district for the same year.

(2) In addition to the deduction in clause (1), five-sixths of the amount apportioned pursuant to section 124.10, subdivision 2, shall be deducted from foundation aid for the 1981-1982 school year, but this deduction shall not exceed five-sixths of the amount apportioned for the 1976-1977 school year.

(3) In the 1982-1983 school year and each school year thereafter, the entire amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Subd. 5. TACONITE DEDUCTIONS. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district.

(2) For districts which received payments under sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties or recognized revenue pursuant to section 477A.15; the foundation aid shall be reduced in the October adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections, or revenue recognized pursuant to section 477A.15 in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

**Subd. 6. DISCRETIONARY AID FUND BALANCE REDUCTION.**

A district's discretionary aid for any school year shall be reduced by the amount specified in section 38 of this article.

**Sec. 28. [124.2129] FOUNDATION AID; RESIDENT AND NON-RESIDENT DISTRICTS.**

Subdivision 1. AID TO DISTRICT OF RESIDENCE. Foundation aids shall be paid to the district of residence unless otherwise specifically provided by law.

Subd. 2. DISTRICT WITHOUT SCHOOLS. Any district not maintaining classified elementary or secondary schools shall pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and shall receive foundation aid pursuant to this section on the same basis as other districts. The aid shall be computed as if the pupils were enrolled in the district of residence.

Subd. 3. NOTIFICATION OF RESIDENT DISTRICT. Any school district educating children who are residents of another school district shall notify the district of residence within 60 days of the date the child is determined by the district to be a nonresident, but not later than October 1 following the end of the school year in which the child is educated. If the district of residence does not receive a notification from the providing district pursuant to this subdivision, it shall not be liable to that district for any tuition billing received after October 1 of the next school year.

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

Subd. 4. STATE AGENCY AND COURT PLACEMENTS. If a state agency or a court of the state desires to place a child in a school district which is not the child's district of residence, that agency or court shall, prior to placement, allow the district of residence an opportunity to participate in the placement decision and notify the district of residence, the district of attendance and the commissioner of education of the placement decision. When a state agency or court determines that an immediate emergency placement is necessary and that time does not permit district participation in the placement decision or notice to the districts and the commissioner of education of the placement decision prior to the placement, the agency or court may make the decision and placement without that participation or prior notice. The agency or court shall notify the district of residence, the district of attendance and the commissioner of education of an emergency placement within 15 days of the placement.

Sec. 29. Minnesota Statutes 1980, Section 124.213, is amended to read:

**124.213 STATE SCHOOL AGRICULTURAL CREDIT.**

Subdivision 1. TAX REDUCTIONS. The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of 17 mills on the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

~~In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make these payments in fiscal year 1978.~~

Subd. 2. STATE AID. A school district's state school agricultural tax credit aid for each school year shall equal the amount by which property taxes certified in the district for collection in the calendar year ending in that school year are reduced pursuant to subdivision 1.

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Subd. 3. **APPROPRIATION.** There is appropriated from the general fund in the state treasury to the department of education the amount necessary to make these payments in fiscal year 1979 and thereafter.

Sec. 30. Minnesota Statutes 1980, Section 124.214, Subdivision 2, is amended to read:

Subd. 2. **ABATEMENTS.** Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and whenever the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon such changed valuations, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. In August of each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The amount of the abatement adjustment shall be the product of (1) the net revenue loss as certified by the county auditor, times (2) the ratio of the sum of the amounts of the district's levy limitations in the preceding October pursuant to section 275.125, subdivision 2a, ~~clause (1) or (2)~~, and subdivisions 5, 6c, and 7a to the total amount of the district's maximum levy limitation in the preceding October pursuant to section 275.125. For purposes of this computation, the district's levy limitation pursuant to section 275.125, subdivision 5, shall not include the amounts authorized to be levied for bus purchases or because of extraordinary traffic hazards. The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.

Sec. 31. Minnesota Statutes 1980, Section 275.125, Subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** Except as may otherwise be provided in this section, the words and phrases defined in sections 124.01 ~~and~~, 124.212, section 17 of this article and sections 20 to 24 of this article when used in this section shall have the meanings ascribed to them in those sections.

Sec. 32. Minnesota Statutes 1980, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. **BASIC MAINTENANCE LEVY.** (1) ~~In 1979~~ Each year, a school district may levy for all general and special school purposes, an amount equal to not to exceed the amount raised by ~~23 mills~~ the basic maintenance mill rate times the ~~1978~~ adjusted assessed valuation of the district for the preceding year.

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(2) In 1980, a school district may levy for all general and special school purposes, an amount equal to the amount raised by 24 mills times the 1979 adjusted assessed valuation of the district.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), the foundation aid to the district for the school year when the levy is recognized as revenue, calculated pursuant to section 124.212, subdivision 7c, clauses (1) and (6); or section 124.212, subdivision 7d, clauses (1) and (6); or their successor provisions, as applicable, shall be reduced to an amount equal to the ratio between the actual levy and the maximum levy allowable under clauses (1) and (2) times the foundation aid calculated pursuant to section 124.212, subdivision 7c, clauses (1) and (6); or section 124.212, subdivision 7d, clauses (1) and (6); or their successor provisions, as applicable, to which the district is otherwise entitled for that year. For purposes of computations pursuant to this clause, the maximum levy allowable and the actual levy under clauses (1) and (2) shall be increased by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law. For purposes of this subdivision, the term "basic maintenance mill rate" shall have the meaning given it in section 21 of this article.

(4) (a) Subd. 2d. REFERENDUM LEVY. (1) The levy authorized by clauses (1) or (2) subdivision 2a may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held to approve a levy increase which will commence in a specific school year. The question on the ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The question may designate a specific number of years for which the referendum authorization shall apply. If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked by the voters of the district at a subsequent referendum.

(b) (2) A referendum on the question of revoking the increased levy amount authorized pursuant to clause (a) (1) of this clause subdivision may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. The amount A levy approved by the voters of the district pursuant to clause (a) (1) of this clause subdivision must be levied made at least once before it is subject to a referendum on its revocation for subsequent years. Only one such revocation election may be held to revoke a levy for any specific year and for years thereafter.

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(e) ~~(3)~~ A petition authorized by clauses ~~(a)~~ (1) or ~~(b)~~ of this clause (2) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

~~(d)~~ (4) Notwithstanding any law to the contrary, the approval of .50 percent plus one of those voting on the question is required to pass a referendum.

~~(e)~~ (5) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 33. Minnesota Statutes 1980, Section 275.125, Subdivision 2c, is amended to read:

Subd. ~~2e~~ 2e. **BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.** (1) ~~Beginning in 1979,~~ In any year when the amount of the maximum levy limitation under subdivision 2a, ~~clause (1) or (2),~~ for any district ~~with fewer than 950 pupil units under section 124.17, subdivision 1, clauses (1) and (2),~~ exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of actual and AFDC pupil units for that district ~~identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5),~~ for that school year, the levy limitation for that district under subdivision 2a, ~~clause (1) or (2),~~ shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, Section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a, ~~clause (1) or (2):~~

(a) the product of the district's foundation aid formula allowance ~~under section 124.212~~ for the school year in which the levy is recognized as revenue, times the estimated number of actual and AFDC pupil units for that district ~~identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5),~~ for that school year, less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section ~~124.212~~ 27, subdivision ~~5a~~ 4 of this article in the school year in which the levy is recognized as revenue.

(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, ~~clause (1) or (2),~~ for purposes of statutory cross-reference.

Sec. 34. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

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Subd. 2f. SUMMER SCHOOL LEVY. A district may levy for summer school programs an amount equal to the following product:

(1) The district's summer school revenue allowance as defined in section 124.20 for the calendar year when the levy is certified, times

(2) the lesser of

(a) one or

(b) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the third preceding year, by the number of actual and AFDC pupil units in the district in the preceding regular school year, to

(ii) the equalizing factor for the preceding regular school year.

Sec. 35. Minnesota Statutes 1980, Section 275.125, Subdivision 6b, is amended to read:

Subd. 6b. **GRANDFATHER LEVY.** (1) ~~In 1979 any district which qualified in 1978 for an excess levy under Minnesota Statutes 1978, Section 275.125, Subdivision 6 or 7, may levy an amount equal to the product obtained by multiplying~~

~~(a) the lesser of~~

~~(i) one or~~

~~(ii) the ratio of the district's 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1979-1980, to the state average 1978 adjusted assessed valuation per pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the state in 1979-1980, times~~

~~(b) the product obtained by multiplying~~

~~(i) the amount per pupil unit which the district was permitted to levy in 1978 under Minnesota Statutes 1978, Section 275.125, Subdivisions 6 and 7, times~~

~~(ii) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (6), and (7), in the district in 1979-1980. For purposes of this subdivision, the terms "grandfather guarantee" and "grandfather allowance" shall have the meanings given them in section 22 of this article.~~

(2) ~~In 1980 and~~ Each year thereafter, any district which qualified in 1979 for an excess levy under clause (1) this subdivision, shall be allowed to levy an amount equal to the product obtained by multiplying

(a) the lesser of

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(i) one or

(ii) the ratio of the district's adjusted assessed valuation in the preceding year per actual and AFDC pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the school year when the levy is certified, to the state average adjusted assessed valuation in the preceding year per actual and AFDC pupil unit identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the school year when the levy is certified, times

(b) the greater of

(i) the amount derived in clause (1), part (b) the district's grandfather guarantee, or

(ii) the product obtained by multiplying

(A) the number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2) in the district in the school year when the levy is certified, times

the quotient obtained by dividing the amount derived in clause (1), part (b), by the number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), in the district in 1979-1980 (B) the district's grandfather allowance.

(3) For purposes of computing levy limitations pursuant to this subdivision and the matching grandfather aid, the department shall use and shall not be required to subsequently adjust the state average adjusted assessed valuation per pupil unit determined as of the September 1 before the levy is certified.

Sec. 36. Minnesota Statutes 1980, Section 275.125, Subdivision 6c, is amended to read:

Subd. 6c. **REPLACEMENT LEVY.** (1) In 1979 any district may levy an amount equal to the lesser of

(a) the product obtained by multiplying

(i) the ratio of

(A) the quotient obtained by dividing the sum of the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 124.224 were effective in the 1980-1981 school year, by the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the district in 1980-1981, to

(B) \$55,000, times

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(ii) the district's 1978 adjusted assessed valuation; or

(b) the additional amounts of aid the district would receive if pupil units identified in section 124.17, subdivision 1, clauses (6) and (7) were used in addition to the pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5), in the computation pursuant to section 124.212, subdivision 7c, clause (1), and if section 124.224 were effective in the 1980-1981 school year. For purposes of this subdivision, the term "replacement revenue" shall have the meaning given it in section 23 of this article.

(2) In 1980 and Each year thereafter, any district which qualified for a levy under clause (1) this subdivision in 1979 may levy an amount equal to

(a) the product obtained by multiplying

(i) the ratio of the foundation aid formula allowance district's replacement revenue for the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(ii) the ratio of the amount derived in clause (1), part (a) (i) (A), to the equalizing factor for the school year to which the levy is attributable, times

(iii) (ii) the lesser of

(A) one or

(B) the ratio of the district's adjusted assessed valuation for the preceding year; or

(b) the product obtained by multiplying

(i) the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4) and (5) in the district in the school year to which the levy is attributable pursuant to section 121.904, subdivision 4, times

(ii) the ratio of the foundation aid formula allowance for the year to which the levy is attributable pursuant to section 121.904, subdivision 4, to \$1,265, times

(iii) the amount derived in clause (1), part (a) (i) (A): per actual and AFDC pupil unit in the school year to which the levy is attributable, to the equalizing factor for the school year to which the levy is attributable.

Sec. 37. Minnesota Statutes 1980, Section 275.125, Subdivision 7a, is amended to read:

Subd. 7a. **DISCRETIONARY LEVY.** (1) In 1980 each district which levies the maximum permissible amount pursuant to subdivision 2a, clause (1) or (2) and subdivision 6b, may levy an additional amount which shall not exceed the lesser of (a) an amount equal to one mill times the district's 1979 adjusted assessed valuation or (b) the product obtained by multiplying \$64.48

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times the number of pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the district in the 1980-1981 school year. For purposes of this subdivision, the terms "discretionary allowance" and "discretionary mill rate" shall have the meanings given them in section 24 of this article.

(2) In 1981 and each year thereafter, each a district which levies the maximum permissible amount pursuant to subdivision 2a, clause (1) or (2) and subdivision 6b may levy an additional amount which shall not exceed the lesser of (a) an amount equal to  $1\frac{1}{2}$  mills the discretionary mill rate times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying (i)  $1\frac{1}{2}$  times (ii) the ratio of the equalizing factor to 1,000 the applicable discretionary allowance times (iii) the number of actual and AFDC pupil units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5), in the district in the school year when the levy is certified.

(3) In 1981 and each year thereafter, a district which levies the maximum permissible amount pursuant to subdivision 2a and subdivision 6b, and where the net unappropriated balance in all operating funds as of the preceding June 30 is less than \$165 per actual and AFDC pupil unit in the district in the school year when the levy is certified, may levy an amount which shall not exceed the lesser of (a) one mill times the district's adjusted assessed valuation for the preceding year or (b) the product obtained by multiplying the applicable discretionary allowance times the total number of pupil units in the district in the school year when the levy is certified, without holding a public hearing or conducting a referendum pursuant to clause (5).

(4) The board is not required to hold a public hearing or conduct a referendum on the levy authorized by this subdivision in any year when it levies pursuant to clause (3) or when the board proposes to levy an amount not to exceed an amount equal to the preceding year's adjusted assessed valuation times the largest number of EARC mills previously levied by the district pursuant to this subdivision.

(5)(a) Except as provided in clause (3), the provisions of clause (5) shall apply to the levy authorization in this subdivision in any year when the board either proposes to levy pursuant to this subdivision for the first time or proposes to increase the number of mills which it levies against its adjusted assessed valuation pursuant to this subdivision to a number of mills greater than the largest number of mills previously levied against its adjusted assessed valuation pursuant to this subdivision.

(b) By the July 1 before a district certifies any levy pursuant to this subdivision in 1980, in any even-numbered year thereafter, or in any odd-numbered year thereafter when the district has not certified a levy pursuant to this subdivision in the preceding year July 15 in any year when clause (5) applies, the board of the district shall hold a public hearing on the need for the

proposed levy pursuant to this subdivision or increase. At least three weeks published notice of the hearing in 10 point type or 5.0 agate type, on 12 point body, with a larger headline, shall be given in the legal newspaper with the largest circulation in the district. The notice shall state the amount of the proposed levy or increase in dollars, in EARC mills and in auditor's mills; and the estimated net unappropriated fund balance in the district's operating funds as of the June 30 before the levy or increase is certified; and the tax impact of the proposed levy on homesteads with market values of \$30,000 and \$50,000.

(c) At the hearing, the district shall present its proposed revenue and expenditure budgets for the next two school years and, the estimated net unappropriated fund balances in all district funds as of the June 30 before the levy or increase is certified, and the estimated amount in dollars, in EARC mills and in auditor's mills of any reduction of the proposed levy which may be required by section 38 of this article. At the hearing, and the board shall also hear all parties requesting to give testimony for and against the proposed levy or increase. Upon receipt of a petition within 20 30 days after the hearing of the greater of (a) 50 voters, or (b) 15 percent of the number of voters who voted in the district at the most recent regular school board election, the board shall call a referendum on a reduction of the proposed levy or increase. The petition shall state the number of mills on the district's adjusted assessed valuation by which it proposes to reduce the proposed levy. No petition or referendum shall provide for a reduction of a proposed levy pursuant to this subdivision to a rate less than one-half mill on the district's adjusted assessed valuation below the rate levied by the district pursuant to this subdivision in the preceding year. A petition shall be effective if signed by a number of qualified voters in the district equal to the greater of 50 voters or 15 percent of the number of voters who voted in the district at the most recent regular school board election.

(d) The referendum shall be held on a date set by the school board, but no later than the August 20 September 20 before the levy is certified. The question on the ballot shall state the maximum amount of the proposed levy, the amount of the proposed reduction of the levy and the amount of the levy if the reduction is approved, in mills on the district's adjusted assessed valuation and in dollars in the first year of the proposed levy.

The ballot shall state substantially the following, as appropriate:

The board of ..... School District No. .... has proposed (a discretionary levy in a maximum amount of ..... EARC mills which would raise) (to increase a discretionary levy from ... EARC mills to ... EARC mills. This increase would provide an additional) \$..... in the first year levied.

...	<u>Yes</u>	<u>Shall the (increase in the) discretionary levy proposed by the Board of ..... School</u>
...	<u>No</u>	<u>District No. .... be approved?</u>

(e) The approval of a majority of those voting on the question is required to pass the referendum.

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(f) If a petition is not received or if the proposed levy or increase is approved at a referendum, the district may levy the amount provided by the number of mills proposed by the school board, in the year when the hearing or referendum is held and in succeeding years. If a proposed first time levy is not approved, except as provided in clause (3), the district may not levy pursuant to this subdivision in the year when the referendum is held and shall be required to comply with the provisions of clause (5) before levying pursuant to this subdivision in a subsequent year. If a proposed increase is not approved, the district may levy an amount not to exceed the amount provided by the millage proposed by the school board, reduced by any reduction in millage approved at a referendum pursuant to this clause largest number of EARC mills previously levied by the district pursuant to this subdivision, applied to the preceding year's adjusted assessed valuation until the next even-numbered year. The district is not required to hold a public hearing or call a referendum on a levy pursuant to this subdivision in any odd-numbered year which succeeds a year in which a levy is certified pursuant to this subdivision.

Sec. 38. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subd. 7c. DISCRETIONARY LEVY FUND BALANCE PROVISION. Beginning with the 1981 levy, for a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds \$500 per actual and AFDC pupil unit in the year when the levy is certified, the discretionary levy limitation shall be reduced by the amount of the excess times the lesser of one or the ratio of the district's EARC valuation for the preceding year per actual and AFDC pupil unit in the school year when the levy is certified, to the equalizing factor. Beginning with the 1982-1983 school year, the discretionary aid for the year when that levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

Sec. 39. Minnesota Statutes 1980, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. LEVY REDUCTIONS; TACONITE. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, clause (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. Reductions in levies pursuant to this clause, subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15;

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and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, ~~clause (1) or (2)~~, to an amount less than the amount raised by a levy of ten mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, ~~clause (4)~~ 2d shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 7a shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section ~~424.212~~ 27, subdivision ~~8a~~ 5, clause (2), of this article and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amount on the designated date: on or before March 15 of each year, 100 percent of the amount required to be subtracted from the

previous fiscal year's foundation aid pursuant to section ~~124.212~~ 27, subdivision ~~8a~~ 5, of this article which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 40. Minnesota Statutes 1980, Section 275.125, Subdivision 9a, is amended to read:

Subd. 9a. **STATUTORY OPERATING DEBT LEVY.** (1) In 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. When the cumulative levies made pursuant to this subdivision equal an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under subdivision 2a, ~~clause (1) or (2)~~ in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977.

Sec. 41. Minnesota Statutes 1980, Section 275.125, Subdivision 19, is amended to read:

Subd. 19. **LEVY REDUCTION; MINIMUM AID.** ~~Beginning with the 1979 payable 1980 levy,~~ Any district which it is estimated will receive an amount of minimum foundation aid pursuant to section ~~124.212, subdivision~~

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~~7e, clause (6) 25 of this article~~ or its successor provision in the year to which the levy is attributable, shall reduce its levy limitation pursuant to subdivision 2a, ~~clause (1) or (2)~~, by the amount of minimum foundation aid which it is estimated that the district will receive in the year to which the levy is attributable.

Sec. 42. Minnesota Statutes 1980, Section 275.125, Subdivision 20, is amended to read:

Subd. 20. **ESTIMATES.** The computation of levy limitations pursuant to ~~subdivisions 2b, 2c, 6c and 19~~ this section shall be based on estimates where necessary. If as a result of using estimates for these computations the amount of any levy is different from the amount which could actually have been levied if actual data had been available, levy limitations in the first year when the actual data is known shall be adjusted to reflect for this difference. The amount of any adjustment to levy limitations pursuant to this subdivision shall be recognized as revenue in the school year when the levy for which the levy limitation is so adjusted is recognized as revenue.

Sec. 43. Minnesota Statutes 1980, Section 298.28, Subdivision 1, is amended to read:

Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed as follows:

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(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (e) (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134. ~~The 23 cents, less any amount distributed under part (e), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4) 2d.~~

(c) On July 15, 1982 and on July 15 in subsequent years, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 275.125, subdivision 2d, is authorized by referendum, according to the following formula. Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the previous school year, less the product of two mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 275.125, subdivision 2d, in the previous year, to the product of two mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124.212 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of finance who shall deposit the same in the

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taconite environmental protection fund and the northeast Minnesota economic protection fund as provided in section 298.28, subdivision 1, clause 10.

(e) (d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) One cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) Three cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause

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shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter

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provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the

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department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

**Sec. 44. DULUTH AIR BASE CLOSING; AID.**

Subdivision 1. DETERMINING PUPIL UNIT REDUCTION. In the 1981-1982 school year, Independent School Districts No. 700, No. 704, and No. 709 shall determine the reduction in number of pupil units from the 1980-1981 school year because of the closing of the Duluth air base.

Subd. 2. 1981-1982 ADJUSTMENT. In the 1981-1982 school year, Independent School Districts No. 700, No. 704, and No. 709 shall receive 50 percent of the foundation aid lost because of the reduction in pupil units pursuant to subdivision 1.

**Sec. 45. LEVY ADJUSTMENTS.**

In 1981, the maximum levy limitation under Minnesota Statutes, Section 275.125, Subdivision 2a or 2e, as applicable, for each district shall be reduced by any difference between the amount of the basic maintenance levy certified by the district in 1980 and the amount of the 1980 basic maintenance levy limitation which would have been computed for the district using a formula allowance of \$1,318.

**Sec. 46. USE OF RESTORATION FUNDS.**

Moneys paid to a school district pursuant to Session Laws 1981, Chapter 1, may be deposited in the school district's general fund and may be used for any expenditure for which general fund moneys may be used, notwithstanding any provision in the law restricting the use of moneys to the specific purpose for which the moneys were appropriated.

**Sec. 47. EVALUATION OF GRANDFATHER AND REPLACEMENT LEVY.**

The state department of education shall study and evaluate the effects of the grandfather and replacement levy limitations and grandfather and replacement aid and report the findings of this study to the education committees of the legislature before February 15, 1982. The reports shall include recent data on patterns of revenue, expenditures, unit costs, and fund balances of school districts.

**Sec. 48. INSTRUCTIONS TO REVISOR.**

In accordance with section 648.34, in the next edition of Minnesota Statutes, the revisor of statutes shall transfer Minnesota Statutes, Section

124.212, Subdivisions 10 to 18, including any 1981 amendments to these subdivisions, into a new section coded as [124.2131] with a headnote entitled EQUALIZATION AID REVIEW COMMITTEE., and shall alter the references to those subdivisions in the statutes so as to conform to the transfer.

**Sec. 49. REPEALER.**

Minnesota Statutes 1980, Sections 122.531, Subdivision 7; 124.01, Subdivisions 2, 3, and 4; 124.212, Subdivisions 2, 4, 5, 5a, 6c, 7c, 7d, 8a, 9, 9a, 9b, 20, 20a, and 21; and 275.125, Subdivisions 2b and 7b, are repealed.

**Sec. 50. APPROPRIATION.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. FOUNDATION AID. For foundation aid there is appropriated:

\$724,700,000.....1982,

\$614,000,000.....1983.

The appropriation for 1982 includes \$68,500,000 for aid for fiscal year 1981 payable in fiscal year 1982, and \$656,200,000 for aid for fiscal year 1982 payable in fiscal year 1982.

The appropriation for 1983 includes \$65,200,000 for aid for fiscal year 1982 payable in fiscal year 1983, and \$548,800,000 for aid for fiscal year 1983 payable in fiscal year 1983.

Subd. 3. SUMMER SCHOOL. For state aid for summer school there is appropriated:

\$11,470,400.....1982,

\$11,930,400.....1983.

The appropriation for 1982 is for 1981 summer school programs.

The appropriation for 1983 is for 1982 summer school programs.

If the appropriation amounts for this purpose are insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this subdivision for this purpose.

Subd. 4. CANCELLATION. Any unexpended balance remaining from the appropriations in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropri-

ated in this section shall be expended for a purpose other than the purpose indicated.

**Sec. 51. EFFECTIVE DATE.**

Subdivision 1. Sections 2, 14, 15, 16, 17, and 37 of this article are effective the day following final enactment.

