

Sec. 15. REPEALER.

Minnesota Statutes 1986, sections 35.069; 35.15, subdivision 2; 35.70; 35.71, subdivision 8; and 35.72, subdivision 6, are repealed.

Sec. 16. EFFECTIVE DATE.

This act is effective August 1, 1988.

Approved April 12, 1988

CHAPTER 486—H.F.No. 2029

An act relating to education; modifying provisions related to general education revenue and foundation revenue; correcting erroneous and obsolete references and text; providing instructions to the revisor; making miscellaneous corrections to statutes and other laws; amending Minnesota Statutes 1986, sections 3.866; 120.17, subdivisions 6 and 7; 120.181; 120.80, subdivision 1; 121.151; 121.904, subdivision 5; 121.931, subdivision 5; 122.45, subdivision 3a; 122.531, subdivisions 1 and 6; 123.32, subdivision 29; 123.3514, subdivision 6; 123.933, subdivision 3; 124.15, subdivisions 5 and 6; 124.18, subdivision 2, and by adding a subdivision; 124.19, subdivisions 1, 3, and 6; 124.274, subdivision 1; 124.32, subdivisions 4 and 6; 124A.02, subdivision 21; 124A.03, subdivision 2; 124A.034, subdivisions 1 and 1b; 124A.035, subdivisions 2 and 4; 124A.036, subdivisions 1 and 2; 126.70, subdivision 2; 129B.40, subdivision 1; 273.138, subdivision 6; 275.125, subdivision 1; 275.128; 298.39; and 475.61, subdivision 4; Minnesota Statutes 1987 Supplement, sections 120.17, subdivisions 5a and 7a; 121.912, subdivision 1; 123.3515, subdivision 9; 124.01, subdivision 1; 124.14, subdivision 7; 124.155, subdivision 2; 124.17, subdivisions 1 and 1b; 124.195, subdivisions 8 and 9; 124.217, subdivision 1; 124.223; 124.225, subdivisions 1 and 4b; 124.245, subdivision 3b; 124.271, subdivision 7; 124.2711, subdivision 1; 124.32, subdivisions 1c, 1d, and 5; 124A.02, subdivisions 8 and 16; 124A.032; 124A.035, subdivision 5; 124A.22, subdivision 1, and by adding subdivisions; 124A.23, subdivisions 2, 3, 4, and by adding a subdivision; 124A.24; 124A.26, subdivision 2; 124A.27, subdivisions 7 and 10; 124A.30; 126.23; 126.661, subdivision 1; 126.666, subdivision 1; 126.70, subdivision 2a; 129B.11, subdivision 1; 129B.39; 129B.55, subdivision 2; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5e, 6e, 8c, 9, 9b, and 15; and 298.28, subdivision 4; Laws 1987, chapter 398, article 1, section 25, subdivision 3; article 1, section 26, subdivision 2; article 7, section 40, subdivision 4; article 8, section 39, subdivision 2; and article 8, section 44, subdivision 5; repealing Minnesota Statutes 1986, sections 121.904, subdivision 7; 122.531, subdivision 8; 124.245, subdivision 4; and 124A.031, subdivision 3; Minnesota Statutes 1987 Supplement, sections 121.904, subdivision 11b; 124A.02, subdivision 5a; 124A.03, subdivision 3a; and 124A.25.

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

Section 1. Minnesota Statutes 1986, section 3.866, is amended to read:

3.866 SCHOOL DISTRICT REVENUE STUDY.

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The legislative commission on public education is encouraged to conduct a study of school district ~~foundation and retirement~~ general education revenue. The study may address at least the following topics:

- (1) alternative means of funding school district retirement costs; ~~including means of funding retirement costs through the foundation revenue formulas;~~
- (2) the financial constraints and costs faced by districts with highly educated and experienced staff, the adequacy of the current training and experience ~~allowance~~ allowance and revenue in tiers two through five in recognizing these constraints and costs, and the impact of the training and experience ~~allowance~~ allowance revenue on program differences among districts and on incentives for district personnel decisions;
- (3) the financial constraints and costs faced by small and isolated districts, and the adequacy of the ~~current~~ sparsity ~~allowance~~ allowance revenue in recognizing these constraints and costs;
- (4) an analysis of the financial constraints and costs faced by districts with low salaries, and the need for additional revenue to enable such districts to raise salaries;
- (5) an analysis of the financial constraints and costs faced by districts with declining enrollments, and the need for additional revenue in such districts;
- (6) an analysis of the financial constraints and costs faced by districts with large concentrations of low-income and disadvantaged pupils, the adequacy of the ~~current AFDC pupil unit formula~~ in providing compensatory education revenue in these districts, and possible alternative formulas for education overburden revenue;
- (7) differences in the average costs of educating elementary and secondary pupils, and the adequacy of the current pupil unit weightings in addressing these differences;
- (8) trends in the degree of equalization of school district revenues and tax rates;
- (9) the relationship of the ~~basic~~ formula allowance and ~~foundation~~ general education revenue to school district operating expenditures;
- (10) the adequacy of unappropriated balances in school district operating funds, including the implications of fund balances regarding the revenue needs of school districts;
- (11) the advantages, disadvantages, and cost implications of program-based funding; and
- (12) means to simplify and improve understanding of school district funding formulas and laws.

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The department of finance and the department of education shall provide assistance to the commission upon request.

Sec. 2. Minnesota Statutes 1987 Supplement, section 120.17, subdivision 5a, is amended to read:

Subd. 5a. **SUMMER PROGRAMS.** A district may provide summer programs for handicapped children living within the district and nonresident children temporarily placed in the district pursuant to subdivision 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 subdivision 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 special education aid for the summer program. ~~For the purposes of computing the summer program revenue allowance as provided in section 124A.033, pupils enrolled in these programs shall be 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. 3. Minnesota Statutes 1986, 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:

(a) The school district of residence of a child shall be the district in which the child's parent resides, if living, or the child's 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.

(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 an appropriate educational program for the child and necessary trans-

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portation within the district while the child is attending the educational program; 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 residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than for making provision for the child's special educational needs shall not become the responsibility of either the district providing the instruction or the district of the child's residence.

(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~~ general education aid for the child as provided by law. Transportation costs shall be paid by the district responsible for providing the transportation and the state shall pay transportation aid to that district.

Sec. 4. Minnesota Statutes 1986, 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 the child's parent resides, if living, or the child's 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;

(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 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 excluding transportation costs and may claim ~~foundation~~ general education aid for the child. Transportation costs shall be paid by the district where the institution is located and the state shall pay transportation aid to that district.

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Sec. 5. Minnesota Statutes 1987 Supplement, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. **ATTENDANCE AT SCHOOL FOR THE HANDICAPPED.** Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2 that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the ~~actual~~ cost of providing the program; ~~provided, however, that effective for the 1983-1984 school year and thereafter,~~ The amount of tuition charged shall not exceed the ~~sum of \$1,000 plus the foundation aid formula allowance~~ basic revenue of the district for that child, ~~for an entire school year, or a prorated amount based on the portion of the school year for which the child is a resident of the district or is actually in membership for the amount of time the child is in the program.~~ For purposes of this subdivision, "~~foundation aid formula allowance~~" shall have "basic revenue" ~~has~~ the meaning ~~attributed to given~~ it in section ~~124.32, subdivision 1~~ 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim ~~foundation~~ general education aid for the child. The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision. All tuition received by the state board shall be deposited in the state treasury.

(c) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for handicapped children shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(d) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (c) for providing appropriate educational programs to pupils attending the applicable school.

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(e) Notwithstanding the provisions of clauses (b) and (c), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

Sec. 6. Minnesota Statutes 1986, section 120.181, is amended to read:

120.181 TEMPORARY PLACEMENTS FOR CARE AND TREATMENT OF NONHANDICAPPED PUPILS.

The responsibility for providing instruction and transportation for a nonhandicapped pupil who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the state board, and who is temporarily placed for care and treatment for that illness or disability, shall be determined in the following manner:

(a) The school district of residence of the pupil shall be the district in which the pupil's parent or guardian resides or the district designated by the commissioner of education if neither parent nor guardian is living within the state.

(b) Prior to the placement of a pupil for care and treatment, the district of residence shall be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, shall notify the district of residence of the emergency placement within 15 days of the placement.