Subd. 2. Section 43 of this article is effective for taxes payable in 1982 for iron ore concentrate produced in any year beginning after December 31, 1980.

**ARTICLE II**  
**TRANSPORTATION AID**

Section 1. Minnesota Statutes 1980, Section 123.39, Subdivision 1, is amended to read:

Subdivision 1. **GENERAL PROVISIONS.** The board may provide for the free transportation of pupils to and from school, and to schools; in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any ~~special or independent~~ school district, the board shall arrange for the attendance of all pupils living two miles or more from the school, through suitable provision for transportation or ~~for~~ through the boarding and rooming of ~~such~~ the pupils as who may be more economically and conveniently provided for by ~~such that means.~~ When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the school board. The district is ~~authorized to~~ may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by ~~such that means~~ or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 2. Minnesota Statutes 1980, Section 124.223, is amended to read:

**124.223 TRANSPORTATION AID AUTHORIZATION.**

School transportation and related services for which state transportation aid is authorized are:

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

(1) **TO AND FROM SCHOOL; BETWEEN SCHOOLS.** Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; ~~or;~~ transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools they the resident pupils attend pursuant to a program approved by the commissioner of education; ~~or;~~ transportation of resident elementary pupils who reside one mile or more from a private nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79 with respect to private school pupils;

(2) **OUTSIDE DISTRICT.** Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) **SECONDARY VOCATIONAL CENTERS.** Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) **HANDICAPPED.** Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school during the school day to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that the pupil reside at least one mile from school in order for the transportation to qualify for aid;

(5) **BOARD AND LODGING: NONRESIDENT HANDICAPPED.** When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) **SHARED TIME.** Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(7) **FARIBAULT STATE SCHOOLS.** Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) **SUMMER SCHOOL.** Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a state board approved summer school program;

(9) **COOPERATIVE ACADEMIC AND VOCATIONAL.** Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) **NONPUBLIC SUPPORT SERVICES.** Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 3. Minnesota Statutes 1980, Section 124.225, Subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) ~~Beginning with the 1980-1981 school year,~~ "Region" means development region as defined in section 462.384, subdivision 5, except that for purposes of this section, development regions 1 and 2 are one region, development regions 4 and 5 are one region, development regions 6E and 6W are one region, and development regions 7E and 7W are one region.

(c) "Total authorized cost" or "total authorized expenditure" means the sum of:

(i) all expenditures for transportation for which aid is authorized in section 124.223, plus

(ii) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(iii) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.



(d) "Total authorized predicted cost" means the total authorized cost predicted by a multiple regression formula determined by the department of education.

~~(e) For the 1979-1980 school year, "regular and summer school authorized FTE's transported" means full time equivalent pupils transported under section 124.223, clause (1), during the regular school year and in conjunction with a state board approved summer school program.~~

~~(f)~~ (e) "Transportation category" means a category of transportation service provided to pupils. Each category includes transportation provided during the regular school year and in conjunction with a state board approved summer school program. For purposes of this section, transportation categories are as follows:

(i) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(ii) Secondary vocational center transportation is transportation services provided under section 124.223, clause (3);

(iii) Handicapped transportation is transportation services provided under section 124.223, clause (4), excluding board and lodging and excluding transportation to and from board and lodging facilities;

(iv) Board and lodging is services provided, in lieu of transportation, under section 124.223, clauses (4) and (5);

(v) Between schools transportation is transportation services between schools provided under section 124.223, clause (1);

(vi) Shared time regular transportation is transportation services provided under section 124.223, clause (6), excluding transportation provided for pupils attending shared time special education classes;

(vii) Shared time special education transportation is transportation services for pupils attending shared time special education classes provided under section 124.223, clause (6);

(viii) To and from board and lodging facility transportation is transportation services to and from board and lodging facilities provided under section 124.223, clauses (4) and (7);

(ix) Cooperative academic and vocational transportation is transportation services provided under section 124.223, clause (9);

(x) Nonpublic health, guidance and counseling transportation is transportation services provided under section 124.223, clause (10);

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(g) (f) "Pupil weighting factor" means the ratio of the actual regional average cost per FTE in a particular transportation category to the actual regional average cost per FTE in the regular transportation category.

(h) (g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(i) (h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

Sec. 4. Minnesota Statutes 1980, Section 124.225, Subdivision 1a, is amended to read:

Subd. 1a. **WEIGHTING FACTORS.** For ~~the 1980-1981~~ each school year ~~and thereafter~~, in computing transportation aid, the department of education shall establish the pupil weighting factors for each transportation category for each region using transportation cost data for the second prior school year. The department shall use the statewide pupil weighting factor for any transportation category for which a region had no experience during the second prior school year.

Sec. 5. Minnesota Statutes 1980, Section 124.225, Subdivision 3, is amended to read:

Subd. 3. **FORMULA.** For ~~the 1980-1981~~ each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. A multiple regression formula shall be determined through stepwise multiple regression analysis for each region by the department of education, using the terms specified in subdivision 4a, to maximize the amount of variance accounted for between the total actual authorized cost per weighted FTE for the ~~1978-1979~~ second preceding school year and the total authorized predicted cost per weighted FTE for the ~~1978-1979~~ second preceding school year. The formula determined for each region shall be used to determine a total authorized predicted cost per weighted FTE for the ~~1978-1979~~ second preceding school year for each district in the region. The amount determined for each district shall be adjusted according to the provisions of subdivisions 6 and 7a.

Sec. 6. Minnesota Statutes 1980, Section 124.225, Subdivision 4a, is amended to read:

Subd. 4a. **FORMULA TERMS.** To predict the total authorized cost per weighted FTE for each district ~~beginning in the 1980-1981 school year~~ pursuant to subdivision 3, each regional multiple regression formula shall use the following terms and their squares for each district in the region:

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

- (1) The area of the district measured in square miles;
- (2) The district's average daily membership;
- (3) The total number of authorized FTE's transported by the district;
- (4) The total number of authorized FTE's transported by the district in the handicapped, shared time special education, and to and from board and lodging facility transportation categories as a percentage of the total number of authorized FTE's transported by the district;
- (5) The number of authorized FTE's transported by the district in the board and lodging transportation category as a percentage of the total number of authorized FTE's transported by the district;
- (6) The number of authorized FTE's transported by the district in the between schools transportation category as a percentage of the total number of authorized FTE's transported by the district;
- (7) The number of authorized FTE's transported by the district in the shared time regular transportation category as a percentage of the total number of authorized FTE's transported by the district;
- (8) The number of authorized FTE's transported by the district in the secondary vocational center transportation category as a percentage of the total number of authorized FTE's transported by the district;
- (9) The number of authorized FTE's per square mile transported by the district in the regular transportation category;
- (10) The number of authorized FTE's per square mile transported by the district in the handicapped transportation category;
- (11) The number of authorized FTE's transported by the district in the regular transportation category as a percentage of the district's average daily membership;
- (12) An index of the district's shape computed by the department of education based on a comparison of the perimeter of the district to the perimeter of a circle with the same square mile area as the district;
- (13) The percentage of the district's square mile area which is classified by the state planning agency as water-covered or marshland;
- (14) The number of 40 acre parcels of land in the district which are contiguous to or intersected by unpaved roads, as a percentage of the number of 40 acre parcels of land in the district which are contiguous to or intersected by any roads, paved or unpaved. The number of 40 acre parcels of each type shall be obtained from the state planning agency;
- (15) The percentage of the district's square mile area which is classified by the state planning agency as having a slope of land exceeding six percent;

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(16) The number of authorized FTE's transported to nonpublic schools by the district in the regular transportation category as a percentage of the total number of authorized FTE's transported by the district in the regular transportation category;

(17) The percentage of the district's square mile area which is classified by the state planning agency as extractive.

Sec. 7. Minnesota Statutes 1980, Section 124.225, Subdivision 6, is amended to read:

Subd. 6. **INFLATION FACTORS.** The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for 1979-1980 shall be increased by 28 percent. The total authorized predicted cost per weighted FTE determined for a district under subdivision 3 for ~~1978-1979~~ 1980-1981 shall be increased by 29 25 percent.

Sec. 8. Minnesota Statutes 1980, Section 124.225, Subdivision 7a, is amended to read:

Subd. 7a. **SOFTENING FORMULA.** (1) Each district's adjusted total authorized predicted cost per weighted FTE determined for ~~the 1980-1981~~ each school year and each year thereafter according to subdivision 6 shall be compared to the total actual expenditure per weighted FTE for authorized transportation for that district for that year to determine the district's aid entitlement per weighted FTE for that year.

(2) If the adjusted total authorized predicted cost per weighted FTE is greater than the district's actual authorized expenditure per weighted FTE, its aid entitlement per weighted FTE shall equal the adjusted predicted cost per weighted FTE minus 20 percent of the first \$10 of difference between the adjusted total authorized predicted cost per weighted FTE and the actual expenditure per weighted FTE; minus 40 percent of the next \$10; 60 percent of the next \$10; minus 75 percent of the difference which exceeds \$30.

(3) If the adjusted total authorized predicted cost per weighted FTE is less than the district's actual authorized expenditure per weighted FTE, its aid entitlement per weighted FTE shall equal the adjusted total authorized predicted cost per weighted FTE plus 20 percent of the first \$10 of difference between the adjusted predicted cost per weighted FTE and the actual expenditure per weighted FTE; plus 40 percent of the next \$10; plus 60 percent of the next \$10; plus 75 percent of the difference which exceeds \$30.

Sec. 9. Minnesota Statutes 1980, Section 124.225, Subdivision 8a, is amended to read:

Subd. 8a. **AID COMPUTATION.** A district's aid pursuant to this section for ~~the 1980-1981 school year and each school year thereafter~~ shall equal the district's aid entitlement per weighted FTE determined according to

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

subdivision 7a times the total number of authorized weighted FTE's transported in the district in that school year, minus the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year.

Sec. 10. Minnesota Statutes 1980, Section 124.225, Subdivision 8b, is amended to read:

Subd. 8b. **EXCESS HANDICAPPED AID.** (a) In addition to the amount authorized in subdivision 8a, for ~~the 1980-1981~~ each school year, the state shall pay aid for the excess costs of providing transportation for handicapped students as provided in this subdivision to a district where:

- (1) the average daily membership in that year is 2,500 or fewer pupils,
  - (2) the total actual authorized expenditures exceed the aid entitlement,
- and
- (3) the actual authorized expenditure per weighted FTE in the handicapped and board and lodging categories exceeds 140 percent of the aid entitlement per weighted handicapped and board and lodging FTE.

(b) This aid shall equal 80 percent of the difference between:

(1) the district's actual authorized expenditure per weighted expenditures for transporting handicapped and board and lodging FTE FTE's and

(2) 140 percent of the district's aid entitlement per weighted for transportation of handicapped and board and lodging FTE FTE's.

(3) For purposes of the computation of aid pursuant to this subdivision, the amounts of the actual authorized expenditure and the aid entitlement shall exclude amounts attributable to depreciation. Aid pursuant to this subdivision shall not exceed the difference between the district's total actual authorized expenditures and its total aid entitlement.

Sec. 11. Minnesota Statutes 1980, Section 124.225, Subdivision 9, is amended to read:

Subd. 9. **DISTRICT REPORTS.** Each district shall report to the department before July 1 of each year an estimate for the next school year of the total number of FTE's transported by transportation category and an estimate of the district's total actual authorized transportation expenditure by transportation category. The district's aid shall be determined for purposes of the first three transportation aid payments for the school year using these estimates. ~~Before August 15, 1980, each district shall provide the department with the information for the 1979-1980 school year which the department determines is necessary to compute the district's actual authorized expenditure per FTE for purposes of the computation in subdivision 7 and the district's actual total number of FTE's transported for purposes of the aid computation~~

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~~in subdivision 8. Before August 15, 1981, and each August 15 thereafter year,~~ each district shall provide the department with the information for the preceding school year which the department determines is necessary to compute the district's actual authorized expenditure per weighted FTE for purposes of the computation in subdivision 7a and the district's actual total number of weighted FTE's transported for purposes of the aid computation in subdivision 8a. The district's final transportation aid payment for the school year shall be based on these computations.

Sec. 12. Minnesota Statutes 1980, Section 124.225, Subdivision 11, is amended to read:

Subd. 11. **PAYMENT SCHEDULE THROUGH 1982.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, for fiscal years through 1982, the state shall pay to each school district 30 percent of its estimated school transportation aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. The final aid distribution to each district shall be made on or before October 31 of the following fiscal year.

Sec. 13. Minnesota Statutes 1980, Section 124.225, is amended by adding a subdivision to read:

Subd. 12. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, starting in fiscal year 1983, the state shall pay each school district its estimated school transportation aid entitlement for the fiscal year according to the following schedule: 30 percent by August 31; 30 percent by December 31; and 25 percent by March 31. The final aid distribution to each district shall be made by October 31 of the following fiscal year.

Sec. 14. **REPEALER.**

Minnesota Statutes 1980, Section 124.225, Subdivisions 2, 4, 5, 7 and 8, are repealed.

Sec. 15. **APPROPRIATIONS.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. TRANSPORTATION AID. For transportation aid there is appropriated:

\$121,096,032.....1982,

\$126,068,514.....1983.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a)(1) The appropriation for 1982 includes \$10,553,000 for aid for fiscal year 1981 payable in fiscal year 1982 and \$110,193,032 for aid for fiscal year 1982 payable in fiscal year 1982.

(2) The appropriation for 1983 includes \$12,243,448 for aid for fiscal year 1982 payable in fiscal year 1983 and \$113,475,066 for aid for fiscal year 1983 payable in fiscal year 1983.

(b)(1) The appropriation for fiscal year 1982 includes an amount not to exceed \$350,000, payable in fiscal year 1982, for excess handicapped aid for fiscal year 1981, pursuant to Minnesota Statutes 1980, Section 124.225, Subdivision 8b.

(2) The appropriation for fiscal year 1983 includes an amount not to exceed \$350,000, payable in fiscal year 1983, for excess handicapped aid for fiscal year 1982, pursuant to Minnesota Statutes 1980, Section 124.225, Subdivision 8b.

Subd. 3. CANCELLATION. Any unexpended balance remaining from the appropriation in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts. The state shall not be obligated for any amounts in excess of the total appropriations in this section.

#### **Sec. 16. EFFECTIVE DATE.**

The amendment in section 2, clause (1), of this article is effective August 15, 1981.

### **ARTICLE III SPECIAL EDUCATION**

Section 1. Minnesota Statutes 1980, Section 120.03, is amended by adding a subdivision to read:

Subd. 5. A child with a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, is not a handicapped child.

Sec. 2. Minnesota Statutes 1980, Section 120.17, Subdivision 3b, is amended to read:

Subd. 3b. **PROCEDURES FOR DECISIONS.** Every district shall utilize at least the following procedures for decisions involving identification, assessment and educational placement of handicapped children:

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

(a) Parents and guardians shall receive prior written notice of: (1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child; (2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or (3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian; provided the refusal of a parent or guardian to provide this consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative after at least one attempt to obtain this consent through a conciliation conference held pursuant to clause (c);

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a);

(d) Parents, guardians and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides, if after at least one conciliation conference the parent or guardian continues to object to: (1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child; (2) the proposed placement of their child in, or transfer of their child to a special education program; (3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program; (4) the proposed provision or addition of special education services for their child; or (5) the proposed denial or removal of special education services for their child. At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with his objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment

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shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45 day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the commissioner by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the commissioner of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the commissioner within 15 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The commissioner shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The commissioner shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 15. The commissioner may grant specific extensions of time beyond the 30 day period at the request of any party.

The final decision shall:

(1) be in writing;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the commissioner shall be final unless appealed by the parent or guardian or school board to the district court of the county in which the school district in whole or in part is located. The scope of judicial review shall be as provided in chapter 15.

(h) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in his current educational placement and shall not be denied initial admission to school.

(i) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

~~(j) This subdivision shall expire on June 30, 1981. The department of education shall report to the education committees of the legislature on or before January 1, 1981, on the impact of the amendments made in this subdivision by Laws 1979, Chapter 334 and on the advisability of amending this subdivision to read as it reads in Minnesota Statutes 1978.~~

Sec. 3. Minnesota Statutes 1980, Section 120.17, Subdivision 4, is amended to read:

Subd. 4. **SPECIAL INSTRUCTIONS FOR NON-RESIDENT CHILDREN.** When a school district provides instruction and services outside the district of residence, board and lodging, and any tuition to be paid, shall be paid by the district of residence. ~~Transportation costs shall be paid by the district providing the transportation, and the state shall reimburse the district within the limits provided by law.~~ The tuition rate to be charged for any handicapped child shall be the actual cost of providing special instruction and services to the child including a proportionate amount for capital outlay and debt service but not including any amount for transportation, minus the amount of special aid for handicapped children received on behalf of that child. If the boards involved do not agree upon the tuition rate, either board may apply to the commissioner to fix the rate. The commissioner shall then set a date for a hearing, giving each board at least ten days' notice, and after the hearing the commissioner shall make his order fixing the tuition rate, which shall be binding on both school districts.

When a district provides instruction and services in a day program outside the district of residence, the district of residence shall be responsible for providing transportation. When a district provides instruction and services requiring board and lodging or placement in a residential program outside the

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district of residence, the nonresident district in which the child is placed shall be responsible for providing transportation. Transportation costs shall be paid by the district responsible for providing transportation and the state shall pay transportation aid to that district.

For the purposes ~~herein~~ of this section, any school district may enter into an agreement, upon ~~such~~ terms and conditions as may be which are mutually agreed upon, to provide special instruction and services for handicapped children. In that event, one of the participating units may employ and contract with necessary qualified personnel to offer services in the several districts; ~~and~~. Each participating unit shall reimburse the employing unit a proportionate amount of the actual cost of providing the special instruction and services, less the amount of state special education aid, which shall be claimed in full by the employing district.

Sec. 4. Minnesota Statutes 1980, Section 120.17, Subdivision 5a, is amended to read:

Subd. 5a. **SUMMER PROGRAMS.** ~~Every~~ A district may provide summer programs for handicapped children living within the district; ~~including and nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7.~~ Prior to March 31 or 30 days after the handicapped child is placed in the district, whichever is later, the providing district shall give notice to the district of residence of any nonresident children temporarily placed in the district pursuant to subdivisions 6 or 7, of its intention to provide these programs. Notwithstanding any contrary provisions in subdivisions 6 and 7, the school district providing the special instruction and services shall apply for ~~all state aid for the summer program, including special state education aid pursuant to section 124.32, foundation aid and transportation aid for the summer program.~~ For the purposes of computing ~~foundation aid for these programs,~~ all the summer school revenue allowance as provided in Article I, Section 17, pupils enrolled in these programs shall be construed to be residents of counted by the district of residence and not by the district providing the programs. The unreimbursed actual cost of providing the program for nonresident handicapped children, including the cost of board and lodging, may be billed to the district of the child's residence and shall be paid by the resident district. Transportation costs shall be paid by the district responsible for providing transportation pursuant to subdivision 6 or 7 and transportation aid shall be paid to that district.

Sec. 5. Minnesota Statutes 1980, Section 120.17, Subdivision 6, is amended to read:

Subd. 6. **PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.** The responsibility for special instruction and services for a handicapped child temporarily placed in another district for care and treatment shall be determined in the following manner:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) The school district of residence of ~~such~~ a child shall be the district in which his parent resides, if living, or his guardian, or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation and an appropriate educational program for the child. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

~~(b)~~ (c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing the instruction shall maintain transportation and an appropriate educational program for ~~such a~~ the child and shall bill the district of the child's residence for the actual cost of providing the program, as outlined in subdivision 4, except that the board, lodging, and treatment costs incurred in behalf of a handicapped child placed outside of the school district of his residence by the commissioner of public welfare or the commissioner of corrections or their agents, for reasons other than for making provision for his special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

~~(e)~~ (d) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim foundation aid for the child as provided by law. Special Transportation costs shall be paid by the district responsible for providing the transportation and the state shall ~~reimburse the~~ pay transportation aid to that district for such costs within the limits provided by law.

Sec. 6: Minnesota Statutes 1980, Section 120.17, Subdivision 7, is amended to read:

**Subd. 7. PLACEMENT IN STATE INSTITUTION; RESPONSIBILITY.** Responsibility for special instruction and services for a handicapped child placed in a state institution on a temporary basis shall be determined in the following manner:

(a) The legal residence of such child shall be the school district in which his parent resides, if living, or his guardian;

(b) When the educational needs of such child can be met through the institutional program, the costs for such instruction shall be paid by the department to which the institution is assigned;

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

(1) Determination of eligibility for special instruction and services shall be made by the commissioner of education and the commissioner of the department responsible for the institution;

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

(3) The district of the child's residence shall pay the tuition and other program costs ~~including the unreimbursed~~ excluding transportation costs and may claim foundation aid for the child. ~~Special Transportation shall be provided by the district providing the education program costs shall be paid by the district where the institution is located and the state shall reimburse such pay transportation aid to that district within the limits provided by law.~~

Sec. 7. Minnesota Statutes 1980, Section 120.17, is amended by adding a subdivision to read:

Subd. 11. TRANSPORTATION AID AGREEMENTS. Notwithstanding the provisions of subdivisions 4, 5a, and 6, when a child receives special instruction and services in a day program outside the resident district, the resident district and the nonresident district where the child is placed may enter into an agreement providing for the nonresident district to pay the cost of any particular transportation categories specified in section 124.225, subdivision 1, and claim transportation aid for those categories. In this case, the nonresident district may not obtain any payment from the resident district for the categories covered by the agreement.

Sec. 8. [120.172] LEGISLATIVE COMMITMENT TO CONCILIATION.

Subdivision 1. POLICY STATEMENT. The legislature finds that conciliation conferences pursuant to section 120.17 serve better than formal hearings to promote communications between parents and school staff and to reach prompt, shared decisions about educational programs for handicapped children. Further, the legislature urges the United States department of education and the United States office of civil rights to acknowledge that the conciliation conference process violates no federal statute or regulation.

Subd. 2. STATE PLAN. The state board of education shall not adopt any provision in the state plan for special education which reduces the opportunities for parents and school districts to resolve their differences through conciliation.

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Subd. 3. REPORT. The Minnesota commissioner of education shall report to the education committees of the legislature before January 1, 1983, on the effect of the procedures required in section 120.17, subdivision 3b, and on any changes in federal statutes or regulations which would contribute to greater flexibility in the procedures for decisions about educational programs for handicapped children.

**Sec. 9. [121.201] HEARING IMPAIRED EDUCATIONAL SUPPORT SERVICES.**

Subdivision 1. RESPONSIBILITY OF BOARD. The state board of education shall coordinate and may pay for support services for hearing impaired persons to assure access to educational opportunities. Services may be provided to adult students who are hearing impaired and (a) have been denied access to educational opportunities because of the lack of support services or (b) are presently enrolled or (c) are contemplating enrollment in an educational program and would benefit from support services. The state board shall also be responsible for conducting inservice training for public and private agencies regarding the needs of hearing impaired persons in the adult education system.

Subd. 2. SUPPORT SERVICES. The state board may pay school districts or public or private community agencies for the following support services:

(a) Interpreter services to provide translation for an individual or a group of students; or

(b) Notetaker services to convert spoken language to written language when the student must maintain visual contact with other persons such as an interpreter or instructor.

Subd. 3. PROGRAMS INCLUDED. Support services may be provided for:

(a) Local school district adult education programs;

(b) Adult vocational school programs; and

(c) Avocational education programs sponsored by public or private community agencies.

**Sec. 10. [124.273] LIMITED ENGLISH PROFICIENCY PROGRAMS AID.**

Subdivision 1. TEACHERS SALARIES. (a) For the 1981-1982 school year, the department shall pay a school district 70 percent of the salary, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the

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foregoing, the department shall pay 70 percent of the salary, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

(b) Beginning in the 1982-1983 school year, and each year thereafter, the department shall pay a school district 65 percent of the salary, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 65 percent of the salary, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

**Subd. 2. PROHIBITION.** (a) For the 1981-1982 school year, the department of education shall not pay a school district an amount exceeding 70 percent of the salaries paid to essential instructional personnel employed by the district in its educational program for pupils of limited English proficiency.

(b) Beginning in the 1982-1983 school year, and each year thereafter, the department of education shall not pay a school district an amount exceeding 65 percent of the salaries paid to essential instructional personnel employed by the district in its educational program for pupils of limited English proficiency.

**Subd. 3. PARTICIPATION OF NONPUBLIC SCHOOL PUPILS.** In counting the number of pupils of limited English proficiency for purposes of this section, districts may include pupils of limited English proficiency who attend nonpublic schools in the district. A district which counts those pupils and receives aid pursuant to this section shall offer those pupils the same programs on the same terms that it offers to pupils of limited English proficiency who attend the public school. A program provided for a nonpublic school pupil pursuant to this subdivision shall be provided at a public school or a neutral site as defined in section 123.932, subdivision 9. Nonpublic school pupils served by a district's educational program for pupils of limited English proficiency shall be counted for average daily membership pursuant to Article I, Section 26 of this act.

**Subd. 4. APPLICATION DATES.** (a) A district wishing to receive aid pursuant to this section shall submit an application by October 15, February 15, and June 15 of each year. Aid paid pursuant to this section shall be based on the number of pupils of limited English proficiency enrolled in the district at the time the district submits its first application or the number of additional such pupils enrolled at the time subsequent applications are submitted.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils or additional pupils enrolled who meet the criteria in section 126.262, subdivision 2; (2) the number, dates of hire, full time equivalency, and salaries

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of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

**Subd. 5. NOTIFICATION; AID PAYMENTS.** The department shall inform each applicant district of the amount of aid it will receive pursuant to this section within a month after the application deadline, and the department shall pay the aid within 15 days after notifying the district that it will receive aid. Beginning with the 1982-1983 school year, 85 percent of the aid shall be paid within 15 days after the aid notification and the remaining aid to each district shall be paid on or before October 31 of the following school year.

**Subd. 6. RECORDS; AUDIT.** A district which applies for aid pursuant to this section shall maintain records which support the information contained in all of its applications. The commissioner of education may audit these records upon request. A district which receives aid pursuant to this section shall keep such additional records in the manner prescribed by the commissioner to ensure that an educational program for pupils of limited English proficiency is implemented and operated in accordance with sections 126.261 to 126.269.

**Subd. 7. MONEY FROM OTHER SOURCES.** A school district providing a program for pupils of limited English proficiency shall be eligible to receive moneys for these programs from other government agencies and from private sources when these moneys are available.

Sec. 11. Minnesota Statutes 1980, Section 124.32, Subdivision 1, is amended to read:

Subdivision 1. (a) For the 1981-1982 and 1982-1983 school years, the state shall pay to any district for the employment in its educational program for handicapped children the greater of:

(1) (a) 69 percent of the salary of essential personnel, but this amount shall not exceed \$12,000 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district; plus

(b) five percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children; or

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(2) ~~70~~ 65 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(3) ~~A district shall receive aid pursuant to only one clause of clauses (1) and (2) for a school year.~~

(b) Beginning in the 1983-1984 school year and in each year thereafter, the state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Sec. 12. Minnesota Statutes 1980, Section 124.32, Subdivision 1a, is amended to read:

Subd. 1a. **FOUNDATION AID FORMULA ALLOWANCE.** For purposes of this section, ~~the "foundation aid formula allowance" per pupil unit shall be \$1,182 for the 1979-1980 school year, and \$1,265 for the 1980-1981 school year~~ have the meaning attributed to it in Article I, Section 21, Subdivision 1 of this act, and "summer school revenue allowance" shall have the meaning attributed to it in Article I, Section 17 of this act. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 13. Minnesota Statutes 1980, Section 124.32, Subdivision 1b, is amended to read:

Subd. 1b. **CONTRACT SERVICES.** (1) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid received by summer school revenue allowance of the district for attributable to that pupil pursuant to section 124.20, or a pro rata portion of that foundation aid for a pupil who receives services by such a contract on less than a full time summer school basis. This clause shall be effective for the ~~1977 summer school and thereafter.~~

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 14. Minnesota Statutes 1980, Section 124.32, Subdivision 5, is amended to read:

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. For the regular school year, the aid shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance in the resident district, for each handicapped child placed in a residential facility. For summer school programs, the aid for each handicapped child placed in a residential facility shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 15. Minnesota Statutes 1980, Section 124.32, Subdivision 6, is amended to read:

Subd. 6. **FULL STATE PAYMENT.** The state shall pay each district the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following such the procedure as requested specified by the commissioner of education a, the district providing instruction and services for such handicapped child may bill the state the actual cost incurred in providing said the services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of the foundation aid formula allowance for the child and the special education aid, transportation aid, and any other aid earned in behalf of such the child, such action pursuant

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to limits. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

Sec. 16. Minnesota Statutes 1980, Section 124.32, Subdivision 9, is amended to read:

Subd. 9. Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, for school years through 1981-1982, the state shall pay to each school district 30 percent of its estimated special education aid for the school year on or before each of the following dates: September 30, December 31 and March 31. The final aid distribution to the district shall be made on or before October 31 of the following year.

Sec. 17. Minnesota Statutes 1980, Section 124.32, is amended by adding a subdivision to read:

Subd. 9a. **PAYMENT SCHEDULE.** Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, starting in school year 1982-1983, the state shall pay each school district its estimated special education aid for the school year according to the following schedule: 30 percent by August 31; 30 percent by December 31; and 25 percent by March 31. The final aid distribution to each district shall be made by October 31 of the following school year.

Sec. 18. Minnesota Statutes 1980, Section 126.262, Subdivision 8, is amended to read:

Subd. 8. "Educational program for pupils of limited English proficient students proficiency" means an English as a second language program, bilingual education program, or both an English as a second language and a bilingual education program.

Sec. 19. Minnesota Statutes 1980, Section 126.54, Subdivision 1, is amended to read:

Subdivision 1. **GRANTS; PROCEDURES.** For fiscal year 1981 years 1982 and 1983, the state board of education shall make grants to no fewer than six school year ~~pilet~~ American Indian language and culture education programs. At least three ~~pilet~~ programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of ~~pilet~~ American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components

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by nonsectarian nonpublic, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

**Sec. 20. REPEALER.**

Minnesota Statutes 1980, Sections 120.17, Subdivision 3c; 126.263; 126.268, Subdivision 1; and 126.52, Subdivision 12, are repealed.

**Sec. 21. APPROPRIATIONS.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. SPECIAL EDUCATION AID. For special education aid, there is appropriated:

\$95,602,130. . . . 1982,

\$98,719,770. . . . 1983.

The appropriation for 1982 includes \$8,670,700 for aid for fiscal year 1981 payable in fiscal year 1982, and \$86,931,430 for aid for fiscal year 1982 payable in fiscal year 1982.

The appropriation for 1983 includes \$9,659,050 for aid for fiscal year 1982 payable in fiscal year 1983 and \$89,060,720 for aid for fiscal year 1983 payable in fiscal year 1983.

Subd. 3. SUMMER SCHOOL SPECIAL EDUCATION AID. For special education aid for summer school programs there is appropriated:

\$4,500,000. . . . 1982,

\$4,887,000. . . . 1983.

Subd. 4. RESIDENTIAL FACILITIES AID. For aid pursuant to section 124.32, subdivision 5, there is appropriated:

\$ 578,000. . . . 1982,

\$ 630,600. . . . 1983.

Subd. 5. LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID. For aid to educational programs for pupils of limited English proficiency there is appropriated:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

\$3,025,200. . . . . 1982,

\$3,354,880. . . . . 1983.

**Subd. 6. AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.** For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$ 525,000. . . . . 1982,

\$ 446,250. . . . . 1983.

The appropriation for 1982 is 100 percent of grant aid for fiscal year 1982, payable in fiscal year 1982.

The appropriation for 1983 is 85 percent of grant aid for fiscal year 1983, payable in fiscal year 1983.

**Subd. 7. HEARING IMPAIRED SUPPORT SERVICES AID.** For payment of support services for hearing impaired persons pursuant to section 9 of this article, there is appropriated:

\$ 30,000. . . . . 1982,

\$ 40,000. . . . . 1983.

**Subd. 8. CANCELLATION.** Any unexpended balances remaining from the appropriations in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

**Subd. 9. PRORATION.** If the appropriation amount in subdivisions 2, 3, 4, or 5 of this section attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

#### **Sec. 22. EFFECTIVE DATE.**

Sections 2, 4, 8, 13, and 14 of this article are effective the day following final enactment.

### **ARTICLE IV COMMUNITY AND ADULT EDUCATION**

Section 1. Minnesota Statutes 1980, Section 124.26, Subdivision 1, is amended to read:

Subdivision 1. For evening schools and continuing education programs for adults established for persons over 16 years of age and not in attendance

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upon regular day schools, the state shall compensate any district maintaining such programs in accordance with requirements established by the state board from funds appropriated for that purpose, or such funds combined with federal funds insofar as federal funds are available. The state shall pay these aids on a current funding basis. The portion of such compensation from state appropriation shall be 90 percent of the compensation paid each teacher for his services in such programs up to \$8,000 per year based on the costs in that current year. All classes shall be tuition free when taught by teachers subsidized under this section and there shall be no charge for registration, materials and supplies; ~~or G.E.D. tests.~~ Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 2. Minnesota Statutes 1980, Section 124.26, Subdivision 4, is amended to read:

Subd. 4. **PAYMENT SCHEDULE THROUGH 1982.** For fiscal years through 1982, the state shall pay to each school district 30 percent of its estimated adult education aid entitlement for the fiscal year on or before each of the following dates: August 31, December 31, and March 31. The final aid distribution to each district shall be made on or before by October 31 of the following fiscal year.

Sec. 3. Minnesota Statutes 1980, Section 124.26, is amended by adding a subdivision to read:

Subd. 5. **PAYMENT SCHEDULE.** Starting in fiscal year 1983, the state shall pay to each school district its estimated adult education aid entitlement according to the following schedule: 30 percent by August 31; 30 percent by December 31; and 25 percent by March 31. The final aid distribution to each district shall be made by October 31 of the following fiscal year.

Sec. 4. Minnesota Statutes 1980, Section 124.26, is amended by adding a subdivision to read:

Subd. 6. **APPLICATIONS; PRORATION.** By August 1 of each fiscal year, the commissioner shall approve or disapprove all applications for funding for that year pursuant to subdivision 1 that were received by the preceding June 1, and shall notify the applicant districts of the decision. In any fiscal year when the total amount requested by districts for approved programs exceeds the amount appropriated, the commissioner shall, to the extent possible, fully fund the programs which were approved by August 1, and shall prorate any remaining funds among programs which are approved after August 1.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 5. Minnesota Statutes 1980, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. ~~In fiscal year 1981 and each year thereafter, In fiscal years 1982 and 1983~~ the state shall pay the greater of ~~75 65~~ cents per capita or ~~\$7,000 \$6,100~~ to each school district which is operating a community education program in compliance with the rules promulgated by the state board and which has levied at least the lesser of \$1 per capita or \$1 per capita reduced by any deduction to the community service levy made pursuant to section 275.125, subdivision 9, clause (2), for use in that year.

Sec. 6. Minnesota Statutes 1980, Section 124.271, is amended by adding a subdivision to read:

Subd. 2a. Beginning in fiscal year 1984, each district which is operating a community education program in compliance with the rules promulgated by the state board and which has levied pursuant to section 275.125, subdivision 8, shall receive in state aid the greater of the following:

(a) \$5 per capita minus the amount raised by .9 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year; or

(b) 75 cents per capita; or

(c) \$7,000.

However the amount of aid shall not exceed the amount certified pursuant to section 275.125, subdivision 8. For purposes of computing the aid limitation pursuant to this subdivision, the amount certified pursuant to section 275.125, subdivision 8, shall not reflect reductions pursuant to section 275.125, subdivision 9.

Sec. 7. Minnesota Statutes 1980, Section 124.271, Subdivision 4, is amended to read:

Subd. 4. Each district providing community education programs pursuant to sections 121.85 to 121.88 shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these community education programs. All funds received pursuant to this section and to the levy authorized in section 275.125, subdivision 8, shall be utilized solely for the purposes of community education programs. These funds may be used to reimburse G.E.D. testing centers for each battery of G.E.D. tests or each individual test administered by that center.

Sec. 8. Minnesota Statutes 1980, Section 124.271, Subdivision 5, is amended to read:

*Changes or additions are indicated by underline, deletions by strikeout.*

Subd. 5. **PAYMENT SCHEDULE THROUGH 1982.** All community education programs program aid shall be distributed by the state aids, ~~statistics and research~~ section of the state department of education. For fiscal years through 1982 aid shall be distributed prior to November 1 each year.

Sec. 9. Minnesota Statutes 1980, Section 124.271, is amended by adding a subdivision to read:

Subd. 6. PAYMENT SCHEDULE. Starting in fiscal year 1983, the state shall pay to each school district 85 percent of its community education program aid for the current fiscal year by November 1. The final aid distribution to each district shall be made by November 1 of the following fiscal year.

Sec. 10. Minnesota Statutes 1980, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In 1981 a district which has established a community education advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) ~~\$2.50~~ \$3.40 per capita, or (B) 110 percent of the amount certified pursuant to this subdivision in ~~1976~~ 1980. These levies shall be used for community services including nonvocational adult programs, recreation and leisure time activity programs, and programs contemplated by sections 121.85 to 121.88. For purposes of computing the levy limitation pursuant to this subdivision, the amount certified pursuant to this subdivision in ~~1976~~ 1980 shall not reflect reductions pursuant to subdivision 9.

(2) Except as provided in clauses (3) and (4), in 1982, and each year thereafter, a district which has established a community education advisory council pursuant to section 121.88, may levy the amount raised by .9 mill times the most recent adjusted assessed valuation of the district, but no more than \$5 times the population of the district. This amount shall be reduced to \$4.25 per capita for districts which will qualify for aid in fiscal year 1984 equal to 75 cents per capita pursuant to section 124.271, subdivision 2a, clause (b).

(3) Districts which received total revenue in fiscal year 1983 from community education aid and levy in excess of \$5 times the population of the district, may levy the amount of the fiscal year 1983 revenue less \$5 times the population of the district in addition to the amount in clause (2).

(4) Districts which will qualify for aid pursuant to section 124.271, subdivision 2a, clause (c) may levy the amount of their fiscal year 1983 revenue from community education aid and levy minus \$7,000.

~~(2)~~ (5) A school district ~~shall be authorized to make a~~ may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school

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district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to ~~make~~ a levy pursuant to this subdivision.

(3) (6) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 11. **REPEALER.**

Minnesota Statutes 1980, Sections 124.26, Subdivision 3, and 124.271, Subdivision 1a, are repealed.

Sec. 12. **APPROPRIATIONS.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. ADULT EDUCATION AID. For adult education aid pursuant to section 124.26, there is appropriated:

\$1,128,200.....1982,

\$1,242,400.....1983.

The amount appropriated for fiscal year 1982 includes \$97,800 for aid for fiscal year 1981 payable in fiscal year 1982, and \$1,030,400 for aid for fiscal year 1982 payable in fiscal year 1982.

The amount appropriated for fiscal year 1983 includes \$114,500 for aid for fiscal year 1982 payable in fiscal year 1983, and \$1,127,900 for aid for fiscal year 1983 payable in fiscal year 1983.

Subd. 3. COMMUNITY EDUCATION AID. For community education aid, there is appropriated:

\$3,530,000.....1982,

\$3,200,000.....1983.

Subd. 4. CANCELLATION AND PRORATION. Any unexpended balance remaining from the appropriations in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**ARTICLE V**  
**VOCATIONAL AID**

Section 1. Minnesota Statutes 1980, Section 121.902, is amended by adding a subdivision to read:

Subd. 1a. By July 1, 1982, the council shall recommend to the state board uniform property accounting and reporting standards for area vocational-technical institutes. The state board shall adopt and maintain uniform property accounting and reporting standards for area vocational-technical institutes to account and report individual property records for fixed assets. These standards shall include provisions for date of acquisition, historical cost, depreciated value, expected useful life, and replacement cost.

Sec. 2. Minnesota Statutes 1980, Section 121.931, Subdivision 6, is amended to read:

Subd. 6. **DATA STANDARDS.** The state board shall adopt rules containing standards for financial, property, student and ~~payroll/personnel~~ personnel/payroll data and any other data included in ESV-IS. For financial data, the uniform financial accounting and reporting standards adopted pursuant to section 121.902, subdivision 1, shall satisfy the requirement of this subdivision. For property data, the uniform property accounting and reporting standards adopted pursuant to section 1 of this article shall satisfy the requirement of this subdivision. The state board shall consider the recommendations of the advisory task forces on uniform data standards for student reporting and ~~payroll/personnel~~ personnel/payroll reporting and the ESV computer council in adopting the standards for student data and payroll/personnel ~~personnel/payroll~~ data. The state board shall ensure that the standards for different types of data are consistent with each other, and for this purpose shall consider the recommendations of the advisory task forces on uniform data standards for student reporting and personnel/payroll reporting, the advisory council on uniform financial accounting and reporting standards, and the ESV computer council. The data standards for each type of data shall include:

- (a) A standard set of naming conventions for data elements;
- (b) A standard set of data element definitions; and
- (c) A standard transaction processing methodology which uses the defined data elements, specifies mathematical computations on those data elements and specifies output formats.

The state board, with the advice and assistance of the ESV computer council, shall monitor and enforce compliance with the data standards.

Sec. 3. Minnesota Statutes 1980, Section 121.934, Subdivision 7, is amended to read:

**Changes or additions are indicated by underline, deletions by strikethrough.**

Subd. 7. **ADVISORY DUTIES.** (a) Pursuant to section 121.931, the ESV computer council shall advise and assist the state board in:

- (1) the development of the long range plan and the systems architecture plan;
- (2) the development of applications software for ESV-IS and SDE-IS;
- (3) the approval of the creation and alteration of regional management information centers;
- (4) the approval of the use by districts of alternative management information systems;
- (5) the statewide applicability of alternative management information systems proposed by districts; and
- (6) the approval of annual and biennial plans and budgets of regional management information centers; and
- (7) the monitoring and enforcement of compliance with data standards.

(b) The council shall also review the data standards recommended by the council on uniform financial accounting and reporting standards and the advisory task forces on uniform standards for student reporting and personnel/payroll reporting and make recommendations to the state board concerning:

- (1) the consistency of the standards for finance, property, student and personnel/payroll data with one another;
- (2) the implications of the standards for implementation of ESV-IS and SDE-IS; and
- (3) the consistency of the standards with the systems architecture plan and the long-range plan.

(c) Pursuant to section 121.932, the council shall advise the department in the development and operation of SDE-IS.

Sec. 4. Minnesota Statutes 1980, Section 121.935, Subdivision 2, is amended to read:

Subd. 2. **DUTIES.** Every regional management information center shall:

- (a) Assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;
- (b) Respond within 15 calendar days to requests from the department for information based on the data elements in the data element dictionary;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(c) Operate financial management information systems consistent with the uniform financial accounting and reporting standards for Minnesota school districts adopted by the state board pursuant to sections 121.90 to ~~121.92~~ 121.917;

(d) Make available to districts the opportunity to participate fully in all the subsystems of ESV-IS;

(e) Before July 1, 1981, develop a plan for the provision of services during a system failure or a disaster;

(f) ~~Beginning in 1981~~, Comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and

(g) Operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards for Minnesota area vocational-technical institutes adopted by the state board pursuant to section 1 of this article.

Sec. 5. Minnesota Statutes 1980, Section 121.935, Subdivision 6, is amended to read:

Subd. 6. **FEES.** Regional management information centers may charge fees to affiliated districts. A district which submits financial transactions to the center in summary form pursuant to section 121.936, subdivision 1, or which uses an approved alternative financial management information system pursuant to section 121.936, subdivisions 2 to 4, may apply to the commissioner to set the fee if the district and the center cannot agree on a fee. The commissioner shall issue an order setting the fee, which shall be binding on both the center and the district.

Sec. 6. Minnesota Statutes 1980, Section 121.936, is amended by adding a subdivision to read:

Subd. 1a. **MANDATORY AVTI PARTICIPATION.** (a) By July 1, 1983, every area vocational-technical institute shall perform property accounting and reporting operations on a fixed assets property management accounting and reporting system utilizing fixed assets categories defined in accordance with the uniform property accounting and reporting standards adopted by the state board pursuant to section 1 of this article.

(b) Every area vocational-technical institute shall use the ESV-IS fixed assets property subsystem through the regional management information center to perform property accounting and reporting operations required by clause (a), and to provide data to the center pursuant to the data acquisition calendar.

Sec. 7. Minnesota Statutes 1980, Section 121.936, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **ALTERNATIVE FINANCIAL MANAGEMENT INFORMATION SYSTEMS.** After July 1, 1980 a district may be exempted from the requirement in subdivision 1, clause (b) (2), if it receives the approval of the state board to use an alternative financial management information system. A district permitted before July 1, 1980, to submit its financial transactions in summary form to a regional management information center pursuant to subdivision 1 may continue to submit transactions in the approved form without obtaining the approval of the state board pursuant to this subdivision. A district may be exempted from the requirement in section 6, clause (b) of this article if it receives the approval of the state board to use an alternative fixed assets property management information system. Any district desiring to use an alternative management information system shall submit a detailed proposal to the state board, the ESV computer council and the regional management information center with which it is affiliated. The detailed proposal shall include a statement of all costs to the district, regional management information center or state for software development or operational services needed to provide data to the regional management information center pursuant to the data acquisition calendar.

Sec. 8. Minnesota Statutes 1980, Section 121.936, Subdivision 3, is amended to read:

Subd. 3. **ALTERNATIVE FINANCIAL MANAGEMENT INFORMATION SYSTEMS; EVALUATION.** The regional management information center shall evaluate the district proposal according to the approval criteria in section 121.937, subdivision 1. The regional management information center shall submit its evaluation of the district proposal to the state board and the ESV computer council for their consideration in evaluating the proposal.

The ESV computer council shall evaluate the district proposal ~~for cost effectiveness and conformance to the systems architecture plan, the long range plan, and the uniform financial accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92 according to the approval criteria in section 121.937, subdivision 1, clauses (a), (b), and (d).~~ Upon completion of the evaluation, the ESV computer council shall recommend to the state board that it (a) approve the proposal, (b) disapprove the proposal, or (c) approve the proposal if it is modified by the district in ways which are specified by the council.

Sec. 9. Minnesota Statutes 1980, Section 121.937, Subdivision 1, is amended to read:

Subdivision 1. The criteria adopted by the state board for approval of the creation of a regional management information center, the transfer of a school district's affiliation from one regional management information center to another, and the approval of an alternative management information system shall include:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(a) The provisions of the plans adopted by the state board pursuant to section 121.931, subdivisions 3 and 4;

(b) The cost effectiveness of the proposed center, transfer or alternative;

(c) The effect of the proposed center, transfer or alternative on existing regional management information centers; and

(d) Whichever of the following is applicable:

(i) The ability of a proposed center to comply with section 121.935, or the effect of a transfer on a center's ability to comply with section 121.935, or

(ii) The ability of a proposed alternative financial management information system to comply with section 121.936, subdivision 1, clauses (a) and (b) (1), or

(iii) The ability of a proposed alternative fixed assets property management information system to comply with section 121.936, subdivision 1, clause (b) (1), and section 6, clause (a) of this article.

Sec. 10. Minnesota Statutes 1980, Section 121.938, Subdivision 2, is amended to read:

Subd. 2. Each task force shall report to the legislature, by January 1 + September 1, 1981, recommendations for broad policy standards for school district reporting of student data or payroll/personnel personnel/payroll data. Each task force shall recommend to the ESV computer council and the state board specific data standards for student data or personnel/payroll data. These data standards shall be consistent with the uniform financial accounting and reporting standards and the uniform property accounting and reporting standards adopted by the state board pursuant to sections 121.90 to 121.92 121.917.

Sec. 11. Minnesota Statutes 1980, Section 124.11, Subdivision 2a, is amended to read:

Subd. 2a. (a) Through the 1981-1982 school year, ninety percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month beginning in July 1980. A final payment of the remainder of the post-secondary vocational instructional aid for each fiscal year shall be made to each district in September of the following fiscal year. The September 1980 payment shall be adjusted to reflect any deficit or excess in post-secondary vocational foundation aid received by a district in fiscal year 1980. The September 1981 final payment and the September final payment in each year thereafter shall be adjusted to reflect the actual average daily membership for the previous fiscal year. Beginning with the 1980-1981 school year, 90 percent of The estimated post-secondary vocational instructional aid payments shall be paid on the basis of the

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department of education's estimates of the current year's average daily membership adjusted for the latest available information in September, December, March and June ~~November, February and May~~ to reflect any increases or decreases in enrollment. The ten percent final payment, adjusted to reflect the actual average daily membership, shall be made to each district in September of the following fiscal year.

(b) Beginning in the 1982-1983 school year, eighty-five percent of the estimated post-secondary vocational instructional aid shall be paid to each district in 12 equal monthly payments on the 15th of each month. The estimated aid payments shall be paid on the basis of the department of education's estimates of the current year's average daily membership adjusted for the latest available information in November, February and May. The 15 percent final payment, adjusted to reflect the actual average daily membership, shall be made to each district in September of the following fiscal year.