(c) When a nonhandicapped pupil is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence shall provide instruction and necessary transportation for the pupil. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district.

(d) When a nonhandicapped pupil is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed shall provide instruction for the pupil and necessary transportation within that district while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district shall bill the district of residence for the actual cost of providing the instruction, excluding transportation costs.

(e) The district of residence shall receive ~~foundation~~ general education aid for the pupil and pay tuition and other instructional costs, excluding transportation costs, to the district providing the instruction. Transportation costs shall be

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paid by the district providing the transportation and the state shall pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision shall be included in the handicapped transportation category.

Sec. 7. Minnesota Statutes 1986, section 120.80, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any law to the contrary, any secondary school student who has completed all required courses may, with the approval of the student, the student's parent or guardian, and local school officials, graduate prior to the completion of the school year. ~~All aid which such student, had the student not graduated, would have earned for the district pursuant to section 124A.02, plus that portion of the amount raised by the local tax levy which results from such transitional year students shall continue to be earned by the district~~ General education revenue attributable to the student must be paid as though the student was in attendance for the entire year.

Sec. 8. Minnesota Statutes 1986, section 121.151, is amended to read:

121.151 STANDARDS FOR REMOVAL OF HAZARDOUS SUBSTANCES.

Prior to using the revenue obtained according to sections 123.36, subdivision 13, 124.244, 124.245, ~~subdivisions 2 and 3~~, and 275.125, ~~subdivisions 11b and subdivision~~ 11c, a school district shall obtain approval from the department of education for its method of removal or encapsulation of asbestos or cleanup or disposal of polychlorinated biphenyls. The department of education shall consult with the pollution control agency, health department, environmental protection agency, or other appropriate governmental agency in approving or disapproving a district's method. If the pollution control agency or other appropriate governmental agency adopts rules establishing standards for asbestos removal or encapsulation or cleanup or disposal of polychlorinated biphenyls, the department of education shall approve only those district methods which are in compliance with the adopted rules.

Sec. 9. Minnesota Statutes 1986, section 121.904, subdivision 5, is amended to read:

Subd. 5. ~~Foundation~~ General education aid, and endowment fund apportionment; ~~and guarantee aid~~ shall be recognized as revenue of the fiscal year for which the aids are designated by statute.

Sec. 10. Minnesota Statutes 1987 Supplement, section 121.912, subdivision 1, is amended to read:

Subdivision 1. **LIMITATIONS.** Except as provided in this subdivision, sections 121.9121, 123.36, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a

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nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any 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 any other operating funds if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also 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. The levy authorized pursuant to section ~~275.125, subdivision 1~~ 124.244, shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Sec. 11. Minnesota Statutes 1986, section 121.931, subdivision 5, is amended to read:

Subd. 5. **SOFTWARE DEVELOPMENT.** The state board, with the advice of the ESV computer council, shall provide for the development of applications software for ESV-IS and SDE-IS. The state board may provide state or federal funds for the development of software for an alternative management information system only if it determines that this system may have statewide applicability. Notwithstanding the foregoing, the state board may, for innovative projects involving computers, approve grants to districts pursuant to section ~~129B.04~~, Title IV of the Elementary and Secondary Education Act of 1965 as amended, or any other appropriate statute.

Sec. 12. Minnesota Statutes 1986, section 122.45, subdivision 3a, is amended to read:

Subd. 3a. (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 shall be obligations of the consolidated district after attachment (in the amount and kind determined by the commissioner according to subdivision 1, where a dissolved district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

- (1) All taxes inuring to the consolidating district upon levies made by the dissolved district;
- (2) All cash, bank accounts, investments, and other current assets;

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- (3) Earned state aids of the dissolved districts;
- (4) Returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory; provided, the county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized by ~~sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125~~ for a school district.

Sec. 13. Minnesota Statutes 1986, section 122.531, subdivision 1, is amended to read:

Subdivision 1. **DEFINITIONS.** ~~For purposes of this section, the terms defined in sections 124A.01, 124A.02, 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall have the meanings ascribed to them in those sections~~ The terms defined in chapters 124 and 124A and in section 275.125 have the same meaning when they are used in this section, unless otherwise clearly indicated.

Sec. 14. Minnesota Statutes 1986, section 122.531, subdivision 6, is amended to read:

Subd. 6. **AID DEDUCTIONS.** (1) ~~For purposes of determining deductions from foundation general education aid pursuant to section 124A.035, subdivision 4, of, if any, required by section 124A.23, subdivision 4, for 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 the 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~~ that is included in

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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~~ that is included in the new district to the total amount of the adjusted assessed valuation of the new district.

Sec. 15. Minnesota Statutes 1986, section 123.32, subdivision 29, is amended to read:

Subd. 29. **REQUIREMENTS FOR PETITIONS.** Any petition to a school board authorized ~~in this section or sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 or by any other law~~ which that requires the board to submit an issue to referendum or election shall meet the following requirements to be valid.

(1) Each page of the petition shall contain a heading at its top which specifies the particular action the board is being petitioned to take. The signatures on any page which does not contain such a heading shall all be invalidated. All pages of the petition shall be assembled and filed with the board as a single instrument.

(2) Each page of the petition shall contain an authentication signed by the circulator of the petition specifying as follows:

I personally have circulated this page of the petition, all signatures were made in my presence, I believe that the signers signed their own names and that each person who has signed is eligible to vote in a school district election according to Minnesota Statutes, section 123.32.

Signed: Signature of Petition Circulator

Date:

The signatures on any page which does not contain such an authentication shall all be invalidated.

(3) Signers of the petition shall personally sign their own names in ink or indelible pencil and shall indicate after the name the place of residence by street and number, or other description sufficient to identify the place. Except as provided in clause (4) of this subdivision, any signature which does not meet these requirements shall be invalidated.

(4) Individuals who are unable to write their names shall be required to make their marks on the petition. The circulator of the petition shall certify the mark by signing the individual's name and address and shall thereafter print the phrase "mark certified by petition circulator."

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(5) A petition to be valid must contain the minimum number of valid signatures of eligible voters specified in the law authorizing the petition and election.

Sec. 16. Minnesota Statutes 1986, section 123.3514, subdivision 6, is amended to read:

Subd. 6. **FINANCIAL ARRANGEMENTS.** At the end of each school year, the department of education shall pay the tuition reimbursement amount within 30 days to the post-secondary institutions for courses that were taken for secondary credit. The amount of tuition reimbursement shall equal the lesser of:

(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course ~~or program~~ taken by the secondary pupil; or

(2) an amount equal to the difference between the ~~formula allowance plus the total tier basic revenue attributable to~~ of the district for that pupil and an amount computed by multiplying the ~~formula allowance plus the total tier basic revenue attributable to~~ of the district for that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount paid for each pupil shall be subtracted from the ~~foundation~~ general education aid paid to the pupil's resident district. If the amount to be subtracted is greater than the amount of ~~foundation~~ general education aid due the district, the excess reduction shall be made from other state aids due to the district. If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in the average daily membership only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at a post-secondary institution for secondary credit.

The department shall not pay any tuition reimbursement or other costs of a course taken for post-secondary credit only.

Sec. 17. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 9, is amended to read:

Subd. 9. **AID.** Payment of ~~foundation aid or~~ general education aid for pupils enrolled in a nonresident district must be made according to section 124A.036, subdivision 5.

Sec. 18. Minnesota Statutes 1986, section 123.933, subdivision 3, is amended to read:

Subd. 3. **COST OF TEXTBOOKS; LIMITATION.** (a) The cost per pupil of the textbooks, individualized instructional materials and standardized tests provided for in this section for each school year shall not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota

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public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department of education by March 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the ~~foundation aid~~ formula allowance, pursuant to section ~~124A.02, subdivision 9~~ 124A.22, subdivision 2, from the second preceding school year to the current school year.