Sec. 12. Minnesota Statutes 1980, Section 124.11, Subdivision 2b, is amended to read:

Subd. 2b. (a) Through the 1981-1982 school year, post-secondary vocational supply aid and support services aid shall be paid to districts in equal installments on or before August 1, November 1, February 1, and May 1 of each year. Eighty percent of post-secondary vocational capital expenditure equipment aid and repair and betterment aid shall be paid to districts on or before August 1 of each year. The remaining 20 percent of post-secondary vocational capital expenditure equipment aid and repair and betterment aid shall be paid to districts on or before May 1 of each year.

(b) Beginning in the 1982-1983 school year, the state shall pay to districts 25 percent of post-secondary vocational supply aid and support services aid by August 1, 20 percent by November 1, 20 percent by February 1, and 20 percent by May 1 of each school year. Eighty-five percent of post-secondary vocational equipment aid and repair and betterment aid shall be paid to districts by August 1 of each year. The 15 percent final aid distribution shall be paid to districts by October 31 of the following school year.

Sec. 13. Minnesota Statutes 1980, Section 124.11, Subdivision 2c, is amended to read:

Subd. 2c. Additional post-secondary vocational supply aid, support services aid and capital expenditure, equipment aid, and repair and betterment aid may be distributed on or before May 1 of each year if it is apportioned at a consolidated public hearing held before February 15 of that year pursuant to section 124.561, subdivision 3a.

Sec. 14. Minnesota Statutes 1980, Section 124.561, Subdivision 2a, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2a. **BUDGETS; ALLOCATIONS.** Before ~~January 1, 1980 and~~ January 1 of each year ~~thereafter~~, each post-secondary vocational technical school shall submit to the state board for vocational education budgets for supplies, support services, ~~and capital expenditures~~ equipment, and repair and betterment for the following fiscal year as prescribed in sections 124.5622, 124.5623, ~~and 124.5624~~, and section 30 of this article. The state board for vocational education shall authorize the allocations of post-secondary vocational supply aid, support services aid, ~~and capital expenditure~~ equipment aid, and repair and betterment aid for each district prior to June 1 of each year after a consolidated public hearing held pursuant to subdivision 3a. No district shall increase its operating deficit for post-secondary vocational education during any fiscal year. The state board for vocational education shall promulgate rules which establish the criteria for allocations of post-secondary vocational supply aid, support services aid, ~~and capital expenditure~~ equipment aid, and repair and betterment aid. ~~By October 15, 1979,~~ The commissioner, in cooperation with the department of finance, shall establish standards by which post-secondary vocational-technical schools shall submit separate financial requests for post-secondary vocational supply aid, support services aid, ~~and capital expenditure~~ equipment aid, and repair and betterment aid.

Sec. 15. Minnesota Statutes 1980, Section 124.561, is amended by adding a subdivision to read:

Subd. 2b. **COMPONENT ACTIVITIES.** For the purposes of post-secondary vocational aid allocations "component activities" shall include: regular instruction; related instruction; special needs instruction; research; instructional administration; media/library; pupil personnel services; health services; director's office; institutional services; fixed costs; work study; physical plant; and repair and betterment.

Sec. 16. Minnesota Statutes 1980, Section 124.561, Subdivision 3a, is amended to read:

Subd. 3a. **HEARING.** The consolidated public hearing held by the state board pursuant to subdivision 2a shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. ~~In 1980 and~~ Each year ~~thereafter~~ the state board shall authorize the allocations of post-secondary vocational supply aid, support services aid ~~and capital expenditure~~, equipment aid, and repair and betterment aid for the following fiscal year at this hearing. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed alloca-



tions of aids to the education committees of the legislature and to any person requesting it. Unless the commissioner determines that the use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the final proposed allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the final proposed allocations. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action allocating aids. Any district which is adversely affected by the final proposed allocations of aids may demand and shall be given an opportunity to be heard in support of modification of the proposed allocations of aids at the meeting at which the state board takes final action allocating aids; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.

Sec. 17. Minnesota Statutes 1980, Section 124.561, is amended by adding a subdivision to read:

Subd. 5. DISTRIBUTION OF MONEYS. All moneys, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational-technical education shall be apportioned by the state board for vocational education to the various school districts in accordance with law and shall be distributed by the state aids section of the state department of education. State board approval shall not be required for the adjustment of average daily membership, pursuant to section 124.11, subdivision 2a.

Sec. 18. Minnesota Statutes 1980, Section 124.561, is amended by adding a subdivision to read:

Subd. 6. ACCOUNTING. Each district providing post-secondary vocational-technical education programs shall establish and maintain, in accordance with section 121.908, separate revenue, expenditure, asset and liability accounts related to these post-secondary vocational-technical education programs within funds separate from all other district funds. All post-secondary vocational aids and all tuition authorized by section 124.565 shall be utilized solely for the purposes of post-secondary vocational-technical education programs.

Sec. 19. Minnesota Statutes 1980, Section 124.5621, Subdivision 2, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. "Post-secondary vocational instructional aid" means state funds exclusive of post-secondary vocational ~~capital expenditure~~ equipment aid, repair and betterment aid, supply aid, support services aid and debt service aid paid by the state board for vocational education to local school districts for instructional programs. Post-secondary vocational instructional aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Sec. 20. Minnesota Statutes 1980, Section 124.5621, Subdivision 5, is amended to read:

Subd. 5. **INSTRUCTIONAL PROGRAM.** "Instructional program" means a post-secondary vocational-technical occupational program as classified with a six-digit number by the ~~federal office~~ United States department of education, excluding special needs programs and related instruction.

Sec. 21. Minnesota Statutes 1980, Section 124.5621, Subdivision 6, is amended to read:

Subd. 6. **INSTRUCTIONAL PROGRAM COSTS.** "Instructional program cost" means the actual expenditures in the base year for an instructional program at an AVTI. These actual expenditures shall be computed as follows:

- (1) instructional salaries; plus
- (2) instructional employee fringe benefits, excluding teachers' retirement and teachers' social security; plus
- (3) expenditures for instructional staff travel for instructional and professional development purposes; plus
- (4) expenditures for purchased services for instructional purposes; plus
- (5) instructional expenditures for student activities; plus
- (6) other instructional expenditures detailed according to the uniform financial accounting and reporting system, not including any expenditures for supplies and equipment; minus
- (7) other instructional revenues detailed according to the uniform financial accounting and reporting system, including student activity fees but not including any revenues from the sale of supplies and equipment.

These actual expenditures shall not include any expenditures or revenues which are included in the AVTI's budgets for post-secondary vocational supply aid, support services aid or ~~capital expenditure~~, equipment aid, or repair and betterment aid.

Sec. 22. Minnesota Statutes 1980, Section 124.5621, Subdivision 12, is amended to read:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 12. **INSTRUCTIONAL AID FORMULA.** In ~~the 1981 fiscal year and~~ each fiscal year thereafter, each district which operates an AVTI shall receive post-secondary vocational instructional aid computed according to the following formula:

- (a) The instructional program allowance for that AVTI in the base year, multiplied by
- (b) The AVTI staff compensation weighting for that AVTI, multiplied by
- (c) ~~117~~ 119 percent, multiplied by
- (d) The student growth or decline factor for that AVTI.

Sec. 23. Minnesota Statutes 1980, Section 124.5622, Subdivision 3, is amended to read:

Subd. 3. **POST-SECONDARY VOCATIONAL SUPPLY AID.** "Post-secondary vocational supply aid" means state funds, exclusive of post-secondary vocational ~~capital expenditure~~ equipment aid, repair and betterment aid, instructional aid, support services aid and debt service aid, apportioned by the state board for vocational education to local districts for the costs of ~~rents and leases;~~

- (a) supplies and materials; and;
- (b) supplies for resale; and
- (c) rents and leases, excluding those of buildings for school purposes, computer systems hardware and related proprietary software, photocopy machines and telecommunications equipment,

for all instructional programs and support services including related instruction and special needs programs. Post-secondary vocational supply aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Sec. 24. Minnesota Statutes 1980, Section 124.5622, Subdivision 4, is amended to read:

Subd. 4. **BUDGETS; SUPPLY AID ALLOCATION.** Each AVTI shall submit a budget ~~before January 1, 1980 and~~ before January 1 of each year thereafter detailing estimated costs for the following fiscal year in each applicable component activity of the AVTI's operations for each of the following expenditure categories: rents and leases, supplies and materials, and supplies for resale, for all instructional programs and support services including related instruction and special needs programs. Each budget shall also include anticipated revenues from the sales of supplies and services. A budget submitted pursuant to this section shall not include any expenditures or revenues which

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are included in the computation of the AVTI's budgets for post-secondary vocational support services aid ~~or capital expenditure, equipment aid, or repair and betterment aid~~. The department of education shall recommend an allocation of supply aid in each component activity for each of the expenditure categories and a total allocation of supply aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department for the distribution of supply aid, authorize an allocation of supply aid for each AVTI, and detail recommended levels of spending in each component activity for each expenditure category through the consolidated public hearing process prescribed in section 124.561, subdivision 3a.

Sec. 25. Minnesota Statutes 1980, Section 124.5622, Subdivision 5, is amended to read:

Subd. 5. **REPORT.** Before ~~August 1, 1980, and before~~ August 1 of each ~~subsequent~~ year, the commissioner shall issue a report on the supply aid allocation to each AVTI. This report shall include recommended aid allocations in each component activity for each expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 26. Minnesota Statutes 1980, Section 124.5623, Subdivision 3, is amended to read:

Subd. 3. "Post-secondary vocational support ~~service~~ services aid" means state and federal funds, exclusive of post-secondary vocational ~~capital expenditure~~ equipment aid, repair and betterment aid, supply aid, instructional aid and debt service aid, apportioned by the state board for vocational education to local school districts for the costs of support services, including related instruction and special needs programs, enumerated in subdivision 4. Post-secondary vocational support services aid shall be utilized solely for the purposes of post-secondary vocational education and shall not be utilized for equipment or other capital expenditures.

Sec. 27. Minnesota Statutes 1980, Section 124.5623, Subdivision 4, is amended to read:

Subd. 4. **BUDGETS; SUPPORT SERVICES ALLOCATION.** Each AVTI shall submit a budget before ~~January 1, 1980, and before~~ January 1 of each year ~~thereafter~~ detailing the estimated costs for the following fiscal year ~~for all support services, including related instruction and special needs programs. These costs shall include~~ in each applicable component activity of the AVTI's operations for each of the following expenditure categories: expenditures for support services personnel salaries, travel and fringe benefits, excluding teachers' retirement and teachers' social security; expenditures for other purchased services; and other support ~~service~~ services expenditures, for all

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support services, including related instruction and special needs programs. Each budget shall also include all other anticipated support ~~service~~ services revenues. A budget submitted pursuant to this section shall not include any expenditures for or revenue from the sale of supplies and equipment. A budget submitted pursuant to this section shall not include any expenditures or revenues which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational supply aid ~~or capital expenditure, equipment aid, or repair and betterment aid.~~ The department of education shall recommend an allocation of support services aid in each component activity for each of the expenditure categories and a total allocation of support services aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of support services aid for each AVTI, and detail recommended levels of spending in each component activity for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. No aid shall be allocated for any special vocational systemwide support service project or program, excluding regional special needs programs. The estimated amount of each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds 15 percent of the AVTI's operating expenditures, as defined by the uniform financial accounting and reporting system, for the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations. The estimated amount of each AVTI's tuition revenues for the year in which the aid is paid may be taken into account by the state board in making these allocations.

Sec. 28. Minnesota Statutes 1980, Section 124.5623, Subdivision 5, is amended to read:

Subd. 5. ~~Before August 1, 1980 and before August 1~~ of each ~~subsequent~~ year, the commissioner shall issue a report on the support services aid allocation to each AVTI. This report shall include the recommended aid allocation in each component activity for each support services expenditure category and an explanation comparing the amount of the authorized aid allocation to the budget submitted for each AVTI. The fund balances and estimated tuition revenues used by the state board in determining the support services aid allocations shall be included. This report shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 29. Minnesota Statutes 1980, Section 124.5624, is amended to read:

**124.5624 POST-SECONDARY VOCATIONAL CAPITAL EXPENDITURE EQUIPMENT AID.**

Subdivision 1. For the purposes of this section, the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. "Post-secondary vocational ~~capital expenditure~~ equipment aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid ~~and~~, debt service aid, ~~and~~ repair and betterment aid apportioned by the state board for vocational education to local school districts for the purpose of ~~improving or repairing school sites or equipping, re-equipping, repairing or improving buildings and permanent attached fixtures,~~

(a) acquisition or purchase of equipment or machinery;

(b) betterment as defined in section 475.51 of equipment or machinery;

and

(c) paying leasing fees for computer systems hardware and related proprietary software, photocopy machines and telecommunications equipment, as necessary for the conduct of post-secondary vocational-technical training. Post-secondary vocational ~~capital expenditure~~ repair and betterment aid shall be utilized solely for the purposes enumerated in this section.

Subd. 4. **BUDGETS; EQUIPMENT AID ALLOCATION.** Each AVTI shall submit a budget before January 1, ~~1980~~ 1982, and before January 1 of each year thereafter detailing estimated costs for the following fiscal year ~~for equipment and other capital expenditures~~ in each applicable component activity of the AVTI's operations for each of the following expenditure categories: acquisition of equipment or machinery, betterment of equipment or machinery and rents and leases, for all instructional programs and support services, including special needs programs and related instruction. Each budget shall also include anticipated revenues from the sale of equipment and other capital goods. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid ~~or~~, supply aid, ~~or~~ repair and betterment aid. The department of education shall recommend an allocation of ~~capital expenditure~~ equipment aid in each applicable component activity of the AVTI's operations for each of the expenditure categories and a total allocation of capital expenditure equipment aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of ~~capital expenditure~~ equipment aid for each AVTI, and detail recommended levels of spending in each component activity for each expenditure category, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. ~~The amount of each AVTI's estimated net positive unappropriated capital expenditure fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations.~~

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 5. **APPROVAL.** All ~~capital equipment~~ expenditures for AVTI's in excess of \$4,000 shall receive prior approval by the commissioner. This approval shall be sought and given separately from the budget hearing and aid allocation process.

Subd. 6. **REPORT.** Before August 1, ~~1980~~ 1982, and before August 1 of each subsequent year, the commissioner shall issue a report on the ~~capital expenditure~~ equipment aid allocation to each AVTI. This report shall include recommended aid allocations in each component activity for each ~~capital expenditure~~ category and an explanation comparing the amount of the authorized ~~capital expenditure~~ equipment aid allocation to the budget submitted for each AVTI. ~~The fund balances used by the state board in determining the capital expenditure aid allocation shall be included.~~

Before August 1, ~~1980~~ October 1, 1984, and before August 1 October 1 of each subsequent year, the commissioner shall also report on the equipment inventory of each AVTI, including original cost, current value and estimated remaining useful life a five year projection of the replacement needs of fixed assets property for each of the AVTI's.

These reports shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

**Sec. 30. [124.5627] POST-SECONDARY VOCATIONAL REPAIR AND BETTERMENT AID.**

Subdivision 1. For the purposes of this section, the words, terms and phrases defined in subdivisions 2 and 3 have the meanings ascribed to them.

Subd. 2. "AVTI" means a post-secondary area vocational-technical institute.

Subd. 3. REPAIR AND BETTERMENT AID. (a) DEFINITION. "Post-secondary vocational repair and betterment aid" means state funds, exclusive of post-secondary vocational instructional aid, supply aid, support services aid, debt service aid, and equipment aid, apportioned by the state board for vocational education to local school districts for the purpose of reconstruction, improvement, remodeling and repair of the existing AVTI buildings and grounds, and renting or leasing buildings for school purposes, as necessary for the conduct of post-secondary vocational-technical training.

(b) PROHIBITION. Post-secondary vocational repair and betterment aid shall be utilized solely for the purposes enumerated in this section. The use of post-secondary vocational repair and betterment aid shall be governed by the provisions of section 121.21, subdivision 4a. Post-secondary vocational repair and betterment aid shall not be utilized for the acquisition or betterment of equipment or machinery.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**Subd. 4. BUDGETS; AID ALLOCATION.** Each AVTI shall submit a budget before January 1, 1982 and before January 1 of each subsequent year detailing estimated costs for the following fiscal year for rents and leases and for each repair and betterment project proposed by the AVTI. A budget submitted pursuant to this section shall not include any revenues or expenditures which are included in the computation of an AVTI's instructional program cost or in the AVTI's budgets for post-secondary vocational support services aid, supply aid, or equipment aid. The department of education shall recommend an allocation of repair and betterment aid for rents and leases and for each project proposed by the AVTI as well as a total allocation of repair and betterment aid for each AVTI, after a review of each AVTI budget. The state board shall review the recommendations of the department, authorize an allocation of repair and betterment aid for each AVTI, and detail recommended levels of spending for rents and leases and for each project proposed by the AVTI, through the consolidated public hearing process prescribed in section 124.561, subdivision 3a. The amount of each AVTI's estimated net positive unappropriated capital fund balance, as of June 30 of the fiscal year during which allocations are made, shall be taken into account by the state board in making these allocations. The allocation of post-secondary vocational repair and betterment aid by the state board shall not constitute approval of a project by the state board for the purposes of section 121.21, subdivision 4a.

**Subd. 5. REPORT.** Before August 1, 1982 and before August 1 of each subsequent year, the commissioner shall issue a report on the repair and betterment aid allocation to each AVTI. This report shall include recommended aid allocations for rents and leases and for each repair and betterment project proposed by an AVTI and an explanation comparing the amount of the authorized repair and betterment aid allocation to the budget submitted for each AVTI. The fund balances used by the state board in determining the repair and betterment aid allocation shall be included.

These reports shall be transmitted to the education committees of the legislature and to the directors of the AVTI's.

Sec. 31. Minnesota Statutes 1980, Section 124.565, Subdivision 3, is amended to read:

Subd. 3. Tuition at a post-secondary vocational-technical school for a Minnesota resident pupil shall be ~~\$128~~ the amount per quarter set by the state board for vocational education for each quarter the pupil is enrolled. The state board for vocational education shall be exempt from the rulemaking requirements of chapter 15 for setting tuition charges. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 32. Minnesota Statutes 1980, Section 124.565, Subdivision 4, is amended to read:

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**



Subd. 4. Unless covered by a higher education reciprocity agreement relating to nonresident tuition, entered into by the Minnesota higher education coordinating board and approved by the state board for vocational education, tuition at a post-secondary vocational-technical school for a pupil who is not a resident of Minnesota shall be \$320 the amount per quarter for each quarter the pupil is enrolled set by the state board for vocational education. The state board for vocational education shall be exempt from the rulemaking requirements of chapter 15 for setting tuition charges. A full refund shall be provided to a student who withdraws on or before the 15th day of the quarter. No refund shall be provided for withdrawal after the 15th day of the quarter.

Sec. 33. Minnesota Statutes 1980, Section 124.565, Subdivision 6, is amended to read:

Subd. 6. **LENGTH OF QUARTER.** For purposes of ~~the~~ tuition charges ~~established in this section~~, a quarter shall consist of 60 school days. The state board for vocational education shall adopt rules providing for proportionate tuition charges for quarters which are shorter or longer than 60 days, for part time and extended day enrollment, and for programs which begin or end during a quarter. The state board shall adopt rules providing for tuition charges based on approved program lengths for programs offered on an individualized basis.

Sec. 34. Minnesota Statutes 1980, Section 124.565, Subdivision 7, is amended to read:

Subd. 7. **VETERAN'S EXEMPTION.** A veteran who is a Minnesota resident shall be exempt from the tuition required by subdivision 3 until the veteran has completed the lesser of (a) ~~360~~ 440 post-secondary vocational-technical school days, or the equivalent as determined by the state board for vocational education, or (b) one post-secondary vocational-technical school program ~~which the veteran began after July 1, 1980.~~

"Veteran" for the purpose of this subdivision means a person who ~~entered~~ served in the active military service in any branch of the armed forces of the United States after July 1, 1961 and before July 1, 1978, was a Minnesota resident at the time of induction into the armed forces and for the six months immediately preceding induction, and has been separated or discharged from active military service under conditions other than dishonorable. ~~This subdivision shall not apply to a veteran whose tuition is paid for by any federal or state agency.~~

Sec. 35. Minnesota Statutes 1980, Section 124.572, Subdivision 3, is amended to read:

Subd. 3. This aid shall be paid only for services rendered or for travel costs incurred in adult vocational education programs approved for funding by the state department commissioner of education and. Rules shall be adopted

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by the state board providing criteria to be applied by the commissioner in approving programs for funding pursuant to this section including: economic impact of the program, legislative mandate for the program, employment opportunities in the occupational area, and proven contribution of the program. All programs shall be operated in accordance with rules promulgated by the state board. These rules shall provide minimum student-staff ratios required for an adult vocational education program to qualify for this aid. Rules relating to adult vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference.

Sec. 36. Minnesota Statutes 1980, Section 124.572, is amended by adding a subdivision to read:

Subd. 3a. In any fiscal year when moneys requested for programs approved for funding are more than the amount appropriated, the commissioner of education shall, to the extent possible, continue full funding for programs which are approved by July 1 for aid for even numbered years or by the preceding March 1 for aid for odd numbered years. The commissioner shall prorate any remaining moneys among programs which are approved for funding after these dates.

Sec. 37. Minnesota Statutes 1980, Section 124.572, Subdivision 8, is amended to read:

Subd. 8. PAYMENT SCHEDULE THROUGH 1982. Through the 1981-1982 school year, the state shall pay to each school district 30 percent of its estimated adult vocational education aid for the school year on or before the following dates: August 31, December 31 and March 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All adult vocational education aids shall be computed and distributed by the state aids, statistics, and research section of the state department of education.

Sec. 38. Minnesota Statutes 1980, Section 124.572, is amended by adding a subdivision to read:

Subd. 8a. PAYMENT SCHEDULE. Beginning in the 1982-1983 school year, the state shall pay to each school district its estimated adult vocational education aid in the following manner: 30 percent by August 31, 30 percent by December 31, and 25 percent by March 31. The final aid distribution shall be made by October 31 of the following school year. All adult vocational education aids shall be computed and distributed by the state aids section of the department of education.

Sec. 39. Minnesota Statutes 1980, Section 124.573, Subdivision 2, is amended to read:

**Changes or additions are indicated by underline, deletions by strikeout.**

Subd. 2. In the ~~1978-1979~~ 1981-1982 school year and each year thereafter, the state shall pay to any district or cooperative center 50 45 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. In addition, the state shall pay ~~50 percent of the costs of necessary equipment for these programs,~~ 50 45 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers, ~~and 50 45 percent~~ of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes, and 45 percent of the costs of necessary equipment for these programs. No secondary vocational equipment aid shall be paid beginning with the 1982-1983 school year. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source, and in no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 40. Minnesota Statutes 1980, Section 124.573, Subdivision 3a, is amended to read:

Subd. 3a. **AID FOR CONTRACTED SERVICES.** In addition to the provisions of subdivisions 2 and 3, a school district or cooperative center may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education services. ~~In the 1978-1979 school year and thereafter,~~ The state shall pay each district or cooperative center 40 percent of the amount of a contract entered into pursuant to this subdivision. The state board shall promulgate rules relating to program approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 4, the district or cooperative center contracting for these services shall be construed to be providing the services. For the purposes of subdivision 5, aid for these contracts shall be distributed on the same basis as aids for salaries and travel.

Sec. 41. Minnesota Statutes 1980, Section 124.573, Subdivision 5, is amended to read:

Subd. 5. **PAYMENT SCHEDULE THROUGH 1982.** Through the 1981-1982 school year, the state shall pay to each school district and center 30 percent of its estimated secondary vocational education aid for salaries and travel for the school year on or before the following dates: August 31, December 31 and March 31. The state shall pay 90 percent of a district's estimated secondary vocational education aid for equipment for the school year

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on or before August 31. The final aid distribution to the district shall be made on or before October 31 of the following school year. All secondary vocational education aids shall be computed and distributed by the state aids, ~~statistics,~~ and ~~research~~ section of the state department of education.

Sec. 42. Minnesota Statutes 1980, Section 124.573, is amended by adding a subdivision to read:

Subd. 6. PAYMENT SCHEDULE. Beginning in the 1982-1983 school year, the state shall pay to each school district and cooperative center its estimated secondary vocational education aid for salaries and travel in the following manner: 30 percent by August 31, 30 percent by December 31, and 25 percent by March 31. The final aid distribution shall be made by October 31 of the following school year. All secondary vocational education aids shall be computed and distributed by the state aids section of the department of education.

Sec. 43. Minnesota Statutes 1980, Section 124.574, Subdivision 2, is amended to read:

Subd. 2. (a) ~~In the 1979-1980~~ For the 1981-1982 and 1982-1983 school year years and thereafter, the state shall pay to any district or cooperative center 70 ~~65~~ percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

(b) Beginning in the 1983-1984 school year and each year thereafter, the state shall pay to any district or cooperative center 70 percent of the salaries paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Sec. 44. Minnesota Statutes 1980, Section 124.574, Subdivision 4, is amended to read:

Subd. 4. AID FOR CONTRACTED SERVICES. In addition to the provisions of subdivisions 2 and 3, a school district may contract with a public or private agency other than a Minnesota school district or cooperative center for the provision of secondary vocational education programs for handicapped children. The formula for payment of aids for these contracts ~~in the 1978-1979 school year and thereafter~~ shall be that provided in section 124.32, subdivision 1b. The state board shall promulgate rules relating to approval procedures and criteria for these contracts and aid shall be paid only for contracts approved by the commissioner of education. For the purposes of subdivision 6, the district or cooperative center contracting for these services shall be construed to be providing these services. For the purposes of subdivision 8, aid for these contracts shall be distributed on the same basis as aids for salaries, supplies and travel.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 45. Minnesota Statutes 1980, Section 124.574, Subdivision 8, is amended to read:

Subd. 8. All aid pursuant to this section shall be distributed at the same times and in the same manner as provided in section 124.573, subdivision subdivisions 5 and 5a. Aid for supplies shall be distributed at the same time as aid for salaries and travel.

Sec. 46. INSTRUCTIONS TO REVISOR OF STATUTES.

In accordance with Minnesota Statutes 1980, Section 648.36, in the next edition of Minnesota Statutes, the revisor of statutes shall retitle the headnote of section 124.562 to read "POST-SECONDARY VOCATIONAL MEMBERSHIP."

Sec. 47. REPEALER.

Minnesota Statutes 1980, Sections 124.561, Subdivision 4; 124.562, Subdivisions 3 and 4; 124.566; 124.571; and 275.125, Subdivision 14, are repealed.

Sec. 48. APPROPRIATIONS.

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID. For post-secondary vocational instructional aid there is appropriated:

\$53,348,600.....1982,

\$54,759,400.....1983.

The appropriation for 1982 includes \$4,877,300 for aid for fiscal year 1981 payable in fiscal year 1982, and \$48,471,300 for aid for fiscal year 1982 payable in fiscal year 1982.

The appropriation for 1983 includes \$5,385,700 for aid for fiscal year 1982 payable in fiscal year 1983 and \$49,373,700 for aid for fiscal year 1983 payable in fiscal year 1983.

Subd. 3. POST-SECONDARY VOCATIONAL SUPPLY AID. For post-secondary vocational supply aid there is appropriated:

\$15,307,500.....1982,

\$14,828,250.....1983.

Subd. 4. POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID. (a) For post-secondary vocational support services aid there is appropriated:

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

\$16,967,110.....1982,

\$15,191,140.....1983.

The appropriation for 1982 is based on the assumption that the state will spend for this purpose an amount at least equal to \$6,251,400 in fiscal year 1982 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended. The appropriation for 1982 includes \$2,848,000 to be allocated by the state board for special needs instruction.

The appropriation for 1983 is based on the assumption that the state will spend for this purpose an amount at least equal to \$6,251,400 in fiscal year 1983 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended. The appropriation for 1983 includes \$2,629,050 to be allocated by the state board for special needs instruction.

(b) For post-secondary support services aid to pay for implementation of the fixed assets property management accounting and reporting system there is appropriated:

\$ 140,000.....1982.

Any amount remaining from this appropriation at the end of fiscal year 1982 shall not cancel and shall be available in the second year of the biennium.

The amounts appropriated in this subdivision shall not be used for any special vocational systemwide support service program or project.

Subd. 5. POST-SECONDARY VOCATIONAL EQUIPMENT AID. For post-secondary vocational equipment aid there is appropriated:

\$ 9,830,000.....1982,

\$ 9,120,500.....1983.

This appropriation is based on the assumption that the state will spend for the purposes for which post-secondary vocational equipment aid is paid an amount equal to \$500,000 in each fiscal year of the biennium ending June 30, 1983 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 6. POST-SECONDARY VOCATIONAL REPAIR AND BETTERMENT AID. For post-secondary vocational repair and betterment aid there is appropriated:

\$ 1,400,000.....1982,

\$ 1,190,000.....1983.

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

Subd. 7. APPROPRIATION FOR CONTINGENCY FUND. For the post-secondary vocational contingency fund there is appropriated:

\$ 250,000.....1982.

Any amount remaining from this appropriation at the end of fiscal year 1982 shall not cancel and shall be available in the second year of the biennium.

Subd. 8. POST-SECONDARY VOCATIONAL DEBT SERVICE AID. For post-secondary vocational debt service aid there is appropriated:

\$ 7,731,000.....1982,

\$ 7,600,100.....1983.

Subd. 9. ADULT VOCATIONAL EDUCATION AID. For adult vocational education aid there is appropriated:

\$ 6,851,900.....1982,

\$ 7,102,000.....1983.

The appropriation for 1982 includes \$707,600 for aid for fiscal year 1981 payable in fiscal year 1982 of which not to exceed \$20,000 is for necessary travel and of which not to exceed \$20,000 is for small business management programs. This amount also includes \$6,144,300 for aid for fiscal year 1982 payable in fiscal year 1982 of which not to exceed \$198,000 is for necessary travel.

The appropriation for 1983 includes \$682,700 for aid for fiscal year 1982 payable in fiscal year 1983 of which not to exceed \$22,000 is for necessary travel. This amount also includes \$6,419,300 for aid for fiscal year 1983 payable in fiscal year 1983 of which not to exceed \$212,500 is for necessary travel.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

Subd. 10. ENERGY MANAGEMENT FOR BUILDING OPERATORS. For the establishment of adult vocational programs in energy management for building operators, there is appropriated:

\$50,000.....1982,

\$50,000.....1983.

This aid shall be paid in accordance with section 124.572. The entire amount of the appropriation for 1982 is for aid for fiscal year 1982. The appropriation for 1983 includes \$5,550 for aid for fiscal year 1982 payable in fiscal year 1983, and \$44,450 for aid for fiscal year 1983 payable in fiscal year 1983. The department of education may apply for moneys from other sources to fund programs in energy management for building operators.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

**Subd. 11. VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.** For veteran farmer cooperative training programs there is appropriated:

\$675,100.....1982,

\$588,900.....1983.

**Subd. 12. SECONDARY VOCATIONAL EDUCATION AID.** For secondary vocational education aid pursuant to section 124.573 there is appropriated:

\$21,979,340.....1982,

\$20,165,060.....1983.

The appropriation for 1982 includes \$2,287,700 for aid for fiscal year 1981 payable in fiscal year 1982 of which not to exceed \$181,600 is for equipment. This amount also includes \$19,691,640 for aid for fiscal year 1982 payable in fiscal year 1982 of which not to exceed \$1,547,100 is for equipment.

The appropriation for 1983 includes \$2,187,960 for aid for fiscal year 1982 payable in fiscal year 1983, of which not to exceed \$171,900 is for equipment. This amount also includes \$17,977,100 for aid for fiscal year 1983 payable in fiscal year 1983.

None of the amounts appropriated in this subdivision shall be used for any special vocational systemwide support service program or project.

**Subd. 13. AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.** For secondary vocational programs for handicapped children pursuant to section 124.574, subdivision 2, there is appropriated:

\$ 2,303,000.....1982,

\$ 2,360,310.....1983.

The appropriation for 1982 includes \$226,900 for aid for fiscal year 1981 payable in fiscal year 1982. This amount also includes \$2,076,100 for aid for fiscal year 1982 payable in fiscal year 1982. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1982 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1983 includes \$230,750 for aid for fiscal year 1982 payable in fiscal year 1983. This amount also includes \$2,129,560 for aid for fiscal year 1983 payable in fiscal year 1983. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$300,000 in fiscal year 1983 of federal money received for vocational

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education programs pursuant to the Vocational Education Act of 1963, as amended.

Subd. 14. CANCELLATION; PRORATION. Except as provided in subdivision 4, clause (b), and subdivision 7, any unexpended balance remaining from the appropriations in this section for 1982 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts attributable to either year for any purpose indicated are insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

**Sec. 49. EFFECTIVE DATES.**

Subdivision 1. Sections 14, 15, 16, 21, 23, 24, 26, 27, 29, 30, 35, and 36 of this article shall be effective the day following final enactment.

Subd. 2. Repair and betterment aid pursuant to section 30 of this article shall be paid to AVTI's starting in fiscal year 1982.

**ARTICLE VI**  
**OTHER AIDS AND LEVIES**

**Section 1. [3.9251] PROGRAMS FOR HANDICAPPED ADULTS.**

Programs funded by the council on quality education may include programs designed to benefit handicapped adults.

Sec. 2. Minnesota Statutes 1980, Section 3.9278, Subdivision 1, is amended to read:

Subdivision 1. As used in ~~Laws 1979, Chapter 334, Article 7~~ sections 3.9276 to 3.9279, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1980, Section 3.9279, Subdivision 8, is amended to read:

**Subd. 8. ADVISORY TASK FORCE ON EARLY CHILDHOOD AND FAMILY EDUCATION.** The council on quality education shall appoint an advisory task force on early childhood and family education programs. The advisory task force shall be composed of parents of young children and persons knowledgeable in the fields of health, education and welfare. A majority of the task force shall be parents of young children. The advisory task force shall advise the council in the administration of the early childhood and family education programs. The terms, compensation and removal of members shall be governed by the provisions of section 15.059, subdivision 6. The task force shall expire June 30, ~~1981~~ 1983.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 1980, Section 3.9279, Subdivision 10, is amended to read:

Subd. 10. **VOLUNTARY PARTICIPATION.** Participation by parents and children in early childhood and family education programs shall be voluntary and shall not preclude participation in other state or local programs. To the extent possible, each school district providing early childhood and family education programs shall seek the participation of minority and economically disadvantaged persons in the same proportion as these groups are represented in the area served by the program. Upon request, the school districts shall report on the success of these efforts to the council on quality education. No school district shall discriminate in providing early childhood and family education programs on the basis of race, religion, sex or ethnic background, and no programs shall be used in whole or in part for religious worship or instruction.

Sec. 5. Minnesota Statutes 1980, Section 3.9279, Subdivision 12, is amended to read:

Subd. 12. **NEGOTIATED GRANTS.** For the ~~1979-1980~~ 1981-1982 and ~~1980-1981~~ 1982-1983 school years the council on quality education may fund up to 36 early childhood and family education programs according to the negotiated grants procedure in sections 3.924 to 3.927.

Sec 6. **[121.501] CITATION.**

Sections 6 to 12 of this article may be cited as the "Minnesota Improved Learning and Principal-Teacher, Counselor-Teacher, and Career Teacher Act".

Sec. 7. **[121.502] PURPOSE.**

The legislature recognizes the unique and lifelong learning process of all human beings. The legislature is committed to the goal of maximizing the individual growth potential of all students through the secondary schools. The purposes of sections 6 to 12 of this article are:

(a) To offer improved learning programs which emphasize basic and applied learning skills and the liberal arts;

(b) To recognize and utilize the unique skills that teachers, students, family, and the community have in both the teaching process and the learning process; and

(c) To provide an opportunity for maximum use of principals and teachers.

Sec. 8. **[121.503] PROGRAM SELECTION.**

Subdivision 1. AUTHORIZATION. A school district or group of districts that wish to receive moneys for improved learning programs may apply

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to the state board of education for approval. Programs may be approved for one portion of a school population, an entire school attendance area, several attendance areas, an entire school district, or a group of school districts.

**Subd. 2. APPLICATIONS.** The state board shall prescribe the form and manner of application for the program. The council on quality education may review and advise the state board on applications made for improved learning programs. Beginning in 1982, and each year thereafter, applications shall be submitted to the state board by January 15. If a district wishes to receive aid for the principal-teacher, career teacher or counselor-teacher component of an improved learning program, an application for state aid must be submitted to the state board by January 15. Estimates of salaries and fringe benefits for the next school year and for the additional time beyond the regular contract period for staff to be employed shall be itemized on the application for aid. The board shall notify all applicants of aid approved or denied by March 15 of each year. The board shall approve or deny applications in the order that they are received.

**Subd. 3. WAIVERS.** The state board may waive school district compliance with its rules which would prevent implementation of an improved learning program which receives approval from the state board. However, individuals participating in the principal-teacher, counselor-teacher, or career teacher program shall maintain their seniority date in the district and all rights under the applicable collective bargaining agreement.

**Subd. 4. ADDITIONAL FUNDING.** A school district providing an improved learning program may receive funds for the program from private sources and governmental agencies, including state or federal funds.

**Subd. 5. REPORT.** The department shall submit a report to the legislature by February 1, 1983, and by February 1 each year thereafter. This report shall include the number and description of programs approved, implementation status of programs approved, waivers granted, and evaluation of programs approved.

**Sec. 9. [121.504] ADVISORY COUNCIL.**

The school board of a district providing an improved learning program shall appoint an advisory council. Council members shall be selected from the school attendance area in which programs are provided. Members of the council may include students, teachers, principals, administrators and community members. A majority of the members shall be parents with children participating in the local program. The local advisory council shall advise the school board in the development, coordination, supervision, and review of the improved learning program. The council shall meet at least two times each year with any established community education advisory council in the district.

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

Members of the council may be members of the community education advisory council. The council shall report to the school board.

**Sec. 10. [121.505] PROGRAM CRITERIA.**

Subdivision 1. MANDATORY COMPONENTS. A plan for an improved learning program shall include:

(a) Curricula, instructional strategy and use of materials responsive to the individual educational needs and learning styles of each pupil to enable students to make continuous progress and learn at a rate appropriate to their abilities;

(b) A plan to develop student abilities for both learner and teacher in basic skills and applied learning skills and, when appropriate, arts, humanities, physical, natural, and social sciences; multicultural education; physical, emotional, and mental health; consumer economics, and career education;

(c) Plans to make use of community resources and communications media to pursue improved learning opportunities for pupils;

(d) A staff development program for teachers and other school personnel, such as that found in sections 11 and 12 of this article;

(e) A plan to improve the learning environment, including use of the community in general, to enhance the learning process;

(f) A plan for annual and ongoing evaluation of program goals and objectives; and

(g) A plan to involve parents in planning an improved learning program for their children.

Subd. 2. OPTIONAL COMPONENTS. A plan for an improved learning program may include:

(a) A principal-teacher and career teacher program as defined in section 11 of this article;

(b) A counselor-teacher program as defined in section 12 of this article;

(c) Cooperative efforts with other agencies involved with human services or child development and development of alternative community based learning experiences;

(d) Apprenticeship post-secondary education components for students who are able to accelerate or programs for students with special abilities and interests who are given advanced learning opportunities within existing programs;

(e) Use of volunteers in the learning program;

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- (f) Flexible attendance schedules for students;
- (g) Adult education component;
- (h) Early childhood and family education component;
- (i) Variable student/faculty ratios for special education students to provide for special programming;
- (j) Inclusion of nonpublic students participating in an improved learning program as part of the ratio in the principal-teacher and career teacher component;
- (k) Application of educational research findings;
- (l) Summer learning experiences for students as recommended by the principal-teacher and career teacher;
- (m) Use of educational assistants, teacher aides or paraprofessionals as part of the improved learning program;
- (n) Establishment of alternative criteria for high school graduation; and
- (o) Variable age and class-size groupings of students.

**Sec. 11. [121.506] PRINCIPAL-TEACHER AND CAREER TEACHER COMPONENT.**

Subdivision 1. STATUS. An improved learning program may include a principal-teacher and career teacher component. The principal-teacher and career teacher shall not be the exclusive teacher for students assigned to him or her but shall serve the function of developing and implementing a student's overall learning program. The principal-teacher and career teacher may be responsible for regular classroom assignments as well as learning programs for other students assigned to him or her.

Subd. 2. QUALIFICATIONS. (a) An individual employed as a principal-teacher must be licensed as a principal by the state board of education and shall be considered a principal as defined in section 179.63, subdivision 14, for purposes of the Public Employment Labor Relations Act.

(b) An individual employed as a career teacher must be licensed as a teacher by the state board of teaching and shall be considered a teacher as defined in section 179.63, subdivision 13, for purposes of the Public Employment Labor Relations Act.

Subd. 3. STAFF/STUDENT RATIO. (a) Except as provided in clause (b), one principal-teacher or career teacher shall be assigned for every 125 students. For each special education student included in the assignment, the 1:125 ratio shall be reduced by one.

(b) One principal-teacher shall be assigned for every 50 students when the principal-teacher is also the principal of the school.

**Subd. 4. SELECTION; RENEWAL.** (a) The school board shall establish procedures for teachers and principals to apply for the position of principal-teacher and career teacher. The authority for selection of principal-teachers and career teachers shall be vested in the board and no individual shall have a right to employment as a principal-teacher or career teacher based on seniority or order of employment in the district.

(b) Employment of the principal-teacher and career teacher shall be on a 12 month basis with vacation time negotiated individually with the board. The annual contract of a principal-teacher or career teacher may not be renewed, as the board shall see fit; provided, however, the board shall give any such teacher whose contract as a principal-teacher or career teacher it declines to renew for the following year written notice to that effect before April 15. If the board fails to renew the contract of a principal-teacher or career teacher, that individual shall be reinstated to another position in the district if eligible pursuant to section 125.12 or 125.17.

**Subd. 5. DUTIES.** The principal-teacher and career teacher shall be responsible for:

(a) The overall education and learning plan of students assigned to him or her. This plan shall be designed by the principal-teacher and career teacher with the student, parents, and other faculty, and shall seek to maximize the learning potential and maturation level of each pupil;

(b) Measuring the proficiency of the students assigned to him or her and assisting other staff in identifying pupil needs and making appropriate educational and subject groupings;

(c) When part of the district's plan, taking responsibility for the parent and early childhood education of students assigned to him or her;

(d) Designing and being responsible for program components which meet special learning needs of high potential and talented students; and

(e) Coordinating the ongoing, year-to-year learning program for students assigned to him or her.

#### **Sec. 12. [121.507] COUNSELOR-TEACHER COMPONENT.**

**Subdivision 1. STATUS.** An improved learning program may include a counselor-teacher component. The counselor-teacher shall not be the exclusive teacher with respect to the learning process of students assigned to him or her.

**Subd. 2. QUALIFICATIONS.** An individual employed as a counselor-teacher must be licensed as a counselor by the state board of education and

shall be considered a teacher as defined in section 179.63, subdivision 13, for purposes of the Public Employment Labor Relations Act.

Subd. 3. STAFF/STUDENT RATIO. One counselor-teacher shall be assigned for every 125 students. For each special education student included in the assignment, the 1:125 ratio shall be reduced by one.

Subd. 4. SELECTION; RENEWAL. The annual contract of a counselor-teacher may not be renewed, as the board shall see fit; provided, however, the board shall give any such counselor whose contract for the counselor-teacher it declines to renew for the following year written notice to that effect before April 15. If the board fails to renew the contract of a counselor-teacher, that individual shall be reinstated to another position in the district if eligible pursuant to section 125.12 or 125.17.

Subd. 5. DUTIES. The counselor-teacher shall be responsible for providing guidance and counseling services to students assigned to him or her. This includes working with individual students, groups of students and families.

Sec. 13. Minnesota Statutes 1980, Section 123.36, Subdivision 13, is amended to read:

Subd. 13. PROCEEDS OF SALE OR EXCHANGE. Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for all outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) After satisfying the requirements of clause (1), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F; or

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(d) to replace the building or property sold.

The amount of the proceeds used for the purposes specified in clauses (a), (b) and (c) shall be deducted from the levy limitation computed for the levy authorized in section 33 of this article in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1), shall be deposited in the debt retirement fund.

(4) Any remaining proceeds of the sale or exchange remaining in these districts of the sale or exchange with outstanding bonds after the application of clauses (1), (2), and (3), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(2) Notwithstanding clause (1) a district with outstanding bonds which sells a building or property in order to purchase a replacement, may apply to the commissioner to place proceeds of the sale in its capital expenditure fund in an amount necessary to purchase the replacement; provided the district places an amount in its debt retirement fund sufficient to meet when due the principal and interest payments for all outstanding bonds on the particular building or property which is sold.

(5) Notwithstanding clauses (2) and (3), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time he prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 14. Minnesota Statutes 1980, Section 123.702, Subdivision 1, is amended to read:

Subdivision 1. **SCREENING PROGRAM.** Every school board shall provide for a voluntary health and developmental screening program for children once before entering kindergarten. This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood and family education programs, or by other existing programs. No school board may make this screening examination a mandatory prerequisite to enroll a student.

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Subd. 1a. COMPONENTS. The screening programs shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, ~~dental assessments~~, the review of health history and immunization status, ~~laboratory tests~~ and nutritional and physical assessments. The school board may also provide additional components, including laboratory tests or dental assessments, in the screening program. All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical examination to any child who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled screening clinic.

Sec. 15. Minnesota Statutes 1980, Section 123.703, Subdivision 3, is amended to read:

Subd. 3. REPORT. The state board of education, in cooperation with the state commissioner of health, shall report to the legislature by February 1, ~~1980~~, of each year on the results of the screening programs in accomplishing the purposes specified in section 123.701. The report shall include information on the rates of children's participation in screening programs, on districts' costs for implementing the various components of the screening program, and on any exemptions granted from screening requirements because of financial infeasibility.

Sec. 16. Minnesota Statutes 1980, Section 123.705, is amended to read:  
**123.705 STATE AID.**

The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed ~~\$25~~ \$28 per child screened in fiscal year ~~1980~~ 1982 and ~~\$27~~ \$29 per child screened in fiscal year ~~1981~~ 1983. Any district may request and receive an advance payment equal to 50 percent of its estimated payment for screening eligible children.

Sec. 17. Minnesota Statutes 1980, Section 123.937, is amended to read:  
**123.937 APPROPRIATION LIMIT ON DISTRICT OBLIGATIONS.**

~~There is appropriated annually to the department of education from the general fund of the state treasury the sum of \$3,250,000 for the purposes of sections 123.934 to 123.937. If this the amount appropriated for purposes of sections 123.931 to 123.937 for any year~~ is not sufficient to make the payments

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required pursuant to sections 123.931 to 123.937 for that year, the amount necessary to make these payments is appropriated from the general fund to the department of education. The amounts appropriated pursuant to this section for the year ending June 30, 1980 shall not cancel but shall be available for the second year of the biennium then no school district or intermediary service area is required to expend an amount pursuant to sections 123.931 to 123.937 for that year which exceeds the amount of the payments it receives pursuant to sections 123.931 to 123.937 for that year.

Sec. 18. Minnesota Statutes 1980, Section 124.245, Subdivision 1, is amended to read:

Subdivision 1. **BASIC COMPUTATION.** (a) In the 1980-1981 school year, the state shall pay a school district the difference by which an amount equal to \$80 per pupil unit in that school year or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$85 per pupil unit in that school year, exceeds the amount raised by ten mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section in the 1980-1981 school year, a district must have levied the full ten EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.

(b) (a) In the 1981-1982 school year and each year thereafter, the state shall pay a school district the difference by which an amount equal to \$90 per pupil unit in that school year or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this section subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.

(b) In the 1982-1983 school year and each year thereafter, the aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year starting in 1982-1983 and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$90 per pupil unit or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for

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equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 19. Minnesota Statutes 1980, Section 124.245, is amended by adding a subdivision to read:

Subd. 1a. SPECIAL PURPOSE COMPUTATION. In the 1982-1983 school year and each year thereafter, the state shall pay a school district the difference by which an amount equal to \$25 per pupil unit exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. In order to qualify for aid pursuant to this subdivision in any school year, a district must levy the maximum permissible amount pursuant to section 33 of this article for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 33 of this article may be used.

Sec. 20. Minnesota Statutes 1980, Section 124.245, Subdivision 2, is amended to read:

Subd. 2. PUPIL UNITS. As used in this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7). Beginning in the 1980-1981 school year, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), and (2), (4) and (5); provided that notwithstanding the expiration of Minnesota Statutes, 1979 Supplement, Section 124.17, Subdivision 1, Clauses (6) and (7), pupil units identified in those clauses shall also be included for purposes of the computation of capital expenditure aid for the 1980-1981 school year and 98.5 percent of the units identified in Minnesota Statutes 1980, Section 124.17, Subdivision 1, Clauses (4) and (5) for 1980-1981.

Sec. 21. Minnesota Statutes 1980, Section 124.245, is amended by adding a subdivision to read:

Subd. 4. PAYMENT SCHEDULE. Starting in 1982-1983, eighty-five percent of a district's capital expenditure equalization aid for each school year shall be distributed prior to November 1 of that school year. The final aid distribution to each district shall be made prior to November 1 of the following school year.