(c) The commissioner shall allot to the school districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional materials and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

~~(d) For the 1982-1983 school year, 85 percent of a district's nonpublic pupil aid shall be distributed prior to December 31 of that school year. The final aid distribution to each district shall be made prior to December 31 of the following school year.~~

Sec. 19. Minnesota Statutes 1987 Supplement, section 124.01, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** ~~For purposes of this chapter and chapter 124A, the words defined in section 120.02 have the same meaning and the terms defined in sections 124A.02 and 124A.033 have the meanings attributed to them in those sections. The terms defined in section 120.02 and chapter 124A have the same meaning when they are used in this chapter, unless otherwise clearly indicated.~~

Sec. 20. Minnesota Statutes 1987 Supplement, section 124.14, subdivision 7, is amended to read:

Subd. 7. **APPROPRIATION TRANSFERS.** If a direct appropriation from the general fund to the department of education for any education aid or grant authorized in this chapter and chapters 121, 123, 124A, 125, 126, 129B, and 134 exceeds the amount required, the commissioner of education may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 124A.032 applies to a deficiency in the direct appropriation for ~~foundation~~ general education aid. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of education. The commissioner of education shall report appropriation transfers to the education committees of the legislature each year by January 15. If the amount of the

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direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 21. Minnesota Statutes 1986, section 124.15, subdivision 5, is amended to read:

Subd. 5. **VIOLATION; AID REDUCTION.** If the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides the violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time of it, or that any ~~which that~~ existed were corrected within the time permitted, there shall be no reduction of ~~special~~ state aids payable to the school district. Otherwise ~~special~~ state aids payable to the district for the year in which the violation occurred shall be reduced as follows: The total amount of ~~special~~ state aids to which the district may be entitled shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which a violation exists, multiplied by 60 percent of the ~~product of the foundation aid formula allowance times its total pupil units basic revenue, as defined in section 124A.22, subdivision 2, of the district~~ for that year.

Sec. 22. Minnesota Statutes 1986, section 124.15, subdivision 6, is amended to read:

Subd. 6. Reductions in ~~special~~ aid under this section and section 124.19 shall be from ~~foundation general education~~ aid. If there is not sufficient ~~foundation general education~~ aid remaining to be paid for the school year in which the violation occurred, the reduction shall be from the other ~~special~~ aids listed in section 124.155, subdivision 2, that are payable to the district for that year in the order in which ~~special state~~ the aids are listed in ~~this code section 124.155, subdivision 2.~~ If there is not a sufficient amount of ~~special~~ state aids remaining payable to the district for the school year in which the violation occurred to permit the full amount of reduction required, that part of the required reduction not taken from that school year's aids will be taken from the ~~special~~ state aids payable to the district for the next school year, and the reduction will be made from the various aids payable for the next year in the order above specified.

Sec. 23. Minnesota Statutes 1987 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. **ADJUSTMENT TO AIDS.** The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) ~~foundation general education aid as defined~~ authorized in section 124A.01 124A.23;

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- (b) secondary vocational aid authorized in section 124.573;
- (c) special education aid authorized in section 124.32;
- (d) secondary vocational aid for handicapped children authorized in section 124.574;
- (e) ~~gifted and talented aid authorized in section 124.247;~~
- (~~f~~) aid for pupils of limited English proficiency authorized in section 124.273;
- (~~g~~) ~~aid for chemical use programs authorized in section 124.246;~~
- (~~h~~) ~~interdistrict cooperation aid authorized in section 124.272;~~
- (~~i~~) ~~summer program aid authorized in section 124A.033;~~
- (~~j~~) (f) transportation aid authorized in section 124.225;
- (~~k~~) (g) community education programs aid authorized in section 124.271;
- (~~l~~) (h) adult education aid authorized in section 124.26;
- (~~m~~) (i) early childhood family education aid authorized in section 124.2711;
- (~~n~~) (j) capital expenditure ~~equalization~~ aid authorized in ~~section~~ sections 124.244 and 124.245;
- (~~o~~) (k) homestead credit replacement aid authorized in section 273.1394;
- (~~p~~) (l) agricultural credit replacement aid authorized in section 273.1395;
and
- (~~q~~) (m) attached machinery aid authorized in section 273.138, subdivision 3;
and
- (~~r~~) ~~teacher retirement and F.I.C.A. aid authorized in sections 124.2162 and 124.2163.~~

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 24. Minnesota Statutes 1987 Supplement, section 124.17, subdivision 1, is amended to read:

Subdivision 1. **PUPIL UNIT.** Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A handicapped prekindergarten pupil who is enrolled for the entire school year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education

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services in the school year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire school year in a program approved by the commissioner is counted as the greater of (1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year, or (2) the ratio of the number of hours of assessment and education service required in the school year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A handicapped kindergarten pupil who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the school year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades one to six is counted as one pupil unit.

(g) ~~For the 1987-1988 school year, a pupil who is in any of grades seven to 12 is counted as 1.4 pupil units. For the 1988-1989 and later school years, A~~ pupil who is in any of grades seven to 12 is counted as 1.35 pupil units.

Sec. 25. Minnesota Statutes 1987 Supplement, section 124.17, subdivision 1b, is amended to read:

Subd. 1b. **AFDC PUPIL UNITS.** In a district in which the number of pupils from families receiving aid to families with dependent children on October 1 of the previous school year equals six percent or more of the actual pupil units in the district for the same year, as computed in subdivision 1, 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. In a district in which the percent of concentration is less than six, additional pupil units may not be counted for such pupils. A pupil may not be counted as more than .6 additional pupil unit under this subdivision. The weighting in this subdivision is in addition to the weighting provided in subdivision 1.

Sec. 26. Minnesota Statutes 1986, section 124.18, subdivision 2, is amended to read:

Subd. 2. **TUITION.** Every district ~~which that~~ provides for the instruction of a nonhandicapped pupil ~~in other districts and which receives foundation~~

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~~program aid a nonresident district shall pay to the nonresident district furnishing this elementary and secondary school instruction the actual cost thereof chargeable to maintenance exclusive of the instruction, excluding transportation costs. Tuition for a nonresident handicapped pupil must be determined according to section 120.17, subdivision 4.~~

~~There The resident district shall also be paid pay to the nonresident district, for capital outlay expenditures and debt service to the district providing such instruction, \$10 per actual pupil unit in average daily membership for each nonresident pupil unit; except that every. However, a nonresident district educating nonresident pupils may charge and include in its tuition, for capital outlay expenditures and debt service, an amount per actual pupil unit in average daily membership based on the amount that the average expenditure for capital outlay expenditures and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily membership in the district exceeds \$10 per actual pupil unit. If the nonresident district has no capital outlay expenditures or debt service the district receiving such funds, it may use them the money for any purpose for which it is authorized to spend money. Provided further that if a district provides instruction for nonresident handicapped and trainable children, tuition shall be as specified in section 120.17, subdivision 4.~~

Sec. 27. Minnesota Statutes 1986, section 124.18, is amended by adding a subdivision to read:

Subd. 3. TUITION AS AGREED. Notwithstanding subdivision 2, a resident district may pay a nonresident district the amount for tuition that is agreed upon by the districts.

Sec. 28. Minnesota Statutes 1986, section 124.19, subdivision 1, is amended to read:

Subdivision 1. **INSTRUCTIONAL TIME.** Every district ~~which receives special state aid shall maintain school in session or provide instruction in other districts; in state university laboratory school or in the university laboratory school;~~ for at least 175 days, not including summer school, or the equivalent in a district operating a flexible school year program. A district ~~which that~~ holds school for the required minimum number of days and is otherwise qualified is entitled to ~~special state aid as provided by law. If school is not held for the required minimum number of days, special state aid shall be reduced by the ratio that the difference between 175 days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the foundation aid formula allowance times its pupil units basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose special state aid; (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board and, (2) if proper evidence is submitted, and (3) if a good faith attempt made to make up~~

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time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to ~~teachers' institutes or other~~ meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, not more than five days may be devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days; ~~except that~~. For kindergarten classes, not more than ten days may be devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days.

Sec. 29. Minnesota Statutes 1986, section 124.19, subdivision 3, is amended to read:

Subd. 3. ~~UNCERTIFIED UNLICENSED TEACHERS; AID REDUCTION.~~ When a district employs one or more teachers who do not hold a valid teaching ~~certificate~~ license, ~~special~~ state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the ~~product of the foundation aid formula allowance times its total pupil units~~ basic revenue, as defined in section 124A.22, subdivision 2, of the district for the year in which the employment occurred.