Sec. 22. ~~[124.246]~~ **CHEMICAL USE PROGRAMS.**

Subdivision 1. ELIGIBILITY AND PURPOSE. Each school board which adopts a comprehensive policy and procedures to minimize chemical use problems among all pupils in the district, and which submits them to the department of education, shall be eligible for state aid for the following purposes:

(a) inservice training for public and nonpublic school staff,

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- (b) prevention programs, including curriculum materials,
- (c) community and parent awareness programs,
- (d) problem identification programs,
- (e) referral programs, and
- (f) aftercare support programs.

The programs shall be for pupils in public elementary, secondary and area vocational-technical schools and nonpublic elementary and secondary schools, and their parents, teachers and staff.

Subd. 2. An eligible district shall receive \$1 for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than \$1,000.

Subd. 3. APPLICATIONS. A district that is eligible for aid shall apply to the commissioner of education by October 1 of each school year on the form supplied by the commissioner.

Subd. 4. ASSISTANCE TO DISTRICTS. The department of education shall:

- (a) provide technical assistance to districts for maintenance and evaluation of prevention programs, for aftercare support programs and for improved relationships with community agencies,
- (b) provide inservice programs emphasizing identified needs of the districts, and
- (c) collect information from districts about prevention, awareness, identification, referral, and aftercare support programs.

Subd. 5. PAYMENT SCHEDULE. For the 1981-1982 school year, the state shall pay to each school district 100 percent of its chemical use program aid by November 1 of that school year. Beginning in the 1982-1983 school year, and each year thereafter, the state shall pay to each school district 85 percent of its chemical use program aid by November 1 of that school year. The final aid distribution to the district shall be made by November 1 of the following school year.

Sec. 23. Minnesota Statutes 1980, Section 124.247, Subdivision 3, is amended to read:

Subd. 3. A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to ~~\$30~~ \$16.25, in the 1981-1982 school year, and \$17.50 in the 1982-1983 school year,

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times the number of gifted and talented students in the district. No more than  $2\frac{1}{2}$  percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

**Sec. 24. [124.251] STATE AID; IMPROVED LEARNING PROGRAMS.**

A district which establishes, pursuant to sections 6 to 12 of this article, a principal-teacher, counselor-teacher or career teacher component of an improved learning program approved by the state board of education, shall receive state aid for the purpose of this program in an amount equal to the salary and fringe benefits for the number of days each principal-teacher, counselor-teacher or career teacher works beyond the regular contract period. The daily rate paid shall be the contract rate including fringe benefits earned by the principal-teacher, counselor-teacher or career teacher during the year in which the application is submitted. The state board shall not approve applications or pay aids in excess of the state appropriation for this program. In addition, the board shall make an effort to distribute aid as equally as possible between rural, suburban and urban districts. In addition to other aids or moneys, a school district may use summer school foundation revenue to fund an improved learning program.

Sec. 25. Minnesota Statutes 1980, Section 124.562 is amended by adding a subdivision to read:

**Subd. 2a. CHEMICAL TREATMENT PROGRAMS.** If a pupil is absent from school for the purpose of participating in a chemical abuse treatment program licensed by the state of Minnesota, he may request the school to keep him on the roll in the educational program in which he is enrolled. Upon the pupil's request the school shall keep him on the roll for the educational program in which he is enrolled and that pupil shall be counted in average daily membership, pursuant to section 124.562, subdivision 2, during the period in which he is participating in a treatment program; provided he shall be counted for a period not to exceed 30 consecutive school days. When this pupil returns to school, the school may count additional hours for membership, not to exceed the number of hours for which he was counted while participating in the treatment program or the number of hours per day the pupil is enrolled times 30, whichever is less, if additional hours are needed for the pupil to complete the educational program.

Sec. 26. Minnesota Statutes 1980, Section 124.646, Subdivision 1, is amended to read:

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Subdivision 1. **AID COMPUTATION.** (a) For the ~~1979-1980~~ 1981-1982 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of ~~4-9/10~~ 5.5 cents for each full paid student ~~type "A"~~ lunch served to students in the district. (b) For the ~~1980-1981~~ 1982-1983 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of ~~5-3/10~~ 5.9 cents for each full paid student ~~type "A"~~ lunch served to students in the district.

Sec. 27. Minnesota Statutes 1980, Section 134.35, Subdivision 1, is amended to read:

Subdivision 1. **GRANT APPLICATION.** Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for ~~fiscal year 1980~~ and each fiscal year ~~thereafter~~ shall be calculated as provided in this section.

Sec. 28. Minnesota Statutes 1980, Section 134.351, is amended by adding a subdivision to read:

Subd. 5. **PROPERTY.** All property given, granted, conveyed, donated, devised or bequeathed to, or otherwise acquired by any multi-county multi-type library system board shall vest in, and be held in the name of, the multi-county multi-type library system board. Any conveyance, grant, donation, devise, bequest, or gift made to, or in the name of, any multi-county multi-type library system shall be deemed to have been made directly to the multi-county multi-type library system board.

Sec. 29. Minnesota Statutes 1980, Section 134.351, is amended by adding a subdivision to read:

Subd. 6. **RATIFICATION.** All property heretofore given, granted, conveyed, donated, devised, bequeathed to, or otherwise acquired by any multi-county multi-type library system board is hereby validated, ratified and confirmed as the property of the board.

Sec. 30. Minnesota Statutes 1980, Section 134.351, Subdivision 5, is amended to read:

Subd. 5. **REPORTS.** Each multi-county, multi-type system receiving a grant pursuant to section 134.352 or 134.353 shall provide an annual progress report to the department of education. The department shall report before November 15 of each year to the legislature on all projects funded under sections 134.352 and 134.353.

Sec. 31. Minnesota Statutes 1980, Section 134.36, is amended to read:

**134.36 RULES.**

The state board of education shall promulgate rules as necessary for implementation of any provision of ~~Laws 1978, Chapter 546~~ sections 134.30 to

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134.353. Temporary rules may be adopted to implement Laws 1978, Chapter 546 in compliance with the provisions of section 15.0412, subdivision 5, except that these rules may be effective for up to 300 days.

Sec. 32. Minnesota Statutes 1980, Section 275.125, Subdivision 11a, is amended to read:

Subd. 11a. **CAPITAL EXPENDITURE LEVY.** (a) In 1979, a school district may levy an amount not to exceed the amount equal to \$80 per pupil unit or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$85 per pupil unit. For purposes of computing allowable levies under section 275.125, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), and (5). No levy under this clause in 1979 shall exceed ten mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(b) (a) In 1980 and Each year thereafter, a school district may levy an amount not to exceed the amount equal to \$90 per pupil unit, or, \$95 per pupil unit in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit. In 1980 and each year thereafter, No levy under this clause shall exceed seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year, notwithstanding the provisions of sections 272.64 and 275.49.

(c) (b) The proceeds of the tax may be used only to acquire land, to equip and ~~re-equip~~ re-equip buildings and permanent attached fixtures, to pay leasing fees for computer systems hardware and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116H.126, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, including but not limited to those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped individuals. The proceeds of the tax may also be used to make capital improvements to schoolhouses to be leased pursuant to section 123.36, subdivision 10.

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(d) (c) Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(e) (d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

(f) (e) The proceeds of the tax shall not be used for custodial or other maintenance services.

(f) Each year, subject to the seven mill limitation of clause (a) of this subdivision, a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per pupil unit for capital expenditures for equipment for these programs.

(g) For purposes of computing allowable levies under this subdivision and section 33 of this article, pupil units shall include those units identified in section 124.17, subdivision 1, clauses (1) and (2), and 98.5 percent of the units identified in Minnesota Statutes 1980, Section 124.17, Subdivision 1, Clauses (4) and (5) for 1980-1981.

Sec. 33. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

**Subd. 11b. SPECIAL PURPOSE CAPITAL EXPENDITURE LEVY.** In 1981 and each year thereafter, in addition to the levy authorized in subdivision 11a, a school district may levy an amount not to exceed the amount equal to \$25 per pupil unit. No levy under this clause shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

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(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F.

Sec. 34. Minnesota Statutes 1980, Section 375.335, is amended by adding a subdivision to read:

Subd. 4. PROPERTY. All property given, granted, conveyed, donated, devised or bequeathed to, or otherwise acquired by any regional library board or any regional public library system board however created shall vest in, and be held in the name of, the regional library board or regional public library system board. Any conveyance, grant, donation, devise, bequest, or gift made to, or in the name of, any regional library or public library system shall be deemed to have been made directly to the regional public library system board.

Sec. 35. Minnesota Statutes 1980, Section 375.335, is amended by adding a subdivision to read:

Subd. 5. RATIFICATION. All property heretofore given, granted, conveyed, donated, devised, bequeathed to, or otherwise acquired by any regional library board or any regional public library system board however created is hereby validated, ratified and confirmed as the property of the board.

Sec. 36. Minnesota Statutes 1980, Section 375.335, Subdivision 4, is amended to read:

Subd. 4.6. RATIFICATION. Any multicounty regional library heretofore created, and the agreements creating them, are hereby validated, ratified, and confirmed and the benefits of subdivisions 1 to 4.6 shall hereafter apply to said these libraries.

**Sec. 37. INDEPENDENT SCHOOL DISTRICT NO. 256; MAINTENANCE LEVY ADJUSTMENT.**

In 1981 only, Independent School District No. 256, Red Wing, is authorized to levy for school maintenance purposes an amount not to exceed \$620,000 in addition to all other authorized levies. The purpose of this levy is to provide the district with an amount of funds equal to the aid entitlements which were included in the amount by which its 1978 payable 1979 permitted maintenance levy exceeded its actual maintenance levy in that year.

**Sec. 38. [122.542] GRANTS FOR COOPERATIVE AGREEMENTS, ALTERNATIVE EDUCATIONAL DELIVERY SYSTEMS AND LOW-POWER TELEVISION.**

Subdivision 1. POLICY. The legislature finds that small rural secondary schools, because of fiscal constraints, are experiencing a decrease in course offerings, uneconomical class sizes, restricted student access to courses, and the

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necessity for teachers to teach in subject areas for which they are not licensed. Therefore it is the intention of the legislature to encourage the use of available options by small rural districts in order to provide a more equitable balance in programs available to rural and urban secondary pupils. These options include consolidation, pairing and alternative educational delivery systems which utilize shared services, and applications of technology such as two-way, low-power television.

Subd. 2. COOPERATIVE AGREEMENT GRANTS. The council on quality education, in cooperation with the department of education, may make grants to school districts for the study, evaluation, and start-up costs of an agreement which provides for the discontinuance by a district of grades 7 through 12 or portions of those grades and the instruction in another district of the pupils in the discontinued grades or portions of grades. Application for a grant pursuant to this subdivision shall be made in a manner prescribed by the council and the agreements shall comply with the requirements set forth in Minnesota Statutes 1980, Section 122.85.

Subd. 3. ALTERNATIVE EDUCATIONAL DELIVERY SYSTEM GRANTS. (a) The council on quality education shall make a grant to Independent School District No. 362, Littlefork, to serve as a demonstration model in the development and implementation of an alternative educational delivery system. The council shall provide supervision and coordination in the development and implementation of the demonstration model and in disseminating information about the model to other districts. Application for a grant pursuant to this subdivision shall be made in a manner prescribed by the council.

(b) Alternative educational delivery systems shall include but are not limited to:

- (1) computer-assisted instruction;
- (2) extension courses offered by correspondence;
- (3) videotape courses; and
- (4) audiovisual courses.

(c) The goals of alternative educational delivery systems shall include but not be limited to:

- (1) expansion of curriculum in areas not otherwise available;
- (2) elimination of traditional classes of uneconomic or insufficient size without a reduction of learning opportunities;
- (3) provision of remedial instruction in basic skills.

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(d) A grant made pursuant to this subdivision is to be used solely for development, implementation, and evaluation of the model, and to disseminate information about the model to other school districts in the state. The legislature does not intend that this grant is to be used for start-up costs of alternative educational delivery systems in other districts, nor does it intend to fund such start-up costs in the future.

**Subd. 4. LOW-POWER TELEVISION SYSTEM GRANT.** (a) The council on quality education shall make a grant to Independent School District No. 790, Eagle Bend, to serve as a demonstration model in the development and implementation of a two-way, low-power television transmission system. The council shall provide supervision and coordination in the development, implementation, and evaluation of the model and in disseminating information about the model to other districts. Applications for this grant shall be made in a manner prescribed by this council.

(b) This grant is to be used solely for the development, implementation, and evaluation of the model and for disseminating information about the model to other school districts in the state. The legislature does not intend that this grant is to be used for start-up costs of two-way, low-power television transmission systems in other school districts nor does the legislature intend to fund such start-up costs in the future.

**Subd. 5. SOURCES OF FUNDS.** Districts receiving grants pursuant to this section may receive funds from the federal government and from private organizations for the purposes of this section.

**Subd. 6. SEPARATE FUND ACCOUNTS.** A district which is awarded a grant pursuant to this section shall maintain separate revenue and expenditure accounts which accurately reflect all revenues and expenditures. The moneys shall be spent only for the purposes of subdivision 2, 3, or 4.

**Subd. 7. LOW-POWER TRANSMISSION TELEVISION STUDY.** The council on quality education shall award one or more contracts to qualified consultants or legal firms specializing in securing broadcast and telecast licenses from the federal communications commission. The consultant or firm shall: (a) survey the need for low-power television transmission sites in the state; (b) write a report which recommends placement of low-power television transmission sites to provide maximum educational benefits to small rural school districts and gives detailed estimates of costs for implementing the sites, including data concerning local personnel, training, and equipment; (c) evaluate the project in Independent School District No. 790, Communicasting for Educational Purposes; and (d) prepare and submit all necessary license applications to the federal communications commission on behalf of local education agencies recommended as transmission sites.

Subd. 8. REPORT. The council on quality education shall report to the education committees of the house of representatives and the senate by January 15, 1983 on the use and effectiveness of grants made pursuant to this section.

Subd. 9. CONSTRUCTION. Although the legislature intends that the grants made pursuant to this section are to be used for development of secondary educational models, the provisions of this section shall not be construed to prohibit these programs from also being utilized for elementary and adult education purposes.

Sec. 39. Laws 1973, Chapter 683, Section 26, Subdivision 1, is amended to read:

**Sec. 26. EXPERIMENTAL SCHOOL.**

Subdivision 1. It is the intention of the legislature of the state of Minnesota to establish an experimental educational program for pupils in kindergarten through eighth grade, to be situated in Independent School District No. 309 on the land comprising former Independent School District No. 25, which was dissolved and attached to Independent School District No. 309 by an order of the county board of Becker county dated June 23, 1970, which is on file and of record in the office of the county auditor of Becker county. ~~Such~~ This experimental school shall be established as set forth in this section.

Sec. 40. Laws 1973, Chapter 683, Section 26, is amended by adding a subdivision to read:

Subd. 2a. SCHOOL ADMINISTRATION; TRANSFER OF AUTHORITY. The care, management, and control of the experimental school in Independent School District No. 309 is transferred from the Indian education committee as defined in subdivision 2, to the White Earth reservation business committee. The Indian education committee shall serve in an advisory capacity to the White Earth reservation business committee. For purposes of this section, "committee" means the White Earth reservation business committee. The White Earth reservation business committee is eligible to receive federal aid to Indians pursuant to section 124.64. Notwithstanding any law to the contrary, the experimental school shall be considered a public school.

Sec. 41. Laws 1973, Chapter 683, Section 26, is amended by adding a subdivision to read:

Subd. 13a. Any kindergarten through eighth grade pupil residing within the defined boundaries of the experimental school area as set out in subdivision 1 shall be considered a resident pupil of the experimental school

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area, as if the experimental school area were a school district, for purposes of Minnesota Statutes, Chapter 120.

**Sec. 42. EXPERIMENTAL SCHOOL EXPIRATION DATE.**

Laws 1973, Chapter 683, Section 26, Subdivision 17, as amended by Laws 1975, Chapter 432, Section 88, as amended by Laws 1977, Chapter 447, Article VII, Section 28, is amended to read:

Subd. 17. The provisions of this section shall expire July ~~1981~~ 1, 1985. At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

**Sec. 43. ELECTION.**

Subdivision 1. Sections 40, 41 and 42 are effective only upon their approval by a majority of the qualified voters who reside on the land comprising former Independent School District No. 25, as defined in Laws 1973, Chapter 683, Section 26, Subdivision 1, voting on the question at an election called for that purpose by the Indian education committee, as defined in Laws 1973, Chapter 683, Section 26, Subdivision 2, according to the procedures specified in Minnesota Statutes, Section 123.32, Subdivision 22.

Subd. 2. **BALLOT QUESTION.** At the election on the question of approval of sections 40, 41 and 42, the question submitted to the voters shall be:

“Shall care, management and operation of the Pine Point Experimental School be transferred from the Indian Education Committee to the White Earth Reservation Business Committee with all of the kindergarten through eighth grade residents of former Independent School District No. 25 (Pine Point) required to attend the experimental school?”

Yes ...

No ...”

The Indian education committee shall hold this election prior to June 25, 1981, at the Pine Point School. The Indian education committee shall inform the residents of former Independent School District No. 25 (Pine Point) of the election and of the options available. The Indian education committee shall

also publish notice of the election in the legal newspapers in the county seats of Becker and Hubbard counties.

**Sec. 44. ARTS REPORT.**

The department of education shall submit a report on arts education to the education committees of the senate and house of representatives by January 1, 1983. The report shall include:

(1) The status and implementation of the Minnesota plan for arts in education, and

(2) The availability of learning opportunities in the arts for elementary and secondary students.

**Sec. 45. REPEALER.**

Minnesota Statutes 1980, Section 3.9279, Subdivision 13, and Laws 1973, Chapter 683, Section 26, Subdivision 13, are repealed.

**Sec. 46. APPROPRIATION.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

**Subd. 2. HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.** For health and developmental screening programs pursuant to sections 123.701 to 123.705, there is appropriated:

\$1,191,600.....1982,

\$1,075,000.....1983.

**Subd. 3. ABATEMENT AID.** For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:

\$2,751,000.....1982,

\$2,988,000.....1983.

**Subd. 4. EMERGENCY AID.** For emergency aid pursuant to section 124.24, there is appropriated:

\$50,000.....1982.

Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

**Subd. 5. CAPITAL EXPENDITURE EQUALIZATION AID.** For capital expenditure equalization aid pursuant to section 124.245, subdivision 1, there is appropriated:

**Changes or additions are indicated by underline, deletions by strikeout.**

\$734,500.....1982,

\$376,000.....1983.

Any unexpended balance remaining from the appropriation in this subdivision for 1983 may be expended for special purpose capital expenditure equalization aid pursuant to section 19 of this article.

**Subd. 6. SPECIAL PURPOSE CAPITAL EXPENDITURE EQUALIZATION AID.** For special purpose capital expenditure equalization aid pursuant to section 19 of this article, there is appropriated:

\$ 58,300.....1983.

Any unexpended balance remaining from the appropriation in this subdivision may be expended in 1983 for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

**Subd. 7. EDUCATIONAL COOPERATIVE SERVICE UNITS.** For educational cooperative service units, there is appropriated:

\$664,950.....1982,

\$769,450.....1983.

Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$60,450 per ECSU as defined in section 123.58 in fiscal year 1982 and \$69,950 per ECSU in fiscal year 1983; provided however that the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$120,900 in fiscal year 1982 and \$139,900 in fiscal year 1983 for general operations.

**Subd. 8. SCHOOL LUNCH AID.** For school lunch aid pursuant to section 124.646 there is appropriated:

\$3,838,200.....1982,

\$4,085,500.....1983.

Any unexpended balance remaining from the appropriations in this subdivision may be expended, in addition to the amounts appropriated in subdivision 9 of this section, for food storage and transportation costs for U.S.D.A. donated commodities.

**Subd. 9. FOOD STORAGE AND TRANSPORTATION.** For food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

\$765,300.....1982,

\$880,100.....1983.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Subd. 10. GIFTED AND TALENTED STUDENTS. For programs for the gifted and talented pursuant to section 124.247, there is appropriated:

\$588,300.....1982,

\$543,660.....1983.

Subd. 11. ALTERNATIVE GRANTS. For grants made pursuant to subdivisions 2, 3, 4, and 7 of section 38 of this article, there is appropriated:

\$250,000.....1982,

\$150,000.....1983.

Any unexpended balance remaining from the appropriation in this subdivision shall not cancel and shall be available for the second year of the biennium.

Subd. 12. COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS. For the council on quality education venture fund grants pursuant to sections 3.925 and 3.926, there is appropriated:

\$600,000.....1982,

\$510,000.....1983.

Any unexpended balance remaining from the appropriations in this subdivision for 1982 shall not cancel and shall be available for the second year of the biennium.

Subd. 13. EARLY CHILDHOOD AND FAMILY EDUCATION. For early childhood and family education programs pursuant to section 3.9279, there is appropriated:

\$1,500,000.....1982,

\$1,275,000.....1983.

Any unexpended balance remaining from the appropriations in this subdivision for 1982 shall not cancel and shall be available for the second year of the biennium.

Subd. 14. BASIC SUPPORT GRANTS. For grants pursuant to sections 134.32 to 134.35 and 134.36 for the provision of library services, there is appropriated:

\$3,943,200.....1982,

\$3,639,955.....1983.

Subd. 15. MULTI-COUNTY LIBRARY SYSTEMS. For grants pursuant to sections 134.352 and 134.353 to multi-county, multi-type library systems, there is appropriated:

**Changes or additions are indicated by underline, deletions by strikethrough.**



\$182,500.....1982,

\$155,125.....1983.

Subd. 16. NONPUBLIC AIDS. For programs for nonpublic educational aid pursuant to sections 123.931 to 123.937, there is appropriated:

\$4,109,800.....1982,

\$3,848,460.....1983.

Subd. 17. APPROPRIATION; INDIAN EDUCATION. (a) For certain Indian education programs, there is appropriated:

\$150,000.....1982,

\$150,000.....1983.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner shall not approve the payment of any amount to a school district pursuant to this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts of this appropriation may be distributed to the following school districts: \$47,110 to Independent School District No. 309-Pine Point School; \$8,290 to Independent School District No. 166; \$12,815 to Independent School District No. 432; \$12,060 to Independent School District No. 435; \$36,180 to Independent School District No. 707; and \$33,545 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

These appropriations are available August 15 of the applicable school year, but only if there will not be available for the districts enumerated in this subdivision for the applicable school year any operation support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, Public Law 73-167 or 25 Code of Federal Regulations 273.31, or equivalent money from the same or another source.

(b) Before a district can receive moneys pursuant to this subdivision, the district must submit to the commissioner of education evidence that it has:

(i) Complied with the uniform financial accounting and reporting standards act, sections 121.90 to 121.917. For each school year, compliance with section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district pursuant to this subdivision and one budget which does not include these moneys. The budget of that school district for the 1983-84 school year prepared according to section 121.908, subdivision 3a, shall be submitted to the commissioner of education at

**Changes or additions are indicated by underline, deletions by strikeout.**

the same time as 1982-1983 budgets and shall not include any moneys appropriated in this subdivision;

(ii) Conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, Sections 120.03 and 120.17; Public Law 94-142, an act of the 94th Congress of the United States cited as the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(iii) Compiled accurate daily pupil attendance records.

(c) Prior to approving payment of any amount to a school district pursuant to this subdivision, the commissioner shall review and evaluate each affected district's compliance with clause (b) and any other applicable laws, and each affected district's need for the moneys. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 18. PINE POINT ELECTION. For the purpose of reimbursing the Indian Education Committee's costs for holding the election required in section 43 of this article, there is appropriated:

\$1,500.....1982.

The department shall pay to the Indian Education Committee an amount equal to the actual cost of holding the election pursuant to section 43 of this article, but in no event shall this payment exceed \$1,500.

Subd. 19. IMPROVED LEARNING PROGRAMS. For improved learning programs with principal-teacher, career teacher or counselor-teacher components, there is appropriated:

\$300,000.....1982.

Any amount of the appropriation remaining at the end of fiscal year 1982 shall not cancel and shall be available in fiscal year 1983.

Subd. 20. CHEMICAL USE PROGRAMS. For aid for chemical dependency programs authorized pursuant to section 22 of this article there is appropriated:

\$988,400.....1982,

\$826,965.....1983.

Subd. 21. CANCELLATION AND PRORATION. Except as provided in subdivisions 4, 8, 11, 12, 13 and 19, any unexpended balance remaining from the appropriations in this section for 1982 shall cancel and shall not be available for the second year of the biennium. Except as provided in subdivisions 5 and 6, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation

amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Subd. 22. PAYMENT SCHEDULE. One hundred percent of districts' aid entitlements for fiscal year 1982 under the programs for which funds are appropriated in subdivisions 2, 10, 12, 13, 14, 15 and 16, shall be paid in fiscal year 1982. Eighty-five percent of districts' aid entitlements for fiscal year 1983 under the programs for which funds are appropriated in subdivisions 2, 10, 12, 13, 14, 15 and 16, shall be paid in fiscal year 1983 and the remainder of districts' aid entitlements under these programs shall be paid before October 31, 1984.

**Sec. 47. EFFECTIVE DATES.**

Subdivision 1. Sections 13, 28, 29, 34, 35 and 43 of this article shall be effective the day following final enactment.

Subd. 2. Section 13, clause (5) shall apply to the proceeds of the sale of any building after June 30, 1980, and any district affected by this provision which placed sale proceeds in its debt retirement fund may transfer the appropriate amount of the proceeds from the debt retirement fund to the capital expenditure fund.

Subd. 3. Sections 40, 41 and 42 shall be effective on the day the Indian education committee complies with Minnesota Statutes, Section 645.021, Subdivision 2.

**ARTICLE VII  
MISCELLANEOUS**

Section 1. Minnesota Statutes 1980, Section 116H.126, Subdivision 2, is amended to read:

**Subd. 2. MINI-AUDITS AND MAXI-AUDITS.** On or before July 1, 1980, based upon the analysis of the building energy reports which school districts were required by law to submit by December 31, 1979, the director shall indicate to each school district those buildings upon which a mini-audit, maxi-audit, or both, shall be performed. The audit results shall be recorded on a form furnished by the director and filed with the director by December 31, 1982.

Sec. 2. Minnesota Statutes 1980, Section 116H.126, Subdivision 4, is amended to read:

**Subd. 4. CERTIFICATION OF AUDITORS.** The director may certify persons to perform mini-audits and maxi-audits, and to complete the building energy reports.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 3. Minnesota Statutes 1980, Section 116H.126, Subdivision 5, is amended to read:

Subd. 5. **ACCEPTANCE OF EQUIVALENT ENERGY SURVEYS.** The director may accept the results of an equivalent energy survey in place of the ~~building energy report and audits~~ required under this section.

Sec. 4. Minnesota Statutes 1980, Section 120.0751, Subdivision 5, is amended to read:

Subd. 5. The department of education shall provide the forms required by subdivision 2. ~~These forms shall be available on or before July 31, 1980. The state board shall consider any application received by it on August 1, 1980, or thereafter.~~ The state board of education shall adopt the procedures necessary to implement this section.

Sec. 5. Minnesota Statutes 1980, Section 120.78, Subdivision 1, is amended to read:

#### 120.78 FUEL CONSERVATION CONSUMPTION REPORTS.

Subdivision 1. ~~On or before December 31~~ By August 15 of each year each school district shall submit to the commissioner of education, in ~~such the~~ manner and upon ~~such the~~ forms as ~~he the~~ commissioner shall furnish, a comprehensive report of the energy consumed by the district during the previous school year ending June 30. The report shall include: (1) ~~a building energy report, as defined in section 116H.02, on each building and other structure maintained by the district;~~ (2) the amount of fuel used to transport students to and from school and between schools; and (3) ~~such any other~~ information as the commissioner may require related to the consumption of energy. The report shall be developed by the commissioner in consultation with the director of the energy agency.

Sec. 6. Minnesota Statutes 1980, Section 121.90, is amended to read:

#### 121.90 DEFINITIONS.

~~"Receivables", "liabilities", "fund balances", "revenues" and "expenditures" have the meanings specified in the uniform financial accounting and reporting standards for Minnesota school districts unless otherwise provided by law. Unless the context clearly indicates otherwise, the words, terms and phrases used in sections 121.901 to 121.917 have the meanings given to them in the manual for the uniform financial accounting and reporting system for Minnesota.~~

Sec. 7. Minnesota Statutes 1980, Section 121.904, is amended by adding a subdivision to read:

Subd. 11c. Payments received pursuant to section 477A.15 shall be recognized as revenue and recorded as a receivable in the fiscal year prior to receipt.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 8. Minnesota Statutes 1980, Section 121.906, Subdivision 2, is amended to read:

Subd. 2. **RECOGNITION OF EXPENDITURES AND LIABILITIES.** There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

Sec. 9. Minnesota Statutes 1980, Section 121.906, Subdivision 3, is amended to read:

Subd. 3. **PURCHASE ORDERS OTHER THAN INVENTORY.** Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year designated at the time of the issuance of the order in which the liability is incurred.

Sec. 10. Minnesota Statutes 1980, Section 121.912, Subdivision 1, is amended to read:

Subdivision 1. No school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision. Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner; provided, The levy authorized pursuant to section 275.125, subdivision 11a, shall be reduced by an amount equal to the amount transferred. Permanent transfers may be made from the general fund to the capital expenditure fund of a post-secondary vocational-technical school in the amount and for the purposes authorized by the state board for vocational education in approving the school's budget pursuant to section 124.561; ~~provided,~~ The state board shall not approve any permanent transfer for the purpose of an acquisition or betterment of lands or buildings or a capital improvement which requires the expenditure of an amount equal to or greater than \$50,000, which changes the perimeter walls of an existing facility, which adds more than 1,000 square feet to a post-secondary vocational facility, or which requires the issuance of school district bonds; ~~provided further,~~ The state board shall not approve the permanent transfer for any other purpose of any amount which exceeds \$150,000.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 11. Minnesota Statutes 1980, Section 121.917, Subdivision 4, is amended to read:

Subd. 4. (1) If the net negative unappropriated fund balance in all the funds of a school district, other than statutory operating debt pursuant to section 121.914, capital expenditure, building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30, 1980, ~~and each year thereafter~~, is more than 2-1/2 percent of the year's expenditure amount, the district shall, prior to September 15, submit a special operating plan to reduce the district's deficit expenditures to the commissioner of education for his approval.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner shall not receive any aid pursuant to chapter 124 until a special operating plan of the district is so approved.

(2) A district shall receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan shall receive aids as long as the district continues to comply with the approved operating plan.

Sec. 12. Minnesota Statutes 1980, Section 122.22, Subdivision 3, is amended to read:

Subd. 3. A resolution adopted pursuant to subdivision 2(a) shall contain findings of necessary jurisdictional facts and shall set a date for hearing. The hearing shall be not less than ~~ten~~ 20 nor more than 60 days from the date of the resolution.

Sec. 13. Minnesota Statutes 1980, Section 122.22, Subdivision 4, is amended to read:

Subd. 4. A petition executed pursuant to subdivision 2(b) shall be filed with the auditor ~~and~~. It shall contain the following:

(a) A statement that petitioners desire proceedings instituted leading to dissolution of the district and other provisions made for the education of the inhabitants of the territory and that petitioners are eligible voters, as defined in section 123.32, subdivision 1a, of the district;

(b) An identification of the district; and

(c) The reasons supporting the petition which may include recommendations as to disposition of territory to be dissolved. The recommendations are advisory in nature only and are not binding on any petitioners or county board for any purpose.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(d) The persons circulating the petition shall attach their affidavit swearing or affirming that the persons executing the petition are eligible voters, as defined in section 123.32, subdivision 1a, of the district and that they signed in the presence of one of the circulators.

(e) The auditor shall present the petition to the county board at its next meeting. At that meeting, the county board shall determine a date for a hearing. The hearing shall be not less than ~~ten~~ 20 nor more than 60 days from the date of that meeting.

Sec. 14. Minnesota Statutes 1980, Section 122.22, Subdivision 5, is amended to read:

Subd. 5. Certification executed pursuant to subdivision 2(c) shall be filed with the auditor ~~and~~. It shall contain the following:

- (a) A copy of the resolution initiating the election;
- (b) A copy of the notice of election with an affidavit of publication or posting;
- (c) The question voted on;
- (d) The results of the election by number of votes cast for and number against the question; and
- (e) If an advisory ballot is taken on annexation, the question voted on and number of ballots cast for and against the proposal.

The auditor shall present the certification to the county board at its next meeting. At that meeting, the county board shall determine a date for a hearing. The hearing shall be not less than ~~ten~~ 20 nor more than 60 days from the date of that meeting.

Sec. 15. Minnesota Statutes 1980, Section 122.22, is amended by adding a subdivision to read:

Subd. 7a. Before the day of a hearing ordered pursuant to this section, each district adjoining the district proposed for dissolution shall provide the following information and resolution to the county auditor of the county containing the greatest land area of the district proposed for dissolution:

- (a) The outstanding bonded debt of the district;
- (b) The assessed valuation of the district;
- (c) The most current school tax rates for the district, including any referendum, discretionary, or other optional levies being assessed currently and the expected duration of the levies;

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

(d) A resolution passed by the school board of the district stating that if taxable property of the dissolved district is attached to it, one of the following requirements is imposed: (1) the taxable property of the dissolving district which is attached to its district shall not be liable for the bonded debt of the district which existed as of the time of the attachment; (2) the taxable property of the dissolving district which is attached to its district shall be liable for the payment of the bonded debt of the district which existed as of the time of the attachment in the proportion which the assessed valuation of that part of the dissolving district which is included in the newly enlarged district bears to the assessed valuation of the entire district as of the time of attachment; or (3) the taxable property of the dissolving district which is attached to its district shall be liable for some specified portion of the amount that could be requested pursuant to subclause (2).

An apportionment pursuant to subclause (2) or (3) shall be made by the county auditor of the county containing the greatest land area of the district proposed for transfer.

An apportionment of bonded indebtedness pursuant to subclause (2) or (3) shall not relieve any property from any tax liability for payment of any bonded obligation, but taxable property in a district enlarged pursuant to this section becomes primarily liable for the payment of the bonded debt to the extent of the proportion stated.

Sec. 16. Minnesota Statutes 1980, Section 122.22, Subdivision 8, is amended to read:

Subd. 8. Within 90 days of the date set for the original hearing or within 30 days of the termination of a consolidation proceeding which stays the order under subdivision 7, the county board may issue its order:

(a) Dismissing the proceedings; or

(b) ~~Interlocutory in character, proposing~~ Providing for the dissolution of the district and the annexation of the territory to adjoining districts, or the entire district as a unit may be attached to and become part of a district which maintains a secondary school located within the same high school area, and if there is no intervening district maintaining a secondary school.

~~(c)~~ If no order is issued within the limited time, the proceedings are dismissed.

If an order is issued pursuant to clause (b) the order is a final order, unless an election on the order is required pursuant to subdivision 11.

Sec. 17. Minnesota Statutes 1980, Section 122.22, Subdivision 9, is amended to read:

Subd. 9. ~~An interlocutory~~ An order issued under subdivision 8, clause (b), shall contain the following:

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**



(a) A statement that the ~~dissolution of the district is proposed.~~ dissolved unless the results of an election held pursuant to subdivision 11 provide otherwise;

(b) A description, by words or plat or both showing ~~proposed~~ the disposition of territory in the district to be dissolved;

(c) The outstanding bonded debt of the district to be dissolved;

(d) A statement requiring the fulfillment of the requirements imposed by each adjoining district to which territory in the dissolving district is to be attached regarding the assumption of its outstanding pre-existing bonded indebtedness by any territory from the dissolving district which is attached to it;

(e) A ~~proposed~~ An effective date ~~of~~ for the order. The effective date shall be at least three months after the date of the order, and shall be July 1 of an odd-numbered year; and

(~~e~~) (f) ~~Such~~ Other information as the county board may desire to include.

The auditor shall within ten days from its issuance serve a copy of the ~~interlocutory~~ order by mail upon the clerk of the district ~~proposed for dissolution to be dissolved~~ and upon the clerk of each district to which it is ~~proposed to attach any territory by~~ the order attaches any territory of the district to be dissolved and upon the auditor of each other county in which all or any part of the district ~~proposed for dissolution to be dissolved~~ or any district to which it is ~~proposed to attach~~ the order attaches territory lies, and upon the commissioner.

Sec. 18. Minnesota Statutes 1980, Section 122.22, Subdivision 11, is amended to read:

Subd. 11. If the proceedings were instituted by petition, under subdivision 2(b), or by election, under subdivision 2(c) and an advisory recommendation was made in the petition or an advisory ballot taken at the election, as to annexation requested, and if the ~~interlocutory~~ order makes a different provision for annexation than requested, then the ~~interlocutory~~ order must be approved by a majority of those voting on the question at an election to be called in the district to be dissolved, under subdivision 13. The question voted on shall be:

"Shall the ~~interlocutory~~ order of the county board of ..... county, dated ..... ~~proposing~~ providing for the dissolution of this school district be approved?" Yes ..... No .....

Sec. 19. Minnesota Statutes 1980, Section 122.22, Subdivision 13, is amended to read:

Subd. 13. If an election is required under subdivision 11 ~~or 12~~, then ~~upon~~ before the expiration of ~~the~~ a 45 day period ~~allowed in subdivision 10 or~~

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

upon receipt of a demand for election on the question of debt assumption from each district to which it is proposed to attach territory, whichever is sooner after the date of the order for dissolution and attachment, the auditor shall forthwith set a date and call the election by filing a written order therefor, and serving a copy thereof personally or by mail on the clerk of the district in which the election is to be held, ~~which~~. The date shall be not less than 15 nor more than 30 days after the date of the order, upon which date a special election shall be held in the district proposed for dissolution. The auditor shall cause notice of ~~such~~ the election to be posted and published according to law. Upon receipt of ~~such~~ the notice, the board shall conduct the election.

Sec. 20. Minnesota Statutes 1980, Section 122.22, Subdivision 14, is amended to read:

Subd. 14. The results of ~~each~~ the election shall be certified by the board to the auditor. If a majority of all votes cast on ~~each~~ the question at the election approve the ~~interlocutory~~ order and favor the assumption of the debt, the ~~interlocutory~~ order becomes final and effective as of the date specified in the order. Each person served with the ~~interlocutory~~ order shall be so notified. If a majority of all votes cast on the question disapprove the order, the proceedings are dismissed, and the order becomes void.

Sec. 21. Minnesota Statutes 1980, Section 122.22, Subdivision 20, is amended to read:

Subd. 20. If the dissolved district is not divided by the order of dissolution and attachment, all of its current assets and liabilities, real and personal, and all its legally valid and enforceable claims and contract obligations shall pass to the district to which it is attached, except as provided in section 122.532. If the district to be dissolved is divided by the ~~interlocutory~~ order of dissolution and attachment, the commissioner shall, within 30 days after the ~~interlocutory~~ order is issued, issue ~~his~~ an order for the distribution of its current assets and liabilities, real and personal. If the commissioner's order provides for the transfer of an interest in real estate to a district, this order may also impose a dollar amount as a claim against that district in favor of other districts, and this claim shall be paid and enforced in the manner provided by law for the payment of judgments against a district. The obligations of districts to the teachers employed by the dissolved district shall be governed by the provisions of section 122.532.

Sec. 22. Minnesota Statutes 1980, Section 123.35, Subdivision 15, is amended to read:

Subd. 15. When payment of a claim cannot be deferred until the next board meeting without loss to the district of a discount privilege, or when payment of a claim cannot be deferred until the next board meeting because of contract terms, purchase order terms, or a vendor's standard terms which are part of the contract, the claim may be paid prior to board approval, providing that the board:

(a) Has delegated authority to the clerk or a designated business administrator to make a payment prior to board approval and

(b) Requires that payment made prior to board approval be acted upon at the next board meeting.

Payment prior to board approval shall not affect the right of the district or a taxpayer to challenge the validity of a claim.

Sec. 23. Minnesota Statutes 1980, Section 124.14, Subdivision 2, is amended to read:

Subd. 2. If the commissioner determines that the amount of state aid distributed to a school district is in error, he is authorized to adjust the amount of aid consistent with this subdivision. If the commissioner determines that the amount of aid is in excess of the school district's entitlement, he is authorized to recover the amount of the excess by any appropriate means. including the reduction of Notwithstanding the fiscal years designated by the appropriation, the excess may be recovered by reducing future aid payments to the school district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the school district shall adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and reporting standards pursuant to sections 121.90 to 121.92. Notwithstanding the fiscal years designated by the appropriation, if the commissioner determines that the amount of an aid paid is less than the school district's entitlement, he is authorized to increase such aid from the current appropriation.

Sec. 24. Minnesota Statutes 1980, Section 124.14, Subdivision 3, is amended to read:

Subd. 3. The commissioner shall require that the membership and pupil unit count of a minimum of 25 school districts be audited each fiscal year. The audits shall be conducted at random throughout the state with no prior notice to any district. At the time of each audit, the auditors shall also examine the appropriate factors that related to the determination of the authorized transportation costs and aids for that district. In districts where a post-secondary vocational-technical school is located, the audit shall include an audit of the membership of that school. Disparities between membership and pupil unit counts or transportation data reported by the school districts and those found by the auditors shall be reported to the commissioner who shall order an increase or reduction of foundation or transportation aids accordingly. establish procedures for conducting and shall conduct audits of school district records and files for the purpose of verifying school district pupil counts, levy limitations, and aid entitlements. The commissioner shall establish procedures for selecting and shall select districts to be audited. Disparities, if any, between pupil counts, levy limitations, or aid entitlements determined by audit of school district records and files and data reported by school districts in reports, claims and other documents shall be reviewed by the commissioner who shall order

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increases or decreases accordingly. Whenever possible, the commissioner shall audit at least 25 districts each year pursuant to this subdivision.

Sec. 25. Minnesota Statutes 1980, Section 124.14, is amended by adding a subdivision to read:

Subd. 3a. If the commissioner audits fewer than 25 school districts in a fiscal year pursuant to subdivision 3, the commissioner shall report the reasons for the number audited to the following legislative committees: house education, house appropriations, senate education, and senate finance.

Sec. 26. Minnesota Statutes 1980, Section 124.14, Subdivision 4, is amended to read:

Subd. 4. A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district ~~are~~ shall be open to inspection by the state auditor, ~~of~~ the state board, or the commissioner for the purpose of audits conducted under this section.

Sec. 27. Laws 1967, Chapter 822, Section 1, as amended by Laws 1969, Chapter 945, Section 1; and Laws 1971, Chapter 146, Section 1, is amended to read:

**Section 1. HENNEPIN AND WRIGHT COUNTY SCHOOL DISTRICTS; SPECIAL EDUCATION AND DRIVER TRAINING.**

Two or more of the independent school districts numbered 270, 271, 272, 273, ~~274, 275,~~ 276, 277, 278, 279, 280, 281, 282, 283, 284, and ~~286,~~ Hennepin county, 879, Hennepin and Wright counties, and 883, Wright county, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of area vocational-technical schools and the provision of facilities for and instruction in special education, and driving of motor vehicles. Each school district which becomes a party to such an agreement is hereinafter referred to as a "participating school district." The agreement may provide for the exercise of such powers by the school board of one of the school districts on behalf of and for the benefit of other school districts, or by a joint school board created as set forth in this act. If the powers are to be carried out by one of the school districts, it shall in doing so have the same powers and duties and be subject to the same limitations as are herein provided for joint school boards.

**Sec. 28. APPLICABILITY.**

On its effective date, section 27 applies to Independent School District No. 270, Hopkins, and to the Joint School District No. 287, Suburban Hennepin, formed pursuant to Laws 1967, Chapter 822, as amended.

**Sec. 29. EXEMPTION FROM PUBLIC SALE.**

Notwithstanding Minnesota Statutes, Section 124.76, from the effective date of this section of this article until January 1, 1982, the requirements as to

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public sale of tax and aid anticipation certificates of indebtedness shall not apply to certificates which mature no later than six months after their date of issue. The interest rate on these certificates may be determined by direct negotiation.

**Sec. 30. DEFICIENCY REPORT.**

By January 1, 1982, the commissioner shall report to the education committees of the house of representatives and the senate on all program aid deficiencies in the biennium ending June 30, 1981, which were not funded. This report shall include the amount of deficiency for each aid, the rate at which the aid was prorated among qualifying districts, and any adverse effect on the education programs of the districts involved.

**Sec. 31. REPEALER.**

Minnesota Statutes 1980, Sections 116H.126, Subdivisions 1 and 7; 120.06, Subdivision 2; 120.78, Subdivision 2; 121.13; 121.49, Subdivision 2; 121.495, Subdivision 6; 122.22, Subdivisions 10, 12, 15, and 16; 123.40, Subdivision 5; and 124.247, Subdivision 5, are repealed.

**Sec. 32. EFFECTIVE DATE.**

Subdivision 1. Sections 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 29 of this article are effective the day following final enactment.

Subd. 2. Section 27 of this article is effective on the day of compliance with Minnesota Statutes 1980, Section 645.021, Subdivision 3.

**ARTICLE VIII**  
**TEACHER MOBILITY**

Section 1. Minnesota Statutes 1980, Section 125.60, Subdivision 2a, is amended to read:

Subd. 2a. **REPORTS ON DENIALS.** Any school board which denies a request for an extended leave of absence pursuant to this section shall report this denial and the reasons therefor to the commissioner within 30 days. Prior to February 1, 1979 and each year thereafter, the commissioner shall file a written report with the education committees of the legislature on any denials reported pursuant to this subdivision.

Sec. 2. Minnesota Statutes 1980, Section 125.60, Subdivision 7, is amended to read:

Subd. 7. **APPLICATION PROCEDURES; LIMITS.** No school board shall grant an extended leave of absence pursuant to this section without applying for and receiving authorization from the commissioner of education. The commissioner of education shall establish ~~deadlines and~~ procedures for

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applications ~~pursuant to this subdivision~~ and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091. Each application shall state whether or not the teacher requesting the extended leave of absence pursuant to this section intends to pay the employee contribution and requests state payment of the employer contribution into the teacher's retirement fund pursuant to section 354.094 or 354A.091 in order to receive retirement service credit for years spent on leave. The commissioner shall approve no more than 300 applications for extended leaves beginning in the 1981-1982, 1982-1983 and 1983-1984 school years for teachers who intend to pay employee contributions and request state payment of employer contributions.

If more than 300 applications for extended leaves beginning in any school year are received by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

The commissioner shall not approve any applications for extended leaves beginning in the 1984-1985 or any subsequent school year for teachers who intend to pay employee contributions and request state payment of employer contributions. There is no limit on the number of applications which may be approved for extended leaves for teachers who do not intend to pay employee contributions or who do not request state payment of employer contributions.

Sec. 3. Minnesota Statutes 1980, Section 125.611, Subdivision 1, is amended to read:

Subdivision 1. **CRITERIA.** For purposes of this section, "teacher" means a teacher as defined in section 125.03, subdivision 1, who:

(a) is employed in the public elementary, secondary or area vocational-technical schools in the state; ~~who~~ and

(b) either

(1)(i) has not less than 15 total years of full time teaching service in elementary, secondary and area vocational-technical schools, and

(ii) ~~who~~ has or will have attained the age of 55 years but less than 65 years as of the June 30 in the school year during which an application for an early retirement incentive is made, or

(2) has not less than 30 total years of full time teaching service in elementary, secondary and area vocational-technical schools.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 4. Minnesota Statutes 1980, Section 125.611, Subdivision 3, is amended to read:

Subd. 3. **TEACHER APPLICATION.** A teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of his services, withdrawal from active teaching service, and payment of an early retirement incentive. This application shall be submitted on or before ~~June~~ February 1 of the school year at the end of which the teacher wishes to retire, and shall be submitted on the form established by the commissioner of education for this purpose. Any teacher who is granted an extended leave of absence pursuant to section 125.60 beginning in the 1981-1982 school year or any year thereafter is not eligible for an early retirement incentive until that teacher has been reemployed with a district for at least three years prior to making an application for an early retirement incentive.

Sec. 5. Minnesota Statutes 1980, Section 125.611, Subdivision 5, is amended to read:

Subd. 5. **SCHOOL BOARD APPLICATION; LIMIT.** If the school board approves the teacher's application, the board shall apply to the commissioner of education for authorization to enter into a contract with the teacher for termination of his services and payment of an early retirement incentive. The school board's application shall be submitted on the form required by the commissioner and must be received by the commissioner by the ~~July~~ March 15 immediately following the school board's approval of the teacher's application. The commissioner of education shall establish procedures for applications pursuant to this subdivision and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of this section. The commissioner shall approve no more than 500 applications for early retirement incentives for teachers retiring at the end of each school year.

If more applications are received than can be approved within this limit, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods.

Applications pursuant to this subdivision shall include the annual salaries which would be paid to the teachers for whom the applications are made if they did not retire and any other information required by the commissioner of education.