Sec. 30. Minnesota Statutes 1986, section 124.19, subdivision 6, is amended to read:

Subd. 6. INSTRUCTIONAL HOURS. To be eligible for ~~the full entitlement amount of foundation aid~~ general education revenue, a district must provide to students at least the ~~minimum~~ number of instructional hours per day prescribed in the rules of the state board, except as provided ~~for~~ in subdivision 5 ~~of this section~~. Part of the school day may be provided in employment-related or community-based instruction, but only within a program ~~which that~~ receives annual approval by the ~~local district school~~ board, is in compliance with state board rules, and is on file with the commissioner of education. The information on the employment-related or community-based instruction submitted to the commissioner shall contain at least an estimate of the number of students involved, a description of the alternative instruction, and the percentage of the students' instructional year involved.

Sec. 31. Minnesota Statutes 1987 Supplement, section 124.195, subdivision 8, is amended to read:

Subd. 8. PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS. One hundred percent of the aid for the last fiscal year must be paid for the following aids shall be paid at 100 percent of the entitlement for the prior fiscal year: summer program aid according to section 124A.033; abatement aid according to section 124.214, subdivision 2; special education residential aid according to section 124.32, subdivision 5; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274; and extended leave aid according to chapters 354 and 354A.

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Sec. 32. Minnesota Statutes 1987 Supplement, section 124.195, subdivision 9, is amended to read:

Subd. 9. **PAYMENT PERCENTAGE FOR CERTAIN AIDS.** One hundred percent of the aid for the current fiscal year must be paid for the following aids shall be paid at 100 percent of the entitlement for the current fiscal year: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; handicapped adult program aid, according to section 124.271, subdivision 7; ~~arts education aid according to section 124.275;~~ school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; and desegregation grants according to Laws 1987, chapter 398, article 6, section 18.

Sec. 33. Minnesota Statutes 1987 Supplement, section 124.217, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** A district is eligible for exceptional need revenue if all of the following apply to the district:

(a) The ratio of the average daily membership of pupils enrolled in the district to the number of licensed staff, measured in full-time equivalents, is greater than 17.

(b) The ratio of the referendum levy certified according to section ~~124A.02,~~ 124A.03, subdivision 2, to the adjusted assessed valuation is greater than .006.

(c) The ratio of the total levy certified by the district to the adjusted assessed valuation is greater than .05.

(d) The ratio of the adjusted assessed valuation to the actual pupil units is less than \$38,500.

(e) The unappropriated operating fund balance is less than \$100 times the number of actual pupil units.

Before a school board certifies levies to the county auditor, the commissioner shall determine the district's eligibility for exceptional need revenue for the following school year. Eligibility must be based on pupil and staff data from the prior year, levies certified in the prior year, adjusted assessed valuation in the prior year, and fund balances on June 30 of the same year.

Sec. 34. Minnesota Statutes 1987 Supplement, 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:

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(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; 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 the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a 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;

For the purposes of this clause, a district may designate a licensed day care facility or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(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 to other buildings, including centers such as developmental achievement centers, 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 any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles 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

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er 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;

(7) **FARIBAULT STATE ACADEMIES.** Transportation for residents to and from the Minnesota state academy for the-deaf or the Minnesota state academy for the blind;

(8) **SUMMER INSTRUCTIONAL PROGRAMS.** Services described in clauses (1) to (7), (9), and (10) when provided in conjunction with a summer program ~~eligible for aid and levy under sections 124A.03 and 124A.033~~ that meets the requirements of section 124A.27, subdivision 9;

(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. 35. Minnesota Statutes 1987 Supplement, 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) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) 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

(3) 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, plus

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(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils.

(1) For the purposes of this section, transportation categories for the 1986-1987 and 1987-1988 school years are as follows:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1); and

(ii) nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(2) For purposes of this section, for the 1988-1989 school year and after:

(i) regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding the following transportation services provided under section 124.223, clause (1): transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; late transportation home from school for pupils involved in after school activities; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and

(ii) nonregular transportation is transportation services provided under section 124.223, clause (1) that are excluded from the regular category, and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).

(f) "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.

(g) "Current year" means the school year for which aid will be paid.

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(h) "Base year" means the second school year preceding the school year for which aid will be paid.

(i) "Base cost" for the 1984-1985 and 1985-1986 base years means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation. Base cost for the 1986-1987 base year and after means the ratio of:

(1) the sum of:

(i) the authorized cost in the base year for regular transportation as defined in clause (b), plus

(ii) the actual cost in the base year for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the actual cost in the base year for transportation costs which are necessary because of extraordinary traffic hazards,

(2) to the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards.

(j) "Predicted base cost" means the base cost as predicted by subdivision 3.

Sec. 36. Minnesota Statutes 1987 Supplement, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. **FORMULA TERMS.** (a) To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1985-1986 base year, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

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(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

(b) To predict the logarithm of the base cost for each district according to subdivision 3 for the 1986-1987 base year and thereafter, the multiple regression formula shall use the following terms for each district:

(1) the logarithm of the lesser of:

(A) 200; or

(B) the quotient obtained by dividing the sum of:

(i) the number of FTE pupils transported in the regular category in the base year, plus

(ii) the number of secondary FTE pupils transported to and from school in the base year who live more than one mile but less than two miles from the public school that they could attend or from the nonpublic school actually attended, plus

(iii) the number of FTE pupils residing less than one mile from school who were transported to and from school in the base year because of extraordinary traffic hazards,

(C) by the area of the district in square miles;

(2) whether the district is nonrural, based upon criteria established by the department of education; and

(3) the logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Sec. 37. Minnesota Statutes 1987 Supplement, section 124.245, subdivision 3b, is amended to read:

Subd. 3b. **HAZARDOUS SUBSTANCE REVENUE AND AID.** (a) A district's "hazardous substance revenue" equals the approved cost of the hazardous substance plan for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11c.

(b) A district's "hazardous substance levy limitation" means its levy limitation computed according to section 275.125, subdivision 11c.

(c) A district's "hazardous substance aid" for 1988-1989 and later school years equals:

(i) the difference between its hazardous substance revenue and its hazardous substance levy limitation for the levy for that school year, multiplied by

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(ii) the ratio of the amount actually levied to the amount of its hazardous substance by levy limitation.

(d) Aid paid under this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c, may be used.

(e) In the event that the aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Sec. 38. Minnesota Statutes 1987 Supplement, section 124.271, subdivision 7, is amended to read:

Subd. 7. **HANDICAPPED ADULT PROGRAM AID.** A district or group of districts offering an approved program for handicapped adults shall receive aid equal to the lesser of \$30,000 or one-half of the actual expenditures for approved programs. A district or group of districts shall provide the remaining half from other public or private sources, the levy authorized in section 275.125, subdivision 8, paragraph ~~(d)~~ (e), or combinations of sources.

Sec. 39. Minnesota Statutes 1987 Supplement, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. **DEFINITION OF MAXIMUM REVENUE.** For fiscal year 1987 the "maximum revenue" for early childhood family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the prior school year, times the greater of (a) 150; or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year. For fiscal year 1988 and each year thereafter, The "maximum revenue" for early childhood family education programs for a school year ~~means~~ is the amount of revenue derived by multiplying \$84.50 times the greater of (a) 150; or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 40. Minnesota Statutes 1986, section 124.274, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY.** Each school district ~~which that~~ that completes the planning, evaluation, and reporting process pursuant to the requirements of sections ~~126.66~~ 126.661 and 126.67 and ~~which that~~ that receives approval from the commissioner of education is eligible to receive state aid each year. An eligible school district shall receive \$1 times the number of pupils in average daily membership for the prior school year. No district ~~which that~~ that is eligible for aid shall receive less than \$1,500.

Sec. 41. Minnesota Statutes 1987 Supplement, section 124.32, subdivision 1c, is amended to read:

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Subd. 1c. **FOUNDATION AID FORMULA ALLOWANCE BASIC REVENUE.** For purposes of this section, "~~foundation aid formula allowance~~" shall have "basic revenue" has the meaning attributed to given it in section ~~124A.02, subdivision 9;~~ and "~~summer program revenue allowance~~" shall have the meaning attributed to it in section ~~124A.033~~ 124A.22, subdivision 2. For the purposes of computing ~~foundation aid formula allowances~~ basic revenue pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1.

Sec. 42. Minnesota Statutes 1987 Supplement, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. **CONTRACT SERVICES.** (1) For special instruction and services provided ~~during the regular school year~~ to any pupil pursuant to section ~~120.17, subdivision 2, clause (1);~~ by ~~contract~~ contracting with public, private, or voluntary agencies other than school districts, the state shall pay each district 52 percent of the difference between the amount of the contract and the ~~foundation aid formula allowance~~ basic revenue of the district for that pupil or a ~~pro rata~~ portion of the ~~foundation aid formula allowance~~ for pupils who receive services ~~by for the amount of time the pupil receives services under the contract on less than a full-time basis.~~

(2) For special instruction and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 52 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 43. Minnesota Statutes 1986, section 124.32, subdivision 4, is amended to read:

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. ~~Foundation~~ General education aid shall be paid to the district of the ~~pupils'~~ pupil's residence. The total amount of aid paid may not exceed the amount expended for handicapped children in the school year for which the aid is paid.

Sec. 44. Minnesota Statutes 1987 Supplement, section 124.32, subdivision 5, is amended to read:

Subd. 5. **RESIDENTIAL AID.** 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. The aid shall be an amount not to exceed 57 percent of the difference between the instructional costs charged to the resident district and the ~~foundation aid formula allowance;~~ for each handicapped child placed in a residential facility. The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed 57 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident

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~~district attributable to that child~~ basic revenue of the district for 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 state academy for the deaf or the Minnesota state academy for the blind.

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

(a) a residential facility operated by the state or ~~public~~ a 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; and

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

Sec. 45. Minnesota Statutes 1986, 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~~ to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital ~~outlay~~ expenditures and debt service, minus the amount of the ~~foundation aid formula allowance~~ basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned in on behalf of the child. 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. 46. Minnesota Statutes 1987 Supplement, section 124A.02, subdivision 8, is amended to read:

Subd. 8. **EQUALIZING FACTOR.** "Equalizing factor" means a ~~number equal to the minimum adjusted assessed valuation per total pupil unit which disqualifies a district from earning any basic foundation aid.~~ The equalizing factor for the 1987-1988 school year and for levies for use in that school year

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equals \$74,890. The equalizing factor for each school year, except the 1987-1988 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~~ general education mill rate for ~~that school~~ the corresponding year.

Sec. 47. Minnesota Statutes 1987 Supplement, section 124A.02, subdivision 16, is amended to read:

Subd. 16. **PUPIL UNITS, AFDC.** ~~For the 1986-1987 and 1987-1988 school years, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1a. For the 1988-1989 school year and each year thereafter, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1b.~~

Sec. 48. Minnesota Statutes 1986, section 124A.02, subdivision 21, is amended to read:

Subd. 21. **SHARED TIME FOUNDATION AID.** ~~Foundation Aid~~ for shared time pupils shall equal the formula allowance times the full-time equivalent actual pupil units for shared time pupils. ~~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 subdivisions 20 to 22 and section 124A.034, subdivisions 1 to 1b.

Sec. 49. Minnesota Statutes 1986, section 124A.03, subdivision 2, is amended to read:

Subd. 2. **REFERENDUM LEVY.** (1) The levy authorized by ~~subdivision 4~~ section 124A.23, subdivision 2, may be increased in any amount ~~which that~~ is approved by the voters of the district at a referendum called for the purpose. The 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 two elections may be held to approve a levy increase ~~which that~~ will commence in a specific school year. 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 ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of, School District No. ..., be approved?"

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 or reduced by the voters of the district at a subsequent referendum.

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(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) ~~of this 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. A levy approved by the voters of the district pursuant to clause (1) ~~of this subdivision~~ must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) 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.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) 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.

(6) 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. 50. Minnesota Statutes 1987 Supplement, section 124A.032, is amended to read:

124A.032 ANNUAL ~~FOUNDATION ON~~ GENERAL EDUCATION AID APPROPRIATION.

There is annually appropriated from the general fund to the department of education the amount necessary for ~~foundation aid or~~ general education aid. This amount shall be reduced by the amount of any ~~funds~~ money specifically appropriated for the same purpose in any year from any state fund.

Sec. 51. Minnesota Statutes 1986, section 124A.034, subdivision 1, is amended to read:

Subdivision 1. **TO RESIDENT DISTRICT.** ~~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 section 124A.02, subdivision 20 times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The

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district of residence shall not be obligated for tuition except by previous agreement.

Sec. 52. Minnesota Statutes 1986, section 124A.034, subdivision 1b, is amended to read:

Subd. 1b. **SECTION 123.935 SERVICES.** 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.~~

Sec. 53. Minnesota Statutes 1986, section 124A.035, subdivision 2, is amended to read:

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~~ general education aid earned by the district for the same year or from aid earned from other state sources.

Sec. 54. Minnesota Statutes 1986, section 124A.035, subdivision 4, is amended to read:

Subd. 4. **COUNTY APPORTIONMENT DEDUCTION.** Each year the amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the ~~foundation~~ general education aid earned by that district for the same year.

Sec. 55. Minnesota Statutes 1987 Supplement, section 124A.035, subdivision 5, is amended to read:

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

(2) For districts ~~which~~ that received payments under sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; any law imposing a tax upon severed mineral values, or recognized revenue pursuant to section 477A.15; the ~~foundation~~ general education aid shall be reduced in the ~~October final~~ final 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 final~~ final 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 final~~ final adjustment is attributable. If the ~~October final~~ final adjustment of a district's ~~foundation~~ general education aid for a fiscal year is a negative amount because of this clause, the next fiscal year's ~~foundation~~ general education aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each ~~monthly~~ scheduled ~~foundation~~ general

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al education 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~~ general education aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the ~~October~~ final adjustment payment is attributable.

Sec. 56. Minnesota Statutes 1986, section 124A.036, subdivision 1, is amended to read:

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

Sec. 57. Minnesota Statutes 1986, section 124A.036, subdivision 2, is amended to read:

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~~ general education 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.

Sec. 58. Minnesota Statutes 1987 Supplement, section 124A.22, subdivision 1, is amended to read:

Subdivision 1. **GENERAL EDUCATION REVENUE.** The general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, training and experience revenue, and sparsity revenue, and supplemental revenue.

Sec. 59. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

Subd. 7. DEFINITIONS FOR SUPPLEMENTAL REVENUE. (a) The definitions in this subdivision apply only to subdivision 8.

(b) "1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:

(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;

(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;

(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;

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(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;

(5) interdistrict cooperation aid and levy, according to Minnesota Statutes 1986, sections 124.272 and 275.125, subdivision 8a;

(6) arts education aid, according to Minnesota Statutes 1986, section 124.275;

(7) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;

(8) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and

(9) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.

For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.

(c) "Minimum allowance" for a district means:

(1) the district's 1987-1988 revenue, according to subdivision 1; divided by

(2) the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus

(3) \$40.

Sec. 60. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

Subd. 8. SUPPLEMENTAL REVENUE. If a district's minimum allowance exceeds the sum of its basic revenue, compensatory revenue, training and experience revenue, and sparsity revenue per actual pupil unit for a school year, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year.

Sec. 61. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 2, is amended to read:

Subd. 2. GENERAL EDUCATION LEVY. To obtain general education revenue, excluding supplemental revenue, a district may levy an amount not to exceed the general education mill rate times the adjusted assessed valuation of the district for the preceding year. If the amount of the general education levy would exceed the general education revenue, excluding supplemental revenue, the general education levy shall be determined according to subdivision 3. ~~The adjusted assessed valuation must be determined each year by the equalization aid review committee according to section 124.2131.~~

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Sec. 62. Minnesota Statutes 1987 Supplement, section 124A.23, is amended by adding a subdivision to read:

Subd. 2a. SUPPLEMENTAL REVENUE LEVY. To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding supplemental revenue, for the same year.

Sec. 63. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 3, is amended to read:

Subd. 3. GENERAL EDUCATION LEVY; DISTRICTS OFF THE FORMULA. If the amount of the general education levy for a district exceeds the district's general education revenue, excluding supplemental revenue, the amount of the general education levy shall be limited to the following:

(1) the district's general education revenue, excluding supplemental revenue; plus

(2) the amount of the aid reduction for the same school year according to section 124A.24; minus

(3) payments made for the same school year according to section 124A.035, subdivision 4.