Sec. 6. Minnesota Statutes 1980, Section 125.611, Subdivision 8, is amended to read:

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Subd. 8. **PAYMENT; REDUCTION.** An eligible teacher ~~who is or will be 55 years of age as of the end of the school year during which an application for an early retirement incentive is made and accepted~~ shall receive an early retirement incentive in the amount of \$10,000. This amount shall be reduced by \$500 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,500 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 7. Minnesota Statutes 1980, Section 125.611, Subdivision 9, is amended to read:

Subd. 9. **DESEGREGATION DISTRICTS.** Notwithstanding the provisions of subdivision 8, an eligible teacher ~~who wishes to retire at the end of the 1979-1980, 1980-1981, or 1981-1982 school year,~~ who is employed by a school district which is implementing a desegregation plan ordered by federal court or approved by the state board, and who is offered and accepts an early retirement incentive contract pursuant to subdivision 7, shall receive an early retirement incentive in the amount of \$15,000. This amount shall be reduced by \$750 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$2,250 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 8. Minnesota Statutes 1980, Section 125.611, Subdivision 10, is amended to read:

Subd. 10. **PAYMENT ARRANGEMENT.** The early retirement incentive shall be paid by the employing school district at the time and in the manner mutually agreed upon by a teacher and the board. The state shall ~~reimburse the district for 50 percent of any amount or amounts paid out as an early retirement incentive pursuant to this section~~ pay the district 50 percent of the authorized early retirement incentive grant on or before the September 1 immediately following the commissioner's approval of the teacher's application. For those applications which were approved prior to July 1, 1981, the state shall pay the districts any remaining state obligation on those grants by September 1, 1981. An early retirement incentive shall not be paid to any teacher who is discharged by a school district.

Sec. 9. Minnesota Statutes 1980, Section 354.094, Subdivision 1, is amended to read:

Subdivision 1. **SERVICE CREDIT CONTRIBUTIONS.** If a member is granted an extended leave of absence pursuant to section 125.60 or 136.88, except as provided in section 10 of this article he may receive allowable service

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credit toward annuities and other benefits under this chapter, for each year of his leave by paying into the fund employee contributions during the period of the leave which shall not exceed five years. Except as provided in section 10 of this article, the state shall pay employer contributions into the fund for each year for which a member who is on extended leave pays employee contributions into the fund. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 10. Minnesota Statutes 1980, Section 354.094, is amended by adding a subdivision to read:

Subd. 1a. RESTRICTIONS. Notwithstanding subdivision 1, the following provisions apply to elementary, secondary and area vocational-technical school teachers whose extended leaves begin in the 1981-1982 school year and each year thereafter:

(a) Only a member whose application states the intention to pay employee contributions into the fund, requests state payment of employer contributions, and is approved by the commissioner within the limits of section 125.60, subdivision 7, qualifies for the payment of employee contributions and for state payment of employer contributions pursuant to subdivision 1;

(b) The state shall pay employer contributions for a member described in clause (a) for no more than the first three years of the leave;

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and his employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Sec. 11. Minnesota Statutes 1980, Section 354.094, Subdivision 2, is amended to read:

Subd. 2. MEMBERSHIP; RETENTION. Notwithstanding section 354.49, subdivision 4, clause (3), a member on extended leave who pays whose employee and employer contributions are paid into the fund pursuant to subdivision 1 and section 10 of this article shall retain membership in the association for as long as he continues to pay employee the contributions are paid, under the same terms and conditions as if he had continued to teach in the district, the community college system or the state university system.

**Changes or additions are indicated by underline, deletions by ~~strikeout~~.**

Sec. 12. Minnesota Statutes 1980, Section 354.094, Subdivision 3, is amended to read:

Subd. 3. **EFFECT OF NONPAYMENT.** A member on extended leave of absence pursuant to section 125.60 or 136.88 who does not pay employee contributions or whose employer contribution is not paid into the fund in any year shall be deemed to cease to render teaching services beginning in that year for purposes of this chapter and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of ~~employee~~ contributions into the fund shall not affect the rights or obligations of the member or his employer under section 125.60 or 136.88.

Sec. 13. Minnesota Statutes 1980, Section 354.66, Subdivision 9, is amended to read:

Subd. 9. **APPLICATIONS; LIMITS.** A school district shall not assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of education. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of education shall approve or disapprove applications from school districts for authorization to assign teachers to part time teaching positions qualifying for the continuation of contributions and accrual for service credit pursuant to this section; provided he shall not approve more than 55 total applications pursuant to this section and section 354A.094 for participation in the fund in any fiscal year. If more than 55 applications for any school year are received by the commissioner by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision. The state board for community colleges and the state university board may within the limits appropriated to them for purposes of this section assign a teacher to a part time teaching position qualifying for the continuation of contributions and accrual of service credit pursuant to this section without applying for and receiving the authorization of the commissioner of education.

Sec. 14. Minnesota Statutes 1980, Section 354A.091, Subdivision 1, is amended to read:

Subdivision 1. **RETIREMENT CONTRIBUTIONS.** Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, except as

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provided in section 15 of this article an elementary, secondary or area vocational-technical school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60 shall be entitled to receive allowable service credit in the applicable association for each year of leave. To obtain the service credit, the teacher on extended leave shall make an employee contribution to the applicable association each year during the period of the leave. The extended leave period for which a teacher shall be entitled to receive allowable service credit pursuant to this section shall not exceed the leave duration maximum set forth in section 125.60, subdivision 2. If the teacher on extended leave makes the employee contribution pursuant to this section during a leave of absence year, except as provided in section 15 of this article the state shall make an employer contribution on behalf of the teacher to the applicable association for that year. The employee and employer contributions shall be in an amount equal to the employee and employer contribution rates in effect for other active members of the association covered by the same program applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee contribution authorized pursuant to this section shall be made by the teacher on or before June 30 of the fiscal year for which service credit is to be obtained, and payment of the employer contribution shall be made by the state within 30 days of notification by the association of receipt of the required employee contribution. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 15. Minnesota Statutes 1980, Section 354A.091, is amended by adding a subdivision to read:

Subd. 1a. CONTRIBUTION RESTRICTIONS. \* Notwithstanding subdivision 1, the following provisions apply to elementary, secondary and area vocational-technical school teachers whose extended leaves begin in the 1981-1982 school year and each year thereafter:

(a) Only a member whose application states the intention to pay employee contributions to the applicable association, requests state payment of the employer contribution, and is approved by the commissioner within the limits of section 125.60, subdivision 7, qualifies for the payment of employee contributions and for state payment of employer contributions pursuant to subdivision 1;

(b) The state shall pay employer contributions for a member described in clause (a) for no more than the first three years of the leave;

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of

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leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and his employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Sec. 16. Minnesota Statutes 1980, Section 354A.091, Subdivision 2, is amended to read:

Subd. 2. **MEMBERSHIP RETENTION.** A teacher on extended leave pursuant to section 125.60 ~~who makes~~ whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to subdivision 1 and section 15 of this article shall retain membership in the association for each year during which the ~~teacher continues to make employee~~ contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 17. Minnesota Statutes 1980, Section 354A.091, Subdivision 3, is amended to read:

Subd. 3. **EFFECT OF NONPAYMENT.** A teacher on extended leave pursuant to section 125.60 who does not make employee contributions or whose employer contribution is not made to the applicable teachers retirement fund association in any year shall be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of ~~employee~~ contributions into the fund shall not affect the rights or obligations of the teacher or his employing school district under section 125.60.

Sec. 18. Minnesota Statutes 1980, Section 354A.094, Subdivision 9, is amended to read:

Subd. 9. **APPLICATION APPROVAL; LIMITS.** A district shall not assign a teacher to a part time teaching position qualifying for full membership in, accrual of service credit from and employee contributions to a teachers retirement fund association pursuant to this section without applying for and receiving the authorization of the commissioner of education. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amounts appropriated for the purpose of this section, the commissioner of education shall approve or disapprove the applications from districts for authorization to assign teachers to part time teaching positions qualifying for full membership in, accrual of service credit from and employee contributions to a teachers retirement fund association pursuant to this section; provided he shall not approve more than 55 total applications pursuant to this section and section 354.66 for participation in the fund in any

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fiscal year. If more than 55 applications for any school year are received by the commissioner by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment, or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

**Sec. 19. INSTRUCTIONS TO COMMISSIONER.**

The commissioner shall allow those teachers whose applications were approved prior to the effective date of sections 2, 10, and 15 of this article for extended leaves of absence beginning in the 1981-1982 school year to amend their applications in order to comply with sections 2, 10, and 15 of this article.

**Sec. 20. APPROPRIATION.**

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. EXTENDED LEAVES OF ABSENCE. To meet the state's obligation prescribed in Minnesota Statutes 1980, Sections 354.094 and 354A.091, there is appropriated:

\$1,025,200.....1982,

\$1,574,300.....1983.

Subd. 3. PART-TIME TEACHING. To meet the state's obligation prescribed in Minnesota Statutes 1980, Sections 354.66 and 354A.094, there is appropriated:

\$69,900.....1982,

\$75,500.....1983.

Subd. 4. EARLY RETIREMENT INCENTIVES. To meet the state's obligation prescribed in Minnesota Statutes 1980, Section 125.611, there is appropriated:

\$2,191,400.....1982,

\$1,805,000.....1983.

Subd. 5. NON-CANCELLATION; FUNDING RESTRICTION. Any unexpended balance remaining from the appropriations in this section for fiscal year 1982 shall not cancel but shall be available for the second year of the biennium. Notwithstanding the provisions of Minnesota Statutes 1980, Sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota

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Statutes 1980, Sections 354.094, 354.66, 354A.091, and 354A.094 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes 1980, Chapter 354 or 354A.

Subd. 6. TRANSFER AUTHORITY. If any appropriation for any year in subdivision 2, 3 or 4 exceeds the amount needed to pay the state's obligation for that year under that subdivision, then the excess amount may be used to make payments for that year pursuant to another subdivision.

#### Sec. 21. EFFECTIVE DATE.

Sections 2, 3, 6, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 of this article shall be effective the day following final enactment. Section 5 of this article shall be effective the day following final enactment except that the amendment changing the application deadline from July 15 to March 15 shall be effective August 1, 1981.

### ARTICLE IX MAXIMUM EFFORT SCHOOL AID

Section 1. Minnesota Statutes 1980, Section 124.38, Subdivision 7, is amended to read:

Subd. 7. "Maximum effort debt service levy" means the lesser of:

(1) A levy in a total dollar amount computed as 15 mills on the adjusted assessed value; ~~or~~ whichever of the following amounts is applicable:

(a) In any school district granted a debt service loan after July 31, 1981 or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as 16 mills on the adjusted assessed value;

(b) In any school district granted a debt service loan before August 1, 1981 or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as 15 mills on the adjusted assessed value, until and unless the district receives an additional loan; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

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(c) In any school district granted a debt service or capital loan between July 1, 1969 and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan; or

(d) In any school district granted a ~~which has an outstanding~~ capital loan between July 1, 1977 and the effective date of this section of this article, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

Sec. 2. Minnesota Statutes 1980, Section 124.39, Subdivision 5, is amended to read:

Subd. 5. All moneys deposited to the credit of the loan repayment account and not required for the payment of principal and interest and costs as prescribed in subdivision 4 shall be transferred to the credit of the debt service loan account on July 1 of each year, and ~~such those moneys are hereby~~ annually appropriated ~~in such to that~~ account for the purposes prescribed by the maximum effort school aid law; except that the ~~committee~~ commissioner may retain in the loan repayment account any amount which ~~it~~ the commissioner estimates will not be needed for loans in the fiscal year commencing July 1. Moneys deposited to the credit of the loan repayment account and not required for ~~such~~ the transfers or for the payment of principal and interest due on school loan bonds may be invested and reinvested in securities which are general obligations of the United States or the state of Minnesota. When all school loan bonds have been fully paid with interest accrued thereon, the balance remaining in ~~said~~ the account shall be transferred to the state bond fund.

Sec. 3. Minnesota Statutes 1980, Section 124.40, Subdivision 2, is amended to read:

Subd. 2. Any amounts remaining in the fund on July 1 of each year, including any unused portion of the appropriation made in subdivision 1, shall

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be available for use by the ~~committee~~ commissioner in making further debt service loans and capital loans.

Sec. 4. Minnesota Statutes 1980, Section 124.41, is amended to read:

**124.41 SCHOOL LOANS.**

Subdivision 1. The ~~members of the equalization aid review committee defined in section 124.212, subdivision 10,~~ commissioner shall receive and consider applications for and grant or deny loans under sections 124.36 to 124.47.

Subd. 2. **APPLICATION FORMS; RULES.** The ~~committee~~ commissioner, with the assistance of the attorney general or an assistant designated by him, shall prepare forms of applications for debt service loans and capital loans and instruments evidencing ~~such the loans, and.~~ The state board shall promulgate regulations rules to facilitate ~~its the commissioner's operations in compliance with sections 124.36 to 124.47, and such regulations.~~ The rules shall be subject to the procedure set forth in sections 15.0411 to 15.0422.

Subd. 3. The ~~committee~~ commissioner may employ a clerk; ~~who may be designated assistant secretary, to to administer the maximum effort school aid law. The clerk shall serve at its the commissioner's pleasure and to shall be in the unclassified service of the state, and.~~ The commissioner may fix his the clerk's compensation, which shall be paid out of the administration loan repayment account of the fund.

Sec. 5. Minnesota Statutes 1980, Section 124.42, Subdivision 1, is amended to read:

Subdivision 1. **QUALIFICATION; APPLICATION; AWARD; INTEREST.** Any school district in which the required levy for debt service in any year will exceed its maximum effort debt service levy by ten percent or by \$5,000, whichever is less, is qualified for a debt service loan hereunder in an amount not exceeding the amount applied for, and not exceeding one percent of the net debt of the district, and not exceeding the difference between the required and the maximum effort debt service levy in ~~such that year.~~ Applications shall be filed with the ~~committee~~ commissioner in each calendar year up to and including September 15. The ~~committee~~ commissioner shall determine whether the applicant is entitled to ~~such a loan and the amount thereof, and on or before October 1 shall certify to each applicant district the amount granted and its due date. A copy of each such certificate shall be filed with the commissioner. Upon receipt by the commissioner of a copy of the committee's certificate that the loan is granted,~~ The commissioner shall notify the county auditor ~~of or each county auditors~~ in which the district is located that the amount ~~so~~ certified is available and appropriated for payment of principal and interest on its outstanding bonds, and ~~such the~~ auditors shall reduce by that amount the taxes otherwise leviable as the district's debt service levy on the tax

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rolls for ~~such~~ that year. Each debt service loan shall bear interest from its date at a rate ~~determined by the commissioner of finance annually, at the multiple of one-tenth of one percent per annum next higher than the equal to the average annual rate payable on Minnesota state school loan bonds from time to time outstanding,~~ most recently issued prior to the disbursement of the loan to the district, but in no event less than 3 1/2 percent per annum on the principal amount from time to time remaining unpaid, payable on December 15 of the year ~~next~~ following that in which the loan is received and annually thereafter.

Sec. 6. Minnesota Statutes 1980, Section 124.42, Subdivision 2, is amended to read:

Subd. 2. **NOTE.** Each debt service loan shall be evidenced by a note which shall be executed ~~in~~ on behalf of the district by the signatures of its chairman or vice chairman and the school district clerk, shall be dated November 1 of the year in which executed, and shall state its principal amount, interest rate, and that it is payable at the commissioner's office. It shall have printed thereon, or the commissioner shall attach thereto, a grill for entry of the ~~date and amount of each payment and allocations of each payment to accrued interest or principal,~~ and a certificate to be executed by the county auditor of each county in which any portion of the school district is situated, prior to the delivery of the note, stating that ~~such~~ the county auditor has entered the debt service loan evidenced thereby in his bond register. ~~Such~~ The notes shall be delivered to the ~~committee~~ commissioner not later than November 15 of the year in which executed. The ~~secretary~~ commissioner shall cause a record to be made and preserved showing the obligor district and the ~~date~~ date and principal amount of each note, ~~and shall then deliver it to the commissioner who shall make suitable record thereof.~~

Sec. 7. Minnesota Statutes 1980, Section 124.43, Subdivision 1, is amended to read:

Subdivision 1. (a) To the extent moneys are from time to time available hereunder, the ~~committee~~ is ~~authorized~~ commissioner may, after review and a favorable recommendation by the state board of education, to effect make capital loans to school districts. Proceeds of ~~such~~ the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and the following June 1 ~~next following~~. ~~No application shall be approved unless the state board of education certifies that the loan is~~

(b) Any board which intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 122.90, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure

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required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a favorable review and comment pursuant to section 122.90; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist; that such

(B) the facilities could not be made available by consolidating the district through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with an adjacent another district without substantially lowering the fiscal capacity of that district or so increasing its area that it would no longer be viable; and that existing institutions or, or through the purchase or lease of facilities from existing institutions within the area could not be acquired or leased to provide the needed facilities safely and at a lower cost. The state board shall make recommendations to the committee. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs which comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not approve the loan, and if the state board recommends that the loan be approved in a reduced amount, the commissioner shall not approve a loan larger than that recommended by the state board.

(c) No loan shall be approved for any district exceeding an amount computed as follows:

(1) The amount voted by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or ~~22.5~~ 24 percent of the adjusted assessed value, whichever is less;

(3) Less the maximum net debt permissible for the district on the date of approval, under the limitation in section 475.53, subdivision 4, or ~~22.5~~ 24 percent of the adjusted assessed value, whichever is less; and

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(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 8. Minnesota Statutes 1980, Section 124.43, Subdivision 2, is amended to read:

Subd. 2. **DISTRICT PROCEDURES.** The school board of any district desiring a loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. The question of authorizing the borrowing of funds for the facilities shall be submitted to the voters of the district at a regular or special election. The question submitted shall state the total amount to be borrowed from all sources. A majority of those voting on the question shall be sufficient to authorize the district to effect the state loan application and also to issue the bonds on public sale in accordance with chapter 475. Applications for loans shall be accompanied by (a) a copy of such the resolution, (b) a certificate by the clerk showing the vote at the election, (c) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district, and (d) a certificate by the county auditor of each county in which a portion of the district lies showing the information in his official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's certificate shall show, as to each outstanding bond issue, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications shall be in such the form and accompanied by such the additional data as which the ~~committee~~ commissioner and state board of education shall prescribe, which may include a statement from the state department of education as to the district's need of the proposed schoolhouses in comparison with needs of other districts. When an application is received, the ~~committee~~ commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Sec. 9. Minnesota Statutes 1980, Section 124.43, Subdivision 3, is amended to read:

Subd. 3. **AWARD OF LOANS.** The ~~committee~~ commissioner shall examine and consider all applications for capital loans which have been recommended by the state board of education, and if any applicant district is found not qualified it shall be promptly notified thereof. On January 1 and

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July 1 of each year, the ~~committee~~ commissioner shall make ~~its~~ a determination on all pending applications which have been on file with ~~it~~ the commissioner more than one month. If an applicant is qualified in the opinion of the ~~committee~~ commissioner and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the ~~committee~~ commissioner shall allot the available amount among the qualified applicant districts, or any of them, according to the ~~committee's~~ commissioner's judgment and discretion based upon their respective needs. The ~~committee~~ commissioner shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it, subject to adjustment under subdivision 1, clause (4).

Sec. 10. Minnesota Statutes 1980, Section 124.43, Subdivision 4, is amended to read:

Subd. 4. Each capital loan shall be evidenced by a contract between the school district and the state acting through the ~~committee~~ commissioner. It shall obligate the state to pay to the district, out of the maximum effort school loan fund, an amount computed as provided in subdivision 1, upon receipt by the ~~committee~~ commissioner of a certified resolution of the school board reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all costs thereof in excess of the amount of the loan, and estimating ~~such~~ the costs. - It shall obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate ~~determined annually~~ by the commissioner of finance, at the multiple of one-tenth of one percent per annum next higher than equal to the average annual rate payable on Minnesota state school loan bonds most recently issued prior to the disbursement of the loan to the district, but in no event less than 3 1/2 percent per annum on the principal amount from time to time unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as ~~such~~ the required debt service levy may be reduced by a loan under section 124.42. Whenever the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that portion of the debt service tax collections, including penalties and interest, which exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor require the maximum levy to be made as required hereunder. Interest on capital loans shall be paid on December 15 of the year next following that in which the loan is granted and annually thereafter. On or before November 1 in each year the commissioner shall notify the county

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auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year, and ~~said~~ the county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified. ~~In the event that~~ If any capital loan is not paid within 30 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district thereon shall be satisfied and discharged and interest thereon shall cease. After a district's capital loan has been outstanding for 20 years, the district shall not issue bonds on the public market except for the purpose of refunding ~~such a~~ the loan.

Sec. 11. Minnesota Statutes 1980, Section 124.43, Subdivision 5, is amended to read:

Subd. 5. **PARTICIPATION BY COUNTY AUDITOR; RECORD OF CONTRACT; PAYMENT OF LOAN.** Before delivery of any capital loan contract, the school district shall file a copy thereof with the county auditor of each county in which any portion of the district is situated, and shall obtain from each ~~such~~ county auditor and furnish to the ~~committee~~ commissioner a certificate stating that ~~such~~ the county auditor has entered the capital loan evidenced thereby in his bond register. As each executed contract is delivered to the ~~committee~~ commissioner, ~~its secretary~~ the commissioner shall cause a record thereof to be made and preserved showing the name and address of the district, the date of the contract, and the amount of the loan initially approved in accordance with subdivision 1. Upon receipt of the resolution required in subdivision 4, the commissioner shall issue a warrant on the capital loan account for the amount which may be disbursed in accordance with subdivision 1, payable on presentation to the state treasurer. On presentation the treasurer shall remit the amount to the district and enter the date and amount in his account with the district. Interest thereon shall accrue from ~~such~~ that date.

Sec. 12. Minnesota Statutes 1980, Section 124.474, is amended to read:

124.474 **BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS;**  
1969.

For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the ~~school loan committee~~ commissioner of education for the making of debt service loans and capital loans to school districts as provided in sections 124.36

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.to 124.47. These bonds shall be issued and sold and provision for the payment thereof shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for ~~such~~ those purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary therefor are appropriated from ~~such fund~~ it.

Sec. 13. Minnesota Statutes 1980, Section 124.476, is amended to read:

**124.476 BOND ISSUE, MAXIMUM EFFORT SCHOOL LOANS; 1980.**

For the purpose of providing moneys to be loaned to school districts as agencies and political subdivisions of the state for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance is directed to issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds heretofore authorized for this purpose, which amount is appropriated to the maximum effort school loan fund and shall be expended under the direction of the ~~equalization aid review committee~~ commissioner of education for the making of debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. These bonds shall be issued and sold and provision for their payment shall be made in accordance with section 124.46, and an amount sufficient to pay interest on the bonds to and including July 1 in the second year after the date of issue shall be credited from the bond proceeds to the school loan bond account in the state bond fund. Any expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, shall be paid from the maximum effort school loan fund, and the amounts necessary for the expenses are appropriated from it.

**Sec. 14. APPROPRIATION; MAXIMUM EFFORT SCHOOL LOAN FUND.**

There is appropriated from the general fund to the maximum effort school loan fund the sum of \$5,104,000 for the fiscal year ending June 30, 1982 and \$4,396,200 for the fiscal year ending June 30, 1983. Any unexpended balance of this appropriation for fiscal year 1982 shall not cancel but shall be available for the second year of the biennium.

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These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of principal and interest on school loan bonds, as provided in section 124.46, to the extent that moneys in the fund are not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient moneys are available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to section 124.46, subdivision 3. Notwithstanding the provisions of section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund, but instead shall cancel and revert to the general fund.

Sec. 15. **EFFECTIVE DATE.**

Subdivision 1. Sections 1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 12 and 13 of this article are effective on the day following final enactment.

Subd. 2. Section 7 of this article shall be effective August 1, 1981, except that the transfer of authority from the committee to the commissioner shall be effective on the day following final enactment. The amendments in section 7, clause (c) of this article shall not apply to a capital loan approved by the committee or the commissioner before August 1, 1981, regardless of when the capital loan contract is signed or the loan amount is paid to the district.

Subd. 3. The amendments in section 10 regarding the interest rate payable on capital loans shall not apply to a capital loan approved by the committee or the commissioner before August 1, 1981, regardless of when the capital loan contract is signed or the loan amount is paid to the district.

Approved June 1, 1981

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**CHAPTER 359 — H.F.No. 1421**

*An act relating to the organization and operation of state government; appropriating money for education and related purposes, including the department of education, higher education coordinating board, state universities, community colleges, and the university of Minnesota and its hospitals, with certain conditions; amending Minnesota Statutes 1980, Sections 15.38; 123.742, by adding a subdivision; 123.743; 136A.121, Subdivisions 4 and 5; and 144A.61, Subdivision 3; repealing Minnesota Statutes 1980, Section 123.939.*

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