For purposes of statutory cross-reference, a levy made according to this subdivision shall be construed to be the levy made according to subdivision 2.

Sec. 64. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 4, is amended to read:

Subd. 4. GENERAL EDUCATION AID. A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, excluding supplemental revenue, and the general education levy, multiplied times (ii) the ratio of the actual amount levied to the permitted levy; and

(2) the product of (i) the difference between the supplemental revenue and the supplemental levy, times (ii) the ratio of the actual amount levied to the permitted levy.

Sec. 65. Minnesota Statutes 1987 Supplement, section 124A.24, is amended to read:

124A.24 GENERAL EDUCATION LEVY EQUITY.

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapter 124, receivable for the same school year, and from

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other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education mill rate, according to section 124A.23, times the district's adjusted assessed valuation used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding supplemental revenue, for the same school year, according to section 124A.22.

However, for fiscal year 1989, the amount of the deduction shall be one-fourth of the difference between clauses (1) and (2); for fiscal year 1990, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); and for fiscal year 1991, the amount of the deduction shall be three-fourths of the difference between clauses (1) and (2).

Sec. 66. Minnesota Statutes 1987 Supplement, section 124A.26, subdivision 2, is amended to read:

Subd. 2. **LEVY REDUCTION.** If a district's general education revenue is reduced, the general education levy shall be reduced by the following amount:

(1) the reduction specified in subdivision 1, times

(2) the lesser of one or the ratio of the district's general education levy to its general education revenue, excluding supplemental revenue.

Sec. 67. Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 7, is amended to read:

Subd. 7. **INTERDISTRICT COOPERATION TO EXPAND CURRICULUM.** A school board may use the reserved revenue to expand curricular offerings in secondary mathematics, secondary science, foreign languages, ~~and~~ computer usage, and other programs recommended by the state board by entering into cooperation agreements with other school boards. The agreements shall emphasize instruction and minimize administrative costs.

Sec. 68. Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 10, is amended to read:

Subd. 10. **LIABILITY INSURANCE.** Except as provided in this subdivision, a school board may use the reserved revenue to procure liability insurance, according to section 466.06. The school board may not use the reserved revenue for premiums for motor vehicle insurance protecting against injuries or damages arising from operating district owned, operated, leased, or controlled vehicles to transport pupils for which state aid is authorized under section 124.223. The board may not use the reserved revenue for any purpose for which the district may levy under section 275.125, subdivision 5e.

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Sec. 69. Minnesota Statutes 1987 Supplement, section 124A.30, is amended to read:

124A.30 STATEWIDE AVERAGE REVENUE.

By October 1 of each year the commissioner shall estimate the statewide average ~~foundation revenue~~ or general education revenue per actual pupil unit and provide that information to all school districts.

Sec. 70. Minnesota Statutes 1987 Supplement, section 126.23, is amended to read:

126.23 AID FOR PRIVATE ALTERNATIVE PROGRAMS.

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for high school drop outs or other eligible students under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 50 percent of the ~~formula allowance plus the total tier revenue attributable to that~~ basic revenue of the district for each pupil.

Sec. 71. Minnesota Statutes 1987 Supplement, section 126.661, subdivision 1, is amended to read:

Subdivision 1. **APPLICABILITY.** For the purposes of ~~Laws 1987, chapter 398, article 8,~~ sections 126.661 to ~~126.666~~ and ~~section~~ 126.67, the following terms have the meanings given them.

Sec. 72. Minnesota Statutes 1987 Supplement, section 126.666, subdivision 1, is amended to read:

Subdivision 1. **ADOPTING POLICIES.** A school board shall adopt each year a written PER policy that includes the following:

- (1) district curriculum goals;
- (2) learner outcomes for each subject area at each grade level that include the essential learner outcomes adopted by the state board under section 126.663, subdivision 2;
- (3) a process for evaluating each student's progress toward attaining learner outcomes and for identifying strengths and weaknesses of the curriculum;
- (4) a system for establishing a review cycle for all curriculum;
- (5) curriculum and instruction improvement plans; and
- (6) an instruction plan that includes education effectiveness processes developed according to section 121.608 and integration of curriculum and technology ~~developed under section 129B.33.~~

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Sec. 73. Minnesota Statutes 1986, section 126.70, subdivision 2, is amended to read:

Subd. 2. **CONTENTS OF THE PLAN.** The plan may include:

- (1) procedures the district will use to analyze and identify teaching and curricular needs, including the need for mentor teachers;
- (2) short- and long-term curriculum and staff development needs;
- (3) integration with in-service and curricular efforts already in progress;
- (4) goals to be achieved and the means to be used;
- (5) procedures for evaluating progress; and
- (6) whether the school board intends to offer contracts under the excellence in teaching program; ~~and~~
- (7) ~~integration of areas listed under section 126.71.~~

Sec. 74. Minnesota Statutes 1987 Supplement, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. **PERMITTED USES.** A school board may approve a plan for any of the following purposes:

- (1) to participate in the educational effectiveness program according to section 121.609;
- (2) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;
- (3) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;
- (4) to use experienced teachers, as mentors, to assist in the continued development of new teachers;
- (5) to increase the involvement of parents, business, and the community in education;
- (6) for experimental delivery systems;
- (7) for in-service education to increase the effectiveness of principals and administrators;
- (8) for in-service education or curriculum development for programs for gifted and talented pupils;
- (9) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings; ~~as set forth in section 124.272;~~

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(10) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 126.666;

(11) for in-service education and curriculum development designed to promote sex equity in all aspects of education, with emphasis on curricular areas such as mathematics, science, and technology programs;

(12) for in-service education or curriculum modification for handicapped pupils and low-achieving pupils;

(13) for short-term contracts as described in section 126.72; or

(14) to employ teachers for an extended year to perform duties directly related to improving curriculum or teaching skills.

Sec. 75. Minnesota Statutes 1987 Supplement, section 129B.11, subdivision 1, is amended to read:

Subdivision 1. **PLANS; GRANT AWARDS.** ~~The state board of education, with the advice of the state curriculum advisory committee and the advisory committee on technology in education for projects involving technology, shall make grants to groups of school districts to implement plans to improve education. The board shall consult with the state curriculum advisory committee and other appropriate groups.~~ The board may award grants to groups of districts which submit plans that include at least the following:

(1) program and curriculum changes which provide more learning opportunities for students;

(2) demonstration of a local commitment to the plan and, in the case of plans utilizing technology, local financial support including public and private partnerships;

(3) involvement of school district teaching staff in development of the plan;

(4) demonstration that the plan is consistent with school district goals established under section 126.666; and

(5) the structural criteria established in subdivision 2.

The board may establish additional criteria and shall establish time lines and the grant application procedure for making grants.

Sec. 76. Minnesota Statutes 1987 Supplement, section 129B.39, is amended to read:

129B.39 PURCHASE OF COURSEWARE PACKAGE DUPLICATION RIGHTS.

Rights to duplication of courseware packages may be purchased, and volume purchase agreements may be established by the department of education, if

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the department determines that the courseware packages qualify as high quality ~~according to section 129B.37~~; and if the courseware packages are available to the state at a lower cost than if purchased by school districts individually. The department shall contract with any company that submits the lowest bid and that has the capability to duplicate and distribute courseware packages obtained by the department under this section. The materials shall be available to districts at cost, including nominal costs of reproduction and distribution. Money from the sale of courseware packages is annually appropriated to the department of education to purchase additional courseware packages according to this section.

Sec. 77. Minnesota Statutes 1986, section 129B.40, subdivision 1, is amended to read:

Subdivision 1. **NEW COURSEWARE PACKAGES.** The department of education may contract with various organizations, commercial or nonprofit, for the design and development of courseware packages which will meet the needs of school districts and which otherwise are unavailable or too expensive for individual districts or the state to purchase. The department may:

(a) contract with school districts, private entrepreneurs, and other public or private agencies for the development of a specified courseware package;

(b) assist entrepreneurs to develop their own ideas for courseware packages that could be used in school districts, by providing funds for that purpose;

(c) secure copyrights for those materials in which it has a whole or part interest;

(d) contract to distribute courseware packages to school districts at cost under section 129B.39; and

(e) contract for the marketing of courseware packages.

The department of education shall evaluate whether the courseware packages qualify as high quality according to the criteria and procedures established ~~in section 129B.37~~ by the state board of education.

Courseware packages developed according to this subdivision shall become the property of the state. Revenue from the sale of these courseware packages shall be annually appropriated from the general fund to the department of education and shall be used to develop additional courseware packages according to this section and to evaluate the other commercial courseware ~~under section 129B.37.~~

Sec. 78. Minnesota Statutes 1987 Supplement, section 129B.55, subdivision 2, is amended to read:

Subd. 2. **FOUNDATION REVENUE GENERAL EDUCATION AID.** Payment of ~~foundation or~~ general education aid for nonresident pupils enrolled in the center must be made according to section 124A.036, subdivision 5.

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Sec. 79. Minnesota Statutes 1987 Supplement, section 136D.27, is amended to read:

136D.27 TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.

Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any participating district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 80. Minnesota Statutes 1987 Supplement, section 136D.74, subdivision 2, is amended to read:

Subd. 2. **TAX LEVY.** Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations; ~~if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.~~

Sec. 81. Minnesota Statutes 1987 Supplement, section 136D.87, is amended to read:

136D.87 TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.

Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include such tax levies in the

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next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any ~~participating district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.~~ The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 82. Minnesota Statutes 1986, section 273.138, subdivision 6, is amended to read:

Subd. 6. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), and (5) shall be deducted from the school district's ~~maintenance~~ levy limitation established pursuant to section ~~124A.03, subdivision 1, 124A.23~~ in determining the amount of taxes the school district may levy for general and special purposes.

Sec. 83. Minnesota Statutes 1986, 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 120.02, 124.201, 124.225, 124A.02, and 124A.033, when used in this section shall have the meanings ascribed to them in those sections. The terms defined in section 120.02 and in chapters 124 and 124A have the same meaning when they are used in this section, unless otherwise clearly indicated.~~

Sec. 84. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 5e, is amended to read:

Subd. 5e. **EXCESS TRANSPORTATION LEVY.** A school district may make a levy for excess transportation costs according to this subdivision. The amount of the levy shall be the result of the following computation:

(a) Multiply the base cost computed using data for the current school year according to section 124.225, subdivision 1, paragraph ~~(*)~~ (i), by the sum of the number of secondary FTE pupils transported to and from school in the current year who live more than one mile but less than two miles from the public school which they could attend or the nonpublic school actually attended, plus the number of FTE pupils residing less than one mile from school who were transported to and from school in the current year due to extraordinary traffic hazards.

(b) Add to the result in paragraph (a) the actual cost in the current year of other related services that are necessary because of extraordinary traffic hazards.

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Sec. 85. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 6e, is amended to read:

Subd. 6e. **DESEGREGATION LEVY.** Each year, school district No. 625, St. Paul, may levy an amount not to exceed one mill times the adjusted assessed valuation of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155. ~~If the district levies under this subdivision, it may not place the proceeds of the 1983 payable 1984 levy authorized by subdivision 9a, in the general fund.~~

Sec. 86. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 8c, is amended to read:

Subd. 8c. **SPECIAL EDUCATION LEVY.** Each year, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount that may not exceed 66 percent of salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to which the levy is attributable.

For purposes of this subdivision, a special education cooperative or an intermediate school district each year shall allocate an amount equal to 66 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under sections 124.32, subdivisions 1b and 10, and 124.574, subdivision 2b, plus 61 percent of salaries paid to essential personnel in that intermediate district or cooperative minus the amount of state aid and any federal aid, if applicable, paid to that intermediate district or cooperative for salaries of these essential personnel under section 124.273, subdivision 1b, for the year to each of the member participating districts of the cooperative or the intermediate district. The member participating districts may make a levy in the amount of the costs allocated to them by the cooperative or intermediate district.

Special education cooperatives and intermediate school districts that allocate unreimbursed portions of salaries of special education essential personnel among member participating districts, for purposes of the member participating districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member participating districts.

Sec. 87. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 9, is amended to read:

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Subd. 9. **LEVY REDUCTIONS; TACONITE.** (1) Reductions in levies pursuant to subdivision 10, 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 298.018; 298.23 to 298.28, except an amount distributed under section 298.28, subdivision 4, paragraph (c), clause (ii); 298.34 to 298.39; 298.391 to 298.396; 298.405; and any law imposing a tax upon severed mineral values, 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 and chapters 124 and 124A 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 Minnesota Statutes 1986, sections 124A.03, subdivision 2, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a, to the total levy allowed the district under this section and Minnesota Statutes 1986, sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 124A.20, subdivision 2, for levies certified in 1986.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.23, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the commissioner. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 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.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by section 124.244, subdivision 2, and subdivisions 11c, 12, and 12a, and the community ~~service~~ education levy authorized by subdivisions 8 and 8b, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to section 124.244, subdivision 2, and subdivisions 11c, 12, and 12a, and for community ~~services~~ education pursuant to subdivisions 8 and 8b. The reduction of the capital expenditure levy and the community ~~services~~ education levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by

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districts in any fiscal year pursuant to sections 298.018; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values; and not deducted from ~~foundation~~ general education aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the St. Louis county auditor in the following amount by March 15 of each year ~~except 1986 and 1987~~, the amount required to be subtracted from the previous fiscal year's ~~foundation~~ general education aid pursuant to section 124A.035, subdivision 5, which is in excess of the ~~foundation~~ general education aid earned for that fiscal year. The county auditor shall deposit any amounts received pursuant to this clause in the St. Louis county treasury for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 88. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. **OPERATING DEBT LEVY.** (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be 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 commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) 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~~ that levies pursuant to this subdivision shall certify the maximum levy allowable under section ~~124A.03, subdivision 1 or 3~~ 124A.23, subdivisions 2 and 2a, in that same year.

Sec. 89. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 15, is amended to read:

Subd. 15. **ADJUSTMENTS.** If any school district levy is found to be excessive as a result of a decision of the tax court or a redetermination by the commissioner of revenue under section 124.2131, subdivisions 2 to 11 or for any other reason, the amount of the excess shall be deducted from the levy certified in the next year for the same purpose; provided that if no levy is certified in the next year for the same purpose or if the amount certified is less than the amount of the excess, the excess shall be deducted from that levy and

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the levy certified pursuant to section ~~124A.03, subdivision 1~~ 124A.23, subdivision 2. If the amount of any aid entitlement pursuant to sections ~~124.225, 124.245, and 124A.02~~ would have been increased in a prior year as a result of a decision of the tax court or a redetermination by the commissioner, the amount of the increase shall be added to the amount of current aid entitlement for the same purposes.

Sec. 90. Minnesota Statutes 1986, section 275.128, is amended to read:

275.128 EXPENSES FOR ASBESTOS AND POLYCHLORINATED BIPHENYLS.

Notwithstanding any law to the contrary, a district that incurred expenses for removal of asbestos, asbestos encapsulation, or cleanup or disposal of polychlorinated biphenyls may use the revenue authorized by sections 123.36, subdivision 13; 124.244; 124.245; and 275.125, ~~subdivisions 11b and subdivision 11c~~ to meet contractual obligations or to reimburse the fund from which expenses were paid, regardless of when the ~~authorized~~ revenue was received by the district.

Sec. 91. Minnesota Statutes 1987 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. **SCHOOL DISTRICTS.** (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed 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 distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), 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 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted assessed value per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted assessed value per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law

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imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 275.125, subdivision 9, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) 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 paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 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 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by paragraph (d) 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 paragraph (d) shall not be applied to reduce ~~foundation aids~~ general education aid which the district is entitled to receive receives pursuant to section ~~124A.02~~ 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

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

Sec. 92. Minnesota Statutes 1986, section 298.39, is amended to read:

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298.39 DISTRIBUTION OF PROCEEDS.

The proceeds of the tax collected under section 298.35 shall be distributed by the state treasurer, upon certificate of the commissioner of revenue to the general fund of the state and to the various taxing districts in which the lands from which the semitaconite was mined or quarried were located in the following proportions: 22 percent thereof to the city or town; 50 percent thereof to the school district; 22 percent thereof to the county; six percent thereof to the state. If the mining 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 or towns among such subdivisions, and the part going to school districts among such districts, and the part going to counties among such counties, upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the semitaconite, 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. The commissioner's 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. The amount so distributed shall be divided among the various funds of the state, or of the taxing districts in the same proportion as the general ad valorem tax thereof. If in any year the state shall not spread any general ad valorem tax levy against real property, the state's proportion of the tax shall be paid into the general fund. The amount distributed to any city shall be included in computing the permissible levies of such city under section 275.11, but shall not be included in computing mill rate limitations, including cost of living adjustments thereof, so long as the levies do not exceed the limitations provided by section 275.11. On or before October 10 of each calendar year each producer of semitaconite subject to taxation under section 298.35, 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 or city 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 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 such 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 on deeming it improper, notice of such correction being given by the commissioner to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed

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shall use the amount so indicated as being distributable to each taxing district in computing, pursuant to section 275.11, the permissible tax levy of such city in the year in which such estimate is made, and payable in the next ensuing calendar year. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.36, as the amount of tax payable under section 298.35, 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 298.35, 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 chapter 124 or 124A or section 275.11 or sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 has been made, if the taxes distributable to any such city or school district are greater than the amount estimated to be paid to any such city or school district in such year, the excess of such distribution shall be held in a special fund by the city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under chapter 124 or 124A or section 275.11 or sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 of such city or school district payable in such year. If the amounts distributable to any such 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 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 section chapters 124 and 124A and sections 275.11 or sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 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 appropriated to such taxing districts as are stated herein, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer.

Sec. 93. Minnesota Statutes 1986, section 475.61, subdivision 4, is amended to read:

Subd. 4. **SURPLUS FUNDS.** All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose

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by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance general education levy authorized pursuant to section ~~124A.03, subdivision 1~~ except that from July 1, 1982 to June 30, 1983, a school district which has discontinued its levy for debt service may transfer to its general fund the amount of any surplus remaining in its debt service fund when the obligations and interest thereon are paid or when an escrow account for defeasance of the entire amount of the obligations and interest thereon has been established 124A.23.

Sec. 94. Laws 1987, chapter 398, article 1, section 25, subdivision 3, is amended to read:

Subd. 3. AID REDUCTION FOR ADMINISTRATION COSTS. By October 1, 1987, the commissioner of employee relations shall certify to the commissioner of education the school districts that have not complied with subdivision 1. For each of these school districts, the commissioner of education shall reduce foundation general education aid for the 1988-1989 school year by an amount equal to five percent of the district's administration costs for the 1986-1987 school year. If the reduction exceeds the district's foundation general education aid, the reduction shall be made from other aids paid to the district.

Sec. 95. Laws 1987, chapter 398, article 1, section 26, subdivision 2, is amended to read:

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

\$851,283,900 1988,

\$126,482,100 1989.

The appropriation for aid for fiscal year 1988 includes \$121,712,400 for aid for fiscal year 1987 payable in fiscal year 1988 and \$729,571,500 for aid for fiscal year 1988 payable in fiscal year ~~1989~~ 1988.

The appropriation for aid for fiscal year 1989 is for aid for fiscal year 1988 payable in fiscal year 1989.

Sec. 96. Laws 1987, chapter 398, article 7, section 40, subdivision 4, is amended to read:

Subd. 4. COMPREHENSIVE ARTS PLANNING PROGRAM. For grants for the comprehensive arts planning program according to Minnesota Statutes, section 129B.20, there is appropriated:

\$37,500 1988.

\$37,500 1989.

Any unexpended balance remaining in fiscal year 1988 does not cancel but is available for fiscal year 1989.

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Sec. 97. Laws 1987, chapter 398, article 8, section 39, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY REQUIREMENTS.** To qualify for a planning grant, an existing program must have the following:

- (1) an educational program that includes at least some of the programs in section ~~49~~, ~~subdivision 2~~ 35;
- (2) outreach activities; and
- (3) an established policy of accepting nonresident pupils.

Sec. 98. Laws 1987, chapter 398, article 8, section 44, subdivision 5, is amended to read:

Subd. 5. **MENTORSHIP PROGRAMS.** There is appropriated for the mentorship programs under section ~~40~~ 13:

\$250,000 1988,

\$250,000 1989.

Any unexpended balance remaining in fiscal year 1988 does not cancel but is available for fiscal year 1989.

Sec. 99. 1987-1988 AND 1988-1989 ABATEMENT AID.

Notwithstanding Minnesota Statutes, section 124.214, subdivision 2, if a district qualifies for basic foundation aid for the 1987-1988 school year only because of Minnesota Statutes 1987 Supplement, section 124A.02, subdivision 5a, clause (2), or if a district qualifies for general education aid for fiscal year 1989 only because of Laws 1987, chapter 398, article 1, section 23, subdivision 2, as amended by Laws 1987, First Special Session chapter 4, article 1, section 7, it does not qualify for abatement aid for the applicable year under Minnesota Statutes, section 124.214, subdivision 2.

Sec. 100. ADJUSTMENT FOR TEXTBOOK EXPENDITURES.

Notwithstanding Minnesota Statutes 1986, section 123.933, subdivision 3, clause (b), the department of education shall use 7.5 percent as the inflation adjustment for the formula allowance for each of the 1988-1989 and the 1989-1990 school years when the department establishes the statewide average expenditure, per pupil in public schools, for textbooks, individualized instructional materials, and standardized tests.

Sec. 101. INSTRUCTION TO THE REVISOR.

Subdivision 1. CHAPTER AND SECTION HEADINGS. In the next edition of Minnesota Statutes, the revisor of statutes is requested to change the name of chapter 124A from "School Foundation Revenue" to "General Educa-

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tion Revenue.” the first grade head before section 129B.52 from “Area Learning and Reporting Process” to “Area Learning Centers,” the heading of section 124.245 from “Capital Expenditure Aid” to “Hazardous Substance Revenue.” the heading of section 124A.03 from “Foundation Related Levies” to “Referendum Levy,” the heading of section 124.2131 from “Equalization Aid Review Committee” to “Adjustment of Assessed Valuations,” the heading of section 124A.031 from “Dates of Aid Payments” to “Aid for Agricultural Credits,” the heading of section 124A.034 from “Shared Time Foundation Aid,” to “Shared Time Aid,” the heading of section 124A.035 from “Deductions from Foundation Aid” to “Deductions from General Education Aid,” the heading of section 124A.036 from “Foundation Aid; Resident and Nonresident Districts” to “Payments to Resident and Nonresident Districts,” and the heading of section 126.64 from “Foundation Revenue for Pupils” to “General Education Revenue for Pupils.”

Subd. 2. CROSS-REFERENCES. In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C.

Column A	Column B	Column C
<u>275.125, subd. 9a</u>	<u>124A.03, subd. 1</u>	<u>124A.23, subd. 2</u>
<u>275.125, subd. 9c</u>	<u>124A.03, subd. 1</u>	<u>124A.23, subd. 2</u>
	or 3	
<u>122.87, subd. 4</u>	<u>126.66</u>	<u>126.666</u>
<u>126.72, subd. 2</u>	<u>126.66, subd. 6</u>	<u>126.666, subd. 4</u>
<u>129B.32, subd. 1</u>	<u>129B.33</u>	<u>129B.39</u>
<u>121.15, subd. 1</u>	<u>275.125, subd. 11a,</u>	<u>124.244, subd. 4,</u>
	<u>clause (c)</u>	<u>clause (2)</u>

Sec. 102. REPEALER.

Minnesota Statutes 1986, sections 121.904, subdivision 7; 122.531, subdivision 8; 124.245, subdivision 4; and 124A.031, subdivision 3; Minnesota Statutes 1987 Supplement, sections 121.904, subdivision 11b; 124A.02, subdivision 5a; 124A.03, subdivision 3a; and 124A.25, are repealed.

Sec. 103. EFFECTIVE DATES.

Sections 8, 35, 36, 40, 61, 62, 63, 66, 84, 86, 90, 95, and 99 are effective the day following final enactment. The remaining sections are effective July 1, 1988.

Approved April 12, 1988

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